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Domino's Pizza Group Plc - Full year results for the year ended 31 December 2023

Continued sales growth in 2023 drives increased profit, cashflow and shareholder returns

Acquiring full control of Shorecal to meaningfully accelerate growth in Ireland[7]

Accelerating organic growth – expect in excess of 70 new stores in 2024, targeting in excess of 1,600 stores and £2.0bn system sales in 2028 and 2,000 stores, £2.5bn system sales by 2033

	53 weeks to 31 December 2023	52 weeks to 24 December 2023 (unaudited)	52 weeks to 25 December 2022	% change 52 weeks vs. 52 weeks
System sales[1]	£1,572m	£1,541m	£1,456m	+5.8%
Like-for-Like system sales growth (exc.splits & VAT)[2, 3]	-	+5.7%	+5.3%	-
Group revenue	£679.8m	£667.0m	£600.3m	+11.1%
Underlying[4], * EBITDA	£138.1m	£134.8m	£130.1m	+3.6%
Underlying* profit before tax	£101.7m	£99.0m	£98.9m	+0.1%
Statutory profit after tax	£115.0m	-	£81.6m	+40.9%**
Underlying* basic EPS	18.4p	18.0p	18.8p	(4.3)%
Statutory basic EPS	28.0p	-	18.8p	+48.9%**
Full year dividend per share	10.5p	-	10.0p	+5.0%

FY23 was a 53-week reporting period to 31 December 2023. For the purposes of comparability, growth rates in this release are given on a 52-week basis.

* Underlying excludes the £40.6m profit on disposal of the German associate and £1.3m relating to historic share compensation schemes. Further information within footnote 4.

** The 53-week column are the statutory numbers and the 52-week column are unaudited alternative performance measures. Like-for-like sales on a 53-week basis, profit after tax on a 52-week basis, statutory EPS and DPS are not shown as not meaningful.

Commenting on the results, Andrew Rennie, CEO said:

"Last year we continued to make strong strategic progress with 61 new store openings whilst offering our customers compelling value. These efforts delivered an increase in sales and shareholder returns with continued robust profit growth. I would like to thank our world-class franchisees and colleagues for their immense hard work and dedication in achieving these results."

"In December I set out a framework for accelerating sustainable, long-term growth. Following a great year for store openings in 2023 we are accelerating our growth and expect to have 1,600 UK & Ireland stores delivering £2.0 billion of system sales by 2028 and 2,000 stores by 2033 delivering £2.5 billion of system sales. Crucially, we have alignment with our franchisees and there is a strong, motivated second generation talent coming through the franchisee ranks to help drive this growth."

"Since March 2021, we have taken a disciplined approach to capital allocation by following a clear framework. We have prioritised investment in the core business to drive growth and I'm excited that today we're acquiring full control of Shorecal to accelerate our Irish growth. We see a significant opportunity to meaningfully increase our Irish store count and deliver long-term, sustainable returns. We are committed to a progressive dividend policy and I'm pleased that we have increased the dividend by 5%. DPG is a

highly cash-generative, asset light business and we have been able to announce £427m of shareholder returns since March 2021, whilst also continuing to invest in the business. We are rigorously focused on accelerating organic growth and pursuing value enhancing inorganic growth opportunities, to build a larger and more cash generative business, at pace but with discipline. We look forward to providing an update on these opportunities later in the year."

New, upgraded medium and long-term targets

- Core UK & Ireland business remains primary focus for investment and growth with material increase in store numbers and system sales
    - Now expect to have in excess of 1,600 stores in the UK & Ireland by the end of 2028 and in excess of 2,000 stores in 2033
    - Now expect to deliver £2.0bn system sales in the UK & Ireland by the end of 2028 and in excess of £2.5bn system sales in the UK & Ireland in 2033

FY23 financial highlights

- Like-for-like system sales (exc. splits and VAT) up 5.7% (FY22: +5.3%)
    - Q4 23 +0.4% against a tough comparator (Q4 22: +13.9%)
- Group revenue up 11.1% (53-week basis: +13.2%), driven by an increase in system sales volume, acceleration of store openings and the pass-through of increased food cost
- Underlying EBITDA up 3.6% (53-week basis: +6.1%), which includes £8.9m of previously guided technology platform costs and no contribution from Germany (FY22: £2.6m)
- Statutory profit after tax of £115.0m, +40.9%, driven by proceeds from the disposal of the German associate, generating a profit of £40.6m recorded in non-underlying results
- Strong free cash flow of £97.0m, up 22.8% vs. FY22
- Proposed final dividend of 7.2p per share, resulting in a total dividend for FY23 of 10.5p per share, up 5.0% vs. FY22
- £90m returned to shareholders through share buybacks in FY23[5]

FY23 operational and strategic highlights

- Continued gain in UK takeaway market share[6] gains: 7.2% market share in FY23, up from 7.1% in FY22 in a growing market and an uncertain consumer environment
- Acceleration of store openings with 61 new stores
    - Expect to open in excess of 70 new stores in FY24
- Total orders of 70.5m on a 52-week basis, up 1.0% vs. FY22
    - Collections grew to 25.3m orders, up 13.3% vs. FY22
    - Delivery orders down 4.8% vs. FY22, with improved performance in Q4 vs. Q3
- Average franchisee store EBITDA up 9% vs. 2019
- Continued digital progress with significant growth in app customers and orders
    - 9.0m active app customers, up 48% vs FY22 with app orders as a percentage of online orders at 73.8% (+21.6ppts vs.FY22)
- Following strong first full year on Just Eat, we started an Uber Eats trial in early January 2024 and now live across c.630 stores across the UK and Ireland
- Meaningful improvement in average delivery time to 25.0 minutes (FY22: 26.3 minutes) as a result of our franchise partners' focus on service and GPS roll out across all stores

- Following recent investment in technology, development of new ecommerce platform delivered on time and on budget, building the foundations for more effective customer promotions, and potentially, a loyalty programme
- Separately today, in line with the growth framework we laid out in December 2023, we have announced the acquisition of the outstanding shares in Shorecal Limited[7] which DPG does not own for c.£62m
    - The acquisition is at an attractive multiple of 8x EBITDA and is expected to be earnings accretive in the first full year of ownership and significantly accretive in the long-term
    - The acquisition will allow DPG to take control of a significant opportunity to materially increase the store count in the Republic of Ireland and Northern Ireland
    - Shorecal's existing Irish management will remain in role to accelerate the growth, supported by the experienced, and recently expanded, DPG team
    - DPG is committed to an asset-light business model and our strategy will centre on acquiring, strengthening and then ultimately redistributing stores to world-class franchisees

Outlook, current trading and FY24 guidance

We have maintained strong momentum against our key strategic priorities in the first quarter of FY24 with a rapid deployment of the Uber Eats trial and 7 new stores opened, with a further 33 with planning consent or under construction. New store openings will accelerate and we now expect to open in excess of 70 stores in FY24.

We expect to see some food cost deflation in FY24 which, in line with our model, will be passed through to our franchise partners. In FY23 we proactively took action to reduce our cost base and this will partially offset the overall impact of inflation on our cost base in FY24. As a result, we expect to deliver FY24 Underlying EBITDA in line with current market expectations[8], and so delivering another year of further profit growth, despite the continued uncertain consumer environment.

Trading in February 2024 has seen an improved sales and order trajectory following a slow January, in part because we tactically held back on marketing spend to support more strategic launches later in 2024. We expect the current trajectory to continue but, due to performance in January, we expect orders and like-for-like sales growth to be lower than in Q1 23. We are committed to offering our customers compelling value and a new £4 lunch offer will be launching shortly, providing an incremental opportunity to target different parts of the day. We are confident that our focus on our strategic priorities will deliver order count and like-for-like sales growth in FY24.

We remain focused on accelerating our execution and delivering sustainable, profitable growth. Our asset-light business model and value proposition mean we are well placed to succeed in an uncertain trading environment, and we are confident that we will make further financial and strategic progress.

We are confident that our business model will continue to deliver meaningful free cash flow growth over the medium-to-long term and, as well as building a larger and more cash generative business, we remain committed to returning surplus cash to shareholders.

Our technical guidance for FY24 is as follows:

- FY23 was a 53-week year
- Accounting treatment of technology platform costs to impact EBITDA by low single digit millions
- Underlying depreciation & amortisation of between £19m to £22m
- Underlying interest (excluding foreign exchange movements) in the range of £16m to £19m
- Estimated underlying effective tax rate of c.24% for the full year
- Capital investment of c.£20m
- Net debt at year-end between £250m and £270m

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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 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.

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. As of 31 December 2023, we had 1,319 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. System sales represent the sum of all sales made by both franchised and corporate stores to consumers in UK & Ireland. These are excluding VAT.

2. 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 26th December 2021.

3. Q1 22 had a lower rate of VAT which is therefore included in the FY comparator. 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 – 30 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 reverted to 13.5% on 1 September 2023.

4. 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 3. For FY23, Underlying excludes the £40.6m profit on disposal of the German associate as well as the £1.3m tax charge relating to historical share-based compensation arrangements.

