9 March 2023 LEI: 213800Q6ZKHAOV48JL75

Domino's Pizza Group Plc - Full year results for the 52 weeks ended 25 December 2022

Alignment with our franchise partners delivering value for customers, market share gains and increased returns to shareholders

	FY22[1]	FY21[1]	FY19[1]	% change vs. FY21	% change vs. FY19[2]
System sales[3]	£1,456m	£1,499m	£1,211m	(2.8)%	+20.3%
Like-for-Like system sales growth (exc.splits & VAT)[4, 5]	+5.3%	+5.5%	-	-	-
Group revenue	£600.3m	£560.8m	£508.3m	+7.0%	+18.1%
Underlying[6] EBITDA	£130.1m	£136.4m	£117.0m	(4.6)%	+11.2%
Underlying EBIT	£109.8m	£119.9m	£105.3m	(8.4)%	+4.3%
Underlying profit before tax	£98.9m	£113.9m	£98.8m	(13.2)%	+0.1%
Statutory profit after tax	£81.6m	£78.3m	£2.8m	+4.2%	+2,814.3%
Underlying basic EPS	18.8p	20.3p	17.6p	(7.4)%	+6.8%
Statutory basic EPS	18.8p	17.1p	2.8p	+9.9%	+571.4%
Full year dividend per share	10.0p	9.8p	9.76p	+2.0%	+2.5%

Q4 22 trading highlights

- Excellent momentum through Q4 22 with like-for-like system sales (excluding the change in the VAT rate)[4, 5] up 13.9% vs. Q4 21
- Continued strong gains in UK takeaway market share, which rose to 8.0% in Q4 22[7], up from 6.8% in Q4 21 in a challenging market
- Strong trading and market share gains throughout Q4 22 driven by continued focus on value, digital initiatives, growth in collections, Just Eat roll-out, collaboration with our franchise partners and the men's football World Cup
- Q4 22 orders of 18.5m, the highest ever quarter for DPG[8], up with total orders up 4.1% and collection orders up 27.9% vs. Q421

FY22 Financial highlights

- Like-for-like system sales (excluding the change in the VAT rate)[4] up 5.3%
- Group revenue, which is not significantly impacted by the change in the VAT rate, up 7.0%
- Underlying EBITDA was affected by the accounting treatment of investment[9] in cloud-based technology platforms (£5.2m). A lower contribution from the German associate (£2.4m), partially due to the put option exercise to exit our investment, was offset by the profit on sale of five corporate stores (£2.1m). Excluding these, underlying EBITDA would have been broadly flat compared to FY21
- Underlying profit before tax was further affected by an additional £2.4m accelerated amortisation and impairment relating to the technology platforms, and an increase in interest of £4.9m
- The technology platform costs relate to two new cloud-based IT systems, for which the investment in these assets is required to be expensed through the income statement. This treatment has no

impact on cash and is simply a reclassification from capital expenditure to operating expenditure. As previously communicated, both systems are part of our investment in growth and the ecommerce platform is part of our growth investment framework agreed with our franchise partners in December 2021

- Statutory profit after tax up 4.2% to £81.6m following exit of loss-making international operations in FY21
- Proposed final dividend for FY22 of 6.8p per share, resulting in a total dividend for FY22 of 10.0p per share, up 2.0% vs. FY21
- £130m of shareholder returns announced in FY22, including £86m of share buybacks
- £266m returned since March 2021 through dividends and share buybacks driving a 10.5% reduction in shares in issue
- Increased returns to shareholders leading to Net Debt[10] of £253.3m and a leverage ratio of 2.06x, within our target Net Debt / EBITDA leverage range of 1.5x – 2.5x
- Price for German associate put option finalised[11]. This has resulted in a put option exercise price of €79.2m (c.£70m), which combined with the repayment of a €10.8m loan (c.£9m), will yield total cash receipts of approximately €90.0m (c.£79m). Completion of the disposal will occur in June 2023 and the proceeds generated will be flowed through our capital allocation framework.
- Successfully refinanced existing bank debt facilities in July 2022, at favourable rates, with a new £200m private placement facility fixed at 4.26% and a £200m revolving credit facility until July 2027

Operational and strategic highlights

- 90% of sales are now digital, with app orders as a percentage of online orders at 52.2% (+6.1ppts vs. FY21)
- App customers up 16% to 6.1m
- Continued growth in total orders, up 1.6% in FY22
    - Collections grew to 22.3m orders in FY22, up 33.0% vs. FY21. Collections in Q4 22 were at 111% of Q4 19 levels
    - Delivery orders were down 8.5% vs. FY21 as a result of a tough comparator in the Covid-impacted prior year which included periods when the UK was in lockdown
- Domino's rolled out on Just Eat in 1,167 stores at the end of FY22 following a very successful trial and delivering incremental customers and orders
- Excellent service standards with value for money scores +4.0pts vs. FY19 and average delivery time of approximately 26 minutes
- Outstanding performance from our supply chain with 99.9% availability and 99.8% accuracy
- 35 new store openings vs. 31 in FY21. Good start to Q1 23 with 7 new store openings vs.5 in the same period in FY22. FY23 pipeline significantly ahead of comparable pipeline in FY22 and store openings in FY23 expected to increase total store estate by mid-single digits percentage points

Commenting on the results, Elias Diaz Sese, Interim Chief Executive Officer said:

"The reset of the relationship with our franchise partners in December 2021 has underpinned our strong performance in what has been an exceptionally busy year for the business. We have accelerated the execution of our strategy with the return of national value campaigns, growth in collections, our launch on Just Eat and increased store openings, alongside a strong focus on service from our franchise partners. At

a time when customers have been looking for great value, Domino's has delivered, and you can see the results in the numbers we're announcing today.

We have made significant strides in digital - strengthening our internal operations and enhancing our customers' experience, especially with our app. We are accelerating our digital journey with increased investment and new eCommerce projects which will deliver sustainable, commercial benefits over time.

Our outstanding Q4 performance gives the business powerful momentum into this year and there's a lot to be excited about. Strong national value campaigns, continued growth of collections, accelerated new store openings, digital initiatives and a full year on the Just Eat platform are all set to drive further growth. We are confident that our asset-light business model, our franchise partners' relentless focus on service, and digitally focused investment will deliver further market share gains and create value for shareholders.

I would like to thank our franchise partners and our colleagues for their immense hard work and dedication which delivered a strong performance in 2022. In the current challenging economic environment, we're committed to giving our customers the best possible quality, value and service, and are excited about the many opportunities we see for Domino's in 2023 and beyond."

Current trading, outlook and guidance

We have continued to grow market share in a challenging consumer and inflationary environment. Like-for-like system sales excluding split stores and VAT in the first ten weeks have increased by 10.8% with orders up 2.5% and new app customers up 46%. This has been driven by our franchise partners' focus on service, our focus on digital, strong national value campaigns, collections growth and the continued incremental benefit of being on the Just Eat platform. Working with our franchise partners we expect to continue taking market share and driving the benefits of the Domino's system to offer our customers the best possible value.

In FY23 we expect the impact on EBITDA from the accounting treatment of technology platform costs to be c.£9m and there will be no further contribution from the German associate following the exercise of our put option on 10 November 2022. We expect FY23 EBITDA to be broadly in line with current market expectations[12] before c.£9m of technology platform costs. The accounting treatment has no impact on cash and is simply a reclassification from capital expenditure to operating expenditure.

As we enter the third year of our growth strategy, we are focused on accelerating its execution, through five key areas of focus: franchise partner profitability & organisation, value for money, digital, convenience, and technology platform projects. Our asset-light business model and value proposition mean we are well placed to succeed in a challenging trading environment, and we remain confident that we will make further financial and strategic progress, and increased returns for our shareholders.

For the current financial year:

- Accounting treatment of technology platform costs to impact EBITDA by c.£9m
- No further contribution from German associate
- Underlying depreciation & amortisation of between £22m to £25m
- Underlying interest (excluding foreign exchange movements) in the range of £15m to £18m
- Estimated underlying effective tax rate of c. 22% for the full year
- Capital investment of c.£25m, which has decreased due to accounting treatment for technology platform costs
- Net Debt at year-end between £255m and £275m

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Results meeting

A results meeting and Q&A for investors and analysts will be held at 09:30 GMT today. The webcast and presentation can be accessed by here and will also be available on the Results, Reports and Presentations page of our corporate website.

In addition, we will replay the webcast and Q&A at 16:00 GMT today for North American based investors not able to join the live presentation at 09:30 GMT this morning. Please click **here** to register.

Financial calendar

Domino's Pizza Group plc will hold its 2022 AGM on 4 May 2023. It will publish its half year results on 1 August 2023, followed by a Q3 trading update in October 2023.

About Domino's Pizza Group

Domino's Pizza Group plc is the UK's leading pizza brand and a major player in the Irish market. We hold the master franchise agreement to own, operate and franchise Domino's stores in the UK and the Republic of Ireland, and have investments in Germany and Luxembourg. As of 25 December 2022, we had 1,261 stores in the UK and Ireland.

Cautionary statement

Certain statements made in this announcement are forward-looking statements. Such statements are based on current expectations and assumptions and are subject to a number of risks and uncertainties that could cause actual events or results to differ materially from any expected future events or results expressed or implied in these forward-looking statements. Persons receiving this announcement should not place undue reliance on forward-looking statements. Unless otherwise required by applicable law, regulation or accounting standard, Domino's does not undertake to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

Notes

[1] FY22 is 52 weeks ended 25 December 2022. FY21 is 52 weeks ended 26 December 2021. FY19 is 52 weeks ended 29 December 2019.

[2].FY19 included as a pre-Covid comparator

[3] System sales represent the sum of all sales made by both franchised and corporate stores to consumers in UK & Ireland. These are excluding VAT.

[4] An adjustment for the change in VAT rates described for system sales relates to the impact of changes in the VAT applied on hot takeaway food where the VAT inclusive price to customers did not change. The VAT rate in the UK decreased from 20% to 5% on 15 July 2020, increased to 12.5% on 1 October 2021 and reverted back to 20% on 1 April 2022. System sales are consistently reported on an exclusive of VAT basis. However, where the inclusive of VAT price of an order remained the same on a total basis to the customer, over the period of reduced VAT the exclusive of VAT price reported in system sales increased. This leads to an increase in system sales from 15 July 2020 through to 31 September 2021 when the VAT rate was reduced from 20% to 5%. From 1 October 2021, the rate increased from 5% to 12.5%. Where the inclusive of VAT price of an order remained the same on a total basis, this leads to a decrease in system sales compared to the period from 15 July 2020 and an increase in system sales compared to the period before 15 July 2020. With the increase in VAT from 1 April 2022 back up to 20%, where the inclusive of VAT price remained the same to the consumer, there has been a negative impact on system sales compared to the period from 15 July 2020 – 31 September 2021 and 1 October 21 – 31 March 2022, as the exclusive of VAT price of an order decreased.

As an example, for an order where the inclusive of VAT price is £27:

- From 15 July 2020 to 31 September 2021, during the period where VAT was 5%, the reported system sale would be £25.71
- From 1 October 2021 to 31 March 2022, during the period where VAT was 12.5%, the reported system sale would be £24.00
- From 1 April 2022 onwards, where the VAT rate is 20%, the reported system sale would be £22.50

In Ireland, the VAT rate for hot takeaway food reduced from 13.5% to 9% on 1 November 2020 and remains in place. The Irish government also confirmed that the temporary VAT rate reduction to 9% in the tourism and hospitality sectors will not be extended, meaning the VAT rate will revert to 13.5% from 1 September 2023.

[5] Like-for-like (excluding splits) system sales performance is calculated for UK & Ireland against a comparable 52-week period in the prior period for mature stores which were not in territories split in the current period or comparable period. Mature stores are defined as those opened prior to 27th December 2020.

[6] Underlying is defined as statutory performance excluding discontinued operations, and items classified as non-underlying which includes significant non-recurring items or items directly related to merger and acquisition activity and related instruments as set out in note 4 to the financial information.

[7] Kantar Worldwide Panel, bespoke market definition.Q4 22 is 12 weeks to 25 December 2022, Q4 21 is 12 weeks to 26 December 2022. Takeaway market combines both Delivery and Collection.

[8] Excludes Q4 2017 which, was a 53 week year and so had one extra week.

[9] The accounting treatment of costs incurred for the cloud-based IT solutions is in accordance with the IFRS Interpretations Committee update in March 2021, which included an agenda decision around the treatment of configuration and customisation costs in a cloud computing arrangement involving Software as a Service. Under this guidance, the costs incurred by the Group on these elements of the platform is required to be expensed as incurred. The treatment is set out further in the Finance Review.

[10] Net Debt is defined as the bank revolving facilities, private placement facilities, cash and cash equivalents and other loans, including balances held in disposal groups held for sale.

[11] The Group has a 33.3% investment in Daytona JV Limited ('Daytona'), a UK incorporated company which owns the Master Franchise Agreement and trading operations of Domino's Germany. The remaining shareholding is owned by Daytona Holdco Limited, a UK incorporated company, which is wholly owned by Domino's Pizza Enterprises Ltd, based in Australia. The investment is treated as an asset held for sale by the Group, and as at 25 December 2022 the book value of the investment was £32.9m. The Group's interest is subject to a put and call option. The put option was exercised on 9 November 2022.

[12] Current mean of FY23 EBITDA expectations is £137.6m, prior to adjusting for guided accounting treatment of technology platform costs. Based on 10 analysts' forecasts with a range of £124.5m to £147.7m.

