

# ACCELERATING GROWTH



**Domino's®**

## WE ARE DOMINO'S

We are part of the global Domino's system, the biggest pizza delivery operator in the world. We hold the exclusive master franchise rights in the UK & Ireland under long-term agreements with Domino's Pizza International Franchising Inc., the international arm of Domino's Pizza Inc. which is listed on the New York Stock Exchange and which owns the Domino's brand across the globe. Our core business is in the UK & Ireland, where we have a clear number one market share.

### WHAT WE DO

We are passionate about delivering hot, great-tasting, freshly handcrafted pizzas to customers. Since opening the first Domino's store in the UK in 1985, we now have 1,319 stores across the UK & Ireland. Last year, we sold over 112 million freshly handcrafted pizzas.

### WHY WE DO IT

We have a clear purpose to deliver a better future through food people love. The values we all share at Domino's drive our passion to deliver excellence every day across the business, so we continue to be a favourite brand of a growing number of customers.



**P24**  
ENGAGING WITH  
OUR STAKEHOLDERS



**P28**  
PROGRESS WITH  
OUR SUSTAINABILITY  
STRATEGY

## IN THIS REPORT

### Strategic report

Financial and non-financial highlights	1
Purpose, vision and values	2
Our investment proposition	4
Chair's review	6
CEO statement	8
Market review	16
Our business model	18
Our strategy	20
Key performance indicators	22
Engaging with our stakeholders and workforce	24
Section 172	26
Sustainability	28
Gender diversity	38
Non-financial and sustainability information statement	39
Financial review	40
Risk management	46
Viability statement	52

### Governance

Board of Directors	54
Chair's introduction to Corporate Governance	56
Corporate Governance	58
Nomination & Governance	66
Committee report	69
Sustainability Committee report	71
Audit Committee report	78
Directors' remuneration report	109
Directors' report	113
Statement of Directors' responsibilities	

### Financial statements

Independent Auditor's report	114
Group income statement	121
Group statement of comprehensive income	122
Group balance sheet	123
Group statement of changes in equity	125
Group cash flow statement	126
Notes to the Group financial statements	128
Company balance sheet	177
Company statement of changes in equity	178
Notes to the Company financial statements	179
Five-year financial summary	186
Shareholder information	187

## FINANCIAL HIGHLIGHTS

**System sales<sup>1,2</sup>**  
(£m)

**£1,540.5M**



**Underlying EBITDA<sup>4,7</sup>**  
(£m)

**£138.1M**



**Dividends per share**  
(p)

**10.5P**



**Like-for-like system sales growth  
ex VAT and ex splits (%)<sup>5,6</sup>**

**+5.7%**



**Statutory profit for the year<sup>4</sup>**  
(£m)

**£115.0M**



**Share buybacks announced**  
(£m)

**£90M**



**Reported revenue<sup>2,3</sup>**  
(£m)

**£667.0M**



**Underlying earnings per share<sup>2,6</sup>**  
(p)

**18.0P**



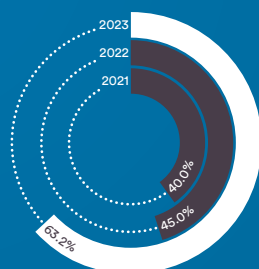
**Free cash flow<sup>4</sup>**  
(£m)

**£97.0M**

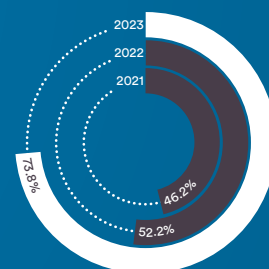


## NON-FINANCIAL HIGHLIGHTS

**App sales as a percentage  
of system sales (%)**



**App orders as a percentage  
of online orders (%)**



**New store openings**

**61**



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

2. Shown on a 52-week basis for purposes of comparability.

3. 53-week reported revenue £679.8m.

4. 2023 was a 53 week year, statutory numbers are shown on a 53-week basis. Underlying EBITDA shown on a 53-week basis to align with Company guidance of FY23 Underlying EBITDA of £132m-£138m. All 2022 and 2021 numbers are shown on a 52-week basis.

5. Q1 22 had a lower rate of VAT which is therefore included in the FY comparator. An adjustment for the change in VAT rates described for system sales relates to the impact of changes in the VAT applied on hot takeaway food where the VAT inclusive price to customers did not change. The VAT rate in the UK decreased from 20% to 5% on 15 July 2020, increased to 12.5% on 1 October 2021 and reverted back to 20% on 1 April 2022. System sales are consistently reported on an exclusive of VAT basis. However, where the inclusive of VAT price of an order remained the same on a total basis to the customer, over the period of reduced VAT the exclusive of VAT price reported in system sales increased. This leads to an increase in system sales from 15 July 2020 through to 30 September 2021 when the VAT rate was reduced from 20% to 5%. From 1 October 2021, the rate increased from 5% to 12.5%. Where the inclusive of VAT price of an order remained the same on a total basis, this leads to a decrease in system sales compared to the period from 15 July 2020 and an increase in system sales compared to the period before 15 July 2020. With the increase in VAT from 1 April 2022 back up to 20%, where the inclusive of VAT price remained the same to the consumer, there has been a negative impact on system sales compared to the periods from 15 July 2020 to 30 September 2021 and 1 October 21 to 31 March 2022, as the exclusive of VAT price of an order decreased. As an example, for an order where the inclusive of VAT price is £27:

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

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

6. Like-for-like (excluding splits) system sales performance is calculated for UK & Ireland against a comparable 52-week period in the prior period for mature stores which were not in territories split in the current period or comparable period. Mature stores are defined as those opened prior to 26th December 2021

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

# OUR VISION

To be the favourite food delivery and collection brand with pizza at our heart

# OUR PURPOSE

Delivering a better future through food people love

Our ambition is to bring people together around food they love and, by doing so, have a positive impact on everyone who interacts with us: our customers, colleagues, franchisees, investors, and the communities we serve.

Our purpose is underpinned by a sustainability strategy which ensures a better future; one where, among other things, our environmental impact is minimised, our workplaces are inclusive, and our products are responsibly sourced.

Domino's is one of the best-loved brands in the world with a reputation for taste, quality, speed and service. While we are focused on delivering long-term sustainable growth, our corporate purpose ensures that we achieve this responsibly and in a way that truly delivers a better future for all our key stakeholders.



# GUIDED BY OUR VALUES

Our values guide what we do, the decisions we make and the way we respond to opportunities and challenges. When we bring them to life, every day, we grow our winning culture and deliver our purpose.



## We do the right thing

We care about our impact on our brand, our colleagues, our communities and the wider world. So we're proud to do the right thing and keep our promises.



## We are one team

We respect and celebrate the whole team for who we are and the value we each bring. We grab the amazing opportunities to grow, succeed and live our best work-life.



## We love customers

Every decision and action we take has customers at the heart. We listen to customers and create great experiences to delight them and keep them coming back for more.



## We are bold

It takes courage and determination to lead the field. Dominoids are bold, entrepreneurial, we aren't afraid to innovate and learn fast to become better every day.



## We grow and win together

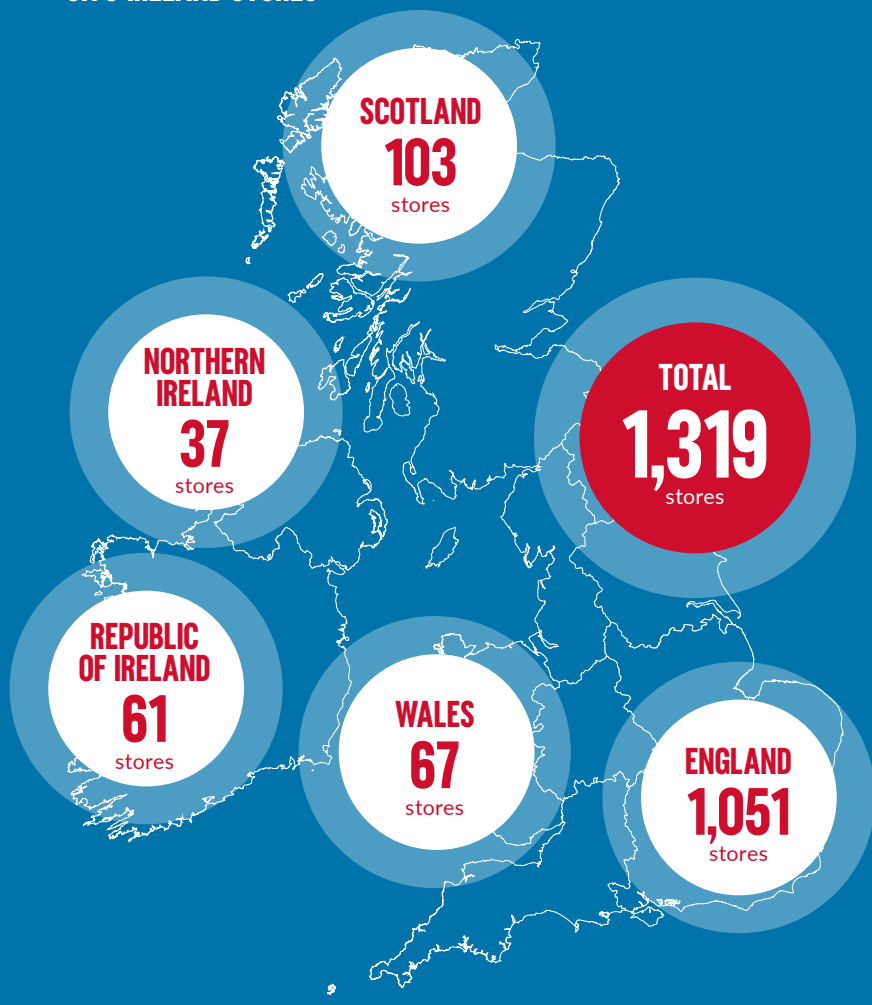
No one can beat us when we're working hard and playing hard together. We share big ambitions, have a growth mindset and enjoy success as one Domino's.

# IMPLEMENTING OUR PURPOSE

## Our corporate purpose is the guiding star for our business

Our colleagues understand the importance of our corporate purpose, and how they can contribute towards it. In 2023, colleagues from different departments across the business were part of sustainability working groups dedicated to each of our focus areas. These cross-functional groups are key to delivering sustainability initiatives such as the creation and deployment of a new training webinar on People for our franchise partners.

## UK & IRELAND STORES



At Domino's we are committed to delivering a better future through food people love. That means that we are focused on growing our business but doing so responsibly. Our sustainability strategy underpins our ambition to deliver a better future and is based around five key areas:

## OUR CUSTOMERS

Customers are at the heart of our business. We are committed to helping customers make informed choices about our products, and to offering an increasing range of products to suit all dietary requirements and preferences.

## OUR PEOPLE

People make pizzas. Ensuring all 'Dominoids' are able to challenge themselves, and build a career in a safe, diverse and inclusive environment is a key ingredient to continuing to grow our business.

## OUR ENVIRONMENT

Reducing society's impact on the environment is the key challenge of our time. We understand we have a part to play, and from our use of natural resources to targeting Net Zero for carbon, we are doing our bit to reduce our impact on the environment.

## OUR COMMUNITIES

We aim to have a positive impact on every community we are proud to serve. Our stores support local causes and charities, whilst ensuring they are a good neighbour by operating considerately.

## OUR SOURCING

A reliable, responsible supply chain is key to our business. We work with our suppliers to ensure that our high compliance standards for topics such as animal welfare and the treatment of workers are strictly adhered to.



# REASONS TO INVEST

We are transforming the Group into a high-growth, high-quality, world-class franchisor – we have a strong investment case, building on our core strengths:

## WORLD CLASS BRAND

We strive to be the favourite food delivery and collection brand in the UK & Ireland.

- Driven by investment in our national value and social media campaigns, to drive sales, brand awareness and customer engagement.
- Significant customer base with c.13.5m active customers in the UK & Ireland.
- We are the leading pizza takeaway brand in the UK.

# #1

MARKET SHARE OF THE UK PIZZA TAKEAWAY MARKET



SEE OUR MARKET CONTEXT ON PAGE 16

## DYNAMIC, DIGITAL BUSINESS

We operate a digitally driven and responsive business model.

- We have accelerated our evolution to a truly digital business, with our app driving growth, reflecting the rapid change in consumer preference and engagement across the market.
- Our model is unique in that we offer delivery to our customers and are also focused on continuing to grow our collection business.

# 90%

OF SYSTEM SALES ARE DIGITAL



SEE OUR CEO STATEMENT ON PAGE 8

## EXPERIENCED FRANCHISE PARTNERS

Our network of franchise partners have exceptionally strong operational expertise and experience, and are passionate about our brand.

- The system is aligned and together, we are focused on accelerating the growth of the system.
- Our world-class franchise partners have driven an acceleration in new stores openings, rolled out on Just Eat and adopted GPS to boost customer service.

# 61

NEW STORES IN 2023



SEE OUR S172 STATEMENT ON PAGE 26

**A BETTER FUTURE  
FOOD PEOPLE LOVE**



## EXCEPTIONAL SUPPLY CHAIN

**Our world-class supply chain is the backbone of the business.**

- From four supply chain centres, supplying fresh pizza dough and ingredients to all our stores, with our purchasing scale and expertise benefiting franchisees.
- We are making further investment in our supply and production facilities to support our system sales growth, with a relentless focus on product availability, quality and value.

# 100%

**FOOD AVAILABILITY IN 2023**



**SEE OUR CFO REVIEW ON PAGE 20**

## ASSET LIGHT AND HIGHLY CASH GENERATIVE

**We are a highly cash generative business.**

- We prioritise re-investment of this cash into the core business to enhance returns and drive future growth.
- We have embedded a cash-focused framework throughout the Group, with a rigorous focus on improving our cash conversion and capital allocation to return surplus cash to shareholders.

# £427M

**ANNOUNCED RETURNS  
TO SHAREHOLDERS  
SINCE MARCH 2021**



**SEE OUR CFO REVIEW ON PAGE 20**

# MATT SHATTOCK

## CHAIR



**“I WOULD LIKE TO THANK ALL OUR COLLEAGUES AND FRANCHISE PARTNERS FOR THEIR HARD WORK IN DELIVERING STRONG RESULTS IN 2023.”**

### Overview of the year

Domino's made strong strategic progress in 2023 and delivered a robust financial performance, despite a challenging macro-economic environment. Once again, the manner in which the Domino's team and our world-class franchisees tackled the challenges presented by global inflation and an uncertain consumer environment continues to be a great example of what can be achieved when the Domino's system works together.

In 2023, we saw the benefits of Domino's flexible, asset-light business model and our value proposition. We are able to adapt rapidly to external market conditions, delivering strategic progress with profitable growth and strong cash generation.

Domino's is one of the world's leading consumer brands, and there remains a significant opportunity to build on the strengths of the system to deliver sustainable long-term value for all of our stakeholders.

As a Board, we continue to do everything we can to act in the interests of all of our stakeholders – taking care of our people, supporting our franchisee partners to grow their businesses, collaborating closely with our suppliers, giving back to our communities and acting in our shareholders' long-term interests.

### Leadership changes

During the year we appointed Andrew Rennie as Chief Executive Officer. Andrew has an extensive career in the Domino's global system, a deep knowledge of the brand, vast experience of working with franchisees, and was himself a very successful multi-unit franchisee for a decade.

He understands the power and potential of the Domino's brand as well as anyone in the business globally. He is an energetic and entrepreneurial leader with an incredible track record of delivering growth in Domino's businesses around the world. In December 2023, Andrew set out his initial thoughts on the long-term growth opportunity for Domino's, with a focus on the core UK & Ireland markets and accelerating growth through additional opportunities.

I would like to thank Elias Diaz Sese for his extraordinary commitment in his time as Interim Chief Executive Officer and the positive impact he made on the entire system in that time. His drive and passion for the business and its people ensured that Domino's accelerated the implementation of our strategy and created a stronger platform upon which to drive our growth. I am very grateful he remains on the Board in a non-executive capacity.



## Strategic progress and capital allocation discipline

Delivering a better future through food people love is our purpose, with a vision to be the favourite food delivery and collection brand with pizza at our heart. This has been highlighted by the manner in which our colleagues and franchisees have worked collaboratively to provide excellent service and compelling value to our customers. Our purpose guides everything we do as a Company in the interests of all of our stakeholders.

The business performed well through the year, as the team were focused on our key strategic priorities. We delivered improvements in our customer service, continued to attract more customers to our app and meaningfully accelerated our store openings. You can read more on how we operated and traded through the year and the strategic progress we have delivered in Andrew's report on page 8.

Our capital allocation framework seeks to amplify shareholder returns by our effective and disciplined use of capital. This is a highly cash generative business, and our first priority is to re-invest back into the core business to enhance returns and enable future growth. Total capital investment in the business this year was £20.8m.

The second pillar of our capital allocation framework is a sustainable and progressive dividend with earnings-per-share cover. As a result, we are recommending a final dividend for the year of 7.2p which, combined with the interim dividend of 3.3p, gives a 10.5p full-year dividend, an increase of 5.0% compared to the prior year. In addition, as part of our framework to return surplus cash to our shareholders, we announced share buyback programmes of £90m in the year, which included a £70m buyback programme as a result of the disposal of our German investment.

We will continue to invest in the growth of the business, and as outlined in the Andrew's report, the Board sees an opportunity to grow the business both through continuing to invest in the core business, but also through additional growth opportunities. We believe this will support our growth potential and maximise long-term returns for shareholders.

## Sustainability

In 2023, we were pleased to publish our new 'Connect the Dots' sustainability strategy, which focuses on five pillars: customers, people, environment, sourcing and communities. We have been making good progress in these areas, including the opening of our first lower carbon store in Hammersmith, the installation of solar panels at three of our supply chain centres and the ongoing trial of our 650-calorie pizzas. We also began developing our first carbon reduction roadmap and a new strategy for offering a wider choice of menu options. We are providing a detailed update on our progress and targets in our inaugural 2023 sustainability report, and further information about sustainability is set out in this Annual Report on pages 28 to 37.

## The year ahead

Our asset-light and cash generative business model means we are well placed to accelerate our growth and in Andrew's report we lay out our new targets of 1,600 UK & Ireland stores delivering £2.0 billion of system sales by 2028 and 2,000 stores delivering £2.5 billion of system sales by 2033. We look forward to the year ahead and beyond with confidence.

Finally, I would like to offer once again express my immense gratitude to all our colleagues, our franchisees, our suppliers, our customers and our shareholders, for your support throughout the year.

**MATT SHATTOCK**

**CHAIR**  
**11 MARCH 2024**

# THANK YOU TO OUR DIRECTORS WHO LEFT IN THE YEAR

Stella David stepped down as a director on 31 December 2023 as a result of her appointment as Interim Chief Executive Officer of Entain plc, which meant that she no longer has sufficient time to fulfil her commitments to Domino's. On behalf of the Board, I would like to thank Stella for her contribution to Domino's. She was an outstanding Board director and we were sorry to see her leave the Board.

Usman Nabi stepped down as a director on 14 August 2023. Usman joined the Board of DPG in November 2019 and played an important role in supporting the transformation of the business. In particular, Usman played an instrumental role in the search for a new CEO, culminating in the recent appointment of Andrew Rennie. Usman is Founder and Managing Partner of Browning West, which continues to be a significant shareholder in DPG. On behalf of the Board, I'd like to thank Usman for his contribution, which has been vital during a period of great change in the business. We look forward to continuing to engage with Usman as a major shareholder in the business.

# ANDREW RENNIE

## CHIEF EXECUTIVE OFFICER



**“I'D LIKE TO THANK ALL OUR COLLEAGUES AND FRANCHISE PARTNERS FOR WORKING FANTASTICALLY WELL TO DELIVER ANOTHER STRONG YEAR OF PROGRESS.”**

### FY23 performance summary

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

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

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

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

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

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

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

### Accelerating growth

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

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

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

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

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

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

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

### Core UK & Ireland business

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

### 1. Franchisee profitability and supply chain

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

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

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

### 2. Value for Money

Customers will always be our number one priority. Maintaining compelling value is essential, and we will continue to do this for our customers. As part of our continued drive to give our customers more choice, our research has shown that many of our customers would like to see a lighter, cheaper Domino's offer for lunch. Our stores are open, but our share of lunch is small, so this is a growth opportunity for us. As a result, we have developed a new lunch menu, including wraps, which meets consumer needs for a taste of Domino's, which is easier

to eat on the go and at lower price points than their weekend favourites. We will be launching a new £4 lunch offer in April, supported by an integrated national media campaign.

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

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

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

### 3. Digital acceleration

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

## CEO STATEMENT CONTINUED

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

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

### 4. Convenience – accelerate store openings

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

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

### Capital allocation framework

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

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

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

### Additional long-term growth opportunities

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

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

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

### Acquisition of Shorecal Limited

On 11 March 2024, in line with the growth framework we laid out in December 2023, we announced the acquisition of the outstanding shares in Shorecal Limited which Domino's Pizza Group does not own for c.£62m.

The acquisition is at an attractive multiple of 8x EBITDA and is expected to be earnings accretive in the first full year of ownership and significantly accretive in the long-term.

The acquisition will allow us to take control of a significant opportunity to materially increase the store count in the Republic of Ireland and Northern Ireland.

Shorecal's existing Irish management will remain in role to accelerate the growth, supported by the experienced, and recently expanded, Domino's Pizza Group team.

We are committed to an asset-light business model and our strategy will centre on acquiring, strengthening and then ultimately redistributing stores to world-class franchisees.



## CUSTOMER SERVICE

We are passionate about giving our customers outstanding service. In 2023, alongside our franchise partners we ensured that our service improved. Our average delivery times improved from 26.3 minutes in 2022 to 25.0 minutes in 2023. Alongside that the percentage of orders delivered on time increased from 74.8% in 2022 to 78.8% in 2023, and the number of late deliveries decreased significantly.

We were able to achieve this with a concerted effort from our operations team and franchise partners. Multiple roadshows were held across the UK and Ireland, sharing best practice in how to deliver outstanding customer service.

Whilst we made great strides in 2023 we are determined to give our customers even better service in 2024 and our operations team have an exciting programme of initiatives to deliver further improvements.

## FY23 trading review

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

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

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

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

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

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

## CEO STATEMENT CONTINUED

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

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

### Corporate stores

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

### German associate

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

### Capital allocation

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

### Progress against our focus areas in FY23

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

### Franchise partner profitability/organisation

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

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

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

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

We reshaped our Executive leadership team to ensure that we are leaner and can make faster decisions. We also undertook a wider review and restructure of our organisation to focus on increasing agility, focus and profitability. As part of the review of the

organisation we prioritised talent development to nurture and develop future leaders of the business. Together with our franchisee partners, we are now able to act more quickly in response to the changes in the market that we are seeing.

### Value for Money

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

Customer service performance, including average delivery times and percentage of deliveries on time, improved significantly in FY23 relative to FY22. Average delivery times were 25 minutes in FY23 compared to over 26 minutes in FY22. We also completed the full roll out of our enhanced GPS solution to all stores in FY23. This will help stores manage labour through more efficient driver route planning and better co-ordination with the store, as well as allowing drivers to use their own device. It also enables customers to see exactly where their order is and provides an accurate delivery time.

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

## Digital

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

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

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

## Convenience

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

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

## Technology platform projects

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

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

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

## Delivering our sustainable future

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

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

## ANDREW RENNIE

CHIEF EXECUTIVE OFFICER  
11 MARCH 2024

# NEW STORE OPENINGS

2023 was our best year of store openings for five years. We see an opportunity to continue this pace of store openings in 2024 and beyond. Our team has worked seamlessly with our franchisees to identify the right sites in the right areas to drive this success. The pipeline continues to build which gives us the confidence to upgrade our medium and long-term store targets.

There is a significant amount of 'white space' for us to open stores and we will continue to bring Domino's to new territories. We also continue to see opportunities to split territories to deliver service improvements to our customers, reach new customers for delivery and increase collection potential. These splits also benefit our franchisees with labour efficiency and system sales growth.

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

# Q&A

## WITH ANDREW RENNIE



**Q You've worked within the Domino's brand for many years now – how has that shaped your life and your leadership style?**

I kicked off my Domino's journey when I was 26, fresh out of the military. I bought my first Domino's store and became a franchisee. I started with one store in Darwin, and before I knew it I had 13 stores under my belt. Domino's then bought out my stores and made me a shareholder. From there, I took on various roles across Australia, New Zealand, and Europe, wearing the CEO hat for France, Belgium, and the Australia/New Zealand region. What I love about Domino's is the chance it gives you to start from the ground up. I went from being a single store franchisee to CEO, and that's not a rare story. Heaps of our franchisees started out making pizzas in stores or delivering orders to customers.

It's a real testament to Domino's ethos of opportunity and growth, and it's shaped the way I lead – always looking for ways to grow and grab hold of opportunities and help those around me to progress too.

**Q What are you and the team really focused on?**

We are determined to deliver value, and that means value to our customers, that means value to our franchisee partners, which ultimately means value to our shareholders.

**Q What do you stand for?**

I really take a customer-first approach, and it probably goes back to my very first store in Darwin, Australia, 30 years ago. We only had 3,000 addresses which is roughly 6,000 customers compared to an average store which has about 40,000 addresses. I couldn't afford to lose a single customer.

So, I've always had that mentality around keeping customers loyal to you. Coincidentally, that's the founder of Domino's, Tom Monaghan's mantra: if you never lose a customer, your sales can only go up.

**Q What have you spent your first months in the new role doing?**

I've spent my time travelling around the UK and Ireland visiting our franchisees, suppliers and our DPG colleagues. They have many things in common but the big one is the shared passion for our brand which makes me even more excited about the opportunities ahead for Domino's and our outstanding franchisees. Our franchisees are performing well in an uncertain market, and we are all benefiting from an aligned system. We remain focused on giving our customers great tasting food, exceptional service and great value, every single time.



### Q How will you accelerate growth for Domino's?

First and foremost, we are focused on accelerating growth in our core UK & Ireland business. I still see a huge opportunity to grow the business through focusing on our customers, maximising our supply chain, driving digital sales and, of course, benefiting from the hunger and ability of our world-class franchisees. But we will also look to drive growth through our corporate stores and joint ventures, looking at adding a second brand and other Domino's territories.

### Q How do you plan to continue fostering innovation and stay ahead of the competition?

To maintain our edge in the market, we consistently evaluate each stage of our product and customer journey.

By continuously looking at our menu offerings, food quality, delivery efficiency, and pricing, we ensure that we deliver unparalleled value to our customers. We have some of the best data I've ever seen which means that we have deep insights into customer preferences and behaviour, enabling us to maintain our position as industry leaders.

### Q How important is sustainability to you?

We're driven by our core purpose at Domino's, which is to Deliver a Better Future Through Food People Love. This purpose guides everything we do as a Company and we have a responsibility to lead the field as the leading pizza brand in the UK & Ireland, which means doing business in the right way, operating sustainably, and building a better future for generations to come.

Last year we published our Connect the Dots strategy, laying out our five areas of priority: our customers, our people, our environment, our sourcing, our communities. This year we will take another step forward and publish our first ever Sustainability Report.

**MORE INFORMATION ONLINE**  
[www.corporate.dominos.co.uk](http://www.corporate.dominos.co.uk)

### Q What are your long-term growth ambitions?

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

**“I'D LIKE TO THANK ALL OUR COLLEAGUES FOR THEIR OUTSTANDING WORK IN 2023.**

**HAVING SPENT TIME WITH OUR FRANCHISEES AND COLLEAGUES, I KNOW WE CAN TAKE THE BUSINESS TO NEW HEIGHTS AND DELIVER LONG-TERM SUSTAINABLE GROWTH”**



## 2023 MARKET REVIEW

Domino's has a business model which can respond to the market backdrop and pivot to what customers expect, offering both delivery and collection. Below we discuss the longer-term trends in the market, and how we are responding to them to drive sustainable growth.

### CHANGING MARKET DYNAMICS

#### Industry trends

- The total GB takeaway market was worth £14.4bn in 2023, growing by 6.4% year-on-year.
- Domino's market share of the GB takeaway market in 2023<sup>1</sup> was 7.2%, an increase of 0.1ppts vs. 2022.

#### Opportunities for Domino's

- We have a clear strategy in both delivery and collection to accelerate our growth and increase our market share.
- We will also focus on broadening our offer to different parts of the day.

**£14.4BN**

**THE TOTAL GB TAKEAWAY MARKET IN 2023**

**7.2%**

**DOMINO'S MARKET SHARE**

+0.1ppts vs. 2022

1. Kantar Worldwide Panel, bespoke market definition for 52 weeks ended 24 December 2023

### SUSTAINABILITY

#### Industry trends

- Customers want to be able to make healthier choices, while government policy is focused on reducing obesity.
- There's been an increase in allergies in the last decade. High-profile tragedies have focused the UK Government on the issue.
- All businesses have a role to play in addressing global climate change, by reducing emissions and driving more sustainable energy use.
- Diversity, equity & inclusion are essential for a thriving workplace. Companies are increasingly expected to show they embrace a diverse workplace.

#### Opportunities for Domino's

- We have developed a new healthier menu strategy, to provide customers with more choices. We're also focused on providing transparent nutritional information.
- We engage with the UK Government to provide our views on national debates regarding obesity.
- Robust allergen management is integrated within our Food Safety Management system. We also partner with organisations such as the Natasha Allergy Research Foundation.
- We've committed to achieving Net Zero carbon emissions by 2050, a target that has been validated by the Science Based Targets initiative (SBTi).
- We continue to build a culture designed to attract and retain people with a range of backgrounds, identities and perspectives across our business.



## EVOLVING CONSUMER BEHAVIOUR

### Industry trends

- Consumers increasingly order through digital channels.
- Customers are increasingly using apps to order and expect a more sophisticated digital customer journey.

### Opportunities for Domino's

- The Domino's app is central to our digital strategy and we already have a clear strategy to invest in our digital offering.
- We have invested in building our digital capabilities and have built a new team with deep experience from other industries such as online gambling and online retail.
- Our work in this area has been successful with digital orders now accounting for 90% of our business and 73.8% of digital orders are now placed on our app.
- We will continue to invest in our digital offering and drive more customers to use our app.

**90%**

**OF ORDERS ARE DIGITAL**

**73.8%**

**OF DIGITAL ORDERS ARE NOW PLACED ON OUR APP**

## GEOPOLITICAL AND INFLATIONARY ENVIRONMENT

### Industry trends

- Inflation impacts both our business model and our franchise partners as we pass through food costs. The majority of colleagues in the Domino's system are employed by our franchise partners.
- Food costs can be negatively impacted by general cost price inflation, foreign exchange movements and other market pressures such as conflict and poor harvests.
- The increase in demand for delivery drivers and the increases in the National Living Wage all continue to cause labour cost inflation and challenges around labour availability.

### Opportunities for Domino's

- We have significant scale and buying power and work closely with our supplier base to ensure food price increases are mitigated wherever possible. For the majority of our products we buy, we have dual suppliers.
- Despite global cost inflation and supply chain constraints, our supply chain centre maintained outstanding availability in FY23.
- Our focus on the collection market as a growth opportunity for the system also improves labour efficiency, as collection does not require a delivery driver to take the order to a customer's house.
- Our store economics are better than most operators in the QSR sector, with low opening costs, high sales, flexibility in labour costs and low rents.



## OUR BUSINESS MODEL

Creating long-term sustainable value with our asset-light business model

### Our corporate purpose is the guiding star for our business

In 2023 we continued to put our purpose front and centre for our colleagues, who understand the importance of it and their role in bringing it to life. Our focus this year was to strengthen our partnerships with our charities and increase colleague participation in fundraising initiatives. We also prioritised better communication across Domino's to ensure our purpose continues to guide us every day.

### Key stakeholder groups



#### COLLEAGUES

Create pride in working for an inspiring, supportive, progressive employer, that cares about its colleagues' wellbeing and development, and attracts and retains the best talent



#### CUSTOMERS

Show how we are doing the right things and so are a brand they should spend their money with



#### FRANCHISE PARTNERS

Ensure understanding that our purpose and business strategy are key to the long-term success of the entire Domino's system



#### INVESTORS

Demonstrate we are evolving into a more forward-thinking, purpose-led business that can continue generating sustainable returns



#### SUPPLIERS

An efficient supply chain is integral to the Group's business model, and the relationship with our suppliers is a key element in achieving our operational goals

### What we do

  
**DELIVER**

piping-hot food with an average delivery time of 25.0 minutes in 2023, more than one minute faster than in 2022

  
**COLLECT**

from one of our 1,319 stores. Collection orders grew 13% in 2023

  
**COOK**

an increasingly wide range of freshly made food from high-quality ingredients

  
**SELL**

to customers with 90% of system sales through digital channels

  
**PRICE**

set locally by our franchise partners and with a wide range of pricing strategies. We are also able to offer national value campaigns to our customers

### Our approach to Connecting the Dots

When it comes to sustainability we're taking action in a number of areas we felt were important. When connected together, they have huge potential to deliver a better future.



OUR CUSTOMERS



OUR PEOPLE

**MARKET**



through national value and brand-building initiatives. These are complemented with local and tactical initiatives, and we are #1 for pizza brand awareness in the UK

**SOURCE**



high-quality, fresh ingredients, spending £276m per year with our trusted suppliers

**MAKE**



47m kilos of fresh dough in our UK & Ireland supply chain centres, and supply 33m food and non-food items to our franchised and corporate stores through our in-house logistics fleet

**INNOVATE**



to keep our menus exciting, we regularly launch new products, including loaded fries, wraps and Italianos

**GROW**



through our digital initiatives and a 74% increase in new store openings in 2023

**1,319**

Stores (UK & Ireland)

## The value we create

### CUSTOMER SATISFACTION

customers' overall satisfaction, up 1 ppt year-on-year

**64%**

+1ppt

### PROFITABLE FRANCHISE PARTNERS

average 2023 UK franchise partner store EBITDA (adjusted for VAT)

**£158K**

+9% vs. 2019

### REWARDED INVESTORS

dividend per share, up 5.0% year-on-year and £90m share buyback announced in 2023

**10.5P**

+5.0%

### GAVE TO CHARITY

charitable donations

**£986K**

+17%

### REMUNERATED MASTER FRANCHISEE

of system sales paid to DPI in royalties

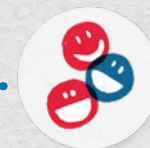
**2.7%**



OUR ENVIRONMENT



OUR SOURCING



OUR COMMUNITIES

# OUR FOCUS AREAS FOR DELIVERING THE FUTURE

In 2023 we were focused on five key areas to drive sustainable growth. Below we provide an update on progress made in the year and where our focus will be in 2024.



## FRANCHISE PARTNER PROFITABILITY AND ORGANISATION

### The opportunity

- Accelerate growth alongside our franchise partners
- Leverage the world-class acumen of our franchisees
- Seek to broaden our franchise partner base with Home Grown Hero programme
- Drive organisational change to improve decision-making

### 2023 progress

- EBITDA store margin broadly maintained in FY23 (13% vs. 14% in FY22) with store EBITDA 9% up vs. 2019
- Participated in full roll out of Just Eat and GPS technology
- Organisational changes made to reshape DPG leadership team

### 2024 focus

- Focus on improving franchisee profitability
- Uber Eats trial



## VALUE FOR MONEY

### The opportunity

- Giving customers compelling value is essential in the current environment
- Our Value for Money equation is great product and service, divided by price, gives Value for Money

### 2023 progress

- Strong national value campaigns, including Price Slice at the start of the year
- Material improvement in service with average delivery times more than 1 minute better than in FY22
- Strong new product launches, including fries and wraps

### 2024 focus

- Maintain compelling value
- Continue to improve customer service standards
- Strong pipeline of new concepts in trial



## DIGITAL

### The opportunity

- Drive customers to our app
- App customers have higher order frequency and yield higher basket sizes than web-only customers

### 2023 progress

- 50% off app deals contributed to a 63% increase in app downloads
- 9m app customers, an increase of 48% on FY22
- 73.8% of digital orders are now placed on the app

### 2024 focus

- Focus on driving increased frequency from large customer base
- Begin loyalty trial
- Increase personalisation



## CONVENIENCE

### The opportunity

- Make our great product even more accessible to our customers
- We do this through opening new stores which open new markets and bring customers closer to a store
- We also drive incremental new orders through new channels

### 2023 progress

- 61 new stores, best year of store openings since 2017
- First full year of being rolled out on the Just Eat platform

### 2024 focus

- Targeting in excess of 70 new stores in FY24
- Uber Eats trial started in January 2024



## TECHNOLOGY PLATFORM PROJECTS

### The opportunity

- New ecommerce platform will deliver significant benefits to our franchise partners and ultimately provide an enhanced experience for our customers
- New ERP programme which will enable us to improve processes and efficiencies across our business, including generating efficiencies in our supply chain

### 2023 progress

- Development of the ecommerce platform completed on time and ahead of budget
- ERP programme on track for deployment in 2024

### 2024 focus

- Embed and start utilising new ecommerce platform
- Complete the build of the new ERP system

# KEY PERFORMANCE INDICATORS

In order to continue to implement, develop and measure the Group's strategic performance, we monitor 10 financial and non-financial key performance indicators ('KPIs').

## UK & IRELAND SYSTEM SALES (£M)



### Description

System sales represents the most useful indicator of the overall strength of the Domino's brand. This metric measures the total sales of the Group's franchisee and corporate store system in the UK & Ireland. System sales do not represent revenue attributable to Domino's as it is derived mainly from stores owned by franchisees.

### Performance in 2023

System sales grew 5.8% in 2023 on a 52-week basis.

This was driven by working collaboratively with our franchise partners, focusing on our five key priorities for the year and giving our customers great service and value in a challenging market.

### Link to Strategy



## APP ORDERS AS A PERCENTAGE OF ONLINE ORDERS (%)



### Description

Our app is a key driver of our digital strategy. The number of customers using our app has significantly increased over the last two years, and we are focused on moving more customers to the app as they have a higher customer lifetime value.

### Performance in 2023

We saw a material increase in the amount of online orders placed on the Domino's app in 2023.

App orders as a percentage of online orders were 73.8%, an increase of 21.6 ppts over 2022.

Continuing to attract more customers to the app and more orders via digital channels is a key focus in 2024.

### Link to Strategy



## NEW STORE OPENINGS



### Description

New stores are a driver of growth. They increase the scale of the system, raising the profile of the brand and increasing value for all franchisees. In addition, they are a signal of good financial returns for franchisees.

### Performance in 2023

We opened 61 new stores in 2023, a material increase compared to 2022.

These stores were opened by 23 different franchise partners and we were delighted that three new 'Home Grown Heroes' opened stores in the year.

### Link to Strategy



## DELIVERED ON TIME (%)



### Description

Customer service is key to the long-term success of Domino's, and one of the most important aspects is speed of delivery. The quicker our customers receive their order, the better tasting the pizza and the more likely they are to order again. We aim to deliver pizzas to customers within 30 minutes of being ordered. The metric represents the proportion of orders that meet this target.

### Performance in 2023

Service improved materially in 2023 as a result of a dedicated focus from DPG and our franchise partners. The number of orders delivered on time improved by 4 ppts to 78.8%.

We are all focused on continuing to improve this key metric for our customers.

### Link to Strategy



## UNDERLYING EBITDA (£M)



### Description

Underlying EBITDA is a key profitability metric and gives an indication of the underlying performance of the business.

### Performance in 2023

Underlying EBITDA was £138.1m, on a 53-week basis, up £8.0m compared to last year, compared to guidance of £132m-£138m.

This was driven by an increase in system sales, continued store growth and strong supply chain performance. This also included £8.9m of one-time costs associated with our technology platform projects.

### Link to Strategy





## STRATEGY KEY

DISCOVER MORE ON P20-21



Franchise Partner profitability and organisation



Value for Money



Digital



Convenience



Technology Platform Projects

## NET DEBT (£M)



## Description

Group net debt is a liquidity metric and is calculated by subtracting the cash and cash equivalents from our total debt. As discussed in the Chair's statement on page 7, our capital allocation framework aims for normalised Net Debt to Underlying EBITDA leverage of 1.5x–2.5x.

## Performance in 2023

In line with guidance, net debt decreased by £20.5m during the year, with free cash flow generated offset with returns to shareholders through increased dividend payments and £90m of share buyback programmes announced in the year.

## Link to Strategy



## FREE CASH FLOW (£M)



## Description

Free cash flow is our main cash performance metric and gives an indication of the cash generated from our trading activities.

