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Domino's Pizza Group Plc - Half year results for the 26 weeks ended 30 June 2024

Positive trading momentum in Q2

London corporate stores disposal complete and new £20m share buyback

	H1 24[1]	H1 23[1]	% change
System sales[2]	£767.7m	£766.4m	+0.2%
Total orders	35.1m	35.4m	(0.9)%
Group revenue	£326.8m	£332.9m	(1.8)%
Underlying*[,3] EBITDA	£69.0m	£68.7m	+0.4%
Underlying*[,3] profit before tax	£51.3m	£50.9m	+0.8%
Statutory profit before tax	£59.4m	£91.5m	(35.2)%
Underlying*[,3] basic EPS	9.8p	9.5p	+3.2%
Statutory basic EPS	10.7p	19.3p	(44.6)%
Interim dividend per share	3.5p	3.3p	+6.1%

* Underlying excludes a profit of £40.6m in H1 23 from the disposal of the German associate and a £11.2m profit on disposal of corporate stores, Shorecal acquisition costs of £2.2m and amortisation of intangible assets of £1.0m in H1 24. For EPS, this also excludes the non-underlying tax charge of £4.5m.

Commenting on the results, Andrew Rennie, CEO said:

"Following a slow start to the year, we now have good momentum in the business with our strategic initiatives gaining traction and our trading performance accelerating steadily against strong comparatives from last year. In Q2 we grew orders, with a notable improvement from the middle of May and importantly have halted the trend of declining delivery orders. These are now returning to growth and this momentum has continued through June and July, helped by a good performance through the Men's Euro Football tournament."

"We're executing well in an uncertain market thanks to our unrelenting focus on brilliant value, quality and service for our customers. Our average delivery time is now 24 minutes, which creates even better value for our customers. We have continued to support the growth of the system through passing on food cost deflation to our franchise partners."

"In our core UK & Ireland business, we see significant opportunity for further growth through opening new stores, an exciting new loyalty trial to drive frequency and a focus on value and service, especially in the delivery channel. There is alignment with our franchise partners and tangible energy across the system to capitalise on this opportunity."

"We continue to operate a capital light business and are moving towards our goal of building a larger and more profitable business for our shareholders, franchise partners and colleagues."

Financial highlights

- Group revenue down 1.8% with lower supply chain revenue offset by increased corporate store revenue following the acquisition of Shorecal
- Underlying EBITDA up 0.4% at £69.0m. Excluding the £2.3m gain on sale of freehold property in H1 23, Underlying EBITDA is up 3.9%
- Underlying profit before tax up 0.8% to £51.3m, with higher interest costs offset by lower amortisation
- Statutory profit before tax of £59.4m after including £8.1m of non-underlying items
- Interim dividend of 3.5p per share, up 6.1%
- Net Debt[4] of £285.4m and a leverage ratio of 2.16x, within our target Net Debt / EBITDA leverage range of 1.5x – 2.5x
- Issuance of new £100m 5.97% USPP notes due in 2034. Supports reduced utilisation of RCF, which has a higher interest rate, and extends the debt maturity profile
- New £20m buyback programme reflecting confidence in future prospects
- In line with strategy to recycle capital, disposal of London corporate store estate now complete. 30[5] stores sold to five different franchise partners for a total consideration of £35.1m, of which £17.3m was received by 30 June 2024

Operational and strategic highlights

- H1 24 total orders of 35.1m, down 0.9% vs. H1 23, with collection orders up 2.4% and delivery orders down 2.6%. On a comparable basis[6], total orders were down 0.1%
- Improved trading momentum in Q2 24, highlighting the growing traction of our strategic initiatives
  - On a comparable basis[6] Q2 24 total orders up 0.6% and up 0.1% on a reported basis
  - On a comparable basis[6] Q2 24 delivery orders up 1.1% after ten consecutive quarters of declining volumes. Delivery orders flat on a reported basis in Q2 24
- Sustainable growth in H1 24 franchisee EBITDA per store, £81k, +6.6% vs. H1 23, despite impact of large minimum wage increase
- 22 new store openings vs. 29 in H1 23. Acceleration in H2 24 openings with 4 so far vs. 1 in the same period last year, pipeline remains strong, with 38 stores in construction or planning approved. In a slower planning environment, we are still expecting to exceed FY23 store openings with a target of 70 new stores in FY24
- Outstanding service improvements with Q2 24 average delivery times of 24 minutes, a one-minute improvement on Q1 24, as a result of intense operational focus from our franchise partners
- Continued digital progress with growth in app customers and orders
  - 9.5m active app customers, up 17% vs H1 23 with app orders as a percentage of online orders at 77.6% (+2.4ppts vs.Q2 23)
  - Following encouraging results in first loyalty test phase, now moving to second phase of loyalty trial with c.630k customers
- Decision taken to permanently roll out on the Uber Eats platform following extensive data-led trial which attracted incremental customers and orders

Current trading, outlook and guidance

The growing traction of our strategic initiatives drove improved trading momentum from the middle of May, through June and July. Q2 orders were back in growth and also benefitted from the return to growth in delivery orders following ten consecutive quarters of decline. Total orders in July were up 5.8%[6] on a comparable basis, with a good contribution from the Euros.

In March 2024 we guided that FY24 Underlying EBITDA would be in line with market expectations, and that we did not expect Shorecal to make a significant contribution to FY24's performance. As announced, the Shorecal acquisition completed sooner than originally anticipated and investment costs are lower than planned. Consequently, we now expect Shorecal to contribute c.£5m to FY24 Underlying EBITDA.

Whilst we anticipated some food cost deflation in FY24, we are now planning to pass on a greater level in H2 to our franchise partners as we continue to deliver value offers for customers, underpin the strength of the system and drive long-term growth. We expect our recent momentum to continue. However, given the slower start to H1 and the greater pass-through of food costs to franchise partners, we now expect FY24 Underlying EBITDA, including the contribution from Shorecal, to be towards the lower end of the current range of market expectations[7].

Despite the uncertain market, we are confident we will maintain our trading momentum into H2 24 as we continue to execute on our strategic initiatives and expect to deliver growth in both order count and like-for-like sales in FY24.

Our technical guidance for FY24 is as follows:

- No benefit to underlying profit from the sale of property (£2.3m benefit in H1 23)
- Shorecal expected to contribute c.£5m to Underlying EBITDA
- Underlying depreciation & amortisation of between £18m to £20m
- Underlying interest costs (excluding foreign exchange movements) in the range of £17m to £20m
- Estimated underlying effective tax rate of c.24.5% 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 BST today. The webcast and presentation can be accessed by here and will also be available on the Results, Reports and Presentations page of our corporate website.

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

About Domino's Pizza Group ("DPG")

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 5 August 2024, we had 1,344 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. H1 24 is 26 weeks ended 30 June 2024. H1 23 is 26 weeks ended 25 June 2023.
2. System sales represent the sum of all sales made by both franchised and corporate stores to consumers in UK & Ireland. These are excluding VAT.
3. Underlying is defined as statutory performance excluding discontinued operations, and items classified as non-underlying which includes significant irregular costs, significant impairments of assets, together with fair value movements and other costs associated with acquisitions and disposals as set out in note 4 to the financial information. Underlying excludes a profit of £40.6m in H1 23 from the disposal of the German associate and a £11.2m profit on disposal of corporate stores, Shorecal acquisition costs of £2.2m and amortisation of intangible assets of £1.0m in H1 24. For EPS, this also excludes the non-underlying tax charge of £4.5m.
4. Net Debt is defined as the bank revolving facilities, private placement facilities, cash and cash equivalents and other loans, including balances held in disposal groups held for sale.
5. 30 London corporate stores sold to five different franchise partners. One London corporate store was closed due to a compulsory purchase order issued by the local council.
6. FY23 was a 53-week year, so the comparator weeks between H1 23 and H1 24 are different. H1 23 included Boxing Day and New Year's Eve, whereas these two important trading days did not fall into H1 24. The comparable basis adjusts for this difference, by comparing week 1-13 in Q1 24 with weeks 2-14 in Q1 23, and weeks 14-26 in Q2 24 with weeks 15-27 in Q2 23.
7. Current mean of FY24 Underlying EBITDA expectations: range of £144.3m - £149.2m, with a mean of £147.1m. Based on 8 analysts' forecasts.

Performance summary

H1 24 system sales were up 0.2% to £767.7m and on a comparable basis, H1 24 like-for-like sales, excluding splits and VAT, were down 0.5% against tough comparators in the prior year. As previously reported, Q1 24 and April were challenging driven by a slower delivery market and by the tactical holdback of marketing spend, particularly in January. Q2 orders were back in growth highlighting the growing traction of our strategic initiatives.

H1 24 Underlying EBITDA was £69.0m, up 0.4% compared to H1 23, with lower supply chain EBITDA, due to the pass-through of food costs, more than offset by the contribution from Shorecal and lower technology platform costs.

Underlying profit before tax was £51.3m, up 0.8% compared to H1 23 as lower amortisation charge of £1.3m was largely offset by increased finance costs.

Statutory profit before tax was £59.4m after £8.1m of non-underlying items, of which £11.2m relates to the profit on disposal of corporate stores offset by £2.2m of acquisition costs and £1.0m amortisation of acquired intangible assets.

Free cash flow generated by the business was £30.5m in H1 24, a decrease from £56.2m in H1 23 driven by a working capital outflow, which is mostly expected to reverse in H2 24, and increased taxation.

Net Debt increased by £52.6m from the start of FY24 to £285.4m due to the acquisition of Shorecal and the investment in DP Poland Plc with Net Debt/EBITDA leverage of 2.16x (excluding IFRS 16) within our target Net Debt / EBITDA leverage range of 1.5x – 2.5x.

The performance of the business means that, in line with our capital allocation framework, we will pay an interim dividend of 3.5p, a 6.1% increase compared to the prior year.

As a result of our confidence in future prospects, a new £20m share buyback programme will commence with immediate effect.

Good strategic progress in the core UK & Ireland business

In March 2024, we outlined our goal to further sharpen our execution across all areas of the business to give our customers better service and better value. We laid out four strategic priorities to achieve this and are pleased that we have made progress against each one.

1. Franchisee profitability

We were clear at the start of FY24 that a priority this year was to work with our franchise partners to help improve their store profitability. Despite some inflationary pressures, particularly in labour costs, our franchise partners were able to further increase their profitability in H1 24. Based on the unaudited data submitted to us by our franchise partners, average store EBITDA for all UK stores in H1 24 was approximately £81k, equivalent to a 14% EBITDA margin. This is a 6.6% increase on H1 23 when average store EBITDA was £76k with a 13% EBITDA margin and a 15.7% increase on H1 19.