Chief Executive Officer’s Review

Introduction

In December 2021, we reached resolution with our franchise partners on a new framework to ensure that the Domino’s system is aligned and able to deliver sustainable growth. We introduced a new incentive scheme to our franchise partners to open more stores and a new rebate mechanism to drive order count. We also started new technology platform projects, an eCommerce platform and an Enterprise Resource Planning (“ERP”) system to develop and implement two new cloud-based IT systems to enable us to capture growth in the future and drive further efficiencies.

From the second half of FY22, we have seen tangible benefits for the Domino’s system and our market share of the UK takeaway market was 8.0% in Q4, up from 6.8% in the same period last year. This was driven by strong national value campaigns, digital initiatives, improved customer service from our franchise partners, growth in collections and the initial benefit of being on the Just Eat platform. This is testament to the strength of our brand, the alignment we now have with our world-class franchise partners and a value proposition which resonates strongly with customers in the current environment.

FY22 performance summary

Underlying trading in the year was robust, with like-for-like system sales, excluding splits and the impact of VAT, up 5.3%. Our franchise partners delivered another year of strong operational performance and navigated the challenging market conditions with great skill and hard work.

Underlying EBITDA was £130.1m, down £6.3m compared to last year, largely due to the accounting treatment of investment in cloud-based technology platforms (£5.2m). A lower contribution from the German associate (£2.4m), partially due to the put option exercise to exit our investment, was offset by the profit on sale of five corporate stores (£2.1m). Excluding these, underlying EBITDA would have been broadly flat compared to FY21.

Statutory profit after tax was £81.6m, up £3.3m on last year as a result of reduced costs and charges from our discontinued international operations offsetting the reduction in underlying profitability.

Free cash flow generated by the business was £79.0m, a decrease from £104.6m last year as EBITDA generated was offset by working capital outflows as a result of timing differences and receivables increases In FY23 to date, £8m of the movement relating to creditors and accruals has reversed as a cash inflow. We anticipate a net working capital inflow for the full year.

As expected, Net Debt increased by £53.6m from the start of the year to £253.3m with Net Debt/EBITDA leverage increasing from 1.54x at the start of the year to 2.06x (excluding IFRS 16). The increase was driven by shareholder returns through the payment of dividends and the share buyback programmes announced in the year.

The continued strong performance of the business means that, in line with our capital allocation framework, we are proposing a final dividend of 6.8p, which, when combined with the 3.2p interim dividend, results in a 2.0% increase compared to the prior year.

Significant digital opportunity

In FY22, 90% of sales were digital, but Domino's is still in the early stages of becoming a truly ecommerce business. We have 13.6m active digital customers in the UK & Ireland and we are now building data capabilities to enhance the customer experience and drive an increase in order frequency.

The Domino's app is the key driver of our digital growth strategy and will be a material contributor to system sales growth. In FY22, orders generated through our app grew 10.0%, and the app orders as a percentage of online orders were 52.2%, an increase of 6.1ppts on the prior year and 8.8ppts on 2019. As a percentage of online orders, app orders grew consistently throughout FY22 and finished the year at 59.8%. App downloads in FY22 were 50% higher and active app customers were 6.1m, an increase of 16% compared to the prior year.

App customers are important to us, because in FY22, customers who only use the app yield 43% higher sales per customer than customers who only use the website. In addition, customers who only used the app in FY22 had an average order frequency 51% higher than web only customers. Attracting more customers to the app continues to be a key focus in 2023 and we are very pleased that in the first ten weeks of Q1, new app customers are up 46%.

Second year of our growth strategy

We launched our growth strategy in March 2021 with a vision to be the favourite food delivery and collection brand, with pizza at its heart. We continue to make progress delivering against this strategy and are confident we can accelerate the growth of the business and deliver increased returns for shareholders. We remain confident of achieving at least the upper end of the £1.6bn – £1.9bn system sales target and opening at least 200 new stores in the medium term. Our strategy to achieve this is centred on five growth pillars.

1. Delivery: Nobody delivers like Domino's

Delivery is at the heart of our business and is what we are best known for – we have built a considerable following, with a brand that people love, enabling us to maintain a leading position in the UK & Ireland delivery market. Whilst delivery sales were lower compared to the prior year, we maintained excellent service standards with average delivery times of around 26 minutes.

In March 2022, we introduced a delivery charge, in line with our aggregator peers. This allows our franchise partners to offset some of the food and labour cost inflation they are experiencing. The delivery charge ranges between 99p and £2.50, and each franchise partner decides whether to introduce a delivery charge and which pricing level to use. The benefit flows through to our franchise partner as it represents an increase in system sales. DPG enjoys a small benefit as the delivery charge incurs the standard royalty fee. Take-up has been widespread and since introduction, 93% of delivered orders have incurred a delivery charge.

In May 2022, we started a trial with Just Eat in 136 stores to assess whether we can reach an incremental customer base while delivering a similar contribution for our business. Early results were encouraging so the trial was extended to nearly one-third of the store estate. Following continued success of the extended trial, which delivered incremental orders and customers, we took the decision to fully roll out on the Just Eat platform in the UK & Ireland. As at 25 December 2022, 1,167 stores were live. Our team worked collaboratively with our franchise partners on the trial and subsequent roll-out, and we look forward to the benefits of being on the Just Eat platform in FY23.

2. Collection: Turbocharge our collection business

Collection represents the most efficient labour channel, with delivery effectively outsourced to the customer. This is particularly important in an environment where there are pressures on labour availability and wage inflation. The various lockdown restrictions in 2020 and 2021 dampened the collection market significantly but collection volumes have recovered well. In FY22, volumes were 104% of 2019 levels, improving sequentially each quarter and Q4 was 111% of 2019 levels. The growth in collections was driven by a focus on raising awareness of the collection channel, primarily through promotion and national campaigns.

3. Product & value: Amplify our product quality and value

Following resolution with our franchise partners, we were able to launch our first national price campaign in January and amplify our value message, with a 50% discount for spending more than £30 on pizza. Alignment with our franchise partners has also enabled us to market collection promotions, and towards the end of the year, we launched 'Price Slice' with £8, £10, £12 deals for small, medium and large pizzas.

We strengthened the Domino's brand across FY22. Our key metric is 'consideration' which we grew by 1ppt vs. FY21 to 55%. With consumer confidence falling, increasing the value for money perception was key to driving this improvement. In FY22, our value for money score increased by 4ppts vs. FY19. We delivered this with significant media support behind compelling deals across the year.

Our customers love our product, and we have re-ignited product innovation over the last year. Our value for money scores continued to improve, demonstrating our focus on customer value. Our tie-up with Heinz on the Big Brekkie Pizza drove customer engagement as we asked customers to pick a side – Red or Brown – with either Heinz Tomato Ketchup or HP Sauce. In the final quarter, we launched a variety of exciting new products to target both football watching audiences and festive families. The Ultimate Spicy Sausage launched well and drove incremental sales across the whole campaign, with the new and improved "Festive One" outperforming the 2021 version.

4. Performance: Uphold our industry-leading economics for both the Group and our franchise partners

Our vertically integrated supply chain is a key differentiator in the market and brings us significant competitive advantages. We can leverage our scale to realise operational and procurement-led efficiencies to help mitigate inflationary pressures in the market. We continue to collaborate closely with key suppliers to ensure we have optimal stock cover and to minimise cost inflation where possible. We have expanded our supplier base to ensure we secure the best value for money and increased resilience for our system.

Our world-class supply chain delivered another year of outstanding performance. We maintained 99.9% availability and 99.8% accuracy in a year of challenging market conditions. In line with our commitment to health and safety within our supply chain operations, we completed the roll-out of cages and dollies to all stores. In keeping with our capital allocation framework, we continue to invest in our supply chain to enhance capacity and drive efficiency. We started operating a new 'cross-dock' facility in Avonmouth which allows us to warehouse product there for more efficient distribution across the South-West. This was particularly important to maintaining our availability for Q4. We also commenced re-development of our Naas supply chain centre in the Republic of Ireland.

5. Franchisor: Model excellence as a franchisor

Our franchise partners continue to work tremendously hard in challenging market conditions and their trading performance has been resilient. The system is now aligned and has entered a new era of collaboration. We have delivered successful value campaigns, introduced the delivery charge and undertaken a comprehensive trial and roll-out on the Just Eat platform. We could not have done this without the support and commercial drive of our world-class franchise partners.

Based on the unaudited data submitted to us by franchise partners, average store EBITDA for all UK stores for the year was approximately £182k, equivalent to a 16% EBITDA margin. This compares to £287k or 23% EBITDA margin achieved in FY21 and £145k or 14% EBITDA margin achieved in FY19. The reduction reflects the net benefit of VAT in the prior year as well as the impact of higher food and labour costs in 2022.

Following the introduction of the new store incentive scheme last year, we have made good progress with our new store openings with 35 in FY22 compared to 31 in the prior year. These stores were opened by 22 different franchise partners, and we were delighted that three new 'Home Grown Heroes' opened stores in the year. We had expected to open 40 stores in FY22, but some have moved into Q1 23, largely driven by a delay in planning consents.

We have supported our franchise partners throughout the year with an enhanced food rebate mechanism, the national roll-out of the delivery charge and we were delighted to organise our first rally since 2018 in Harrogate for our franchise partners and colleagues, of which more than 1,400 joined.

We have introduced a new Operations forum and launched the Franchisee Performance Management framework. This framework is designed to assess store performance across the system and identify areas for improvement. We also launched the Domino's Training Academy which provides management training to team members using a balance of e-learning and classroom exercises.

Looking ahead to FY23

We are pleased with the strategic progress we have made and are resolutely focused on accelerating the execution of our strategy at pace. As we move into FY23, there are five key enablers which will drive this acceleration:

1. Franchise partner profitability / Organisation

Our priority this year is to focus on improving our franchise partners' store profitability. We will do this by working with our suppliers looking for efficiencies; continuing to invest in growth in line with the framework we agreed with our franchise partners in December 2021; developing revenue management initiatives and driving operational efficiencies.

Domino's is a digital business, and, in the last two years, we have built significant capability in areas such as data, digital and marketing. We are now focused on accelerating the execution of our strategy to deliver sustainable growth. We have recently taken steps to become a leaner, smarter and faster organisation. The Executive leadership team has been reshaped, allowing for faster decisions to be taken and removing complexity, and we look forward to the benefits this will bring to the Domino's system. These changes have been made with the goal of focusing on our franchise partners' profitability.

2. Value for Money

Our aspiration is to return our delivery orders to growth in FY23 and reduce the average delivery time for our customers from the current figure of around 26 minutes. Improving our customer service is key to achieving this goal. Our customer service performance, including average delivery times and percentage of deliveries on time, improved significantly in Q4 22 relative to Q4 21. We continue to improve our delivery experience for our customers and franchise partners. In FY22, we rolled out our enhanced GPS solution to 777 stores and we are targeting full deployment by the end of 2023. This will help store managers manage labour through more efficient driver route planning and better co-ordination with the store, as well as allowing drivers to use their own device. It also enables customers to see exactly where their order is and provide an accurate delivery time. We are working closely with our franchise partners to ensure that customer service continues to improve.

We will continue to amplify our value message through national campaigns and continuing our menu innovation. As with 2022, we believe this will be particularly important in a year when consumers are experiencing cost of living increases. Alignment with our franchise partners has also enabled us to undertake national value campaigns and we have continued these in FY23 with the ‘Price Slice’ deal with £8, £10, £12 price points for small, medium and large pizzas. We are planning an exciting range of value deals throughout FY23.

We aim to attract new customers through a strong pipeline of new pizzas, sides and desserts, and to increase order frequency through innovation of our core menu. We continue to see a significant opportunity to drive an increase in collections to accelerate our growth. Highlighting the value message to customers will be key in 2023.

3. Digital

Personalisation is at the heart of our digital strategy, and we recently began more targeted personalisation, using our data science team to test initiatives such as reminders for customers on their preferred order day and personalised segmentation based on dietary preference. Enhancing and broadening our personalisation will enable us to drive growth through an enhanced food-ordering experience.

We are also focused on optimising marketing efficiency to enable customers to find the Domino’s brand. We ensure that we have top listings and visibility on Google, and are in key digital and social media channels, with a specific focus on app marketing.

Attracting more customers to the app continues to be a key focus in 2023 and we are very pleased that in the first ten weeks of Q1, new app customers are up 46%. We aim to increase app customers and drive improvements in conversion and frequency. Our investment in a new ecommerce platform underpins our digital strategy as we transform to being a truly ecommerce business.

4. Convenience

We have made a strong start to the year with our store openings programme, and we are targeting a mid-single digit percentage point increase in the store estate in FY23. We start FY23 with a significantly stronger pipeline than in FY22, have opened seven stores this year vs. five in the same period last year. We remain on track to open at least 200 stores over the medium term.

Having undertaken a full roll-out on Just Eat at the end of FY22, we are also focused on continuing to drive incrementality from being on the Just Eat platform and, in FY23, look forward to a full year benefit of being on the platform.

5. Technology platform projects

We are focused on the development of our new ecommerce platform which will deliver significant benefits to our franchise partners and ultimately provide an enhanced experience for our customers. The new platform will provide us with a scalable and best in class e-commerce back end. It will enable us to deliver improvements quickly and significantly more cost efficiently than our current platform, and future proofs our e-Commerce platform for new developments. This will also enable more agile marketing and promotions to be put in place, build a future-proof platform for our next stage of growth and enable us to introduce a loyalty platform.

