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DP Poland plc
 ("DP Poland", the "Group" or the "Company")

Interim Results for the Period Ended 30 June 2023 and Trading Update

DP Poland, the operator of Domino's pizza stores and restaurants across Poland and Croatia, is pleased to announce its unaudited results for the six months ended 30 June 2023.

Unaudited Financial Information

<i>Currency: £000</i>	H1 2023	H1 2022	% change
Group System Sales	21,386	17,098	25.1%
Group Revenue	20,960	16,575	26.5%
EBITDA*	1,051	388	171.2%
EBITDA*(Pre-IFRS 16)	(720)	(1,130)	36.3%
EBITDA margin %	5.02%	2.34%	
Loss for the period	(1,592)	(2,200)	27.6%

* excluding non-cash items, non-recurring items and store pre-opening expenses

Financial highlights

- Overall Group revenue increased by 26.5% to £21.0m (H1 2022: £16.6m), including Croatia.
- Poland revenue increased by 21.0% to £20.1m (H1 2022: £16.6m)
- Group system sales were up 25.1% to £21.4m including Croatia (H1 2022: £17.1m)
- Poland system sales increased by 14.9% to PLN 108.1m (H1 2022: PLN 94.1m)
 - Strong Poland LFL revenue growth of 18.0% in H1 2023 compared to H1 2022 driven by increased order count (11.3%) and average ticket price (5.8%)
 - Growth of delivery and non-delivery Poland LFL System Sales of 15.8% and 22.6%, respectively, compared to prior period
- Group EBITDA increased by 171.2% to £1.1m (H1 2022: £0.4m)
- Group loss before tax improved from £(2.2)m for H1 2022 to £(1.6)m for H1 2023
- Cash at bank of £2.7m as at 30 June 2023 (£1.7m as at 30 June 2022)

Operational highlights

- The Group operated 116 stores at the end of June 2023, including 112 Domino's Pizza stores across Poland and 4 across Croatia
- One new store was opened in Poland and one in Croatia in the first half of 2023. At the same time, four ex-Dominium stores have been upgraded to Domino's standards and two stores were closed as part of the store network optimisation plan
- Average delivery times reduced by 13.0% in H1 2023 (vs H1 2022), resulting in improved Net Promoter Scores and customer satisfaction
- Further development of digital capabilities
- Mitigating actions were taken in H1 to reduce the impact of inflationary pressures particularly in food and energy which have now begun to ease, however, labour inflationary pressures have remained

Nils Gornall, CEO, commented:

"H1 2023 saw the company move into positive store EBITDA and I am confident that we can build on this in the second half of the year. Delivery times are coming down, which are driving improved customer satisfaction and increased orders which are now regularly exceeding 700 orders per store per week. Driving order count higher is our prime objective in the second half as this is a key driver of consistent and improved profitability.

The results we have achieved position the Company firmly for ongoing market share expansion. This growth will be fueled by continued operational excellence, enhancing our digital solutions for customer orders and internal processes, and maintaining an unwavering commitment to our customer value proposition. We anticipate that these efforts will lead to the creation of new sales records for the Company, and continued improvement in EBITDA".

Post period end trading update

Polish trading remains strong with double digit sales and order count LFL growth. In July and August, Polish LFL sales grew by 10.6% and 17.3%, respectively, compared to 2022, with the growth split evenly between sales channels. Performance in the first half of September has so far been strong.

In the year to August 2023, the Polish market has seen double-digit revenue growth compared to 2022:

- 16.9% increase in LFL System Sales
 - 18.9% LFL non-delivery revenue growth
 - 15.7% LFL delivery revenue growth
- 12.3% increase in total System Sales, despite a reduction of 8 store locations vs 2022

The Croatian market has been impacted by inflationary pressures and consumers enjoying the summer on the coast where we are not currently present. This resulted in LFL sales growth in July and August of (14,0%) and 0.1%, respectively, compared to 2022. Overall, the addition of one new store resulted in system sales growth of 10.9% and 25.5% in July and August, respectively, versus the prior year.

In the year to August 2023, Croatia grew system sales 35.9% and LFL sales 4.4% with the prospects for September and the rest of the year looking encouraging.

We expect to deliver a solid performance for the Group in Q3 and to be in line with expectations for Q4. In the coming months, we expect to open another two stores in Poland and one store in Croatia, further improve our cost position through additional cost saving initiatives and driving market share.