## Performance in 2023

Free cash flow increased by £18.0m to £97.0m, primarily driven by an increase in Underlying EBITDA and a £10.2m working capital inflow.

## Link to Strategy



## UNDERLYING EARNINGS PER SHARE (P)



## Description

Underlying earnings per share ("EPS") represents the net profit attributable to each share, after taking into account tax and net finance costs, and the change in the number of shares from year to year. It excludes one-off or non-recurring items.

## Performance in 2023

Underlying basic EPS decreased to 18.0p on a 52-week basis, which is due to a decrease in underlying profit after tax, driven by higher interest costs and an increase in tax. This was partially offset with a lower number of weighted average shares due to the share buyback programmes.

## Link to Strategy



## DIVIDEND PER SHARE (P)



## Description

Our asset-light business is highly cash generative, and we use a capital allocation framework to maximise shareholder returns. In line with the capital allocation framework we have a sustainable and progressive dividend policy.

## Performance in 2023

Full-year dividend proposed of 10.5p per share, representing a 5.0% increase compared to 2022.

## Link to Strategy



## SHARE BUYBACKS ANNOUNCED (£M)



## Description

Our asset-light business is highly cash generative and we use a capital allocation framework to maximise shareholder returns. In line with the capital allocation framework, after investing in the core business, paying a sustainable and progressive dividend and evaluating additional growth opportunities, we will return surplus cash to shareholders.

## Performance in 2023

£20m programme announced in May and £70m in August. The £70m programme was following the receipt of proceeds from the disposal of the German associate.

## Link to Strategy



## ENGAGING WITH OUR STAKEHOLDERS AND WORKFORCE

Our stakeholders are integral to the long-term success of the business. We are committed to a process of continual improvement of our engagement processes.

### COMMUNITIES

#### Why they matter

We recognise that we have a responsibility to ensure we're a force for good within the neighbourhoods that we operate in, by supporting local initiatives, being a good neighbour and providing employment.

#### How we engage

- Local and national charity fundraising and community initiatives.
- Local council engagement.
- Food bank donations.
- Digital platforms and social media used to share information.
- Supporting our franchisees with community initiatives within their operational territories.

#### Issues raised

Local communities expect the Company to operate safely and sustainably. We are approached about a range of operational matters regarding our supply chain centres and at store level. We receive queries on our approach to maintaining animal welfare standards and tackling food poverty.

#### How we responded

We continue to engage directly with members of the public, MPs and local authorities. Our management of environmental, social and governance ('ESG') and sustainability includes addressing the issues of climate change, maintaining high animal welfare standards and partnering with Fareshare to help tackle food poverty. In April 2023 the Company announced a new partnership with The Natasha Allergy Research Foundation. The Company has pledged a funding commitment of £120,000 over a three-year period to support the charity in its work to make the world a safer place for people living with food allergies. We work closely with our franchisee partners to provide employment opportunities in communities across the UK & Ireland.

### CUSTOMERS

#### Why they matter

With increasing numbers of competitors and changing consumer tastes, understanding the needs of our customers allows us to continually improve our service, products and experience.

#### How we engage

We obtain customer feedback through a variety of channels to ensure we keep improving the customer experience and stay abreast of their expectations. Our Feed Us Back programme, in which customers who provide us with a valid email address are invited to complete a survey, remains our biggest customer satisfaction programme. The questionnaire focuses on six key measures and metrics, relating to overall satisfaction, value, timeliness, taste, accuracy and appearance of food. We also engage through consumer taste panels, bespoke surveys and research panels.

#### Issues raised

Customers regularly raised queries on our plans to extend the product range and show an increasing interest in vegan-friendly options. We receive comments and feedback on the performance of our app and web-based platforms in terms of customer journey and operational performance. Customers have raised issues around product pricing, particularly in the recent inflationary environment. Customers are keen to hear of new store openings, which increase reach to serve customers wherever they are in the most convenient way possible.

#### How we responded

The Company invested in new product development and continued to expand its product range of vegan-friendly options. Working in collaboration with our franchisee partners, we have introduced a range of pricing promotions offering increased value to our customers. Our app and web-based platforms undergo regular updating and customer feedback on their performance enables us to optimise their functionality and enhance the customer journey.

### EMPLOYEES

#### Why they matter

Our dedicated and experienced colleagues are a key asset of our business. We recognise the importance of creating and maintaining a positive working environment and providing opportunities for individuals to fulfil their potential.

#### How we engage

Our colleague engagement mechanisms comprise various communication channels including annual engagement surveys, All Colleague Meetings held quarterly, and the 'Share a Voice' colleague forums. Further details on the forums can be found in the workforce engagement section on page 65.

#### Issues raised

In 2023 the topics particular interest to our colleagues related to reward mechanisms, recognition, and personal development.

#### How we responded

We launched a review of the group's approach to reward structures which included a job evaluation exercise across the group, and a review of the competitiveness of employment benefits. In January 2024 we launched a new long service recognition programme which includes additional leave entitlement depending on length of service. Each year we hold a 'Domi Awards' event at which we celebrate those that go the extra mile, live our values and provide service excellence. The structure of our awards event is being revised so that colleagues' achievements can be recognised across the whole year rather than just at a single event.

FOR FURTHER DETAILS ON OUR COLLEAGUE FORUMS, SEE PAGE 65 ON WORKFORCE ENGAGEMENT.

FOR MORE INFORMATION ON HOW WE CONSIDER STAKEHOLDER VIEWS AT BOARD LEVEL TO PROMOTE THE LONG-TERM SUCCESS OF OUR BUSINESS, SEE OUR SECTION 172 STATEMENT ON PAGE 26.



## FRANCHISEES

### Why they matter

Our franchise partners play a critical role in the long-term success of the business, by providing outstanding customer service day-in, day-out. Franchisees are the custodians of the Domino's brand at store level and it is the Company's role to provide franchisees with the support they need to operate efficient and profitable businesses and to maintain the highest brand standards.

### How we engage

Engagement with our franchisee community is integral to our business model. There is regular contact with franchisees by the Chief Executive Officer and the Executive Leadership team, both formal and informal, and through dedicated business partners. The Company and franchisees operate a number of established forums to collaborate on marketing activity, technical matters and operations issues. The Company hosts a two-day Rally every two years which is typically attended by franchisees, and by approximately 1,000 of their senior colleagues. The next Really will be held in summer 2024. Franchisees are invited to participate in a Satisfaction Survey to obtain opinions and views on a range of matter in a structured format.

### Issues raised

As in previous years, many of the issues raised by franchisees is focused on store level profitability and the support provided by the Company, particularly during periods of high food cost and labour cost inflation. Franchisees have raised queries on the how the Company will use its expertise and resources to help franchisees to open new stores, grow the business in their existing estate, and optimise store level profitability.

### How we responded

The Company has continued to work closely with suppliers to minimise cost increases to franchisees wherever possible, while maintaining consistency of product ingredients and a high level of product availability. We have worked closely with franchisees to assist with their recruitment requirements and providing tools to increase labour scheduling efficiency. During the year, the Company and franchisees held Economic Forums at which the Company outlined its support activities to develop the franchisee system including the increased focus on digital marketing.



## SHAREHOLDERS

### Why they matter

Our shareholders have invested in the Company's shares and expect to see a return on their investment. Shareholders play an important role in the oversight of the Group's governance.

### How we engage

We maintain a constructive dialogue with shareholders. We engage with them regularly, both proactively and reactively, to understand their perspectives and ensure these are considered in our decision-making. The principal points of contact (either in person or via video calls) are through the Chief Executive Officer, Chief Financial Officer and Head of Investor Relations and are through a combination of meetings with specific investors, roadshows, investor conferences and at the Annual General Meeting. The Board Chair or chairs of the Board Committees have meetings with shareholders as required.

### Issues raised

During the year shareholders' raised questions over the Board's plans to recruit a permanent Chief Executive Officer; proposals for changes to the Directors' Remuneration Policy; the application of the Board's capital allocation policy, particularly in respect of the proceeds from the disposal of the Group's interest in the German associate; future growth opportunities available to the business; and questions on a variety of operational matters.

### How we responded

In July 2023 we announced that Andrew Rennie had been appointed as Chief Executive Officer commencing in August 2023. There had been an extensive consultation exercise with shareholders on changes to the Directors' Remuneration Policy leading to the policy changes being approved at a General Meeting held on 30 June 2023. Further details are included in the Directors' Remuneration Report on pages 78 to 108. In August 2023 the Board announced a share buyback programme of £70 million following receipt of the proceed from the disposal of the Group's German associate. An Investor event was held on 11 December 2023 at which the market received an update on the Group's new growth framework.



## SUPPLIERS

### Why they matter

An efficient supply chain is integral to the Group's business model, and the relationship with our suppliers is a key element in achieving our operational goals.

### How we engage

Engagement with our suppliers remains through a combination of organised events (e.g. annual supplier conference), periodic performance/commercial reviews conducted by our procurement teams and supplier assurance function. Given the importance of the Company's relationship with its suppliers chain, the Chief Executive Officer has held a series of meetings with the Group's top suppliers. As indicated in last year's annual report, a formal supplier engagement survey was launched in 2023.

### Issues raised

The relationship with our suppliers is commercially focused and yet very collaborative. We work closely with our suppliers to maintain 100% availability of the products supplied to stores and to contain price inflation to the greatest extent possible. Suppliers have also requested greater insights into strategic developments, product innovation and ways to improve information flows with suppliers through integrated eCommerce platforms.

### How we responded

In 2024 we plan to increase the frequency of meetings between our Procurement Director and our major suppliers to provide updates on strategic developments and ensure alignment on the Group's purpose and values. Our business review process for suppliers will be enhanced to ensure consistency, balance and rigour. We will continue to review opportunities to improve eCommerce capability between the Company and its supplier base.

## SECTION 172 STATEMENT

The Board continues to maintain high governance standards and make long-term decisions for the benefit of the Company and its stakeholders.

### Section 172 of the UK's Companies Act

Section 172 Companies Act 2006 requires that all Directors act in good faith to promote the success of the Company for the benefit of its shareholders as a whole. In doing this, Directors must have regard to factors set out in the Act.

The following is an overview of how the Board has performed its duties during the year.

## S172 FACTOR

The likely consequences of any decision in the long term

The interests of the Company's employees

The need to foster business relationships with suppliers, customers and others

The impact of the Company's operations on the community and the environment

The desirability of the Company maintaining a reputation for high standards of business conduct

The need to act fairly as between members of the Company



### SHAREHOLDERS

The Chair, Chief Executive Officer, Chief Financial Officer and Senior Independent Director (and the Chairs of the principal Board Committees where required) have regular contact with major shareholders. The Board receives regular updates on the views of shareholders, which are taken into account when the Board makes decisions.

Examples of relevant decisions taken include: application of the Board's capital allocation framework in returning cash to shareholders through a combination of dividends and share buybacks, including the £70 million share buyback announced in August 2023 following the receipt of proceeds from the disposal of the Group's disposal of its interest in the Daytona JV; succession planning and appointments to the Board, including the appointment of Andrew Rennie as Chief Executive Officer who joined the Board in August 2023; changes to the Directors' Remuneration Policy to facilitate the introduction of Premium Priced Option awards.



## EMPLOYEES

Stella David was, throughout 2023, the designated Non-executive Director for the purposes of workforce engagement. Details of the Board workforce engagement programme are shown on page 65. The Board receives regular updates on matters relating to its workforce including feedback from engagement surveys, regular updates on health and safety matters, and other reports on a variety of workforce engagement mechanisms.

These views have been taken into account when the Board (or its Committees) considered: development of the Group's strategy and the relationship with the Group's franchisees; updates on Company culture and the Group's purpose and values; decisions relating to talent development and succession planning; and remuneration and reward including the structure of incentive arrangements.



## CUSTOMERS

The Group's customer base primarily comprises its franchisees and consumers. The Chief Executive Officer, Chief Financial Officer and other members of the Executive leadership team have regular contact with franchisees as this relationship is fundamental to our business model. The Board receives updates on feedback from franchisees at every Board meeting. Feedback is taken into account in Board decisions which have included the investment in and development of e-commerce and information technology; incentives available for franchisees that open new stores; and decisions on raw material pricing for franchisees during a period of high food price inflation and its impact on franchisee store level profitability.

As a consumer brand we welcome and reflect on the views of our end customers. The Group undertakes regular surveys to establish consumer views on brand perception, marketing campaigns, product development, product quality, service levels and perception of value for money. These views are reflected in decisions on the Group's strategy, the introduction of new product ranges and operational matters, which included the decision to launch a trial on the Uber Eats platform.



## COMMUNITY AND ENVIRONMENT

We recognise that the business has a role in contributing to wider society. The Board encourages the fundraising efforts of the Group and franchisee community for Teenage Cancer Trust, Barretstown and the many other local initiatives supported by the Group. Through Domino's Partners Foundation (a registered charity), we support colleagues across our operations in the UK & Ireland who find themselves in particular hardship.

The Board's Sustainability Committee has oversight of all aspects of sustainability, including climate change and environmental matters.

# OUR MATERIAL SUSTAINABILITY ISSUES

The five material issues shown below are far from our only responsible business priorities. However, they are consistently seen as the most important topics when we engage with both internal and external stakeholders. As such, they form the foundation of our Group “Connect the Dots” sustainability programme.

Our business model relies on long-term, trusted partnerships with franchisees, business partners and suppliers. This makes the management of sustainability performance more complex than in many comparable organisations. Where we exercise partial or indirect control, for example with franchisees, we encourage sustainable behaviour by setting and promoting policies that create a strong foundation for action. These frameworks are implemented across our corporate stores and supply chain centres (‘SCC’), as well as by our franchisees and supply chain partners.



## OUR CUSTOMERS

### Our Commitment

We give our customers more choice, so they can meet their dietary requirements, and are empowered to make informed decisions



## OUR PEOPLE

### Our Commitment

We're working to attract and retain colleagues with a range of backgrounds, identities and perspectives



## OUR SOURCING

### Our Commitment

We're committed to ensuring all animals in our supply chain are well treated



## CONNECT THE DOTS

OUR  
SUSTAINABILITY  
PROGRAMME

Domino's UK & Ireland  
Domino's UK & Ireland  
Domino's Pizza Group plc

Domino's  
© 2023

YOU CAN READ MORE ABOUT OUR SUSTAINABILITY JOURNEY, AS WELL AS OUR PROGRESS TO DATE IN OUR FIRST ANNUAL SUSTAINABILITY REPORT [HTTPS://CORPORATE.DOMINOS.CO.UK/CORPORATE-RESPONSIBILITY](https://corporate.dominos.co.uk/corporate-responsibility)



## OUR ENVIRONMENT

### Our Commitment

We're committed to reducing our carbon emissions to achieving Net Zero emissions by 2050, through energy efficient production and transport innovation

### Our Commitment

We want to reduce our impact on the environment by recycling more, wasting less, and using more sustainable materials



## OUR COMMUNITIES

### Our Commitment

We continue to rally behind our charity partners to help raise funds for those in need

### Our Commitment

Our Partners Foundation will continue to support Domino's team members experiencing financial hardship

# TCFD STATEMENT

In late 2020, the Financial Conduct Authority issued a policy statement requiring all UK premium listed companies to include a statement in their annual report that complies with the reporting recommendations of the Task-Force on Climate-related Financial Disclosure (TCFD) (as set out in Listing Rule LR 9.8.6R).

The nature and scope of these disclosures were supplemented by the Climate-related Financial Disclosure Regulations 2022 (CFD), which are similarly based on TCFD but which include an absolute requirement to report.

Domino's was required to implement the reporting recommendations of TCFD applied to the 2022 financial year, although we chose to report on the majority of the TCFD reporting obligations in the 2021 Annual Report. The following disclosure is consistent with the TCFD recommended disclosures and the reporting obligations of the Listing Rules and the CFD. We are currently in the process of developing a robust methodology to quantify the financial impact of the various risks and opportunities outlined below. We will provide information on progress and the results in our next Annual Report.

Our understanding of climate-related risks and opportunities continues to evolve as does our disclosure under the TCFD reporting framework. The following disclosure sets out the Company's approach to governance, risk management, strategy, and metrics and targets.

Governance		
<p>a) Describe the Board's oversight of climate-related risks and opportunities.</p>	<p>The Board retains overall responsibility on assessing risks and opportunities related to climate change assisted by the Board's Committees. In 2021, the Board established a Sustainability Committee, which has oversight of the development of strategies, policies and performance in relation to environmental, social and governance ('ESG') matters, including climate change. The committee is chaired by Tracy Corrigan and the other members are two non-executive directors. The Committee meets at least three times a year.</p>	<p>The Audit Committee reviews the Group's public disclosures and reporting on climate-related issues, including the reporting of greenhouse gas emissions and related third-party assurance. The Remuneration Committee has oversight of the remuneration of Executive Directors and senior management and considers how best to align incentives with performance on ESG matters.</p> <p>The Company's approach to climate change and other environmental issues is articulated in our group Environmental Policy.</p>
<p>b) Describe management's role in assessing and managing climate-related risks and opportunities.</p>	<p>Notwithstanding changes in the senior leadership team over the past 12-18 months (see page 66), ESG issues have remained a priority. Day-to-day responsibility for running the business, including ESG matters and climate change issues, rests with the Chief Executive Officer. The Chief Executive Officer chairs the Group's Sustainability Steering Committee which comprises of Executives across the Group with responsibility for managing the Group's sustainability initiatives. The Steering Group has an explicit focus on climate-related initiatives and performance. The Supply Chain Director has responsibility for operational delivery of climate change initiatives, as the supply chain has the most significant environmental impacts, e.g. production, logistics, energy procurement and supplier engagement.</p>	<p>The Chief Marketing Officer is responsible for communication on these issues, and has overall responsibility for corporate communication and reputational management. Both of these positions report to the Chief Executive. The Company Secretary briefs the Board and its Committees on climate-related issues, and any issues raised are monitored via our risk assessment process.</p>



Strategy		
<p>a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.</p>	<p>The Board monitors the impact of climate change risk and opportunities on the Group's strategy and business model. Given the nature of climate change and its associated timescales, it considers the impact over the short (1-3 years), medium (4-10 years) and long (10 years plus) term. Following completion of the first scenario analysis exercise that was undertaken in 2022, the Board has identified various climate-related risks and opportunities, details of which are set out on page 33. As noted below, the scenario modelling conducted to date has been restricted to a qualitative analysis. Based on our initial analysis, none of the risks identified are likely to have a material financial impact on the business over the next three years.</p>	<p>In selecting the various scenarios, we followed the disclosure requirements by including at least one scenario that included a temperature increase of 2°C. When selecting the scenarios, we discounted any that could be regarded as overly optimistic – i.e. no change or less than a 1.5°C temperature rise – because of the latest climate science, the pace of change in terms of government policy and progress towards emissions reductions to date. Likewise, we excluded doomsday (more than 3°C increase) scenarios on the basis of the scientific consensus about what is likely to happen.</p>
<p>b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.</p>	<p>The Company has identified various climate-related risks and opportunities, following the scenario analysis exercise that was completed in 2022. The scenarios were based on a range of credible sources, including the Intergovernmental Panel on Climate Change's (IPCC) Representative Concentration Pathways (RCPs) and Shared Socioeconomic Pathways (SSPs); International Energy Agency (IEA) scenarios; and the Principles for Responsible Investment's (PRI) Inevitable Policy Response (IPR).</p> <p>At this stage, the scenario modelling has been restricted to a qualitative analysis and further work is required to quantify the risks and opportunities. Details of the scenario analysis exercise and risks and opportunities are shown on pages 34 and 35. In summary, the most significant risks the Company faces relate to:</p> <ol style="list-style-type: none"> <li>1. tension between franchisees and investor demands to transition to net zero business models (in the event of a temperature increase of 1.5°C or more);</li> <li>2. increased costs and/or shortage of key ingredients (2°C increase or more); and</li> <li>3. a decline in employee satisfaction arising from challenging working conditions (3°C increase).</li> </ol>	<p>The Company's initial analysis suggests that the first and second risks may begin to have an impact over the medium to long term while the impact of the third risk will only begin to manifest in the long term. To address the first and third risks, the Company has developed its Store of the Future concept, which will harness the latest technology. The store concept is helping to develop a business case for investment in equipment that reduces carbon emissions cost effectively while also enhancing working conditions. The first store to incorporate these improvements opened in March 2023 in Hammersmith and will act as a blueprint for future stores. The eco-friendly design will cut carbon use by more than a third.</p> <p>With regard to the second risk, the Company has begun discussions with some of its key ingredient suppliers to better understand their efforts to meet the challenges posed by climate change. A number of these suppliers are already well-advanced in developing their own strategies and initiatives to facilitate the transition to a low-carbon economy.</p> <p>In addition, and recognising both the role reducing emissions arising from our transport operations will play in helping the Company achieve its science-based target and the importance of making our distribution network resilient to disruption caused by climate change, we are assessing the feasibility of switching to more eco-efficient vehicles and re-modelling our overall logistics strategy.</p>
<p>c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>	<p>While the scenario process did identify some potential opportunities – principally relating to changing product offerings and brand positioning – they are unlikely to have any discernible impact on the business strategy in the short term.</p>	<p>The Company will continue to undertake regular surveys of its customer base, engage with other stakeholders and respond appropriately to changing demand and expectations. We will undertake a further scenario analysis utilising the latest climate science before the end of 2024 and use the results to refine our strategy. A summary of the results will be provided in next year's Annual Report.</p>

## TCFD STATEMENT CONTINUED

Risk Management		
<p>a) Describe the organisation's processes for identifying and assessing climate-related risks.</p>	<p>Risks and opportunities are reviewed on a quarterly basis as part of an extensive and well-established risk/opportunity management process. The results are reported to the Executive leadership team for review and action.</p>	<p>We are currently in the process of developing a methodology for assessing the scale of the risks and opportunities posed by climate change. As part of this process we will establish parameters to categorise both the magnitude and likelihood of these challenges.</p>
<p>b) Describe the organisation's processes for managing climate-related risks.</p>	<p>The Board is responsible for identifying the Group's principal risks and how they are being managed or mitigated. All risks are assessed using our bespoke 5 x 5 risk assessment matrix, which takes into account probability and likelihood and level of operational control.</p>	<p>We have linked the risks to the pillars of our strategic plan and manage an active risk register. The risk register forms part of our overall Risk Management Framework, reviewed by the Audit Committee on behalf of the Board, which retains overall responsibility for risk management.</p>
<p>c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.</p>	<p>Climate change forms part of one of our principal risks and at a Company level, management considers the risks of climate change as they apply to the Group's stated strategy. This includes the potential costs and benefits of using lower carbon resources whether for buildings, transport or otherwise.</p>	<p>At an asset level, each building owned, including the commissaries and the transportation method, is reviewed and considered in light of risks, including potential future regulatory risks. Opportunities for adopting best practice and the appropriateness for the business going forwards are also reviewed in order for the Company to be considered as leaders in the marketplace.</p>
Metrics & Targets		
<p>a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.</p>	<p>In 2022 the Group started the process of assessing climate-related risks and opportunities through development of climate scenarios. A summary of the initial output is shown on pages 34 and 35.</p> <p>The Group will continue to refine its methodologies and approach to climate scenarios, and to develop quantification of potential risks and opportunities. A further scenario analysis will be undertaken in 2024.</p>	
<p>b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</p>	<p>The Group manages and monitors its Scope 1, Scope 2 and Scope 3 GHG emissions and reports on these annually through the Streamlined Energy and Carbon Reporting ('SECR') requirements which are shown on page 36.</p>	
<p>c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.</p>	<p>In 2021, we made public commitments to set a science-based emissions reduction target and to be net zero by 2050, and submitted our proposed targets to SBTi for validation. In 2022, SBTi validated the Group's targets to reduce Scope 1 and Scope 2 emissions by 42% and Scope 3 emissions by 25% by 2031, and our commitment to achieve net zero by 2050. The former is defined by SBTi as a short-term target. However, as explained above, the Company regards this commitment as falling within its medium-term risk timeframe.</p> <p>Progress towards achieving these targets has already begun. The Company has switched to green electricity for its offices, distribution centres and corporate stores. In addition, and as described above, roll-out of our Store of the Future programme has begun, which will deliver reductions in emissions.</p> <p>Over 75% of the Company's emissions relate to Scope 3, with the overwhelming majority deriving from ingredients used to make our products and energy consumption within our franchised stores. With regard to the former, we have begun discussions with some of our largest suppliers which account for a major share of our Scope 3 emissions to understand how they are planning to reduce their own emissions and provide us with products that are less carbon intensive. We are also exploring with them opportunities for collaborating on joint initiatives to reduce emissions.</p> <p>We are currently developing plans to reduce emissions in our corporate stores through the use of more eco-efficient technology and streamlined operational processes. Once these improvements are implemented, we will encourage franchisees to witness these improvements first hand and encourage them to adopt similar technology and processes within their own stores.</p> <p>The Company will shortly begin to develop a suite of metrics that align its business performance with the risks and opportunities arising from climate change. Specifically, we will seek to incorporate these factors into the decision-making process around capital expenditure, selection of suppliers, and development of new products.</p>	

## Scenario analysis and climate-related risks and opportunities

In 2022, the Company conducted its first scenario analysis to identify the resilience of the Group's strategy under three different possible climate scenarios. The methodology for the scenarios analysis was developed by external advisers and a cross-functional team was engaged, through a series of workshops, to develop the scenario modelling exercise and articulate the potential risks and opportunities from the perspectives of differing stakeholder groups: customers, colleagues, franchisees, suppliers and investors.

The scenarios used are summarised below and include a 2°C scenario as suggested by the TCFD reporting recommendations. They draw on the Intergovernmental Panel on Climate Change's (IPCC) Representative Concentration Pathways (RCPs) and Shared Socioeconomic Pathways (SSPs); International Energy Agency (IEA)

scenarios; and the Principles for Responsible Investment's (PRI) Inevitable Policy Response (IPR) scenarios. We recognise that such a modelling exercise cannot provide precise predictions of future events and will have to be revisited periodically and adapted to current data and scientific developments. During 2023, we began to refine the outputs from this process and incorporate them into a robust methodology that will quantify in financial terms the impact of the various risks and opportunities that have been identified on the Company's strategy, operations and infrastructure. This process will continue in 2024 and we aim to report on progress next year.

We will undertake a further scenario analysis exercise in 2024 and the results will be summarised in the Annual Report for 2024.

**1.5°C**  
TEMPERATURE RISE ABOVE  
PRE-INDUSTRIAL LEVELS

### A BETTER WORLD

Action taken has achieved the aims set out in the 2015 Paris Agreement to limit climate change to below 1.5°C of pre-industrial levels, but with significant shifts in policy, cost increases and consumer behaviour change.

**2.0°C**  
TEMPERATURE RISE ABOVE  
PRE-INDUSTRIAL LEVELS

### AN UNCERTAIN AND VOLATILE WORLD

Not much has changed from today. Some action has been taken, but it's very much business as usual. Uncertainty increases and the impacts of a changing climate manifest themselves in vulnerable parts of the world.

**3.0°C**  
TEMPERATURE RISE ABOVE  
PRE-INDUSTRIAL LEVELS

### AN IRREVERSIBLE CHANGE

Economies around the world have continued to be powered by fossil fuels. As a result, the planet is in crisis and well past the point of no return by 2030. Global warming has accelerated and changes in climate are all around, tangible and, in some cases, catastrophic.

# SUSTAINABILITY

## TCFD STATEMENT CONTINUED

**S** Short   **M** Medium   **L** Long

Physical and transitional risks			
Risk/opportunity	Risk	Risk	Risk
Physical   transitional	<b>PHYSICAL</b>	<b>PHYSICAL</b>	<b>TRANSITIONAL</b>
Description	Increased cost and supply chain disruption of key raw ingredients. Global crop yield loss from increasing temperatures and extreme weather events drives up cost of raw ingredients.	Decline in employee job satisfaction at stores. Increase in health and safety issues working in a hot environment with staff availability, scheduling of breaks and recruitment/retention issues. Satisfaction is further eroded by complaints from unhappy customers.	Tension between franchisees reluctant to shift to net zero model versus investors (and other stakeholders) urging faster transition.
Time frame (term)	<b>M</b> <b>L</b>	<b>M</b> <b>L</b>	<b>M</b> <b>L</b>
Applicable scenario(s)	<b>1.5°</b> <b>2.0°</b> <b>3.0°</b>	<b>1.5°</b> <b>2.0°</b> <b>3.0°</b>	<b>1.5°</b> <b>2.0°</b> <b>3.0°</b>
Materiality	<b>NOT MATERIAL</b> <b>MATERIAL</b> <b>MATERIAL</b>	<b>NOT MATERIAL</b> <b>NOT MATERIAL</b> <b>MATERIAL</b>	<b>MATERIAL</b> <b>MATERIAL</b> <b>MATERIAL</b>

Risk	Risk	Risk	Risk
<p><b>TRANSITIONAL</b></p>	<p><b>PHYSICAL</b></p>	<p><b>PHYSICAL</b> <b>TRANSITIONAL</b></p>	<p><b>PHYSICAL</b> <b>TRANSITIONAL</b></p>
<p>Increased cost of doing business for stores. Costs of doing business will increase due to changes in policy (i.e. carbon tax) and societal pressure as companies reduce their carbon footprint is exacerbated by shifts in product supply and demand reducing margins, together with lower levels of customer disposable income potentially reducing size and frequency of food orders.</p>	<p>Extreme weather events in UK/Ireland disrupt store operations. Heatwaves cause problems for labour availability and stock scheduling (as customers switch preferences), dough-proofing issues and potential suspension of customer deliveries.</p>	<p>Decline in customer satisfaction, leading to reduced sales. Extreme weather events lead to gaps in menu choices, leading to increased complaints and reduced brand loyalty as customers switch to brands with better availability and consistent product quality. Customer preferences shift away from DPG core menu range, i.e. foods with high carbon footprint per meal (e.g. meat and cheese).</p>	<p>Decrease in access to finance from investors, particularly true for businesses regarded as having an unsustainable business model either from failure to commit to the net zero pathway or significant operational disruption from extreme weather events.</p>
<p>M L</p>	<p>L</p>	<p>L</p>	<p>M L</p>
<p>1.5° 2.0° 3.0°</p>	<p>1.5° 2.0° 3.0°</p>	<p>1.5° 2.0° 3.0°</p>	<p>1.5° 2.0° 3.0°</p>
<p><b>MATERIAL</b> <b>MATERIAL</b> <b>MATERIAL</b></p>	<p><b>NOT MATERIAL</b> <b>MATERIAL</b> <b>MATERIAL</b></p>	<p><b>NOT MATERIAL</b> <b>MATERIAL</b> <b>MATERIAL</b></p>	<p><b>NOT MATERIAL</b> <b>MATERIAL</b> <b>MATERIAL</b></p>

## SUSTAINABILITY

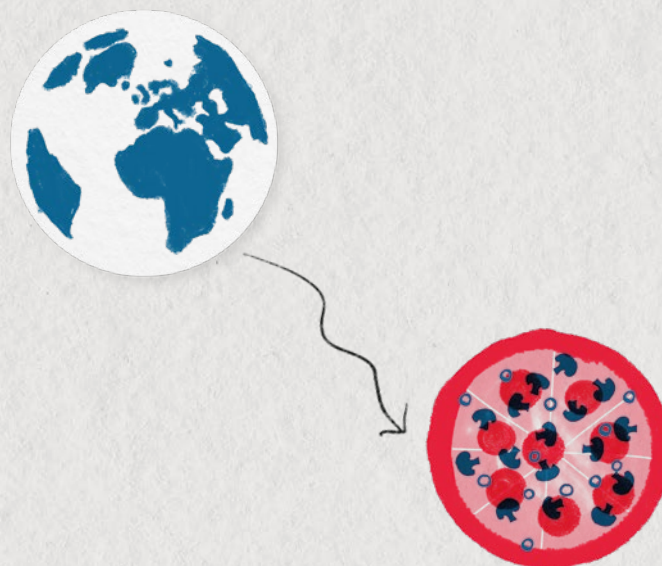
### Streamlined energy and carbon reporting

In 2023, we continue to report on our Greenhouse Gas ('GHG') emissions and strive to collect more actual data than ever before to better track and understand our emissions, as well as analysing the data to identify where we can make improvements.

In addition to our own internal processes and governance, Domino's Pizza Group has commissioned independent limited assurance on selected metrics. PricewaterhouseCoopers LLP ('PwC') carried out a limited assurance engagement on selected GHG emissions data for the year ending 31 December 2023 in accordance with International Standard on Assurance Engagements 3000 (revised) and 3410, issued by the International Auditing and Assurance Standards Board.

A copy of PwC's report and our Methodology Document is on our website (<https://investors.dominos.co.uk/investors/shareholder-information/independent-limited-assurance>). The figures that have been covered by this assurance process are indicated in the table below by the following symbol: **(A)**

Domino's Pizza Group has estimated its Scope 3 in accordance with the Greenhouse Gas Protocol Corporate Standard using a screening methodology. The screening methodology has reviewed all 15 potential categories as defined in Greenhouse Gas Protocol and has modelled seven categories (including category 1 – Purchased Goods & Services; and category 12 – End-of-Life Treatment of Sold Products) which are deemed to be the most material to the Group's operations. For 2023, the estimated Scope 3 emissions for all operations amounted to 456,972 tCO<sub>2</sub>e.



Domino's has committed to the following climate-based targets which have been validated by SBTi:

Reduce greenhouse gas emissions from direct operations (supply chain, support offices and corporate stores) (Scope 1 and Scope 2 – market based) by 42% by 2031.

Reduce greenhouse gas emissions from franchise stores and suppliers (scope 3) by 25% by 2031.

Reach net zero by 2050.

### Greenhouse gas emissions summary for 2023

Our reporting period for GHG emissions is from 1st January to 31st December.

	Tonnes of CO <sub>2</sub> e – All operations		Tonnes of CO <sub>2</sub> e – UK only	
	2023	2022	2023	2022
Total tCO <sub>2</sub> e emissions (market-based)	14,439	14,295	12,273	12,389
Total tCO <sub>2</sub> e emissions (location-based)	16,750	16,426	14,865	14,800
Scope 1 greenhouse gas emissions tCO <sub>2</sub> e	12,758 <b>(A)</b>	12,858	11,524	11,665
Scope 2 (location-based) greenhouse gas emissions tCO <sub>2</sub> e	3,992 <b>(A)</b>	3,568	3,341	3,136
Scope 2 (market-based) greenhouse gas emissions tCO <sub>2</sub> e	1,681 <b>(A)</b>	1,437	749	725
tCO <sub>2</sub> e per tonnes of dough produced (location based)	0.35 <b>(A)</b>	0.33	0.34	0.34
Total Energy Consumption (MWh)	71,562	71,786	64,671	66,175
Scope 3 greenhouse gas emissions tCO <sub>2</sub> e	456,972	505,504	N/A	N/A

## Methodology

We have adopted the operational control approach to calculating our emissions and have used a combination of Defra and SEA of Ireland emission factors to calculate our carbon emissions across our footprint. For specific details on how we report our GHG emissions, please refer to our Methodology Document on the Domino's website (<https://investors.dominos.co.uk/sites/default/files/attachments/pdf/methodology-statement.pdf>).

Emissions for sites within the Group's operational control have been disclosed, including our offices, corporate stores, and supply chain centres (supplying both corporate stores and franchises).

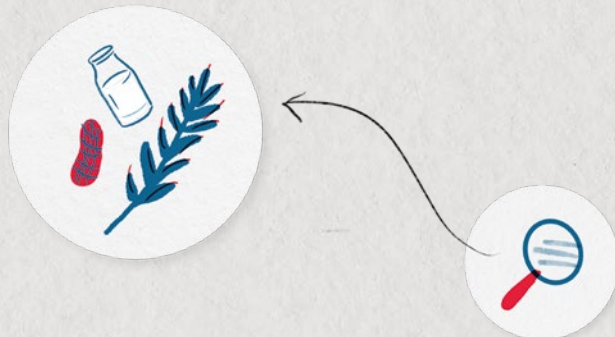
**Emissions Intensity:** We have chosen to report our emissions in relation to tonnes of dough produced, as this figure reflects activity at our SCCs which supply dough to our own corporate stores and our network of franchises across the UK and ROI.

**Exclusions:** There are no material exclusions.

Starting in 2023, Scope 1 emissions include F-gases, which account for less than 3% of our Scope 1 & 2 emissions (calculated on either a location-based or market-based basis). The 2022 Scope 1 figure has not been adjusted in respect of F-gases, as the amount falls below our restatement threshold. Details of this threshold, along with our methodology for accounting these emissions, can be found in our Methodology Document.

**Energy efficiency activities:** The activities undertaken in 2023 were mostly focused on our fleet of vehicles. All our corporate stores are using electric or low emissions vehicles, with the delivery fleet owned by DPG across our 31 corporate stores consisting of 100% electric mopeds (e-peds). Also, all of the new corporate leases for cars our employees drive are electric or low emissions vehicles with high road efficiency.

Towards the end of the year, Domino's Pizza Group started sourcing renewable electricity for our largest Supply Chain Centres. This should lead to a reduction in our Scope 2 (market-based) emissions in 2024.



## Trend narrative

Overall, emissions have increased by 1.0% (Market-based) and 2.0% (Location-based) from last year. This is due to increased consumption of electricity in our SCC in ROI.

- Scope 1 emissions have slightly decreased (by 0.8%) compared to last year. This is mostly due to emissions reduction in our own fleet for pizza deliveries, which is now 100% composed of e-bikes and e-peds. Similarly our non-delivery fleet has reduced emissions by achieving efficiencies. However, these gains were offset by the inclusion of F-gas emissions for the first time this year, which account for around 400 tonnes of CO<sub>2</sub>e.
- Scope 2 emissions have increased by 17.0% (market-based) and 11.9% (location-based). We achieved a reduction of a significant portion of Scope 2 market-based emissions last year, by sourcing renewable energy for our three largest UK Supply Chain Centres. Our Supply Chain Centre in ROI has continued ramping up its operations this year, explaining the increase of emissions for Scope 2 through the consumption of more electricity (non-renewable).

## CDP Score

Domino's has responded to CDP's annual climate change questionnaire since 2010 and completed the forest questionnaire for the first time in 2022. CDP disclosure allows Domino's to assess our strategies and progress in managing climate change-related risks, reducing emissions, and combatting deforestation across our value chain. Responding to CDP is one way that Domino's exhibits our commitment to emissions reduction and ensuring a sustainable future.

To ensure transparency and as requested by investors and other financial stakeholders, DPG responded to both CDP Climate Change and Forest Questionnaires in 2023. We retained our score of B for our work in mitigating our effects on Climate Change. The B score indicates we continue to address the environmental impacts of our business and ensure good environmental management. In addition, we completed the CDP Forest Questionnaire and retained our C score, indicating our performance at the 'Awareness' level. We will continue to work to improve our scores and build our plan for addressing key areas.



SCAN THE QR CODE TO LEARN MORE ONLINE  
<https://corporate.dominos.co.uk/Corporate-responsibility>

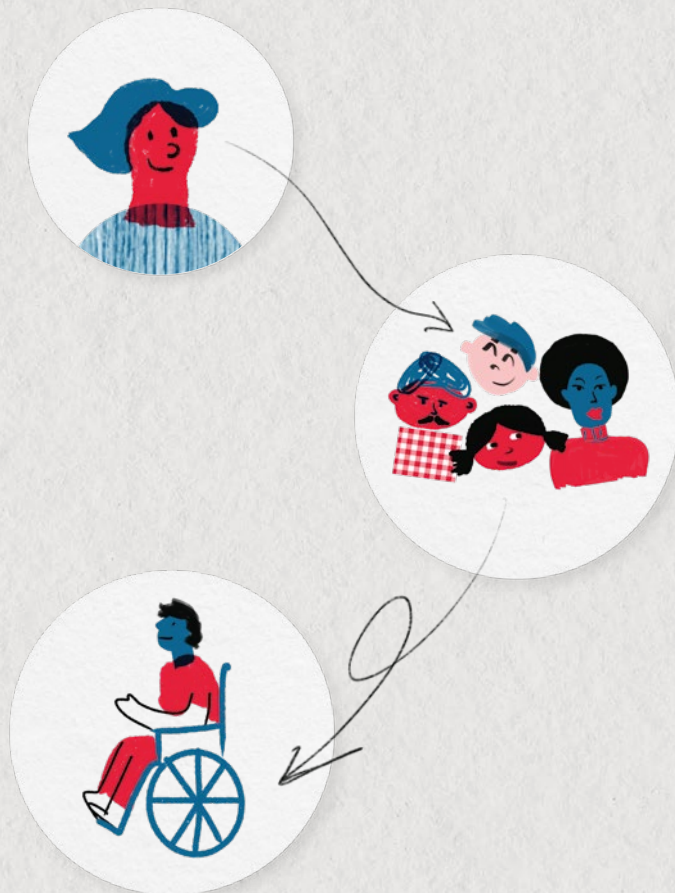
# GENDER DIVERSITY

By embracing diversity, equity and inclusion, we aim to support our colleagues to achieve their full potential at Domino's. We continued to invest in our people in 2023 including through further improvements to our maternity and paternity policies.