5. A £20m share buyback programme completed on 25 August 2023. The £70m share buyback programme started on 29 August 2023 and at 31 December 2023 we had executed £63.9m. The remaining £6.1m of the programme completed on 12 January 2024.

6. Kantar Worldwide Panel, bespoke market definition. FY23 is 52 weeks to 24 December 2023, FY22 is 52 weeks to 25 December 2022. Takeaway market combines both Delivery and Collection. Previously DPG had disclosed quarterly market share. This gives the annual market share for FY23 and for FY22.

7. See separate RNS. Subject to Ireland competition commission clearance.

8. Current mean of FY24 Underlying EBITDA expectations is £147.9m with a range of £139.6m - £153.2m. Based on 8 analysts' forecasts.

FY23 performance summary

We delivered a strong full-year performance in a continued uncertain consumer environment. Successful execution of our strategy and alignment with our world-class franchise partners resulted in increased order count and robust sales growth. In FY23 we were resolutely focused on our five focus areas, and this resulted in our market share of the UK takeaway market increasing from 7.1% in FY22 to 7.2% in FY23 in a growing market.

Like-for-like system sales, excluding splits and the impact of VAT, were up 5.7% (on a 52-week basis), an increase from +5.3% in FY22. This is due to working collaboratively with our franchise partners and giving our customers great service and value.

Underlying EBITDA was up 3.6% compared to FY22 (53-week basis: +6.1%), driven by an increase in system sales volume, material acceleration of store openings and the pass-through of food costs to our franchise partners.

Statutory profit after tax was up 40.9% on FY22 as a result of profit from the disposal of the German associate, generating a profit of £40.6m recorded in non-underlying results.

Free cash flow generated by the business was £97.0m, an increase from £79.0m in FY22 driven by increased EBITDA and working capital management.

Net debt decreased by £20.5m from the start of FY23 to £232.8m with Net debt/EBITDA leverage decreasing to 1.77x (excluding IFRS 16) within our target Net debt / EBITDA leverage range of 1.5x–2.5x. The receipt of £79.9m from the disposal of our German associate in June 2023 and good cash generation was offset by £93.3m of share buybacks.

The continued strong performance of the business means that, in line with our capital allocation framework, we have proposed a final dividend of 7.2p per share, giving a full year dividend of 10.5p per share, a 5.0% increase compared to the prior year.

Accelerating growth

Our priority is to leverage the existing platform to accelerate growth in the core UK & Ireland business and drive earnings. Following a thorough and detailed review, we see a significant opportunity to accelerate new store openings. Using updated analysis, we have identified opportunities across new territories as well as fortressing existing geographies. More importantly, we have a franchisee base who are hungry for growth and have exceptional second-generation talent who want to grow their businesses.

In March 2021, we put in place a target to open 200 new stores in the medium term. Since that target was put in place, we have opened 133 stores and, with in excess of 70 stores expected to be opened in 2024, we are now in a position to upgrade our store target.

We have strong alignment with our franchisees, and we now expect to have in excess of 1,600 stores in the UK & Ireland by the end of 2028 with the potential for this to be in excess of 2,000 stores in 2033.

As a result of our store growth and continued focus on our core capabilities of giving our customers compelling value, great service, and an enhanced digital experience, we are now able to upgrade our £1.6bn-£1.9bn system sales target put in place in March 2021.

We now expect to deliver £2.0bn system sales in the UK & Ireland by the end of 2028, and we see potential for this to be in excess of £2.5bn system sales in the UK & Ireland in 2033.

Since March 2021, we have built a disciplined track record, announcing £427m of shareholder returns, whilst also continuing to invest in the business. DPG is a highly cash generative, asset light business. We are rigorously focused on accelerating organic growth and pursuing value enhancing inorganic growth opportunities to build a larger and more cash generative business. We are confident that this strategy will deliver meaningful free cash flow growth over the medium-to-long term and remain committed to returning surplus cash to shareholders.

Alongside investment in the core business, which remains our top priority, we will continue to focus on reallocation of capital within the corporate estate and joint ventures to improve returns and will assess additional growth opportunities, where we have a growing pipeline. We are committed to an asset-light business model and our strategy will centre on acquiring, strengthening and then ultimately redistributing stores in the estate.

Core UK & Ireland business

In FY24, we plan to further sharpen our execution across all areas of the business to give our customers better service and better value. We will continue with the same core priorities which drove our performance in FY23. We have narrowed our focus to four areas as the technology platform projects which we were focused on in FY23 are now largely complete.

1. Franchisee profitability and supply chain

Our franchisees have navigated the challenging conditions faced by everyone in the industry in the last few years supremely well and are now primed for the next stage of growth. The operations of our franchisees are strong, but we can always be better. Together, we worked to materially improve our customer service in FY23, but we are both focused on driving continued improvement. In FY24, we intend to leverage investments we have made in areas such as GPS technology to improve performance and give our customers better service.

Our supply chain is the backbone of our business, and it is the foundation for us to unlock growth. In the last few years, our supply chain has maintained an outstanding level of accuracy and availability which has enabled our franchisees to consistently give our customers what they want and when they want it. We are resolutely focused on maintaining these exceptional levels of service.

Within our supply chain we are always looking for ways of operating in a more efficient manner and have made great strides over the last few years. In areas such as transport efficiency, removing packaging from the system and the roll out of cages and dollies, we have delivered efficiencies. Our new ERP system will enable us to deliver process efficiencies across the system. Our team will continue to search for efficiencies as well as looking at introducing more automation into certain parts of the supply chain.

2. Value for Money

Customers will always be our number one priority. Maintaining compelling value is essential, and we will continue to do this for our customers. As part of our continued drive to give our customers more choice, our research has shown that many of our customers would like to see a lighter, cheaper Domino’s offer for lunch. Our stores are open, but our share of lunch is small, so this is a growth opportunity for us. As a result, we have developed a new lunch menu, including wraps, which meets consumer needs for a taste of Domino’s, which is easier to eat on the go and at lower price points than their weekend favourites. We will be launching a new £4 lunch offer in April, supported by an integrated national media campaign.

The performance of the collections channel in the last few quarters has been pleasing, and collections have continued to demonstrate strong growth. However, we do still remain under-penetrated in collections compared to other Domino's systems around the world, so as we accelerate our store openings, we see a significant opportunity to increase our collection orders.

Delivery is core to our business, and nobody delivers like Domino’s. Having navigated the introduction of a delivery charge, which is now a market norm, we are focused on returning deliveries to growth and this goes hand in hand with our enhanced focus on customer service. Along with our franchise partners we are focused on improving average delivery times and eliminating deliveries which are late to our customers.

Offering new products to our customers is essential and we will continue to innovate. Our innovation pipeline continues to build under our outstanding innovation team, and our trials performed well in FY23. As we look ahead, our pipeline is exciting and we look forward to bringing these great products to our customers.

3. Digital acceleration

Over 70% of our digital orders are now on the app, and we have a significant opportunity to use this platform to drive growth. The primary opportunity here is increasing our customers' average order frequency over time. Currently, our customers order on average less than five times a year. We have attracted a significant amount of our active customer base onto the app, with numbers growing materially during FY23. In FY24, we are focused on leveraging this customer base and combined with advancements in our technology platform, we are now able to interact with our customers and tailor offers in a far more appropriate and compelling way than we were previously able to.

We are now in a position to introduce a loyalty programme, but it is important that we do this in a disciplined, structured, and profitable way. We will not rush into this with an active customer base of c.13.5 million. We will take a three-stage approach to this. We will begin with a simple test in Q1 24 to assess how offering a free incentive impacts customer order behaviour. Subject to this test, a second stage, larger scale test would be launched by Q3 24. Pending the success of this test, we will assess the optimal structure for a loyalty programme for a potential 2025 launch.

The development of our new ecommerce platform is now complete, which will enable us to be more agile with our marketing and promotions. To help drive frequency, we are now in a position to work with our franchisees to give our customers more choice such as premium toppings and more flexible meal deals.

4. Convenience - accelerate store openings

New store openings will always be a core driver of growth. The pipeline is strong for FY24, and we are confident that we will open in excess of 70 stores this year. There is a significant opportunity for growth, and we are clearly under-penetrated compared to competitors in the UK and also other Domino's systems.

We will continue to open stores in new virgin territories, continue to focus on splits where appropriate but also there is a heightened focus on smaller address count territories. These have limited competition, and our strong national brand is a significant competitive advantage. Some of the recent openings in smaller address count areas have produced strong levels of sales.

Capital allocation framework

As we accelerate our growth, we will continue with our four-point approach, introduced in March 2021, to deploy the cash generated by the business. Investment to drive core growth in the business will remain our number one priority. We have announced the distribution of £171m in dividends to our shareholders since March 2021, and we will maintain our progressive and sustainable dividend policy.

The third pillar of our capital allocation framework is investing in additional growth opportunities. Since March 2021, activity in this area has been limited and we see significant opportunities to drive growth in this area.