Investor Presentation

The Company is pleased to announce that Nils Gornall and Edward Kacyrz will provide a live presentation relating to the Interim Results via Investor Meet Company on 27th Sep 2023 at 3:00pm BST.

The presentation is open to all existing and potential shareholders. Questions can be submitted pre-event via your Investor Meet Company dashboard up until 9am the day before the meeting or at any time during the live presentation.

Investors can sign up to Investor Meet Company for free and add to meet DP POLAND PLC via:

<https://www.investormeetcompany.com/dp-poland-plc/register-investor>

Investors who already follow DP Poland plc on the Investor Meet Company platform will automatically be invited.

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Notes for editors

About DP Poland plc

DP Poland, has the exclusive right to develop, operate and sub-franchise Domino's Pizza stores in Poland and Croatia. The group operates 116 stores and restaurants throughout cities and towns in Poland and Croatia.

Chief Executive Officer's Review

After twelve months of leading DP Poland plc, it is a great pleasure to share with you insights to visibly improving performance of the Company, which prove that the proposed transformation strategy for the Company is working, despite challenging market conditions, predominantly related to inflationary pressures visible in food, labour and utility cost.

I feel confident that current results and Company setup build strong foundations for further Company growth. Supported by an energised team, we will enter into the second stage of our transformation plan, concentrating on further company expansion and transition towards a franchisee model, which allows us to capitalise on the opportunity to grow market share and sales volumes under our High-Volume Mentality.

Store performance

The Company has seen strong top line performance in the first six months of 2023, recording 18.0% and 10.2% LFL system sales growth in Poland and Croatia, respectively, compared to the prior year. At the same time, Company total system sales grew by more than 25% year-on-year, driven by the third store opening in Croatia and store network optimization in Poland. The sales growth vs. prior year was achieved through a combination of (i) 11.3% growth in order count in Poland; (ii) continued simultaneous dynamic growth in both delivery and non-delivery channels, and (iii) improved product quality and reduced delivery times in both markets.

In Poland, a Q1'23 TV campaign targeting the carry-out offering helped deliver a 22.6% year-on-year growth, and delivery sales continued growing at double-digits, delivering a 15.8% year-on-year growth.

In Croatia, the transition of the Croatian currency from the Kuna to the Euro at the beginning of 2023 contributed to weaker sales in January, whilst also impacting higher inflation. However, the market returned to strong double-digit LFL sales growth from February, delivering 10.2% year-on-year growth in H1 and average weekly order count per store exceeded 1,100, which sets an aspirational benchmark for the Polish market.

Value for money

In the current trading environment, our focus on providing the consumer with the best value-for-money is essential for building market share and, thus, our strong value message together with delivery promise is key to success.

We aim to attract and retain new consumers with a strong pipeline of promotions, new pizzas and sides to increase frequency of purchase. We started the year with the compelling offer for carry-out and delivery, medium pizzas for 19.99PLN and 24.99PLN, respectively. This drew new customers to Domino's, a key factor in the ongoing sales momentum we've experienced this year. In the second quarter, we focused on product quality and our menu offering by upgrading recipes with additional ingredients, launching new menus purely dedicated for the dine-in channel as well as implementing one-topping pizzas with the entry price points at 17.99PLN for a medium pizza. Our promotions have proved successful with consumers and the changes made in the portfolio mix have started contributing positively to the Company performance.

In H1 2023 we continued to improve on the pizza delivery process, adding eBikes and rejuvenating our scooter fleet, which allowed us to substantially shorten our delivery times by 13% year-on-year to around 25 minutes. As a direct result of these initiatives, we have seen an improving Net Promoter Score. Although our delivery times are already at the European average for Dominos stores in the coming year we are introducing GPS technologies to improve driver route planning to further reduce delivery times to 22 minutes.

Input cost inflation and mitigating action

High inflation in labour, energy and food costs over the last two years has had an adverse implication on the restaurant sector in the region. In Q2 2023, high inflation in energy and food have started to abate, however, labour rates are still under inflationary pressures.

In the first half of the year, we have worked hard to mitigate against these inflationary pressures through renegotiating supply chain contracts and reducing distribution costs to our stores. Additionally, we have improved labour efficiency by implementing the 'Tanda' scheduling system across our entire store network, which resulted in visible labour costs reduction and allowed us to remain competitive on our pizza prices. These actions have made our Company much more resistant to economic fluctuations and put us in a strong position to grow market share.

We expect to further improve our cost position in the second half of the year through additional cost saving initiatives.