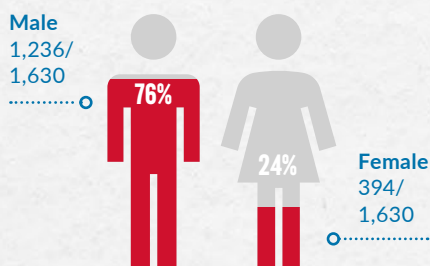
In addition, while ethnicity pay gap reporting is not yet a regulatory requirement, we completed an internal assessment to identify any potential improvements we could make in this area. Recommendations regarding both gender and ethnic pay were presented to our Board for discussion during 2023.

The key takeaway was that, even with over 85% of our colleagues opting to disclose their ethnicities, the colleague groups are still quite small, so it's not straight forward to establish any trends. We will continue to monitor this data internally, and to drive equal opportunities for all our team members.

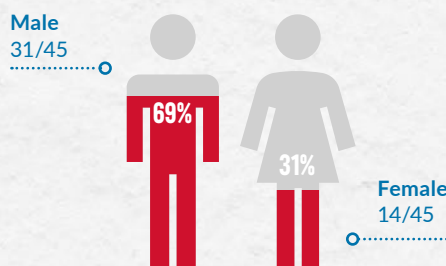
More information about Our People, including our plans to complete a maturity assessment of the business in 2024, will be available in our 2023 Sustainability Report.



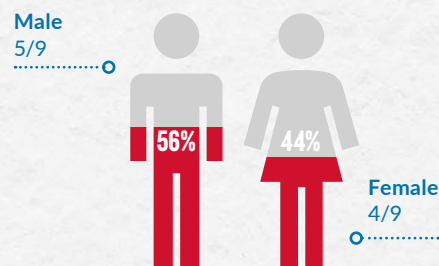
## ALL EMPLOYEES 2023 (UK & IRELAND)



## SENIOR LEADERSHIP TEAM 2023 (UK & IRELAND)



## GROUP PLC DIRECTORS 2023 (UK & IRELAND)





# NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

In line with our commitment to upholding high standards of conduct and compliance, we align our reporting to the Non-Financial and Sustainability Reporting requirements of sections 414CA and 414CB set out in the Companies Act 2006.

Required information	Policies and due-diligence	Coverage
Environmental matters	Environmental policy	See page 29
Employees	Diversity Policy CEO Pay Ratio Reporting	See pages 68 and 105
Social matters	Charity	See page 24
Respect for human rights	Data Protection Policy Human Rights Policy	See page 50
Anti-corruption and bribery matters	Anti-Bribery and Corruption Policy Risk Management Policy Criminal Finances Act Policy Whistleblowing Policy	See page 111
Description of the business model		See page 18
Principal risks and impact of business activity		See pages 46 to 51
Non-financial key performance indicators		See page 22

# EDWARD JAMIESON

## CHIEF FINANCIAL OFFICER



**“STRONG TRADING HAS DELIVERED REVENUE GROWTH AND UNDERLYING EBITDA OF £138.1M. STATUTORY PROFIT WAS SIGNIFICANTLY AHEAD OF THE PRIOR YEAR FOLLOWING THE DISPOSAL OF OUR INVESTMENT IN GERMANY.”**

## FINANCIAL HIGHLIGHTS

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

# £99.0M

**UNDERLYING PROFIT  
BEFORE TAX**

## 2023 Results

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

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

## Revenue

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

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

Reported system sales in the period were £1,540.5m (53 weeks: £1,571.7m), up 5.8% due to growth in order count alongside ticket increases.

### Reported Revenue

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

Reported revenue increased by £66.7m to £667.0m (53 weeks: £679.8m), an increase of 11.1%, primarily driven by increases in supply chain revenue. This was principally as a result of increased food costs, which are passed through to our franchise partners.

Royalty, rental and other revenues primarily relate to the royalty revenue we receive from our franchise partners based on a percentage of system sales and rental income. This increased by £3.0m (53 weeks: £5.1m) mainly due to higher system sales.

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

## FINANCIAL REVIEW CONTINUED

### Underlying earnings before interest and taxation

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

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

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

**“OUR BUSINESS MODEL AND FREE CASH FLOW GENERATION MEANS THAT WE CAN CONTINUE TO INVEST IN THE BUSINESS TO DRIVE LONG-TERM GROWTH WHILST DELIVERING SHAREHOLDER RETURNS.”**

### Technology platform costs

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

	EBITDA £m	Amortisation and impairment £m	Profit before tax £m	Capital expenditure £m
<b>FY22</b>				
ERP	(2.7)	(0.8)	(3.5)	—
ecommerce platform	(2.5)	(1.6)	(4.1)	(1.9)
<b>Total</b>	<b>(5.2)</b>	<b>(2.4)</b>	<b>(7.6)</b>	<b>(1.9)</b>

During the year, we continued to develop and implement two new cloud-based IT systems, an ecommerce platform and an ERP system.

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

The total costs recognised in underlying profit before tax relating to these projects were £10.8m.

Within EBITDA, costs of £8.9m have been recognised, of which £6.4m relates to the ERP, and £2.5m relates to the ecommerce platform. These represent costs spent on development of these assets, which are expensed through the income statement rather than capitalised as intangible assets, as they relate to cloud platforms. For the ERP, this represents the full spend on the project in the year.

For the ecommerce platform, this relates to the percentage spent on the cloud-based element of the project. An additional £5.7 has been recorded in capital expenditure relating to the ecommerce platform.

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

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

## Interest

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

## Taxation

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

## Profit after tax and non-underlying items

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

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

## Earnings per share

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

## Free cash flow and net debt

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

## FINANCIAL REVIEW CONTINUED

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

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

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

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

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

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

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

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

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

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

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

### Capital employed and balance sheet

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

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

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

Investments, associates and joint ventures decreased by £1.2m due to lower contributions from the NI JV offset with dividends received.

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

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

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

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

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

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

## Treasury management

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

The unsecured multi-currency revolving credit facility incurs interest at a margin over SONIA of between 185bps and 285bps depending on leverage, plus a utilisation fee of between 0bps and 30bps of the aggregate amount of the outstanding loans. The total undrawn facility as at 31 December 2023 was £112.9m.

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

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

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

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

## RISK MANAGEMENT

The Group continues to improve the approach taken to the identification, evaluation and monitoring of the material risks it faces and the action it takes in response.

In the second half of 2023, we conducted a comprehensive review of the key risks which could prevent the Group from achieving its long-term strategic objectives, whether strategic, financial, operational or compliance in nature (now identified as 'Key Group Risks'). Following this review we have: increased focus on certain areas; introduced new assessment techniques; and increased both visibility and accountability for effective Enterprise Risk Management.

The Risk Management Framework, enhanced during the year, consists of the following key elements:



### Responsibility

Each Key Group Risk has a designated Risk Liaison, all of whom are members of the Group's senior management and oversee the management of the risk day-to-day; and is owned by one of the UK Leadership Team, who review and approve each of the Group Risk Dashboards. Risk Liaisons are also expected to identify any emerging risks relevant to their specialist area.

The Board is ultimately responsible for the Group's identification, assessment and management of risk; ensuring strategic decision-making is aligned to the Group's risk appetite; and the review of both the principal and any emerging risks, at least twice annually.

The Audit Committee is responsible for scrutinising the effectiveness of management's internal control and risk management systems, on behalf of the Board. This includes an assessment of the assurance provided by Internal Audit and other sources of assurance to the Group.

### Group Risk Dashboards

Group Risk Dashboards have been completed for each Key Group Risk and: identify the key sources of exposure to the risk manifesting; assess the residual risk position, following consideration of the mitigating activities in place; consider what metrics and assurance exist over the mitigation; and, with reference to the Group's risk appetite for that category of risk, document what further measures are required, along with the associated accountability. Certain dashboards, for example those risks relating to Information Security or Health & Safety, are also underpinned by supporting risk registers. Group Risk Dashboards are reviewed and updated every six months; and are presented to the Executive Risk Committee (ERC).

### Executive Risk Committee

The ERC comprises all of the UK Leadership Team and meets quarterly. The role of the ERC is to: collectively challenge the management of risk, with reference to the Risk Dashboards; and agree any incremental action needed. The ERC also considers any emerging risks not currently represented by dashboards and provides a report of its activities, through the Audit Committee, to the Board.

### Principal risks

Each of the principal risks identified on the following pages represents an aggregation of the Key Group Risks, with a focus on those risks most material to the achievement of the Group's long-term strategic objectives.

### Emerging risks

Our view of emerging risks and opportunities is updated via the ERC. When considering emerging threats, we look for factors not currently reflected in existing Key Group Risks and those that: could impact the Group in the medium term; have the potential to increase rapidly in severity; or demonstrate an interconnectivity which, in combination with actively controlled risks, may amplify existing conditions.

Typically, such emerging risks focus on legislative/regulatory matters, especially consultations and policy reviews concerning public health; technological change; competitor and market activity; and environmental change. Our latest horizon scanning has identified no further strategic uncertainties that are not already included within the principal risks.

### Risk appetite

Risk appetite is defined against each category of risk. For example, we aim to tolerate no preventable risk with regard to customer and colleague safety; very low levels of risk over regulatory compliance; but accept some moderate risk relating to our commercial activities, consistent with our entrepreneurial values. This considered attitude to risk helps us to evaluate strategic initiatives and guides business decision-making.

The environment in which we operate continues to evolve: new risks may arise; the potential impact of known risks may increase or decrease; and/or our assessment of these risks may change. The risks below therefore represent a snapshot of what the Board believes are the principal risks and are not an exhaustive list of all risks the Group faces.



## KEY FOCUS AREAS



Franchise partner profitability and organisation



Value for Money



Digital



Convenience



Technology platform projects

## COMPETITIVE PRESSURES

## Description of the risk

Maintaining our edge in the market requires us to manage the risks that we fail to retain existing customers, attract new ones, or drive higher order frequency/baskets; or that we do not offer the range of quality products with the great value that our consumers expect.

There are also risks that we deliver a poor customer service, including the failure to deliver the correct orders, on time; or through the interaction we and our franchise partners have with our customers online, in store, by phone and at our customers' doors.

Failure to manage these risks will lead to a loss of customer and franchisee confidence; loss of market share; and has the potential to compromise our future performance. In an extreme scenario, these risks could even threaten the business model itself.

## How we are mitigating

We have a strong pipeline of new pizzas, sides, and desserts; and a clear stage and gate process for development and alignment with our franchisee partners, including store trials, supplemented by feedback from consumers and competitor analysis.

Stores within the Domino's Pizza system contribute to the National Advertising and eCommerce funds which enable consistent investment in national value campaigns and in our leading digital marketing, CRM and loyalty capability to keep Domino's sufficiently at the front of consumers' minds. Our expanded partnership with aggregators, through Just Eat and our trial with Uber Eats, also aims to bring new, incremental, customers to the Domino's system. Overall, in 2023 we increased our share of the UK takeaway market to 7.2%, up from 7.1% in 2022.

The delivery of a high level of customer service is subject to continual training and is monitored by both our enhanced GPS solution and our programme of Operational Excellence Reviews, whereby each store is audited, against clearly communicated standards, at least three times per year.

## Risk owner

Chief Marketing Officer

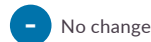
## Link to key focus areas



## Residual risk



## Risk direction



## FRANCHISEE RELATIONSHIPS/OPERATIONS

## Description of the risk

Maintaining a strong relationship with our franchisees is fundamental to our continued performance and growth.

There are risks however, that our franchisees do not share our vision of the direction of the Domino's brand in the UK & Ireland; that they do not believe that the National Advertising and eCommerce funds are being used effectively; or that the franchise economics fails to remain sufficiently attractive for them to invest in our collective growth, for example through the opening of new stores.

We are also exposed to threats to the continuity of our franchisee's operations, including from cyber attacks.

Loss of support from our franchisees undermines our ability to adapt to the necessary changes in our business environment and to grow.

## How we are mitigating

Alongside the contractual agreements we have in place for each store, the 2021 resolution with our franchise partners underpins our relationship with them, supplemented by formal governance forums, such as the Domino's Franchisee Association and the Marketing Advisory Councils.

Our CEO, Andrew Rennie, devoted a large proportion of his time in 2023 to understand the perspectives of each of the franchise partners; and day-to-day support is provided by our dedicated Franchise Operations team and various operations forums, as well as actions taken on the results of the annual engagement survey undertaken with franchisees.

In 2023 we opened 61 new stores, up from 35 in 2022. We have a strong pipeline of new stores and are expecting to open in excess of 70 with our franchise partners in 2024, supported by a dedicated and experienced store development team and a package of new store incentives, including the Home Grown Heroes initiative. We were also able to broadly maintain the EBITDA store margin, despite a challenging trading environment.

## Risk owner

Chief Executive Officer

## Link to key focus areas



## Residual risk



## Risk direction



## RISK MANAGEMENT CONTINUED

### KEY FOCUS AREAS



Franchise partner profitability and organisation



Value for Money



Digital



Convenience



Technology platform projects

### FAILURE OF KEY SUPPLIER

#### Description of the risk

The business relies on a number of third-party suppliers, with a small amount representing the sole source of an ingredient. The Group would be vulnerable if a supplier decided to cease trading; suffered a major cyber security incident; had a major interruption or food safety incident; or was responsible for an ethical or compliance breach of such severity that the Group would no longer trade with it.

There is also a risk that we fail to accurately forecast, such that there is insufficient inventory of raw materials to meet demand.

This risk may have an acute impact for a limited time.

#### How we are mitigating

The majority of our key ingredients are dual sourced and/or can be sourced from multiple production sites, which should help enable uninterrupted supply. In addition, suppliers should hold minimum levels of finished goods stock at all times; and the Group also holds stock at third-party sites during peak trading. There are plans to further increase the coverage of dual suppliers, and to monitor stock coverage and suppliers' business continuity plans during 2024.

Quarterly financial health checks are designed to provide an early warning of the risk that suppliers cease trading, and security impact assessments and scorecards help ensure we only take on suppliers with an acceptable level of risk.

Forecast accuracy was very high during 2023 and should be maintained or even improved further during 2024, using the capability of the new ERP system.

#### Risk owner

Supply Chain Director (raw material/equipment supply)/  
UK Leadership Team  
(other suppliers)

#### Link to key focus areas



#### Residual risk



#### Risk direction



### SCC MATERIALLY FAILS TO DELIVER DEMAND

#### Description of the risk

We distribute both the fresh dough we manufacture ourselves and third-party pizza sauce, cheese, toppings, sides and boxes to our stores, as well as other equipment and supplies. A loss of more than one dough production line or total loss of an SCC through property damage, major manufacturing breakdown, or a health & safety, cyber security, or major IT/Operational Technology incident, would require urgent contingency arrangements to be executed wherever possible.

These risks, if prolonged, could have a potentially significant impact on financial performance and a loss of market share, where a sufficient supply of Domino's products is not available to meet consumer demand.

#### How we are mitigating

We delivered an exceptional 100% food availability for our stores during 2023, demonstrating strong resilience despite challenging marketing conditions.

Against the threat of a loss of one or more production lines, as a result of a major health & safety incident, fire, adverse weather, or mechanical failure, we have strong mitigation in place to reduce the likelihood, including health & safety management systems; fire prevention, detection and suppression; preventative maintenance; and stock of critical equipment spares.

In the very short term, there would be some spare capacity amongst the remaining SCCs (including the recent expansion to our Naas site); and beyond this we would work with other Domino's businesses outside of the UK & Ireland to meet the shortfall. We are also looking to build further resilience into our own estate as we build further capacity to meet our growth ambitions.

#### Risk owner

Supply Chain Director

#### Link to key focus areas



#### Residual risk



#### Risk direction



## FOOD SAFETY

### Description of the risk

Following the consumption of any of the products produced in our SCCs and prepared in our 1,319 stores, there is a risk that our customers' health is adversely affected, arising from either contamination, or failure to meet the customers' requirements with respect to allergens.

Any serious incident could have a short-term impact on our ability to produce/trade and undermine the confidence in the quality and safety of our products, leading to longer-term damage to our reputation; and loss of sales in the short, medium and longer term.

### How we are mitigating

The business maintains a rigorous regime of standards and food safety checks for both our suppliers and the SCCs. Each of the SCCs are accredited to the internationally recognised food safety standard FSSC 22000; and are audited by our technical team, Domino's Pizza International and other regulatory bodies.

Outside of food production, meeting our customers' allergen requirements is reliant on ensuring customer awareness and training for store staff.

Early warning systems are in place across the supply chain to log, review, investigate and act upon issues which may impact food safety or quality. Stores operate to clearly defined standards and policies, which are periodically verified by operational and third-party food safety evaluations, covering areas such as food storage and handling, product quality, safety and store condition. Franchisees are also financially incentivised to maintain sufficiently high scores on evaluations.

### Risk owner

Supply Chain Director  
(supply chain), Chief  
Operating Officer (stores)

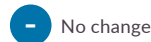
### Link to key focus areas



### Residual risk



### Risk direction



## LOSS OF BUSINESS CRITICAL SYSTEMS

### Description of the risk

As 90% of our system sales are through digital channels, there is a risk that significant trade is prevented in the event of a loss of systems that support our e-commerce and mobile platform availability. Sources for such a system loss could include third-party software, hardware or utility failure; physical property damage from a natural disaster, external or internal party; or a cyber attack.

Loss of platform or application availability or integrity would result in a short-term impact on commercial performance, including potential loss of customer confidence in the platform and/or mobile app. This loss of customer goodwill and revenue could have longer-term consequences for customer confidence in the Domino's brand. It may also negatively impact franchisee relationships if they lose confidence in the resilience and security of the platform.

### How we are mitigating

Whilst we are not complacent about the exposure to a loss of business critical systems, the 100% availability of our e-commerce sales channels has been maintained throughout 2023. We continue to use our strategic, risk-based security management framework to target investment in preventative, detective and responsive controls, particularly, in respect of cyber attacks; and progress and performance is subject to regular review by the Board and Audit Committee.

As we move more towards the use of cloud-based solutions, we are building in greater resilience; and are enhancing our responsiveness to events threatening the continuity of our business, including, but not exclusively relating to a loss of business critical systems.

### Risk owner

Chief Information Technology  
Officer

### Link to key focus areas



### Residual risk



### Risk direction



## RISK MANAGEMENT CONTINUED

### KEY FOCUS AREAS



Franchise partner profitability and organisation



Value for Money



Digital



Convenience



Technology platform projects

### LOSS OF PERSONAL/CORPORATE DATA

#### Description of the risk

For ease of use, our online ordering systems hold some customer data, the loss of which (whether accidental or as a result of unauthorised intrusion) would cause disruption and cost to the Group. In addition, the Group's own data on employees, partners and suppliers; and commercially sensitive information, is also exposed to the same risks of loss.

We note the continuing enforcement action taken by supervisory authorities against organisations failing to meet their information rights obligations. The risk of financial penalty for a data breach in our sector remains significant, whether imposed by the regulator or awarded by the courts.

These risks have the potential to compromise our future performance. In an extreme scenario, the reputational damage could possibly threaten the business model if we suffered a total loss of consumer confidence.

#### How we are mitigating

Much of the mitigation activity relevant to the risk of loss of business critical systems, and particularly the exposure to a cyber attack, also mitigates against loss of personal/corporate data. The risk of data loss could manifest from inside the organisation (either deliberate or inadvertent), rather than from an external infiltration, and for this we have clearly communicated policies and training on data classification, storage and retention, as well as restricted access to sensitive data and encryption. We are also investing in data loss prevention tools.

#### Risk owner

Chief Finance Officer

#### Link to key focus areas



#### Residual risk



#### Risk direction



### FAILURE TO DELIVER ON ESG COMMITMENTS

#### Description of the risk

The values that we all share at Domino's include that 'We do the right thing' with regards to the impact on our brand, our colleagues, our communities and the wider world. There is a risk, however, that we fail to deliver on the commitments we've made relating to environmental, social or governance (ESG) matters, such as those relating to the reduction of greenhouse gas emissions; diversity, equity and inclusion; or what we source.

As a result of failing to meet our commitments, some customers may choose to not to buy our products, or certain key talent may become disaffected and leave the organisation. Ultimately, our reputation may suffer, affecting our performance in the future; and in an extreme scenario, could threaten the business model itself.

#### How we are mitigating

We refreshed our sustainability strategy in 2022 and at the same time established a new Sustainability Committee and Sustainability Steering Group. These forums specifically focus on the delivery of specific targets/commitments in respect of the five key pillars which are critical to our business: Customers, People, Environment, Sourcing and Communities. In addition, 10% of the UK Leadership Team's bonus is linked to the delivery of key sustainability targets.

Working to tackle climate change forms a significant element of our commitments, and we have made SBTi-validated commitments to materially reduce Scope 1 and Scope 2 emissions by 2031, and to achieve Net Zero by 2050. Decarbonisation working groups continue to identify and realise ways of delivering against these targets. Further information can be found in the Sustainability section of this report (on pages 28-39).

#### Risk owner

Chief Marketing Officer

#### Link to key focus areas



#### Residual risk



#### Risk direction



## FAILURE TO MEET PUBLIC HEALTH EXPECTATIONS

### Description of the risk

Society's expectations, governmental response to public health concerns and the associated demand for healthier food continue to evolve; and failure to adapt to the changing expectations and requirements represents a key risk to the Group. In particular, the Health and Care Act 2022, due to be implemented in October 2025, will restrict advertising of foods high in fat, salt and sugar via paid-for online channels and on TV before a 9pm watershed. Conversely, there is also a risk of insufficient demand for products specifically designed to respond to these expectations.

This risk has the potential to compromise our future performance or, in an extreme scenario, even threaten the business model itself.

### How we are mitigating

We are committed to offering an increasing range of products to suit all dietary requirements and preferences and our consumer-centric insight programme allows us to track habits and attitudes and adapt our menus in response. Whilst we are working towards reductions in saturated fat, salt and sugar across our menus, our robust development process, with multiple stages of expert and consumer taste panels, also ensures that the product experience meets consistently high standards.

Regarding the changing legislative environment, we participate in industry efforts to ensure that our views are understood by policymakers, yet we remain confident that we will be able to effectively market Domino's brands and products whilst maintaining compliance with the provisions of the Health and Care Act 2022.

### Risk owner

Chief Marketing Officer

### Link to key focus areas



### Residual risk



### Risk direction



## PEOPLE-RELATED RISKS

### Description of the risk

The business continues to be dependent on key individuals either at Executive level or in relation to specialist skills or volume of roles required. Yet there is a risk of insufficient awareness of Domino's as an employer in the UK & Ireland; or the provision of a sufficiently competitive offering in terms of reward, fulfilment and development to attract new, or retain existing talent.

There are also risks to the health & safety of our employees and third parties from the production and distribution of fresh dough and other items from our supply chain centres; the preparation of food in store; and delivery to our customers.

These risks could have some impact on future performance, for a limited time.

### How we are mitigating

At a store level, awareness of the opportunities has increased, supported by national digital recruitment campaigns and greater visibility/alignment to best practice in reward across our franchisees.

At DPG, competitive benefits packages are in place, which are regularly benchmarked using industry-specific data sets/tools, but work is under way in 2024 to improve awareness of DPG as an employer and further enhance our competitiveness.

We remain committed to ensuring the health & safety of our employees, through our rigorous Health & Safety Management System and training thereon, which is subject to both internal and external assurance and helps continually improve our loss-time incident performance.

### Risk owner

People Director

### Link to key focus areas



### Residual risk



### Risk direction



## VIABILITY STATEMENT

### The group's current position

The Group's core UK & Ireland business model has been shown to be solid since it was formed. We operate under what is effectively a perpetual Master Franchise Agreement ('MFA'), so the business model is long term. The Group's strategy and business model, which is explained on pages 18 to 21, is well established and we have a market-leading position in the UK & Ireland, having successfully exploited the emergence of eCommerce as a sales channel.

We continue to open new stores in the UK & Ireland and have demonstrated good growth in system sales, like-for-like sales and profitability in our core business over many years, with high rates of converting operating profit to cash.

At 31 December 2023, the Group has net debt of £232.8m and has committed debt facilities of £400m which include Sterling denominated private placement loan notes of £200m, expiring in July 2027 and an unsecured multi-currency revolving credit facility of £200m, which expires in July 2027 of which £112.9m was undrawn, and has cash funds of £52.1m.

### Our strategic planning process

The CEO, supported by the Executive Leadership team, is responsible for the Group's strategic planning process. This starts with an annual strategy review, which is informed by both in-house monitoring of market trends and developments, and external market research. Following this review, an initial strategic plan is drafted, including a detailed financial model. The Board reviews and challenges the draft plan, utilising their experience, market insight and knowledge of the financial, technical and human resources available to the Group.

### Long-term viability statement

In accordance with the UK Corporate Governance Code, the Directors have assessed the long-term viability of the Group over the period to December 2026. The strategic plan is prepared on a five-year basis, but both management and the Board are conscious that the Group operates in a fast-moving environment. The viability assessment is performed over a three year period as there is greater certainty of cash flows associated with the Group's performance-related revenue.

The assessment has been based on the Group's strategic plan, balance sheet position, agreed financing and financial modelling of the strategic, operational and emerging risks discussed in the Risk Management section of the strategic report. The cash flows in the strategic plan are based on the forecast performance of the current business, with any acquisitions or disposals only included where there is certainty over the related cash inflows or outflows. 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 further supply chain related impacts, general economic uncertainty or 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 the ability to appropriately manage any business risks, as has been demonstrated by the Group's reaction to emerging supply chain-related risks over the period.

In stress testing the Group's viability, the Directors have assessed the impact of events occurring in isolation and in combination, as may occur in certain scenarios. The Directors have also considered what mitigating capital management actions could be taken in response.

The following risks were modelled as part of the stress testing performed:

- a downside impact of economic uncertainty and other sales related risks over the forecast period, reflected in sales performance, with a c.5% reduction in LFL sales compared to budget and the impact of a reduction of new store openings to half of their forecast levels. These impacts link to the risks highlighted on competitive pressures, Food safety and Franchisee relationships;
- a further reduction in sales of c.2.5%-3% from 2024 to account for the potential impact of the risks related to the public health debate;
- future potential disruptions to the supply chain of the Group, including IT and supply disruptions within our SCCs impacting our ability to supply stores or for our stores to trade at normal levels, as highlighted in the supply chain disruption and eCommerce and mobile platform risks;
- additional costs as a result of increases in utility costs; and
- a significant unexpected increase in the impact of climate change on delivery costs.

Further scenario modelling was performed by considering the following additional 'severe but plausible' risks:

- a disruption to one of our key suppliers impacting our supply chain over a period of four weeks whilst alternative sourcing is secured; and
- the impact of a potential data breach in 2025.

## Conclusion

In each of the scenarios modelled, there remains significant cash headroom on the debt facilities. Under a scenario where all the risks, including the 'severe but plausible' risks, were to occur simultaneously, the Group would breach its leverage covenants. The Board has a mitigation action available in the form of a reduction of dividends to shareholders and share buybacks which would prevent a breach.

Reverse stress testing has also been performed, which is a materially worse scenario than the combinations described in the scenarios above, which concluded that the Group's currently agreed financing could only be breached if a highly unlikely combination of scenarios resulted in a material annual reduction in system sales greater than 24%, assuming no fixed cost reduction. We do not consider this plausible.

The Group's compliance with the terms of its UK & Ireland MFA is of fundamental importance to its business model and viability. MFA targets have been agreed for a 10 year period starting in 2016 and the Group is currently on track with those targets. It is considered highly improbable that the Group's MFA would be terminated in the period under review.

Following their assessment, the Directors have a reasonable expectation that the Group will be able to continue to operate and meet its liabilities as they fall due over the period to December 2026.

The Directors also consider it appropriate to prepare the financial statements on the going concern basis as explained in the basis of preparation paragraph in note 2 to the financial statements.

### Strategic report

Signed on behalf of the Board

**ANDREW RENNIE**

**CHIEF EXECUTIVE OFFICER**  
**11 MARCH 2024**

## BOARD OF DIRECTORS

The Board of Directors are responsible for determining the overall strategy of the Group. The structure of the Board and the integrity of the individual Directors ensures that no single individual or group dominates the decision-making process.

### MEMBERSHIP KEY

- C** Committee Chair
- A** Audit Committee
- N** Nomination & Governance Committee
- R** Remuneration Committee
- S** Sustainability Committee
- Not a current Director



**MATT SHATTOCK**  
CHAIR

Matt was appointed to the Board as Chair on 16 March 2020.

**Nationality:** American

**Experience:** Matt joined Beam, the world's third-largest premium spirits company, in March 2009 as President and CEO, and led the company's successful growth-strategy transformation and subsequent transition to become a standalone public company in 2011. He then led the integration of the Beam and Suntory spirits businesses following Beam's acquisition by Suntory in 2014. Matt served as Non-executive Chairman of Beam Suntory Inc. until December 2020. Prior to joining Beam, he spent six years at Cadbury plc, where he led its businesses in The Americas and then in the Europe, Middle East and Africa region. Prior to Cadbury, he spent 16 years at Unilever in various leadership roles, culminating in his role as Chief Operating Officer of Unilever Best Foods North America. Matt is an experienced Chairman and has a demonstrable track record of strong leadership and of driving sustained value creation through building innovative brands and operational excellence.

**Other appointments:**

Matt is currently the Lead Independent Director of The Clorox Company and a Non-executive Director of VF Corporation.



**ANDREW RENNIE**  
CHIEF EXECUTIVE OFFICER

Andrew joined the Board on 1 August 2023 and was appointed as Chief Executive Officer on 8 August 2023.

**Nationality:** Australian

**Experience:** Andrew has an extensive career in the Domino's global system, a deep knowledge of the brand, vast experience of working with franchisees, and was himself a very successful multi-unit franchisee for a decade.

Andrew spent over two decades with Sydney-listed Domino's Pizza Enterprises (DPE), in roles including: CEO of France and Belgium from 2006 to 2010, COO and then CEO of its Australia and New Zealand business from 2010 to 2013, and CEO of its European business from 2014 to 2020, which includes the Master Franchise Agreements for France, Germany, Belgium and the Netherlands.

**Other appointments:**

Andrew is Chair of The Cheesecake Shop, a business operating in Australia and New Zealand.



**EDWARD JAMIESON**  
CHIEF FINANCIAL OFFICER

Edward joined the Board as Chief Financial Officer in October 2022.

**Nationality:** British

**Experience:** Prior to joining Domino's, Edward served as Regional Finance Director UK & Ireland at Just Eat Takeaway plc (Just Eat), successfully leading the business through substantial growth and transformational change since 2018. Prior to Just Eat, Edward held a range of senior finance roles at Aggreko plc, Amazon Inc, and Diageo plc. He is a Chartered Accountant.

**Other appointments:**

None



**IAN BULL**  
SENIOR INDEPENDENT  
DIRECTOR

Ian joined the Board in April 2019, was appointed as the Senior Independent Director on 9 September 2019 and became the designated Director for Workforce Engagement on 4 January 2024.

**Nationality:** British

**Experience:** Ian is a Fellow of the Chartered Institute of Management Accountants and has over 30 years' financial experience with a variety of businesses across a range of sectors. He was previously Group Finance Director of Greene King plc, Chief Financial Officer at Ladbrokes plc, and was most recently Chief Financial Officer of Parkdean Resorts Group. His finance career included the Walt Disney Company, Whitbread plc and BT Group. Ian was formerly a Non-executive Director of Paypoint Ltd, Chair of Lookers plc and Senior Independent Director and Audit Committee Chair of St. Modwen Properties plc.

**Other appointments:**

Ian is currently a Non-executive Director and Audit Committee Chair of Dunelm Group plc.





**ELIAS DIAZ SESE**  
NON-EXECUTIVE DIRECTOR

Elias was appointed to the Board in October 2019 and was appointed as Chief Executive Officer on an interim basis from 10 October 2022 to 7 August 2023.

**Nationality:** Spanish

**Experience:** Elias has over 20 years' experience of leading developing global consumer foods brands and teams all over the world (Europe, Middle East, Asia Pacific and North America). He led the Kraft Heinz turnaround in UK, Ireland & Nordics as President for Northern Europe. Prior to that he spent 15 years with Restaurant Brands International in various roles, which included Global CEO of Tim Hortons, President Asia Pacific for Burger King and SVP Franchise & Emerging Markets Europe, Middle East & Africa also for Burger King.

Most recently, Elias co-founded Popeyes in the UK as well as invested in Restaurant Brands Iberia (Burger King, Popeyes and Tim Hortons in Spain and Portugal).

**Other appointments:**  
None



**NATALIA BARSEGIYAN**  
NON-EXECUTIVE DIRECTOR

Natalia joined the Board in September 2020, she was Chair of the Sustainability Committee from 30 November 2021 to 4 January 2024, and was appointed as Chair of the Remuneration Committee on 4 January 2024.

**Nationality:** French

**Experience:** Prior to joining Domino's, Natalia spent 14 years at Yum! Brands, Inc. where she held various senior positions, including Chief Financial Officer at Taco Bell, Chief Commercial Officer of Yum! Brands and General Manager of Pizza Hut Europe. Natalia was born in Ukraine and has worked in a wide range of countries. She started her career at SFAT Transportation Services before progressing to roles at Unertek Engineering, Ford Motor Company and Rosinter Restaurants Holding. Natalia is an Adviser for Kharis Capital and was previously a Non-executive Director of Mediclinic International plc.

**Other appointments:**  
None



**TRACY CORRIGAN**  
NON-EXECUTIVE DIRECTOR

Tracy joined the Board in May 2022 and was appointed as Chair of the Sustainability Committee on 4 January 2024.

**Nationality:** British

**Experience:** Tracy was Chief Strategy Officer of Dow Jones from 2014 until 2020 and previously held senior positions at the Wall Street Journal, including Editor in Chief, Europe. She has headed news websites, WSJ.com and FT.com. Among other roles in journalism, she was the Editor of the Financial Times' Lex Column and a columnist at the Daily Telegraph.

**Other appointments:**  
Tracy is currently a Non-executive Director of Barclays Bank UK and Direct Line Group. She also sits on the Board of The Scott Trust, which owns Guardian Media Group, and she chairs Scott Trust Endowment Ltd.



**LYNN FORDHAM**  
NON-EXECUTIVE DIRECTOR

Lynn was appointed to the Board in September 2020. Lynn was appointed as Chair of the Audit Committee on 30 November 2021.

**Nationality:** British

**Experience:** Lynn was most recently Managing Partner of private capital firm Larchpoint Capital LLP, a position she held between June 2017 and February 2021. Prior to joining Larchpoint, Lynn was CEO of SVG Capital plc for nine years and before that held senior finance, risk and strategy positions at Barratt Developments plc, BAA plc, Boots plc, ED&F Man plc, BAT plc and Mobil Oil. Lynn spent seven years on the Board of brewer and pub operator Fuller, Smith & Turner plc where she also chaired the Audit Committee and was a member of the Remuneration and Nominations Committees. As a non-executive, she was a Supervisory Board Member of Varo Energy BV and is currently Chair of RMA - The Royal Marines Charity.

**Other appointments:**  
Lynn is currently a Non-executive Director and Chair of the Audit and Risk Committees at Caledonia Investments plc, Enfinium Group plc and NCC Group plc.



**STELLA DAVID**  
NON-EXECUTIVE DIRECTOR

Stella held the position of Non-executive Director from 23 February 2021. Stella was subsequently appointed as Chair of the Remuneration Committee on 2 August 2021 and became the designated Director for Workforce Engagement on 30 November 2021. Stella resigned from Domino's and left the Company on 31 December 2023.



### I am pleased to present my Corporate Governance review for the Group.

One of the key tasks for the Board coming into 2023 was to secure a world-class Chief Executive Officer with a proven track record who would, together with the senior management team, drive a significant increase in shareholder value. The market for high calibre executive talent is highly competitive, and the talent pool extends beyond our home market. I was delighted that we were able to secure Andrew Rennie as the Group's permanent Chief Executive Officer. The Board and its Committees worked diligently to secure Andrew, who is the right person to take the business to the next level.

Our governance structure provides a framework to support the development and operation of business, adapting to the changes in the business environment and the challenges that the business and our stakeholders have faced, and continue to face, in a challenging economic environment coupled with geopolitical instability.

Our corporate governance arrangements are critical in ensuring that the Board is able to:

- direct and control the Group;

- provide strategic leadership and effective oversight;
- promote a culture that supports the long-term success of the Company and its stakeholders; and
- maintain a framework within which the Executive leadership team can conduct its day-to-day operational management of the business.

The work of the Board is supported by its four standing Committees. You will find details of the activities of the Nomination & Governance Committee on pages 66 to 68. Tracy Corrigan assumed the role of the Chair of the Sustainability Committee in January 2024, taking over from Natalia Barsegiyan. The report on the Sustainability Committee is shown on pages 69 to 70. Lynn Fordham chairs the Board's Audit Committee and you can find the report of that Committee on pages 71 to 77. Natalia Barsegiyan now chairs the Remuneration Committee having taken over from Stella David. The Remuneration Committee played an important role in the CEO recruitment process in 2023, and secured shareholder approval for important revisions to the Directors' Remuneration Policy which facilitated the recruitment process. The Directors remuneration report is set out on pages 78 to 108.

Details of engagement with our principal stakeholders are set out on pages 24 and 25, and the Board's report on how stakeholders' views are taken into account when decisions are made is set out on pages 26 and 27.

We have a clearly defined purpose and values which underpin and promote our culture to deliver our strategic objectives and the long-term success of the business for the benefit of all our stakeholders. We recognise that the Board has a crucial role in establishing and maintaining the right culture and continue to work with the Executive leadership team to promote the Group's values and to monitor attitudes and behaviours to ensure that they are consistent with our culture. This is achieved in a variety of ways, which include reviewing the results of colleague engagement surveys and responding to feedback; dialogue and interaction with senior management and the workforce generally; reviewing reports raised through the Group's confidential Speak Up arrangements; receiving regular reports on training programme completion rates; interaction between management and the Internal Audit function; reports and presentations on health & safety management. Examples of how our purpose and values have been rolled out into the business are shown on page 2.

The remainder of this report sets out how the Board has applied the principles of good governance set out in the Financial Reporting Council's ('FRC') 2018 version of the Corporate Governance Code (the 'Code'). The Group's governance arrangements will be reviewed and revised to take account of changes required by the most recent version of the Code published on by the FRC on 22 January 2024.

This has been another year of solid progress and I would like to thank my Board colleagues for their continued high level of engagement with the Executive leadership team, providing support, guidance and constructive dialogue to help navigate a challenging business environment.