Finally, operating within a normalised leverage range of 1.5x – 2.5x net debt to Underlying EBITDA, we remain committed to returning any surplus cash to shareholders and have returned £256m through share buybacks since March 2021.

Additional long-term growth opportunities

We will continue to assess value enhancing opportunities to build a larger and more cash generative business and we have a growing pipeline of opportunities. These opportunities will be evaluated and executed selectively over time in a disciplined manner and will never come at the expense of the core business.

The first area is our approach to the capital we have invested in our corporate stores and investments. We currently have 31 corporate stores in the London area, but we also have joint ventures, associates, and investments over a further c.130 stores across the UK & Ireland. A core part of our capital allocation framework is the efficient deployment of capital and we are actively assessing our corporate store estate and joint ventures at pace to drive shareholder value. In February 2024, an experienced Domino's operator, Stoffel Thijs, joined DPG as the new Director of Joint Ventures and Corporate Estates to drive performance in this area.

Another area where we see an opportunity to drive growth in the UK & Ireland is adding a second brand. We have world class franchisees who are hungry for growth, a significant customer base, an outstanding national supply chain and the necessary digital, IT & marketing capability. We also see an opportunity to create value by investing in other international Domino's markets. We now have deep experience, with enhanced capability both within the team and at the Board level, of operating and delivering profitable, international growth. The addition of a second brand or investment in other international Domino's markets would only happen if a rigorous and disciplined set of guardrails were met, and we were certain that we could create long-term shareholder value.

FY23 trading review

System sales represent all sales made by both franchised and corporate stores to consumers. Total system sales were £1,541m, up 5.8% on FY22 on a 52-week basis. Like-for-like system sales across UK & Ireland increased by 4.1%, excluding split stores, or by 2.9% including splits. Like-for-like system sales, excluding splits and the different VAT rate in Q1 22, increased by 5.7%.

UK & Ireland on a 52-week basis	**Q1 23**	**Q2 23**	**H1 23**	**Q3 23**	**Q4 23**	**H2 23**	**FY23**
LFL inc. splits	+3.5%	+7.3%	+5.3%	+2.4%	(1.2)%	+0.5%	+2.9%
LFL exc. splits	+4.4%	+8.4%	+6.3%	+3.7%	+0.2%	+1.8%	+4.1%
2023 UK VAT rate	20%	20%		20%	20%		
2022 UK VAT rate	12.5%	20%		20%	20%		
LFL inc. splits and ex VAT	+9.8%	+7.5%	+8.6%	+2.5%	(1.0)%	+0.6%	+4.5%
LFL exc. splits and ex VAT	**+10.7%**	**+8.6%**	**+9.7%**	**+3.7%**	**+0.4%***	**+2.0%***	**+5.7%**

* In Ireland, the VAT rate for hot takeaway food reduced from 13.5% to 9% on 1 November 2020 and reverted to 13.5% on 1 September 2023.

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

Our trading in FY23 was driven by our key areas of focus: giving customers' value for money through compelling national value campaigns and our franchise partners' focus on service; our digital acceleration; the continued incremental benefit of being on the Just Eat platform and the acceleration in new store openings.

UK & Ireland on a 52-week basis	**LFL inc. splits (year-on-year growth)**			**Total (all stores)**	
	Sales	**Volume**	**Price**	**Orders (m)**	**YOY Order Growth**
Total					
Q1	3.5%	(7.2)%	10.7%	18.0m	2.8%
Q2	7.3%	(6.0)%	13.2%	17.4m	2.8%
H1	5.3%	(6.6)%	11.9%	35.4m	2.8%
Q3	2.4%	(7.5)%	9.9%	16.7m	(1.2)%
Q4	(1.2)%	(5.8)%	4.6%	18.4m	(0.3)%
H2	0.5%	(6.6)%	7.1%	35.1m	(0.7)%
FY	2.9%	(6.6)%	9.4%	70.5m	1.0%
Delivery only					
Q1	(0.9)%	(12.3)%	11.4%	12.1m	(4.9)%
Q2	2.9%	(9.8)%	12.7%	11.1m	(3.9)%
H1	0.9%	(11.1)%	12.0%	23.2m	(4.4)%
Q3	(1.1)%	(10.3)%	9.2%	10.3m	(6.3)%
Q4	(3.2)%	(7.5)%	4.2%	11.7m	(4.1)%
H2	(2.2)%	(8.8)%	6.6%	22.0m	(5.1)%
FY	(0.7)%	(9.9)%	9.2%	45.2m	(4.8)%
Collection only					
Q1	22.5%	12.4%	10.1%	5.9m	23.0%
Q2	24.0%	6.6%	17.4%	6.3m	17.3%
H1	23.3%	9.4%	13.9%	12.2m	20.0%
Q3	14.3%	0.4%	13.8%	6.3m	8.4%
Q4	5.8%	(1.0)%	6.9%	6.8m	7.0%
H2	9.8%	(0.3)%	10.1%	13.1m	7.6%
FY	15.9%	4.2%	11.7%	25.3m	13.3%

Total orders in the year grew by 1.0%. This was driven by a 13.3% growth in collection orders, offset by a 4.8% decline in delivery orders.

Collections continued to show strong growth throughout the year. Collection represents the most efficient labour channel, with delivery effectively outsourced to the customer. Delivery orders remained under pressure in FY23, and we are focused on returning them to growth in FY24.

Corporate stores

We directly operate 31 stores in the London area. In FY23, corporate stores' revenue decreased by £3.7m to £32.5m (53 weeks: £33.1m), primarily as a result of a smaller number of stores following the sale of five corporate stores in Q4 22. Corporate stores' EBITDA was £0.9m, £3.1m lower than FY22, largely due to the comparator period having a VAT benefit in Q1 22 and a £2.1m gain in FY22 from the disposal of five stores.

German associate

Completion of the disposal of our German associate occurred on 5 June 2023. £79.9m of proceeds were received, comprising a put option exercise price of £70.6m and the repayment of a £9.3m loan. Following the exercise of the put option on 10 November 2022, there was no contribution from the German associate in FY23 (FY22: £2.6m).

Capital allocation

In FY23, we generated £97.0m of free cash. We invested £20.8m in capital investment in our core business and have proposed a final dividend of 7.2p, which combined with the interim dividend of 3.3p represents a 5.0% increase compared to FY22. We announced a £20m share buyback in May 2023 which completed in August 2023. In August 2023, we also announced a £70m buyback following the disposal of the German associate, and this completed in January 2024.

Progress against our focus areas in FY23

We are pleased with the strategic progress we made in 2023 and are resolutely focused on accelerating the execution of our strategy. As we have previously outlined, we had five key areas of focus for 2023 to drive this acceleration.

Franchise partner profitability / Organisation

We were clear at the start of FY23 that our priority this year was to work with our franchise partners to help improve their store profitability, despite significant inflationary pressures.

Our franchise partners, once again, delivered an outstanding performance in uncertain market conditions, and we all benefited from a system which is aligned. In FY23, our franchise partners delivered great value to customers through successful national campaigns, benefited from the roll out on Just Eat, delivered material improvements in service, and accelerated our new store openings.

Despite the significant inflationary pressures, particularly in labour and food costs, our franchise partners were able to broadly maintain their EBITDA margins. Based on the unaudited data submitted to us by franchise partners, average store EBITDA for all UK stores in FY23 was approximately £158k, equivalent to a 13% EBITDA margin. This compares to £166k or 14% EBITDA margin achieved in FY22, when adjusted for VAT, and £182k or 16% EBITDA margin in FY22 unadjusted for VAT.

In FY23, we continued to invest in growth, in line with the framework we agreed with our franchise partners in December 2021 and working with our suppliers to look for efficiencies and driving operational efficiencies. We have continued to support our franchise partners with incentives to accelerate new store rollouts, the food cost rebate mechanism and a dedicated programme of national roadshows focused on improving service and quality of product. We have worked closely with key suppliers to ensure we have optimal stock cover and to minimise cost inflation where possible for our franchise partners. Our world-class supply chain continues to deliver outstanding performance. We maintained 100% availability and 99.9% accuracy in a period of challenging market conditions.

We reshaped our Executive leadership team to ensure that we are leaner and can make faster decisions. We also undertook a wider review and restructure of our organisation to focus on increasing agility, focus and profitability. As part of the review of the organisation we prioritised talent development to nurture and develop future leaders of the business. Together with our franchisee partners, we are now able to act more quickly in response to the changes in the market that we are seeing.

Value for Money

Alignment with our franchise partners allowed us to offer our customers compelling value in FY23. We define 'value' as the quality of the product, combined with the service and image divided by price. Our strong value message continued to resonate with consumers, and our focus on value for money is essential in the current environment. We started FY23 with a strong value offer with our successful 'Price Slice' deal in the UK which had £8, £10 and £12 price points for small, medium, and large pizzas. In Q2 23, we launched a 50% off app-only deal which gave customers great value and drove more customers to our app. In Q3 23, we maintained our 50% off app deal which also contributed to the growth in app customers, and in Q4 23 we continued to offer customers compelling value.