We have also begun work on a new ERP programme which will enable us to improve processes and efficiencies across our business, including generating efficiencies in our supply chain. Our current ERP has been in place since 2016, and since that time, the business has scaled up significantly and requires this additional support together with alignment of operating practices across the supply chain to drive further growth and efficiency.

We have established a rigorous governance framework around both these projects and look forward to the benefits when they are implemented.

Delivering our sustainable future

In 2022, we refreshed our sustainability strategy after seeking views from our customers, colleagues and franchise partners with a passion for sustainability. We now have a new sustainability strategy which incorporates the views and passions of our key audiences, which will help push us as a business to achieve our ambition of delivering a better future through food people love, and is aligned with the UN's Sustainable Development Goals.

We have made good progress in 2022:

- Securing validation of our science-based targets
- Reducing the amount of general waste going to landfill from our head office and supply chain centres to zero
- Ensuring 100% of surplus food generated at our supply chains centres is either repurposed or redistributed to food poverty charities
- Developing and testing our first sub-650 calorie pizza
- Increasing the use of bicycles, eBikes and alternative fuelled vehicles by stores for deliveries

In addition to new targets and focus areas, we also introduced more robust governance around the delivery of our work in this important area, including establishing a PLC Sustainability Committee, chaired by Natalia Barsegiyan, one of our non-executive directors. This Committee is supported by a Sustainability Steering Group, comprising of relevant Leadership Team members with working groups focused on delivering against our sustainability targets. Additionally, for the first time we have linked a proportion of the Leadership Team bonus to the delivery of key sustainability targets.

As we look to the future, we are excited by the positive impact we can have as a business and look forward to tracking and reporting our progress through regular sustainability reports, the first of which will be published later this year. We believe this strategy will be a key part of accelerating our progress towards delivering a better future through food people love.

FY22 trading review

Continued underlying like-for-like system sales growth

System sales represent all sales made by both franchised and corporate stores to consumers. Like-for-like system sales across UK & Ireland declined by 3.8%, excluding split stores, or by 4.8% including splits. The increase in the VAT rate in the period compared to the same period last year drove this decline. Like-for-like system sales excluding splits and the change in the VAT rate increased by 5.3%.

UK & Ireland	**Q1 22**	**Q2 22**	**H1 22**	**Q3 22**	**Q4 22**	**H2 22**	**FY22**
LFL inc. splits	(3.6)%	(11.4)%	(7.5)%	(10.2)%	+6.3%	(2.0)%	(4.8)%
LFL exc. splits	(2.4)%	(10.4)%	(6.4)%	(9.3)%	+7.2%	(1.1)%	(3.8)%
2021 VAT rate	5%	5%	-	5%	12.5%		
2022 VAT rate	12.5%	20%	-	20%	20%		
LFL inc. splits and ex VAT	+2.7%	(0.2)%	+1.2%	+1.3%	+13.0%	+7.2%	+4.2%
LFL exc. splits and ex VAT	**+3.9%**	**+0.9%**	**+2.4%**	**+2.4%**	**+13.9%**	**+8.3%**	**+5.3%**

The quarterly analysis of this performance, as well as the VAT rate for each period is in the table above.

This shows that the like-for-like performance in Q2 22 and Q3 22 was primarily driven by the difference in the rate of VAT. The VAT rate reverted to 20% on 1 April 2022, and therefore from the start of Q2 23, there will be no VAT impact when comparing quarterly performance to the prior year.

The VAT rate reduction was on hot takeaway food and therefore applicable to the system sales made by stores to consumers. If the sales price to the consumer was unchanged then the VAT rate reduction would effectively deliver an increased system sales value, which flows through to like-for-like system sales growth. The benefit of the VAT rate reduction therefore primarily accrued to our franchise partners. This helped them to continue to trade throughout the pandemic period and enabled them to drive growth and increase the level of discounts they could offer their customers.

There is only a limited direct benefit to our profitability from the VAT rate reduction as the majority of our revenue is made by our supply chain upon which the rate of VAT has not changed. Our benefit is derived from a small increase in royalties on the system sales reported by our franchise partners and the sales from our corporate stores, associates and joint ventures.

UK & ROI	LFL inc. splits (YOY Growth)			Total (All Stores)	
	Sales	Volume	Price	Orders (m)	YOY Order Growth
Total					
Q1	(3.6)%	(2.0)%	(1.6)%	17.5m	5.5%
Q2	(11.4)%	(8.3)%	(3.1)%	16.9m	(1.3)%
H1	(7.5)%	(5.2)%	(2.4)%	34.4m	2.1%
Q3	(10.2)%	(9.1)%	(1.2)%	16.9m	(1.9)%
Q4	6.3%	(2.1)%	8.5%	18.5m	4.1%
H2	(2.0)%	(5.6)%	3.5%	35.4m	1.1%
FY	(4.8)%	(5.4)%	0.6%	69.8m	1.6%
Delivery only					
Q1	(8.4)%	(8.2)%	(0.2)%	12.7m	(4.4)%
Q2	(16.0)%	(15.4)%	(0.6)%	11.6m	(12.1)%
H1	(12.2)%	(11.8)%	(0.4)%	24.3m	(8.3)%
Q3	(14.7)%	(16.2)%	1.5%	11.0m	(12.7)%
Q4	2.1%	(8.4)%	10.5%	12.2m	(5.1)%
H2	(6.4)%	(12.3)%	5.8%	23.2m	(8.8)%
FY	(9.4)%	(12.0)%	2.6%	47.5m	(8.5)%
Collection only					
Q1	25.3%	30.5%	(5.2)%	4.8m	45.4%
Q2	12.4%	22.8%	(10.4)%	5.3m	34.7%
H1	18.4%	26.4%	(8.0)%	10.2m	39.6%
Q3	9.3%	17.2%	(7.9)%	5.8m	28.1%
Q4	24.2%	19.8%	4.5%	6.3m	27.9%
H2	16.8%	18.5%	(1.7)%	12.1m	28.0%
FY	17.5%	22.0%	(4.5)%	22.3m	33.0%

Total orders in the year grew by 1.6%. This was driven by a 33.0% growth in collection orders, offset by an 8.5% decline in delivery orders.

In Q1 22, total orders grew 5.5% despite a strong comparative quarter last year when there were strict lockdown restrictions in the UK. Collections continued to recover and grew 45.4% in the quarter. As expected, given the lockdown comparator, delivery orders were 4.4% lower than the prior year.

In Q2 22, total orders declined 1.3%. Delivery orders declined 12.1% in the quarter due to softness in the wider delivery market and a tough comparative quarter in the previous year, which had three different lockdown restrictions. In March 2022, we launched the delivery charge nationally. The 34.7% growth in collections only partially offset the decline in delivery orders.

As expected in Q3 22, total orders were lower in July due to the tough comparator with the knockout stages of the Men's Euro football tournament and were muted in August given the 'staycation' impact from the previous year. September was a stronger trading month. Delivery orders declined 12.7% in the quarter due to a tough comparator last year. Collections performed well and increased 28.1% in the quarter, driven by our strong value message and our continued strategic focus on this channel.

We finished the year with a strong performance in Q4 22 with orders up 4.1%. Collections continued to perform strongly and were up 27.9%. Delivery orders were down 5.1%, a marked improvement from Q2 and Q3. As expected, trading was strong as a result of effective national value campaigns, operational service excellence, growth in collections and the initial incremental benefit of being on the Just Eat platform as well as the Men's Football World Cup, an event which only occurs every four years.

Five corporate stores sold in 2022

Corporate store revenue increased by 1.7% to £36.2m compared to the prior year. The EBITDA of corporate stores was £1.9m, compared to £3.2m in FY21 driven by net impact from the reduction in the rate of VAT in FY21. In Q4 22, we sold five corporate stores to an existing franchise partner. The profit on the sale of these stores was £2.1m. Following the sale of these stores, we now directly operate 31 stores in the London area.

Agreement on the Put Option Exercise Price of our investment in Germany

Further to the announcement made on 10 November 2022, the process for determining the put option exercise price of our shareholding in our German associate has been finalised. This has resulted in a put option exercise price of €79.2m (c.£70m), which combined with the repayment of a €10.8m loan (c.£9m), will yield total cash receipts of approximately €90.0m (c.£79m) and generate profit on disposal of c.£37m, dependent on foreign exchange rates. Completion of the disposal will occur in June 2023 and the proceeds generated will be flowed through our capital allocation framework.

For the period 27 December 2021 to 10 November 2022, our share of post-tax underlying profits from our German associate was £2.6m (FY21: £5.0m).

£266m returned to shareholders since Capital Allocation Framework launched

We have a highly cash-generative, asset-light business model and, in March 2021, we launched a new capital allocation framework. Our first priority is to invest in the business to drive long-term organic growth. We will continue to maximise shareholder returns through a sustainable and progressive dividend and operate a disciplined approach to assessing additional growth opportunities. Finally, operating within a normalised leverage range of 1.5x – 2.5x net debt to Underlying EBITDA, we aim to maximise returns with an annual allocation of surplus cash to shareholders. Since launching the framework, we have announced £266m of returns to shareholders, through £100m in dividends and £166m in share buybacks.

In the year, we generated £79.0m of free cash and, in addition, we received net cash flows of £10.3m from our investment in Germany. We have invested £19.7m in capital investment in our core business and have proposed a final dividend of 6.8p, which combined with the 3.2p interim dividend represents a 2.0% increase compared to FY21. We announced £86m of share buybacks in FY22 with the final programme completing in January 2023.

FINANCIAL REVIEW

Financial highlights

- Underlying profit before tax of £98.9m, down £15.0m from FY21 primarily as a result of costs associated with technology platform of £7.6m and increased interest charges of £4.9m
- Statutory profit after tax of £81.6m, up from £78.3m as the losses from discontinued operations and non-underlying costs from the prior period are no longer recognised.
- Free cash flow decreased by £25.6m to an inflow of £79.0m, as EBITDA generated was offset by working capital outflows as a result of timing differences and receivables increases, which are expected to reverse or normalise in 2023.
- Overall net debt increased by £53.6m to £253.3m as a result of the dividends, share buybacks and capital expenditure as we continue to invest in the business, offset with cash inflows from disposals.
- Total dividend for FY22 of 10.0p per share, with final dividend of 6.8p per share proposed to be paid on 11 May 2023

FY22 results

	At 25 December 2022 £m Reported	**At 26 December 2021 £m Reported**
Group Revenue	**600.3**	560.8
Underlying EBIT before contribution of investments	**102.2**	106.8
Contribution of investments	5.0	8.1
German associate contribution	2.6	5.0
Underlying EBIT	**109.8**	119.9
Underlying net finance costs	(10.9)	(6.0)
Underlying profit before tax	**98.9**	113.9
Underlying tax charge	(17.3)	(20.5)
Underlying profit after tax	**81.6**	**93.4**
Non-underlying items	**-**	(2.7)
Profit after tax from continued operations	**81.6**	90.7
Loss from discontinued operations	**-**	(12.4)
Statutory profit after tax	81.6	78.3
EBITDA reconciliation		
Underlying EBITDA	**130.1**	**136.4**
Depreciation, amortisation and impairment	(20.3)	(16.5)
Group Underlying EBIT	109.8	119.9

We are pleased to have delivered robust financial performance in the year, despite the costs incurred investing in the technology platforms. Underlying EBIT decreased by £10.1m to £109.8m, of which £7.6m relates to the investment in our ecommerce platform and ERP programmes, with the remainder due to lower contributions from investments. Statutory profit after tax increased to £81.6m from £78.3m, as the costs relating to non-underlying items and losses from the discontinued international businesses from the prior year have ended.

Revenue

Our key metric for measuring the revenue performance of the Group is system sales, rather than our Group revenue. System sales are the total sales to end customers through our network of stores, for both franchise partners and corporate stores. Our Group revenue consists of food and non-food sales to franchise partners, royalties paid by franchise partners, contributions into the NAF and eCommerce funds, rental income and end-customer sales in our corporate stores.

Within our Group revenue, the volatility of food wholesale prices, together with the combination of different revenue items, means that analysis of margin generated by the Group is less comparable than an analysis based on system sales. We consider that system sales provide a useful alternative analysis over time of the health and growth of the business.

Reported system sales in the period were £1,456m, down 2.8% due to the change in VAT rate year-on-year. Excluding the change in the VAT rate, like-for-like system sales were up 5.3%.

Reported Revenue

	At 25 December 2022 £m Reported	At 26 December 2021 £m Reported
Supply Chain revenue	411.4	374.9
Royalty, rental & other revenue	80.5	80.0
Corporate Stores revenue	36.2	35.6
NAF & eCommerce	72.2	70.3
Total	**600.3**	**560.8**

Reported revenue increased by £39.5m to £600.3m, an increase of 7.0%, primarily driven by increases in supply chain revenue. This was principally as a result of increased food costs, which are passed through to our franchise partners.

Royalty, rental and other revenues primarily relate to the royalty revenue we receive from our franchise partners based on a percentage of system sales and rental income. This increased by £0.5m due to additional short-term lease income of £1.0m, offset by a decrease of £0.5m due to lower system sales on a reported basis.

Revenue for our directly operated corporate stores in London increased by £0.6m. NAF and eCommerce revenues are recognised based on costs incurred at nil profit and increased by £1.9m due to the timing of costs recognised.