Since reaching our resolution with our franchise partners in December 2021, when we set out how we would work together with aligned objectives, we have both made material progress. DPG has invested over £20m in upgrading the technology infrastructure as well as providing new store incentives and drive the growth of the system. We have fully rolled out on Just Eat and Uber Eats, service has materially improved and great value has been delivered to customers through successful national value campaigns to drive our sales growth. This alignment and momentum has also driven improved franchise partner and DPG profitability.

As we approach the end of the three-year memorandum of understanding we are more aligned than ever with our franchise partners and are working constructively with them to put in place a new long-term agreement. We look forward to providing an update in due course.

2. Value for money

Offering customers value for money is essential in the current environment. We define ‘value’ as the quality of the product, combined with the service and image, divided by price. In H1 24 we partnered with our franchise partners to offer a range of compelling offers across the period with a combination of £8 / £10 / £12 deals for small, medium and large pizzas as well as 50% off the app and 40% off the web deals. In April 2024 we launched our £4 lunch offer providing an incremental opportunity to target different parts of the day. Early results have been encouraging.

Our customer service stepped up again in H1 24 with continued improvements through the period. Average delivery times in Q2 24 reduced by one minute from Q1 24 to 24 minutes and the percentage of deliveries on time improved relative to H1 23. Our franchise partners are benefiting from the full roll out of our enhanced GPS solution to all stores in FY23 as well as extensive national training programmes. GPS helps stores manage labour through more efficient driver route planning and better co-ordination with the store. It also enables customers to see exactly where their order is and provides an accurate delivery time.

Offering new products to our customers is essential and we made excellent progress with innovation in H1 24. The highlight of the period was our Domino’s cookie with Cadbury’s Crème egg which sold out within two weeks of launch, but we were able to bring it back by popular demand for Easter, generating high incremental sales of desserts. Our £4 lunch range now includes pizzas, wraps, fries and smaller portions of chicken or cookies. We have designed our ‘Cheeky Little Pizzas’ to be under 600 calories and wraps to be under 450 calories, meeting consumer needs for lighter options at lunch. We also launched our Ultimate Carbonara and Ultimate Lasagne pizzas which contributed to sales in February and March, as well as our Ultimate Cheesy Garlic bread which was so well received it is now permanently on the menu. Our innovation pipeline continues to build under our outstanding innovation team and we look forward to bringing these great products to our customers.

3. Digital

The Domino’s app continues to be 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. The app is expected to be a material contributor to future system sales growth, and driving more orders through the app is a key focus in FY24. Orders placed on our app, as a percentage of total online orders, were 77.6% in H1 24, an increase of 2.4ppts vs. Q2 23 and the number of active app customers was 9.5m, an increase of 17% compared to H1 23.

The primary opportunity for DPG is increasing our customers’ average order frequency over time. Currently, our customers order on average 4.3 times a year. We are focused on leveraging our c.13.5m 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 targeted and compelling way.

We have made good progress in our approach to introducing a loyalty programme. With an active customer base of c.13.5m customers it is important that this is executed in a disciplined, structured, and profitable way. As previously communicated, we undertook the first phase of our testing in Q1 24 with a small set of customers. Following encouraging results, we are now moving to the second, more advanced, trial stage with c.630k customers. Pending the success of this stage, we will assess the optimal structure for a loyalty programme for a potential 2025 launch.

4. Convenience

New store openings are a core driver of growth and we are clearly under-penetrated compared to competitors in the UK and also other Domino's systems. At the start of the year, we undertook a detailed review of the growth potential in the UK and Ireland. Using this updated analysis, we have identified opportunities across new territories as well as splitting existing geographies. More importantly, our franchise partners are hungry for growth and have exceptional second-generation talent who want to grow their businesses. There is a significant opportunity to build our scale further and we have targets to have in excess of 1,600 stores by 2028 and 2,000 stores by 2033 in the UK and Ireland.

In H1 24 we opened 22 new stores with 15 different franchise partners. We will continue to open stores in virgin territories and to focus on splits where appropriate but there is also a heightened focus on smaller address count territories. These have limited competition, and our strong national brand is a significant competitive advantage. In H1 24, 11 of the new store openings were in virgin territories and are trading ahead of expectations. The overall pipeline is strong for FY24 with a further 38 stores in construction or planning approved. In a slower planning environment, we are still expecting to exceed FY23 store openings with a target of 70 new stores this year.

In January 2024 DPG started a trial on Uber Eats across UK and Ireland. The data-led trial enabled customers to order Domino's Pizza via the Uber Eats platform, but the pizzas are delivered by our own Domino's delivery drivers. Following the successful trial which delivered incremental customers and orders, we have decided to roll out on Uber Eats on a permanent basis across UK & Ireland. Presence on Uber Eats complements our existing partnership with Just Eat. Presence on both platforms is additive with Uber performing well in London, the South and major city centre locations.

Additional growth opportunities

Alongside investment in the core UK & Ireland business, which remains our top priority, we have continued to focus on reallocation of capital within the corporate estate and joint ventures to improve returns and also to assess additional growth opportunities.

We have now completed the disposal of our corporate stores in London to a select number of new and existing franchise partners for a total consideration of £35.1m. We also acquired full control of Shorecal on 10 April 2024 which will unlock a significant opportunity for us in Ireland and we are now in an even stronger position to accelerate our growth, open new stores, and provide great service and great tasting products to our customers. Finally, in April 2024, we completed a £11m investment in DP Poland plc ("DPP") and as a result, DPG owns approximately 12.1% of DPP's issued share capital. This represented a unique opportunity to re-enter international markets in a disciplined, capital-light manner with a high-performing business, operated by an experienced management team.

We will continue to assess value-enhancing opportunities to drive earnings growth and build a larger and more cash-generative business. We have a strong pipeline of opportunities which we are evaluating in a disciplined way at pace.

Capital allocation

As we accelerate our growth, we have continued to apply our four-point capital allocation framework, introduced in March 2021, to deploy the cash generated by the business. Investment to drive core growth in the business remains our number one priority and we invested £7.1m in H1 24. This included the development of our supply chain centre in Ireland and investment in our digital and technology infrastructure.

In line with our commitment to pay a sustainable and progressive dividend, we have declared an interim dividend of 3.5p per share, an increase of 6.1% on the prior year.

The third pillar of our capital allocation framework is investing in additional growth opportunities, as outlined above.

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. As a result of confidence in future prospects, we have announced a new £20m buyback, effective immediately. Since March 2021, we have announced £461m of shareholder returns comprising £185m in dividends and £276m in share buybacks.

Delivering our sustainable future

In the first half of 2024, we made significant strides in our sustainability journey at Domino's, achieving several firsts for the Group. We published our inaugural sustainability report outlining our short to mid-term ambitions and our 2023 progress. Our first nutrition policy was developed, underpinning our efforts to offer a more balanced range of choices and provide clear nutritional information to customers. We also began executing our first Carbon Reduction glide path, addressing scopes one, two, and three emissions. Renewable energy played a key role in our progress, as we went live with newly installed solar panels across three supply chain centres.

In another milestone, we celebrated our first female Home-Grown Hero, Lucy Harman, a former store manager, who opened her own store in Hayling Island. These accomplishments represent important steps forward in our ongoing commitment to sustainability and achieving our corporate purpose of delivering a better future through food people love.

H1 24 trading review

System sales represent all sales made by both franchised and corporate stores to consumers. Total system sales were £767.7m, up 0.2% on H1 23. On a comparable basis, like-for-like system sales across UK & Ireland were down 0.5%, excluding split stores and the different VAT rate in Ireland. The quarterly analysis of this performance is in the table below.

UK & ROI	Q1 2024	Q2 2024	H1 2024	Q1 2023	Q2 2023	H1 2023
Reported LFL exc. splits[1] and exc. VAT[2]	(2.1)%	(0.8)%	(1.5)%	10.7%	8.6%	9.7%
LFL exc. splits[1] and exc. VAT[2] on a comparable basis[3]	(0.5)%	(0.5)%	(0.5)%	-	-	-

1. 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 2022.
2. 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.
3. FY23 was a 53-week year, so the comparator weeks between H1 23 and H1 24 are different. H1 23 included Boxing Day and New Year's Eve, whereas these two important trading days did not fall into H1 24. The comparable basis adjusts for this difference, by comparing week 1-13 in Q1 24 with weeks 2-14 in Q1 23, and weeks 14-26 in Q2 24 with weeks 15-27 in Q2 23.

Total orders in H1 24 declined by 0.9%. This was driven by a 2.4% growth in collection orders, offset by a 2.6% decline in delivery orders. Importantly, we saw a meaningful improvement in delivery orders in Q2 24, where orders returned to growth on a comparable basis after ten consecutive quarters of decline. This was driven by close collaboration with our franchise partners to drive greater value in the channel and by offering customers even better service. Collections continued to show growth throughout H1 24. Collection represents the most efficient labour channel, with delivery effectively outsourced to the customer.

UK & ROI	**Total[4]**			**Total (All Stores)**		
	System sales	**Volume**	**Price**	**Orders (m)**	**YOY Order Growth on a reported basis**	**YOY Order Growth on a comparable basis**
Total						
Q1	(0.4)%	(3.1)%	2.7%	17.7m	(1.8)%	(0.8)%
Q2	0.7%	(1.9)%	2.6%	17.4m	+0.1%	+0.6%
H1	0.2%	(2.5)%	2.7%	35.1m	(0.9)%	(0.1)%
Delivery only						
Q1	(1.8)%	(4.3)%	2.5%	11.5m	(5.0)%	(3.9)%
Q2	0.9%	(1.6)%	2.5%	11.1m	0.0%	+1.1%
H1	(0.5)%	(3.0)%	2.5%	22.6m	(2.6)%	(1.5)%
Collection only						
Q1	4.5%	0.8%	3.7%	6.2m	+4.7%	+5.5%
Q2	0.2%	(2.6)%	2.8%	6.3m	+0.2%	(0.3)%
H1	2.3%	(0.9)%	3.2%	12.5m	+2.4%	+2.5%

4 Total system sales, volume and price shown on a reported basis. In prior years, this table has been shown on a LFL basis. Going forwards this will now be shown a on total sales and orders basis.

Financial review

- Underlying EBIT of £60.1m, an increase of £1.6m vs. H1 23, predominantly driven by £1.3m of lower amortisation costs.
- Statutory profit after tax of £42.3m, down from £80.2m in H1 23 largely due to the prior period including a £40.6m gain on disposal of the German associate in non-underlying results
- Underlying free cash flow decreased by £25.7m to an inflow of £30.5m, due to a decrease in working capital of £10.7m and higher corporation tax payments of £15.2m.
- Overall net debt increased by £52.6m as a result of the £48.7m acquisition of Shorecal and the £11.4m investment in DP Poland, partially offset by the £17.3m proceeds from the disposal of 14 London corporate stores.
- Interim dividend of 3.5p per share to be paid on 27 September 2024 to shareholders on the register as at 16 August 2024.