Customer service performance, including average delivery times and percentage of deliveries on time, improved significantly in FY23 relative to FY22. Average delivery times were 25 minutes in FY23 compared to over 26 minutes in FY22. We also completed the full roll out of our enhanced GPS solution to all stores in FY23. This will help stores 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 provides an accurate delivery time.

We aim to attract and retain new customers through a strong pipeline of new pizzas, sides, and desserts, and to increase order frequency through innovation of our core menu. In FY23, we launched Vegan American Hot, to offer further choice to our vegan and flexitarian customers. This was followed by the launch of the Ultimate Chicken Mexicana, which was our best-selling innovation in the last five years. We launched a number of new trials aimed at increasing the menu choice available to customers at different parts of the day to drive incremental sales. These included fries, loaded fries and wraps, and these have performed ahead of expectations.

Digital

The Domino's app is the key driver of our digital growth strategy because app customers yield higher sales and have a higher average order frequency than those who only use the website.

Orders placed on our app, as a percentage of total online orders, were 73.8% in FY23, an increase of 21.6ppts vs. FY22. App downloads were 63% higher vs. FY22, and the number of active app customers reached 9.0m, an increase of 48% compared to FY22.

The app is expected to be a material contributor to future system sales growth, and driving more orders through the app will be a key focus in 2024.

Convenience

Alongside our franchisees, we achieved a material acceleration in our new store openings in FY23 . We opened 61 new stores with 23 different franchise partners compared to 35 stores in FY22 from 22 different franchise partners. This acceleration was a result of rebuilding our store-opening pipeline with our franchise partners and the continued opportunity we see for growing the store estate in the UK & Ireland. The new stores are all in quality locations and are trading ahead of expectations, with particular strength in new territories with smaller address counts, giving an opportunity to accelerate our growth.

FY23 was the first full year of Domino's being available to order on the Just Eat platform, and this was a driver of sales growth, bringing in incremental customers and orders throughout the year. Following Domino's Pizza Inc.'s global agreement with Uber Eats, in January 2024 DPG started a trial which is now live in c.630 stores across the UK & Ireland. The data-led trial will enable some customers to order Domino's Pizza via the Uber Eats platform, but the pizzas will be delivered by our own Domino's delivery drivers, which is the same approach as in our relationship with Just Eat. The trial aims to complement our existing partnership with Just Eat and will enable us to fully understand if there are benefits for our customers, our franchise partners, and our business in partnering with two platforms in the UK & Ireland.

Technology platform projects

In FY23, we focused on two important technology projects. First, at the end of FY21 we began work on a new ecommerce platform to create significant capabilities for our digital channels, remove constraints for our franchise partners, and ultimately provide an enhanced experience for our customers. Development of the ecommerce platform has now been completed on time and on budget, and cutover of the various channels is in progress. The new platform will enable us to accelerate delivery and innovation through highly automated processes that are significantly more cost efficient than our current system. Importantly, it also results in a more secure and resilient platform to seamlessly scale for our next stage of growth.

Secondly, we continued the work which started in FY22 on a new ERP system which will enable us to improve processes across our business and generate efficiencies in our supply chain. The ERP build is progressing well and completion remains on track in FY24.

Operating expenditure in FY23 was elevated by £8.9m of one-time spend related to the implementation of these projects, with the remaining ERP implementation expenditure expected to be in the low single-digit millions in FY24 as previously guided.

Delivering our sustainable future

Our corporate purpose is to Deliver a Better Future Through Food People Love. This ambition is underpinned by our new sustainability strategy called, 'Connect the Dots' which we published in H1 23. Our Connect the Dots strategy guides our efforts to deliver on our corporate purpose and achieve a range of sustainability goals across five core themes: our customers, our people, our environment, our sourcing, and our communities. We are making good progress against our targets.

In H1 23, we continued the ongoing trial of our 650 calorie Cheeky Little Pizzas and opened our first lower carbon store in Hammersmith to support our environmental efforts. In H2 23, we implemented further changes across our business including preparing our first carbon reduction roadmap, and a new strategy for offering a wider choice of healthier menu options. We look forward to updating on these and our other key focus areas in the Group's first sustainability report which will be published in H1 24.

Financial review

- The 2023 year comprised 53 weeks whereas the 2022 year comprised 52 weeks. In this section, all figures are based on a 52 week versus 52-week basis unless otherwise stated.
- Underlying EBIT of £113.2m (53 weeks: £116.2m), an increase of £3.4m vs. FY22 as a result of higher trading and supply chain profit despite increases of £3.2m in technology platform costs.
- Statutory profit after tax of £115.0m on a 53-week basis, up from £81.6m primarily as a result of the disposal of the investment in the German associate which generated a non-underlying profit on disposal of £40.6m.
- Underlying Free cash flow increased by £18.0m to an inflow of £97.0m, due to increased EBITDA and working capital, which benefited from the reversal of outflows incurred in FY22.
- Overall net debt decreased by £20.5m largely as a result of the £79.9m cash received on the disposal of the investment in the German associate which was offset by dividends, share buybacks and capital expenditure.
- Total dividend for FY23 of 10.5p per share, with final dividend of 7.2p proposed to be paid on 9 May 2024 to shareholders on the register as at 5 April 2024.

	53 weeks ended 31 December 2023 £m Reported	52 weeks ended 24 December 2023 £m (Unaudited)	52 weeks ended 25 December 2022 £m Reported
Group Revenue	**679.8**	**667.0**	**600.3**
Underlying EBIT before contribution of investments	**114.2**	**111.2**	**102.2**
Contribution of investments	2.0	2.0	5.0
German associate contribution	-	-	2.6
Underlying EBIT	**116.2**	**113.2**	**109.8**
Underlying net finance costs	(14.5)	(14.2)	(10.9)
Underlying profit before tax	**101.7**	**99.0**	**98.9**
Underlying tax charge	(26.0)	(25.3)	(17.3)
Underlying profit after tax	**75.7**	**73.7**	**81.6**
Non-underlying items	39.3	39.3	—
Statutory profit after tax	**115.0**	**113.0**	**81.6**
EBITDA reconciliation			
Underlying EBITDA	**138.1**	**134.8**	**130.1**
Depreciation, amortisation and impairment	(21.9)	(21.6)	(20.3)
Underlying EBIT	**116.2**	**113.2**	**109.8**

We are pleased to have delivered strong financial performance in the year, despite the £10.8m costs incurred investing in our technology platform projects. Underlying EBIT increased by £3.4m to £113.2m (53 weeks: £116.2m) due to higher supply chain profit driven by annualisation on price increases from the prior year. Statutory profit after tax increased to £115.0m from £81.6m, primarily due to the profit on disposal of the investment in the German associate which is treated as a non-underlying item.

Reported 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 National Advertising Fund ('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 £1,540.5m (53 weeks: £1,571.7m), up 5.8% due to growth in order count alongside ticket increases.

	53 weeks ended 31 December 2023 £m Reported	52 weeks ended 24 December 2023 £m (Unaudited)	52 weeks ended 25 December 2022 £m Reported
Supply chain revenue	479.1	470.7	411.4
Royalty, rental & other revenue	85.6	83.5	80.5
Corporate stores revenue	33.1	32.5	36.2
NAF & ecommerce	82.0	80.3	72.2
Total	**679.8**	**667.0**	**600.3**

Reported revenue increased by £66.7m to £667.0m (53 weeks: £679.8m), an increase of 11.1%, 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 £3.0m (53 weeks: £5.1m) mainly due to higher system sales.

Revenue for our directly operated corporate stores in London decreased by £3.7m (53 weeks: £3.1m) due to a lower number of stores as a result of the disposal of five stores at the end of 2022. NAF and ecommerce revenue was up £8.1m (53 weeks: £9.8m) due to increased spend in the period, as revenue is recognised based on costs incurred at nil profit.

Underlying earnings before interest and taxation

Underlying EBIT increased by £3.4m (53 weeks: £6.4m) to £113.2m (53 weeks: £116.2m). This is driven by a £12.8m increase (53 weeks: £15.8m) in underlying trading, which includes a £1.7m lower contribution from the NI JV, and a benefit of £2.3m relating to the sale of freehold property. This was offset with a £3.7m increase in technology platform costs, £2.6m lower contributions from the German associate following the disposal, £1.3m increase in depreciation and amortisation and a £1.0m lower EBITDA from corporate stores. This is further offset with prior period benefits including a £2.1m benefit from the sale of corporate stores and a £1.0m uplift in the investment in Shorecal.

The Group's continuing investment in two technology platform projects, the ecommerce platform replacement and the new ERP system, resulted in a total cost of £10.8m recognised within EBIT. These costs are explained further below.

As a result of the Group exercising the option to sell our investment in the German associate, we ceased accounting for our share of profits from the exercise date, 10 November 2022. This resulted in no contributions being accounted for in the period, which is a £2.6m decrease on the prior year.