Digital

In the past six months, we've witnessed a substantial leap in our digital capabilities. The Company has focused on further development of the mobile app and improvements in the webpage layout to enhance the consumer experience at every touchpoint with Domino's. This has resulted in a faster ordering process and higher basket values. Overall sales growth through the mobile app almost quadrupled year-on-year and app downloads have doubled. Additionally, customers' consents for text messages have grown 20% and consents for email marketing have grown 44%. Digital orders now account for 89% of all delivery orders and we are well on our way to our 90% target. Towards the end of the year, we plan to launch a dine-in self-ordering solution via mobile app and trial self-ordering kiosks for carry-out and dine-in customers.

At the beginning of 2023 we upgraded our ERP system bringing us closer towards a paperless organisation. This change has been followed with the introduction of a digital approval process (Q2 2023), and in the coming months will be supplemented with automatic bookings and cash reconciliation processes – all for the purpose of simplified and integrated accounting and controlling.

Outlook

We have made a strong start to the second half of the year and expect to see a continued improvement in profitability as we grow our sales. We are confident that the drive for order growth and network expansion is the key to success and will soon bring us to a pre-IFRS 16 positive EBITDA.

The improvement of business profitability and positive cash flow is the prime goal for the entire team. Demonstrating consistently profitable stores will enable us to move to the second stage of planned transformation and accelerate the growth of our stores' portfolio using the franchise model to become the market leader in Poland over the next 3-5 years with 250+ stores.

for 6 months to 30.06.2023

	Notes	Unaudited 6 months to 30.06.2023 £	Unaudited 6 months to 30.06.2022 £	Audited Year to 31.12.2022 £	
Revenue	2	20,959,825	16,575,350	35,694,098	
Direct Costs		(16,345,959)	(13,529,067)	(28,312,921)	
Selling, general and administrative expenses - excluding: <i>store pre-opening expenses, depreciation, amortisation and share based payments</i>		(3,562,483)	(2,658,585)	(5,687,720)	
Group adjusted EBITDA - <i>excluding non-cash items, non-recurring items and store pre-opening expenses</i>		1,051,383	387,698	1,693,457	
Store pre-opening expenses		-	(32,894)	(37,584)	
Other non-cash and non-recurring items		191,282	23,035	(500,971)	
Depreciation and amortisation		(2,406,520)	(2,079,335)	(4,336,210)	
Share based payments ¹		(198,483)	-	(137,748)	
Foreign exchange gains / (losses)		290,825	276,382	17,406	
Finance income		13,199	11,648	257,984	
Finance costs		(499,865)	(786,469)	(1,258,850)	
Loss before taxation		(1,558,179)	(2,199,935)	(4,302,516)	
Taxation ²	3	(33,806)	-	(57,429)	
Loss for the period		(1,591,985)	(2,199,935)	(4,359,945)	
Loss per share					
	Basic	4	(0.22 p)	(0.38 p)	(0.67 p)
	Diluted	4	(0.22 p)	(0.38 p)	(0.67 p)

^{1,2} – share based payments and taxation for 6 months to 30.06.2022 have not been included into Group income statement due to the amount being immaterial

All the loss for the year is attributable to the owners of the Parent Company.

Group Statement of comprehensive income

for 6 months to 30.06.2023

	<i>Unaudited</i> 6 months to 30.06.2023	<i>Unaudited</i> 6 months to 30.06.2022	<i>Audited</i> Year to 31.12.2022
	£	£	£
Loss for the period	(1,591,985)	(2,199,935)	(4,359,945)
Currency translation differences	(192,317)	11,380	(333,785)
Other comprehensive expense for the period, net of tax to be reclassified to profit or loss in subsequent periods	(192,317)	11,380	(333,785)
Total comprehensive income for the period	(1,784,302)	(2,188,555)	(4,693,730)

All of the comprehensive expense for the year is attributable to the owners of the Parent Company.