Underlying earnings before interest and taxation

Underlying EBIT decreased by £10.1m to £109.8m. This includes a benefit of £2.1m relating to the sale of corporate stores, offset with £7.6m of technology platform costs and £2.4m lower contribution from the German associate.

In December 2022, the Group completed the sale of 5 corporate stores to an existing franchise partner resulting in a profit of £2.1m recognised on the disposal.

As announced in the Q3 trading statement on 10 November 2022, the Group is committed to investing in our sustainable growth and commenced two technology platform projects, an eCommerce platform replacement and a new ERP system. The total cost incurred for these projects in the year within EBIT is £7.6m, as explained further below.

The share of profits of our associate investment in Germany contributed £2.6m in the period, £2.4m lower than FY21. On 10 November 2022, we announced that we were exercising our option to sell our share in the associate. As a result, we ceased accounting for our share of profits from the exercise date, which, together with a lower trading result, leads to a decrease of £2.4m.

Excluding these items, Underlying EBIT decreased by £2.0m. Underlying EBIT margin as a percentage of Group revenue decreased as stable trading performance of the Group was offset with costs associated with the franchise partners resolution as we invest in growth of the system, inflationary pressures and a £3.1m lower contribution from our UK & Ireland Investments.

The contribution of our investments in the UK and Ireland decreased by £3.1m. During the year, we recognised a fair valuation uplift on our investment in Shorecal of £1.0m, which was £1.1m lower than the valuation uplift recognised in FY21. The remaining £2.0m in decrease year-on-year is as a result of a lower share of profits recognised from our associates and investments, as increases in the overall cost base of the operations and the reduction in VAT benefit year-on-year offset stable revenue performance.

Technology platform costs

	EBITDA £m	Amortisation and impairment £m	**Profit before tax £m**	Capital expenditure £m
ERP	(2.7)	(0.8)	**(3.5)**	-
eCommerce platform	(2.5)	(1.6)	**(4.1)**	(1.9)
Total	**(5.2)**	**(2.4)**	**(7.6)**	(1.9)

During the year, we commenced investment projects to develop and implement two new cloud-based IT systems, an eCommerce platform and an ERP system.

These projects will enable us to capture growth in the future and drive further efficiencies. The eCommerce platform costs are part of the growth investment framework agreed with our franchise partners in December 2021.

The total costs recognised in underlying profit before tax relating to these projects was £7.6m.

Within EBITDA, costs of £5.2m have been recognised, of which £2.7m relates to the ERP, and £2.5m relates to the eCommerce platform. These represent costs spent on development of these assets, which are expensed through the income statement rather than capitalised as intangible assets, as they relate to cloud platforms. For the ERP, this represents the full spend on the project in the year. For the eCommerce platform, this relates to the percentage spent on the cloud-based element of the project. An additional £1.9m has been recorded in capital expenditure relating to the eCommerce platform.

Within amortisation, a total cost of £2.4m is recognised. This consists of £0.8m relating to the ERP for accelerated depreciation of the current platform, and £1.6m relating to the eCommerce platform, of which £0.2m is accelerated depreciation of the current platform and £1.4m is impairment of legacy assets which are no longer considered useful.

Interest

Net underlying finance costs in the period were £10.9m, an increase of £4.9m. The Group successfully refinanced the existing revolving credit facility in July with a facility limit of £200m and issued £200m private placement notes at a fixed rate of 4.26%. The increase in the fixed borrowing rate, together with the increase in variable rates under the revolving credit facility, largely contributed to the increase, together with an overall increase in net debt during the year.

Taxation

The underlying effective tax rate for 2022 was 17.5% (2021: 18.0%), which is lower than the UK statutory rate due to the one-off impact of adjustments to the prior year and the contribution of joint ventures, associates and investments. The effective tax rate decreased by 0.5% largely due to the prior period impact on the deferred tax charge of the rate change from 19% to 25% announced in 2021.

Profit after tax and non-underlying items

Underlying profit after tax from continuing operations was £81.6m, a decrease from £93.4m in 2021 due to the decrease in EBIT, decreased contribution of investments and increased interest charges set out above.

As disclosed in the 2021 Annual Report, the Group no longer classifies items as non-underlying. Following the completion of the disposals of international operations in 2021, no loss from discontinued operations has been recognised.

In 2021, non-underlying costs of £2.7m were recognised in relation to the reversionary share scheme, legal and professional fees associated with the development of our long-term strategy and market access fee revaluations. In addition, discontinued operations contributed to a loss of £12.4m primarily relating to the losses on disposal of the international operations.

As these costs have not been incurred in the current period, this has increased our statutory profit after tax from continuing and discontinued operations to £81.6m in 2022 from £78.3m in 2021.

Earnings per share

Underlying basic EPS decreased to 18.8p from 20.3p principally as a result of the underlying profit decrease. Statutory basic EPS was consistent with underlying basic EPS at 18.8p, an increase from 17.1p in 2021 as no further non-underlying or discontinued operations costs were recognised.

Free cash flow and net debt

	52 weeks ended 25 December 2022 £m	**52 weeks ended 26 December 2021 £m**
Underlying EBITDA	130.1	**136.4**
Discontinued operations EBITDA	-	**(0.7)**
Add back non-cash items		
– Contribution of investments	(7.6)	**(13.1)**
– Other non-cash items	(1.3)	**0.7**
Working capital	(17.5)	**11.2**
IFRS 16 – net lease payments	(6.3)	**(8.4)**
Dividends received	5.1	**3.8**
Net interest	(4.8)	**(4.0)**
Corporation tax	(18.7)	**(18.0)**
Free cash flow before non-underlying cash items	79.0	**107.9**
Non-underlying cash	-	**(3.3)**
Free cash flow	79.0	**104.6**
Capex	(19.7)	**(14.3)**
Repayment from German associate	1.7	**4.9**
Market Access fee proceeds	8.6	**6.4**
Acquisitions	-	**(6.6)**
Disposals	7.0	**12.6**
Dividends	(43.8)	**(56.0)**
Share transactions	(84.9)	**(83.0)**
Movement in net debt	(52.1)	**(31.4)**
Opening net debt	(199.7)	**(171.8)**
Movement in capitalised facility arrangement fee	(1.1)	**-**
Forex on net debt	(0.4)	**3.5**
Closing net debt	(253.3)	**(199.7)**
Last 12 months net debt/Underlying EBITDA ratio from continuing operations (excl. IFRS 16)	2.06x	**1.54x**
Last 12 months net debt/Underlying EBITDA ratio from continuing and discontinued operations (excl. IFRS 16)	2.06x	**1.57x**

Net debt increased by £53.6m during the year, as free cash flow generated of £79.0m was offset with capital expenditure of £19.7m and returns to shareholders through dividends of £43.8m and share transactions of £84.9m.

Free cash flow is an inflow of £79.0m, a decrease of £25.6m on the previous year. Underlying EBITDA was £130.1m, a decrease of £6.3m, of which £5.4m relates to investment in the eCommerce platform and ERP programmes outlined above.

The Group experienced a working capital outflow of £17.5m (2021: inflow of £11.2m). This was primarily due to higher debtors of £6.5m as a result of increases in pricing and volumes in the final weeks of the year, decreases in creditors of £5.8m as a result of the timing of creditor payments which were accelerated around the year end date, an outflow due to lower accruals of £5.1m as a result of lower payroll accruals and higher accrued income balances.

In FY23 to date, £8m of the movement relating to creditors and accruals has reversed as a cash inflow. We anticipate a net working capital inflow for the full year.

Net IFRS 16 lease payments decreased in the period to £6.3m based on the timing of rental payments. Dividends received increased to £5.1m from £3.8m, benefitting from a dividend received from our investment in Shorecal of £2.2m and £2.9m from our other associates and joint ventures.

Net interest payments of £4.8m increased from £4.0m as a result of the increased interest charges on the debt following refinancing. We expect this to increase next year due to the timing of interest payments on the private placement loan notes, with the first six-monthly payment paid in January 2023.

Capital expenditure increased to £19.7m from £14.3m, as we continued our investment in the Group. Of this amount, £7.3m relates to the development and expansion of our supply chain centre in Ireland and £1.9m relates to the eCommerce platform investment.

In March 2022, the Group received the final instalment of the Market Access Fee of £8.6m, relating to the performance of the German associate in the 2021 calendar year. This is the final contracted payment of the Market Access Fee.

Of the disposals cash inflows of £7.0m, £4.9m relates to the net cash consideration from the sale of corporate stores and £3.3m relates to the completion of the receipt of deferred consideration for the disposal of the DP Shayban Limited joint venture in 2018. This is offset with £1.2m relating to the final payments on the disposals of international operations, which is now complete.

Of the £43.8m dividends paid in the year, £30.0m relates to the final FY21 dividend paid in May 2021, and £13.8m relates to the interim dividend paid in September 2022.

Of the share transactions cash outflow of £84.9m, £7.4m relates to share purchases for the employee benefit trust, and £77.5m relates to the share buyback programme. This consists of £46m relating to the share buyback programme announced in March 2022, £20m relating to the programme announced in August 2022 and £11.1m relating to the £20m programme announced in November 2022, together with £0.4m of stamp duty. The remaining outstanding balance of the November 2022 programme of £8.9m remained outstanding at the period end and has subsequently been completed.

Capital employed and balance sheet

	At 25 December 2022 £m	**At 26 December 2021 £m**
Intangible assets	30.0	32.1
Property, plant and equipment	96.5	90.3
Investments, associates and joint ventures	36.7	64.8
Market Access Fee	-	8.7
Deferred consideration	0.3	3.3
Right-of-use assets	21.3	19.4
Net lease liabilities	(23.4)	(21.4)
Provisions	(15.3)	(16.3)
Working capital	(27.9)	(37.1)
Net debt	(253.3)	(199.7)
Tax	(1.7)	(2.7)
Share buyback obligations	(8.9)	
Held within assets and liabilities held for sale	32.9	—
Net liabilities	**(112.8)**	(58.6)

Intangible assets have decreased by £2.1m to £30.0m, as additions of £10.3m on software assets were offset with amortisation and impairment of £9.3m and disposals of acquired intangible assets with the sale of the five corporate stores of £3.1m.

Property, plant and equipment has increased by £6.2m to £96.5m largely as a result of increased capital spend associated with the supply chain centre in Ireland.

Investments, associates and joint ventures has decreased by £28.1m primarily as the investment in our German associate has been reclassified as an asset held for sale following the exercise of the put option in November 2022.

Right-of-use assets have increased from £19.4m to £21.3m due to lease additions for our supply chain centre in Ireland, and renewal of fleet leases. The net lease liability has increased by £2.0m in line with these additions.

Working capital has decreased by £9.2m to a net working capital liability of £27.9m. This decrease is lower than the movement in free cash flow due to increased interest accruals, and accruals and creditors associated with capital expenditure which are included in the balance sheet movement but excluded on a free cash flow basis.

Net debt has increased to £253.3m for the reasons set out in the free cash flow section above. As set out above, there remains £8.9m of outstanding share buyback obligation at the end of the year, which has been subsequently completed.

Following the decision to exercise the put option over our interest in the German associate, the investment in the associate has been reclassified as an asset held for sale of £32.9m, the book value at the date of exercise. No further share of profit is recognised in relation to the investment, and any profit recognised on the sale will occur when the transaction is completed.

Total equity has decreased by £54.2m, to a net liability position of £112.8m, primarily due to the dividend payments and share buybacks in excess of the profit generated in the year. There are sufficient distributable reserves in the standalone accounts of Domino's Pizza Group plc for the proposed dividend payment.

Treasury management

The Group successfully refinanced the existing revolving credit facility in July 2022, and entered into a new unsecured multi-currency revolving credit facility of £200m, expiring in July 2027, together with the issuance of sterling-denominated private placement loan notes of £200m, with a due date for repayment in July 2027.

The new unsecured multi-currency revolving credit facility incurs interest at a margin over SONIA of between 185bps and 285bps depending on leverage, plus a utilisation fee of between 0bps and 30bps of the aggregate amount of the outstanding loans.

The private placement loan notes incur interest at a fixed rate at 4.26%. Interest is paid every six months.

The financial covenants under both new financing agreements are consistent. These covenants relate to measurement of adjusted EBITDAR against consolidated net finance charges (interest cover) and adjusted EBITDA to net debt (leverage ratio) measured semi-annually on a trailing 12-month basis at half year and year end. The interest cover covenant under the terms of both agreements cannot be less than 1.5:1, and leverage ratio cannot be more than 3:1. Figures used in the calculation of both covenants exclude the impact of IFRS 16.

We ended the period with net debt of £253.3m, and Net Debt/EBITDA ratio excluding the impact of IFRS 16 increased to 1.54x to 2.06x. We monitor the leverage ratio continuously through the year, and is integrated into the budget and forecasting process.

Underpinning treasury management is a robust Treasury Policy and Strategy that aims to minimise financial risk. Foreign exchange movement arising from transactional activity is reduced by either agreeing fixed currency rates with suppliers or pre-purchasing the currency spend.