**MATT SHATTOCK**

**CHAIR**  
**11 MARCH 2024**

## Board leadership and Company purpose

[SEE PAGES](#)

- A. Effective and entrepreneurial Board to promote the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society
- B. Purpose, values and strategy with alignment to culture
- C. Resources for the Company to meet its objectives and measure performance. Controls framework for management and assessments of risk
- D. Effective engagement with shareholders and stakeholders
- E. Consistency of workforce policies and practices to support long-term sustainable success

Strategic report	1 – 53
Board engagement with key stakeholders	24 – 25
Shareholder engagement	59
Audit Committee report	71 – 77

## Division of responsibilities

[SEE PAGES](#)

- F. Leadership of Board by Chair
- G. Board composition and responsibilities
- H. Role of Non-executive Directors
- I. Company secretary, policies, progress, processes, information, time and resources

Board composition	63
Key roles and responsibilities	60 – 61
Information and training	64

## Composition, succession and evaluation

[SEE PAGES](#)

- J. Board appointments and succession plans for Board and senior management, and promotion of diversity
- K. Skills, experience and knowledge of Board and length of service of Board as a whole
- L. Annual evaluation of Board and Directors and demonstration of whether each Director continues to contribute effectively

Board composition	63
Board, Committee and Director performance evaluation	64 – 65
Nomination and Governance Committee report	66 – 68

## Audit, risk and internal control

[SEE PAGES](#)

- M. Independence and effectiveness of internal and external audit functions, and integrity of financial and narrative statements
- N. Fair, balanced and understandable assessment of the Company's position and prospects
- O. Risk management and internal control framework and principal risks the Company is willing to take to achieve its long-term objectives

Audit Committee report	71 – 77
Strategic report	1 – 53
Fair, balanced and understandable Annual Report	77
Going concern basis of accounting	77
Viability statement	52

## Remuneration

[SEE PAGES](#)

- P. Remuneration policies and practices to support strategy and promote long-term sustainable success, with executive remuneration aligned to Company purpose and values
- Q. Procedure for Executive, Director and senior management remuneration
- R. Authorisation of remuneration outcomes

Remuneration Committee report	78 – 108
-------------------------------	----------

**“I WAS DELIGHTED THAT WE WERE ABLE TO SECURE ANDREW RENNIE AS THE GROUP’S PERMANENT CHIEF EXECUTIVE OFFICER...”**

### OUR VISION

To be the favourite food delivery and collection brand with pizza at our heart

### OUR PURPOSE

Delivering a better future through food people love

### OUR VALUES



#### We do the right thing

We care about our impact on our brand, our colleagues, our communities and the wider world. So we're proud to do the right thing and keep our promises.



#### We are one team

We respect and celebrate the whole team for who we are and the value we each bring. We grab the amazing opportunities to grow, succeed and live our best work-life.



#### We love customers

Every decision and action we take has customers at the heart. We listen to customers and create great experiences to delight them and keep them coming back for more.



#### We are bold

It takes courage and determination to lead the field. Dominoids are bold, entrepreneurial, we aren't afraid to innovate and learn fast to become better every day.



#### We grow and win together

No one can beat us when we're working hard and playing hard together. We share big ambitions, have a growth mindset and enjoy success as one Domino's.

### Compliance with the UK Corporate Governance Code

Domino's Pizza Group plc (the 'Company') is incorporated and has a premium listing in the UK. As a result, it is required to report on its compliance with the UK Corporate Governance Code (the 'Code') or explain why it has chosen not to comply. For the year ended 31 December 2023, it was subject to the edition of the Code published by the FRC in July 2018, which is available from [www.frc.org.uk](http://www.frc.org.uk). The Company complied with the Code throughout the year.

The Code's main principles and provisions set out the key elements of effective Board practice. We explain in this report how we have applied these during the year. Where appropriate, some explanations are contained in the Nomination & Governance Committee report, the Audit Committee report, the Directors' remuneration report and the Directors' report.

Within our delegation framework, the Board retains certain key decision-making responsibilities:

- Setting the Group's purpose and its values
- Setting and approving overall Group strategy
- Setting and approving the Group's capital structure and funding arrangements
- Setting a risk appetite, within which management is required to operate
- Reviewing and approving business plans and budgets
- Reviewing and approving major business decisions
- Reviewing major risks and the implementation of mitigation strategies
- Reviewing the functioning of the internal control environment
- Monitoring operational and trading results against previously approved plans

- Reviewing and approving significant contractual and other commitments, including capital expenditure
- Reviewing corporate governance arrangements
- Reviewing succession plans for the Board and Executive Directors
- Exercising its control by an annual review of 'matters reserved' for the Board's decision

As noted above, the Board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. It also retains oversight of the risk management and internal control systems with the aim that these are sound and protect stakeholders' interests.

### Board leadership and company purpose

The Company is led by the Board, whose members are collectively responsible for the long-term success of the Company. Day-to-day management of the business is delegated to management, led by the Chief Executive Officer. The role of the Board can be summarised as follows:

#### Decide on the longer-term aims

- Agree the Company's business model
- Agree an appetite for risk
- Set values and standards for the Company
- Provide entrepreneurial leadership
- Appoint the Executive Directors

#### Decide on the short-term goals

- Review and approve the strategy, providing constructive challenge as necessary
- Ensure the necessary financial and human resources are in place
- Agree business plans and budgets
- Review the risk management process and internal control environment

#### Monitor and manage performance

- Monitor management's performance in delivering the strategy, and challenge or support as necessary
- Approve major expenditure and other commitments
- Monitor the risk environment in which the Company operates and review internal controls
- Determine the remuneration of Executive Directors and senior management
- Oversee the governance of the Company and Group to ensure shareholders' interests are protected

#### Report to, and engage with, stakeholders

- Monitor the integrity of financial information and the reporting of performance generally
- Report to shareholders on business performance
- Ensure other external obligations are met, including reporting to other stakeholders
- Understand stakeholders' views and act as necessary

#### Meetings of Non-executive Directors

- The Non-executive Directors, led by the Chair, meet without the Executive Directors being present. In addition, the Independent Non-executive Directors, led by the Senior Independent Director ('SID'), meet during the year as needed, including to review the performance of the Chair.

## The Board is supported in its work by four Committees:

Terms of reference for these Committees, which are regularly reviewed by the Board, are available on the Company's investor relations website (<https://investors.dominos.co.uk>) as is the formal schedule of matters reserved for the Board's decision.



### Relations with shareholders and other stakeholders

We maintain an active dialogue with our shareholders and potential investors, which we intend to be based on a mutual understanding of objectives. The Group's Investor Relations function, together with the Executive Directors, routinely engage with analysts, institutional and retail shareholders and potential investors, through results presentations, roadshows and one-off meetings and calls. The Chair and SID are available for meetings with shareholders on request.

In years in which there is a significant change to the Executive remuneration policy or there is a binding vote on remuneration at the Annual General Meeting, the Chair, the Chair of the Remuneration Committee and the Company Secretary meet with major shareholders to discuss remuneration and any other governance issues.

Our aim is to ensure we build and maintain strong relationships, and that we communicate our strategy, and performance against it, in a clear and consistent way. In turn, we seek to understand the views of our investors through regular dialogue, and feedback is provided to the Board as a whole to give additional context for strategic decision-making and capital allocation.

The regular finance report to the Board includes a detailed update on all investor relations matters, including movements in the share register, recent meetings with investors, summaries of analysts' reports and key discussion topics. In addition, our brokers provide an independent view on matters of strategic importance such as potential acquisitions, disposals and capital allocation philosophy.

A summary of the Board's stakeholder engagement, and compliance with its duties under Section 172 of the Companies Act 2006, can be found on pages 26 to 27.

### 2023 Investor Relations

Key investor relations activities in 2023:

- Maintained regular reporting to keep investors informed and updated.
- Introduced the new CEO to the market.
- Continued to engage actively with institutional investors through:
  - roadshows in the UK and North America
  - meetings and calls, both physical and virtual
  - investor conferences
  - site visits
- Engagement with equity analysts, including sales team presentations.

## CORPORATE GOVERNANCE CONTINUED

Key topics discussed with shareholders in 2023:

- The competitive environment in the UK and the impact of the cost-of-living crisis.
- The improved value perception of Domino's Pizza.
- Food cost and labour inflation.
- Franchise partner relations and the franchisee resolution.
- Management changes.
- The benefits of the Just Eat trial and subsequent roll out.
- Strategic progress on digital.
- Capital allocation and shareholder returns.

### The Annual General Meeting ('AGM')

The AGM is treated as an opportunity to communicate with all of our shareholders, and their participation is encouraged. The Chairs of all Board Committees attend the AGM and are available to answer questions.

An explanatory circular containing the notice of meeting is sent to shareholders at least 20 working days beforehand, with separate votes being offered on each substantive issue. All proxy votes received are counted, with the votes for, against and withheld announced at the meeting and subsequently published on the Company's investor relations website. This website, <https://investors.dominos.co.uk>, also contains a host of up-to-date information on the Group.

The 2024 AGM is scheduled to be held on 1 May 2024. Full details of the meeting venue will be included in the 2024 AGM circular and will be available on our website <https://investors.dominos.co.uk>.

## Division of responsibilities

### Board roles and responsibilities

There is a clear separation between the roles of the Chair and the Chief Executive Officer, which is recorded in a document approved by the Board and summarised below. In essence, the Chair manages the Board and the Chief Executive Officer manages the business. Importantly, no one individual has unfettered powers of decision. All Directors have access to the advice of the Company Secretary on governance matters.

The Chair and Chief Executive Officer have regular meetings to discuss matters relating to strategic development, stakeholder views, operational matters and business performance. The Chair also has separate discussions with the Non-executive Directors.

### Diversity

The Board's policy on diversity is explained in the Nomination & Governance Committee report on pages 66 to 67.

### Board membership

The Board currently comprises the Chair, Chief Executive Officer, Chief Financial Officer, four independent Non-executive Directors and one Non-executive Director. The names and biographical details of the serving Directors, and the offices held by them, can be found on pages 54 and 55.

The composition of the Board is of a sufficient size and calibre to match the growth aspirations and requirements of the business, ensuring good governance is achieved and normal succession challenges are managed, but is not so large as to be unwieldy.

The current Non-executive Directors' tenure reflects the refreshing of the Board in recent years.

## CHAIR

The role of the Chair is:

- providing leadership to and ensuring the effectiveness of the Board in directing the Company;
- demonstrating objective judgement at all times;
- ensuring that the Board agendas emphasise strategic, rather than routine, issues;
- ensuring that the Directors receive accurate and clear information well ahead of the time when a decision is required;
- promoting a culture of openness and constructive debate, and facilitating an effective contribution by the Non-executive Directors;
- arranging informal meetings of the Directors, including meetings of the Non-executive Directors without the Executive Directors being present;
- ensuring effective communication by the Group with its shareholders;
- seeking regular engagements with major shareholders in order to understand their views on governance and performance against the strategy;
- ensuring the Board as a whole has a clear understanding of the views of shareholders;
- arranging for the Chairs of the Committees to be available to answer questions at the AGM and for all Directors to attend;
- taking the lead in providing a properly constructed, full, formal and tailored induction programme and ongoing development for new Directors; and
- acting on the results of Board evaluations by recognising the strengths and addressing any weaknesses of the Board.

## CHIEF EXECUTIVE OFFICER

The role of the Chief Executive Officer is:

- leading and managing the development of the Group's strategic direction and objectives;
- identifying and executing acquisitions and disposals, and leading geographic diversification initiatives;
- reviewing the Group's organisational structure and recommending changes as appropriate;
- identifying and executing new business opportunities;
- overseeing risk management and internal control;
- managing the Group's risk profile, including the health & safety performance of the Group;
- implementing the decisions of the Board and its Committees;
- building and maintaining an effective Group leadership team;
- reporting to the Board on operating performance;
- encouraging the implementation of culture throughout the business;
- maintaining communication with key external stakeholders and maintaining relationships with the government and trade bodies; and
- ensuring the Chair and the Board are alerted to forthcoming complex, contentious or sensitive issues affecting the Group.

## SENIOR INDEPENDENT DIRECTOR ('SID')

The SID focuses on:

- meeting regularly with the independent Non-executive Directors without the Chair present;
- holding annual meetings with Non-executive Directors without the Chair present to appraise the Chair's performance and other appropriate matters;
- providing a sounding board for the Chair and acting as an intermediary for other Directors;
- chairing the Nomination & Governance Committee when it is considering succession to the role of the Chair of the Board;
- being available to shareholders if they have concerns which contact through the normal channels of Chair or Chief Executive Officer has failed to address or would be inappropriate; and
- meeting with major shareholders regularly enough to gain a balanced view of their issues and concerns.

## NON-EXECUTIVE DIRECTOR

The role of a Non-executive Director is:

- providing creative contribution to the Board by way of constructive criticism;
- bringing independence, impartiality, experience, specialist knowledge and a different perspective to the Board;
- providing guidance on matters of concern and strategy;
- overseeing risk management and internal control;
- protecting shareholder and stakeholder interests;
- constructively challenging the Executive Directors and monitoring Executive performance;
- supporting the Executive team in shaping and delivering the strategic goals of the business;
- optimising shareholder return and protection of shareholder assets; and
- ensuring the Board is able to work together effectively and make maximum use of its time.

Each Non-executive Director has committed to the Company that they are able to allocate sufficient time to the Company to discharge their responsibilities effectively. Any additional appointments they are contemplating taking on are discussed with the Chair in advance, including the likely time commitment and whether these could in any way constitute a conflict of interest. These matters are formally reviewed by the Board on an annual basis.

## CORPORATE GOVERNANCE CONTINUED

### Independence

The Board reviews the independence of its Non-executive Directors annually. In assessing the independence of each Director, the Board considers whether each is independent in character and judgement, and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement.

The Board has considered the independence of the current Non-executive Directors, other than the Chair. It does not consider Elias Diaz Sese to be independent due to his recent role as Interim Chief Executive Officer.

### Board Committees

Membership of the four Board Committees during the year ended 31 December 2023 is summarised on the right of this page.

### Attendance at Board and Committee meetings

The Board is scheduled to meet eight times in each year. Additional meetings are arranged as necessary which do not necessarily require the full participation of all Directors. Committees meet as necessary to discharge their duties. Attendance of individual Directors at meetings of the Board and its Committees (including additional meetings) during the year ended 31 December 2023 is summarised on the right of this page:

● Chair ○ member

Committee membership				
	Audit Committee	Nomination & Governance Committee	Remuneration Committee	Sustainability Committee <sup>2</sup>
<b>Matt Shattock</b>		●	○	
<b>Ian Bull</b>	○	○	○	
<b>Natalia Barsegiyan<sup>4</sup></b>	○	○	○	●
<b>Tracy Corrigan<sup>1</sup></b>	○	○		○
<b>Stella David<sup>4</sup></b>		○	●	○
<b>Lynn Fordham</b>	●	○	○	
<b>Usman Nabi</b>		○		
<b>Dominic Paul<sup>2</sup></b>				○
<b>Elias Diaz Sese<sup>3</sup></b>				○

1. Tracy Corrigan joined the Board on 5 May 2022 and subsequently joined the Audit Committee on 10 February 2023.
2. Dominic Paul resigned as a Director with effect from 30 December 2022.
3. Elias Diaz Sese served as a member of the Sustainability Committee throughout the year and re-joined the Nomination & Governance Committee on 8 August 2023.
4. Stella David stepped down from the Board on 31 December 2023. Natalia Barsegiyan became the Chair of the Remuneration Committee on 3 January 2024 and Tracy Corrigan became the Chair of the Sustainability Committee on 3 January 2024.

### Attendance at Board and Committee meetings

	Board <sup>1</sup>	Audit Committee	Nomination & Governance Committee	Remuneration Committee	Sustainability Committee
Matt Shattock	19 of 19		5 of 5	8 of 8	
Andrew Rennie <sup>2</sup>	8 of 8				
Edward Jamieson	19 of 19				
Ian Bull	18 of 19	4 of 4	5 of 5	8 of 8	
Natalia Barsegiyan	18 of 19	4 of 4	5 of 5	8 of 8	4 of 4
Tracy Corrigan	17 of 19	3 of 4	5 of 5		3 of 4
Stella David <sup>2</sup>	18 of 19		4 of 5	8 of 8	4 of 4
Lynn Fordham	19 of 19	4 of 4	5 of 5	8 of 8	
Usman Nabi <sup>2</sup>	12 of 12		0 of 1		
Elias Diaz Sese	15 of 19		2 of 4		4 of 4

1. All Directors attended the scheduled Board meetings. The Board had a total of 12 additional unscheduled meetings during the year, some of which were short calls to update the Board on a range of issues, and for the Board to provide support and guidance during the transition from Interim Chief Executive Officer to the permanent Chief Executive Officer.
2. Usman Nabi stepped down from the Board on 14 August 2023 and Stella David stepped down from the Board on 31 December 2023. Andrew Rennie joined the Board on 1 August 2023.



## Composition, succession and evaluation

### Board composition

In terms of composition, the Board is cognisant of its diversity policy and aims to make appointments in line with that policy. Our preferred Board structure is to be led by a Non-executive Chair, to have high-calibre Executive Directors to drive the performance of the business under the leadership of a Chief Executive Officer, and to have a number of Non-executive Directors drawn from a range of backgrounds, whose role is to provide constructive challenge, provide guidance in developing strategy, offer advice relating to their areas of specialism and, ultimately, to hold management to account. Our aim is that the Independent Non-executive Directors always constitute at least half of the Board. This structure and the integrity of the individual Directors should ensure that no single individual or group dominates the decision-making process.

There is a common purpose of promoting the overall success of the Group with a unified vision of the definition of success, the core strategic principles, and the understanding, alignment and mitigation of risk.

Non-executive Directors are appointed for three-year terms (subject to annual re-election by shareholders) and the offer of any further term of appointment after year six would be weighed carefully by the Nomination & Governance Committee, which keeps the need for progressive refreshing of the Board (particularly to maintain an appropriate balance of skills and experience) and orderly succession to key appointments under continual review.

### BOARD BALANCE

The Board composition creates a majority of independent Non-executive Directors (excluding the Chair), with the current position being:



### BOARD COMPOSITION

The members of the Board as at 11 March 2024 were drawn from a range of backgrounds and gained their experience in a range of relevant industry sectors:

### GENDER BALANCE



### PROFESSIONAL SKILLS



### PRIMARY EXPERIENCE



### ETHNIC DIVERSITY



# CORPORATE GOVERNANCE CONTINUED

## Board effectiveness

We believe that there are five key steps in creating an effective Board:

### 1. RECRUIT THE RIGHT PEOPLE

We have a formal, rigorous and transparent procedure for the appointment of new Directors to the Board, overseen by the Nomination & Governance Committee. For each appointment, we develop an objective brief summarising the role and the skills and experience required, and use an appropriate head-hunting firm with proven expertise in the relevant field. As noted above, we take care to ensure that we recruit on merit, from the widest possible range of backgrounds, recognising the benefits of diversity, and the search firms we use are signatories to the Code of Conduct for executive search firms. Before confirming an appointment, we check whether the preferred individual can commit to the time expected including, in the case of an appointment to the Chairship, the need to be available in the event of a crisis.

### 2. MAKE SURE DIRECTORS HAVE THE RIGHT TOOLS

All Directors go through a tailored, formal induction process on joining the Board, including the opportunity to meet major shareholders. The aim of this is to ensure that they understand the Company and its business model, our strategy, the drivers of value in the business and the key risks we face, and that they understand the legal and regulatory environment in which we operate and their own personal obligations. Directors are expected to update and refresh their skills and knowledge on an ongoing basis, and to continue to build their familiarity with the Company and its business throughout their tenure. The Company will provide the necessary resources for developing and updating its Directors' knowledge and capabilities, including access to our operations, staff and franchisees.

All Directors have access to the services of the Company Secretary, and the opportunity to seek independent professional advice at the Company's expense where they judge it necessary to discharge their responsibilities as Directors or as members of Board Committees. If Directors have concerns which cannot be resolved about the running of the Company or a proposed action, they can request that their concerns are recorded in the Board minutes, or provide a written statement to the Chair, for circulation to the Board.

The Board is supplied with information in a form and of a quality appropriate to enable it to discharge its duties effectively. This is provided in good time ahead of all meetings and decisions, and Non-executive Directors are encouraged to seek clarification from management whenever they feel it is appropriate.

### 3. IDENTIFY AND MANAGE ANY CONFLICTS OF INTEREST

Directors have a statutory duty to avoid actual or potential conflicts of interest. However, the Company's Articles of Association allow the Board to 'authorise' conflicts, where this is felt appropriate. Any Director who becomes aware that they are in a situation which does or could create a conflict of interest, or has an interest in an existing or proposed transaction in which the Company also has an interest, is required to notify the Board in writing as soon as possible. The interests of new Directors are reviewed during the recruitment process and authorised (if appropriate) by the Board at the time of their appointment.

Executive Directors are permitted, and where appropriate even encouraged, to hold Non-executive Directorships outside the Group. However, the Board would not agree to a full-time Executive Director taking on more than one Non-executive Directorship in, nor the role of the chair of, a FTSE 350 company.

### 4. FORMALLY CHECK ON EFFECTIVENESS

The Board undertakes a formal and rigorous annual review of its own performance each year. It also reviews the performance of the Board Committees, and the Nomination & Governance Committee reviews the performance of individual Directors. Board and Committee evaluation considers the balance of skills, experience (including familiarity with the Company and its business) and independence of the Group taken as a whole, and also the diversity, including gender and ethnicity, of the Directors. The process also examines how the Directors work together as a unit, and explores other factors relevant to effectiveness. The Chair acts on the results of the performance evaluations as necessary including, where appropriate, proposing new members be appointed to the Board or seeking the resignation of Directors.

Individual evaluation aims to determine whether each Director continues to contribute effectively and to demonstrate commitment to the role (including commitment of time for Board and Committee meetings and any other duties). The performance evaluation of the Chair was led by the Senior Independent Director.

#### Process

Our Board evaluation in 2023 was undertaken in-house and facilitated by the Company Secretary in conjunction with the Chair. The evaluation was conducted using an online questionnaire and a report compiled for discussion by the Board.

The evaluation addressed core aspects of the Board's performance and focused on the following areas:

- the effectiveness of the Board's arrangements for engaging with stakeholder groups and monitoring culture;
- strategic oversight;
- oversight of risk management and internal control;
- Board dynamics and development;
- meeting management and the Board's agenda;
- Board support; and
- succession planning and talent development.

The performance of the Chair and the Committees of the Board were also evaluated.

The anonymity of all responses was guaranteed throughout the process to promote open and honest feedback. The Company Secretary subsequently analysed the survey results and delivered detailed reports on the performance of the Board, its Committees and the Chair.

The Board has reviewed the reports and agreed detailed priority actions which include:

- focus on results delivery, and applying the capital allocation policy so that it maximizes corporate development potential;
- strategy will be refined to focus on both organic and inorganic growth;
- continued focus on enhancing leadership bench-strength, and on embedding and monitoring culture; and
- continued improvement in the enterprise risk management system with a particular focus on cyber security.

## 5. ASK SHAREHOLDERS TO CONFIRM APPOINTMENTS

Ultimately, the Directors' main responsibility is to promote the long-term success of the Company, acting in shareholders' best interests. All of our Directors submit themselves for re-election at each AGM and we provide shareholders with sufficient information in the meeting papers for them to decide whether their commitment and performance warrant a further year in office.

## Audit, risk and internal control

The Board has established formal and transparent arrangements for considering how they apply the principles of sound corporate reporting, risk management and internal control, and how the Company and Board maintain an appropriate relationship with the Company's Auditors. These responsibilities are overseen by the Audit Committee and are explained in its report from pages 71 to 77.

The Board considers that the 2023 Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. Details of how we do this are also explained in the Audit Committee's report.

## Remuneration

There are formal and transparent procedures for developing policy on Executive remuneration and for fixing the remuneration packages of individual Directors, which are overseen by the Remuneration Committee and are explained in its report from pages 78 to 108. This report explains how Executive Directors' remuneration is designed to promote the long-term success of the Company, taking into account views of shareholders, and shows how the performance-related elements are transparent, stretching and rigorously applied.

## WORKFORCE ENGAGEMENT

### Colleague Forums

Since the introduction of Colleague Forums within our Supply Chain Centres (SCCs) in 2018, and within our support office and corporate stores since 2020, we have continued to develop the framework and embed it as part of our overall cadence of dialogue with our colleagues. These forums meet regularly face-to-face and afford our colleague representatives an opportunity to see parts of the business they would otherwise not; for example, our corporate stores colleagues can visit our production facilities.

### TRIENNIAL (3 TIMES PER YEAR) COLLEAGUE FORUMS

#### UK&I FORUM

Chair: Designated Non-executive Director | People Director

Nominated Colleague Representatives:

- |                                                                                                         |                                                                                                       |
|---------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|
| <p><b>5</b> SCC REPRESENTATIVES<br/>(1 FROM EACH SCC)</p> <p><b>1</b> SUPPORT OFFICE REPRESENTATIVE</p> | <p><b>1</b> SENIOR LEADERSHIP TEAM REPRESENTATIVE</p> <p><b>2</b> CORPORATE STORE REPRESENTATIVES</p> |
|---------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|

#### SCC UK&I FORUM

Chair: Director of Supply Chain Operations | HR Representative

Nominated Colleague Representatives:

- 8** SCC REPRESENTATIVES

### BI-MONTHLY BUSINESS AREA FORUMS

Chair: Functional Leader | HR Representative

Elected Colleague Representatives SCC:

- 23** SCC REPRESENTATIVES, FORUMS TAKING PLACE OVER 4 SITES (1 PER FUNCTION ACROSS EACH SITE)

Support Office:

- 10** REPRESENTATIVES FROM ALL FUNCTIONS OF THE SUPPORT OFFICE

Corporate Stores:

**CURRENTLY IMPLEMENTING A COLLEAGUE FORUM FRAMEWORK TO ENABLE ENGAGEMENT WITH COLLEAGUES**

### Functional meetings/huddles

Locally organised by teams, normally as part of weekly or monthly functional meetings.

Attended by all relevant team members, and led by senior member of local management team.

The Board's chosen method of engaging with colleagues, as set out in Provision 5 of the UK Corporate Governance Code, continues to be through a designated Non-executive Director. Stella David was the Board's designated Non-executive Director from 30 November 2021 until 31 December 2023. Ian Bull has taken the role of Chair of the UK & Ireland Colleague Forum from January 2024. The mechanism for workforce engagement in the business has been reviewed during the year and the Board considers that it remains to be effective.

There were three meetings of the Colleague Forum during the year with Stella David in attendance at each meeting. Part of each meeting was held without any senior management in attendance for representatives to discuss issues privately. Stella David reported to the Board after each of the Colleague Forum meetings and provided an update on matters discussed and issues raised.

During 2023, the forum was updated on the organisational change project, executive remuneration and progress within the business. The forum members had an opportunity to meet with our new CEO, Andrew Rennie, to ask questions and discuss his growth plans for the business. Throughout 2023, the forum has been engaged in discussions and fed back on Company recognition and long-service awards which will be implemented in 2024.

## NOMINATION & GOVERNANCE COMMITTEE REPORT



**MATT SHATTOCK**  
CHAIR

**5**  
MEETINGS  
IN 2023

### Committee Members



**IAN BULL**



**NATALIA  
BARSEGIYAN**



**TRACY  
CORRIGAN**



**LYNN  
FORDHAM**



**ELIAS  
DIAZ SESE**

Committee member	Member since	Meetings attended
Matt Shattock	2020	●●●●●
Ian Bull	2019	●●●●●
Natalia Barseguyan	2020	●●●●●
Tracy Corrigan	2022	●●●●●
Stella David*	2021	●●●●●
Lynn Fordham	2020	●●●●●
Elias Diaz Sese*	2023	●●
Usman Nabi*	2019	

\* Usman Nabi resigned from the Board on 14 August 2023. Elias Diaz Sese re-joined the Committee on 8 August 2023 once his period as Interim Chief Executive Officer had ended. Stella David resigned from the Board on 31 December 2023.

For full biographies of the Committee members see pages 54 and 55.

### Overview

I'm pleased to report on the Committee's work in 2023.

Last year we reported that Heidrick & Struggles had been appointed to lead the search for a new Chief Executive Officer following the resignation of Dominic Paul. The Board had appointed Elias Diaz Sese as Interim Chief Executive Officer until a permanent Chief Executive Officer was recruited.

On 13 July 2023, we were delighted to announce the appointment of Andrew Rennie as our Chief Executive Officer. Andrew joined the Board on 1 August 2023 and became Chief Executive Officer on 8 August 2023. Elias Diaz Sese returned to his role as a Non-executive Director having performed an outstanding role as our Interim Chief Executive Officer.

In August 2023 Usman Nabi announced his intention to step down from the Board, and in December 2023 Stella David advised that she would step down with effect from 31 December 2023 due to her work commitments as Interim Chief Executive Officer of Entain plc. Both Usman and Stella made a significant contribution to the work of the Board during their tenure, and they leave us with our thanks and gratitude. Usman's departure meant that the Board ceased to have one individual on the Board from a minority ethnic background. Similarly, while the Board composition was 44% female as at 31 December 2023, with Stella's resignation it has meant that our target of 40% female Directors has not been met since the start of the year. We have now commenced a search for an additional Independent Non-executive Director to join the Board. The Committee is mindful of its diversity policy and targets and has a clear intention that the progress we have made over the past few years is maintained.

The Committee is also aware that the Listing Rules require listed companies to set as a target that one of the top four senior positions should be held by a female. The Company does not currently meet this target, but aims to achieve this objective as soon as practicable. There has been a significant change in the Board's membership over recent years, and the average tenure is relatively short.

The Committee's view is that it is preferable to maintain the current Board composition and roles, and look to achieve this target when there are changes to the Board membership which would naturally facilitate an appointment of a female candidate to one of the senior roles.

## Board evaluation 2023

Details of the Board evaluation process for 2023 are set out on pages 64 and 65. Part of the evaluation process considers the diversity of the Board and senior management, and the effectiveness of talent management programmes and succession planning. A summary of progress against our diversity objectives is set out on page 68.

### Purpose

The Nomination & Governance Committee has five principal duties:

- to ensure that plans are in place for orderly succession for appointments to senior management and to the Board, taking account of the findings of the Board evaluation, so as to maintain an appropriate balance of skills and experience within the Company and to ensure progressive refreshing of the Board;
- to lead the process for Board and Committee appointments and make recommendations to the Board;
- where external recruitment is required, to evaluate the balance of skills, experience, independence and knowledge on the Board and, in light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. The Nomination & Governance Committee would then oversee the selection process with the aim of ensuring that this results in an appointment made on merit, against objective criteria and with due regard for the benefits of diversity on the Board, including gender and ethnicity;
- to undertake formal performance evaluation of Non-executive Directors who are standing for annual re-election and to ascertain whether the individual's performance continues to be effective and they demonstrate sufficient commitment to the role; and

- to review the Group's corporate governance arrangements, including ensuring appropriate policies and procedures are in place for key compliance areas and that the Board and subsidiaries process are consistent with best practice.

The Terms of Reference of the Nomination & Governance Committee were reviewed by the Committee on 7 November 2023 and a copy is available on the Company's investor relations website (<https://investors.dominos.co.uk>).

### How the Committee operates

The principal objectives of the Nomination & Governance Committee are:

- to ensure that the Company has the right leadership, both on the Board and amongst senior management. This is a combination of continual review and monitoring of, and also responding to, specific situations as needed; and
- to keep the Board's corporate governance arrangements under review and to ensure that both the Company and the Board operate in a manner consistent with corporate governance best practice.

The Company Secretary attends meetings in his capacity as Secretary of the Nomination & Governance Committee, and the Chief Executive Officer and People Director are expected to attend whenever necessary.

The Committee's membership is comprised of Non-executive Directors, the majority of whom are independent.

While the Chair of the Board chairs the Nomination & Governance Committee in normal circumstances, he would abstain in matters relating to the appointment of a successor to the Chair of the Board.

The number of meetings held in the year and attendance at those meetings is shown on page 62.

## Activities in 2023

During the year, the Committee met to consider the following key matters:

- recommending to the Board that Tracy Corrigan be appointed to serve on the Audit Committee;
- reviewing the performance of all the Non-executive Directors seeking re-election at the 2023 AGM;
- recommending to the Board that Andrew Rennie be appointed Chief Executive Officer;
- recommending to the Board that Elias Diaz Sese re-join the Nominations and Governance Committee;
- reviewing the Company's compliance with the UK Corporate Governance Code and developments in best practice;
- receiving reports from management on plans to improve diversity and inclusion within the Group;
- receiving reports from management on talent management within the Group;
- reviewing progress against the Board's policy on diversity and inclusion;
- reviewing the Committee's Terms of Reference; and
- reviewing the composition of the Board's Committees.

### Policy on diversity

The policy of the Board on recruitment is always to seek to appoint the best candidate to each role.

We acknowledge the importance and benefit of having Directors with the appropriate balance of skills, experience, independence and knowledge of the Company to enable them to discharge their respective duties and responsibilities effectively.

They play a key governance role in protecting stakeholders' interests by ensuring that the Board and management are challenged, constructively and effectively, and it is important that they do so from a range of perspectives.

## NOMINATION & GOVERNANCE COMMITTEE REPORT CONTINUED

A key factor in achieving this effectiveness is drawing members from a range of backgrounds, which has been shown to help avoid 'group think'. We value diversity in our business and we recruit and develop people regardless of their gender, race or any other characteristic. It is in the long-term interests of the Company and its stakeholders to recruit and develop the very best people, drawn from the widest pool of talent.

A summary of the Board's diversity targets, and our progress against them, is shown on the right of this page.

### Board Diversity Policy – objectives and progress against targets

When recruiting new Board members or making appointments to Board Committees, the Committee ensures that the recruitment or selection processes are in line with our policy to include diverse candidates from a wide variety of backgrounds and those with non-listed company experience for the Committee to consider.

A copy of the Board's Diversity Policy Statement is available on the Company's investor relations website: <https://investors.dominos.co.uk>. Details of the Group-wide diversity data are shown on page 38.

Policy objectives	Implementation	Progress against objectives
<b>Board</b> To achieve 33% female Board representation by 2021	During 2020 and 2021 the Board appointed three female Independent Non-executive Directors taking the proportion of female directors on the Board to 33% by the end of 2021.	Achieved
To achieve female representation on the Board to 40% by end of 2025	During 2022 the Board appointed Tracy Corrigan as an additional Independent Non-executive Director. At the 2023 year-end the proportion of female Directors on the Board was 44%. Following Stella David's decision to step down from the Board, the percentage of females on the Board has fallen slightly to 38.5%. The Nomination & Governance Committee remains committed to achieving its policy objective.	In progress
To maintain at least one Board member from a non-white ethnic minority background	From November 2019 until August 2023, the Board included one Board member from a non-white ethnic minority background. The Nomination & Governance Committee will aim to achieve the Parker Review targets by December 2024.	In progress
<b>Senior management</b> To achieve female representation of senior management to 45% by 2025	Since this target was set, the number of female representatives in the senior management cohort has increased and, as a result, the percentage has increased to 35.6%. However, this is below our target for 2025 and so is an area we will continue to focus on in 2024.	In progress
To achieve 10% representation of senior management from a non-white ethnic minority background by 2025	Since this target was set, the number of representatives in the senior management cohort from an ethnic minority background has increased, and the percentage has increased to 6.7%. While we are pleased with this progress, it is still below our 2025 target and is an area we continue to focus on in 2024.	In progress

As required by Listing Rule LR 9.8.6R (10), data on gender and ethnicity at Board and Executive level is provided below, as at 31 December 2023.

#### Gender

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive management	Percentage of Executive management
Men	5	56%	4	3	50%
Women	4	44%	–	3	50%
Not specified/prefer not to say	–	–	–	–	–

#### Ethnicity

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive management	Percentage of Executive management
White British or other white (including minority-white groups)	9	100%	4	5	83%
Mixed/multiple ethnic groups	–	–	–	–	–
Asian/Asian British	–	–	–	1	17%
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

## MATT SHATTOCK

CHAIR  
11 MARCH 2024

## SUSTAINABILITY COMMITTEE REPORT



**TRACY CORRIGAN**  
CHAIR

**4**  
MEETINGS  
IN 2023

### Committee Members



**NATALIA  
BARSEGIYAN**



**ELIAS  
DIAZ SESE**

Committee member	Member since	Meetings attended
Natalia Barseguyan	2021	● ● ● ● ●
Tracy Corrigan	2022	● ● ● ● ●
Stella David*	2021	● ● ● ● ●
Dominic Paul*	2021	● ● ● ● ●
Elias Diaz Sese	2021	● ● ● ● ●

\* Dominic Paul ceased to be a member of the Committee when he stepped down from the Board on 30 December 2022, and Stella David stepped down from the Board on 31 December 2023.

For full biographies of the Committee members see pages 54 and 55.

### Overview

I'm pleased to present my first report as Chair of the Committee. I assumed the role of Committee Chair on 3 January 2024, and have been a member of the Committee since November 2021. Natalia Barseguyan chaired the Committee throughout 2023. I'd like to thank Natalia for her commitment to the work of the Committee since its inception, and for establishing solid governance foundations to support the Committee's work programme into the future.

The Committee plays a key role in ensuring that appropriate governance structures are in place to:

- provide robust oversight of sustainability activities throughout the business;
- drive progress on the Company's various sustainability programmes and initiatives; and
- ensure that the Group's corporate purpose of delivering a better future through food people love is underpinned by a robust sustainability strategy.

The Committee provides support and guidance through sharing best practice, based on the Committee members' collective experience augmented by third-party professional advice.

Throughout the year, the Committee received presentations on a wide range of topics and focus areas. The Company has continued to invest in resources to support our Sustainability agenda and drive forward its initiative both internally and with key stakeholders.

Continued progress has been made during the year to drive forward the Group's sustainability agenda. Further details are included in the sustainability report and the Group's first standalone sustainability report which can be viewed on our website: <https://corporate.dominos.co.uk/Corporate-responsibility>.

## SUSTAINABILITY COMMITTEE REPORT CONTINUED

### Committee structure and operation

The Committee's membership is comprised of three Non-executive Directors.

The Company Secretary attends meetings in his capacity as Secretary of the Sustainability Committee. The Head of Communications & Sustainability is invited to every Committee meeting, and other senior executives are invited to attend as necessary to discuss topics relevant to their operational areas.

### Purpose

The Sustainability Committee has three principal duties:

- overseeing the development of the Company's sustainability strategy and associated targets; monitoring progress against relevant KPI targets and ensuring effective communications are taking place for stakeholders;
- overseeing external reporting on sustainability matters; and
- monitoring developments on sustainability matters relevant to the Group, and having due regard to strategic issues, regulatory reporting requirements and stakeholder sentiment.

The Terms of Reference of the Sustainability Committee were reviewed by the Committee during the year. A copy of the Committee's Terms of Reference is available on the Company's investor relations website (<https://investors.dominos.co.uk>).

### Activities in 2023

During the year, the Committee met to consider the following key matters:

- reviewing the Group's sustainability strategy, objectives and KPIs for 2023 and liaising with the Remuneration Committee on the appropriate linkage into Executive remuneration;
- reviewing and approving the sustainability report included in the 2022 Annual Report;
- approving the Company's disclosure in 2023 against the SASB framework;
- receiving an update on carbon emissions reductions in 2022;
- agreeing management's proposed timetable for SBTi recalibration to take account of guidance on Forest, Land and Agriculture;
- reviewing the Group's gender pay gap reporting;
- reviewing progress against the Group's diversity & inclusion targets;

- approving, on behalf of the Board, the Company's Modern Slavery statement for 2022 and reviewing activities of the Supplier Assurance team as part of the Company's responsible sourcing work programme;
- receiving updates on external reporting trends on sustainability and details of assessments from third-party rating agencies on the Company's sustainability performance;
- reviewing the Group's health & safety compliance programmes, performance and initiatives;
- receiving updates from operational management on the Company's initiatives on animal welfare and on allergens management;
- agreeing the Committee's work plan for 2024; and
- reviewing the Committee's Terms of Reference.

**TRACY CORRIGAN**

**CHAIR**  
**11 MARCH 2024**

**“THE COMPANY HAS CONTINUED TO INVEST IN RESOURCES TO SUPPORT OUR SUSTAINABILITY AGENDA AND DRIVE FORWARD ITS INITIATIVE BOTH INTERNALLY AND WITH KEY STAKEHOLDERS.”**



## AUDIT COMMITTEE REPORT



**LYNN FORDHAM**  
CHAIR

**4**  
MEETINGS  
IN 2023

### Committee Members



**NATALIA  
BARSEGIYAN**



**IAN  
BULL**



**TRACY  
CORRIGAN**

Committee member	Member since	Meetings attended
Lynn Fordham	2020	●●●●
Ian Bull	2019	●●●●
Natalia Barsegiyan	2020	●●●●
Tracy Corrigan*	2023	●●●●

\* Tracy Corrigan joined the Committee on 10 February 2023.

For full biographies of the Committee members see pages 54 and 55.

### Dear shareholder

I am pleased to present the Audit Committee report for the 53 weeks ended 31 December 2023 to explain how we have discharged our responsibilities, with an overview of our principal activities and their outcome.

Meetings of the Audit Committee have been attended by the Chair of the Board, the Chief Executive Officer, the Chief Financial Officer, the external Auditors, the Company Secretary (as Secretary to the Audit Committee), the Chief Information Security Officer and other Directors and members of management by invitation.