	26 weeks ended 30 June 2024 £m	26 weeks ended 25 June 2023 £m
Group Revenue	**326.8**	332.9
Underlying EBIT before contribution of investments	**58.9**	56.8
Contribution of investments	1.2	1.7
Underlying EBIT	**60.1**	58.5
Underlying net finance costs	(8.8)	(7.6)
Underlying profit before tax	**51.3**	50.9
Underlying tax charge	(12.6)	(11.3)
Underlying profit after tax	**38.7**	39.6
Non-underlying items	3.6	40.6
Statutory profit after tax	**42.3**	80.2
EBITDA reconciliation		
Underlying EBITDA	**69.0**	68.7
Depreciation, amortisation and impairment	(8.9)	(10.2)
Underlying EBIT	**60.1**	58.5

Underlying EBITDA increased by £0.3m to £69.0m. Depreciation and amortisation reduced by £1.3m, which led to an overall increase in Underlying EBIT of £1.6m, from £58.5m to £60.1m. Statutory profit after tax decreased to £42.3m from £80.2m, primarily due to the profit on disposal of the investment in the German associate which was treated as a non-underlying item in FY23.

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 £767.7m, up 0.2% from H1 23.

	26 weeks ended 30 June 2024 £m	26 weeks ended 25 June 2023 £m
Supply chain revenue	217.6	235.7
Royalty, rental & other revenue	40.6	41.9
Corporate stores revenue	26.2	16.4
NAF & ecommerce	42.4	38.9
Total	**326.8**	**332.9**

Reported revenue decreased by £6.1m to £326.8m, primarily driven by a decrease in supply chain revenue as a result of reduction in 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 decreased by £1.3m driven by rental and other revenues.

Revenue for our directly operated corporate stores increased by £9.8m due to the acquisition of Shorecal on 10 April 2024. NAF and ecommerce revenue was up £3.5m 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 EBITDA remained broadly flat, increasing by £0.3m to £69.0m, as the benefit from the acquisition of Shorecal of £2.1m and reduced technology costs of £1.8m were offset with reduced profit from trading of £1.5m, largely as a result of food price decreases, and due to a profit of £2.3m recognised in H1 23 relating to a sale of freehold property.

Underlying EBIT increased by £1.6m to £60.1m, as a result of decreased amortisation relating to the old eCommerce platform.

Technology platform costs

H1 FY24	EBITDA £m	Amortisation and impairment £m	Profit before tax £m	Capital expenditure £m
ERP	(3.5)	—	(3.5)	—
eCommerce platform	—	(0.7)	(0.7)	—
Total	**(3.5)**	**(0.7)**	**(4.2)**	—

H1 FY23	EBITDA £m	Amortisation and impairment £m	Profit before tax £m	Capital expenditure £m
ERP	(3.7)	(0.7)	(4.4)	—
eCommerce platform	(1.6)	(0.3)	(1.9)	(2.9)
Total	**(5.3)**	**(1.0)**	**(6.3)**	**(2.9)**

During the half, 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 was £4.2m.

Within EBITDA, costs of £3.5m have been recognised which relate to the ERP. 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. This represents the full spend on the project in the year to date.

Within amortisation, a total cost of £0.7m which relates to the ecommerce platform.

The deployment of ERP will now run until FY25 as we will pause the roll-out towards the end of FY24 during our peak trading season.

Interest

Net underlying finance costs in the period were £8.8m, an increase of £1.2m. The increase in finance costs is as a result of increased net debt which is outlined further below. During the period the Group increased its debt facilities with an additional £100m in Private Placement Loan Notes due in 2034 at a fixed rate of 5.97%. The Group now has combined debt facilities available of £500m (H1 23: £400m).

Taxation

The underlying effective tax rate for 2024 was 24.6% (H1 23: 22.2%) The increase in the effective tax rate is due to an increased tax charge relating to transfer pricing between our UK and Irish subsidiaries, together with the prior year reflecting a lower rate of UK corporation tax which increased to 25% effective April 2023.

Profit after tax and non-underlying items

Underlying profit after tax was £38.7m, a decrease from £39.6m in H1 23 mainly due to a £1.2m increase in net finance costs and a £1.3m increase in taxation as outlined above.

Statutory profit after tax was £42.3m, a decrease of £37.9m. In H1 24, a non-underlying profit after tax of £3.6m has been recognised. This includes a £11.2m profit on disposal of the corporate stores offset with Shorecal acquisition costs of £2.2m, amortisation on reacquired rights of £1.0m and taxation of £4.5m.

In H1 23, the Group incurred a £40.6m profit on disposal of the investment in the German associate which was classified under non-underlying.

Earnings per share

Underlying basic EPS increased to 9.8p as a result of the lower number of weighted average shares due to the share buyback programme. Statutory EPS decreased to 10.7p from 19.3p, largely due to the profit on disposal of the German associate in H1 23.

Free cash flow and Net debt

	26 weeks ended 30 June 2024 £m	26 weeks ended 25 June 2023 £m
Underlying EBITDA	**69.0**	**68.7**
Add back non-cash items		
– Contribution of investments	(1.2)	(1.7)
– Other non-cash items	0.7	(1.0)
Working capital	(10.7)	10.2
IFRS 16 – net lease payments	(3.3)	(3.1)
Dividends received	1.2	1.8
Net interest	(7.8)	(7.1)
Corporation tax	(15.2)	(11.6)
Free cash flow before non-underlying cash items	**32.7**	**56.2**
Non-underlying cash	(2.2)	—
Free cash flow	**30.5**	**56.2**
Capex	(7.1)	(11.3)
Repayment from German associate	—	9.3
Acquisitions and disposals	(42.5)	70.6
Disposal of property, plant and equipment	—	4.4
Dividends	(28.1)	(28.3)
Share transactions – Buybacks	(6.2)	(17.1)
Share transactions – EBT share purchase	0.3	(1.9)
Movement in net debt	**(53.1)**	**81.9**
Opening net debt	(232.8)	(253.3)
Movement in capitalised facility arrangement fee	0.4	(0.3)
Forex on net debt	0.1	0.3
Closing net debt	**(285.4)**	**(171.4)**
Last 12 months net debt/Underlying EBITDA ratio (excl. IFRS 16)	**2.16x**	**1.33x**

Net debt increased by £52.6m during the period to £285.4m, with free cash flow generated of £30.5m and £17.3m received from the disposal of 14 London corporate stores. This was offset with £48.7m cash paid on the acquisition of Shorecal and £11.4m on the Investment in DP Poland. Capital expenditure of £7.1m was incurred and returns to shareholders through dividends of £28.1m and share buybacks of £6.2m.

Free cash flow of £30.5m is a decrease of £25.7m on H1 23. Underlying EBITDA was £69.0m, an increase of £0.3m as outlined above.

There was a working capital outflow of £10.7m (H1 23: inflow of £10.2m). This predominantly relates to decreases in overall accruals and accrued income of £8.3m, an increase in the NAF debtor of £2.6m, an outflow of £0.8m relating to Shorecal and an outflow of £2.6m relating to timing of payroll taxes and corporate stores payroll. This was offset by decreases in inventory of £3.0m due to seasonal levels from year end. These movements largely offset the working capital outflow reported in FY23 and are expected to mostly reverse in H2 24.

Net IFRS 16 lease payments increased by £0.2m to £3.3m. Dividends received of £1.2m include £1.0m from our associates and joint ventures and £0.2m from our investment in Shorecal prior to acquisition.

Net interest payments of £7.8m increased from £7.1m as a result of increased net debt due to the reasons outlined above.

Non-underlying payments of £2.2m were made during the year, which predominately relate to transaction costs on the acquisition of Shorecal.

Capital expenditure decreased to £7.1m. Of this amount, £1.2m relates to development and expansion of our supply chain centre in Ireland and £2.7m relates to total investment in digital and ecommerce development.

Acquisitions and disposals of £42.5m includes £48.7m on the acquisition of Shorecal, of which £16.3m relates to the repayment of debt on acquisition. The Group invested £11.4m for a 12% investment in DP Poland plc. This is offset by the £17.3m in proceeds received on the disposal of 14 London corporate stores. In H1 23, the Group received £79.9m for the disposal of the German associate, of which £70.6m related to the disposal of the investment and £9.3m related to the repayment of a loan.

Dividends paid of £28.1m relates to the final FY23 dividend paid in May 2024. In addition, the remaining £6.2m outstanding balance of the £70m share buyback programme announced in August 2023 was completed in H1 24.

Capital employed and balance sheet

	At 30 June 2024 £m	At 31 December 2023 £m
Intangible assets	103.3	28.8
Property, plant and equipment	99.2	97.6
Investments, associates and joint ventures	37.3	35.5
Deferred consideration	—	0.3
Right-of-use assets	20.6	19.3
Net lease liabilities	(22.4)	(21.6)
Provisions	(4.7)	(3.8)
Working capital	(38.0)	(44.9)
Net debt	(285.4)	(232.8)
Tax	(12.1)	(6.3)
Share buyback obligations	—	(6.1)
Held within assets and liabilities held for sale	6.9	—
Net liabilities	**(95.3)**	**(134.0)**

Intangible assets increased by £74.5m to £103.3m, which includes additions of £86.3m relating to the acquisition of Shorecal of which £63.9m relates to Goodwill and £22.4m in reacquired rights. Goodwill of £5.9m was disposed of as part of the London Corporate stores disposal with an additional £5.8m reclassified as assets held for sale.

Property, plant and equipment increased by £1.6m to £99.2m of which £2.9m was acquired on the acquisition of Shorecal. Property, plant and equipment with a carrying value of £0.8m were disposed of as part of the London Corporate stores disposal with an additional £1.5m reclassified as held for sale. Other additions of £4.3m were largely offset with depreciation of £3.0m incurred during the period.

Investments, associates and joint ventures increased by £1.8m, as the acquisition of the 12% share in DP Poland of £11.9m was largely offset with the derecognition of the Shorecal investment of £10.0m, with £0.4m increases in other JV and associate balances. The investment in DP Poland is treated as a fair value through other comprehensive income investment, and the initial cost of £11.4m was revalued upwards by £0.5m in the period, with the movement recognised in reserves.

Right-of-use assets of £20.6m represent the lease assets for our corporate stores both in the UK and Ireland, warehouses and equipment leases recognised under IFRS 16 in the current period. The net lease liability is £22.4m. The lease portfolio has increased as a result of the acquisition of Shorecal which has been partially offset by the disposal of the London Corporate stores.