Technology platform costs

FY23	EBITDA £m	Amortisation and impairment £m	Profit before tax £m	Capital expenditure £m
ERP	(6.4)	(1.4)	(7.8)	—
ecommerce platform	(2.5)	(0.5)	(3.0)	(5.7)
Total	**(8.9)**	**(1.9)**	**(10.8)**	**(5.7)**

FY22	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 continued 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 were £10.8m.

Within EBITDA, costs of £8.9m have been recognised, of which £6.4m 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 £5.7 has been recorded in capital expenditure relating to the ecommerce platform.

Within amortisation, a total cost of £1.9m is recognised. This consists of £1.4m relating to the ERP for accelerated depreciation of the current platform, and £0.5m relating to the ecommerce platform.

The ecommerce platform is largely developed with ongoing expenditure expected to complete at the end of Q1 24. The ERP system is on track for completion in 2024.

Interest

Net underlying finance costs in the period were £14.2m (53 weeks: £14.5m), an increase of £3.3m (53 weeks: £3.6m). In July 2022, the Group successfully refinanced the existing revolving credit facility with a facility limit of £200m and issued £200m Private Placement Loan Notes at a fixed rate of 4.26%. The increase in variable rates under the revolving credit facility and the impact of the refinancing in 2022 largely contributed to the increase in net finance costs.

Taxation

The underlying effective tax rate for 2023 was 25.6% (2022:17.5%). An additional tax charge of £1.5m has been recorded relating to transfer pricing between our UK and Irish subsidiaries relating to historical periods. This impacts the effective tax rate by 1.5%. Excluding this, the underlying effective tax rate would be 24.1% which is lower than the UK statutory rate of 25% effective April 2023, due to the contribution of joint ventures, associates, and investments.

Profit after tax and non-underlying items

Underlying profit after tax was £73.7m (53 weeks: £75.7m), a decrease from £81.6m in 2022 mainly due to an £8.0m increase in taxation (53 weeks: £8.7m) and £3.3m increase in net finance costs (53 weeks: £3.6m) discussed above.

Statutory profit after tax was £115.0m, an increase of £33.4m, which includes £40.6m profit on disposal of the investment in the German associate which has been classified under non-underlying during the period. Proceeds of £70.6m were received for the investment with a book value of £32.4m, which together with a currency translation gain of £2.5m and professional fees of £0.1m resulted in the profit on disposal of £40.6m.

Earnings per share

Underlying basic EPS decreased to 18.4p on a 53-week basis, which is due to a decrease in underlying profit after tax. This was partially offset with a lower number of weighted average shares due to the share buyback programmes. Statutory EPS increased to 28.0p from 18.8p, largely due to the profit on disposal of the investment in the German associate.

Free cash flow and Net debt

	53 weeks ended 31 December 2023 £m	52 weeks ended 25 December 2022 £m
Underlying EBITDA	**138.1**	**130.1**
Add back non-cash items		
– Contribution of investments	(2.0)	(7.6)
– Other non-cash items	1.9	(1.3)
Working capital	10.2	(17.5)
IFRS 16 – net lease payments	(6.3)	(6.3)
Dividends received	3.0	5.1
Net interest	(13.1)	(4.8)
Corporation tax	(22.9)	(18.7)
Free cash flow before non-underlying cash items	**108.9**	**79.0**
Non-underlying cash	(11.9)	—
Free cash flow	**97.0**	**79.0**
Capex	(20.8)	(19.7)
Repayment from German associate	9.3	1.7
Market access fee proceeds	—	8.6
Disposals	70.6	7.0
Disposal of property, plant and equipment	4.4	—
Dividends	(41.9)	(43.8)
Share transactions – Buybacks	(93.3)	(77.5)
Share transactions – EBT share purchase	(4.5)	(7.4)
Movement in net debt	**20.8**	**(52.1)**
Opening net debt	(253.3)	(199.7)
Movement in capitalised facility arrangement fee	(0.6)	(1.1)
Forex on net debt	0.3	(0.4)
Closing net debt	**(232.8)**	**(253.3)**
Last 12 months net debt/Underlying EBITDA ratio (excl. IFRS 16)	**1.77x**	**2.06x**

Net debt decreased by £20.5m during the period to £232.8m, with free cash flow generated of £97.0m and £79.9m received from the disposal of the investment in the German associate, of which £9.3m related to the loan repayment. This was offset with capital expenditure of £20.8m and returns to shareholders through dividends of £41.9m and share buybacks of £93.3m.

Free cash flow was £97.0m, an increase of £18.0m on the previous year. Underlying EBITDA was £138.1m, an increase of £8.0m due to higher supply chain profit driven by annualisation on price increases from the prior year.

There was a working capital inflow of £10.2m (2022: outflow of £17.5m). This predominantly relates to a £1.3m relates to a decrease in debtors, a £5.6m inflow relating to the timing of creditor payments at year end, and an inflow of £9.6m due to higher accruals balances. This was offset with an outflow of £4.5m due to the unwind of the timing of cash receipts and payments for online sales following the strong performance in the final week of FY22 as well as an outflow of £3.1m due to a decrease in the NAF creditor. These movements largely offset the working capital outflow reported in 2022.

Net IFRS 16 lease payments remained constant with the prior year at £6.3m. Dividends received of £3.0m include £2.2m from our associates and joint ventures and £0.8m from our investment in Shorecal.

Net interest payments of £13.1m increased from £4.8m as a result of increased interest charges on the new debt facilities put in place in July 2022 and timing of the six-monthly interest payments on the private placement loans, the first two payments of which were paid in January 2023 and July 2023.

A non-underlying payment of £11.9m was made during the year which relates to historical share-based compensation arrangement with grant dates dating from 2003-2010.

Capital expenditure increased to £20.8m from £19.7m. Of this amount £9.6m relates to total investment in ecommerce, £3.7m relates to development and expansion of our supply chain centre in Ireland and £1.8m relates to the installation of solar panels at our supply chain centres.

In June 2023, the Group received £79.9m for the disposal of the German associate, of which £70.6m relates to the disposal of the investment and £9.3m relates to the repayment of a loan.

Disposal of property, plant and equipment of £4.4m relates to the disposal of freehold property in March 2023.

Of the £41.9m dividends paid in the year, £28.3m relates to the final FY22 dividend paid in May 2023, and £13.6m relates to the FY23 interim dividend paid in September 2023.

The share buyback cash outflow of £93.3m includes the remaining £8.9m of the £20.0m share buyback programme announced in November 2022, £20.0m of the May 2023 programme and £63.9m of the £70.0m buyback announced in August 2023 together with £0.5m of stamp duty. The remaining £6.1m outstanding balance of the August 2023 programme was subsequently completed in January 2024.

Capital employed and balance sheet

	At 31 December 2023 £m	At 25 December 2022 £m
Intangible assets	28.8	30.0
Property, plant and equipment	97.6	96.5
Investments, associates and joint ventures	35.5	36.7
Deferred consideration	0.3	0.3
Right-of-use assets	19.3	21.3
Net lease liabilities	(21.6)	(23.4)
Provisions	(3.8)	(15.3)
Working capital	(44.9)	(27.9)
Net debt	(232.8)	(253.3)
Tax	(6.3)	(1.7)
Share buyback obligations	(6.1)	(8.9)
Held within assets and liabilities held for sale	—	32.9
Net liabilities	**(134.0)**	**(112.8)**

Intangible assets decreased by £1.2m to £28.8m, as additions of £9.2m on software assets were offset with amortisation of £10.7m.

Property, plant and equipment increased by £1.1m to £97.6m due to additions of £9.0m largely for our supply chain centre in Ireland and the installation of solar panels across our supply chain centres. This spend was offset against depreciation of £5.9m and the disposal of freehold property with a net book value of £1.9m during the period.

Investments, associates and joint ventures decreased by £1.2m as a result of £1.7m lower contributions from the NI JV offset with the dividends received.

Right-of-use assets of £19.3m represent the lease assets for our corporate stores, warehouses and equipment leases recognised under IFRS 16 in the current period. The net lease liability is £21.6m (2022: £23.4m). There have been no significant changes in the lease portfolio during the period.

Working capital increased by £17.0m to a net working capital liability of £44.9m. The decrease is greater than the movement in free cash flow as a result of the loan to the German associate being settled during the period which is shown in the disposals line in the cash flow statement.

Net debt decreased to £232.8m for the reasons set out in the free cash flow section above.

A share buyback obligation of £6.1m relates to the remaining amount committed under the £70m share buyback programme announced in August 2023.

During current period, the German associate was sold for a consideration of £70.6m, this was treated as an asset held for sale in 2022.

Total equity has decreased by £21.2m, to a net liability position of £134.0m, largely due to the profit on disposal of the German associate offset with dividend payments and share buybacks. There are sufficient distributable reserves in the standalone accounts of Domino's Pizza Group plc for the proposed dividend payment.

Treasury management

The Group holds £400m in debt facilities of which £200m relates to an unsecured multi-currency revolving credit facility, expiring in July 2027, and £200m sterling-denominated US Private Placement loan notes that mature in July 2027.

The 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 total undrawn facility as at 31 December 2023 was £112.9m.