Group income statement
52 weeks ended 25 December 2022

	Note	**52 weeks ended 25 December 2022 £m**			52 weeks ended 26 December 2021 £m		
		Underlying	**Non-underlying***	**Total**	Underlying	Non-underlying*	Total
Revenue	2	600.3	—	600.3	560.8	—	560.8
Cost of sales		(326.8)	—	(326.8)	(292.2)	—	(292.2)
Gross profit		273.5	—	273.5	268.6	—	268.6
Distribution costs		(39.5)	—	(39.5)	(36.4)	—	(36.4)
Administrative costs		(131.8)	—	(131.8)	(125.4)	(4.5)	(129.9)
Other expenses		—	—	—	—	(0.3)	(0.3)
Share of post-tax profit of associates and joint ventures		6.6	—	6.6	11.0	—	11.0
Other income		1.0	—	1.0	2.1	—	2.1
Profit/(loss) before interest and taxation		109.8	—	109.8	119.9	(4.8)	115.1
Finance income		13.1	—	13.1	13.1	1.0	14.1
Finance costs		(24.0)	—	(24.0)	(19.1)	(0.4)	(19.5)
Profit/(loss) before taxation		98.9	—	98.9	113.9	(4.2)	109.7
Taxation	8	(17.3)	—	(17.3)	(20.5)	1.5	(19.0)
Profit/(loss) for the period from continuing operations		81.6	—	81.6	93.4	(2.7)	90.7
Loss from discontinued operations	3	—	—	—	—	(12.4)	(12.4)
Profit/(loss) for the period	—	81.6	—	81.6	93.4	(15.1)	78.3

* Non-underlying items are disclosed in note 4

Earnings per share							
From continuing operations							
– Basic (pence)	9	18.8		18.8	20.3		19.8
– Diluted (pence)	9	18.7		18.7	20.2		19.6
From continuing and discontinued operations (statutory)							
– Basic (pence)	9			18.8			17.1
– Diluted (pence)	9			18.7			17.0

Group statement of comprehensive income

52 weeks ended 25 December 2022

	Note	**52 weeks ended 25 December 2022 £m**	52 weeks ended 26 December 2021 £m
Profit for the period		81.6	78.3
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
- Exchange gain on retranslation of foreign operations		1.5	0.8
- Transferred to income statement on disposal	14	—	7.9
Other comprehensive income for the period, net of tax		1.5	8.7
Total comprehensive income for the period		83.1	87.0

Group balance sheet

As at 25 December 2022

	Note	**At 25 December 2022 £m**	At 26 December 2021 £m
Non-current assets			
Intangible assets	11	30.0	32.1
Property, plant and equipment		96.5	90.3
Right-of-use assets		21.3	19.4
Lease receivables		185.6	187.5
Trade and other receivables		3.4	14.0
Other financial asset		—	6.8
Investments		11.3	12.1
Investments in associates and joint ventures	12	25.4	52.7
		373.5	414.9
Current assets			
Lease receivables		14.4	13.7
Inventories		11.6	10.9
Trade and other receivables		55.9	34.3
Other financial asset		—	1.9
Deferred consideration receivable		0.3	3.3
Current tax assets		1.7	0.2
Cash and cash equivalents		30.4	42.8
Assets held for sale	15	32.9	—
		147.2	107.1
Total assets		520.7	522.0
Current liabilities			
Lease liabilities		(20.0)	(19.3)
Trade and other payables		(98.6)	(96.1)
Deferred tax liabilities		—	(0.4)
Provisions		(1.0)	(2.0)
Financial liabilities – share buyback obligation		(8.9)	—
		(128.5)	(117.8)
Non-current liabilities			
Lease liabilities		(203.4)	(203.3)
Trade and other payables		(0.2)	(0.2)
Financial liabilities	13	(283.7)	(242.5)
Deferred tax liabilities		(3.4)	(2.5)
Provisions		(14.3)	(14.3)
		(505.0)	(462.8)
Total liabilities		(633.5)	(580.6)
Net liabilities		(112.8)	(58.6)

Group balance sheet continued

As at 25 December 2022

	Note	At 25 December 2022 £m	At 26 December 2021 £m
Shareholders' equity			
Called up share capital		2.2	2.3
Share premium account		49.6	49.6
Capital redemption reserve		0.5	0.5
Capital reserve – own shares		(9.0)	(4.6)
Currency translation reserve		0.5	(1.0)
Accumulated losses		(156.6)	(105.4)
Total equity		(112.8)	(58.6)

Elias Diaz Sese
Director
8 March 2023

Group statement of changes in equity

52 weeks ended 25 December 2022

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Capital reserve - own shares £m	Currency translation reserve £m	Accumulated losses £m	Total shareholders' equity £m
At 27 December 2020	2.4	49.6	0.5	(3.4)	(9.7)	(48.2)	(8.8)
Profit for the period	—	—	—	—	—	78.3	78.3
Other comprehensive income – exchange differences	—	—	—	—	8.7	—	8.7
Total comprehensive income for the period	—	—	—	—	8.7	78.3	87.0
Proceeds from share issues	—	—	—	0.4	—	—	0.4
Impairment of share issues*	—	—	—	1.3	—	(1.3)	—
Share buybacks	(0.1)	—	—	(2.9)	—	(80.4)	(83.4)
Share options and LTIP charge	—	—	—	—	—	1.7	1.7
Tax on employee share options	—	—	—	—	—	0.5	0.5
Equity dividends paid	—	—	—	—	—	(56.0)	(56.0)
At 26 December 2021	2.3	49.6	0.5	(4.6)	(1.0)	(105.4)	(58.6)
Profit for the period	—	—	—	—	—	81.6	81.6
Other comprehensive income – exchange differences	—	—	—	—	1.5	—	1.5
Total comprehensive income for the period	—	—	—	—	1.5	81.6	83.1
Proceeds from share issues	—	—	—	1.6	—	—	1.6
Impairment of share issues*	—	—	—	3.0	—	(3.0)	—
Share buybacks	(0.1)	—	—	(9.0)	—	(77.5)	(86.6)
Share buyback obligations outstanding	—	—	—	—	—	(8.9)	(8.9)
Share options and LTIP charge	—	—	—	—	—	1.2	1.2
Tax on employee share options	—	—	—	—	—	(0.8)	(0.8)
Equity dividends paid	—	—	—	—	—	(43.8)	(43.8)
At 25 December 2022	2.2	49.6	0.5	(9.0)	0.5	(156.6)	(112.8)

*Impairment of share issues represents the difference between share allotments made pursuant to the Sharesave schemes and the Long Term Incentive Plan, and the original cost at which the shares were acquired as treasury shares into Capital reserve – own shares.

Group cash flow statement

52 weeks ended 25 December 2022

	Note	**52 weeks ended 25 December 2022 £m**	52 weeks ended 26 December 2021* £m
Cash flows from operating activities			
Profit/(loss) before interest and taxation			
- from continuing operations	2	109.8	115.1
- from discontinued operations	2	—	(11.3)
Amortisation and depreciation		18.7	17.4
Impairment		1.6	1.0
Share of post-tax profits of associates and joint ventures	12	(6.6)	(11.0)
(Profit)/loss on disposal of subsidiary	14	(2.1)	8.4
Net gain on financial instruments at fair value through profit or loss		(1.0)	(1.8)
(Decrease)/increase in provisions		(0.3)	1.0
Share option and LTIP charge		1.2	1.7
(Increase)/decrease in inventories		(0.6)	0.3
(Increase)/decrease in receivables		(13.3)	6.7
(Decrease)/increase in payables		(3.6)	4.4
Cash generated from operations		103.8	131.9
UK corporation tax paid		(18.7)	(18.0)
Net cash generated by operating activities		85.1	113.9
Cash flows from investing activities			
Purchase of property, plant and equipment		(10.5)	(5.8)
Purchase of intangible assets		(9.2)	(8.5)
Net consideration received on disposal of subsidiaries	14	3.7	10.2
Consideration received on disposal of joint ventures		3.3	2.4
Investment in associates	12	—	(6.6)
Receipt from other financial assets		8.6	6.4
Receipts on lease receivables		26.7	25.7
Interest received		0.1	0.3
Other	16	6.8	8.7
Net cash used by investing activities		29.5	32.8
Cash inflow before financing		114.6	146.7

Group cash flow statement continued
52 weeks ended 25 December 2022

	Note	**52 weeks ended 25 December 2022 £m**	52 weeks ended 26 December 2021* £m
Cash flows from financing activities			
Interest paid		(4.9)	(4.3)
Share purchases*	16	(86.5)	(83.4)
Consideration received on exercise of share options – employee benefit trust*		1.6	0.4
New bank loans and facilities draw down		365.8	150.0
Facility arrangement fees		(3.2)	—
Repayment of borrowings		(323.4)	(147.3)
Repayment of lease liabilities		(33.0)	(34.1)
Equity dividends paid	10	(43.8)	(56.0)
Net cash used by financing activities		(127.4)	(174.7)
Net decrease in cash and cash equivalents		(12.8)	(28.0)
Cash and cash equivalents at beginning of period		42.8	71.8
Foreign exchange gain/(loss) on cash and cash equivalents		0.4	(1.0)
Cash and cash equivalents at end of period		30.4	42.8

*For the 52 weeks ended 26 December 2021, the disclosure of share purchases and consideration received on exercise of share options employee benefit trust has been re-presented to reflect separately cash inflows and outflows on share repurchases.

The cash flow statement has been prepared on a consolidated basis including continuing and discontinued operations. A breakdown of the cash flow for discontinued operations is shown in note 3.

Notes to the Group financial statements

52 weeks ended 25 December 2022

1. Accounting policies

Basis of preparation

The financial information set out in this document does not constitute statutory accounts for Domino's Pizza Group plc for the period ended 25 December 2022, but is extracted from the 2022 Annual Report.

The Annual Report for 2022 will be delivered to the Registrar of Companies in due course. The auditors' report on those accounts was unqualified and neither drew attention to any matters by way of emphasis nor contained a statement under either Section 498(2) of Companies Act 2006 (accounting records or returns inadequate or accounts not agreeing with records and returns), or section 498(3) of Companies Act 2006 (failure to obtain necessary information and explanations).

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted in the UK, as they apply to the financial statements of the Group for the 52 week period ended 25 December 2022, and applied in accordance with the Companies Act 2006.

The Group financial statements are presented in sterling and are prepared using the historical cost basis with the exception of the other financial assets, investments held at fair value through profit or loss and contingent consideration which are measured at fair value in accordance with IFRS 13 Fair Value Measurement.

Going concern

The Group financial statements have been prepared on a going concern basis as the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

The Directors of the Group have performed an assessment of the overall position and future forecasts (including the 12 month period from the date of this report) for the purposes of going concern.

The overall Group has been stable throughout the year in the UK and Ireland, with continued system sales growth. Sales growth is primarily driven by increases in food costs which have been passed through to our franchisees. Benefits from sales growth have been partially offset with interest charges incurred during the year as a result of the refinancing of debt facilities.

In line with the capital distribution policy the Group has distributed excess cash to shareholders during the period which has resulted in an increased net liability position of the Group on a consolidated basis, which has increased to £112.8m from £58.6m.

The Directors of the Group have considered the future position based on current trading and a number of potential downside scenarios which may occur, either through reduced consumer spending, reduced store growth, supply chain disruptions, general economic uncertainty and other risks, in line with the analysis performed for the viability statement as outlined in the Directors' report.

This assessment has considered the overall level of Group borrowings and covenant requirements, the flexibility of the Group to react to changing market conditions and ability to appropriately manage any business risks.

The Group has a £200m multicurrency syndicated revolving credit facility entered into on 26th July 2022 and £200m private placement loan notes entered into on 27th July 2022, which expire in 2027. The Group has a net debt position of £253.3m. The facility has leverage and interest cover covenants, with which the Group have complied.

The scenarios modelled are based on our current forecast projections and in the first scenario have taken account of the following risks:

- A downside impact of economic uncertainty and other sales related risks over the forecast period, reflected in sales performance, with a c.5.0% reduction in LFL sales compared to budget.
- The impact of a reduction of new store openings to half of their forecast level.
- A further reduction of between 2.5%-3.0% in sales to account for the potential impact of the public health debate.

- Future potential disruptions to supply chain through loss of one of our supply chain centres impacting our ability to supply stores for a period of two weeks.
- Additional costs as a result of increase in utility costs.
- The impact of a temporary loss of availability of our eCommerce platform during peak trading periods.
- A significant unexpected increase in the impact of climate change our delivery costs .

We have also considered a second ‘severe but plausible’ scenario, which in addition to the above mentioned risks, also includes the risks of:

- A disruption to one of our key suppliers impacting our supply chain over a period of four weeks whilst alternate sourcing is secured.
- The impact of fines from a potential wider data breach in 2024.

In each of the scenarios modelled, there remains significant headroom on the revolving credit facility. Under the first scenario there remains sufficient headroom under the covenant requirements of the facility.

If all the risks under the first scenario were to occur simultaneously with the additional risks in the second scenario, before any mitigating actions, the Group would breach its leverage covenants. The Board has significant mitigating actions available in the form of delays in dividends to shareholders and share buybacks which would prevent a breach of leverage covenants.

Based on this assessment, the Directors have formed a judgement that there is a reasonable expectation the Group will have adequate resources to continue in operational existence for the foreseeable future.

Reverse stress testing has been performed separately based on our main profitability driver, system sales, which is a materially worse scenario than the combinations described in the scenarios above. This test concluded that the Group’s currently agreed financing could only be breached if a highly unlikely combination of scenarios resulted in a material annual reduction in system sales greater than 21%, which is not considered plausible.

Accounting policies and new standards

The accounting policies applied by the Group are consistent with those disclosed in the Group’s Annual Report. These policies are consistent with the Accounts for the 52 weeks ended 25 December 2022, except for new standards and interpretations effective for the first time for the reporting period.