The net working capital liability has decreased from £44.9m to £38.0m as a result of the factors outlined in the cash flow section above.

Assets and liabilities held for sale of £6.9m relate to the remaining corporate stores which have been sold in July 2024. This is expected to generate an additional profit on disposal before tax, net of closure costs, of £8m-£10m.

Total equity has increased by £38.7m, to a net liability position of £95.3m, largely due to the profit after tax generated of £42.3m, the share premium recognised on the Shorecal acquisition share issue of £22.3m, offset with dividend payments.

Treasury management

The Group holds £500m in debt facilities, of which £200m relates to an unsecured multi-currency revolving credit facility and £300m relates to US Private placement loan notes. The revolving credit facility expires in July 2027, and of the US Private Placement loan notes, £200m mature in July 2027 and £100m matures in June 2034.

During the current year the Group entered into new £100m sterling-denominated US Private Placement Loan notes that mature on 20 June 2034. The loans notes incur interest at a fixed rate of 5.97% which is payable every 6 months. The financial covenants under the new arrangement are in line with the current debt facilities as shown below.

The £200m private placement loan notes incur interest at a fixed rate at 4.26%. Interest is paid every six months.

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 30 June 2024 was £186.0m.

The financial covenants under all 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.

As at 30 June 2024 the Group has Net debt of £285.4m, and the last 12 months Net debt/EBITDA ratio excluding the impact of IFRS 16 increase to 2.16x from 1.77x, largely as a result of the initial cash outflow on the acquisition of Shorecal.

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
26 weeks ended 30 June 2024

	Note	26 weeks ended 30 June 2024 £m			26 weeks ended 25 June 2023 £m			53 weeks ended 31 December 2023 £m		
		Underlying	**Non-underlying***	**Total**	Underlying	Non-underlying*	Total	Underlying	Non-underlying*	Total
Revenue	3	326.8	-	326.8	332.9	-	332.9	679.8	-	679.8
Cost of sales		(169.9)	-	(169.9)	(179.7)	-	(179.7)	(363.6)	-	(363.6)
Gross profit		**156.9**	**-**	**156.9**	**153.2**	**-**	**153.2**	**316.2**	**-**	**316.2**
Distribution costs		(20.6)	-	(20.6)	(19.0)	-	(19.0)	(42.6)	-	(42.6)
Administrative costs	4	(77.4)	(3.1)	(80.5)	(79.7)	-	(79.7)	(161.7)	-	(161.7)
Share of post-tax profits of associates and joint ventures		1.2	-	1.2	1.7	-	1.7	2.0	-	2.0
Other income	4	-	11.2	11.2	2.3	40.6	42.9	2.3	40.6	42.9
Profit before interest and taxation		**60.1**	**8.1**	**68.2**	**58.5**	**40.6**	**99.1**	**116.2**	**40.6**	**156.8**
Finance income	5	7.1	-	7.1	6.6	-	6.6	13.7	-	13.7
Finance costs	6	(15.9)	-	(15.9)	(14.2)	-	(14.2)	(28.2)	-	(28.2)
Profit before taxation		**51.3**	**8.1**	**59.4**	**50.9**	**40.6**	**91.5**	**101.7**	**40.6**	**142.3**
Taxation	7	(12.6)	(4.5)	(17.1)	(11.3)	-	(11.3)	(26.0)	(1.3)	(27.3)
Profit for the period		**38.7**	**3.6**	**42.3**	**39.6**	**40.6**	**80.2**	**75.7**	**39.3**	**115.0**
Earnings per share										
– Basic (pence)	8	9.8		10.7	9.5		19.3	18.4		28.0
– Diluted (pence)	8	9.7		10.6	9.5		19.2	18.4		27.9

*Non-underlying items are disclosed in note 4.

Group statement of comprehensive income

26 weeks ended 30 June 2024

	Note	**26 weeks ended 30 June 2024 £m**	26 weeks ended 25 June 2023 £m	53 weeks ended 31 December 2023 £m
Profit for the period		**42.3**	**80.2**	**115.0**
Other comprehensive (expense)/income:				
Items that will not subsequently be reclassified to profit or loss				
– Gain on investment held through other comprehensive income	17	0.5	-	-
– Taxation on investment held through other comprehensive income		(0.1)	-	-
Items that may be subsequently reclassified to profit or loss				
– Exchange loss on retranslation of foreign operations		(0.4)	(0.7)	(0.6)
– Transferred to income statement on disposal	14	-	(2.5)	(2.5)
Other comprehensive expense for the period, net of tax		**-**	**(3.2)**	**(3.1)**
Total comprehensive income for the period		**42.3**	**77.0**	**111.9**

Group balance sheet

At 30 June 2024

	Note	**26 weeks ended 30 June 2024 £m**	26 weeks ended 25 June 2023 £m	53 weeks ended 31 December 2023 £m
Non-current assets				
Intangible assets	10	103.3	29.7	28.8
Property, plant and equipment	10	99.2	96.8	97.6
Right-of-use assets	11	20.6	19.1	19.3
Lease receivables	11	186.2	187.6	192.9
Trade and other receivables		4.9	3.5	3.7
Investments	17	11.9	10.2	10.3
Investments in associates and joint ventures	12	25.4	26.1	25.2
		451.5	373.0	377.8
Current assets				
Lease receivables	11	16.0	15.3	15.8
Inventories		8.4	8.0	11.4
Trade and other receivables		53.4	42.4	51.6
Deferred consideration receivable		-	0.3	0.3
Current tax assets		3.4	2.3	3.5
Cash and cash equivalents	21	25.9	37.0	52.1
Assets held for sale	15	11.9	-	-
		119.0	105.3	134.7
Total assets		**570.5**	**478.3**	**512.5**
Current liabilities				
Lease liabilities	11	(22.1)	(20.4)	(21.1)
Trade and other payables		(104.6)	(99.2)	(111.4)
Current tax liabilities		(4.4)	-	(2.8)
Provisions		(2.3)	(14.0)	(2.0)
Financial liabilities – share buyback obligation		-	(11.9)	(6.1)
Liabilities held for sale	15	(5.0)	-	-
		(138.4)	(145.5)	(143.4)
Non-current liabilities				
Lease liabilities	11	(202.5)	(203.8)	(209.2)
Trade and other payables		(0.1)	(0.2)	(0.2)
Financial liabilities	16	(311.3)	(208.4)	(284.9)
Deferred tax liabilities		(11.1)	(4.1)	(7.0)
Provisions		(2.4)	(1.3)	(1.8)
		(527.4)	(417.8)	(503.1)
Total liabilities		**(665.8)**	**(563.3)**	**(646.5)**
Net liabilities		**(95.3)**	**(85.0)**	**(134.0)**
Shareholders' equity				
Called up share capital		2.1	2.2	2.1
Share premium account		71.9	49.6	49.6
Capital redemption reserve		0.5	0.5	0.5
Capital reserve – own shares		(11.9)	(10.5)	(12.5)
Currency translation reserve		(3.0)	(2.7)	(2.6)
Other reserve		0.4	-	-
Accumulated losses		(155.3)	(124.1)	(171.1)
Total equity		**(95.3)**	**(85.0)**	**(134.0)**

Group statement of changes in equity

26 weeks ended 30 June 2024

	Note	Share capital £m	Share premium account £m	Capital redemption reserve £m	Capital Reserve – own shares £m	Currency translation reserve £m	Other reserve £m	Accumulated losses £m	Total shareholders' equity £m
At 25 December 2022		**2.2**	**49.6**	**0.5**	**(9.0)**	**0.5**	**-**	**(156.6)**	**(112.8)**
Profit for the period		-	-	-	-	-	-	80.2	80.2
Other comprehensive expense									
– exchange differences		-	-	-	-	(0.7)	-	-	(0.7)
– transferred to income statement on Disposal		-	-	-	-	(2.5)	-	-	(2.5)
Total comprehensive income/(expense) for the period		-	-	-	-	(3.2)	-	80.2	77.0
Proceeds from share issues		-	-	-	-	-	-	-	-
Impairment of share issues		-	-	-	0.4	-	-	(0.4)	-
Share buybacks		-	-	-	(1.9)	-	-	(17.1)	(19.0)
Share buyback obligation satisfied		-	-	-	-	-	-	8.9	8.9
Share buyback obligation outstanding		-	-	-	-	-	-	(11.9)	(11.9)
Share options and LTIP charge	18	-	-	-	-	-	-	1.4	1.4
Tax on employee share options		-	-	-	-	-	-	(0.3)	(0.3)
Equity dividends paid	9	-	-	-	-	-	-	(28.3)	(28.3)
At 25 June 2023		**2.2**	**49.6**	**0.5**	**(10.5)**	**(2.7)**	**-**	**(124.1)**	**(85.0)**
Profit for the period		-	-	-	-	-	-	34.8	34.8
Other comprehensive income									
– exchange differences		-	-	-	-	0.1	-	-	0.1
Total comprehensive income for the period		-	-	-	-	0.1	-	34.8	34.9
Proceeds from share issues		-	-	-	0.5	-	-	-	0.5
Impairment of share issues		-	-	-	0.6	-	-	(0.6)	-
Share buybacks		(0.1)	-	-	(3.1)	-	-	(76.1)	(79.3)
Share buyback obligation satisfied		-	-	-	-	-	-	11.9	11.9
Share buyback obligations outstanding		-	-	-	-	-	-	(6.1)	(6.1)
Share options and LTIP charge	18	-	-	-	-	-	-	2.4	2.4
Tax on employee share options		-	-	-	-	-	-	0.3	0.3
Equity dividends paid	9	-	-	-	-	-	-	(13.6)	(13.6)
At 31 December 2023		**2.1**	**49.6**	**0.5**	**(12.5)**	**(2.6)**	**-**	**(171.1)**	**(134.0)**
Profit for the period		-	-	-	-	-	-	42.3	42.3
Other comprehensive income/(expense)									
– exchange differences		-	-	-	-	(0.4)	-	-	(0.4)
– gain on investment held through other comprehensive income	17	-	-	-	-	-	0.5	-	0.5
– taxation on investment held through other comprehensive income	7	-	-	-	-	-	(0.1)	-	(0.1)
Total comprehensive income/(expense) for the period		-	-	-	-	(0.4)	0.4	42.3	42.3
Proceeds from share issues		-	-	-	0.3	-	-	-	0.3
Share issued on acquisition of subsidiaries	13	-	22.3	-	-	-	-	-	22.3
Impairment of share issues		-	-	-	0.3	-	-	(0.3)	-
Share buybacks		-	-	-	-	-	-	(6.2)	(6.2)
Share buyback obligation satisfied		-	-	-	-	-	-	6.1	6.1
Share options and LTIP charge	18	-	-	-	-	-	-	2.0	2.0
Tax on employee share options		-	-	-	-	-	-	-	-
Equity dividends paid	9	-	-	-	-	-	-	(28.1)	(28.1)
At 30 June 2024		**2.1**	**71.9**	**0.5**	**(11.9)**	**(3.0)**	**0.4**	**(155.3)**	**(95.3)**