Group Balance Sheet

on 30 June 2023

	<i>Unaudited</i> 30.06.2023	<i>Unaudited</i> 30.06.2022	<i>Audited</i> 31.12.2022
	£	£	£
Non-current assets			
Goodwill	15,179,109	15,016,129	15,111,002
Intangible assets	3,528,313	1,969,417	3,714,479
Property, plant and equipment	6,669,521	5,915,292	6,645,301
Leases - right of use assets	6,678,007	7,512,357	6,472,965
Trade and other receivables	848,060	800,448	822,042
	32,903,010	31,213,643	32,765,789
Current assets			
Inventories	852,198	522,300	982,110
Trade and other receivables	2,017,944	1,354,550	1,966,987
Cash and cash equivalents	2,715,746	1,730,716	4,110,322
	5,585,888	3,607,566	7,059,419
Total assets	38,488,898	34,821,209	39,825,208
Current liabilities			
Trade and other payables	(5,341,623)	(5,415,603)	(5,343,028)
Lease liabilities	(2,990,580)	(2,813,656)	(2,834,336)
	(8,332,203)	(8,229,259)	(8,177,364)
Non-current liabilities			
Lease liabilities	(5,771,073)	(6,107,204)	(5,666,835)
Deferred tax	(313,703)	(213,982)	(276,099)
Borrowings	(6,715,686)	(6,217,469)	(6,763,297)
	(12,800,462)	(12,538,655)	(12,706,231)
Total liabilities	(21,132,665)	(20,767,914)	(20,883,595)
Net assets	17,356,233	14,053,295	18,941,613
Equity			
Called up share capital	3,562,409	3,102,293	3,561,969
Share premium account	46,925,141	42,593,641	46,925,141
Capital reserve - own shares	(48,163)	(48,163)	(48,163)
Retained earnings	(22,843,714)	(19,427,950)	(21,450,212)
Merger relief reserve	23,676,117	21,282,500	23,676,117
Reverse Takeover reserve	(33,460,406)	(33,460,406)	(33,460,406)
Currency translation reserve	(455,151)	11,380	(262,834)
Total equity	17,356,233	14,053,295	18,941,613

Group Statement of Cash Flows

for 6 months to 30.06.2023

	<i>Unaudited</i> 6 months to 30.06.2023 £	<i>Unaudited</i> 6 months to 30.06.2022 £	<i>Audited</i> Year to 31.12.2022 £
Cash flows from operating activities			
Loss before taxation for the period	(1,558,179)	(2,199,935)	(4,302,516)
<i>Adjustments for:</i>			
Finance income	(13,199)	(11,648)	(257,984)
Finance costs	499,865	786,470	1,258,850
Foreign exchange movements	(891,037)	150,204	(144,025)
Depreciation, amortisation and impairment	2,406,520	2,079,335	4,336,210
Loss on fixed asset disposal	(529)	5,563	136,974
VAT refund - interests	-	-	231,476
Dismantling provision	-	-	20,466
Share based payments expense	198,483	-	137,748
Operating cash flows before movement in working capital	641,924	809,989	1,417,199
Decrease / (increase) in inventories	129,912	285,332	(314,212)
Decrease / (increase) in trade and other receivables	(76,975)	(79,915)	(748,711)
Increase / (decrease) in trade and other payables	(1,405)	94,096	359,363
Cash generated from operations	693,456	1,109,502	713,639
Taxation payable	-	-	-
Net cash generated from operations	693,456	1,109,502	713,639
Cash flows from investing activities			
Payments to acquire software	(161,007)	(32,856)	(241,032)
Payments to acquire property, plant and equipment	(605,693)	(453,236)	(1,072,811)
Payments to acquire intangible fixed assets	(65,646)	(19,721)	(62,831)
Proceeds from disposal of property plant and equipment	23,474	37,349	46,063
Interest received on sub-franchisee loans	8,651	27,020	16,767
Interest received on short-term deposits	-	8,048	-
Cash flows of acquiring a subsidiary	-	-	(2,241,534)
Net cash (used in) investing activities	(800,221)	(433,396)	(3,555,378)
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital	440	-	7,231,341
Repayment of lease liabilities	(926,962)	(1,313,525)	(2,068,948)
Repayment of borrowings	-	-	(163,539)
Interest paid on lease liabilities	(305,924)	(347,824)	(665,084)
Net cash from/(used in) financing activities	(1,232,446)	(1,661,349)	4,333,770
Net increase / (decrease) in cash	(1,339,211)	(985,243)	1,492,031
Exchange differences on cash balances	(55,365)	14,313	(83,355)
Cash and cash equivalents at beginning of period	4,110,322	2,701,646	2,701,646
Cash and cash equivalents at end of period	2,715,746	1,730,716	4,110,322