2. Segmental information

For management purposes, the Group has previously been organised into two geographic business units based on the operating models of the regions; the UK & Ireland operating more mature markets with a franchise model, limited corporate stores and investments held in our franchisees, compared to International which operated predominantly as corporate stores. The International segment includes the German associate, legacy Germany and Switzerland holding companies, as well as Iceland, Sweden and Switzerland operational entities up to their disposal date in 2021.

Following the decision to dispose of the International operations in Sweden, Switzerland and Iceland, these were held as discontinued operations under IFRS 5: Non-current assets held for sale and discontinued operations. During 2021, the Board continued to monitor the trading performance of the businesses and therefore were still considered a reporting segment, with these operations presented in discontinued operations.

Within the International reporting segment, the result of the German associate remains in continuing results. Based on the nature and scale of the asset, this is not considered a separate major line of business or geographic operation under IFRS 5 for treatment as a discontinued operation, and was not part of the single co-ordinated plan to dispose of the International operations. Individually, this asset would not meet the criteria for separate recognition as a reporting segment under IFRS 8; however remains presented in the International reporting segment as we consider this assists in comparability of reported information to a user of the accounts and the result of the associate investment remains separately reported to the chief operating decision-maker, being the Executive Directors of the Board, and decisions made, in particular around the timing of exercise of the put option to dispose the investment, are made at this level.

Unallocated assets include cash and cash equivalents and taxation assets. Unallocated liabilities include the bank revolving facility and taxation liabilities.

	At 25 December 2022 £m	At 26 December 2021 £m
Current tax asset	1.7	0.2
Cash and cash equivalents	30.4	42.8
Unallocated assets	32.1	43.0
Deferred tax liabilities	3.4	2.9
Debt facilities	283.7	242.5
Unallocated liabilities	287.1	245.4

Segment assets and liabilities

	At 25 December 2022				At 26 December 2021			
	UK & Ireland £m	International - continuing £m	International - discontinued £m	Total £m	UK & Ireland £m	International - continuing £m	International - discontinued £m	Total £m
Segment assets								
Segment current assets	82.2	32.9	—	115.1	64.1	—	—	64.1
Segment non-current assets	336.8	—	—	336.8	350.1	—	—	350.1
Investment in associates and joint ventures	25.4	—	—	25.4	23.8	28.9	—	52.7
Investments	11.3	—	—	11.3	12.1	—	—	12.1
Unallocated assets				32.1				43.0
Total assets				520.7				522.0
Segment liabilities								
Liabilities	346.4	—	—	346.4	333.9	—	1.3	335.2
Unallocated liabilities				287.1				245.4
Total liabilities				633.5				580.6

Segmental performance 2022

	UK & Ireland £m	International - continuing £m	Total underlying £m	Non-underlying £m	Total reported £m	International - discontinued £m	Total including discontinued operations £m
Revenue							
Sales to external customers	600.3	—	600.3	—	600.3	—	600.3
Segment revenue	600.3	—	600.3	—	600.3	—	600.3
Results							
Underlying result before associates and joint ventures	102.2	—	102.2	—	102.2	—	102.2
Revaluation of investment	1.0	—	1.0	—	1.0	—	1.0
Share of profit of associates and joint ventures	4.0	2.6	6.6	—	6.6	—	6.6
Profit/(loss) before interest and taxation	107.2	2.6	109.8	—	109.8	—	109.8
Net finance costs	(10.9)	—	(10.9)	—	(10.9)	—	(10.9)
Profit/(loss) before taxation	96.3	2.6	98.9	—	98.9	—	98.9
Taxation	(17.3)	—	(17.3)	—	(17.3)	—	(17.3)
Profit/(loss) for the period	79.0	2.6	81.6	—	81.6	—	81.6
Effective tax rate	18.0%	—	17.5%	—	17.5%	—	17.5%
Other segment information							
Depreciation	10.9	—	10.9	—	10.9	—	10.9
Amortisation	7.8	—	7.8	—	7.8	—	7.8
Impairment	1.6	—	1.6	—	1.6	—	1.6
Total depreciation, amortisation and impairment	20.3	—	20.3	—	20.3	—	20.3
EBITDA	127.5	2.6	130.1	—	130.1	—	130.1
Underlying EBITDA	127.5	2.6	130.1	—	130.1	—	130.1
Capital expenditure	19.7	—	19.7	—	19.7	—	19.7
Share-based payment charge	1.2	—	1.2	—	1.2	—	1.2
Revenue disclosures							
Royalties, franchise fees and change of hands fees	78.9	—	78.9	—	78.9	—	78.9
Sales to franchisees	411.4	—	411.4	—	411.4	—	411.4
Corporate store income	36.2	—	36.2	—	36.2	—	36.2
Rental income on leasehold and freehold property	1.6	—	1.6	—	1.6	—	1.6
National Advertising and eCommerce income	72.2	—	72.2	—	72.2	—	72.2
Total segment revenue	600.3	—	600.3	—	600.3	—	600.3

Major customers and revenue by destination

Revenue from two franchisees individually totalled £110.6m (2021: £105.1m) and £110.3m (2021: £99.9m), within sales reported in the UK & Ireland segment.

Analysed by origin, revenue from the UK was £567.4m (2021: £532.8m), with other significant countries being Ireland with revenue of £32.9m (2021: £28.0m), Iceland with revenue of £nil (2021: £12.7m), Sweden with revenue of £nil (2021: £2.9m), Switzerland with revenue of £nil (2021: £16.8m).

Segmental performance 2021

	UK & Ireland £m	International - continuing £m	Total underlying £m	Non-underlying £m	Total reported £m	International - discontinued £m	Total including discontinued operations £m
Revenue							
Sales to external customers	560.8	—	560.8	—	560.8	32.4	593.2
Segment revenue	560.8	—	560.8	—	560.8	32.4	593.2
Results							
Underlying result before associates and joint ventures	106.8	—	106.8	—	106.8	(1.5)	105.3
Revaluation of investment	2.1	—	2.1	—	2.1	—	2.1
Share of profit of associates and joint ventures	6.0	5.0	11.0	—	11.0	—	11.0
Segment result	114.9	5.0	119.9	—	119.9	(1.5)	118.4
Other non-underlying items	—	—	—	(4.8)	(4.8)	(9.8)	(14.6)
Profit/(loss) before interest and taxation	114.9	5.0	119.9	(4.8)	115.1	(11.3)	103.8
Net finance costs	(6.0)	—	(6.0)	0.6	(5.4)	(0.5)	(5.9)
Profit/(loss) before taxation	108.9	5.0	113.9	(4.2)	109.7	(11.8)	97.9
Taxation	(20.5)	—	(20.5)	1.5	(19.0)	(0.6)	(19.6)
Profit/(loss) for the period	88.4	5.0	93.4	(2.7)	90.7	(12.4)	78.3
Effective tax rate	18.8%	—	18.0%	35.7%	17.3%	5.1%	20.0%
Other segment information							
Depreciation	11.5	—	11.5	—	11.5	—	11.5
Amortisation	4.8	—	4.8	1.1	5.9	—	5.9
Impairment	0.2	—	0.2	—	0.2	0.8	1.0
Total depreciation, amortisation and impairment	16.5	—	16.5	1.1	17.6	0.8	18.4
EBITDA	131.4	5.0	136.4	(3.7)	132.7	(10.5)	122.2
Underlying EBITDA	131.4	5.0	136.4	—	136.4	(0.7)	135.7
Capital expenditure	13.6	—	13.6	—	13.6	0.7	14.3
Share-based payment charge	1.7	—	1.7	—	1.7	—	1.7
Revenue disclosures							
Royalties, franchise fees and change of hands fees	79.4	—	79.4	—	79.4	—	79.4
Sales to franchisees	374.9	—	374.9	—	374.9	—	374.9
Corporate store income	35.6	—	35.6	—	35.6	32.4	68.0
Rental income on leasehold and freehold property	0.6	—	0.6	—	0.6	—	0.6
National Advertising and eCommerce income	70.3	—	70.3	—	70.3	—	70.3
Total segment revenue	560.8	—	560.8	—	560.8	32.4	593.2

3. Discontinued Operations

Discontinued operations consists of the legacy Germany and Switzerland holding companies and also consisted of the International business disposal groups up to the date of disposal in 2021.

The disposal groups represented the operations in Sweden, Iceland and Switzerland. These operations were disposed of in 2021. These entities are included in the Group result for the period up to disposal date. The operations met the criteria in IFRS 5: Non-current assets held for sale and discontinued operations to be classified as assets held-for-sale. The operations additionally met the criteria for discontinued operations under the standard. They were classified as held-for-sale and represented a separate major line of business and part of a single co-ordinated plan to dispose.

The result of the disposal groups classified as discontinued operations are as follows:

	52 weeks ended 25 December 2022			52 weeks ended 26 December 2021		
	Total trading result	Non-underlying costs	Total result from discontinued operations	Total trading result	Non-underlying costs	Total result from discontinued operations
	£m	**£m**	**£m**	£m	£m	£m
Revenue	—	—	—	32.4	—	32.4
Cost of sales	—	—	—	(24.4)	—	(24.4)
Gross profit	—	—	—	8.0	—	8.0
Distribution costs	—	—	—	(0.5)	—	(0.5)
Administrative costs	—	—	—	(9.0)	(1.4)	(10.4)
Loss on disposals before professional fees	—	—	—	—	(8.4)	(8.4)
Loss before interest and taxation	—	—	—	(1.5)	(9.8)	(11.3)
Finance costs	—	—	—	(0.5)	—	(0.5)
Loss before taxation	—	—	—	(2.0)	(9.8)	(11.8)
Taxation	—	—	—	(0.6)	—	(0.6)
Loss for the period	—	—	—	(2.6)	(9.8)	(12.4)

Segmental result by country

Segmental result	Iceland	Switzerland	Norway	Sweden	International central costs	Total trading result
	£m	£m	£m	£m	£m	£m
52 weeks ended 25 December 2022	—	—	—	—	—	—
52 weeks ended 26 December 2021	0.7	0.1	—	(0.9)	(1.4)	(1.5)

Non-underlying costs presented in discontinued operations

The non-underlying costs presented in discontinued operations for 2021 related to the disposal of Sweden, Iceland and Switzerland. For Sweden there was £0.4m loss on disposal, after accounting for the net assets disposed and foreign exchange recycled, and consideration paid. This primarily consisted of professional fees associated with the disposal. For Iceland this consisted of £7.3m loss on disposal, after accounting for the net assets disposed and foreign exchange recycled, and consideration received. The loss on Iceland includes £0.5m of professional fees associated with the disposal. For Switzerland this consisted of £2.1m loss on disposal, after accounting for the net assets disposed and foreign exchange recycled, and consideration paid. The loss on Switzerland includes £0.5m of professional fees associated with the disposal. Details relating to the disposals are set out in Note 13.

Earnings per share

In 2021, the discontinued operations contributed a basic loss per share of 2.7p and a diluted loss per share of 2.6p.

Cash flows generated from/(used in) discontinued operations

The cash flows from discontinued operations have been presented combined with the cash flows from continuing operations on the Group cash flow statement. The cash flows related to discontinued operations are as follows:

	52 weeks ended 25 December 2022	52 weeks ended 26 December 2021
	£m	£m
Net cash from operating activities	—	1.2
Net cash from investing activities	—	(2.0)
Net cash from financing activities	—	(5.8)
Net cash flows for the period	—	(6.6)

Tax on discontinued operations

	52 weeks ended 25 December 2022	52 weeks ended 26 December 2021
	£m	£m
Tax charged in the income statement		
Current income tax:		
Adjustments in respect of prior periods	—	0.5
Income tax on overseas operations	—	0.1
Total current income tax charge	—	**0.6**
Deferred tax:		
Origination and reversal of temporary differences	—	—
Total deferred tax	—	—
Tax charge in relation to discontinued operations		
The tax charge in relation to discontinued operations is disclosed as follows:		
Income tax charge	—	0.6

There is no tax charge in relation to discontinued operations for the 52 weeks ended 25 December 2022. For the 52 weeks ended 26 December 2021 the tax charge was lower than the statutory corporation tax rate of 19%. The differences are reconciled as follows:

	52 weeks ended 25 December 2022	52 weeks ended 26 December 2021
	£m	£m
Loss before taxation	—	(11.8)
Accounting profit multiplied by the UK statutory rate of corporation tax of 19.0% (2021: 19.0%)	—	(2.2)
Expenses not deductible for tax purposes	—	2.2
Adjustments relating to prior periods	—	0.5
Overseas losses carried forward not recognised	—	0.1
Total tax charge reported in the income statement	—	0.6
Effective tax rate (%)	—	(5.1%)

4. Items excluded from non-GAAP measures:

Non-underlying items included in financial statements

	52 weeks ended 25 December 2022 £m	52 weeks ended 26 December 2021 £m
Underlying profit for the period	81.6	93.4
Non-underlying loss for the period from continuing operations	—	(2.7)
Loss from discontinued operations	—	(12.4)
Profit for the period	81.6	78.3