Group cash flow statement

26 weeks ended 30 June 2024

	Note	**26 weeks ended 30 June 2024 £m**	26 weeks ended 25 June 2023 £m	53 weeks ended 31 December 2023 £m
Cash flows from operating activities				
Profit before interest and taxation		68.2	99.1	156.8
Amortisation and depreciation	3	9.9	10.2	21.9
Share of post-tax profits of associates and joint ventures	12	(1.2)	(1.7)	(2.0)
Profit on disposal of property, plant and equipment		-	(2.3)	(2.3)
Profit on disposal of trade and assets	14	(11.6)	-	-
Profit on disposal of associate investment	14	-	(40.6)	(40.6)
Share option and LTIP charge	18	2.0	1.4	3.8
Decrease in provisions		(1.3)	(0.1)	(11.4)
Decrease in inventories		3.0	3.6	0.2
(Increase)/decrease in receivables		(1.0)	3.9	(5.2)
(Decrease)/increase in payables		(12.5)	2.7	15.2
Cash generated from operations		**55.5**	**76.2**	**136.4**
Corporation tax paid		(15.2)	(11.6)	(22.9)
Net cash generated by operating activities		**40.3**	**64.6**	**113.5**
Cash flows from investing activities				
Purchase of property, plant and equipment	10	(4.1)	(6.0)	(9.8)
Purchase of intangible assets	10	(3.0)	(5.3)	(11.0)
Proceeds from sale of property, plant and equipment		-	4.4	4.4
Proceeds from sale of trade and assets	14	17.3	-	-
Acquisition of subsidiaries, net of cash received	13	(32.5)	-	-
Consideration received on disposal of associate investment	14	-	70.6	70.6
Receipt of principal element on lease receivables		8.2	7.5	15.0
Receipt of interest element on lease receivables		6.6	6.1	12.6
Interest received		0.5	0.2	0.6
Purchase of investments	17	(11.4)	-	-
Other	21	1.4	11.1	12.3
Net cash (used)/generated by investing activities		**(17.0)**	**88.6**	**94.7**
Cash inflow before financing		**23.3**	**153.2**	**208.2**
Cash flows from financing activities				
Interest paid		(8.3)	(7.3)	(13.7)
Share purchases	21	(6.2)	(19.0)	(98.3)
Consideration received on exercise of share options – employee benefit trust		0.3	-	0.5
New bank loans and facilities drawn down		278.1	28.0	113.0
Repayment of borrowings		(267.2)	(103.2)	(112.2)
Repayment of principal element on lease liabilities		(11.0)	(10.0)	(20.1)
Repayment of interest element on lease liabilities		(7.1)	(6.7)	(13.8)
Equity dividends paid	9	(28.1)	(28.3)	(41.9)
Net cash used by financing activities		**(49.5)**	**(146.5)**	**(186.5)**
Net (decrease)/increase in cash and cash equivalents		**(26.2)**	**6.7**	**21.7**
Cash and cash equivalents at beginning of period		52.1	30.4	30.4
Foreign exchange loss on cash and cash equivalents		-	(0.1)	-
Cash and cash equivalents at end of period	21	**25.9**	**37.0**	**52.1**

Notes to the interim financial statements

26 weeks ended 30 June 2024

1. General information

Domino's Pizza Group plc ('the Company') is a public limited company incorporated in the United Kingdom under the Companies Act 2006 (registration number 03853545). The Company is domiciled in the United Kingdom and its registered address is 1 Thornbury, West Ashland, Milton Keynes, MK6 4BB. The Company's ordinary shares are listed on the Official List of the FCA and traded on the Main Market of the London Stock Exchange. Further copies of the interim report and Annual Report and Accounts may be obtained from the address above.

2. Basis of preparation

The condensed consolidated interim financial statements (the 'interim financial statements') have been prepared in accordance with the UK-adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. The financial information contained in this interim report does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006.

The interim results for the 26 weeks ended 30 June 2024 and the comparatives to 25 June 2023 are unaudited but have been reviewed by the auditors. A copy of their review report has been included at the end of this report.

The financial information for the 53 weeks ended 31 December 2023 has been extracted from the Group financial statements for that period. These published financial statements were reported on by the auditors without qualification or an emphasis of matter reference and did not include a statement under section 498(2) or (3) of the Companies Act 2006 and have been delivered to the Registrar of Companies.

The interim financial information is presented in sterling and all values are rounded to the nearest tenth of million pounds (£0.1m), except when otherwise indicated. The accounting policies are consistent with those of the previous financial year and corresponding interim reporting period, except for the estimation of income tax (see note 7). The financial statements are prepared using the historical cost basis with the exception of the derivative financial assets and contingent consideration which are measured at fair value in accordance with IFRS 13 Fair Value Measurement.

Going concern

The interim financial information has been prepared on a going concern basis. This is considered appropriate, given the financial resources of the Group including the current position of banking facilities, together with long-term contracts with its master franchisor, its franchisees and its key suppliers.

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 purpose of going concern. The overall Group has seen steady performance in the first half of 2024.

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. 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 £500m of banking facilities and a net debt position of £285.4m. The facilities have leverage and interest cover covenants, with which the Group have complied.

The scenarios modelled are based on our current forecast projections out to the end of 2025 and have taken into account the following risks: a downside impact of economic uncertainty and other sales risks over the forecast period, reflected in sales performance, with a c.5% reduction in LFL sales compared to budget; the impact of a reduction of new store openings to half of their forecast level; a further reduction of between 2.5%-3.0% in sales to account for the potential impact of the public health debate; future potential disruptions to supply chain through loss of one of our supply chain centres impacting our ability to supply stores for a period of two weeks; additional costs as a result of increase in utility costs; the impact of a temporary loss of availability of our eCommerce platform during peak trading periods; and 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 alternate sourcing is secured; and the impact of fines from a potential wider data breach.

In each of the scenarios modelled, there remains significant headroom available on net debt. Under the first scenario there remains sufficient headroom under the covenant requirements of the facilities.

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 a mitigating action available in the form of delays in dividends to shareholders and share buybacks which would prevent a breach of leverage covenants. Based on this assessment, the Directors have formed a judgement that there is a reasonable expectation the Group will have adequate resources to continue in operational existence for the foreseeable future.

2. Basis of preparation (continued)

Accounting policies and new standards

The consolidated accounts for the 26 weeks ended 30 June 2024 were prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. The accounting policies applied by the Group are consistent with those disclosed in the Group's Annual Report and Accounts for the 53 weeks ended 31 December 2023, except for the estimation of income tax. There were no new standards and interpretations effective for the first time for the reporting period that have a material impact on the Group financial statements.

3. 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 included 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.

The above operating segments represent the information currently provided to the Executive Directors. Following the announcement of the growth framework in December 2023, the operating segments will be assessed in the second half of FY24 to reflect any changes in the structure of information provided to the Executive Directors as a result of potential further growth opportunities.

Segment assets and liabilities

	At 30 June 2024 £m	At 25 June 2023 £m	At 31 December 2023 £m
Current tax assets	3.4	2.3	3.5
Cash and cash equivalents	25.9	37.0	52.1
Unallocated assets	**29.3**	**39.3**	**55.6**
Current tax liabilities	4.4	-	2.8
Deferred tax liabilities	11.1	4.1	7.0
Debt facilities	311.3	208.4	284.9
Unallocated liabilities	**326.8**	**212.5**	**294.7**

	26 weeks ended 30 June 2024			26 weeks ended 25 June 2023			53 weeks ended 31 December 2023		
	UK & Ireland £m	International £m	**Total £m**	UK & Ireland £m	International £m	Total £m	UK & Ireland £m	International £m	Total £m
Segment assets									
Segment current assets	89.7	-	89.7	66.0	-	66.0	79.1	-	79.1
Segment non-current assets	414.2	-	414.2	336.7	-	336.7	342.3	-	342.3
Investment in associates and joint ventures	25.4	-	25.4	26.1	-	26.1	25.2	-	25.2
Investments	11.9	-	11.9	10.2	-	10.2	10.3	-	10.3
Unallocated assets			29.3			39.3			55.6
Total assets			**570.5**			**478.3**			**512.5**
Segment liabilities									
Liabilities	339.0	-	339.0	350.1	0.7	350.8	351.8	-	351.8
Unallocated liabilities			326.8			212.5			294.7
Total liabilities			**665.8**			**563.3**			**646.5**

Notes to the interim financial statements (continued)
26 weeks ended 30 June 2024

Segmental performance for the 26 weeks 30 June 2024

	UK & Ireland £m	International £m	**Total underlying £m**	Non-underlying £m	**Total reported £m**
Revenue					
Sales to external customers	326.8	-	326.8	-	326.8
Segment revenue	**326.8**	**-**	**326.8**	**-**	**326.8**
Results					
Underlying result before associates and joint ventures	58.9	-	58.9	(3.1)	55.8
Share of profit of associates and joint ventures	1.2	-	1.2	-	1.2
Other income	-	-	-	11.2	11.2
Profit before interest and taxation	**60.1**	**-**	**60.1**	**8.1**	**68.2**
Net finance costs	(8.8)	-	(8.8)	-	(8.8)
Profit before taxation	**51.3**	**-**	**51.3**	**8.1**	**59.4**
Taxation	(12.6)	-	(12.6)	(4.5)	(17.1)
Profit for the year	**38.7**	**-**	**38.7**	**3.6**	**42.3**
Effective tax rate	24.6%	-	24.6%	-	28.8%
Other segment information					
Depreciation	5.6	-	5.6	-	5.6
Amortisation	3.3	-	3.3	1.0	4.3
Total depreciation and amortisation	**8.9**	**-**	**8.9**	**1.0**	**9.9**
EBITDA	69.0	-	69.0	9.1	78.1
Underlying EBITDA	69.0	-	69.0	-	69.0
Capital expenditure	7.1	-	7.1	-	7.1
Share-based payment charge	2.0	-	2.0	-	2.0
Revenue disclosures					
Royalties, franchise fees and change of hands fees	39.8	-	39.8	-	39.8
Sales to franchisees	217.6	-	217.6	-	217.6
Corporate store income	26.2	-	26.2	-	26.2
Rental income on leasehold and freehold property	0.8	-	0.8	-	0.8
National Advertising and eCommerce income	42.4	-	42.4	-	42.4
Total segment revenue	**326.8**	**-**	**326.8**	**-**	**326.8**