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 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 year with Net debt of £232.8m, and the last 12 months Net debt/EBITDA ratio excluding the impact of IFRS 16 decreased to 1.77x from 2.06x, as a result of increased EBITDA performance in the year and a lower Net debt level.

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
53 weeks ended 31 December 2023

	Note	53 weeks ended 31 December 2023 £m			52 weeks ended 25 December 2022 £m		
		Underlying	**Non-underlying***	**Total**	Underlying	Non-underlying*	Total
Revenue	2	679.8	—	679.8	600.3	—	600.3
Cost of sales		(363.6)	—	(363.6)	(326.8)	—	(326.8)
Gross profit		316.2	—	316.2	273.5	—	273.5
Distribution costs		(42.6)	—	(42.6)	(39.5)	—	(39.5)
Administrative costs		(161.7)	—	(161.7)	(131.8)	—	(131.8)
Share of post-tax profit of associates and joint ventures		2.0	—	2.0	6.6	—	6.6
Other income		2.3	40.6	42.9	1.0	—	1.0
Profit/(loss) before interest and taxation		116.2	40.6	156.8	109.8	—	109.8
Finance income		13.7	—	13.7	13.1	—	13.1
Finance costs		(28.2)	—	(28.2)	(24.0)	—	(24.0)
Profit/(loss) before taxation		101.7	40.6	142.3	98.9	—	98.9
Taxation	7	(26.0)	(1.3)	(27.3)	(17.3)	—	(17.3)
Profit/(loss) for the period		75.7	39.3	115.0	81.6	—	81.6

* Non-underlying items are disclosed in note 3

	Note	Underlying		Total	Underlying		Total
Earnings per share							
– Basic (pence)	8	18.4		28.0	18.8		18.8
– Diluted (pence)	8	18.4		27.9	18.7		18.7

Group statement of comprehensive income

53 weeks ended 31 December 2023

	Note	**53 weeks ended 31 December 2023 £m**	52 weeks ended 25 December 2022 £m
Profit for the period		115.0	81.6
Other comprehensive (expense)/income:			
Items that may be subsequently reclassified to profit or loss:			
- Exchange (loss)/gain on retranslation of foreign operations		(0.6)	1.5
- Transferred to income statement on disposal	13	(2.5)	—
Other comprehensive (expense)/income for the period, net of tax		(3.1)	1.5
Total comprehensive income for the period		111.9	83.1

Group balance sheet

As at 31 December 2023

	Note	At 31 December 2023 £m	At 25 December 2022 £m
Non-current assets			
Intangible assets	10	28.8	30.0
Property, plant and equipment		97.6	96.5
Right-of-use assets		19.3	21.3
Lease receivables		192.9	185.6
Trade and other receivables		3.7	3.4
Investments		10.3	11.3
Investments in associates and joint ventures	11	25.2	25.4
		377.8	373.5
Current assets			
Lease receivables		15.8	14.4
Inventories		11.4	11.6
Trade and other receivables		51.6	55.9
Deferred consideration receivable		0.3	0.3
Current tax assets		3.5	1.7
Cash and cash equivalents		52.1	30.4
Assets held for sale	14	—	32.9
		134.7	147.2
Total assets		512.5	520.7
Current liabilities			
Lease liabilities		(21.1)	(20.0)
Trade and other payables		(111.4)	(98.6)
Current tax liabilities		(2.8)	—
Provisions		(2.0)	(1.0)
Financial liabilities – share buyback obligation		(6.1)	(8.9)
		(143.4)	(128.5)
Non-current liabilities			
Lease liabilities		(209.2)	(203.4)
Trade and other payables		(0.2)	(0.2)
Financial liabilities	12	(284.9)	(283.7)
Deferred tax liabilities		(7.0)	(3.4)
Provisions		(1.8)	(14.3)
		(503.1)	(505.0)
Total liabilities		(646.5)	(633.5)
Net liabilities		(134.0)	(112.8)

Group balance sheet continued

As at 31 December 2023

	Note	**At 31 December 2023 £m**	At 25 December 2022 £m
Shareholders' equity			
Called up share capital		2.1	2.2
Share premium account		49.6	49.6
Capital redemption reserve		0.5	0.5
Capital reserve – own shares		(12.5)	(9.0)
Currency translation reserve		(2.6)	0.5
Accumulated losses		(171.1)	(156.6)
Total equity		(134.0)	(112.8)

Andrew Rennie
Director
11 March 2024

Group statement of changes in equity

53 weeks ended 31 December 2023

	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 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)
Profit for the period	—	—	—	—	—	115.0	115.0
Other comprehensive expense – exchange differences	—	—	—	—	(0.6)	—	(0.6)
Transferred to income statement on disposal	—	—	—	—	(2.5)	—	(2.5)
Total comprehensive income for the period	—	—	—	—	(3.1)	115.0	111.9
Proceeds from share issues	—	—	—	0.5	—	—	0.5
Impairment of share issues*	—	—	—	1.0	—	(1.0)	—
Share buybacks	(0.1)	—	—	(5.0)	—	(93.2)	(98.3)
Share buyback obligations satisfied	—	—	—	—	—	8.9	8.9
Share buyback obligations outstanding	—	—	—	—	—	(6.1)	(6.1)
Share options and LTIP charge	—	—	—	—	—	3.8	3.8
Tax on employee share options	—	—	—	—	—	—	—
Equity dividends paid	—	—	—	—	—	(41.9)	(41.9)
At 31 December 2023	2.1	49.6	0.5	(12.5)	(2.6)	(171.1)	(134.0)

*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

53 weeks ended 31 December 2023

	Note	**53 weeks ended 31 December 2023 £m**	52 weeks ended 25 December 2022* £m
Cash flows from operating activities			
Profit before interest and taxation	2	156.8	109.8
Amortisation and depreciation		21.9	18.7
Impairment		—	1.6
Profit on disposal of PPE		(2.3)	—
Share of post-tax profits of associates and joint ventures	11	(2.0)	(6.6)
Profit on disposal of subsidiary	13	—	(2.1)
Profit on disposal of associate investment	13	(40.6)	—
Net gain on financial instruments at fair value through profit or loss		—	(1.0)
Decrease in provisions		(11.4)	(0.3)
Share option and LTIP charge		3.8	1.2
Decrease/(increase) in inventories		0.2	(0.6)
Increase in receivables		(5.2)	(13.3)
Increase/(decrease) in payables		15.2	(3.6)
Cash generated from operations		136.4	103.8
UK corporation tax paid		(22.9)	(18.7)
Net cash generated by operating activities		113.5	85.1
Cash flows from investing activities			
Purchase of property, plant and equipment		(9.8)	(10.5)
Purchase of intangible assets		(11.0)	(9.2)
Proceeds from sale of PPE		4.4	—
Net consideration received on disposal of subsidiaries	13	—	3.7
Consideration received on disposal of associate investment	13	70.6	—
Consideration received on disposal of joint ventures		—	3.3
Receipt from other financial assets		—	8.6
Receipt of principal element on lease receivables		15.0	14.3
Receipts of interest element on lease receivables		12.6	12.4
Interest received		0.6	0.1
Other	15	12.3	6.8
Net cash generated by investing activities		94.7	29.5

Group cash flow statement continued

As at 31 December 2023

	Note	**53 weeks ended 31 December 2023 £m**	52 weeks ended 25 December 2022* £m
Cash inflow before financing		208.2	114.6
Cash flows from financing activities			
Interest paid		(13.7)	(4.9)
Share purchases		(98.3)	(86.5)
Consideration received on exercise of share options – employee benefit trust		0.5	1.6
New bank loans and facilities draw down		113.0	365.8
Facility arrangement fees		—	(3.2)
Repayment of borrowings		(112.2)	(323.4)
Repayment of principal element on lease liabilities		(20.1)	(19.3)
Repayment of interest element on lease liabilities		(13.8)	(13.7)
Equity dividends paid		(41.9)	(43.8)
Net cash used by financing activities		(186.5)	(127.4)
Net increase/(decrease) in cash and cash equivalents		21.7	(12.8)
Cash and cash equivalents at beginning of period		30.4	42.8
Foreign exchange (loss)/gain on cash and cash equivalents		—	0.4
Cash and cash equivalents at end of period		52.1	30.4

The cash flow statement has been prepared on a consolidated basis.

*For the 52 weeks ended 25 December 2022, the disclosure of the repayment on lease liabilities and receipts on lease receivables has been re-presented to reflect separately the principal and interest elements.

Notes to the Group financial statements

53 weeks ended 31 December 2023

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 31 December 2023, but is extracted from the 2023 Annual Report.

The Annual Report for 2023 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 53 week period ended 31 December 2023, 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.

For the 52 weeks ended 25 December 2022, the disclosure of the repayments on lease liabilities and receipts on lease receivables has been re-presented to reflect separately the principal and interest elements.

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 performance of the Group has been strong 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 offset with interest charges due to the impact of the debt refinancing in 2022 and the increase in the effective tax rate as a result of the increase in the UK Statutory rate to 25%.