	Note	**52 weeks ended 25 December 2022 £m**	52 weeks ended 26 December 2021 £m
Included in administrative costs:			
Legal and professional fees	(a)	—	(1.2)
Amortisation of London corporate stores	(b)	—	(1.1)
Reversionary share scheme	(c)	—	(2.2)
		—	(4.5)
Included in other expenses:			
Market Access Fee	(d)	—	(0.3)
		—	(0.3)
Included in profit before interest and taxation		—	(4.8)
Included within net finance cost			
Market Access Fee	(d)	—	0.6
Included in profit before taxation		—	(4.2)
Taxation	(e)	—	1.5
Included in profit for the period from continuing operations		—	(2.7)
Loss for the year from discontinued operations	(f)	—	(12.4)
Included in profit/(loss) for the year		—	(15.1)

a) Legal and professional fees

Legal and professional fees of £1.2m were incurred in 2021 of which £0.9m related to the establishment of our long-term strategic plan which was announced in March 2021. An additional £0.3m related to the disposal of the International operations. The costs recognised in relation to the disposal of international operations relate to professional fees for the marketing of the operations up to the point at which an agreement was reached, at which point remaining costs with the disposal are recognised as part of the loss on disposal in discontinued operations.

b) Amortisation of London corporate stores

Following the decision made regarding the classification of items as non-underlying, the amortisation of acquired intangibles in 2022 of £1.0m are presented in the underlying result for the current period. In 2021, amortisation of acquired intangibles of £1.1m was incurred in relation to the SFA recognised on the acquisition of the London corporate stores and Have More Fun (London) Limited. This was considered to be non-underlying as the Group has a policy of franchise agreements having an indefinite life, however the SFA is deemed to be a re-acquired right under IFRS 3 which requires such rights to be amortised.

c) Reversionary share scheme

No further costs relating to the reversionary share scheme have been incurred in 2022. A cost of £2.2m was recorded in 2021 in relation to the reversionary share scheme. Of this amount, £2.0m related to an increase in the provision previously recorded in 2017, and £0.2m related to professional fees. The provision increased as a result of potential exposures around the tax treatment of employee options which vested during 2013 following continued correspondence with HMRC around the treatment of the historical awards.

d) Market Access Fee

The Market Access Fee was fully settled during the current period. In 2021, a loss of £0.3m was recorded following changes in fair valuation of the Market Access Fee relating to the German associate. The decrease in valuation is following the trading performance in 2021, which determines the level of income received under the instrument.

In 2021, the amount recorded in net finance costs of £0.6m represented the unwind of the discount of the fair value and foreign exchange movements. The impact of revaluation of the Market Access Fee is not considered to be ordinary trading for the Group. In the event that we received any material capital sum for deferred consideration on any business, it would equally be treated as non-underlying.

e) Taxation

A tax credit of £1.5m was recorded in 2021 which related to the non-underlying net loss before taxation of £4.2m and the effective tax rate of 35.7% was higher than the statutory rate of 19.0%. The effective tax rate may differ from the statutory tax rate due to the tax treatment of certain fair value gains and the treatment of disallowed items. Taxation on the items considered to be non-underlying is also treated as non-underlying where it can be identified in order to ensure consistency of treatment with the item to which it relates. The creation and revaluation of deferred tax assets are treated consistently with the treatment adopted when the asset was created.

f) Loss for the period from discontinued operations

The loss of £12.4m in 2021 represented the post-tax result of the International operations of Switzerland, Sweden and Iceland, consisting of a trading loss of £1.5m, interest costs of £0.5m, loss on disposal of international operations, primarily consisting of foreign exchange losses recycled and professional fees, of £9.8m and a tax charge of £0.6m. The details of the disposals is set out in note 14.

5. Group profit before interest and tax

	52 weeks ended 25 December 2022 £m	52 weeks ended 26 December 2021 £m
Depreciation of property, plant and equipment	5.0	5.0
Amortisation of intangible assets	7.8	5.9
Depreciation on right-of-use assets	5.9	6.5
Total depreciation and amortisation expense	18.7	17.4
Impairment loss recognised on property, plant and equipment	0.1	0.8
Impairment loss recognised on intangible assets	1.5	0.2
Total impairment loss recognised	1.6	1.0
Net foreign currency gain	(0.1)	(0.5)
Cost of inventories recognised as an expense	240.2	215.7
(Profit)/loss on disposal of subsidiaries	(2.1)	8.4
Gain on changes in fair value of financial instruments	(1.0)	(1.8)

6. Finance income

	Underlying £m	Non-underlying £m	52 weeks ended 25 December 2022 £m
Other interest receivable	0.1	—	0.1
Interest on loans to associates and joint ventures	0.3	—	0.3
Interest receivable on leases	12.4	—	12.4
Foreign exchange	0.3	—	0.3
Total finance income	13.1	—	13.1

	Underlying £m	Non-underlying £m	52 weeks ended 26 December 2021 £m
Other interest receivable	0.1	—	0.1
Interest on loans to associates and joint ventures	0.4	—	0.4
Discount unwind	—	1.0	1.0
Interest receivable on leases	12.6	—	12.6
Total finance income	13.1	1.0	14.1

The discount unwind relates to the unwind of the fair value of the Market Access Fee.

7. Finance costs

	Underlying £m	Non-underlying £m	52 weeks ended 25 December 2022 £m
Debt facilities interest payable	10.3	—	10.3
Interest payable on leases	13.7	—	13.7
Total finance costs	24.0	—	24.0

	Underlying £m	Non-underlying £m	52 weeks ended 26 December 2021 £m
Debt facilities interest payable	4.8	—	4.8
Discount unwind	0.1	—	0.1
Interest payable on leases	13.9	—	13.9
Foreign exchange	0.3	0.4	0.7
Total finance costs	19.1	0.4	19.5

Finance costs relate to financial liabilities at amortised cost.

8. Taxation

Tax on profit from continuing activities

	52 weeks ended 25 December 2022 £m	52 weeks ended 26 December 2021 £m
Tax charged in the income statement		
Current income tax:		
UK corporation tax:		
– current period	16.6	18.6
– adjustment in respect of prior periods	(0.1)	-
	16.5	18.6
Income tax on overseas operations	0.9	0.7
Total current income tax charge	17.4	19.3
Deferred tax:		
Origination and reversal of temporary differences	(0.3)	(0.9)
Effect of change in tax rate	—	0.8
Adjustment in respect of prior periods	0.2	(0.2)
Total deferred tax	(0.1)	(0.3)
Tax charge in the income statement	17.3	19.0
The tax charge in the income statement is disclosed as follows:		
Income tax charge	17.3	19.0
Tax relating to items credited/(charged) to equity		
Reduction in current tax liability as a result of the exercise of share options	0.1	0.2
Rate change differences in relation to deferred tax on unexercised share options	—	0.1
Origination and reversal of temporary differences in relation to unexercised share options	(0.9)	0.2
Tax (charge)/credit in the Group statement of changes in equity	(0.8)	0.5

There is no tax impact in relation to the foreign exchange differences in the statement of comprehensive income.

9. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the parent by the weighted average number of Ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of Ordinary shares outstanding during the year plus the weighted average number of Ordinary shares that would have been issued on the conversion of all dilutive potential Ordinary shares into Ordinary shares.

Earnings

	52 weeks ended 25 December 2022 £m	52 weeks ended 26 December 2021 £m
Profit after tax:		
Continuing and discontinued operations	81.6	78.3
Discontinued operations	—	12.4
Continuing operations	81.6	90.7
Adjustments for underlying earnings per share:		
Continuing operations	81.6	90.7
– Included in profit after tax – other non-underlying items	—	2.7
Underlying profit after tax attributable to owners of the parent	81.6	93.4

Weighted average number of shares

	At 25 December 2022 Number	At 26 December 2021 Number
Basic weighted average number of shares (excluding treasury shares)	434,211,333	459,234,086
Dilutive effect of share options and awards	1,826,246	2,434,861
Diluted weighted average number of shares	436,037,579	461,668,947

The performance conditions relating to share options granted over 1,040,013 shares (2021:1,486,022) have not been met in the current financial period and therefore the dilutive effect of the number of shares which would have been issued at the period end has not been included in the diluted earnings per share calculation.

There are no share options excluded from the diluted earnings per share calculation because they would be antidilutive (2021: nil).

Earnings per share

	52 weeks ended 25 December 2022 £m	52 weeks ended 26 December 2021 £m
Continuing operations:		
Basic earnings per share	18.8p	19.8p
Diluted earnings per share	18.7p	19.6p
Underlying earnings per share:		
Basic earnings per share	18.8p	20.3p
Diluted earnings per share	18.7p	20.2p
Continuing and discontinued operations:		
Basic earnings per share	18.8p	17.1p
Diluted earnings per share	18.7p	17.0p

10. Dividends paid and proposed

	52 weeks ended 25 December 2022 £m	52 weeks ended 26 December 2021 £m
Declared and paid during the period:		
Equity dividends on Ordinary shares:		
Final dividend for 2021: 6.8p (2020: 9.10)	30.0	42.3
Interim dividend for 2022: 3.2p (2021: 3.0p)	13.8	13.7
Dividends paid	43.8	56.0
Proposed for approval by shareholders at the AGM (not recognised as a liability at 25 December 2022 or 26 December 2021)		
Final dividend for 2022: 6.8p (2021: 6.8p)	28.6	30.4

Total dividend for FY22 of 10.0p per share, with final dividend of 6.8p proposed to be paid on 11 May 2023. The ex-dividend date is 6 April 2023, and the record date is 11 April 2023.

11. Intangible assets

	Goodwill £m	Franchise fees £m	Software £m	Other £m	Total £m
Cost or valuation					
At 27 December 2020	31.9	8.3	51.5	0.8	92.5
Additions	—	—	7.7	—	7.7
At 26 December 2021	31.9	8.3	59.2	0.8	100.2
Additions	—	—	10.3	—	10.3
Disposals	(3.8)	(2.8)	—	—	(6.6)
At 25 December 2022	**28.1**	**5.5**	**69.5**	**0.8**	**103.9**
Accumulated amortisation and impairment					
At 27 December 2020	18.6	4.3	38.8	0.3	62.0
Provided during the year	—	1.1	4.7	0.1	5.9
Impairment	—	—	0.2	—	0.2
At 26 December 2021	18.6	5.4	43.7	0.4	68.1
Provided during the year	—	1.1	6.7	—	7.8
Impairment	—	—	1.5	—	1.5
Disposals	(2.2)	(1.3)	—	—	(3.5)
At 25 December 2022	**16.4**	**5.2**	**51.9**	**0.4**	**73.9**
Net book value at 25 December 2022	**11.7**	**0.3**	**17.6**	**0.4**	**30.0**
Net book value at 26 December 2021	13.3	2.9	15.5	0.4	32.1

During prior periods, the Group made a number of acquisitions, recognising intangible assets at fair value and goodwill at cost. This included the corporate stores SFAs. During the current period the SFAs for Have More Fun (London) Limited was disposed of, refer to note 14.

At 25 December 2022 the net book value of internally generated intangibles included within software was £7.4m (2021: £7.2m). Internally generated intangibles included within software additions during the year was £5.1m (2021: £4.5m).

The carrying amount of goodwill and indefinite life intangibles has been allocated as follows:

	At 25 December 2022 £m	At 26 December 2021 £m
Goodwill		
UK corporate stores	11.7	13.3

Impairment Review

The Group is obliged to test goodwill and indefinite life intangibles annually for impairment, or more frequently if there are indications that goodwill and indefinite life intangibles might be impaired.

In performing these impairment tests, management is required to compare the carrying value of the assets of a Cash Generating Unit ('CGU'), including goodwill and indefinite life intangibles, with their estimated recoverable amount. The recoverable amounts of an asset being the higher of its fair value less costs to sell and value in use. Management consider the different nature of the Group's operations to determine the appropriate methods for assessing the recoverable amounts of the assets of a CGU. When testing goodwill for impairment, the goodwill is allocated to the CGU or group of CGUs that were expected to benefit from the synergies of the business combination from which it first arose.

UK Corporate stores – Impairment Review

An impairment review has been performed over the goodwill and intangible assets attributable to the Group's UK corporate store business, within the UK & Ireland operating segment. The impairment review has been based on the value in use of the overall UK corporate store group of CGUs, which comprises of the Sell More Pizza business which was acquired in 2017.

In assessing value in use, the impairment review draws on the Group's five-year plan. The corporate store business performed broadly in line with the budgeted EBITDA performance in 2022. This is forecasted to decrease in 2023 due to inflationary costs, which has been included in the impairment review. Other key assumptions in the cash flow projections are those regarding revenue growth and EBITDA margins, which include food cost inflation, labour inflation and expected productivity gains. In accordance with IAS 36, future new store openings are only included in the projections for impairment purposes if they are committed to at the point of carrying out the review. Capital expenditure is forecast in the projections for store refits and other capital expenditure outside of store openings. This considers the impact of any necessary changes to make the business model more sustainable including, eBikes and energy efficiency measures.

Long-term growth rates are set no higher than the long-term economic growth projections of the UK, which is where the business operates. Management applies pre-tax discount rates in the value in use estimation that reflect current market assessments of the time value of money and the risks specific to the CGUs and businesses under review. The discount rates and long-term growth rates applied in the annual impairment reviews conducted in the current and prior year, are as follows:

	Long-term Growth Rate		**Discount Rate**	
	At 25 December 2022	At 26 December 2021	**At 25 December 2022**	At 26 December 2021
UK Corporate Stores	**2.0%**	2.0%	**12.7%**	9.3%

For the year ended 25 December 2022 no impairment has been recognised against the goodwill allocated to the corporate stores (2021: £nil).