Notes to the interim financial statements (continued)

26 weeks ended 30 June 2024

Segmental performance for the 26 weeks ended 25 June 2023

	UK & Ireland £m	International £m	**Total underlying £m**	Non-underlying £m	**Total reported £m**
Revenue					
Sales to external customers	332.9	-	332.9	-	332.9
Segment revenue	**332.9**	**-**	**332.9**	**-**	**332.9**
Results					
Underlying result before associates and joint ventures	56.8	-	56.8	-	56.8
Share of profit of associates and joint ventures	1.7	-	1.7	-	1.7
Other income	-	-	-	40.6	40.6
Profit before interest and taxation	**58.5**	**-**	**58.5**	**40.6**	**99.1**
Net finance costs	(7.6)	-	(7.6)	-	(7.6)
Profit before taxation	**50.9**	**-**	**50.9**	**40.6**	**91.5**
Taxation	(11.3)	-	(11.3)	-	(11.3)
Profit for the year	**39.6**	**-**	**39.6**	**40.6**	**80.2**
Effective tax rate	22.2%	-	22.2%	-	12.3%
Other segment information					
Depreciation	5.1	-	5.1	-	5.1
Amortisation	5.1	-	5.1	-	5.1
Total depreciation and amortisation	**10.2**	**-**	**10.2**	**-**	**10.2**
EBITDA	68.7	-	68.7	40.6	109.3
Underlying EBITDA	68.7	-	68.7	-	68.7
Capital expenditure	11.3	-	11.3	-	11.3
Share-based payment charge	1.4	-	1.4	-	1.4
Revenue disclosures					
Royalties, franchise fees and change of hands fees	40.8	-	40.8	-	40.8
Sales to franchisees	235.7	-	235.7	-	235.7
Corporate store income	16.4	-	16.4	-	16.4
Rental income on leasehold and freehold property	1.1	-	1.1	-	1.1
National Advertising and eCommerce income	38.9	-	38.9	-	38.9
Total segment revenue	**332.9**	**-**	**332.9**	**-**	**332.9**

Notes to the interim financial statements (continued)
26 weeks ended 30 June 2024

Segmental performance for the 53 weeks ended 31 December 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 year	**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**

Notes to the interim financial statements (continued)
26 weeks ended 30 June 2024

4. Reconciliation of non-GAAP measures

Non-underlying items included in the financial statements

	26 weeks ended 30 June 2024 £m	26 weeks ended 25 June 2023 £m	53 weeks ended 31 December 2023 £m
Underlying profit for the period	38.7	39.6	75.7
Non-underlying profit for the period	3.6	40.6	39.3
Profit for the period	**42.3**	**80.2**	**115.0**

Non-underlying items

	Note	**26 weeks ended 30 June 2024 £m**	26 weeks ended 25 June 2023 £m	53 weeks ended 31 December 2023 £m
Included in administrative costs				
- Reversionary scheme, net of costs	a)	0.1	-	-
- Shorecal acquisition costs	b)	(2.2)	-	-
- Reacquired rights amortisation	c)	(1.0)	-	-
		(3.1)	-	-
Included in other income				
- Disposal of corporate stores	d)	11.2	-	-
- Profit on disposal of German associate	e)	-	40.6	40.6
		11.2	40.6	40.6
Included in profit before taxation		**8.1**	**40.6**	**40.6**
- Taxation	f)	(4.5)	-	(1.3)
Included in profit for the year		**3.6**	**40.6**	**39.3**

a) Reversionary share scheme
The Group received £0.2m in relation to the historical share-based payment compensation arrangements. Costs of £0.1m were incurred during the period. These receipts from participants and related legal and professional costs are recognised in non-underlying results, consistent with the treatment of reversionary scheme costs and provisions recognised in previous years.

b) Shorecal Limited acquisition costs
The Group incurred costs of £2.2m associated with the acquisition of Shorecal Limited. For further details on the acquisition refer to note 13. These costs are recognised in non-underlying as they relate directly to the acquisition and are significant enough to distort the underlying performance of the Group.

c) Reacquired rights amortisation
The Group incurred a charge of £1.0m in relation to the amortisation of reacquired rights recognised upon the acquisition of Shorecal Limited. This relates to the valuation of the Standard Franchise Agreements which were in place before the acquisition, previously issued by the Group to Shorecal Limited when this was an independently controlled franchisee. These are amortised over the remaining life of the franchise agreements, which is on average 5 years.

The amortisation is recognised in non-underlying results as we consider the recognition of the asset and amortisation period does not represent the substance of the agreements. As these are reacquired rights, under the accounting standard these must be amortised over the remaining period of the agreement considering renewal options, which is not consistent with the substance of the asset. The Group recognised no significant profit on initial issuance of the franchise agreements before acquisition and will not incur any cost to renew at the end of the term.

We therefore consider the amortisation and reduction in value of this asset does not represent the underlying value of the agreements. For this reason, the amortisation is recognised in non-underlying results as would materially distort the performance of the acquired subsidiary and the Group's underlying trading performance.

4. Reconciliation of non-GAAP measures (continued)

d) Disposal of corporate stores

The Group disposed of 14 of its London corporate stores during the period, generating a profit on disposal of £11.2m, which includes £0.4m in transactions costs. For further details refer to note 14. This is treated as a non-underlying profit as is consistent with the treatment of the previous impairment to the Corporate Stores recognised in FY 2019.

e) Profit on disposal of German associate

In the prior year, 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 were treated as non-taxable on the basis the disposal fell under the Substantial Shareholding Exemption

f) Taxation

During the current period, the group incurred a £4.5m tax charge which primarily relates to the disposal of the London corporate stores detailed in note d above. During the prior period, the group incurred a tax charge of £1.3m primarily relating to the historical share-based compensation schemes following the £11.9m settlement made during the prior year.

5. Finance income

	26 weeks ended 30 June 2024 £m	26 weeks ended 25 June 2023 £m	53 weeks ended 31 December 2023 £m
Other interest receivable	0.4	0.4	0.8
Interest on loans to associates and joint ventures	-	0.1	0.1
Interest receivable on leases	6.6	6.1	12.7
Discount unwind	0.1	-	0.1
Total finance income	**7.1**	**6.6**	**13.7**

6. Finance costs

	26 weeks ended 30 June 2024 £m	26 weeks ended 25 June 2023 £m	53 weeks ended 31 December 2023 £m
Debt facilities interest payable	8.5	7.4	14.4
Other interest payable	0.1	-	-
Interest payable on leases	7.1	6.7	13.8
Foreign exchange	0.2	0.1	-
Total finance costs	**15.9**	**14.2**	**28.2**

Notes to the interim financial statements (continued)

26 weeks ended 30 June 2024

7. Taxation

	26 weeks ended 30 June 2024 £m	26 weeks ended 25 June 2023 £m	53 weeks ended 31 December 2023 £m
Tax charged in the income statement			
Current income tax			
UK corporation tax:			
– current period	16.5	10.5	21.6
– adjustment in respect of prior periods	(0.1)	(0.3)	4.6
	16.4	10.2	26.2
Income tax on overseas operations	0.2	0.6	(2.5)
Total current income tax charge	16.6	10.8	23.7
Deferred tax			
Origination and reversal of temporary differences	0.5	0.4	2.6
Effect of change in tax rate	-	-	0.2
Adjustment in respect of prior periods	-	0.1	0.8
Total deferred tax	0.5	0.5	3.6
Tax charge in the income statement	**17.1**	**11.3**	**27.3**
The tax charge in the income statement is disclosed as follows:			
Taxation	17.1	11.3	27.3
Tax charged in the statement of other comprehensive income			
Deferred tax:			
- Origination and reversal of temporary differences	0.1	-	-
Tax charge in the statement of other comprehensive income	**0.1**	**-**	**-**
The tax charge in the statement of other comprehensive income is disclosed as follows:			
- Taxation on investment held through other comprehensive income	0.1	-	-
Tax relating to items 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	-	(0.2)	-
Tax charge in the Group statement of changes in equity	**-**	**(0.3)**	**-**

The total effective tax rate is 28.8% (H1 23: 12.3%; FY 23: 19.2%).

Tax charged for the 26 weeks ended 30 June 2024 has been calculated by applying the effective rate of tax per jurisdiction to the underlying profit which is expected to apply to the Group for the period ending 29 December 2024 using rates substantively enacted by 30 June 2024 as required by IAS 34 ‘Interim Financial Reporting’. Items of an exceptional nature have been assessed independently.

Notes to the interim financial statements (continued)

26 weeks ended 30 June 2024

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

	26 weeks ended 30 June 2024 £m	26 weeks ended 25 June 2023 £m	53 weeks ended 31 December 2023 £m
Profit after tax for the period	42.3	80.2	115.0
Non-underlying items	(3.6)	(40.6)	(39.3)
Underlying profit after tax	**38.7**	**39.6**	**75.7**

	At 30 June 2024 Number	At 25 June 2023 Number	At 31 December 2023 Number
Basic weighted average number of shares (excluding treasury shares)	395,803,838	414,902,310	410,406,240
Dilutive effect of share options and awards	2,644,857	2,526,493	1,915,682
Diluted weighted average number of shares	**398,448,695**	**417,428,803**	**412,321,922**

The performance conditions relating to share options granted over 5,897,866 shares (H1 23: 278,427; FY 23: 5,131,078) 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 1,750,708 share options excluded from the diluted earnings per share calculation because they would be antidilutive (H1 23: nil; FY 23: 1,791,468).

	26 weeks ended 30 June 2024	26 weeks ended 25 June 2023	53 weeks ended 31 December 2023
Earnings per share			
Basic earnings per share	10.7p	19.3p	28.0p
Diluted earnings per share	10.6p	19.2p	27.9p
Underlying earnings per share			
Basic earnings per share	9.8p	9.5p	18.4p
Diluted earnings per share	9.7p	9.5p	18.4p

9. Dividends

	26 weeks ended 30 June 2024 £m	26 weeks ended 25 June 2023 £m	53 weeks ended 31 December 2023 £m
Declared and paid during the period:			
Final dividend for 2023: 7.2p (2022: 6.8p)	28.1	28.3	28.3
Interim dividend for 2023: 3.3p	-	-	13.6
Dividends declared and paid	**28.1**	**28.3**	**41.9**

The Directors have declared an interim dividend of 3.5p per share. This dividend will be paid on 27 September 2024 to those members on the register at the close of business on 16 August 2024.

10. Intangible assets and property, plant and equipment

During the 26 weeks ended 30 June 2024, the Group acquired assets with a cost of £8.7m (cash outflow of £7.1m).

The Group disposed of 14 London corporate stores which included intangible assets of £5.9m and property, plant and equipment of £0.8m. Assets with a carrying value of £7.5m have been transferred to assets held for sale. Refer to notes 14 and 15 for more details.