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 £134.0m from £112.8m.

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.

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 multi-currency syndicated revolving credit facility entered into on 27 July 2022 and £200m private placement loan notes entered into on 27 July 2022, which expire in 2027. The Group has a net debt position of £232.8m. 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 system 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 for 24 hours during peak trading periods.
- A significant unexpected increase in the impact of climate change on 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 alternative sourcing is secured.
- The impact of fines from a potential data breach in 2025.

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 distributions to shareholders 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 covenants could only be breached if a highly unlikely combination of scenarios resulted in a material annual reduction in system sales greater than 24%, 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 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.

These are considered the Group's operating segments as the information provided to the Executive Directors of the Board, who are considered to be the chief operating decision makers, is based on these territories. The chief operating decision makers review the segmental underlying EBIT and EBITDA results and the non-underlying items separately. Revenue included in each segment includes all sales made to franchise stores (royalties, sales to franchisees and rental income) and by corporate stores located in that segment.

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

	At 31 December 2023 £m	At 25 December 2022 £m
Current tax asset	3.5	1.7
Cash and cash equivalents	52.1	30.4
Unallocated assets	55.6	32.1
Current tax liabilities	2.8	—
Deferred tax liabilities	7.0	3.4
Debt facilities	284.9	283.7
Unallocated liabilities	294.7	287.1

Segment assets and liabilities

	At 31 December 2023			**At 25 December 2022**		
	UK & Ireland £m	International £m	Total £m	UK & Ireland £m	International £m	Total £m
Segment assets						
Segment current assets	79.1	—	79.1	82.2	32.9	115.1
Segment non-current assets	342.3	—	342.3	336.8	—	336.8
Investment in associates and joint ventures	25.2	—	25.2	25.4	—	25.4
Investments	10.3	—	10.3	11.3	—	11.3
Unallocated assets			55.6			32.1
Total assets			512.5			520.7
Segment liabilities						
Liabilities	351.8	—	351.8	346.4	—	346.4
Unallocated liabilities			294.7			287.1
Total liabilities			646.5			633.5

Segmental performance 2023

	UK & Ireland £m	International £m	Total underlying £m	Non-underlying £m	Total reported £m
Revenue					
Sales to external customers	679.8	—	679.8	—	679.8
Segment revenue	**679.8**	**—**	**679.8**	**—**	**679.8**
Results					
Underlying result before associates and joint ventures	111.9	—	111.9	—	111.9
Share of profit of associates and joint ventures	2.0	—	2.0	—	2.0
Other income	2.3	—	2.3	40.6	42.9
Profit before interest and taxation	**116.2**	**—**	**116.2**	**40.6**	**156.8**
Net finance costs	(14.5)	—	(14.5)	—	(14.5)
Profit before taxation	**101.7**	**—**	**101.7**	**40.6**	**142.3**
Taxation	(26.0)	—	(26.0)	(1.3)	(27.3)
Profit for the period	**75.7**	**—**	**75.7**	**39.3**	**115.0**
Effective tax rate	25.6%	—	25.6%		19.2%
Other segment information					
Depreciation	11.2	—	11.2	—	11.2
Amortisation	10.7	—	10.7	—	10.7
Total depreciation and amortisation	**21.9**	**—**	**21.9**	**—**	**21.9**
EBITDA	138.1	—	138.1	40.6	178.7
Underlying EBITDA	138.1	—	138.1	—	138.1
Capital expenditure	20.8	—	20.8	—	20.8
Share-based payment charge	3.8	—	3.8	—	3.8
Revenue disclosures					
Royalties, franchise fees and change of hands fees	83.4	—	83.4	—	83.4
Sales to franchisees	479.1	—	479.1	—	479.1
Corporate store income	33.1	—	33.1	—	33.1
Rental income on leasehold and freehold property	2.2	—	2.2	—	2.2
National Advertising and eCommerce income	82.0	—	82.0	—	82.0
Total segment revenue	**679.8**	**—**	**679.8**	**—**	**679.8**

Major customers and revenue by destination

Revenue from two franchisees individually totalled £128.7m (2022: £110.6m) and £125.7m (2022: £110.3m), within sales reported in the UK & Ireland segment.

Analysed by origin, revenue was £640.8m (2022: £567.4m) in the UK and £39.0m (2022: £32.9m) in Ireland.

Segmental performance 2022

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

3. Items excluded from non-GAAP measures:

Non-underlying items included in financial statements

	53 weeks ended 31 December 2023 £m	52 weeks ended 25 December 2022 £m
Underlying profit for the period	75.7	81.6
Non-underlying profit for the period	39.3	—
Profit for the period	115.0	81.6

Non-underlying items

	Note	**53 weeks ended 31 December 2023 £m**	52 weeks ended 25 December 2022 £m
Included in other income			
Profit on disposal of German associate	a)	40.6	—
Taxation			
Reversionary share tax charge	b)	(1.3)	—
Profit for the period		39.3	—

a) Profit on disposal of German associate

In June 2023, the Group disposed of its 33.3% interest in Daytona JV Limited. Proceeds of £79.9m were received of which £70.6m related to the investment in Daytona JV Limited and £9.3m related to the repayment of the loan. This generated a profit on disposal of £40.6m. The profits arising from the disposal have been treated as non-taxable on the basis the disposal falls under the Substantial Shareholding Exemption.

b) Reversionary share tax charge

The tax charge primarily relates to the historical share-based compensation schemes following the £11.9m settlement made during the year.

4. Group profit before interest and tax

	53 weeks ended 31 December 2023 £m	52 weeks ended 25 December 2022 £m
Depreciation of property, plant and equipment	5.9	5.0
Amortisation of intangible assets	10.7	7.8
Depreciation on right-of-use assets	5.3	5.9
Total depreciation and amortisation expense	21.9	18.7
Impairment loss recognised on property, plant and equipment	—	0.1
Impairment loss recognised on intangible assets	—	1.5
Total impairment loss recognised	—	1.6
Net foreign currency gain	—	(0.1)
Cost of inventories recognised as an expense	273.4	240.2
Profit on disposal of subsidiaries	—	(2.1)
Profit on disposal of associate investment	(40.6)	—
Gain on changes in fair value of financial instruments	—	(1.0)

5. Finance income

	53 weeks ended 31 December 2023 £m	52 weeks ended 25 December 2022 £m
Other interest receivable	0.8	0.1
Interest on loans to associates and joint ventures	0.1	0.3
Interest receivable on leases	12.7	12.4
Discount unwind	0.1	—
Foreign exchange	—	0.3
Total finance income	13.7	13.1

6. Finance costs

	53 weeks ended 31 December 2023 £m	52 weeks ended 25 December 2022 £m
Debt facilities interest payable	14.4	10.3
Interest payable on leases	13.8	13.7
Total finance costs	28.2	24.0

Finance costs relate to financial liabilities at amortised cost.

7. Taxation

Tax on profit from continuing activities

	53 weeks ended 31 December 2023 £m	52 weeks ended 25 December 2022 £m
Tax charged/(credited) in the income statement		
Current income tax:		
UK corporation tax:		
– current period	21.6	16.6
– adjustment in respect of prior periods	4.6	(0.1)
	26.2	16.5
Income tax on overseas operations	(2.5)	0.9
Total current income tax charge	23.7	17.4
Deferred tax:		
Origination and reversal of temporary differences	2.6	(0.3)
Effect of change in tax rate	0.2	—
Adjustment in respect of prior periods	0.8	0.2
Total deferred tax	3.6	(0.1)
Tax charge in the income statement	27.3	17.3
The tax charge in the income statement is disclosed as follows:		
Income tax charge	27.3	17.3
Tax relating to items credited/(charged) to equity		
Reduction in current tax liability as a result of the exercise of share options	—	0.1
Origination and reversal of temporary differences in relation to unexercised share options	—	(0.9)
Tax charge t in the Group statement of changes in equity	—	(0.8)

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

8. 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

	53 weeks ended 31 December 2023 £m	52 weeks ended 25 December 2022 £m
Profit after tax:	115.0	81.6
Non-underlying items	(39.3)	—
Underlying profit after tax	75.7	81.6

Weighted average number of shares

	2023 Number	2022 Number
Basic weighted average number of shares (excluding treasury shares)	410,406,240	434,211,333
Dilutive effect of share options and awards	1,915,682	1,826,246
Diluted weighted average number of shares	412,321,922	436,037,579

The performance conditions relating to share options granted over 5,131,078 shares (2022: 1,040,013) 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 were 1,791,468 share options excluded from the diluted earnings per share calculation because they would be anti-dilutive (2022: nil).