Group Statement of Changes in Equity

for 6 months to 30.06.2023

	Share capital	Share premium account	Retained earnings	Currency translation reserve	Capital reserve - own shares	Reverse Takeover reserve	Merger Relief reserve	Total
	£	£	£	£	£	£	£	£
At 30 June 2022	3,102,293	42,593,641	(19,427,950)	11,380	(48,163)	(33,460,406)	21,282,500	14,053,295
Translation difference	-	-	-	(275,484)	-	-	-	(275,484)
Loss for the period	-	-	(2,160,010)	-	-	-	-	(2,160,010)
Total comprehensive income for the year	-	-	(2,160,010)	(275,484)	-	-	-	(2,435,494)
Shares issued (net of expenses)	459,676	4,331,500	-	-	-	-	2,393,617	7,184,793
Share based payments	-	-	137,748	-	-	-	-	137,748
Transactions with owners in their capacity as owners	459,676	4,331,500	137,748	-	-	-	2,393,617	7,322,541
At 31 December 2022	3,561,969	46,925,141	(21,450,212)	(262,834)	(48,163)	(33,460,406)	23,676,117	18,941,613
Translation difference	-	-	-	(192,317)	-	-	-	(192,317)
Loss for the period	-	-	(1,591,985)	-	-	-	-	(1,591,985)
Total comprehensive income for the year	-	-	(1,591,985)	(192,317)	-	-	-	(1,784,302)
Shares issued (net of expenses)	440	-	-	-	-	-	-	440
Share based payments	-	-	198,483	-	-	-	-	198,483
Transactions with owners in their capacity as owners	440	-	198,483	-	-	-	-	198,923
At 30 June 2023	3,562,409	46,925,141	(22,843,714)	(455,151)	(48,163)	(33,460,406)	23,676,117	17,356,233

Notes to the Financial Statements

for 6 months to 30.06.2023

1 Basis of preparation

These condensed interim financial statements are unaudited and do not constitute statutory accounts within the meaning of the Companies Act 2006. These condensed interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' and were approved on behalf of the Board by the Chairman David Wild.

The accounting policies and methods of computation applied in these condensed interim financial statements are consistent with those applied in the Group's most recent annual financial statements for the year ended 31 December 2022.

The financial statements for the year ended 31 December 2022, which were prepared in accordance with UK-adopted international accounting standards, IFRIC Interpretations and the Companies Act 2006 have been delivered to the Registrar of Companies. The auditors' opinion on those financial statements was unqualified and did not contain a statement made under s498(2) or (3) of the Companies Act 2006.

Copies of these condensed interim financial statements and the Group's most recent annual financial statements are available on request by writing to the Company Secretary at our registered office DP Poland plc, One Chamberlain Square, Birmingham, B3 3AX, United Kingdom, or from our website www.dppoland.com.

2 Revenue

	<i>Unaudited</i> 6 months to 30.06.2023 £	<i>Unaudited</i> 6 months to 30.06.2022 £	<i>Audited</i> Year to 31.12.2022 £
Core revenue	20,959,825	16,575,350	35,693,133
Other revenue	-	-	965
	<u>20,959,825</u>	<u>16,575,350</u>	<u>35,694,098</u>

Core revenues are ongoing revenues including sales to the public from corporate stores, sales of materials and services to sub-franchisees, royalties received from sub-franchisees and rents received from sub-franchisees. Other revenues are non-recurring transactions such as the sale of stores, fittings and equipment to sub-franchisees.

3 Taxation

	<i>Unaudited</i> 6 months to 30.06.2023 £	<i>Unaudited</i> 6 months to 30.06.2022 £	<i>Audited</i> Year to 31.12.2022 £
Current tax	-	-	
Deferred tax charge relating to the origination and reversal of temporary differences	33,806	-	57,429
	-		
Total tax charge in income statement	<u>33,806</u>	<u>-</u>	<u>57,429</u>

4 Earnings per ordinary share

The loss per ordinary share has been calculated as follows:

	<i>Unaudited</i> 6 months to 30.06.2023 £	<i>Unaudited</i> 6 months to 30.06.2022 £	<i>Audited</i> Year to 31.12.2022 £
Profit / (loss) after tax (£)	(1,591,985)	(2,199,935)	(4,359,945)
Weighted average number of shares in issue (excluding EBT held shares)	710,642,415	578,123,216	653,776,085
Basic and diluted earnings per share (pence)	(0.22 p)	(0.38 p)	(0.67 p)

The weighted average number of shares for the period excludes those shares in the Company held by the employee benefit trust. At 30 June 2023 the basic and diluted loss per share is the same, because the vesting of share awards would reduce the loss per share and is, therefore, anti-dilutive.

5 Principal risks and uncertainties

The principal risks and uncertainties facing the Group are disclosed in the Group's financial statements for the year ended 31 December 2022, available from www.dppoland.com and remain unchanged.