Through the acquisition of Shorecal, the Group acquired provisional property, plant and equipment of £2.9m. The Group also acquired provisional intangible assets of £86.3m of which £63.9m relates to Goodwill and £22.4m relates to reacquired rights in respect of franchise agreements.

The reacquired rights of £22.4m represent the value of the Standard Franchise Agreements previously issued by the Group and reacquired on acquisition. The valuation of these reacquired rights is an accounting estimate which was provisionally valued using multiple period excess earnings method over the remaining contractual term of the franchise agreements. These assets will be amortised over the period of the franchise agreements, which is on average 5 years, with amortisation recognised in non-underlying results.

Refer to note 13 for additional information.

As at 30 June 2024, amounts contracted for but not provided for in the financial statements for the acquisition of property, plant and equipment amounted to £0.5m (2023: £0.2m) and for intangible assets amount to £0.8m (2023: £1.1m) for the Group.

11. Right-of-use assets, lease receivables and lease liabilities

Right-of-use assets

	At 30 June 2024 £m	At 25 June 2023 £m	At 31 December 2023 £m
Property	12.7	9.7	9.7
Equipment	7.9	9.4	9.6
	20.6	**19.1**	**19.3**

Amounts recognised in the income statement

	26 weeks ended 30 June 2024 £m	26 weeks ended 25 June 2023 £m	53 weeks ended 31 December 2023 £m
Depreciation – Property	0.4	0.4	0.9
Depreciation – Equipment	2.2	2.3	4.4
	2.6	**2.7**	**5.3**

Lease receivables

	At 30 June 2024 £m	At 25 June 2023 £m	At 31 December 2023 £m
Property	202.2	202.9	208.7
	202.2	**202.9**	**208.7**

Lease liabilities

	At 30 June 2024 £m	At 25 June 2023 £m	At 31 December 2023 £m
Property	216.2	214.3	220.5
Equipment	8.4	9.9	10.1
	224.6	**224.2**	**230.6**

Notes to the interim financial statements (continued)

26 weeks ended 30 June 2024

12 Investment in associates and joint ventures

	At 30 June 2024 £m	At 25 June 2023 £m	At 31 December 2023 £m
Investments in associates	20.9	21.5	20.8
Investments in joint ventures	4.5	4.6	4.4
Total investments in associates and joint ventures	**25.4**	**26.1**	**25.2**

During the period, our Investment in Full House Restaurant Holdings, contributed profits of £1.3m, along with paying a dividend of £1.0m, and our investment in Domino's Pizza West Country contributed profits of £0.1m. The Northern Ireland JV contributed losses of £0.2m.

13. Business combinations

On the 10th of April 2024, the Group acquired the remaining 85% share capital of Shorecal Limited, a private company registered in the Republic of Ireland that operates Domino's franchise stores in Ireland, taking its ownership to 100%. A total consideration of £54.8m was transferred which includes net cash consideration of £32.5m and share consideration of £22.3m which relates to a share issue of 6,700,909 shares in the Company.

The acquisition enables the Group to accelerate Shorecal's growth across ROI and Northern Ireland, materially increasing the store count and leverage capacity in the Irish supply chain centre.

The provisional acquisition balance sheet was adjusted to reflect the fair value of the assets and liabilities. Adjustments to the balance sheet primarily relate to recognition of intangible assets for the reacquired rights relating to the franchise agreements, remeasurement of right of use assets and lease liabilities, and contingent liabilities and provisions.

The reacquired rights of £22.4m were valued using multiple period excess earnings method over the remaining contractual term of the franchise agreements. These assets will be amortised over the period of the franchise agreements, with amortisation recognised in non-underlying results.

Contingent liabilities of £1.7m have been recognised in relation to historical tax exposures of the Shorecal group, including litigation with Revenue Ireland which has yet to be settled. Progress towards a settlement is being made, however there remains uncertainty over the settlement amount and therefore cannot be reliably measured. Provisions recognised of £1.6m relate to dilapidations provisions for the acquired leases.

Financial liabilities of £16.3m, representing external debt held pre-acquisition, were settled by the Group subsequent to the acquisition date.

The resulting goodwill of £63.9m recognised represents intangible assets that do not qualify for separate recognition, such as the extensive assembled workforce, and synergies resulting from the Group's purchase of this franchisee group, and the future growth potential of the Group.

Immediately prior to the acquisition, the Group held a 15% interest in Shorecal with a fair value of £10.0m on the acquisition date.

Since the acquisition, Shorecal has contributed £10.3m of Group revenue and profit before tax of £0.7m. Had the acquisition taken place at the start of the reporting period, the Group would have had revenue of £337.3m and profit before tax of £60.0m. Since acquisition, an exchange rate loss of £0.9m arose on Goodwill.

Notes to the interim financial statements (continued)

26 weeks ended 30 June 2024

13. Business combinations (continued)

	£m
Cash paid on acquisition	37.3
Cash acquired	(4.8)
Net cash consideration	**32.5**
Non-cash consideration – Share issue	22.3
Total consideration transferred	**54.8**

Fair value of net assets acquired	
Property, plant and equipment	2.9
Intangible assets	22.4
Right-of-use-assets	6.3
Deferred tax assets	0.5
Trade and other receivables	2.0
Inventories	0.2
Total assets acquired	**34.3**
Current tax liabilities	(0.3)
Deferred tax liabilities	(3.7)
Financial liabilities	(16.3)
Provisions	(1.6)
Lease liabilities	(6.3)
Contingent liabilities	(1.7)
Trade and other payables	(3.5)
Total liabilities acquired	**33.4**
Net identifiable assets acquired at fair value	**0.9**
Goodwill arising on acquisition	
Consideration transferred	54.8
Previously held investment in Shorecal	10.0
Non-controlling interest	-
Fair value of net assets acquired	(0.9)
Goodwill	**63.9**

Notes to the interim financial statements (continued)

26 weeks ended 30 June 2024

14. Disposals

Sale of corporate stores

During the period, the Group disposed of 14 of its London corporate stores, generating a profit on disposal of £11.2m. The remaining stores have been recognized as assets and liabilities held for sale. Refer to note 15 for further details.

	£m
Cash received on disposal	17.3
Net assets disposed (see below)	(5.7)
Profit on disposal before transaction costs	**11.6**
Costs associated with disposal	(0.4)
Total profit on disposal	**11.2**

Goodwill	5.9
Property, plant and equipment	0.8
Inventories	0.1
Right-of-use assets	2.7
Deferred tax assets	0.1
Lease liabilities	(3.4)
Provisions	(0.5)
Net assets disposed	**5.7**

Investment in Daytona JV Limited

In the prior year, 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 was 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 were treated as non-taxable on the basis the disposal fell under the Substantial Shareholding Exemption.

15. Assets and liabilities held for sale

During the period, the Group proceeded with the sale of its 31 London corporate stores, of which 14 were sold by 30 June 2024. The table below comprises the assets and liabilities of the stores that had not been sold as at 30 June 2024. The assets and liabilities held for sale are included in the 'UK & Ireland' operating segment. The sale of these stores completed in July 2024. Refer to note 22 for details.

	£m
Goodwill	5.8
Intangible assets	0.2
Property, plant and equipment	1.5
Right-of-use assets	4.2
Deferred tax assets	0.2
Lease liabilities	(4.3)
Provisions	(0.7)
Net assets disposed	**6.9**

16. Financial liabilities

Debt facilities

As at 30 June 2024 the Group had a total of £500m (H1 23: £400m; FY 23: £400m) of banking facilities, of which £186.0m (H1 23: £189.1m; FY 23: £112.9m) was undrawn. The £500m of banking facilities is made up of a £200m revolving credit facility and £300m of USPP loan notes.

Bank revolving facility

The £200m revolving credit facility expires on 27 July 2027. Arrangement fees of £1.1m (H1 23: £1.5m; FY 23: £1.3m) 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, Sheermans Limited, Shorecal Limited, Karshan Limited, K&M Pizzas Limited and Sarcon No 214 Limited.

An ancillary overdraft and pooling arrangement was in place with Barclays Bank Plc for £20.0m covering, 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. The overdraft facility amount is included and part of the £200m revolving credit facility. Interest is charged for the overdraft at the same margin as applicable to the revolving credit facility above SONIA.

Private placement loan notes

The USPP loan notes issued in 2022 mature on 27th July 2027 and arrangement fees of £0.8m (FY 23: £1.1m) 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 is charged at 4.26% per annum.

On 20 June 2024, the Group issued an additional £100m of US Private Placement (USPP) loan notes, incurring arrangement fees of £0.7m.

The USPP loan notes issued in June 2024 mature on 20th June 2034 and arrangement fees of £0.7m directly incurred in relation to the issuance are included in the carrying values of the facility and are being amortised over the term on the notes. Interest is charged at 5.97% per annum.

Both USPP loan notes are secured by an unlimited cross guarantee between the same legal entities that are guaranteeing the revolving credit facility.

Notes to the interim financial statements (continued)

26 weeks ended 30 June 2024

17. Financial instruments

Investments

In April 2024, the Group acquired 12.1% of the issued ordinary share capital of DP Poland plc, an AIM-listed company based in the UK, for a cost of £11.4m, which includes transaction costs of £0.4m. An election has been made for the equity instrument to be designated as fair value through other comprehensive income. The inputs used to calculate the fair value of the investment fall within Level 1 of the IFRS 13 hierarchy. Level 1 fair value measurements use quoted prices in active markets, being the share price of DP Poland plc. The fair value of the investment at 30 June 2024 is £11.9m resulting in a fair value gain of £0.5m which has been recognised in other comprehensive income.

The Group also entered an option agreement to purchase additional shares in DP Poland plc at a future date from another shareholder up to a maximum total position of 29.99% of the investment. This option is not recognised on the balance sheet as currently has no fair value. The Directors have considered the option in reaching the assessment that our 12.1% investment does not represent significant influence over DP Poland plc, and do not consider this provides substantive rights or benefits that would lead to treatment of the investment as an associate.

During the period, the Group acquired the remaining 85% of Shorecal Limited, bringing its total ownership to 100%. As such, the 15% investment in Shorecal that was previously recognised as an investment has been derecognised at its fair value.

18. Share-based payments

The expense recognised for share-based payments in respect of employee services received during the 26 weeks ended 30 June 2024 was £2.0m (H1 23: £1.4m; FY 23: £3.8m). This all arises on equity-settled share-based payment transactions.