Earnings per share

	53 weeks ended 31 December 2023 £m	52 weeks ended 25 December 2022 £m
Statutory earnings per share		
Basic earnings per share	28.0p	18.8p
Diluted earnings per share	27.9p	18.7p
Underlying earnings per share:		
Basic earnings per share	18.4p	18.8p
Diluted earnings per share	18.4p	18.7p

9. Dividends paid and proposed

	53 weeks ended 31 December 2023 £m	52 weeks ended 25 December 2022 £m
Declared and paid during the period:		
Equity dividends on Ordinary shares:		
Final dividend for 2022: 6.8p (2021: 6.8)	28.3	30.0
Interim dividend for 2023: 3.3p (2022: 3.2p)	13.6	13.8
Dividends paid	41.9	43.8
Proposed for approval by shareholders at the AGM (not recognised as a liability at 31 December 2023 or 25 December 2022)		
Final dividend for 2023: 7.2p (2022: 6.8p)	28.4	28.6

Total dividend for FY23 of 10.5p per share, with final dividend of 7.2p proposed to be paid on 9 May 2024. The ex-dividend date is 4 April 2024, and the record date is 5 April 2024.

10. Intangible assets

	Goodwill £m	Franchise fees £m	Software £m	Other £m	Total £m
Cost or valuation					
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
Additions	—	—	9.2	0.3	9.5
At 31 December 2023	28.1	5.5	78.7	1.1	113.4
Accumulated amortisation and impairment					
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
Provided during the year	—	0.2	10.5	—	10.7
At 31 December 2023	16.4	5.4	62.4	0.4	84.6
Net book value at 31 December 2023	11.7	0.1	16.3	0.7	28.8
Net book value at 25 December 2022	11.7	0.3	17.6	0.4	30.0

The intangible assets relating to online sales have a net book value at the end of the period of £13.9m (2022: £11.7m).

At 31 December 2023 the net book value of internally generated intangibles included within software was £9.9m (2022: £7.4m). Internally generated intangibles included within software additions during the year was £7.5m (2022: £5.1m).

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. In the prior period the SFAs for Have More Fun (London) Limited were disposed of, refer to note 13.

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

	At 31 December 2023 £m	At 25 December 2022 £m
Goodwill		
UK corporate stores	11.7	11.7

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. During 2023 the corporate store business performed broadly in line with expectations. This is forecast to decrease in 2024 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**	
	2023	2022	**2023**	2022
UK Corporate Stores	**2.0%**	2.0%	**11.3%**	12.7%

For the year ended 31 December 2023 no impairment has been recognised against the goodwill allocated to the corporate stores (2022: £nil).

The forecast for the London corporate stores assumes no store openings over the forecast period and includes revenue growth assumptions between 2% and 6% 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 £16.1m, with the asset base being £14.1m, headroom of £2.0m is available. During the prior period the Group sold 5 corporate stores for a profit on disposal of £2.1m (refer to note 13). 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 £0.6m.
- A 100bps increase in food cost percentage would result in an impairment of £2.1m.
- A 100bps increase in the forecast food cost and a 100bps increase in the forecast labour cost would result in an impairment of £0.6m.
- A 100bps increase in the discount rate reduces headroom to £0.2m.

Given the maturity of the business and the improvements in cost control and operational efficiencies we have seen since acquisition we believe that further cost control and efficiencies are achievable. Based on the forecast revenue, EBITDA margins would have to decrease from 4.35%, by more than 49bps, to 3.86% throughout the forecast to trigger an impairment.

Master franchise fees

Master franchise fees consist of costs relating to the MFA for UK and Ireland. Each MFA is treated as having an indefinite life. The MFAs are tested annually for impairment in accordance with IAS 36. 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 31 December 2023 is £0.4m (2022: £0.6m). 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.

11. Investments in associates and joint ventures

	Joint ventures £m	Associates £m
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**
Underlying profit for the period	0.1	1.9
Dividends received	(0.3)	(1.9)
Balance at 31 December 2023	**4.4**	**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.

The Group has a 46% interest in Victa DP Limited (Victa). 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 it is considered commercially to be a joint venture.

The Victa DP investment has a significant external finance facility of £22.6m, and at the balance sheet date was in breach of covenants under this agreement following the lower than forecast performance and increased interest charges. The principal repayments under the facility continue to be made, and the company continues to trade profitably excluding any impairment charges.

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.

12. Financial liabilities

	At 31 December 2023 £m	At 25 December 2022 £m
Current		
Share buyback obligations	6.1	8.9
	6.1	8.9
Non-current		
Bank revolving facility	85.8	84.9
US Private Placement Loan Notes	199.1	198.8
	284.9	283.7

Share buyback obligation

The Group entered into an irrevocable non-discretionary programme with Numis Securities Limited to purchase up to a maximum of £70.0m (2022: £20.0m) of shares from 29 August 2023. Since this programme commenced, 17,152,705 (2022: 4,020,084) shares for consideration of £63.9m (2022: £11.6m) were purchased. The remaining share buybacks and unpaid amounts outstanding at 31 December 2023 are recognised as a financial liability of £6.1m (2022: £8.9m).

Debt facilities

At 31 December 2023, the Group had a total of £400m (2022: £400m) of debt facilities, of which £112.9m (2022: £113.4m) was undrawn. The facilities include a £200m multi-currency revolving credit facility (RCF) and £200m of US private placement loan notes (USPP). Arrangement fees of £1.9m and £1.3m were incurred on the RCF and USPP respectively.

Private placement loan notes

The Private Placement notes mature on 27th July 2027 and arrangement fees of £0.9m (2022: £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 expires on 27 July 2027. Arrangement fees of £1.3m (2022: £1.7m) 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 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.

13. Disposals

Investment in Daytona JV Limited

In June 2023, the Group disposed of its 33.3% interest in Daytona JV Limited. The Group received £79.9m, of which £70.6m related to the investment in Daytona JV limited and £9.3m related to the repayment of the loan. Included in the cash received on disposal is a £1.8m gain on a forward foreign currency contract that was entered into to provide certainty to the Group over cash flows received on disposal. The profit on disposal is analysed as follows:

	Daytona JV Limited £m
Cash received on disposal	70.6
Carrying amount of investment disposed	(32.4)
Currency translation gain transferred from translation reserve	**2.5**
Profit on disposal before professional fees	40.7
Professional fees relating to the disposal	(0.1)
Total profit on disposal of investment	**40.6**

The profits arising from the disposal have been treated as non-taxable on the basis the disposal falls under the Substantial Shareholding Exemption.

Corporate Stores – Have More Fun (London) Limited

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

14. Assets held for sale

	At 31 December 2023 £m	At 25 December 2022 £m
Assets held for sale	—	32.9

Assets held for sale included 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 which was exercised in the prior year. During the year, the Group completed the sale of its investment in Daytona.

For further details refer to note 13.

15. Additional cash flow information

	Note	**53 weeks ended 31 December 2023 £m**	52 weeks ended 25 December 2022 £m
Cash flows from investing activities			
Dividends received from investments		0.8	2.2
Dividends received from associates and joint ventures	11	2.2	2.9
Decrease in loans to associates and joint ventures		9.3	1.7
		12.3	6.8

Reconciliation of financing activities

	At 26 December 2022 £m	Cash flow £m	Exchange differences £m	Non-cash movements £m	At 31 December 2023 £m
Debt facilities	(283.7)	(0.8)	0.2	(0.6)	(284.9)
Lease liabilities	(223.4)	33.9	0.1	(40.9)	(230.3)
	(507.1)	33.1	0.3	(41.5)	(515.2)

	At 27 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)

Share transactions

	53 weeks ended 31 December 2023 £m	52 weeks ended 25 December 2022 £m
Purchase of own shares - share buyback	(93.3)	(77.5)
Purchase of own shares - employee benefit trust	(5.0)	(9.0)
Share transactions	(98.3)	(86.5)

Reconcilliation of free cash flow

	53 weeks ended 31 December 2023 £m	52 weeks ended 25 December 2022* £m
Cash generated from operating activities	113.5	85.1
Net interest paid	(13.1)	(4.8)
Receipts of principal element on lease receivables	15.0	14.3
Receipts of interest element on lease receivables	12.6	12.4
Repayment of principal element on lease liabilities	(20.1)	(19.3)
Repayment of interest element on lease liabilities	(13.8)	(13.7)
Dividends	3.0	5.1
Other	(0.1)	(0.1)
	97.0	79.0

*For the 52 weeks ended 25 December 2022, the disclosure of the repayment on lease liabilities and receipts on lease receivables has been re-presented to reflect separately the principal and interest elements.

16. Post balance sheet events

On 11 March 2024, the Group entered into a binding Sale and Purchase Agreement for the purchase of the remaining 85% of Shorecal Ltd, a company registered in Ireland. The consideration for the acquisition is expected to be €73m (£62m) subject to completion adjustments, and the Group will repay existing debt of €19.9m (£17.3m). At completion, 61% of the Consideration will be payable to the Sellers in cash, with the remaining 39% to be satisfied by an issuance of shares in the Company (the “Consideration Shares”) to the Sellers. The number of Consideration Shares to be issued will be based on the VWAP of the Company’s shares for the trailing 3-month period. A subsidiary of the Company already owns a 15% shareholding in Shorecal, and therefore, the Transaction will result in DPG acquiring a 100% shareholding in Shorecal. The Transaction is subject to competition approval in Ireland and is expected to complete by 31 May 2024.