We had four scheduled meetings in the year and attendance at those meetings is shown below. In addition to the scheduled Committee meetings, I have, together with other Audit Committee members, met regularly with the Finance team and other members of the Executive leadership team, Internal Audit and with PwC as external Auditors to discuss their reports and any issues highlighted.

We continue to regularly meet with PwC and the Internal Audit team as part of our ongoing review of the business and their effectiveness. During the year, Tracy Corrigan joined the Committee.

With the move to a primarily digital business there has been increased focus on information and data security, including regular meetings and discussions with the Chief Information Security Officer.

As has been discussed in previous years, the Group's internal control environment has historically been informal and often undocumented. Significant progress has been made over the last four years in improving the control environment and governance, with the establishment of a separate Internal Audit function.

## AUDIT COMMITTEE REPORT

There is further work to do in building out the function and developing the control environment within the business. Internal Audit have continued through the year to report with regularity on control maturity. There have also been significant enhancements to the overall Enterprise Risk Framework, being significantly developed in the year with regular reporting now received from the Head of Internal Audit, Risk & Control.

Within the business, there has been continued improvement in the control environment which is developed alongside the implementation of the new Enterprise Resource Planning ('ERP') platform. This is due to go live in 2024 and will enable a significant step change in controls around financial reporting.

The ERP replacement programme remains a key deliverable for enhancing the control environment, and delivery of the programme is critical to the business. During the year we continued to monitor the delivery progress of the project closely, including key design decisions, and will continue to monitor as the programme completes in 2024.

The Committee focuses on those matters it considers to be important by nature of their size, complexity, level of judgement required or impact on the financial statements, including the technology platform investments explained above, impairment reviews performed over assets, the fair valuations over the investments held in Shorecal, provisions related to legal, regulatory and tax matters, and the appropriateness of costs relating to the NAF and e-commerce funds.

The 2022 year-end process with PwC was reviewed and actions implemented and noted. The Audit Committee, PwC and management are committed to ensuring that audit quality is delivered, and the Committee reviewed presentations from the external Auditors, assessed the overall scope and risk focus of the work performed, and ensured that their audit plan continues to reflect the risks faced by the business. In relation to Audit Quality, the Audit Committee has:

- observed an in-depth audit with deep questioning and appropriate scepticism, including the use of subject matter experts where required;
- received an explanation of areas where management and judgements have been robustly challenged along with the outcomes of those challenges; and
- ensured that audit independence is maintained through review of additional services provided and consideration of any conflicts of interest.

At the end of FY22, the lead PwC engagement partner, Owen Mackney, retired and Sarah Phillips was appointed as engagement partner for the FY23 audit. I would like to thank Owen for his time on the engagement.

In addition we continued to monitor audit quality review metrics for the external audit which were implemented in 2022 and have used them to assess the performance of the external Auditors. We will continue to develop this formal oversight going forwards. The effectiveness of internal audit is considered throughout the year, including the further development of the in-house Internal Audit team.

The Audit Committee has direct access to members of management and the external and internal auditor. It can seek further professional advice at the Company's cost if deemed necessary, however no such needs have arisen in the year.

The Committee has continued to closely follow developments in expectations of good corporate governance and regulatory change, including those relating to internal controls; and to ensure corresponding changes in the Group's practice. Following the publication of the UK Corporate Governance Code 2024 and the associated guidance, the Committee has engaged with management on developing plans to enable sufficient preparedness before the application of the new requirements in 2025 and 2026.

The Audit Committee has agreed a clear set of objectives for the next three years covering the responsibilities and reviews outlined above, and has agreed a clear forward agenda for consideration of all of the responsibilities covered below.

I hope that the report provides a useful overview to the activities of the Committee during the year. I will be available at the AGM or any other time to answer any questions relating to the work of the Committee.

### Activities in 2023

- Assessment of the Group's accounting policies and applications to developments in the year, including impairment reviews over the Group's cash generating units including the London corporate stores; impairment reviews over associate and other investments, tax risks identified including transfer pricing and the settlement of the historical share-based payment scheme, and the ongoing accounting treatment of technology platform investments.
- Reviewing the implementation and status of the Group's ERP replacement programme and e-commerce platform, including consideration of the governance, internal control improvements and assessment of progress against the project plan.
- Consideration of the progress made on implementing improved internal controls across the Group, and the implementation of controls as a result of the findings from internal audit.
- Considering the Group's focus on controls and response to cyber security and information security risks, both currently and going forward.
- Monitoring and evaluating the Group's information security controls in conjunction with the Board as part of the overall risk assessment framework.
- A review of the Group risk profile and new Enterprise Risk Management assessment to ensure this reflects key strategic developments of the Group and wider environment.

## Committee membership, attendees, access and objectives

Lynn Fordham is a qualified accountant with extensive experience across several sectors, and the Board has determined that she has recent and relevant financial experience which qualifies her to chair the Audit Committee. She is a member of the Institute of Chartered Accountants of Scotland. Ian Bull is a chartered accountant with significant experience across a variety of sectors. Natalia Barsegiyan has significant finance experience, including across the QSR sector. Tracy Corrigan, who joined the Committee in February 2023, has significant experience in digital strategy and financial journalism. All members are non-executive and are considered independent under the UK Corporate Governance Code. The Board is satisfied that the Committee has competence relevant to the sector in which it operates.

## Principal duties delegated to the Audit Committee

**Financial reporting** – Monitoring the integrity of the financial statements of the Group, including its annual and half-yearly reports, and any other formal announcement relating to its financial performance; reviewing and reporting to the Board on significant financial reporting issues and judgements which they contain having regard to matters communicated to it by the auditor.

**Narrative reporting** – The Committee reviews the content of the Annual Report and Accounts and advises the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy, and recommends to the Board for approval accordingly.

**TCFD and sustainability** – The Committee monitors the TCFD disclosures in the Annual Report, and receives regular updates on sustainability assurance and reporting including comparisons to peer groups.

**Internal controls and risk management systems** – Review and, where necessary, challenge management's reports on the adequacy and effectiveness of the Group's internal financial controls and internal control and risk management systems, and review and approve the statements to be included in the Annual Report concerning internal controls and risk management.

## Compliance, whistleblowing and fraud

– Review the adequacy and security of the Group's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee seeks to ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow-up action. Review of the Company's procedures for detecting fraud; review the Group's systems and controls for the prevention of bribery; and receive reports on non-compliance.

## Information security and Cyber risks

– Review the adequacy and implementation of the Group's controls around information security and cyber risks, including receiving reports on emerging cyber threats and control maturity.

**Internal audit** – Assessing the remit of the Internal Audit function, setting the internal audit plan and monitoring the responsiveness and appropriateness of management to findings and recommendations.

**External audit** – Overseeing the relationship with the external auditor, reviewing the result of quality reviews and effectiveness of the external audit, and assessing its independence and objectivity.

## Terms of Reference

The Terms of Reference for the Audit Committee were reviewed and revised in November 2023. The Committee's Terms of Reference are available on the Company's investor relations website.

## Focus of the Committee

The focus of the Committee during the year was primarily devoted to accounting issues and the ongoing work to upgrade the overall financial control environment, including the implementation of the Group's ERP replacement programme. These are discussed in more detail below.

# AUDIT COMMITTEE REPORT

## Accounting matters considered

The Audit Committee's reviews of the half and full-year financial statements focused on the following areas of significance:

Accounting matters considered	Work undertaken by and conclusion of the Audit Committee
<p><b>Accounting for technology platform costs</b> Management continued with the two significant technology platform projects in the year relating to the ERP replacement and new e-commerce platform, with a total of £10.8m of costs recorded in profit before tax and £9.6m recorded as capital expenditure.</p>	<p>Following the determination of the accounting treatment in 2022, the Committee continued to review reports from management outlining the application of the policy to the two projects, covering the treatment of the costs incurred and the accelerated depreciation and impairment relating to the programmes. The Committee considered the costs incurred in development and whether these represented an intangible asset under IAS 38, including consideration of the costs incurred in configuring cloud-based computing platforms. The Committee considered the supporting evidence around the separation of costs relating to cloud-based platforms and those eligible for capitalisation under the policy. The Committee challenged the assessments reached by management and the judgements around the nature of the costs incurred, and was comfortable that the appropriate judgements have been made.</p>
<p><b>Impairment reviews of corporate stores</b> Management performed an impairment review over the goodwill recorded on the acquisition of the London corporate stores. No further impairments have been recorded in the current year.</p>	<p>The Committee received reports from management covering the key judgements, forecasts and valuation metrics supporting the impairment reviews of goodwill associated with the corporate stores business. The Committee concurred with management's conclusion that no impairment should be recorded. The Committee challenged the forecasts used, the discount rate and other key assumptions including any comparable precedent transactions and was comfortable that this represented an appropriate valuation, and that sufficient headroom remained. The Committee also considered evidence around the fair value of the stores following the disposal of five stores at the end of 2022, and agreed that this further supported the position.</p>
<p><b>Valuation of the Shorecal investment</b> No fair value movement has been recorded over the 15% investment in Shorecal Ltd, a franchisee group based in Ireland.</p>	<p>The Committee challenged the fair valuation model inputs and the basis of the resulting valuation for which no fair valuation movement was recorded. The Committee considered the inputs into the valuation including judgemental areas around future growth. The Committee concurred with the valuation determined.</p>
<p><b>Accounting treatment for the sale of the German associate</b></p>	<p>The Committee reviewed the calculation of the sale on disposal of the German associate in June 2023, following the exercise of the put option in 2022. The Committee considered the treatment of the gain on disposal as a non-underlying item, and concurred with management's treatment.</p>
<p><b>Tax provision in relation to transfer pricing</b></p>	<p>The Committee reviewed management's presentation and the £2.2m charge recognised in relation to the transfer pricing risk for transactions between the Group's UK and Republic of Ireland subsidiaries. The Committee reviewed the rationale for the potential risk, the outcome of reports from third-party experts and the disclosures to tax authorities. The Committee reviewed the basis of valuation of the uncertain tax position recorded, and concur with managements assessment of the valuation of the provision.</p>
<p><b>Tax liability in respect of employee share schemes</b></p>	<p>The Committee reviewed the developments during the year as the tax liability in respect of employee share schemes was finalised. The provision levels held at the end of 2022 were materially in line with the tax payment of the 'pre-2011' awards, and the remaining provision for the post-2011 awards is in line with the expected payment to HMRC. The Committee considered whether any assets were able to be recognised relating to expected repayment under the indemnities with former employees, and concurred with the treatment adopted by management that these remain unrecognised until certainty of recoverability is evidenced.</p>
<p><b>Distributable reserves</b></p>	<p>The Committee considered the level of distributable reserves at the Domino's Pizza Group plc level throughout the year in order to confirm management's assessment that appropriate reserves were in place to facilitate distributions to shareholders. The Committee reviewed the assessment of the amounts considered as qualifying consideration in order to support the adequacy of distributable reserves when distributions to shareholders are declared.</p>

## Risk management and internal controls

The main features of the Group's internal control and risk management systems, including in relation to the financial reporting process, are:

- A clear delegation framework, including decision-making retained by the Board (as set out on page 58) and those delegated to Executive management.
- A comprehensive set of policies and procedures that employees are required to follow and complete training thereon, with oversight from the relevant Board Committees.
- A risk management framework, including a specific Executive Risk Committee (described on page 46).
- A dedicated Internal Audit function (described on page 77).
- A whistleblowing mechanism for employees and contractors to raise concerns about possible wrongdoing (further described on page 111).
- Annual budgets and forecasts go through detailed reviews by management and approval by the Board.
- All external financial reporting is subject to significant review across management and executive, and detailed review by the Board and approval through the Disclosure Committee.

The Board is ultimately responsible for risk management and internal controls and, on behalf of the Board, the Audit Committee is responsible for reviewing the Group's risk management and internal control systems. The Committee reviewed management's assessment of risk and internal control, results of work performed by Internal Audit, and the results and controls observations arising from the annual audit and interim review procedures performed by the external auditor. The Committee also ensured that all topics were appropriately covered, as defined by its Terms of Reference. In doing so, the Committee considered:

- the Group's principal risks (including any emerging risks) and related assurance over risk areas;
- Internal Audit reports on key audit areas and any significant deficiencies in the control environment;
- management reports on the systems of internal controls and the progress made on control-related projects;
- external audit reports from PwC during the year which included details of their audit risk assessment processes;
- actual and potential legal claims against the Group; and
- the Group's approach to IT and information and data security.

As reported in previous years, the Group's internal control environment has historically been informal and often undocumented. During 2023, a new Head of Internal Audit, Risk & Control conducted a comprehensive review and refresh of the Group's risk universe and corresponding control environment, which has enabled increased visibility and accountability for effective Enterprise Risk Management. This review also considered the composition and operation of the existing Executive Risk Committee ('ERC'), which now comprises all of the UK leadership team, who collectively challenge the management of risk, with reference to the updated risk universe. The work of the ERC is reported to the Board, through the Audit Committee and helps enable the Board to discharge its responsibilities, including in respect of the disclosure on risk management.

Developments have been made by the Finance team and wider management on addressing control issues identified, and progress towards delivery of the expected control improvements arising from the ongoing upgrade from the current ERP system (including comprehensive control documentation, enhanced security and access, and a greater reliance on automated system controls) has been specifically monitored during the year.

## AUDIT COMMITTEE REPORT

Specific matters around risk assessment and the internal control environment considered by the Committee, and the work undertaken by the Committee, are as follows:

Risk management and internal control	Work undertaken by and conclusion of the Audit Committee
<b>IT and cyber security</b>	The Group's system sales and operations are highly dependent on its e-commerce IT systems and there can be no guarantee as to the resilience of the Group's systems to outside attack. The Committee has therefore received updates each quarter from the Chief Information Officer and Chief Information Security Officer and challenged management on the specific progress made on improving the control environment, with specific focus on cyber security risks and business critical systems.
<b>Risk assessment</b>	The Committee reviewed the risk profile of the Group as agreed by the Board and the principal risks as set out on pages 46 to 51 and challenged the nature, impact and appetite towards the Group's principal risks. During the year, there have been further developments in the risk profile of the Group and the Committee has reviewed any changes to principal risks, together with the underlying process of business risk assessment on which these are derived. The ERC (enhanced during 2023) has continued to re-assess the key risks which could prevent the Group from achieving its long-term strategic objectives with input from each risk-owner across the business and the outcome of this review has been reflected in management's reported assessment.
<b>Whistleblowing</b>	The Committee received updates from management of any whistleblowing cases identified and reviewed the operation and appropriateness of reporting procedures, including the annual refresh process in order to increase awareness. No significant items were reported.
<b>Fraud, anti-bribery and corruption</b>	The Committee reviewed the policy and training programme in place around anti-bribery and corruption.
<b>Taxation</b>	The Committee received reports from management around the tax position of the Group and was updated on emerging direct and indirect tax risks, including the transfer pricing charge recognised as outlined above.

### External Auditors

PwC were appointed external Auditors in 2019. The Committee has engaged with PwC in reviewing the audit plan for 2023, scope of the audit and risks identified, and has regularly met with the lead engagement partner, Sarah Phillips. Sarah replaced the previous engagement partner, Owen Mackney, during the year, following his retirement. Sarah has been able to rapidly develop a good understanding of the business and risk areas having previously been an engagement team member. The Audit Committee also held meetings with the external Auditors without management present at each Audit Committee meeting, and the Audit Committee Chair has a regular and frequent dialogue with the lead engagement partner and the wider team.

The Audit Committee has reviewed the independence, objectivity and effectiveness of the external Auditors, PwC, and has concluded that PwC continues to possess the skills and experience to fulfil its duties effectively and efficiently.

PwC has confirmed that in its professional opinion it is independent within the meaning of regulatory and professional requirements and the objectivity of the audit engagement partner and audit staff are not impaired.

This is now the fifth year of PwC's engagement. The Committee remains satisfied as a result of the discussions and interactions with PwC, together with reviews of audit quality reports and engagement specific audit quality indicators, that no significant issues were raised in relation to audit quality.

The Audit Committee agreed the fees for the external Auditors and has strict policies regarding the provision of non-audit services by the external Auditors which can be found on the Company's website. These include specific pre-approvals for proposed work and fees, a prohibition on certain services and a restriction on total non-audit fees as a percentage of the total audit and audit-related services, except in exceptional circumstances. PwC also have a clear internal policy on non-audit services.

The only significant non-audit fees charged in the period were in relation to the interim review and additional assurance work over ESG metrics. The assurance over ESG metrics work is consistent with the previous year, for a total fee of £58,500. The interim review performed at half year was £68,300. The Committee considered the appropriateness of re-appointing PwC in light of independence requirements and considered the work performed to be in line with both our internal and PwC's policies, and ethical guidance. The level of non-audit fees to audit fees is 12%.

The level of fees payable to PwC for 2023 are as set out below:

	£m
Total audit and audit-related fees	0.9
Non-audit fees	0.1
Total audit and non-audit services	1.0

The Company has complied throughout the year with the Statutory Order 2014 issued by the Competition and Markets Authority.

After assessing the level of non-audit fees, the review of effectiveness and relevant audit quality reports, the Committee has no concerns over the objectivity, independence or effectiveness of the external Auditors.

## Internal Audit

The Internal Audit plan is created from review of risk registers, strategic priorities and assurance mapping, aimed at providing ongoing assurance coverage over the Group's principal risks. Individual internal audit reviews are designed to provide assurance over the processes and controls in place to manage the risks to the achievement of the Group's strategic objectives.

Internal audit activity conducted by the Head of Internal Audit, Risk & Control during the year included reviews of the Group's business continuity arrangements and governance over the e-commerce fund. KPMG conducted reviews of ESG and metrics, and further programme assurance over the implementation of the new e-commerce platform. BDO continued to provide independent programme assurance over the ERP deployment.

Recommendations arising from audits are followed up routinely to ensure management commitments are enacted on a timely basis and control improvements delivered. The Committee is satisfied that there is a clear improvement plan in place for internal controls.

The Internal Audit team has input into ensuring that adequate resources are made available and that the necessary support is provided by the business to accomplish the agreed work programme. The Committee Chair meets with the Head of Internal Audit, Risk & Control regularly to discuss activities and the nature of any significant issues which may have arisen.

A review of the effectiveness of the Internal Audit function takes place on a regular basis, including input from the Committee members and management involved in the internal audit process. Objectives for the department are established at the start of each year with progress against their achievement reviewed at each Audit Committee meeting.

The Committee also receive reports on the results of the Information Security workplan, including the results of penetration testing.

The work of Internal Audit is a regular agenda item at Committee meetings. Reports from the Internal Audit team routinely include updates on audit and assurance activities, progress on the Group's Internal Audit plan, and commentary and tracking of the implementation of recommendations by management. All audit reports are made available to the PwC external audit team and, where relevant and beneficial, detailed findings are shared between teams.

## Going concern and viability

Net debt has reduced during the year to £232.8m, as a result of the free cash flow and disposal income generated by the Group in excess of capital expenditure and shareholder returns. Throughout the year, the Group has maintained comfortable headroom within its facility and comfortably met banking covenant compliance.

On behalf of the Board, the Audit Committee reviewed the Group's projected cash flows, facilities and covenants as well as reviewing the assumptions underlying the viability statement (see pages 52 and 53).

Having reviewed these projections, and the potential scenarios consisting of the Base Case, a sensitised scenario and a further stress test, which have been set out in more detail on pages 52 and 53, and the ability of the Group to stop discretionary payments, the Audit Committee has concluded that it would recommend to the Board that it should be able to make the relevant statements.

The principal sensitivity would be a significant fall in underlying profitability or a severe impact in the supply chain, which could impact on the debt covenants, together with any significant one-off impacts from supplier disruption or data breaches.

Mitigations remain in the form of delaying or suspending capital distributions through dividends and share buybacks.

We note the ongoing improvements in management's risk assessment process, the impacts of which are covered above. Going forward, additional impacts around emerging risks will be added, together with further focus on cyber risks, which will be in place for 2024.

## Fair, balanced and understandable

The Audit Committee has provided advice to the Board on whether the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's financial position and performance, business model and strategy.

Each Director was also asked to provide this confirmation. When doing so, both the Audit Committee and the individual Directors were provided by management with a formal assessment of the key messages included in the Annual Report and Accounts. This assessment was designed to test the quality of reporting and to enable the Directors to satisfy themselves that the levels of disclosure were appropriate.

The Committee gave due consideration to the integrity of information provided in the Annual Report to ensure that this explains the Group's position and performance effectively. The Committee reviewed the use of alternative performance measures, including the use of non-underlying measures, in light of the guidelines issued by the European Securities and Markets Authority ('ESMA').

The Committee recommended to the Board that the disclosures in the Annual Report, taken as a whole, are fair, balanced and understandable, and provided the information necessary for our shareholders to assess the Company's position, performance, business model and strategy.

**LYNN FORDHAM**

**CHAIR OF THE AUDIT COMMITTEE  
11 MARCH 2024**

## DIRECTORS' REMUNERATION REPORT



**NATALIA BARSEGIYAN**

CHAIR

**8**

**MEETINGS  
IN 2023**

### Committee Members



**MATT  
SHATTOCK**



**IAN  
BULL**



**LYNN  
FORDHAM**



**STELLA  
DAVID**  
(Chair and  
Committee  
member until  
31 December  
2023)

Committee member	Member since	Meetings attended
Matt Shattock	2020	●●●●●●●●
Ian Bull	2019	●●●●●●●●
Natalia Barsegiyan	2020	●●●●●●●●
Stella David	2021	●●●●●●●●
Lynn Fordham	2020	●●●●●●●●

For full biographies of the Committee members see pages 54 and 55.

### Chair's summary statement

#### Dear shareholder

This is my first report as Chair of the Committee. I have been a member of the Committee since 2020, and was appointed Committee Chair on 3 January 2024, replacing Stella David who stepped down from the Board on 31 December 2023.

In this report, we review the Group's performance in the year and explain the remuneration which resulted for the Directors. I also explain how our remuneration policy will be implemented in 2024.

#### New Directors' Remuneration Policy and amendments to the 2022 LTIP

As outlined in the notice of General Meeting on 30 June 2023, the Board determined that changes to the policy approved by shareholders at the 2022 AGM (and to the 2022 LTIP to enable the changes to be implemented) were required to allow appropriate incentives to support an acceleration in the Company's growth strategy.

Whilst the Company continued to Execute its strategy at pace, the Board believed a change in its approach to Executive remuneration was required to attract and retain a proven world-class talent as permanent Chief Executive Officer who the Board believed could, together with the senior management team, drive a significant increase in shareholder value.

In a globally competitive market for Executive talent, the Company was not alone among UK companies in finding the ability to recruit world-class senior talent challenging, owing to historical differences in the remuneration environment between the UK and other major international markets, especially the US. The Board further considered that the historically low retention rate for the Executive team hampered the delivery of the Company's growth strategy. In this context, the Board believed that the proposed changes to the Policy would be a key factor in securing the right talent, whilst ensuring that a large part of the remuneration package for a permanent CEO is not materially different to that of previous permanent CEOs.



Having assessed the previous policy with its independent remuneration advisers, the Board believed that it was appropriate to amend the previous policy to allow for the ability to make one-off awards of premium priced options in addition to the current normal remuneration arrangements for the senior team in order to be able to:

- recruit, and then retain, a permanent world-class CEO to lead the business;
- incentivise and retain the current senior management team; and
- further align incentives through increased sharing of any material increase in the Company's market value with premium priced options participants.

Following a consultation exercise with holders of over 70% of our shares, the new policy (which is set out on pages 81 to 94) and amendments to the 2022 LTIP were approved by 76.7% and 77.05% of the votes cast at the General Meeting held on 30 June 2023.

### Changes to the Board

Since 10 October 2022, Elias Diaz Sese was Interim CEO. Andrew Rennie was appointed to the Board on 1 August 2023 and was appointed CEO on 8 August 2023. Elias stood down as Interim CEO on 7 August 2023 but continued as a Non-executive Director.

The remuneration arrangements in relation to Elias ceasing to be Interim CEO and Andrew's new appointment were all determined in accordance with our Directors' Remuneration Policy. The full details of these remuneration arrangements can be found on pages 96 and 97.

**“THE COMMITTEE IS SATISFIED THAT THE REMUNERATION OUTCOMES AND PAYMENTS FOR 2023 ARE FAIR AND REASONABLE.”**

Usman Nabi stepped down from the Board on 14 August 2023. As noted above, Stella David stepped down from the Board on 31 December 2023.

### Performance and remuneration for 2023

In 2023, the Group delivered a strong performance in a continued uncertain market. Like-for-like system sales increased by 5.7%, and underlying EBITDA increased by 3.6% driven by an increase in system sales volume, material acceleration of store openings, and the pass-through of food costs to our franchise partners. We have continued to work closely with our franchise partners to navigate the challenging trading conditions faced by the sector. Our franchisees have a strong operational base and are focused on continual improvement of customer service, and delivering compelling value to our customers.

The business has delivered robust financial performance for the year, with the Group's underlying profit before tax ('PBT') for the year above the threshold target level for profit-related annual bonuses to be paid to the Executive Directors. Details of the annual bonus outcomes are shown on pages 98 to 99.

The Committee is satisfied that the remuneration outcomes and payments for the 2023 financial year are fair and reasonable, in light of the business performance during the year, and are in the best interests of the Company and shareholders.

### LTIP granted during the year

The Interim CEO, Elias Diaz Sese, and the CFO, Edward Jamieson, both received an award under the 2022 LTIP of 200% and 175% respectively of base salary on 16 March 2023. In addition, our new CEO, Andrew Rennie, received an award under the 2022 LTIP of 200% of base salary on 9 August 2023. 70% of the awards are subject to performance conditions based on earnings per share ('EPS') targets for the 2025 financial year and 30% are based on relative total shareholder return ('TSR') measured over the three-year period starting 26 December 2022. A two-year post-vesting holding period applies. Detailed performance targets for LTIP awards made in 2023 are shown on page 100 and are in line with those disclosed in the last Directors' remuneration report.

On 9 August 2023, awards of premium priced options (structured as share settled SARs) were made to Andrew Rennie and Edward Jamieson under the 2022 LTIP with a fair value of 300% and 150% respectively of base salary. Smaller awards were made on the same basis to another 15 executives.

### Base salaries for 2024

As the CEO was recently appointed, his salary will remain unchanged at £775,000 for 2024. The salary of our CFO will be increased to £385,000 per annum in April 2024.

### Pension arrangements

Both the CEO and the CFO were appointed with a pension allowance of 3% of base salary, which is aligned with the wider workforce.

### Shareholders' views

The Committee continues to take an active interest in shareholders' views and looks forward to maintaining an open and transparent dialogue in the future. As outlined above, we had an extensive consultation with shareholders prior to the introduction of our new policy, and were aware that a small number of shareholders were not supportive of proposals to introduce awards of Premium Priced Options under the rules of the amended Plan, as the detailed proposals were not within their voting guidelines. As a result of receiving slightly less than 80% support for both the policy and the amendments to the LTIP we wrote to the six largest shareholders that voted against the proposals to seek further feedback, but we did not receive any. We would like to thank you for your support in previous years, and we look forward to your support at the 2024 AGM.

## NATALIA BARSEGIYAN

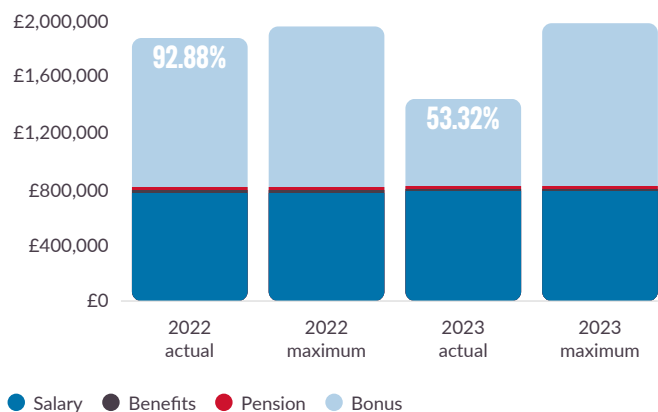
### CHAIR OF THE REMUNERATION COMMITTEE 11 MARCH 2024

For the introduction to Governance, see page 56.

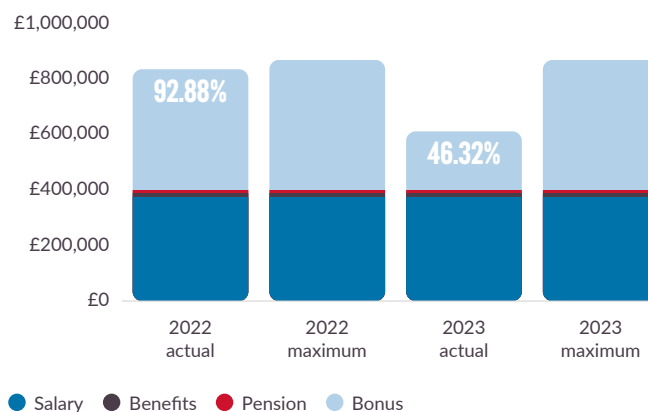
# DIRECTORS' REMUNERATION REPORT CONTINUED

## Remuneration at a glance

### Chief Executive Officer



### Chief Financial Officer



#### NOTES:

Elias Diaz Sese was appointed the CEO on an interim basis on 10 October 2022. Dominic Paul ceased to be CEO on the same day. Elias resumed his role as a Non-executive Director on 8 August 2023. Andrew Rennie joined the Board on 1 August 2023 and assumed the role of CEO on 8 August 2023. The chart for the CEO shows the aggregated remuneration received each year by both individuals during the year in respect of the role of CEO. Andrew Rennie's buyout award is excluded from the chart above, as it is intended to show annual comparison with ongoing elements of remuneration.

The CFO joined the Company in October 2022. His actual remuneration figures for 2022 have been annualised for this analysis.

The percentages shown are the bonus payable as a percentage of maximum. Bonus figures have been annualised for illustrative purposes. Actual bonuses payable for 2023 are shown on page 99.

No LTIP awards were due to vest for Executive Directors for the performance periods ending in 2022 and 2023; therefore, LTIP is not included in the charts above.

## ALIGNMENT OF PERFORMANCE AND REMUNERATION 2023

### Annual bonus

Incentivise annual delivery of financial and operational goals linked to the Company's strategy

### PBT

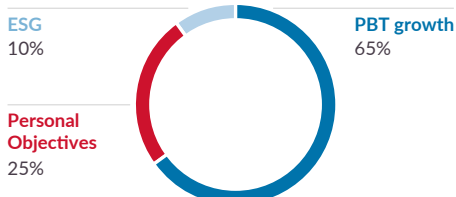
Linked to financial KPI

### Personal Objectives

Linked to business strategic plan

### ESG

Linked to Sustainability Strategy



### LTIP

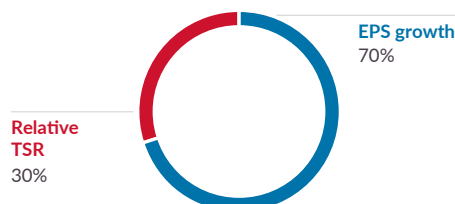
Aligned to main strategic objectives of delivering sustained profitable growth

### EPS growth

Linked to financial KPI

### Relative TSR

Linked to financial KPI



## Directors' Remuneration Policy

The current Directors' Remuneration Policy (the 'Policy') was approved by shareholders at the General Meeting on 30 June 2023. The Policy as approved by shareholders is available on our website <https://investors.dominos.co.uk/investors/shareholder-information>. We have included a version of the Policy below which has been updated where appropriate to reflect the passage of time.

This is the Policy for the Company, as required under the provisions of the Companies Act 2006 and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended (the 'Regulations'). The Policy took effect from 30 June 2023 for a three-year period. The previous Policy was approved by shareholders at the 2022 AGM on 5 May 2022.

The Policy is the same as that previously approved other than it has been amended to allow for the one-off grant of premium priced options (structured as share settled stock appreciation rights) to Executive Directors in permanent roles which will be granted under the Company's existing 2022 LTIP (for which shareholder approval was obtained on 30 June 2023) and a few minor textual changes for the purpose of clarity.

## Objectives of the Policy

The Policy has been developed and designed to meet the following objectives:

- clarity: maintain transparency, clear alignment with shareholder value and promotion of long-term, sustained performance;
- predictability: ensure that performance targets for variable pay are stretching but achievable, specific and measurable, the quantum of reward reflects both Company and individual performance, and there are appropriate award caps and Committee discretions in place;
- support for the Company's business strategy by aligning the Executive Directors' incentives with the Company's growth objectives;
- simplicity: ensure that the remuneration structures avoid unnecessary complexity and are easy to understand for participants;
- risk is appropriately managed: variable pay should drive performance within the Company's risk appetite and encourage a prudent and balanced approach to the business;
- alignment to culture: the remuneration arrangements encourage the behaviour from the Executive Directors that the Committee expects to see throughout the business; and
- proportionality: the link between individual awards, the delivery of strategy and long-term performance of the Company is clear.

In setting the Policy for the Executive Directors, the Committee also takes into account a number of different factors:

- The Committee applies the principles set out in the UK Corporate Governance Code and also takes into account best practice guidance issued by the major UK institutional investor bodies and other relevant organisations.
- When the Committee determines and reviews the Policy for the Executive Directors, it considers and compares it against the pay, policy and employment conditions of our employees to ensure that there is appropriate alignment between the two.
- The Committee conducts periodic external comparisons to examine current market trends and practices and equivalent roles in similar companies, taking into account their size, business complexity, international scope and relative performance to inform its decisions. However, the Committee recognises that such data and information should be used as a guide only and that there may be a need to phase in changes over a period of time.

## DIRECTORS' REMUNERATION REPORT CONTINUED

### Executive Directors' Remuneration Policy table

	Purpose and link to strategy	Operation	Maximum	Performance targets
<b>Base salary</b>	<ul style="list-style-type: none"> <li>- Reflects the responsibility level and complexity of the role</li> <li>- Reflects skills and experience over time</li> <li>- Provides an appropriate level of basic fixed income to avoid excessive risk arising from over-reliance on variable income</li> </ul>	<ul style="list-style-type: none"> <li>- Salaries will typically be reviewed annually</li> <li>- Set in the context of pay and employment conditions in the Group and internal relativities</li> <li>- Salary levels take periodic account of pay levels in companies with similar characteristics and sector comparators</li> </ul>	<ul style="list-style-type: none"> <li>- Salaries will typically be eligible for increases on an annual basis with the rate of increase (in percentage terms) typically linked to those of the wider workforce</li> <li>- If there are significant changes in responsibility, a change of scope in a role, a material sustained change in the size and/or complexity of the Company or very strong performance, these may merit base salary increases beyond those of the wider workforce</li> <li>- If pay is set at a discount to the Company's normal policy on appointment, it may be appropriate to phase an individual towards an appropriate rate using increases above those of the wider workforce based on performance and experience</li> </ul>	n/a
<b>Pension</b>	<ul style="list-style-type: none"> <li>- Provides market-competitive, yet cost-effective retirement benefits</li> <li>- Opportunity for Executives to contribute to their own retirement plan</li> </ul>	<ul style="list-style-type: none"> <li>- Defined contribution or cash supplement</li> <li>- HMRC-approved salary sacrifice arrangement (salary sacrifice for employee contribution)</li> </ul>	<ul style="list-style-type: none"> <li>- Employer contribution to a pension arrangement or payment of a cash allowance in lieu of a pension up to 3% of basic salary</li> </ul>	n/a
<b>Other benefits</b>	<ul style="list-style-type: none"> <li>- Provides cost-effective insured benefits to support the individual and their family</li> <li>- Access to company car to facilitate effective travel</li> </ul>	<ul style="list-style-type: none"> <li>- Benefits are provided through third-party providers and include family-level private medical and up to four times salary life insurance cover</li> <li>- Company cars or cash equivalents provided</li> <li>- Participation in an HMRC-registered savings-related share option scheme on the same terms as other UK-based employees</li> <li>- The Committee may offer Executive Directors other benefits from time to time on broadly the same terms as provided to the wider workforce or, as appropriate, to enable them to effectively fulfil their duties. Relocation benefits may be offered if considered appropriate and reasonable</li> <li>- Any business-related expenses (including tax thereon) may be reimbursed</li> </ul>	<ul style="list-style-type: none"> <li>- There is no maximum limit specified but the Committee reviews the overall cost of the benefits on a periodic basis. The value of insured benefits will vary from year to year, based on the cost from third-party providers</li> </ul>	n/a

	Purpose and link to strategy	Operation	Maximum	Performance targets
<b>Annual performance bonus</b>	<ul style="list-style-type: none"> <li>- Incentivise annual delivery of financial and operational goals linked to the Company's strategy</li> </ul>	<ul style="list-style-type: none"> <li>- Up to two-thirds of the annual bonus is paid in cash and one-third is deferred into shares that will vest after three years and are subject to risk of forfeiture</li> <li>- Dividend equivalents which accrue on vested shares may be payable</li> <li>- Clawback and malus provisions apply</li> <li>- Stretching targets drive operational efficiency and influence the level of returns that should ultimately be delivered to shareholders through share price and dividends</li> </ul>	<ul style="list-style-type: none"> <li>- The maximum bonus opportunity is 150% of salary for the CEO and 125% of salary for the CFO and other Executive Directors</li> </ul>	<ul style="list-style-type: none"> <li>- Bonuses will be subject to a combination of financial and non-financial targets that are set by the Committee on an annual basis</li> <li>- The majority of the bonus will be measured against financial metrics (e.g. underlying PBT) with a graduated scale set around the target</li> <li>- A minority of the bonus may be set based on non-financial targets which are aligned to the key business objectives from year to year (which can include targets relating to ESG/Sustainability)</li> <li>- A minority of each element will be payable for achieving the threshold performance level. In relation to financial targets, 20% of this part of the bonus becomes payable for achieving the threshold performance target. In relation to any non-financial measures used, it is not always practicable to set a sliding scale for each objective. Where it is, a similar proportion of the bonus becomes payable for achieving the threshold performance level as for financial targets</li> <li>- Details of the bonus measures and targets operated each year will be included in the relevant Directors' remuneration report</li> </ul>
<b>2022 Long Term Incentive Plan ('2022 LTIP')</b>	<ul style="list-style-type: none"> <li>- Aligned to main strategic objectives of delivering sustained profitable growth</li> <li>- Aids retention of senior management</li> <li>- Creates alignment with shareholders and provides focus on increasing the Company's share price over the medium term</li> </ul>	<ul style="list-style-type: none"> <li>- Annual grant of performance shares which may be structured as conditional awards or nil cost options</li> <li>- Subject to performance conditions measured over three years. An additional two-year post-vesting holding period applies to awards granted to the Executive Directors</li> <li>- Clawback and malus provisions apply</li> <li>- Dividend equivalents which accrue during the vesting period and, where applicable, post-vesting holding period may be paid</li> </ul>	<ul style="list-style-type: none"> <li>- Maximum annual opportunity of 200% of salary for the CEO and 175% for the CFO and other Executive Directors</li> </ul>	<ul style="list-style-type: none"> <li>- Long-term incentive awards vest based on three-year performance against one or more challenging financial targets and relative TSR performance set and assessed by the Committee at its discretion</li> <li>- Different measures may be set for future awards but financial targets will determine vesting in relation to at least 50% of an award</li> <li>- A maximum of 15% of any award vests for achieving the threshold performance level, with 100% of the awards being earned for maximum performance</li> </ul>

## DIRECTORS' REMUNERATION REPORT CONTINUED

Purpose and link to strategy	Operation	Maximum	Performance targets	
<p><b>Premium priced options under the 2022 LTIP</b></p>	<ul style="list-style-type: none"> <li>- To attract and retain Executive Directors of the right quality to drive share price growth/shareholder value generation</li> </ul>	<ul style="list-style-type: none"> <li>- Awards can be granted on a one-off basis to Executive Directors in permanent roles</li> <li>- Awards of premium priced options at a strike price of the greater of £4 and a 33% premium to the market value of a share, normally averaged over five Stock Exchange dealing days before the grant date</li> <li>- Awards vest in three equal tranches after three, four and five years from date of grant; the first two tranches are subject to a post-vesting holding period until the fifth anniversary of grant</li> <li>- At exercise, the number of shares equal to the value of the option gain (i.e., value growth in excess of the strike price) will be transferred to the Executive Directors</li> <li>- The exercise period for all tranches expires six months after the fifth anniversary of the grant date</li> <li>- Malus and clawback provisions apply</li> <li>- No dividend equivalent will accrue</li> <li>- The maximum percentage of the issued share capital over which premium priced options may be granted is limited to 1.5% of the issued share capital at date of grant</li> </ul>	<p>At grant:</p> <ul style="list-style-type: none"> <li>- The CEO will receive options with fair value of no more than 300% of salary</li> <li>- Other Executive Directors will receive options with fair value of no more than 150% of salary</li> <li>- The fair value will be calculated in accordance with IFRS 2</li> <li>- The minimum share price that will be used to determine the size of grant is £2.50</li> </ul> <p>At vesting:</p> <ul style="list-style-type: none"> <li>- The maximum share price that can be used to determine the number of shares to be transferred to the Executive Directors is capped at 3 times the share price at grant</li> <li>- If the share price at vesting exceeds 3 times the share price at grant, the maximum monetary value that can be delivered to the Executive Directors will be capped based on a share price of 4.5 times the share price at grant</li> </ul>	<ul style="list-style-type: none"> <li>- An EPS underpin will apply such that the Company's fully diluted EPS must achieve a compound annual growth rate of at least 3% per annum before the awards can vest</li> <li>- The Committee has discretion to reduce the level of vesting in exceptional circumstances to reflect the underlying business performance</li> </ul>
<p><b>In-employment share ownership requirement</b></p>	<ul style="list-style-type: none"> <li>- To provide alignment between Executives and shareholders</li> <li>- To encourage a focus on sustainable long-term performance</li> </ul>	<ul style="list-style-type: none"> <li>- Executives are required to retain shares from the vesting of options and awards (on an after-tax basis) to build and maintain a shareholding equivalent to the required multiple of salary within five years of joining</li> <li>- 50% of any shares received on vesting/exercise of awards under the Company's LTIPs and Deferred Share Bonus Plan (net of tax), granted in respect of performance periods starting in 2019 onwards, will be placed into a nominee account until the required share ownership requirement has been met</li> </ul>	<ul style="list-style-type: none"> <li>- At least 200% of salary holding for Executive Directors whilst in employment</li> </ul>	n/a
<p><b>Post-employment share ownership requirement</b></p>	<ul style="list-style-type: none"> <li>- To further strengthen the alignment between Executives and shareholders</li> </ul>	<ul style="list-style-type: none"> <li>- Upon cessation of employment, Executives are required to maintain a shareholding for two years thereafter</li> </ul>	<ul style="list-style-type: none"> <li>- A level equal to the lower of the in-employment requirement and the number of shares beneficially held at cessation</li> </ul>	n/a

## Non-executive Directors' Remuneration Policy table

	Purpose and link to strategy	Operation	Maximum	Performance targets
<b>Non-executive Director fees</b>	<ul style="list-style-type: none"> <li>- Reflects the value of the individual's skills and experience</li> <li>- Recognises expected time commitments and responsibilities</li> </ul>	<ul style="list-style-type: none"> <li>- Chair's fees are set by the Remuneration Committee. Non-executive Directors' fees are set by the Board</li> <li>- Fees are reviewed periodically</li> <li>- Takes into account periodic external reviews against companies with similar characteristics and sector comparators</li> <li>- Set in the context of time commitments and responsibilities</li> <li>- A base fee is provided to all Non-executive Directors with supplemental fees payable for chairing the sub-Committees, for holding the Senior Independent Director position or to reflect any additional responsibilities or duties they are required by the Board to undertake</li> <li>- Non-executive Directors do not participate in any annual bonus, share incentive plans or pension arrangements</li> <li>- Non-executive Directors shall be reimbursed for any expenses (on a gross of tax basis) incurred in the course of carrying out their role which are deemed to be taxable by HMRC (or equivalent body)</li> </ul>	<ul style="list-style-type: none"> <li>- The fee levels are reviewed on a periodic basis, with reference to the time commitment of the role and market levels in companies of comparable size and complexity</li> <li>- The fee levels will be eligible for increases from the effective date of the three-year period that the remuneration policy operates to ensure they appropriately recognise the time commitment of the role, increases to fee levels for Non-executive Directors in general and fee levels in companies of a similar size and complexity</li> <li>- Flexibility is retained to go over the above fee levels, if necessary to do so, to appoint a new Chair or Non-executive Director of an appropriate calibre</li> </ul>	n/a
<b>Shareholding guideline</b>	<ul style="list-style-type: none"> <li>- To provide alignment between Non-executive Directors and shareholders</li> </ul>	<ul style="list-style-type: none"> <li>- Non-executive Directors are encouraged, but not required, to own shares in the Company</li> <li>- To facilitate this, Non-executive Directors can enter into arrangements under which a percentage of their after-tax fees can be applied to purchase shares</li> </ul>	n/a	n/a

## DIRECTORS' REMUNERATION REPORT CONTINUED

### Operation of the annual bonus plan, the deferred share bonus plan and LTIP policy

The Committee will operate the annual bonus plan, the Deferred Share Bonus Plan ('DSBP'), the 2012 LTIP and the 2022 LTIP scheme in accordance with their respective rules and in accordance with the Listing Rules and HMRC requirements where relevant.