The forecast for the London corporate stores assumes no store openings over the forecast period and includes revenue growth assumptions between 5% and 7% over the remaining term of the five-year period. All revenue growth is on a like for like basis. Growth in future years is based on the long-term growth rate of 2.0%. The key assumption within the forecast is the long-term revenue growth, plus inflationary increases in costs; as well as the ability to drive down costs through operational efficiencies and tighter control over operating costs.

The valuation based on the current five-year plan results in a recoverable amount of £21.2m, with the asset base being £14.1m, headroom of £7.1m is available. During the period the Group sold 5 corporate stores for a profit on disposal of £2.1m (refer to note 14). The fair value of the consideration received was greater than the recoverable amount. This further substantiates the Group's view that there is no impairment to be recognised.

Sensitivity analysis has been performed to highlight the impact of assumptions and key sensitivities in isolation and in combination:

- A 100bps decrease in revenue growth would reduce the headroom to £5.6m.
- A 100bps increase in food cost percentage would reduce the headroom to £3.6m.
- A 100bps increase in the forecast food cost and a 100bps increase in the forecast labour cost would reduce the headroom to £4.8m.
- A 100bps increase in the discount rate reduces headroom to £5.0m.

Given the maturity of the business and the improvements in cost control and operational efficiencies we have seen since acquisition we believe the further cost control and efficiencies are achievable. Based on the forecast revenue, EBITDA margins would have to decrease from 6.07%, by more than 202bps, to 4.05% throughout the forecast to trigger an impairment.

Master franchise fees

Master franchise fees consist of costs relating to the MFA for UK, Ireland, Switzerland, Iceland and Sweden. Each MFA is treated as having an indefinite life. They are tested annually for impairment in accordance with IAS 36. The MFAs relating to Switzerland, Iceland and Sweden have been disposed of in the prior period. The assumptions underlying the tests on the UK & Ireland MFAs are not disclosed as the carrying value is not material.

Standard Franchise Agreements

The SFAs were recognised at fair value on acquisition of the UK corporate store portfolio in 2017 and 2018 and, as reacquired assets, are being amortised over their remaining contractual life. The net book value of SFAs at 25 December 2022 is £0.6m (2021: £2.9m). The SFAs attributable to the UK corporate stores business are tested for impairment in tandem with the goodwill and other intangible assets attributable to that business, as described above.

The amortisation of intangible assets is included within administration expenses in the income statement.

12. Investments in associates and joint ventures

	Joint ventures £m	Associates £m
Balance at 27 December 2020	**4.1**	**35.3**
Underlying profit for the period	1.1	9.9
Dividends received	(0.5)	(2.2)
Acquisitions	—	6.6
Foreign exchange movements	—	(1.6)
Balance at 26 December 2021	**4.7**	**48.0**
Underlying profit for the period	0.1	6.5
Dividends received	(0.2)	(2.2)
Transfer to assets held for sale	—	(32.9)
Foreign exchange movements	—	1.4
Balance at 25 December 2022	**4.6**	**20.8**

Investments in associates

The Group has a 49% interest in Full House Restaurant Holdings Limited ('Full House'), a private company that manages pizza delivery stores in the UK.

On 20 December 2021, the Group acquired a 46% interest in Victa DP Ltd ('Victa') for cash consideration of £6.6m. The investment in associate was entered into with an existing franchisee of five stores in Northern Ireland and, through the acquisition funds and additional debt funding raised by Victa DP Ltd, an additional 17 stores were purchased. The associate holds 22 active stores in the Northern Ireland market.

The investment has been treated as an associate as the Group holds significant influence through the voting rights gained through the equity investment, and representation on the Board. The investment is treated as an associate under IAS 28, however is referred to as the 'Northern Ireland Joint Venture' or 'NI JV' through the report as is considered commercially to be a joint venture.

Transfer to assets held for sale relates to the Group's 33.3% investment in Daytona JV Limited ('Daytona'), a UK incorporated company which owns the MFA for Domino's Germany. The Group's interest was subject to a put and call option. During the year the Group exercised the put options to sell the investment. Refer to note 15.

Investments in joint ventures

During the year the Group held a 50% UK joint venture in Domino's Pizza West Country Limited ('West Country'). West Country is accounted for as a joint venture using the equity method in the consolidated financial statements as the

Group has joint control through voting rights and share ownership as well as being party to a joint venture agreement, which ensures that strategic, financial and operational decisions relating to the joint venture activities require the unanimous consent of the two joint venture partners.

13. Financial liabilities

	At 25 December 2022	At 26 December 2021
	£m	£m
Current		
Share buyback obligations	8.9	—
	8.9	—
Non-current		
Bank revolving facility	84.9	242.5
US Private Placement Loan Notes	198.8	—
	283.7	242.5

Share buyback obligation

On 9 November 2022 the Group entered into an irrevocable non-discretionary programme with Numis Securities Limited to purchase up to a maximum of £20.0m of shares from 10 November 2022. During the period 4,020,084 shares for consideration of £11.6m (£11.1.m paid) were purchased. The remaining share buybacks and unpaid amounts outstanding at 25 December 2022 are recognised as a financial liability of £8.9m.

Debt facilities

As at the 26 December 2021, the Group had a £350.0m multicurrency syndicated revolving credit facility with an original term of five years to 13 December 2022 which, following a one-year extension arranged in November 2018, was extended to 12 December 2023. The revolving credit facility was amended and restated on 2 December 2021, to amend the GBP interest base rate from LIBOR to SONIA.

At 27 July 2022, the Group's £350.0m multicurrency revolving credit facility was replaced by a £200.0m multicurrency revolving credit facility and £200.0m of US private placement (USPP) loan notes. Arrangement fees of £1.9m and £1.3m were incurred on the RCF and USPP respectively.

At 25 December 2022 the Group had a total of £400.0m (2021: £350.0m) of debt facilities, of which £113.4m (2021: £106.7m) was undrawn.

Private placement loan notes

The US Private Placement notes mature on 27th July 2027 and arrangement fees of £1.2m directly incurred in relation to the USPP are included in the carrying values of the facility and are being amortised over the term of the notes.

Interest charged on the US Private Placement notes is at 4.26% per annum.

Bank revolving facility

The revolving credit facility has an original term of three years to 27 July 2025 with the option of submitting two extension notices to extend the facility twice, each by a period of 12 months. Arrangement fees of £1.7m (2021: £0.8m) directly incurred in relation to the RCF are included in the carrying values of the facility and are being amortised over the extended term of the facility.

Interest charged on the new revolving credit facility ranges from 1.85% per annum above SONIA (or equivalent) when the Group's leverage is less than 1:1 up to 2.85% per annum above SONIA for leverage above 2.5:1. A further utilisation fee is charged if over one-third is utilised at 0.15% which rises to 0.30% of the outstanding loans if over two-thirds is drawn. In addition, a commitment fee is calculated on undrawn amounts based on 35% of the current applicable margin.

The RCF is secured by an unlimited cross guarantee between Domino's Pizza Group plc, DPG Holdings Limited, Domino's Pizza UK & Ireland Limited, DP Realty Limited, DP Pizza Limited, Sell More Pizza Limited, Sheermans SS Limited and Sheermans Limited.

An ancillary overdraft and pooling arrangement was in place with Barclays Bank Plc for £20.0m covering the Companies, Domino's Pizza Group plc, DPG Holdings Limited, Domino's Pizza UK & Ireland Limited, DP Realty

Limited, DP Pizza Limited, Sell More Pizza Limited, Sheermans SS Limited and Sheermans Limited. Interest is charged for the overdraft at the same margin as applicable to the revolving credit facility above SONIA.

14. Disposals

Corporate Stores – Have More Fun (London) Limited

On 30 November 2022, the Group disposed of its 100% interest in Have More Fun (London), which operated in England, with net consideration received from the buyers of £4.9m. The final working capital adjustment will be finalised post period, and an additional £0.3m is receivable from the purchaser. The profit on disposal of the Group's interest in Have More Fun (London) is analysed as follows:

	£m
Cash received on disposal	5.2
Cash disposed	(0.3)
Net cash received on disposal	**4.9**
Consideration receivable post disposal	0.3
Net assets disposed excluding cash (see below)	(2.8)
Profit on disposal before professional fees	**2.4**
Costs associated with disposal	(0.3)
Total profit on disposal	**2.1**

Property, plant and equipment	0.2
Intangible assets	3.1
Right-of-use assets	1.6
Inventories, trade receivables and trade and other payables	(0.2)
Lease liabilities	(1.5)
Deferred tax liabilities	(0.4)
Net assets disposed excluding cash	**2.8**

Disposals of international operations in 2021

On 2 May 2021, the Group disposed of its 100% interest in PPS Foods AB, the business in Sweden, with net consideration paid to the buyers of £2.8m. The loss on disposal of the Group's interest in Sweden was £0.4m.

On 31 May 2021, the Group disposed of its 100% interest in Pizza Pizza EHF, the business in Iceland, with net consideration received of £13.5m. The final working capital adjustment was finalised during the period, and an additional £0.7m was paid to the purchaser. The loss on disposal of the Group's interest in Iceland was £7.3m.

On 31 August 2021, the Group disposed of its 100% interest in Domino's Pizza GmbH, the business in Switzerland, with net consideration paid of £0.5m. The final working capital adjustment was finalised during the period, and an additional £0.5m was paid to the purchaser, and £0.3m worth of provisions are held in respect of indemnities under the agreement. The loss on disposal of the Group's interest in Switzerland was £2.1m.

	PPS Foods AB Sweden £m	Pizza Pizza EHF Iceland £m	Domino's Pizza GmbH Switzerland £m
Cash (paid)/received on disposal	(2.7)	14.1	0.5
Cash disposed	(0.1)	(0.6)	(1.0)
Net cash (paid)/received on disposal	**(2.8)**	**13.5**	**(0.5)**
Consideration payable post disposal	—	(0.6)	(0.8)
Net liabilities/(assets) disposed excluding cash (see below)	3.3	(13.6)	1.0
Currency translation losses transferred from translation reserve	(0.5)	(6.1)	(1.3)
Loss on disposal before professional fees	**—**	**(6.8)**	**(1.6)**
Non-underlying professional fees related to the disposal	(0.4)	(0.5)	(0.5)
Total costs of disposal	**(0.4)**	**(7.3)**	**(2.1)**

Property, plant and equipment	—	16.8	0.4
Inventories, trade and other payables	(0.9)	(0.6)	(1.4)
Right-of-use assets	—	3.3	4.5
Lease liabilities	(2.4)	(3.4)	(4.5)
Deferred tax liabilities	—	(2.5)	—
Net (liabilities)/assets disposed excluding cash	**(3.3)**	**13.6**	**(1.0)**

Currency translation losses transferred from translation reserve represent the historical gains and losses built up on retranslation of the assets and liabilities of the foreign operation on consolidation from local currency to pounds sterling, which were recognised within the currency translation reserve and presented in other comprehensive income. On disposal, these amounts are recycled from the currency translation reserve to the income statement and presented as part of the loss on disposal.

15. Assets held for sale

	At 25 December 2022 £m	At 26 December 2021 £m
Assets held for sale	32.9	—

Assets held for sale include the Group's 33.3% investment in Daytona, a UK incorporated company which owns the MFA for Domino's Germany. The Group's interest was subject to a put and call option. During the year the Group exercised the put option to sell the investment.

During the year, the Group exercised the put option to sell the investment. The put option exercise price is €79.2m c.£70m), which will be received in cash together with the loan receivable of €10.8m (c.£9m), leading to a total cash receipt of €90.0m (c.£79m) in June 2023, dependent on foreign exchange. This will generate a profit on disposal in the Group accounts of c.£37m.

16. Additional cash flow information

	Note	52 weeks ended 25 December 2022 £m	52 weeks ended 26 December 2021 £m
Cash flows from investing activities			
Dividends received from investments		2.2	1.6
Dividends received from associates and joint ventures	12	2.9	2.2
Decrease in loans to associates and joint ventures		1.7	4.9
		6.8	8.7

Reconciliation of financing activities

	At 26 December 2021 £m	Cash flow £m	Exchange differences £m	Non-cash movements £m	At 25 December 2022 £m
Debt facilities	(242.5)	(39.3)	(0.8)	(1.1)	(283.7)
Lease liabilities	(222.6)	33.0	(0.5)	(33.3)	(223.4)
	(465.1)	(6.3)	(1.3)	(34.4)	(507.1)

	At 27 December 2020 £m	Disposal of international £m	Cash flow £m	Exchange differences £m	Non-cash movements £m	At 26 December 2021 £m
Debt facilities	(243.6)	—	(2.7)	4.5	(0.7)	(242.5)
Lease liabilities	(236.9)	10.3	34.1	0.9	(31.0)	(222.6)
	(480.5)	10.3	31.4	5.4	(31.7)	(465.1)

Share purchases

	52 weeks ended 25 December 2022 £m	52 weeks ended 26 December 2021 £m
Purchase of own shares - share buyback	(77.5)	(80.5)
Purchase of own shares - employee benefit trust	(9.0)	(2.9)
	(86.5)	(83.4)

Reconciliation of free cash flow

	52 weeks ended 25 December 2022 £m	52 weeks ended 26 December 2021 £m
Cash generated from operating activities	85.1	113.9
Net interest paid	(4.8)	(4.0)
Receipts on lease receivables	26.7	25.7
Repayment of lease liabilities	(33.0)	(34.1)
Dividends	5.1	3.8
Other	(0.1)	(0.7)
	79.0	104.6