19. Related party transactions

During the period the Group entered into transactions, in the ordinary course of business, with related parties. Transactions entered into, and trading balances outstanding with related parties, are as follows:

	26 weeks ended 30 June 2024 £m	26 weeks ended 25 June 2023 £m	53 weeks ended 31 December 2023 £m
Associates and Joint ventures			
Sales to related parties	25.4	26.1	54.3
Amounts owed by related parties	3.6	2.4	3.1

20. Analysis of Net Debt

	At 30 June 2024 £m	At 25 June 2023 £m	At 31 December 2023 £m
Cash and cash equivalents	25.9	37.0	52.1
Debt facilities	(314.0)	(210.9)	(287.1)
Capitalised facility arrangement fees	2.7	2.5	2.2
Net Debt	**(285.4)**	**(171.4)**	**(232.8)**

The Group's lease liabilities are not included in the Group's definition of Net Debt. Lease liabilities are measured at the present value of future lease payments, including variable lease payments and the exercise price of purchase options where it is reasonably certain that the option will be exercised, discounted using the interest rate implicit in the lease, if readily determinable, or alternatively the Group's incremental borrowing rate as a lessee.

21. Additional cash flow information

Other cash flows from investing activities

	26 weeks ended 30 June 2024 £m	26 weeks ended 25 June 2023 £m	53 weeks ended 31 December 2022 £m
Dividends received from associates and joint ventures	1.0	1.0	2.2
Dividends received from investments	0.2	0.8	0.8
Deferred consideration received from subsidiary disposal	0.2	-	-
Decrease in loans to associates and joint ventures	-	9.3	9.3
	1.4	**11.1**	**12.3**

Share transactions in cash flows from financing activities

	26 weeks ended 30 June 2024 £m	26 weeks ended 25 June 2023 £m	53 weeks ended 31 December 2023 £m
Purchase of own shares – share buyback	(6.2)	(17.1)	(93.3)
Purchase of own shares – employee benefit trust	-	(1.9)	(5.0)
Consideration received on exercise of share options – employee benefit trust	0.3	-	0.5
	(5.9)	**(19.0)**	**(97.8)**

Reconciliation of free cash flow

	26 weeks ended 30 June 2024 £m	26 weeks ended 25 June 2023 £m	53 weeks ended 31 December 2023 £m
Cash generated from operating activities	40.3	64.6	113.5
Net interest paid	(7.8)	(7.1)	(13.1)
Receipt of principal element on lease receivables	8.2	7.5	15.0
Receipt of interest element on lease receivables	6.6	6.1	12.6
Repayment of principal element on lease liabilities	(11.0)	(10.0)	(20.1)
Repayment of interest element on lease liabilities	(7.1)	(6.7)	(13.8)
Dividends received	1.2	1.8	3.0
Other	0.1	-	(0.1)
	30.5	**56.2**	**97.0**

Cash and cash equivalents

	26 weeks ended 30 June 2024 £m	26 weeks ended 25 June 2023 £m	53 weeks ended 31 December 2023 £m
Cash at bank and in hand	25.9	37.0	52.1
Total cash at bank and in hand	**25.9**	**37.0**	**52.1**

Reconciliation of financing activities

	At 01 January 2024 £m	**Net cash flow £m**	**Exchange differences £m**	**Non-cash movements £m**	**At 30 June 2024 £m**
Debt facilities	(284.9)	(27.2)	0.4	0.4	(311.3)
Lease liabilities	(230.3)	18.1	0.4	(12.8)	(224.6)
	(515.2)	**(9.1)**	**0.8**	**(12.4)**	**(535.9)**

21. Additional cash flow information (continued)

	At 26 December 2022 £m	Net cash flow £m	Exchange differences £m	Non-cash movements £m	At 25 June 2023 £m
Debt facilities	(283.7)	75.2	0.4	(0.3)	(208.4)
Lease liabilities	(223.4)	16.7	(0.4)	(17.1)	(224.2)
	(507.1)	**91.9**	**-**	**(17.4)**	**(432.6)**

	At 26 December 2022 £m	Net 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)**

22. Post balance sheet events

In July 2024 the Group disposed of the remaining London corporate stores receiving cash consideration of £15.8m, with an additional £2.0m deferred consideration payable in 2026. This is expected to generate an additional profit on disposal before tax, net of closure costs, of £8m-£10m.

23. Principal risks and uncertainties

Details of the principal risks and uncertainties facing the Group, with the potential to materially impact the successful delivery of our strategy, were set out on pages 46 to 51 of the Domino's Pizza Group plc Annual Report and Accounts 2023. These risks are summarised as follows: competitive pressures; franchisee relationships / operations; supply chain disruption (to either a key supplier or at one of our SCCs); food safety; loss of business critical systems; loss of personal / corporate data; failure to deliver on our ESG commitments; failure to meet public health expectations; and people-related risks. The Executive Risk Committee, which has been enhanced in 2024, has continued to support an effective risk monitoring process and has considered both the principal and any emerging risks and uncertainties during the first 26 weeks of 2024.

The Directors believe that the principal risks being faced over the remainder of the financial year are not substantially different to those disclosed in the 2023 Annual Report.

In particular, in the period, we have seen continued pressure on the cost-of-living for our consumer. As a result we are focusing more on providing value in our delivery channel; and the testing of our new loyalty programme should also help us ultimately improve the order frequency from those who love our products.

Maintaining a strong relationship with our franchisees is fundamental to our continued performance and growth and we are working constructively with our franchisees on the growth framework for the future; and to meet our new store opening plans for 2024 and beyond.

We will also continue to monitor any impacts from the change in government on our business model.

Further information on the improvements made in mitigating our principal risks and uncertainties will be provided in our next Annual Report.

Alternative Performance Measures and Glossary

The performance of the Group is assessed using a number of Alternative Performance Measures ('APMs'). The Group's results are presented both before and after non-underlying items. Underlying profitability measures are presented excluding non-underlying items as we believe this provides both management and investors with useful additional information about the Group's performance and aids a more effective comparison of the Group's trading performance from one period to the next and with similar businesses. Underlying profitability measures are reconciled to unadjusted IFRS results on the face of the income statement with details of non-underlying items provided in note 4.

In addition, the Group's results are described using certain other measures that are not defined under IFRS and are therefore considered to be APMs. These measures are used by management to monitor on-going business performance against both shorter term budgets and forecast but also against the Group's longer term strategic plans. The definition of each APM presented in this report and, also, where a reconciliation to the nearest measure prepared in accordance with IFRS can be found is shown below:

Item	Definition	Location of reconciliation to GAAP measure
Overall terminology		
Non-underlying items	Non-underlying items relate to significant irregular costs, significant impairments of assets, together with fair value movements and other costs associated with acquisitions or disposals.	Group income statement, note 4
Profit measures		
Group operating profit before tax excluding non-underlying items	Group operating profit before tax excluding non-underlying items	Group income statement, note 3
Net interest before non-underlying items	Group finance costs excluding non-underlying items	Group income statement, note 3
Underlying profit before taxation	Group profit before tax excluding non-underlying items	Group income statement, note 3
Underlying profit for the period	Group profit after taxation excluding non-underlying items	Group income statement
Earnings before Interest and Tax (EBIT)	EBIT is directly comparable to underlying operating profit	Not applicable
Underlying basic EPS	Group EPS excluding non-underlying items	Note 8
Last 12 months (LTM) EBITDA	LTM EBITDA for the period from 26 June 2023 to 30 June 2024 based on underlying activities including share of profits from associates and joint ventures.	Not applicable
Revenue measures		
System sales	System sales represent the sum of all sales made by both franchised and corporate stores to consumers.	Not applicable
Like-for-like (LFL) sales growth excluding splits	LFL sales performance is calculated against a comparable 26 week period in the prior year for mature stores opened which were not in territories split in the year or comparable period. Mature stores are defined as those open prior to 26th December 2022.	Not applicable
Cash flow measures		
Net Debt	Group cash less bank revolving credit facility and other	Note 20
Free cash flow	Free cash flow comprises cash generated from operations less dividends received, net interest cash flows and corporation tax. Free cash flow before non-underlying cash items represents the free cash flow before the inclusion of the cash impact of items recognised as non-underlying.	Not applicable

Other non-financial definitions

Item	Definition
eCommerce fund	The fund used to recharge costs for the development and maintenance of our eCommerce platform with franchisees
German associate	Represents our 33% associate investment in the trading operations of Domino’s Pizza Germany (also referred to as Daytona JV) that was disposed of in the period.
International	Represents our former businesses and investments in Norway, Sweden, Iceland, Germany and Switzerland .
London corporate stores	Relates to the London based corporate stores held following the acquisition of Sell More Pizza Limited and subsequent corporate store openings and closures
NAF	National Advertising Fund
NI JV	Represents our 46% associate investment in the trading of operations of Victa DP Ltd (also referred to as Northern Ireland JV).
Shorecal	Represents our 100% interest in the trading operations of Shorecal Limited, which operates stores in the Republic of Ireland and Northern Ireland.

Responsibility statement

Each of the Directors, whose names and functions appear below, confirm to the best of their knowledge that the condensed consolidated interim financial statements have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and that the interim management report includes a fair review of the information required namely:

- DTR 4.2.7 (R): an indication of important events that have occurred during the 26 week period ended 30 June 2024 and their impact on the condensed consolidated interim financial statements; and a description of the principal risks and uncertainties for the remaining 26 weeks of the financial year; and

- DTR 4.2.8 (R): any related party transactions that have taken place in the 26 week period ended 30 June 2024 that have materially affected the financial position or performance of the enterprise during that period; and any changes in the related party transactions described in the last Annual Report that could do so.

The Directors of Domino's Pizza Group plc as at the date of this announcement are as set out below:

Matthew Shattock*, Chairman
Ian Bull*, Senior Independent Director
Andrew Rennie, Chief Executive Officer
Edward Jamieson, Chief Financial Officer
Natalia Barsegiyan*
Tracy Corrigan*
Elias Diaz Sese*
Lynn Fordham*
Mitesh Patel*

*Non-executive Directors

A list of the current Directors is maintained on the Domino's Pizza Group plc website at: corporate.dominos.co.uk.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from the legislation in other jurisdictions.

This responsibility statement was approved by the Board of Directors on 5 August 2024 and is signed on its behalf by Andrew Rennie, Chief Executive Officer.

By order of the Board

Andrew Rennie
Chief Executive Officer

5 August 2024

Independent review report to Domino's Pizza Group plc

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Domino's Pizza Group plc's condensed consolidated interim financial statements (the "interim financial statements") in the interim report of Domino's Pizza Group plc for the 26 week period ended 30 June 2024 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

- the group balance sheet as at 30 June 2024;
- the group income statement and group statement of comprehensive income for the period then ended;
- the group cash flow statement for the period then ended;
- the group statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the interim report of Domino's Pizza Group plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The interim report, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the interim report, including the interim financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the interim report based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
Birmingham
5 August 2024