Within these rules, the Remuneration Committee is required to retain a number of discretions to ensure an effective operation and administration of these plans. These discretions are consistent with standard market practice and include (but are not limited to):

- who participates in the plans;
- when awards are granted and/or paid;
- the size of an award and/or a payment (subject to the limits stated in the policy table above);
- how to determine the level of vesting;
- how to deal with a change of control or restructuring of the Group;
- how to determine a good/bad leaver for incentive plan purposes;
- how to determine any adjustments required in certain circumstances (e.g. rights issues, corporate restructuring, events and special dividends); and
- reviewing the performance conditions (range of targets, measures and weightings) for the annual bonus plan and LTIP from year to year.

If certain events occur, such as a material acquisition or the divestment of a Group business, the original performance conditions may no longer be appropriate. Therefore, the Remuneration Committee retains the discretion to make adjustments to the targets and/or set different measures and alter weightings as they deem necessary to ensure the conditions achieve their original purpose, are appropriate in the revised circumstances and, in any event, are not materially less difficult to satisfy.

Any use of the above discretions would, where relevant, be explained in the Directors' remuneration report and may, where appropriate, be the subject of prior consultation with the Company's major shareholders.

To comply with the UK Corporate Governance Code published in 2018, for awards granted in 2019 and beyond, irrespective of whether any performance condition has been achieved, the Committee will have discretion under the annual bonus plan, the 2012 LTIP and 2022 LTIP to scale back the level of pay-out or vesting that would otherwise result by reference to the formulaic outcome alone. Such discretion would only be used in exceptional circumstances and may be applied to take into account corporate and/or personal performance.

Share-settled incentive awards and any arrangements agreed prior to the effective date of this policy will remain eligible to vest or pay out based on their original award terms. This includes any awards granted under the DSBP, the 2012 LTIP scheme or the 2016 LTIP scheme.

In addition, all arrangements previously disclosed in prior years' Directors' remuneration reports will remain eligible to vest or become payable on their original terms.

### Clawback and malus provisions

The Company has the right to reduce the number of shares over which an award was granted under the DSBP or LTIP where it is discovered that the award was granted over too many shares as a result of a material misstatement in the Company's accounts, when there has been an error or reliance on misleading information when assessing the size of the award that was granted, and/or it is discovered that the participant could reasonably have been dismissed as a result of his/her misconduct. For performance periods beginning on or after 31 December 2018, the Company may also scale back an award where the Company suffers a material downturn in its operational or financial performance which is at least partly

attributable to management failure; where the Company has suffered an instance of corporate failure; and/or where this is a material failure of risk management and/or regulatory non-compliance. For performance periods beginning on or after 31 December 2021, the Company may also scale back an award where the Company suffers a serious reputational damage as a result of management failure and/or where there is unreasonable failure to protect the interests of employees and customers.

The Company may also claw back cash bonus awards or previously vested DSBP and LTIP awards in accordance with the principles set out above to ensure that the full value of any overpayment is recouped.

In these circumstances, the Committee may apply clawback within two years of the payment of the cash bonus or date of grant of a DSBP award or within three years of the vesting of an LTIP award.

### Balance between fixed and variable pay

The performance-related elements of remuneration are dependent upon the achievement of outcomes that are important drivers of sustainable growth for the business and therefore the creation of value for shareholders.

### Choice of performance metrics

The Company is a growth business, and our investments in supply chain, digital innovation and the customer experience are all designed to improve the profitability of the overall system, reach new customers and drive repeat business from existing customers. However, neither system sales nor statutory revenue are appropriate performance measures, because the former is significantly influenced by franchisees, and the latter is affected by the volatility of food costs. As a result, underlying profit before tax is used as the main performance metric in the annual bonus plan, as this captures both the growth and the efficiency of the business. Part of the annual bonus is also subject to strategic objectives.



A combination of relative TSR and growth in underlying EPS have been used for LTIP awards in previous years. The underlying EPS measures the Company's success in delivering long-term profit growth, a key contributor to the Company's valuation, and was considered by the Committee to be the most appropriate measure of long-term financial performance. It is also used by the Board to determine success in executing our strategy and our dividend policy.

Relative TSR helped align management's and shareholders' interests, since the Executives would only be rewarded to the extent that the Company delivered a return to shareholders above that of the median company of comparable size, with full vesting on this measure requiring top quartile performance.

All incentives are capped, other than for the impact of share price, in order that inappropriate risk-taking is neither encouraged nor rewarded. For financial targets, a sliding scale is applied, with a very modest amount being payable for threshold levels of performance.

A number of the Company's non-financial strategic objectives have been incorporated into the annual bonus for Executive Directors and will be applied on an individual basis for a minority of the overall bonus opportunity.

These objectives will also be measured on a sliding scale of performance where possible.

The Committee will review the continued appropriateness of the annual bonus (and, if applicable, awards granted under the LTIP in the 2023 financial year) performance conditions on an annual basis to ensure that they remain aligned to the Company's strategy.

The Committee will make necessary changes to the weightings of measures and/or introduce new measures which they believe would provide a closer link to the business strategy within the confines of the policy detailed above. Shareholder dialogue would take place, as appropriate, should there be any material change of emphasis in relation to current practices. In particular, with the introduction of the premium priced options, the Committee intends to review whether it should retain relative TSR in the normal LTIP awards or whether it would be more appropriate to replace this with another internal financial metric.

### How employees' pay is taken into account

Pay and conditions elsewhere in the Group were considered when finalising the current policy for the Executive Directors. In particular, the Committee is updated on salary increases for the general employee population, Company-wide benefit provisions, level of annual bonuses and staff participation in long-term incentive schemes, so it is aware of how the total remuneration of the Executive Directors compares with the average total remuneration of employees generally.

The Committee does not formally or directly consult with employees on Executive pay but does receive periodic updates from the Group's People Director. The Committee is also informed of the results of colleague engagement surveys, which do not contain any specific questions related to Executive Director remuneration. The most recent survey continues to show high levels of colleague engagement, with reward continuing to be an important attribute of their job. As previously reported, the Board decided that engagement with the workforce for the purposes of Principle 5 of the UK Corporate Governance Code is best achieved through a designated Non-executive Director. Executive remuneration has been discussed at workforce forum meetings held in 2023.

### How the Executive Directors' Remuneration Policy relates to the Group

The remuneration policy described above provides an overview of the structure that operates for the most Senior Executives in the Group, with a significant element of remuneration dependent on Company and individual performance.

A lower aggregate level of incentive payment applies below Executive Director level, driven by market comparatives, internal relativities and the potential impact of the role. The vast majority of the Group's employees participate in an annual bonus plan, with the limits and performance conditions varying according to job grade.

The Committee believes that broad-based employee share ownership provides a key element in retention and motivation in the wider workforce. Long-term incentives are provided through the Group's discretionary share schemes to selected Executives and managers.

The Company also offers an HMRC-registered savings-related share option scheme for all UK-based employees with more than three months' service, including Executive Directors.

All newly appointed employees, including Executive Directors, are eligible to join a defined contribution pension plan. In other territories, pension provision varies and can be contributions to state schemes, occupational plans or personal pension arrangements in which the employing company makes contributions.

## DIRECTORS' REMUNERATION REPORT CONTINUED

### How is risk managed in relation to short and long-term incentives?

The Committee believes that the consideration and management of risk is important when formulating and then operating appropriate remuneration structures (notably the performance criteria) for senior management. The majority of the members of the Committee are also members of the Audit Committee, whose Chair is also a member of the Remuneration Committee. The Remuneration Committee has a good understanding of the key risks facing the business and the relevance of these to the remuneration strategy, most particularly when setting targets for performance-related pay.

In line with the Investment Association's Guidelines on Responsible Investment Disclosure, the Remuneration Committee ensures that the incentive structure for Executive Directors and senior management will not raise ESG risks by inadvertently motivating irresponsible behaviour, and remuneration design can be flexed to address ESG issues when appropriate.

The Committee has due regard to issues of general operational risk when structuring incentives.

The clawback provisions (see page 86) in respect of annual bonuses and long-term share plans also provide the Committee with a mechanism to recover monies in certain circumstances.

Share ownership requirements and the design of the 2012 LTIP and 2022 LTIP help to ensure that the Executive Directors have a strong personal focus on long-term sustainable performance, heavily driven by the relative and absolute returns delivered to shareholders.

### How shareholders' views are taken into account

The Committee considers shareholder feedback received around the AGM and analyses the votes cast on the relevant items of business. This feedback, plus views received during meetings with institutional shareholders and their representative bodies, is considered as part of the Company's annual review of remuneration policy.

The Committee also consults with its key shareholders whenever appropriate. A consultation process was undertaken during 2021 and early 2022 with shareholders' views being reflected in the previous policy, which was approved by shareholders at the 2022 AGM.

The Committee has consulted with its key shareholders on the proposed policy and on the changes to the LTIP to allow for the grant of premium priced options and reflected shareholders' views in the vesting conditions applicable to premium priced options, including a request for an EPS underpin. The Committee values feedback from its shareholders and seeks to maintain a continued open dialogue. Details on shareholder voting at the 2023 Annual General Meeting and General Meeting are shown on page 94.

Investors who wish to discuss remuneration issues should contact the Company Secretary.

### Service contracts and policy on exit

The Committee reviews the contractual terms for new Executive Directors to ensure that these reflect best practice.

Service contracts are normally entered into on a rolling basis, with notice periods given by the employing company normally limited to six months or less. The Committee has discretion to determine a longer notice period (up to 12 months) for new Executive Directors, which will be reduced to six months by no later than the end of the second year after joining. Should notice be served by either party, the Executive can continue to receive basic salary, benefits and pension for the duration of their notice period, during which time the relevant Group company may require the individual to continue to fulfil their current duties or may assign a period of garden leave. An Executive Director's service contract may be terminated without notice and without any further payment or compensation, save for sums accrued up to the date of termination, on the occurrence of certain events of gross misconduct. If the Company terminates the employment of an Executive Director in breach of contract, compensation is limited to salary due for any unexpired notice period and any amount assessed by the Committee as representing the value of other contractual benefits which would have been received during the unexpired notice period.

Andrew Rennie has a six months' notice period from either party.

Edward Jamieson has a 12 months' notice period from either party. From 17 October 2024, the second anniversary of his date of appointment, the notice period will be reduced to six months' from either party.

Payments in lieu of notice are not pensionable. In the event of a change of control of the Group, there is no enhancement to contractual terms.

In summary, the contractual provisions for any new Executive Directors are as follows:

Provision	Detailed terms
<b>Notice period</b>	Normally six months or less. Subject to Committee discretion, up to 12 months may be offered initially but will be reduced to six months no later than the end of the second year after joining.
<b>Maximum termination payment</b>	Base salary plus benefits and pension, subject to mitigation for new Directors.
<b>Remuneration entitlements</b>	A pro-rata bonus may also become payable for the period of active service along with vesting for outstanding share awards (in certain circumstances – see table below). In all cases performance targets would apply.
<b>Change of control</b>	As on termination.

Any share-based entitlements granted to an Executive Director under the Company's LTIP schemes or bonus entitlement under the annual performance bonus will be determined based on the relevant plan rules.

With regard to the circumstances under which the Executive Directors might leave service, these are described below with a description of the anticipated payments:

Remuneration element	'Bad' leaver (e.g. resignation and dismiss for cause)	'Good' leaver (e.g. death, ill health, retirement, redundancy and any other reason if the Committee so decides)
<b>Salary in lieu of notice period</b>	Salary for proportion of notice period served.	Up to a maximum of 100% of salary.
<b>Pension and benefits</b>	Provided for proportion of notice period served.	Up to one year's worth of pension and benefits (e.g. redundancy). Possible payment of pension and insured benefits triggered by the leaver event (this would be governed by the terms of the benefits provided). Where appropriate, medical coverage may continue for a period post-cessation.
<b>Bonus (in year)</b>	Immediately forfeited on the date of cessation.	Normally reduced pro rata to reflect proportion of performance period elapsed (provided performance conditions are met), unless the Committee decides that no reduction (or a smaller reduction) is appropriate in any particular case.
<b>Bonus (deferred shares)</b>	Immediately lapse on the date of cessation.	Awards shall vest on the normal vesting date, unless the Committee otherwise determines that the award shall vest on the date of cessation (or such later date as the Committee specifies), and in either case to such extent as the Committee determines.
<b>Long-term incentive entitlements (2012 LTIP and 2022 LTIP) other than premium priced options</b>	Immediately lapse on the date of cessation.	Awards will ordinarily vest on the normal vesting date based on performance tested over the full performance period and time pro rata based on the period of time after the grant date and ending on the date of cessation, unless the Committee determines otherwise (i.e. early vesting on cessation, and/or such other later date as the Committee specifies, or the Committee decides time proration is inappropriate in any particular case and shall increase the number of vested shares).
<b>Premium priced options under the 2022 LTIP</b>	Immediately lapse on the date of cessation.	There are no automatic 'good' leavers with the Committee having discretion in all circumstances to treat a participant as a 'good' leaver which will normally be limited to death, ill health and disability. Awards will ordinarily vest subject to meeting the EPS underpin on the normal vesting dates on a pro-rata basis reflecting the period of time worked between the grant date and the date of cessation, unless the Committee determines otherwise (i.e. early vesting on cessation and/or the Committee determines that time proration is inappropriate in any particular case and shall increase the number of vested shares).
<b>Other payments</b>	None.	The Committee may pay reasonable outplacement and legal fees where considered appropriate. The Committee may also pay any statutory entitlements or settle or compromise claims in connection with a termination of employment, where considered in the best interests of the Company.

## DIRECTORS' REMUNERATION REPORT CONTINUED

### Non-executive Director remuneration

The Non-executive Directors are not employed under service contracts and have contracts for services with a notice period of three months.

Non-executive Directors do not receive compensation for loss of office. Each of the Non-executive Directors is appointed for a fixed term of three years, renewable for a further three-year term if agreed and subject to annual re-election by shareholders.

The following table shows details of the terms of appointment for the Non-executive Directors:

	Appointment date	Date most recent term commenced	Expected date of expiry of current term
Ian Bull	19 April 2019	19 April 2022	19 April 2025
Usman Nabi	11 November 2019	11 November 2019	See note 1
Matt Shattock	16 March 2020	16 March 2023	16 March 2026
Natalia Barsegiyan	16 September 2020	16 September 2023	16 September 2026
Lynn Fordham	16 September 2020	16 September 2023	16 September 2026
Stella David	23 February 2021	23 February 2021	See note 2
Tracy Corrigan	5 May 2022	5 May 2022	5 May 2025

1. Usman Nabi stood down as a Non-executive Director with effect from 14 August 2023. He was an appointee of Browning West LP. His term in office was governed by a relationship agreement between the Company and Browning West.
2. Stella David stepped down as an Independent Non-executive Director on 31 December 2023.

### Recruitment and promotion policy

When facilitating an external recruitment or an internal promotion, the Committee would apply the following principles:

Remuneration element	Policy
Base salary	<p>Salary levels will be set based on the experience, knowledge and skills of the individual and in the context of market rates for equivalent roles in companies of a similar size and complexity. The Committee would also consider Group relativities when setting base salary levels.</p> <p>The Committee may set initial base salaries below the perceived market rate with the aim to make multi-year staged increases to achieve the desired market position over time. Where necessary these increases may be above those of the wider workforce, but would be subject to continued development in the role.</p>
Benefits and pension	<p>Would be as provided to current Executive Directors.</p> <p>The Committee would consider meeting the cost of certain reasonable relocation expenses and legal fees as necessary.</p>
Annual bonus	<p>The annual bonus would be operated in line with that set out in the policy table for current Executive Directors.</p> <p>For a new joiner, the bonus would be pro-rated for the period of service during the financial year of their appointment.</p> <p>Due to the timing or nature of the appointment, the Committee may determine it necessary to set different or modified performance conditions for the first year of appointment.</p>

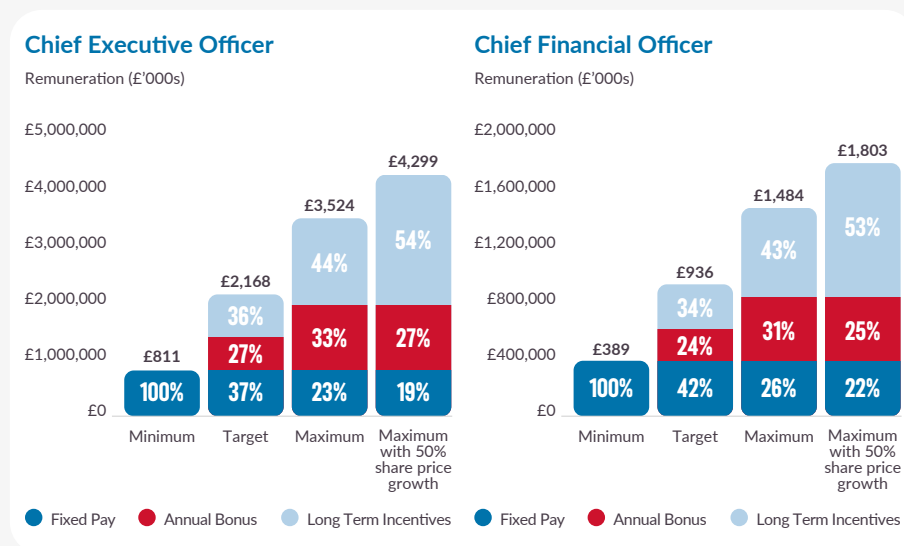
Long-term incentives	<p>Participation would be in accordance with the information set out in the policy table.</p> <p>Awards may be made on or shortly after an appointment, subject to prohibited periods. Different performance conditions may be set as appropriate.</p> <p>Any new appointment would be eligible to participate in the all-employee share option arrangements on the same terms as all other employees.</p> <p>For internal promotions, existing awards would continue over their original vesting period and will remain subject to their terms as at the date of grant.</p>
Additional incentives on appointment	<p>The Committee would assess whether it is necessary to buy out remuneration which would be forfeited from a previous role on termination.</p> <p>The Committee would, where possible, seek to offer a replacement award taking into account the structure, quantum, time horizons and relevant performance conditions which would impact on the expected value of the remuneration to be forfeited.</p> <p>The Committee would use the existing remuneration plans where possible, although it may be necessary to grant outside of these schemes using exemptions permitted under the Listing Rules.</p>

## External appointments

The Committee recognises that Executive Directors may be invited to become Non-executive Directors in other companies and that these appointments can enhance their knowledge and experience to the benefit of the Company. Subject to pre-agreed conditions, and with prior approval of the Board, each Executive Director is permitted to accept one appointment as a Non-executive Director in another listed company. The Executive Director is permitted to retain any fees paid for such service.

## Illustration of remuneration scenarios

The charts below illustrates the total remuneration for the Chief Executive Officer and Chief Financial Officer based on the policy under four different scenarios – minimum, target, maximum and maximum with a 50% share price growth.



### Assumptions:

**Minimum** – comprises fixed pay being the value of 2024 base salary (as at the beginning of the year), 2023 benefits (annualised for the CEO) and a 3% pension allowance.

**Target** – minimum plus a bonus pay-out and LTIP vesting, both at 50% of the maximum.

**Maximum** – minimum plus max bonus and max LTIP.

**Maximum with 50% share price growth** – maximum with the normal annual LTIP element being 1.5 times max LTIP.

No account has been taken of any prospective dividend equivalents to be paid on vested share awards.

# DIRECTORS' REMUNERATION REPORT CONTINUED

## Implementation of remuneration policy

### Role and membership

The Committee is responsible for the Chair's and the Executive Directors' remuneration, and also oversees the remuneration packages of other Senior Executives. The remuneration and terms of appointment of the Non-executive Directors are determined by the Board as a whole.

The Chair and the Chief Executive Officer are consulted on proposals relating to the remuneration of relevant Senior Executives and, when appropriate, are invited by the Remuneration Committee to attend meetings but are not present when their own remuneration is considered. Other Non-executive Directors may also attend meetings by invitation.

The Company Secretary acts as Secretary to the Remuneration Committee.

The role of the Remuneration Committee is set out in its Terms of Reference, which are reviewed annually and can be found on the Group's website, <https://investors.dominos.co.uk>. The Remuneration Committee normally meets up to four times in each year and additionally as circumstances dictate.

During the year, the members of the Remuneration Committee and their attendance at the meetings were:

Name	Member since	Attendance
Stella David (Chair)	23 February 2021	8 of 8
Matt Shattock	16 March 2020	8 of 8
Ian Bull	19 April 2019	8 of 8
Natalia Barsegiyan	16 September 2020	8 of 8
Lynn Fordham	16 September 2020	8 of 8

## External adviser

Advice on Executive remuneration and share schemes is received from the executive compensation practice of Alvarez & Marsal ('A&M') who were appointed by the Committee based on their experience and expertise. A&M is a member of the Remuneration Consultants' Group and is a signatory to its Code of Conduct, requiring the advice it provides to be objective and impartial. During the year, A&M did not provide any other services to the Company except in relation to senior management remuneration matters and therefore the Committee is comfortable that the advice provided was independent. Fees charged by A&M for advice provided to the Committee during the year amounted to £288,000 (excluding VAT) (2022: £78,682) charged predominantly on a time and materials basis.

## What has the Remuneration Committee done during the year?

The Remuneration Committee met eight times during the year to consider and, where appropriate, approve key remuneration items including the following:

### A) Management of individual remuneration

- reviewed and approved Executive Directors' and senior management base salaries and benefits;
- reviewed year-end business performance and performance-linked rewards in order to determine annual bonus pay-outs and vesting of long-term incentives;
- approved long-term incentive awards made in 2023 under the 2022 LTIP;

- approved the performance conditions for the LTIP awards in 2023 and to be made in 2024; and
- approved the termination arrangements for Elias Diaz Sese and joining arrangements for Andrew Rennie, including performance conditions for his 2023 annual bonus;
- approved the awards of premium priced options made in 2023 under the 2022 LTIP.

### B) Governance of the remuneration programme

- monitored guidance from institutional shareholder bodies on Executive pay and considered the application of the revised UK Corporate Governance Code;
- reviewed and approved the Directors' remuneration report;

- reviewed and approved changes to, and consulted with shareholders on, the Directors' Remuneration Policy and the 2022 LTIP to allow for the grant of premium priced options;
- received presentations from management on gender pay reporting;
- received presentations from management on pay and benefits of the wider workforce.

## Implementation of remuneration policy for 2024

### Base salary

The base salaries of the CEO will not be increased in April 2024 as he only joined the Board on 1 August 2023. The base salary of the CFO is to be increased by 5.5% with effect from 1 April 2024 to £385,000 per annum.

### Benefits and pension

Benefits in kind provided for Executive Directors are principally a company car provision or an allowance in lieu of company car, mobile telephone, life insurance cover and private health cover for Executive Directors and their families. Executive Directors will receive cash in lieu of pension allowance of 3% of base salary.

## Annual Performance Bonus ('APB')

The maximum bonus opportunity for the CEO and CFO for 2024 will be 150% and 125% of salary, respectively.

The APB provides a focus on the delivery of the stretching targets that are set by the Committee following consideration of the Company's annual operating plan by the Board each year and there is a threshold level of performance below which no award is paid.

The performance conditions for the APB for the 2024 financial year will be based both on achieving and exceeding the Group's underlying PBT growth targets set by the Board (65% of bonus for the CEO and CFO) and on achieving individual business objectives (35% of bonus for the CEO and CFO) which support the business plan. Included within the 35% of bonus attributed to business objectives, 10% is allocated to ESG/sustainability targets.

The underlying PBT measure is based on internally set targets and pays out 20% at threshold (95% of target) rising on a pro-rata basis to 50% pay-out at target with full payment only due if we achieve 105% of target.

For 2024, strategic objectives will be set by the Committee linked to the Company's strategic goals. Where appropriate, individual objectives are also set on a sliding scale based around a target.

The Committee considers that the performance targets in relation to the APB are commercially sensitive and therefore will not be disclosed on a prospective basis, but intends that the targets and outcomes are disclosed in the Directors' remuneration report once they are no longer considered sensitive, as has been its practice in recent years.

Two-thirds of any bonus payments will be made in cash, with the remaining third deferred into Company shares which will vest after three years, during which time they remain subject to risk of forfeiture.

## DIRECTORS' REMUNERATION REPORT CONTINUED

### Long-Term Incentive Plan ('LTIP')

It is intended that the CEO and CFO will receive an LTIP award in 2024 with a face value of 200% and 175% of base salary, respectively. Awards will vest after three years, subject to two independent performance metrics.

#### 70%: EPS growth

	EPS Targets (pence per share for the 2026 financial year)	Vesting (% of EPS part of award)
Threshold	24.47	10%
Target	25.76	50%
Stretch	28.98	100%

Straight-line vesting in between the performance points above.

#### 30%: Relative TSR performance

The remaining 30% of the award will vest in accordance with the following vesting schedule based on the Company's TSR performance against the constituents of the FTSE 250 Index, excluding investment trusts, over three financial years.

Ranking of the Company's TSR	Vesting (% of TSR part of award)
Below median	0%
Median	15%
Upper quartile or higher	100%

Straight-line vesting in between the performance points above.

### Non-executive Directors' fees

Non-executive Directors' fees are reviewed annually. They were reviewed and revised in May 2023 with increases applied with effect from January 2023, or the date of appointment if later.

The Chair's fee was reviewed by the Committee and the Non-executive Directors' fees were reviewed by the Board in January 2024 and the following fee structure for the

Chair and other Non-executive Directors for 2024 was agreed as follows:

- Chair - £504,000 p.a.
- Non-executive Director base fee - £72,000 p.a.
- Audit Committee Chair fee - £20,000 p.a.
- Remuneration Committee Chair fee - £20,000 p.a.
- Nomination & Governance Committee Chair fee - £nil

- Sustainability Committee Chair fee - £16,000 p.a.
- Senior Independent Director fee - £20,000 p.a.
- Workforce nominated NED fee - £13,000 p.a.

Non-executive Directors' fees reflect the level of experience and time commitment required for their roles.

### Statement of shareholder voting at AGM

The voting results for the last vote on the Annual Report on Remuneration (at the 2023 AGM) and Directors' remuneration policy (at the General Meeting held on 30 June 2023 ('2023 GM')) were as follows:

Ranking of the Company's TSR	Annual Report on Remuneration (2023 AGM)		Remuneration policy (2023 GM)	
	Total number of votes	% of votes cast	Total number of votes	% of votes cast
For	359,817,606	98.78%	246,079,757	76.70%
Against	4,458,725	1.22%	74,762,707	23.30%
Total votes cast (for and against)	364,276,331	100%	320,842,464	100%
Votes withheld <sup>1</sup>	945,952	-	44,109,026	-
Total votes cast (including withheld votes)	365,222,283	-	364,951,490	-

1. A vote withheld is not a vote in law and is not counted in the calculation of the proportion of votes cast 'For' and 'Against' a resolution.



## Audited information

The information presented from this section up until the unaudited information heading on page 104 represents the audited section of this report.

### Single total remuneration figure for each Executive Director

53 weeks ended 31 December 2023 (and 52 weeks ended 25 December 2022)

£000		Salary	Benefits <sup>5</sup> and supplements	Bonus	Pension	Other	Total remuneration	Total fixed	Total variable
<b>Current</b>									
Andrew Rennie <sup>1</sup>	2023	325	5	243	10	195	778	535	243
	2022	-	-	-	-	-	-	-	-
Edward Jamieson <sup>2</sup>	2023	372	13	211	13	-	609	398	211
	2022	63	3	81	2	519	668	68	600
<b>Former</b>									
Elias Díaz Sese <sup>3</sup>	2023	484	8	524	16	-	1,032	508	524
	2022	147	3	225	3	-	378	153	225
Dominic Paul <sup>4</sup>	2023	15	1	-	1	-	17	17	-
	2022	746	13	-	23	-	782	782	-

1. Andrew Rennie joined the Company and the Board on 1 August 2023 and was appointed as CEO on 7 August 2023. The figures above reflect the remuneration he received in respect of the period from 1 August 2023 to 31 December 2023 as well as the buyout award he received which replaced the option he forfeited on ceasing to be a Director of DP Poland plc. The buyout award was a cash amount of £194,932 paid in November 2023. Full details of this award can be found on page 97.
2. Edward Jamieson joined the Company and the Board as the Chief Financial Officer on 17 October 2022. The figures for 2022 above reflect the remuneration he received in respect of the period from 17 October 2022 to 25 December 2022 as well as the buyout awards he received on joining which replaced the awards he forfeited on leaving the previous employment. The buyout awards included a cash bonus of £57,000 payable in March 2023, RSU awards with a total face value of £461,636 vesting in 2022, 2023 and 2024, all subject to continued employment and clawback provisions. The timing of payment/vesting of these awards is on a similar basis as those for the awards he forfeited on leaving the previous employment.
3. Elias Díaz Sese was Interim Chief Executive Officer until 7 August 2023. Following that, he served as a Non-executive Director. The figures above reflect the remuneration he received as Interim Chief Executive Officer including a payment of £10,298 in lieu of holiday pay. He received a lump sum payment of £443,049 on termination of his Executive contract. Full details are shown on page 97.
4. Dominic Paul stood down as a Director on 30 December 2022. The figures above for 2023 reflect the remuneration he received in respect of the period from 26 December 2022 to 30 December 2022. Salary and benefits shown in the table have been rounded up to the nearest £1,000.
5. The value of benefits relates primarily to the provision of a company car allowance and, if applicable, health cover. Where relevant, they also include the fair value of share awards made under the Savings Related Share Option Plan.

## DIRECTORS' REMUNERATION REPORT CONTINUED

### Single total remuneration figure for each Non-executive Director

53 weeks ended 31 December 2023 (and 52 weeks ended 25 December 2022)

£000		Fees	Benefits and supplements	Total remuneration
<b>Current</b>				
Matt Shattock	2023	482	-	482
	2022	480	-	480
Natalia Barsegiyan	2023	81	-	81
	2022	77	-	77
Ian Bull	2023	87	-	87
	2022	80	-	80
Tracy Corrigan <sup>1</sup>	2023	69	-	69
	2022	41	-	41
Stella David	2023	100	-	100
	2022	90	-	90
Elias Diaz Sese <sup>2</sup>	2023	27	-	27
	2022	53	-	53
Lynn Fordham	2023	87	-	87
	2022	80	-	80
<b>Former</b>				
Usman Nabi <sup>3</sup>	2023	-	-	-
	2022	-	-	-
Colin Halpern <sup>4</sup>	2023	-	-	-
	2022	65	10	75

1. Tracy Corrigan joined the Board on 5 May 2022.

2. Elias Diaz Sese was appointed the Interim Chief Executive Officer on 10 October 2022. Prior to that, he served as a Non-executive Director and a member of the Remuneration Committee. Since 8 August 2023, he has continued to serve on the Board as a Non-executive Director. The figures above reflect the remuneration he received as a Non-executive Director.

3. Usman Nabi waived his fees in accordance with the terms of his appointment letter and stepped down from the Board on 14 August 2023.

4. Colin Halpern stepped down from the Board on 5 May 2022. Colin Halpern received a fee of £15,000 from the Company and the additional remuneration for the 2022 financial year of £50,000 (2021: £140,000) was paid to HS Real Company LLC in respect of his services. A further benefit of £10,000 (2021: £31,000) relating to life insurance premiums was also paid to HS Real Company LLC during the year.

### Defined contribution pensions

Executive Directors receive pension contributions to a personal pension fund or in cash. In the year ended 31 December 2023, Andrew Rennie, Elias Diaz Sese, Edward Jamieson and Dominic Paul each received a pension allowance of 3% of salary which totalled £9,747, £15,977, £13,266 and £441 respectively.

## Changes to the Board (including payments to past directors and compensation for loss of office)

### Leaving arrangements for Dominic Paul

On 29 June 2022, we announced the former CEO Dominic Paul's decision to resign from the Company. He subsequently stepped down as the CEO on 10 October 2022 and remained on the Board to facilitate a smooth transition until the end of his six months' notice period on 30 December 2022.

In line with the policy for Executive Directors, Dominic continued to receive salary, pension and benefits for the period from 26 December 2022 to 30 December 2022 with a total value of £15,414.

As a result of his resignation, Dominic was not eligible for annual bonus in respect of the 2022 or 2023 financial years. He did not receive an LTIP grant in 2022 or 2023. All of his outstanding LTIP and DSBP awards lapsed on cessation.

Dominic did not receive any other compensation in relation to the termination of his employment, any payments for loss of office or any payments after he ceased to be a director.

### Remuneration arrangements for Elias Diaz Sese

Elias Diaz Sese stepped down from the role of Interim Chief Executive Officer on 7 August 2023 (the 'Termination Date').

He remained an employee of the Company until the Termination Date and received his salary and normal benefits until the Termination Date, but thereafter ceased. He was paid a lump sum of £443,049 as pay in lieu of notice, less any necessary withholdings for income tax or National Insurance contributions, inclusive of salary, benefits and pension entitlements during his notice period. Elias was paid for £10,298 for holiday entitlement accrued but untaken as at the Termination Date.

Elias was treated as a good leaver under the rules of the Domino's Pizza Group plc 2022 Share Plan ('LTIP') meaning that his outstanding LTIP awards did not lapse on the Termination Date, and will instead continue subject to the LTIP rules and will vest on the normal vesting dates as detailed below.

The LTIP awards will be subject to assessment of the applicable performance conditions determined by the Remuneration Committee at the normal vesting date.

The Remuneration Committee exercised its discretion to reflect the terms of his contract as a result of which any LTIP awards that vest will be pro-rated to 7 November 2023. Details of outstanding share awards are set out on page 102.

In accordance with the LTIP rules, the Remuneration Committee has exercised its discretion to accelerate the two-year post vesting holding period applicable to the outstanding LTIP awards, and the post-vesting holding period will therefore expire on the relevant normal vesting date. He was treated as a good leaver under the rules of the LTIP meaning that his outstanding deferred bonus award did not lapse on the Termination Date, and instead vested on the Termination Date without time pro-rating. The outstanding deferred bonus award will remain exercisable for a period of 12 months following the Termination Date.

Elias was treated as a good leaver under the rules of the Company's Annual Bonus Plan ('ABP') meaning that he remained eligible to receive a bonus in respect of the 2023 financial year, subject to performance conditions. His bonus was pro-rated for the financial year up to 7 November 2023 (in accordance with his contract) and paid two-thirds in cash on the normal bonus payment date and one-third in the form of a deferred bonus award to be granted under the Domino's Pizza Group plc Deferred Share Bonus Plan (the 'DSBP'). The Remuneration Committee exercised its discretion in accordance with the rules of the DSBP to accelerate the vesting of his outstanding DSBP awards to the Termination Date and such awards would remain exercisable for a period of twelve months following the Termination Date.

LTIP and ABP awards remain subject to the scheme rules, including malus and clawback provisions and change of control.

Elias received a contribution of £5,577 plus VAT towards legal fees incurred in connection with his departure as Interim Chief Executive Officer.

Following the Termination Date, he resumed his role as a Non-executive Director, a role he had held since joining the Board in 2019 until he became Interim CEO on 10 October 2022.

### Joining arrangements for Andrew Rennie

Andrew Rennie joined as a Director on 1 August 2023 and was appointed the CEO on 7 August 2023. His remuneration arrangements for the role of CEO were determined in accordance with the policy for the Executive Directors.

His annual salary on appointment was £775,000.

He is entitled to receive benefits and pension allowance of 3% of base salary, aligned with the wider workforce.

His maximum annual bonus opportunity is 150% of base salary. For 2023, this was pro-rated based on time worked during the year. Further details of his 2023 annual bonus metrics, targets and outcome can be found on page 98.

His maximum normal LTIP opportunity is 200% of base salary. He received an LTIP grant on 9 August 2023 of 200% of salary, which will vest three years after the date of grant, subject to performance conditions, followed by a two-year post-vesting holding period. Details of the performance conditions for the 2023 LTIP award can be found on page 100.

In addition, he received a grant of premium priced options (structured as share settled SARs) on 9 August 2023 with a fair value of 300% of base salary.

Finally, in November 2023 he received a cash payment of £194,932 (less any necessary withholdings for income tax or National Insurance contributions) to compensate him for the loss of share options in DP Poland plc which lapsed when he stood down as a Non-executive Director with effect from 1 October 2023. The amount paid to him was equal to an estimate of the fair value of his options at the date they lapsed taking into account the exercise price, the vesting and lapse dates and assuming a 50% probability of the performance-based options (amounting to nearly half of the options) vesting. The payment will be forfeited if Andrew were to leave the Company (other than in the case of death, injury or disability or following a change of control of the Company) prior to 1 August 2026.

## DIRECTORS' REMUNERATION REPORT CONTINUED

### Details of variable pay earned in the year

#### Annual bonus plan

Dominic Paul was not eligible to receive a bonus for the 2023 financial year following his resignation in June 2022.

Andrew Rennie (CEO) and Elias Diaz Sese (Interim CEO) both had a bonus opportunity of 150% and Edward Jamieson (CFO) had a bonus opportunity of 125% of salary, prorated based on the time worked during the 2023 financial year where required.

#### Assessment of financial metrics

Performance hurdle	Targets set for year (underlying PBT) <sup>1</sup>	Actual performance achieved	Resulting bonus out-turn
Growth in underlying profit before tax of between 95% of target (20% pay-out) and 110% or more (full pay-out). Graduated scale operates between performance points.	Threshold: £100.04m Target: £105.3m Maximum: £115.83m	Actual underlying PBT was £101.7m	28.18% of maximum financial element

#### Assessment of non-financial targets

##### Elias Diaz Sese and Andrew Rennie

The CEO and Interim CEO were set combined objectives for 2023 which are summarised below:

Criteria	Weighting	Key metrics/targets	Performance commentary	Year-end assessment
<b>Digital</b>	8%	– Growth of online orders via the App to over 70%	Overall rating: Fully achieved Online Orders delivered via the App increased to 73.8%	8%
<b>Development</b>	8%	– infrastructure in place to over accomplish budget of >60 openings in 2023 and strong pipeline for 2024	Overall rating: Fully achieved Development team infrastructure reorganised during the year. 61 new stores opened in 2023 and a strong pipeline in place to deliver against the 2024 new store opening target	8%
<b>Franchise Profitability</b>	9%	– Successful management of two Franchise Economic Forum meetings during the year – Create foundation for positive renewal of franchisee agreement	Overall rating: Fully achieved Three Economic Forums held during the year. Solid foundations in place for future negotiations with the Franchisee Community	9%
<b>Total</b>	<b>25%</b>			<b>25%</b>

##### Edward Jamieson

Criteria	Weighting	Key metrics/targets	Performance commentary	Year-end assessment
<b>Financial discipline &amp; performance</b>	6%	– Build accurate budgets and forecasts and ensure early and accurate reporting on any expected variances.	Overall rating: Fully achieved Good progress made on implementing improvements to the financial reporting and forecasting processes.	6%
<b>Control &amp; Risk</b>	6%	– Ensure that all controls for new/modified systems and processes e.g., ERP and E-commerce system are in place and operating effectively prior to go-live.  – Improve Enterprise Risk Management to review, assess and report on the level of residual risk accepted by the business.	Overall rating: Partially achieved Good progress on implementing the ERP but not live as at year-end 2023, however implementation was delayed because of design issues in functionality that were not entirely in the Company's control.  Good progress made in what will be a multiyear journey to an improved Enterprise Risk Management process. Risks mapped, assessed and responsibility for key risks allocated to relevant leadership team member.	4%
<b>People</b>	7%	– Identify and retain key personnel in Finance team and look at ways to improve capability	Overall rating: Materially achieved Good progress made on retaining key Finance team members and recruiting for key positions.	5%
<b>Investor Relations</b>	6%	– Broaden shareholder base and increase engagement with current shareholders	Overall rating: Partially achieved Long-list of target investor agreed and some new investors brought onto the register. First US investor roadshow held since 2019.	3%
<b>Total</b>	<b>25%</b>			<b>18%</b>

## ESG

The Executive directors had shared ESG objectives which accounted for 10% of the total 35% of bonus attached to non-financial objectives. Details are set out below:

Criteria	Weighting	Key metrics/targets	Performance commentary	Year-end assessment
<b>ESG</b>	10%		Overall rating: Fully achieved	
		- Develop a detailed roadmap for how all functions will contribute to Domino's Pizza hitting its publicly stated 2031 carbon reduction targets for scopes 1, 2 and 3	Roadmap developed and approved by the Sustainability Committee	2.0%
		- Install solar panels at West Ashland and Warrington SCC	Solar panels installed during 2023	1.5%
		- Set out targets for the reduction of salt, fat and calories across our portfolio	Targets and KPIs established	2%
		- Quantify the use of single use plastic by our Supply Chain Centres and our Support Office, and develop a roadmap for removing all single use plastics from our operations by 2025	Quantification process completed, and road map developed	1.5%
		- Develop an all-colleague e-learning module on modern slavery to be completed on an annual basis. Module to be ready to roll out in 2024	E-learning module was developed and was ready for roll out in 2023	1.5%
		- Commission gap analysis and use output to develop a roadmap to maintain or improve our BBFAW status	Gap analysis completed during 2023	1.5%
<b>Total</b>				<b>10%</b>

### Annual bonus plan – summary

£000	Financial target bonus	Non-financial objective bonus	Total 2023	Percentage of maximum bonus
Andrew Rennie <sup>1</sup>	£83,573	£159,679	£243,252	53.32%
Elias Díaz Sese <sup>1</sup>	£180,060	£344,033	£524,093	53.32%
Edward Jamieson	£83,578	£127,750	£211,328	46.32%
Dominic Paul	n/a	n/a	n/a	n/a

1. Adjusted on a pro-rata basis for time served during the year.

In line with the policy, two-thirds of the bonus will be payable in cash and one-third will be deferred into shares that vest after three years.

### LTIP awards vested during the year

No LTIP awards vested during the year.

## DIRECTORS' REMUNERATION REPORT CONTINUED

### Normal LTIP awards granted during the year

Details of the normal performance-based grants made under the 2022 LTIP during the year to Andrew Rennie, Elias Diaz Sese and Edward Jamieson are summarised below:

Executive	Date of grant	Type of award	Basis of determining award size (as a % of salary)	Total number of shares subject to awards	Face value of award	Vesting % at threshold
Andrew Rennie	9 August 2023	Performance based structured as conditional share award	Face value of 200%	381,585	£1,550,000 <sup>1</sup>	10-15%
Elias Diaz Sese	16 March 2023	Performance based structured as conditional share award	Face value of 200%	582,502	£1,530,000 <sup>2</sup>	10-15%
Edward Jamieson	16 March 2023	Performance based structured as conditional share award	Face value of 175%	243,185	£638,750 <sup>2</sup>	10-15%

1. Based on the average of the mid-market price of the Company's shares on the five business days prior to the grant date being 406p.
2. Based on the average of the mid-market price of the Company's shares on the five business days prior to the grant date being 262.66p.

The conditional share awards are subject to the following performance conditions:

#### 70%: EPS growth

	EPS Targets (pence per share for the 2026 financial year)	Vesting (% of EPS part of award)
Threshold	24.38	10%
Target	25.00	50%
Stretch	28.75	100%

Straight-line vesting in between the performance points above.

#### 30%: relative TSR performance

The remaining 30% of the award will vest in accordance with the following vesting schedule based on the Company's TSR performance against the constituents of the FTSE 250 Index over the three-year period starting 26 December 2022, excluding investment trusts, over three financial years.

Ranking of the Company's TSR	Vesting (% of TSR part of award) <sup>1</sup>
Below median	0%
Median	15%
Upper quartile or higher	100%

1. Straight-line vesting in between the performance points above.

In choosing underlying EPS and TSR as the metrics, the Committee has sought to provide a balance between incentivising delivery against our key measure of success in delivering profitable growth (underlying EPS) and aligning the Executive Directors and senior management with shareholders through a TSR measure.

### DSBP awards granted during the year

Details of the DSBP grants made under the DSBP during the year to Elias Diaz Sese and Edward Jamieson are summarised below:

Executive	Date of grant	Type of award	Basis of determining award size (as a proportion of annual bonus)	Total number of shares subject to awards	Face value of award
Elias Diaz Sese	16 March 2023	Deferred share bonus award structured as a nil cost option	One-third of annual bonus	28,612	£75,152 <sup>1</sup>
Edward Jamieson	16 March 2023	Deferred share bonus award structured as a nil cost option	One-third of annual bonus	10,342	£27,164 <sup>1</sup>

1. Based on the average of the mid-market price of the Company's shares on the five days prior to the grant date being 262.66p.

### Premium priced option awards granted during the year

Details of the premium priced option grants made under the 2022 LTIP during the year to Andrew Rennie and Edward Jamieson are summarised below:

The premium priced option awards are structured as share settled SARs (such that the 'gain' on the premium priced option at exercise is settled with an issue of transfer of shares equal to that value) and are subject to the following conditions:

- They vest in three equal tranches on the third, fourth and fifth anniversaries of grant subject to meeting an EPS underpin of 20.4p for exercises from the third anniversary, 21.0p for exercises from the fourth anniversary and 21.7p for exercises from the fifth anniversary of grant.
- A strike price of £5.41 being a 1/3rd premium to the average of the mid-market price of the Company's shares on the five business days prior to the grant date.
- A 'soft' cap which limits the maximum number of shares that can be acquired to the number of shares that would be delivered which is calculated as the number of shares that would be delivered if the share price on exercise was 300% of the share price used to set the number of shares (i.e. £12.18).
- A 'hard cap' which limits the maximum value that can be delivered which is calculated as being the value that would be delivered if the share price at exercise was 450% of the share price used to set the number of shares (i.e. £18.27).

Executive	Date of grant	Type of award	Basis of determining award size <sup>1</sup> (as a % of salary)	Total number of shares subject to awards <sup>2</sup>	Fair value of award <sup>3</sup>	Maximum number of shares that can be acquired <sup>3</sup>
Andrew Rennie	9 August 2023	Premium priced option granted as share settled SAR	Fair value of 300%	2,993,518	£2,325,000	1,663,884
Edward Jamieson	9 August 2023	Premium priced option granted as share settled SAR	Fair value of 150%	704,925	£547,500	391,817

1. Based on the average of the mid-market price of the Company's shares on the five business days prior to the grant date being 406p.

2. This is the number of shares by reference to which the gain on exercise of the share settled SAR is calculated.

3. The regulations require the face value of the award to be disclosed being the maximum number of shares that would vest multiplied by the share price used to determine the grant level however with a premium priced option, these figures are considered to be relatively meaningless - for Andrew it would be approx. £12.15m and for Edward it would be approx. £2.86m. Instead, the fair value of the awards and the maximum number of shares that can be acquired (once the soft cap applies) have been included in the table.

## DIRECTORS' REMUNERATION REPORT CONTINUED

### Awards held in the year

Details of options and conditional awards over shares held by Directors, and their connected persons, who served during the year are as follows:

Plan	Outstanding shares at 26 December 2022	Granted/ awarded in 2023 (number)	Exercised/ vested (number)	Lapsed (number)	Outstanding shares at 31 December 2023	Exercise price (pence)	Date of grant	Date from which exercisable/ capable of vesting
<b>Andrew Rennie</b>								
								09/08/2026 to
2022 LTIP (Premium priced option)	-	2,993,518	-	-	2,993,518	£5.41	09/08/2023	09/08/2028
2022 LTIP (Conditional shares)	-	381,585	-	-	381,585	n/a	09/08/2023	09/08/2026
<b>Elias Diaz Sese</b>								
2022 LTIP (Conditional shares)	582,502	-	-	412,979	169,523	n/a	16/03/2023	16/03/2026
2022 LTIP (Conditional shares)	-	678,191	-	432,999	245,192	n/a	10/10/2022	10/10/2025
2022 DSBP	-	28,612	28,612	-	-	n/a	16/03/2023	07/08/2023
<b>Edward Jamieson</b>								
								09/08/2026 to
2022 LTIP (Premium priced option)	-	704,925	-	-	704,925	£5.41	09/08/2023	09/08/2028
2022 LTIP (Conditional shares)	-	243,185	-	-	243,185	n/a	16/03/2023	16/03/2026
2022 LTIP (Conditional shares)	205,676	-	-	-	205,676	n/a	24/10/2022	24/10/2025
Buyout RSU awards	57,229	-	57,229	-	-	n/a	16/11/2022	19/02/2023
Buyout RSU awards	12,044	-	12,044	-	-	n/a	16/11/2022	30/04/2023
Buyout RSU awards	29,848	-	29,848	-	-	n/a	16/11/2022	31/10/2023
Buyout RSU awards	12,091	-	-	-	12,091	n/a	16/11/2022	30/04/2024
Buyout RSU awards	29,866	-	-	-	29,866	n/a	16/11/2022	31/10/2024
2022 DSBP	-	10,342	-	-	10,342	n/a	16/03/2023	16/03/2026
<b>Dominic Paul<sup>1</sup></b>								
2020 LTIP	434,191	-	-	434,191	-	n/a	09/09/2020	09/09/2023
2021 LTIP	368,912	-	-	368,912	-	n/a	09/09/2021	09/09/2024
2020 DSBP	55,901	-	-	55,901	-	n/a	23/03/2021	23/03/2023
2021 DSBP	58,146	-	-	58,146	-	n/a	15/03/2022	15/03/2025

1. All share awards for Dominic Paul lapsed on 30 December 2022.

Vesting of LTIP (Conditional share) awards is subject to the achievement of performance conditions and the rules of the relevant plans. Vesting of the premium priced options is subject to the achievement of the EPS underpin and the rules of the relevant plan. DSBP and Sharesave awards vest subject to continued employment only.



## Directors' shareholdings

To reinforce the linkage between Senior Executives and shareholders, the Company has adopted a shareholding policy that applies to Executive Directors under its long-term incentive arrangements. The Executive Directors are required to retain sufficient shares from the vesting of awards to build up and retain a personal shareholding

worth an equivalent of a minimum of 200% of base salary. It is expected that the required shareholding will be built up over a maximum of five years. The Committee has discretion to waive the shareholding requirement in exceptional circumstances. Once attained, a subsequent fall below the required level may be taken into account by the Committee when determining the grant of future awards.

The Committee has decided that vested but unexercised LTIP awards and awards made under the DSBP shall count (assuming the sale of sufficient shares to fund the employee's tax and NI obligations) towards this target.

Plan	Legally owned shares at 31 December 2023 (or earlier date of cessation)	Legally owned shares at 25 December 2022 (or earlier date of cessation)	Shares subject to performance conditions (Conditional shares and premium priced options) <sup>1</sup>	Share awards not or no longer subject to performance conditions	Market value of shareholding as a % of salary <sup>2</sup>
<b>Executive Directors</b>					
Andrew Rennie <sup>4</sup>	15,000	-	3,375,103	-	7.29%
Edward Jamieson	68,197	15,783	1,153,786	52,299	76.06%
Dominic Paul <sup>3</sup>	78,000	78,000	-	-	n/a
<b>Non-executive Directors</b>					
Matt Shattock	500,000	500,000	-	-	n/a
Natalia Barsegiyan	20,000	20,000	-	-	n/a
Ian Bull	62,000	62,000	-	-	n/a
Tracy Corrigan	-	-	-	-	n/a
Stella David	30,003	30,003	-	-	n/a
Elias Diaz Sese <sup>5</sup>	706,130	691,000	414,715	-	n/a
Lynn Fordham	60,000	60,000	-	-	n/a
Usman Nabi <sup>6</sup>	45,687,059	45,687,059	-	-	n/a

1. This includes the total number of shares subject to premium priced options (being 2,993,518 for Andrew Rennie and 704,925 for Edward Jamieson) in addition to the maximum number of shares that can potentially be acquired under the normal LTIP awards.
2. Based on a share price of 376.8p prevailing at the end of the financial year and the number of shares in which the Director has a beneficial interest, and calculated on the annual salary for the year. Shares held in the Deferred Share Bonus Plan are accounted for net of tax and National Insurance contributions.
3. Dominic Paul left the Board on 30 December 2022.
4. Andrew Rennie joined the Board on 1 August 2023.
5. Elias Diaz Sese was Interim CEO at the beginning of the year before returning to be a Non-executive Director on 7 August 2023. His conditional share awards included above were granted to him whilst he was Interim CEO.
6. Usman Nabi left the Board on 14 August 2023 and is deemed to be interested in shares held by the Browning West Group LP.

There were no changes in the Directors' shareholdings between 31 December 2023 and 11 March 2024.

## DIRECTORS' REMUNERATION REPORT CONTINUED

### Unaudited information

#### Dilution limits

The Company operates within best practice guidelines published by the Investment Association. These broadly provide that where new issue shares are used to satisfy awards made under employee share schemes, the aggregate number of shares placed under

award (disregarding any awards which have lapsed) across all such schemes operated by the Company should not exceed 10% of the Company's issued share capital in any ten-year rolling period. The Company currently satisfies vesting share awards by using market purchased shares, and there is no current intention to issue shares to satisfy

future awards. The 2022 LTIP, which was approved by shareholders at the AGM on 5 May 2022 and amended at a General Meeting held on 30 June 2023, provides that discretionary shares awards shall not exceed 5% of issued share capital over a ten-year period.

#### CEO remuneration

Year ended	Chief Executive Officer	Total remuneration £000	Annual bonus (% of max)	LTIP vesting (% of max)
31 December 2023	Andrew Rennie	778	53.32%	-
31 December 2023	Elias Diaz Sese	1,032	53.32%	-
25 December 2022 <sup>1</sup>	Elias Diaz Sese	378	92.88%	-
25 December 2022 <sup>2</sup>	Dominic Paul	782	0%	-
26 December 2021	Dominic Paul	1,440	56.81%	-
27 December 2020 <sup>3</sup>	Dominic Paul	1,081	73.4%	-
27 December 2020 <sup>3</sup>	David Wild	450	80.1%	11.55%
29 December 2019	David Wild	694	0%	-
30 December 2018	David Wild	699	0%	10.21%
31 December 2017	David Wild	1,394	50.91%	90.95%
25 December 2016 <sup>4</sup>	David Wild	4,482	81%	100%
27 December 2015	David Wild	1,243	87.5%	-
28 December 2014	David Wild	864	58.6%	-

1. Elias Diaz Sese was the interim Chief Executive Officer until 7 August 2023 when he was succeeded by Andrew Rennie.

2. Dominic Paul was the Chief Executive Officer until 10 October 2022 when he was succeeded by Elias Diaz Sese.

3. David Wild was the Chief Executive Officer for the first four months of 2020 and was succeeded by Dominic Paul on 1 May 2020.

4. The first LTIP awards granted to David Wild that become capable of vesting based on performance ending in FY16 were in 2014 and these have been included in the above table.

## CEO pay ratio

In the UK & Ireland, we are the clear number-one pizza delivery business, delivering pizzas to customers through our stores, which are almost entirely operated through our franchisee partners (90%).

Our UK & Ireland workforce is made up of our 529 colleagues in our SCCs, where we manufacture dough and act as a scale and expert wholesaler of other food and non-food supplies to our franchisees; our 348 colleagues in our support office functions and 708 customer-facing colleagues in 31 wholly owned stores.

We apply the same reward principles for all – that overall remuneration should be competitive when compared to similar roles in other companies from where we recruit. For customer-facing roles, we benchmark with other quick service retailers and the wider retail market, and for colleagues in our SCCs and support office, we benchmark against the applicable market for that role. For our CEO, we benchmark against other FTSE 250 companies, taking into account their size, business complexity, scope and relative performance.

Employee involvement in the Group's performance is encouraged, with colleagues participating in discretionary bonus schemes

relevant for their role; a Save-As-You-Earn scheme is in operation for all UK-based employees with more than three months' service and long-term incentives are provided through the Group's discretionary share schemes to selected Executives and managers.

Given our workforce profile, all three of the CEO pay ratio reference points compare our CEO's remuneration with that of colleagues in either store or SCC roles. Additionally, we know that year-to-year movements in the pay ratio will be driven largely by our CEO's variable pay outcomes. These movements will significantly outweigh any other changes in pay within the Company. Whatever the CEO pay ratio, we will continue to invest in competitive pay for all colleagues. The Committee believes that the median pay ratio is consistent with the Group's pay philosophy and progression policies.

We have chosen to use Option C to calculate the CEO pay ratio. This utilises data required for the gender pay gap reporting, which has been extended to include all UK colleagues in all our wholly owned stores; with colleagues at the three quartiles identified from this work and their respective single figure values calculated as at 31 December 2023. This methodology was chosen given the complexity of obtaining information from

multiple payrolls and with the variation in working hours and pay and benefit rules. We have used additional pay data and calculation methodologies to minimise the differences in pay definitions between the CEO single total remuneration figure and gender pay reporting data, and agreed these with Alvarez & Marsal, who have been assisting with this work. To ensure the data accurately reflects individuals at the relevant quartiles, we have checked the colleagues immediately above and below.

To calculate the CEO single figure remuneration for 2023 for the purpose of the pay ratio analysis, we have used the aggregated remuneration for the new Chief Executive Officer and the Interim Chief Executive Officer in respective of the periods they worked as the Chief Executive Officer during the year. This includes the aggregated salary, benefits and pension paid to the two individuals for the respective periods and the annual bonus payable to the Interim Chief Executive Officer for the period from December 2022 to November 2023, as set out on page 95. The total pay and benefits of UK colleagues at the 25th, 50th and 75th percentile and the ratios between the Chief Executive Officer and these colleagues are as follows:

Year	Method	25th percentile pay ratio	50th percentile pay ratio	75th percentile pay ratio
2023	Option C	75:1	55:1	33:1
2022	Option C	51:1	38:1	19:1
2021	Option C	80:1	44:1	26:1
2020	Option C	72:1	42:1	28:1
2019	Option C	43:1	23:1	15:1
		25th percentile pay ratio	50th percentile pay ratio	75th percentile pay ratio
Total pay and benefits (FTE)		£21,612	£29,327	£48,941
Total salary (FTE)		£21,164	£26,470	£43,088

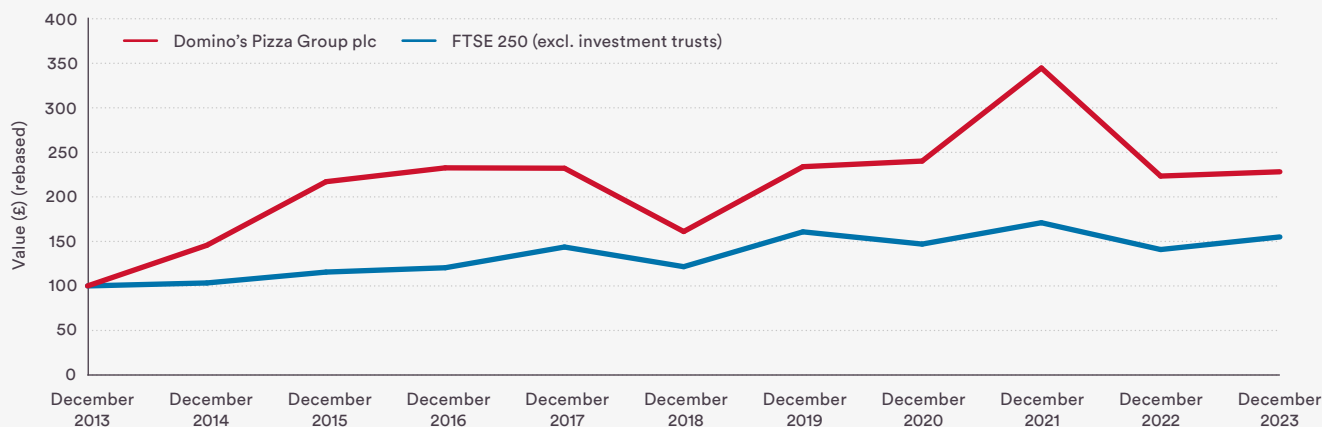
## DIRECTORS' REMUNERATION REPORT CONTINUED

### Total Shareholder Return

The graph below illustrates the Company's TSR performance over the 10 financial years to 31 December 2023, plotted against the TSR performance of the FTSE 250 Index (excluding investment trusts) over the same period.

TSR reflects movements in the share price, adjusted for capital events and assuming all dividends are re-invested on the ex-dividend date. The FTSE 250 Index (excluding investment trusts) has been selected for this comparison because i) this is the index in which the Company's shares have been

quoted since admission to the Official List and ii) it forms the comparator group for the TSR performance condition used in the Group's 2012 LTIP, 2016 LTIP and 2022 LTIP.



This graph shows the value, by 31 December 2023, of £100 invested in Domino's Pizza Group plc on 29 December 2013, compared with the value of £100 invested in the FTSE 250 (excl. investment trusts) Index on the same date. The other points plotted are the values at intervening financial year ends. As 31 December 2023 was a non-trading day, data is shown as at close on 29 December 2023.

## Percentage change in the remuneration of the Board Directors

	2022/2023			2021/2022			2020/2021			2019/2020		
	Salary/fees	Taxable benefits	Annual bonus	Salary/fees	Taxable benefits	Annual bonus	Salary/fees	Taxable benefits	Annual bonus	Salary/fees	Taxable benefits	Annual bonus
<b>Executive Directors</b>												
Andrew Rennie <sup>1</sup>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Elias Diaz Sese <sup>2</sup>	229%	166%	133%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Edward Jamieson <sup>3</sup>	490%	333%	160%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Non-executive Directors</b>												
Matt Shattock	0%	n/a	n/a	0%	n/a	n/a	0%	n/a	n/a	n/a	n/a	n/a
Natalia Barseguyan	5%	n/a	n/a	0%	n/a	n/a	1.5%	n/a	n/a	n/a	n/a	n/a
Ian Bull	8.8%	n/a	n/a	0%	n/a	n/a	(24.2%)	n/a	n/a	45.8%	n/a	n/a
Tracy Corrigan <sup>4</sup>	68%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Stella David	11.1%	n/a	n/a	45.1%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Elias Diaz Sese <sup>5</sup>	(49%)	n/a	n/a	(18.5%)	n/a	n/a	0%	n/a	n/a	30%	n/a	n/a
Lynn Fordham	8.8%	n/a	n/a	0%	n/a	n/a	1.5%	n/a	n/a	n/a	n/a	n/a
Usman Nabi <sup>6</sup>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Group employees average</b>	<b>8.3%</b>	<b>8.45%</b>	<b>35.9%</b>	<b>5.11%</b>	<b>(3.64%)</b>	<b>(16.97%)</b>	<b>5.9%</b>	<b>(1.6%)</b>	<b>4.9%</b>	<b>6.1%</b>	<b>4.1%</b>	<b>119.7%</b>

1. Andrew Rennie was appointed to the Board on 1 August 2023 and was appointed as Chief Executive Officer on 8 August 2023.
2. Elias Diaz Sese was appointed the Interim Chief Executive Officer on 10 October 2022 and ceased to be Interim Chief Executive Officer on 7 August 2023. His 2023 percentage changes are calculated using the 2023 remuneration received as Interim Chief Executive Officer to 7 August 2023, compared with his 2022 remuneration received as Interim Chief Executive Officer from 10 October 2022.
3. Edward Jamieson joined the Board as Chief Financial Officer on 17 October 2022.
4. Tracy Corrigan was appointed to the Board on 5 May 2022.
5. Elias Diaz Sese was an NED until he was appointed the Interim Chief Executive Officer on 10 October 2022. He then became an NED again when he ceased to be Interim Chief Executive Officer on 7 August 2023. His 2023 fees figure was the aggregate amount of NED fees received from 7 August 2023 compared with his 2022 NED fees.
6. Usman Nabi stepped down from the Board on 14 August 2023 but did not receive a Director's fee.

The table above shows the percentage change in salary, benefits and annual bonus for each of the Board Directors who worked part or all of 2023. These are compared with the equivalent year-on-year changes averaged across Group employees and expressed on a per capita basis. As the parent company does not have any employees other than directors, it is not possible to provide a percentage change in their pay and therefore the comparison is to the Group as a whole.

## DIRECTORS' REMUNERATION REPORT CONTINUED

### Relative importance of spend on pay

	2023	2022	% change
Staff costs (£m)	76.9	73.0	5.3%
of which Directors' pay (£m)	3.3	2.4	37.5%
Dividends and share buybacks* (£m)	135.2	121.3	11.5%
Underlying PBT (£m)	101.7	98.9	2.8%

\* Dividends and share buybacks are included on a cash basis.

Underlying PBT was chosen as a comparator as it reflects the profit generated by the Group's continuing operations, virtually the whole of which leads to cash generation. This therefore creates the opportunity for the Board to re-invest in the Group's business, or make distributions to shareholders, or both. It is the same comparator as used in prior years' remuneration reports.

On behalf of the Board

**NATALIA BARSEGIYAN**

**CHAIR OF THE REMUNERATION COMMITTEE**

**11 MARCH 2024**

## DIRECTORS' REPORT

### The Directors have pleasure in presenting the statutory financial statements for the Group for the 53 weeks ended 31 December 2023.

The Company has chosen in accordance with section 414C(11) of the Companies Act 2006 to include the disclosure of likely future developments in the strategic report (on pages 1 to 53), which includes the following:

- Chief Executive Officer's review on pages 8 to 13
- Purpose, vision and values on pages 2 and 3
- Business model on pages 18 and 19
- Strategy on pages 20 to 21
- Market context on pages 16 and 17
- Key performance indicators on pages 22 and 23
- Description of how we engage with our stakeholders and workforce on pages 24 and 25
- Section 172 statement on pages 26 and 27
- Sustainability report (including streamlined energy and carbon reporting) on pages 28 to 37
- Financial review on pages 40 to 45
- Risk management, principal risks and uncertainties and viability statement on pages 46 to 53

Together, this information is intended to provide a fair, balanced and understandable analysis of the development and performance of the Group's business during the year, and its position at the end of the year, its strategy, likely developments and any principal risks and uncertainties associated with the Group's business.

The sections of the Annual Report dealing with corporate governance, the reports of the Nomination & Governance Committee, Audit Committee, and Sustainability Committee, and the Directors' remuneration report set out on pages 56 to 108 inclusive are hereby incorporated by reference into this Directors' report.

For the purposes of compliance with DTR 4.1.5R(2) and DTR 4.1.8R, the required content of the management report can be found in the strategic report and Directors' report including the sections of the Annual Report and Accounts incorporated by reference.

### Group results

The Group's statutory profit for the period was £115.0m (2022: £81.6m). This is after a taxation charge of £27.3m (2022: £17.3m). The financial statements setting out the results of the Group for the 53 weeks ended 31 December 2023 are shown on pages 121 to 185.

### Dividends

The Directors recommend the payment of a final dividend of 7.2p per Ordinary share, to be paid on 9 May 2024 to members on the register at the close of business on 5 April 2024 (ex-dividend date 4 April 2024), subject to shareholder approval. The total dividend in respect of the period will be 10.5p compared with 10.0p for the previous year, an increase of 5%.

### Share capital

As at 31 December 2023, there were 396,404,901 Ordinary shares in issue. All issued Ordinary shares are fully paid-up. The Ordinary shares are listed on the London Stock Exchange and can be held in certificated or uncertificated form.

Holders of Ordinary shares are entitled to attend and speak at general meetings of the Company, to appoint one or more proxies and, if they are corporations, corporate representatives who are entitled to attend general meetings and to exercise voting rights.

On a show of hands at a general meeting of the Company, every holder of Ordinary shares present in person or by proxy and entitled to vote shall have one vote, unless the proxy is appointed by more than one shareholder and has been instructed by one or more shareholders to vote for the resolution and by one or more shareholders to vote against the resolution, in which case the proxy has one vote for and one vote against. This reflects the position in the Shareholders' Rights Regulations 2009 which amended the Companies Act 2006.

On a poll, every member present in person or by proxy and entitled to vote shall have one vote for every Ordinary share held. None of the Ordinary shares carry any special voting rights with regard to control of the Company. The Articles specify deadlines for exercising voting rights and appointing a proxy or proxies to vote in relation to resolutions to be passed at the AGM. The relevant proxy votes are counted and the number for, against or withheld in relation to each resolution are announced at the AGM and published on the Company's website after the meeting.

There are no restrictions on the transfer of Ordinary shares in the Company other than certain restrictions that may be imposed from time to time by the Articles, law or regulation and pursuant to the Listing Rules whereby certain Directors, officers and employees require approval to deal in Ordinary shares of the Company. The Group is not aware of any agreements between holders of securities that may result in restrictions on the transfer of Ordinary shares.

### Shares held by employee share trusts

The Group has had an Employee Benefit Trust ('EBT') for a number of years, the trustee of which is Intertrust Fiduciary Services (Jersey) Limited. As at 31 December 2024, the EBT held 3,938,276 shares, which are used to satisfy awards under employee share schemes. The voting rights in relation to these shares are exercisable by the trustee; however, in accordance with best practice guidance, the trustee abstains from voting.

### Dividend waivers

A dividend waiver is in force in relation to shares in the Company held by the EBT (see previous paragraph), which relates to a total of 3,938,276 shares.

## DIRECTORS' REPORT CONTINUED

### Purchase of own shares

At the 2023 AGM, a special resolution was passed to authorise the Company to make purchases on the London Stock Exchange of up to 10% of its Ordinary shares for the year under review. The Company may engage in share buybacks to create value for shareholders when cash flows permit and there is no immediate alternative investment use for the funds. Shareholders will be requested to renew this authority at the forthcoming AGM, to be held on 1 May 2024.

During the year, the Company made purchases of 26,214,554 Ordinary shares with a nominal value of £136,534.

### Directors and their interests

The Directors in service at 31 December 2023 were Matt Shattock, Andrew Rennie, Ian Bull, Elias Diaz Sese, Edward Jamieson, Natalia Barsegiyan, Tracy Corrigan, Stella David and Lynn Fordham. Usman Nabi served as a Director until 14 August 2023.

The biographical details of the present Directors are set out on pages 54 and 55 of this Annual Report.

The appointment and replacement of Directors is governed by the Articles of the Company, the UK Corporate Governance Code, the Companies Act 2006 and related legislation. Subject to the Articles of Association, the Companies Act 2006 and any directions given by special resolution, the business of the Company is managed by the Board, which may exercise all the powers of the Company.

The interests of Directors and their immediate families in the shares of the Company, along with details of options and awards held by Executive Directors, are contained in the Directors' remuneration report set out on pages 78 to 108. Should any Ordinary shares be required to satisfy awards over shares, these may be provided by the EBT.

There have not been any changes in the interests of the Directors, including share options and awards, in the share capital of the Company between the year end and 11 March 2024. None of the Directors have a beneficial interest in the shares of any subsidiary.

In line with the Companies Act 2006, the Board has clear procedures for Directors to formally disclose any actual or potential conflicts to the whole Board for authorisation as necessary. All new conflicts are required to be disclosed as and when they arise.

### Substantial shareholdings

As at 11 March 2024, the Company had been notified, in accordance with the FCA's Disclosure, Guidance and Transparency Rules (DTR 5.3.1R(1)), of the following holdings of voting rights attaching to the Company's shares:<sup>1</sup>

	Number of shares	% of total voting rights as at 31 December 2023	% of total voting rights as at 11 March 2024
The Capital Group Companies, Inc	56,966,241	14.37%	14.43%
Liontrust Investment Partners LLP	42,218,302	10.65%	10.70%
Browning West LP <sup>2</sup>	45,687,059	11.53%	9.45%
Troy Asset Management Limited	20,441,877	5.16%	5.18%
Southeastern Asset Management	22,962,642	5.79%	5.82%
Abrams Capital Management LP	21,067,912	5.31%	5.34%
Fundsmith LLP	20,891,932	5.27%	5.29%

1. % of total voting rights have been calculated using the current issued share capital of 396,404,901 at 31 December 2023 and 394,742,427 at 11 March 2024.

2. On 26 February 2024, Browning West, LP advised that its interest in the Company's shares had reduced to 37,312,987 shares.



There is an annual review of conflicts disclosed and authorisations given. The register of Directors' conflicts is maintained by the Company Secretary.

### Directors' indemnities

The Directors have the benefit of an indemnity provision contained in the Articles of Association and a Deed of Indemnity entered into on 5 May 2022 (the 'Indemnities'). The Indemnities are qualifying third-party Indemnities (as defined by section 234 of the Companies Act 2006), and were in force during the year ended 31 December 2023 and remain in force and relate to certain losses and liabilities which the Directors may incur to third parties in the course of acting as Directors or employees of the Company.

The Group maintained a Directors' and Officers' liability insurance policy throughout the financial year, although no cover exists in the event that Directors or officers are found to have acted fraudulently or dishonestly. No indemnity is provided for the Group's Auditors.

## Employees

The Group employed 1,630 people as at 31 December 2023 (2022: 1,710).

### Employment policies

The Group is committed to the principle of equal opportunity in employment. The Group recruits and selects applicants for employment based solely on a person's qualifications and suitability for the position, whilst bearing in mind equality and diversity. It is the Group's policy to recruit the most capable person available for each position. The Group recognises the need to treat all employees honestly and fairly.

The Group is committed to ensuring that its employees feel respected and valued and are able to fulfil their potential, and recognises that the success of the business relies on their skill and dedication.

The Group gives full and fair consideration to applications for employment from disabled persons, with regard to their particular aptitudes and abilities. Efforts are made to continue the employment of those who become disabled during their employment.

For more information on the Company's employment practices, please see page 28.

## Anti-corruption and bribery matters

### Anti-bribery and corruption

Our Anti-Bribery and Corruption Policy is shared with all new suppliers and those undergoing a contract review. If any supplier were to act in contravention of the standards of this policy, their contracts with Domino's could be terminated immediately. We also have a separate Due Diligence Policy within the Anti-Bribery and Corruption Policy that we use to assess the potential risk of bribery in a new supplier, and the level of due diligence required as a result. We have mandatory training on compliance with our Anti-Bribery and Corruption Policy.

## Speak Up

Our Speak Up Policy encourages colleagues and third parties to report any genuine concerns regarding ethical misconduct and malpractice. It also emphasises the Company's zero-tolerance approach to detrimental treatment against anyone who does raise concerns. We remain committed to conducting business in an environment of openness and transparency with integrity engrained in everything we do. No reports relevant to the Speak Up Policy were received in 2023.

We continue to provide access to an independent, confidential reporting hotline available 24 hours, 7 days a week to ensure that any matters of ethical concern receive an independent investigation and appropriate follow-up action.

## General information

### Annual General Meeting

The notice convening the AGM is contained in a separate shareholder circular. The 2024 AGM is scheduled to be held at 10:00 am on 1 May 2024 at etc. venues St. Pauls, 200 Aldersgate, London, EC1A 4HD. Full details of the meeting venue will be included in the 2024 AGM circular and will be available on our website <https://investors.dominos.co.uk>. Any updates to the position will be communicated via a regulatory news service and published on the Company's website.

Full details of all resolutions to be proposed are provided in that document. The Directors consider that all of the resolutions set out in the Notice of AGM are in the best interests of the Company and its shareholders as a whole. The Directors will be voting in favour of them and unanimously recommend that shareholders vote in favour of each of them.

## DIRECTORS' REPORT CONTINUED

### Significant agreements and change of control provisions

The Group judges that the only significant agreements in relation to its business are the UK & Ireland Master Franchise Agreement, the Know How Licence pursuant to which certain of the Group's companies are granted the right to franchise stores and operate commissaries in the territories by Domino's Pizza International Franchising Inc ('DPI').

The Group does not have agreements with any Director or employee that would provide compensation for loss of office or employment resulting from a takeover except that provisions of the Group's employee share schemes may cause options and awards granted to employees, including Directors, to vest on a change of control. The Group's banking arrangements do contain change of control provisions which, if triggered, could limit future utilisations, require the repayment of existing utilisations or lead to a renegotiation of terms.

### Articles of Association

No changes to the Company's Articles of Association have been made since 5 April 2021 where a special resolution was passed to allow for online voting at general meetings. The Company's Articles of Association may only be amended by a special resolution of the shareholders in a general meeting.

### Political donations

The Company made no political donations in the year (2022: £nil).

### Key performance indicators ('KPIs')

Details of the Group's KPIs can be found on pages 22 and 23.

### Auditors

PwC has signified its willingness to continue in office as Auditors to the Company. The Group is satisfied that PwC is independent and there are adequate safeguards in place to protect its objectivity. A resolution to reappoint PwC as the Company's Auditors will be proposed at the 2024 AGM.

### Directors' statement of disclosure of information to Auditors

Having made the requisite enquiries, the Directors in office at the date of this Annual Report and Accounts have each confirmed that, so far as they are aware, there is no relevant audit information of which the Group's Auditors is unaware and each Director has taken all the steps they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Group's Auditors is aware of that information.

### Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the strategic report on pages 1 to 53. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are described in the Financial review on pages 40 to 45.

In addition, notes 24 and 25 to the Group financial statements include the Company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and have therefore continued to adopt the going concern basis in preparing the financial statements. Details of this assessment can be found in note 2 of the financial statements.

### Cautionary statement

This Annual Report and Accounts contains forward-looking statements. These forward-looking statements are not guarantees of future performance; rather, they are based on current views and assumptions as at the date of this Annual Report and Accounts and are made by the Directors in good faith based on the information available to them at the time of their approval of this report.

These statements should be treated with caution due to the inherent risks and uncertainties underlying any such forward-looking information. The Group undertakes no obligation to update these forward-looking statements.

By order of the Board

**ADRIAN BUSHNELL**

**COMPANY SECRETARY**  
**11 MARCH 2024**

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

### Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and Accounts and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions, and disclose with reasonable accuracy at any time the financial position of the Group and Company, and enable them to ensure that the financial statements and the Directors' remuneration report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### Directors' confirmations

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed on page 116 confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company; and

- the Strategic report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

Signed on behalf of the Board

**ANDREW RENNIE**

**CHIEF EXECUTIVE OFFICER**  
**11 MARCH 2024**

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DOMINO'S PIZZA GROUP PLC

## Report on the audit of the financial statements

### Opinion

In our opinion:

- Domino's Pizza Group plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2023 and of the group's profit and the group's cash flows for the 53 week period then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the Group and Company balance sheets as at 31 December 2023; the Group income statement, the Group statement of comprehensive income, the Group cash flow statement and the Group and Company statements of changes in equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section

of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 5, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

### Our audit approach

#### Context

There were no significant changes to the Group's underlying operations during the year, except for the disposal of the Group's investment in Daytona JV Limited ('Daytona'), which generated a profit on disposal of £40.6m. The business has been impacted in the current year by the high inflationary environment and the associated impact on consumer spending but continues to be cash generative. Application of the Group's capital allocation framework has resulted in distributions to shareholders in the form of dividends and share buybacks increasing the overall gearing of the Group. There are no changes to our key audit matters this year.

#### Overview

##### Audit scope

- Audit of the complete financial information of two components, and specified procedures over five components that form the operations of the Group. This work was conducted by the PwC Group team.
- In addition to the work performed over the components outlined above, the PwC Group team also performed audit procedures for transactions and balances that arose as part of the Group's consolidation process.

This included the profit on disposal of the Daytona investment, the investments in joint ventures and associates, the impairment review of goodwill and intangible assets, IFRS 16 accounting, taxation and the Group's elimination and consolidation entries.

- Audit coverage from full scope audits was obtained over 79% of Group revenue.

##### Key audit matters

- Risk of impairment of goodwill of the UK corporate stores CGU (group)
- Risk of impairment of intercompany receivables (company)

##### Materiality

- Overall group materiality: £5.1m (2022: £4.9m) based on 5% of underlying profit before tax.
- Overall company materiality: £9.2m (2022: £4.6m) based on 1% of total assets.
- Performance materiality: £3.8m (2022: £3.7m) (group) and £6.9m (2022: £3.5m) (company).

### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

### Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
<p><b>Risk of impairment of goodwill of the UK corporate stores CGU (group)</b></p> <p>Refer to the Accounting policies set out in note 2 and note 13 of the Group financial statements.</p> <p>Goodwill relating to the UK corporate store estate has a carrying value of £11.7m as at 31 December 2023. In line with IAS 36 'Impairment of Assets' management is required to assess the goodwill balance annually for impairment.</p> <p>Management prepared a value in use discounted cash flow model to assess the risk of impairment and concluded that no impairment is required. The key assumptions are the discount rate, long term growth rate, revenue growth, food and labour costs.</p> <p>We focused on this area, as the estimation of future discounted cash flows is inherently subjective and involves judgement, including the assessment of the potential impact of climate change. As a result, this assessment is also susceptible to management bias.</p>	<p>As part of our audit of management's impairment assessment and underlying discounted cash flow model:</p> <ul style="list-style-type: none"> <li>- we assessed the control procedures that relate to the preparation, review and approval of the impairment assessment;</li> <li>- we challenged management on their determination of cash generating units (CGUs) and concurred that this is the level at which goodwill is monitored;</li> <li>- we obtained the impairment analysis prepared by management and tested the technical and arithmetic accuracy to ensure that it had been prepared in line with the guidance provided in IAS 36;</li> <li>- we used internal valuation experts to determine whether management's discount rate was appropriate and we concluded it was within an acceptable range;</li> <li>- we used internal valuation experts to determine if the long-term growth rate was appropriate and concluded this was reasonable;</li> <li>- we challenged the basis for the short-term forecasts used in the model. This included, but was not limited to: <ul style="list-style-type: none"> <li>- agreeing that corporate store forecasts have been accurately extracted from the Board approved plans;</li> <li>- validating the revenue growth rates with reference to the historical growth rate of corporate stores, and third party evidence of expected growth in the fast food restaurant industry;</li> <li>- challenging management on the food and labour cost inflation assumption, which we validated against external data sources;</li> <li>- assessing the food inflation assumption that these increased costs would be passed through via menu pricing by assessing historical outcomes;</li> <li>- agreeing central cost allocations to prior year actuals and understanding the rationale for any changes;</li> <li>- challenging management on capital expenditure assumptions over the next 5 years and into perpetuity;</li> <li>- reviewing management's historical accuracy of forecasting; and</li> </ul> </li> <li>- obtaining management's paper on the assessment of climate change risk impacting the corporate stores and the potential cost impact. Management's paper identified potential costs that have not been factored into the model that represent their view of the worst case scenario impact to costs. Management demonstrated that these would have an immaterial impact to the headroom if they were included. We obtained supporting evidence on the estimation of these costs and concluded that inclusion of these would not significantly alter the cash flows. We validated the sensitivity of the model, by including these costs and confirming they did not have a material impact to headroom. We challenged the completeness of these costs from our wider knowledge of the operations and expectations for a business in this industry, confirming no other significant areas of exposure.</li> <li>- we reperformed management's sensitivities to verify the disclosure is accurate and we performed additional sensitivity analysis, including reducing cash inflows, to understand the impact that reasonably possible changes could have;</li> <li>- we compared the recoverable amount to other recent transactions to assess the extent to which any contradictory evidence existed;</li> <li>- we assessed the adequacy of the disclosures made in the financial statements.</li> </ul> <p>After our challenges were addressed we concurred with management's assessment that no impairment was required. We ensured that appropriate disclosures on the key assumptions, and their sensitivities, have been provided as is required under IAS 36.</p>

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DOMINO'S PIZZA GROUP PLC CONTINUED

Key audit matter	How our audit addressed the key audit matter
<p><b>Risk of impairment of intercompany receivables (company)</b></p> <p>Refer to notes 2 and 4 of the Company financial statements.</p> <p>In the period ended 27 December 2020 a £1,100m dividend was received by the Company from its direct subsidiary, DPG Holdings Limited with a corresponding increase to the loan receivable balance. The receivable balance continues to be repaid gradually by the subsidiary and remains the largest single balance in the Company's accounts and so has been the principal focus of our audit effort in the current year.</p> <p>Any potential impairment expected credit loss on the loan receivable could be material to the Company. This assessment is based on estimated future cash flows which are uncertain and are susceptible to management bias.</p>	<p>In order to address the identified risk;</p> <ul style="list-style-type: none"> <li>- we obtained management's expected credit loss assessment which considered the accounting for the loan, the market value of the Group and the forecast cash flows (based on the Board approved plan);</li> <li>- we compared the cash flows in the paper to those audited as part of the going concern and viability assessment and confirmed they were aligned;</li> <li>- we audited the recoverability of the balance under IFRS 9 impairment requirements for inter-company loans. We looked at the recovery strategy indicated in management's paper confirming that the Company would fully recover the outstanding balance of the loan. We have considered the strategies available to the Company to receive payment and agree there is no impairment loss to recognise;</li> <li>- we assessed the adequacy of the disclosures made in the financial statements.</li> </ul> <p>We found no exceptions as a result of our testing and the balances recognised are considered materially appropriate.</p>

## How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The Group is structured according to the legal entity structure which is broadly reflective of the nature of business activity, for example franchisor activities, corporate stores, property and centralised functions. In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed for each reporting component. We determined that there was one financially significant component: Domino's Pizza UK & Ireland Limited. Accordingly, we determined that this component, as well as Domino's Pizza Group plc parent company, required a full audit of their complete financial information in order to ensure that sufficient appropriate audit evidence was obtained. We also identified certain large or material balances in other components where specified audit procedures were performed. These included: revenues recorded in Sheermans Limited, revenues and expenses relating to the National Advertising Fund and other balance sheet line items in DPG Holdings Limited, DP Pizza Limited, DP Realty Limited and National Advertising Fund.

All audit work was performed by the Group audit team. The Group consolidation, financial statement disclosures and a number of centralised functions were audited by the Group audit team. These included, but were not limited to, central procedures over corporate taxation, IFRS 16 accounting, investment disposals, goodwill and intangible asset impairment assessments, and the additions to intangible software assets. We also performed Group level analytical procedures on all of the remaining out of scope reporting components to identify whether any further audit evidence was needed, which resulted in no extra testing. Our audit work resulted in coverage over 95% of Group revenues.

## The impact of climate risk on our audit

Climate change risk is expected to have an impact on the food industry. As explained in the Sustainability section of the Strategic report, the Group is mindful of its impact on the environment and focussed on ways to reduce climate related impacts as they continue to develop their plans towards their Net Zero pathway to 2050. In planning and executing our audit we considered the Group's climate risk assessment process. The key financial statement line items and estimates which are more likely to be materially impacted by climate risks are those associated with future cash flows, given the more notable impacts of climate change on the business are expected to arise in the medium to long term. The Board monitors the impact of climate change risk and opportunities on the Group's strategy and business model. It considers the impact over the short term (1-3 years), medium term (4-10 years) and long term (10 years plus). This includes the impairment assessment of goodwill for Corporate Stores and our related key audit matter further explains how we assessed the impact of climate change.

Whilst the Group is targeting net zero carbon emissions by 2050, they are continuing to work on their pathway towards this and set targets to reduce their scope 1, scope 2 and scope 3 emissions. The Group continues to undertake scenario analysis in the current period under three different possible climate scenarios, being temperature rises above pre-industrial levels of 1.5°C, 2°C and 3°C. We discussed with management and the Audit Committee that the estimated financial impacts of climate change will need to be frequently reassessed. The current scenario analysis is qualitative in nature and our expectation is that the climate change disclosures will continue to evolve as a greater understanding of the actual and potential financial impacts on the Group's future operations are obtained. Our procedures did not identify any material impact as a result of climate risk on the Group's and Company's financial statements.

## Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – group	Financial statements – company
<b>Overall materiality</b>	£5.1m (2022: £4.9m).	£9.2m (2022: £4.6m).
<b>How we determined it</b>	5% of underlying profit before tax	1% of total assets
<b>Rationale for benchmark applied</b>	Underlying profit before tax is a key measure used by stakeholders in assessing the performance of the Group, and is a generally accepted auditing benchmark.	Total assets is an appropriate benchmark for a non-trading company.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £0.8m and £4.5m. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to £3.8m (2022: £3.7m) for the group financial statements and £6.9m (2022: £3.5m) for the company financial statements.

As a full scope component for the group financial statements, certain balances and disclosures in the Company financial statements have been audited to the lower group allocated overall materiality of £4.5m. The comparative company overall materiality of £4.6m reflects the group allocated materiality in the prior period.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £0.25m (group audit) (2022: £0.25) and £0.46m (company audit) (2022: £0.23m) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DOMINO'S PIZZA GROUP PLC CONTINUED

## Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- We obtained management's paper that supports the Board's assessment and conclusions with respect to the disclosures provided around going concern;
- We discussed with management the assumptions applied in the going concern assessment so we could understand and challenge the rationale for those assumptions, using our knowledge of the business;
- We reviewed post year end trading results to February 2024, and compared to management's budget, and considered the impact of these actual results on the future forecasts;
- We reviewed management's sensitivity scenarios including their severe but plausible downside. This includes potential mitigating actions available to the Group that are achievable and within management's control. We have assessed additional downside sensitivities and considered the impact on covenants and liquidity headroom;
- We confirmed the levels of liquidity available to the Group and assessed this under the different scenarios and the associated covenant tests applicable; and
- We have assessed the disclosures and consider them appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

## Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the period ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

## Directors' Remuneration

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

## Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:



- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group and company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

### **Responsibilities for the financial statements and the audit**

#### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company'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 the company or to cease operations, or have no realistic alternative but to do so.

### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to food safety regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Listing Rules, the Companies Act 2006 and tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inappropriate journal entries, either in the underlying books and records or as part of the consolidation process, and management bias in accounting estimates. Audit procedures performed by the engagement team included:

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DOMINO'S PIZZA GROUP PLC CONTINUED

- Discussions with the directors, internal audit and the Group's legal team, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Challenging assumptions and judgements made by management in its significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We focused on the risk of impairment of goodwill of the corporate stores CGU (see related key audit matter above);
- We also specifically assessed the provisions held in respect of reversionary shares, valuation of intercompany receivable in the Company, the valuation of the Shorecal investment, the valuation assessment of goodwill for UK corporate stores, the accounting for costs incurred on significant IT projects and recoverability of the group's investment in the associate Victa DP Limited. As part of these assessments we considered the existence of management bias and performed look back assessments of the accuracy of prior year estimates;
- Consideration of recent correspondence with the tax authorities;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- Testing all material consolidation adjustments to ensure these were appropriate in nature and magnitude.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

### Other required reporting

#### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or

- the company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

### Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 18 April 2019 to audit the financial statements for the year ended 29 December 2019 and subsequent financial periods. The period of total uninterrupted engagement is five years, covering the years ended 29 December 2019 to 31 December 2023.

### Other matter

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

## SARAH PHILLIPS

(SENIOR STATUTORY AUDITOR)

for and on behalf of  
PricewaterhouseCoopers LLP

Chartered Accountants and  
Statutory Auditors

Birmingham

11 March 2024

## GROUP INCOME STATEMENT

### 53 WEEKS ENDED 31 DECEMBER 2023

	Note	53 weeks ended 31 December 2023 £m			52 weeks ended 25 December 2022 £m		
		Underlying	Non-underlying*	Total	Underlying	Non-underlying*	Total
Revenue	3	679.8	-	679.8	600.3	-	600.3
Cost of sales		(363.6)	-	(363.6)	(326.8)	-	(326.8)
<b>Gross profit</b>		<b>316.2</b>	<b>-</b>	<b>316.2</b>	<b>273.5</b>	<b>-</b>	<b>273.5</b>
Distribution costs		(42.6)	-	(42.6)	(39.5)	-	(39.5)
Administrative costs		(161.7)	-	(161.7)	(131.8)	-	(131.8)
Share of post-tax profit of associates and joint ventures	17	2.0	-	2.0	6.6	-	6.6
Other income		2.3	40.6	42.9	1.0	-	1.0
<b>Profit before interest and taxation</b>	4	<b>116.2</b>	<b>40.6</b>	<b>156.8</b>	<b>109.8</b>	<b>-</b>	<b>109.8</b>
Finance income	8	13.7	-	13.7	13.1	-	13.1
Finance costs	9	(28.2)	-	(28.2)	(24.0)	-	(24.0)
<b>Profit before taxation</b>		<b>101.7</b>	<b>40.6</b>	<b>142.3</b>	<b>98.9</b>	<b>-</b>	<b>98.9</b>
Taxation	10	(26.0)	(1.3)	(27.3)	(17.3)	-	(17.3)
<b>Profit for the period</b>		<b>75.7</b>	<b>39.3</b>	<b>115.0</b>	<b>81.6</b>	<b>-</b>	<b>81.6</b>
<b>Earnings per share</b>							
- Basic (pence)	11	18.4		28.0	18.8		18.8
- Diluted (pence)	11	18.4		27.9	18.7		18.7

\* Non-underlying items are disclosed in note 6.

The notes on pages 128 to 176 are an integral part of these consolidated financial statements.

## GROUP STATEMENT OF COMPREHENSIVE INCOME

### 53 WEEKS ENDED 31 DECEMBER 2023

	Note	53 weeks ended 31 December 2023 £m	52 weeks ended 25 December 2022 £m
<b>Profit for the period</b>		<b>115.0</b>	<b>81.6</b>
<b>Other comprehensive (expense)/income:</b>			
Items that may be subsequently reclassified to profit or loss:			
- Exchange (loss)/gain on retranslation of foreign operations		(0.6)	1.5
- Transferred to income statement on disposal	27	(2.5)	-
Other comprehensive (expense)/income for the period, net of tax		(3.1)	1.5
<b>Total comprehensive income for the period</b>		<b>111.9</b>	<b>83.1</b>

The notes on pages 128 to 176 are an integral part of these consolidated financial statements.

## GROUP BALANCE SHEET AT 31 DECEMBER 2023

	Note	At 31 December 2023 £m	At 25 December 2022 £m
<b>Non-current assets</b>			
Intangible assets	13	28.8	30.0
Property, plant and equipment	14	97.6	96.5
Right-of-use assets	15	19.3	21.3
Lease receivables	15	192.9	185.6
Trade and other receivables	16	3.7	3.4
Investments	25	10.3	11.3
Investments in associates and joint ventures	17	25.2	25.4
		<b>377.8</b>	<b>373.5</b>
<b>Current assets</b>			
Lease receivables	15	15.8	14.4
Inventories	18	11.4	11.6
Trade and other receivables	16	51.6	55.9
Deferred consideration receivable	22	0.3	0.3
Current tax assets		3.5	1.7
Cash and cash equivalents	19	52.1	30.4
Assets held for sale	28	-	32.9
		<b>134.7</b>	<b>147.2</b>
<b>Total assets</b>		<b>512.5</b>	<b>520.7</b>
<b>Current liabilities</b>			
Lease liabilities	15	(21.1)	(20.0)
Trade and other payables	20	(111.4)	(98.6)
Current tax liabilities		(2.8)	-
Provisions	23	(2.0)	(1.0)
Financial liabilities - share buyback obligation	21	(6.1)	(8.9)
		<b>(143.4)</b>	<b>(128.5)</b>
<b>Non-current liabilities</b>			
Lease liabilities	15	(209.2)	(203.4)
Trade and other payables	20	(0.2)	(0.2)
Financial liabilities	21	(284.9)	(283.7)
Deferred tax liabilities	10	(7.0)	(3.4)
Provisions	23	(1.8)	(14.3)
		<b>(503.1)</b>	<b>(505.0)</b>
<b>Total liabilities</b>		<b>(646.5)</b>	<b>(633.5)</b>
<b>Net liabilities</b>		<b>(134.0)</b>	<b>(112.8)</b>

## GROUP BALANCE SHEET AT 31 DECEMBER 2023 CONTINUED

	Note	At 31 December 2023 £m	At 25 December 2022 £m
<b>Shareholders' equity</b>			
Called up share capital	26	2.1	2.2
Share premium account		49.6	49.6
Capital redemption reserve		0.5	0.5
Capital reserve – own shares		(12.5)	(9.0)
Currency translation reserve		(2.6)	0.5
Accumulated losses		(171.1)	(156.6)
<b>Total equity</b>		<b>(134.0)</b>	<b>(112.8)</b>

The notes on pages 128 to 176 are an integral part of these consolidated financial statements. The financial statements were approved by the Directors on 11 March 2024 and signed on their behalf by:

**ANDREW RENNIE**

**DIRECTOR  
11 MARCH 2024**

Registered number: 03853545

## GROUP STATEMENT OF CHANGES IN EQUITY

### 53 WEEKS ENDED 31 DECEMBER 2023

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Capital reserve – own shares £m	Currency translation reserve £m	Accumulated losses £m	Total shareholders' equity £m
<b>At 26 December 2021</b>	2.3	49.6	0.5	(4.6)	(1.0)	(105.4)	(58.6)
Profit for the period	-	-	-	-	-	81.6	81.6
Other comprehensive income – exchange differences	-	-	-	-	1.5	-	1.5
<b>Total comprehensive income for the period</b>	-	-	-	-	1.5	81.6	83.1
Proceeds from share issues	-	-	-	1.6	-	-	1.6
Impairment of share issues <sup>1</sup>	-	-	-	3.0	-	(3.0)	-
Share buybacks	(0.1)	-	-	(9.0)	-	(77.5)	(86.6)
Share buyback obligations outstanding	-	-	-	-	-	(8.9)	(8.9)
Share options and LTIP charge	-	-	-	-	-	1.2	1.2
Tax on employee share options	-	-	-	-	-	(0.8)	(0.8)
Equity dividends paid	-	-	-	-	-	(43.8)	(43.8)
<b>At 25 December 2022</b>	2.2	49.6	0.5	(9.0)	0.5	(156.6)	(112.8)
Profit for the period	-	-	-	-	-	115.0	115.0
Other comprehensive expense – exchange differences	-	-	-	-	(0.6)	-	(0.6)
Transferred to income statement on disposal	-	-	-	-	(2.5)	-	(2.5)
<b>Total comprehensive income for the period</b>	-	-	-	-	(3.1)	115.0	111.9
Proceeds from share issues	-	-	-	0.5	-	-	0.5
Impairment of share issues <sup>1</sup>	-	-	-	1.0	-	(1.0)	-
Share buybacks	(0.1)	-	-	(5.0)	-	(93.2)	(98.3)
Share buyback obligations satisfied	-	-	-	-	-	8.9	8.9
Share buyback obligations outstanding	-	-	-	-	-	(6.1)	(6.1)
Share options and LTIP charge	-	-	-	-	-	3.8	3.8
Tax on employee share options	-	-	-	-	-	-	-
Equity dividends paid	-	-	-	-	-	(41.9)	(41.9)
<b>At 31 December 2023</b>	2.1	49.6	0.5	(12.5)	(2.6)	(171.1)	(134.0)

1 Impairment of share issues represents the difference between share allotments made pursuant to the Sharesave schemes and the Long Term Incentive Plan (note 29), and the original cost at which the shares were acquired as treasury shares into Capital reserve – own shares.

The notes on pages 128 to 176 are an integral part of these consolidated financial statements.

## GROUP CASH FLOW STATEMENT

### 53 WEEKS ENDED 31 DECEMBER 2023

	Note	53 weeks ended 31 December 2023 £m	52 weeks ended 25 December 2022* £m
<b>Cash flows from operating activities</b>			
Profit before interest and taxation	3	156.8	109.8
Amortisation and depreciation	4	21.9	18.7
Impairment	4	-	1.6
Profit on disposal of PPE	14	(2.3)	-
Share of post-tax profits of associates and joint ventures	17	(2.0)	(6.6)
Profit on disposal of subsidiary	27	-	(2.1)
Profit on disposal of associate investment	27	(40.6)	-
Net gain on financial instruments at fair value through profit or loss		-	(1.0)
Decrease in provisions		(11.4)	(0.3)
Share option and LTIP charge	29	3.8	1.2
Decrease/(increase) in inventories		0.2	(0.6)
Increase in receivables		(5.2)	(13.3)
Increase/(decrease) in payables		15.2	(3.6)
<b>Cash generated from operations</b>		<b>136.4</b>	<b>103.8</b>
Corporation tax paid		(22.9)	(18.7)
<b>Net cash generated by operating activities</b>		<b>113.5</b>	<b>85.1</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(9.8)	(10.5)
Purchase of intangible assets		(11.0)	(9.2)
Proceeds from sale of PPE		4.4	-
Net consideration received on disposal of subsidiaries		-	3.7
Consideration received on disposal of associate investment	27	70.6	-
Consideration received on disposal of joint ventures		-	3.3
Receipt from other financial assets		-	8.6
Receipt of principal element on lease receivables	15	15.0	14.3
Receipt of interest element on lease receivables	15	12.6	12.4
Interest received		0.6	0.1
Other	30	12.3	6.8
<b>Net cash generated by investing activities</b>		<b>94.7</b>	<b>29.5</b>
<b>Cash inflow before financing</b>		<b>208.2</b>	<b>114.6</b>
<b>Cash flows from financing activities</b>			
Interest paid		(13.7)	(4.9)
Share purchases	30	(98.3)	(86.5)



	Note	53 weeks ended 31 December 2023 £m	52 weeks ended 25 December 2022* £m
Consideration received on exercise of share options – employee benefit trust		0.5	1.6
New bank loans and facilities draw down		113.0	365.8
Facility arrangement fees		-	(3.2)
Repayment of borrowings		(112.2)	(323.4)
Repayment of principal element on lease liabilities	15	(20.1)	(19.3)
Repayment of interest element on lease liabilities	15	(13.8)	(13.7)
Equity dividends paid	12	(41.9)	(43.8)
<b>Net cash used by financing activities</b>		<b>(186.5)</b>	<b>(127.4)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>21.7</b>	<b>(12.8)</b>
Cash and cash equivalents at beginning of period		30.4	42.8
Foreign exchange (loss)/gain on cash and cash equivalents		-	0.4
<b>Cash and cash equivalents at end of period</b>		<b>52.1</b>	<b>30.4</b>

The cash flow statement has been prepared on a consolidated basis. The notes on pages 128 to 176 are an integral part of these consolidated financial statements.

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

# NOTES TO THE GROUP FINANCIAL STATEMENTS

## 53 WEEKS ENDED 31 DECEMBER 2023

### 1. Authorisation of financial statements and statement of compliance with IFRS

The financial statements of the Group for the 53 weeks ended 31 December 2023 were authorised for issue by the Board of Directors on 11 March 2024 and the balance sheet was signed on the Board's behalf by Andrew Rennie. 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 (LSE).

The Group's financial statements have been prepared in accordance with UK-adopted international accounting standards, as they apply to the financial statements of the Group for the 53 week period ended 31 December 2023, and applied in accordance with the Companies Act 2006.

As permitted by section 408 of the Companies Act 2006, the income statement and the statement of comprehensive income of the Parent Company have not been separately presented in these financial statements.

When referring to the 53 weeks ended 31 December 2023, 'year' and 'period' are used interchangeably.

The principal accounting policies adopted by the Group are set out in note 2.

### 2. Accounting policies

#### a) Basis of preparation

The material accounting policies which follow set out those policies which apply in preparing the financial statements for the 53 weeks ended 31 December 2023. These accounting policies have been applied consistently, other than where new policies have been adopted.

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

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

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

The Group operates the Domino's brand in the UK and Ireland. A Master Franchise Agreement is in place with Domino's Pizza International Inc. The Group remains in material compliance with requirements and targets under this agreement.

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

The overall performance of the Group has been strong throughout the year in the UK and Ireland, with continued system sales growth. Sales growth is primarily driven by increases in food costs which have been passed through to our franchisees. Benefits from sales growth have been offset with interest charges due to the impact of the debt refinancing in 2022 and the increase in the effective tax rate as a result of the increase in the UK Statutory rate to 25%.

In line with the capital distribution policy, the Group has distributed excess cash to shareholders during the period which has resulted in an increased net liability position of the Group on a consolidated basis, which has increased to £134.0m from £112.8m.

The Directors of the Group have considered the future position based on current trading and a number of potential downside scenarios which may occur, either through reduced consumer spending, reduced store growth, supply chain disruptions, general economic uncertainty and other risks, in line with the analysis performed for the viability statement as outlined in the Directors' report page 109.

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

The Group has a £200m multi-currency syndicated revolving credit facility entered into on 27 July 2022 and £200m private placement loan notes entered into on 27 July 2022, which expire in 2027. The Group has a net debt position of £232.8m. The facility has leverage and interest cover covenants, with which the Group have complied, as set out in note 24.

The scenarios modelled are based on our current forecast projections, including any acquisitions and disposals where cash inflows or outflows are certain. In the first scenario have taken account of the following risks:

- A downside impact of economic uncertainty and other sales-related risks over the forecast period, reflected in sales performance, with a c.5.0% reduction in LFL system sales compared to budget.
- The impact of a reduction of new store openings to half of their forecast level.
- A further reduction of between 2.5%-3.0% in sales to account for the potential impact of the public health debate.
- Future potential disruptions to supply chain through loss of one of our supply chain centres impacting our ability to supply stores for a period of two weeks.
- Additional costs as a result of increase in utility costs.
- The impact of a temporary loss of availability of our eCommerce platform for 24 hours during peak trading periods.
- A significant unexpected increase in the impact of climate change on our delivery costs.

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

- A disruption to one of our key suppliers impacting our supply chain over a period of four weeks whilst alternative sourcing is secured.
- The impact of fines from a potential data breach in 2025.

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

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

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

Reverse stress testing has been performed separately based on our main profitability driver, system sales, which is a materially worse scenario than the combinations described in the scenarios above. This test concluded that the Group's currently agreed covenants could only be breached if a highly unlikely combination of scenarios resulted in a material annual reduction in system sales greater than 24%, which is not considered plausible.

## b) Judgements

The following judgements have had the most significant effect on amounts recognised in the financial statements:

### Treatment of National Advertising Fund

- Stores within the Domino's Pizza system contribute into a National Advertising Fund ('NAF') and eCommerce fund (together 'the Funds') designed to build store sales through increased public recognition of the Domino's brand and the development of the eCommerce platform. The Funds are managed with the objective of driving revenues for the stores and are planned to operate at break-even with any surplus or deficit carried in the Group balance sheet (for details please see note 20);
- whilst commercially and through past practice, the use of the Funds are directed by franchisees through the operation of the Marketing Advisory Committee ('MAC'), the terms of the Standard Franchise Agreement ('SFA') allow the Group to control the Funds. The Group monitors and communicates the assets and liabilities on a separate basis; however, from a legal perspective, under the franchise agreement these assets and liabilities are not legally separated;

- as a result, for the purposes of accounting, we consider that we are principal over the operation of the Funds. For this reason, contributions by franchisees into the Funds are treated as revenue, and expenses which are incurred under the Funds are treated as administrative expenses by the Group. Revenue is recognised to the extent of costs incurred during the period.
- This results in an increase to statutory revenue and administrative expenses of the Group. Revenue and cost of sales related to intercompany transactions from our corporate stores in the UK are eliminated in the Group result; and
- the Funds are presented on a net basis in the balance sheet. The presentation of the Funds on this basis represents substance over legal form of the Funds and the cash flows relating to the Funds are included within 'Cash generated from operations' in the Group statement of cash flows due to the close interrelationship between the Funds and the trading operations of the Group.

### Non-underlying items

- Judgement is required to determine that items are suitably classified as non-underlying and the values assigned are appropriate (as included in our non-GAAP performance measures policy). Non-underlying items relate to significant, in nature or amount, one-off costs, significant impairments of assets, together with fair value movements and other costs associated with acquisitions or disposals. These items have been considered by management to meet the definition of non-underlying items as defined by our accounting policy and are therefore shown separately within the financial statements. For details see note 6.

### Treatment of head leases and sub leases

- As set out in note 2(j), the Group holds both a head lease with the landlord, and a sub lease with a franchisee, for the majority of Domino's sites in the UK and Ireland. This results in a lease receivable for the Group as lessor and a lease liability for the Group as lessee, with interest income and expense recognised separately. In the majority of cases, terms agreed with landlords are mirrored in terms agreed with franchisees in a 'back to back' sub-lease arrangement, but in certain cases, the terms of sub-leases with franchisees do not mirror the head-lease with landlords. The same accounting treatment is applied where the current sub-lease does not cover substantially all of the right-of-use head-lease, if management judges that it is reasonably certain the sub-lease will be renewed to cover substantially all of the right-of-use head-lease. The contractual extension periods are within the SFA which each of the stores enters into, which relates solely to the property address. As the sub-lease and the SFA are entered into at the same time, the contracts have been linked for the purposes of assessing extension periods. This is considered a significant judgement as if the lease terms were not considered extended on the sub lease, the classification of the sub lease would be treated as an operating lease under IFRS 16 and therefore would alter the classification of amounts recognised under the lease.

# NOTES TO THE GROUP FINANCIAL STATEMENTS

## 53 WEEKS ENDED 31 DECEMBER 2023 CONTINUED

### 2. Accounting policies continued

#### Historical share-based compensation arrangements

- Certain of the Group's historical share-based compensation arrangements with grant dates dating from 2003-2010 involve a degree of estimation and judgement in respect of their employment tax treatment. HMRC issued protective assessments in respect of potential employment tax relating to these historical schemes, but the Group received advice from its tax advisors reconfirming the support for the non-taxable accounting treatment. During 2017, the Group updated its legal advice following recent decisions by the Supreme Court concerning the taxation of historical remuneration structures. This was received in January 2018. As a result of this advice, which includes estimates of the Group's potential employment tax liabilities, a provision was initially recorded in the financial statements for the 53 weeks ended 31 December 2017 amounting to £11.0m, comprising £2.6m employers' national insurance contributions ('NIC'), and £8.4m employees' NIC and PAYE, including interest.
- An additional £2.0m provision was recorded in the year ended 26 December 2021 for additional potential tax liabilities following further correspondence with HMRC around the tax treatment of options with vesting dates from 2012 through 2014, which comprised of an additional £1.5m relating to employees' NIC and PAYE and £0.5m employers' national insurance contributions.
- During the current period £11.9m was paid in relation to the provision made for the compensation arrangements with grant dates dating from 2003-2010. Subsequent to the balance sheet date, the remaining liability for the options with vesting dates from 2012 to 2014 was paid of £1.2m. This settles all of the Group's obligations relating to the historical share-based compensation arrangements.
- There were numerous uncertainties involved in the calculation of the provision in previous periods, relating to the level of exposure given the protective assessments recorded and the period over which claims could be made.
- Following the agreement and settlement of the schemes, the remaining judgement relates to the recognition of indemnities. The beneficiaries of the arrangements, which among others include the former Chair and certain former Directors and employees, have provided the Group with indemnities to repay to the Group an amount equivalent to their share of future tax liabilities should they crystallise and become payable by the Group to HMRC together with related interest. Based on the amount of employment tax currently provided, the amount estimated to be demanded from the beneficiaries under the terms of their indemnities equates to the £9.3m employees' NIC and PAYE, calculated at the prevailing tax rates at the time, and related interest. The amounts due under these indemnities will be recognised on receipt.

#### c) Key sources of estimation and assumption uncertainty

It is necessary for management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. The nature of estimation means that actual outcomes could differ from those estimates.

The estimate is dependent upon assumptions which could change in the next financial year and have a significant risk of a material effect on the current carrying amounts of assets and liabilities recognised over the next financial year.

The investment in Shorecal Limited has been categorised in Level 3 of the fair value hierarchy because their fair values are dependent on management assumptions. Further detail on the sources of estimation and assumption uncertainty regarding these instruments is provided in note 25.

#### d) Basis of consolidation

The consolidated financial statements incorporate the results and net assets of the Company and its subsidiary undertakings drawn up on a 52 or 53-week basis to the Sunday on or before 31 December. The financial years presented ending 25 December 2022 and 31 December 2023 are 52 and 53 week periods respectively.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent of the Group and to the non-controlling interests; if this results in the non-controlling interests having a deficit balance, an assessment of recoverability is made. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

### e) Interests in associates and joint ventures

The Group's interests in its associates, being those entities over which it has significant influence and which are neither subsidiaries nor joint ventures, are accounted for using the equity method of accounting. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group has also entered into a contractual arrangement with a party which represents a joint venture. This takes the form of an agreement to share control over another entity and share of rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The considerations made in determining significant influence on joint control are similar to those necessary to determine control over subsidiaries. Where the joint venture is established through an interest in a company, the Group recognises its interest in the entities' assets and liabilities using the equity method of accounting.

### f) Foreign currencies

The functional currency of each company in the Group is that of the primary economic environment in which the entity operates. Transactions in other currencies are initially recorded in the functional currency by applying spot exchange rates prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange prevailing on the same date. Non-monetary items that are measured in terms of historic cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on translation are taken to the income statement, except for exchange differences arising on monetary assets and liabilities that form part of the Group's net investment in a foreign operation. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

On consolidation, the assets and liabilities of the Group's overseas operations are translated into Sterling at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and are taken directly to a translation reserve. Such translation differences are recognised as income or expense in the period in which the operation is disposed. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

### g) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition-date fair value, and the amount of any non-controlling interest in the acquiree. Acquisition costs incurred are expensed and included in administrative expenses. The measurement of non-controlling interest is at the proportionate share of the acquiree's net identifiable assets.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments is measured at fair value with the changes in fair value recognised in the income statement in accordance with IFRS 9.

Goodwill is initially measured at cost, being the excess of the aggregate of the acquisition-date fair value of the consideration transferred and the amount recognised for the non-controlling interest (where the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree) over the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination.

### h) Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

#### Master franchise fees

Master franchise fees are fees paid towards or recognised at fair value on acquisition of the master franchise for the markets in which the Group operates. These are carried at cost less impairment and are treated as having indefinite useful lives.

#### Standard franchise fees

Standard franchise fees are recognised at fair value on acquisition of the standard franchise for the area in which corporate stores operate. As reacquired rights, the fees are amortised over the remaining contractual term over a period of five to ten years and are carried at amortised cost. Such franchise fees are recognised only on acquisition of businesses.

# NOTES TO THE GROUP FINANCIAL STATEMENTS

## 53 WEEKS ENDED 31 DECEMBER 2023 CONTINUED

### 2. Accounting policies continued

#### Computer software

Computer software is carried at cost less accumulated amortisation and any impairment loss. Externally acquired computer software and software licences are capitalised at the cost incurred to acquire and bring into use the specific software. Internally developed computer software programs are capitalised to the extent that costs can be separately identified and attributed to particular software programs, measured reliably, and that the asset developed can be shown to generate future economic benefits. In considering the capitalisation of any externally acquired or internally developed costs in relation to customisation and configuration costs, the control of the underlying software asset is considered in order to ensure that an intangible asset can be generated, in particular in a software-as-a-service (SaaS) arrangement. These assets are considered to have finite useful lives and are amortised on a straight-line basis over the estimated useful economic lives of each of the assets, considered to be between three and 10 years.

#### Capitalised loan discounts

The Group provides interest-free loans to assist franchisees in the opening of new stores. The difference between the present value of loans recognised and the cash advanced has been capitalised as an intangible asset in recognition of the future value that will be generated via the royalty income and supply chain centre sales that will be generated. These assets are amortised over the life of a new franchise agreement which is 10 years.

The carrying value of intangible assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable.

#### i) Property, plant and equipment

Assets under construction are stated at cost, net of accumulated impairment losses, if any. Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred.

Depreciation is calculated to write down the cost of the assets to their residual values, on a straight-line method on the following bases:

Freehold land	Not depreciated
Freehold buildings	50 years
Assets under construction	Not depreciated
Leasehold improvements	Over the lower of the life of the lease or the life of the asset
Fixtures and fittings	Over 3 to 10 years
Supply chain centre equipment	Over 3 to 30 years
Store equipment	Over 5 years

The assets' residual values, useful lives and methods of depreciation are reviewed and adjusted, if appropriate, on an annual basis (including upcoming risks and regulatory changes). The majority of assets within supply chain centre equipment are being depreciated over 10 years or more and fixtures and fittings between three to 10 years.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year that the asset is derecognised.

All items of property, plant and equipment are reviewed for impairment in accordance with IAS 36 Impairment of Assets when there are indications that the carrying value may not be recoverable.

#### j) Leases

##### Leasing operations of the Group

The Group is a lessee for a majority of Domino's Pizza stores in the UK and Ireland occupied by franchisees, our corporate stores together with certain warehouses and head office properties, and various equipment and vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

### The Group as a lessee

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- amounts expected to be payable by the group under residual value guarantees; and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The methodology for calculating the discount rate incorporates three key elements: risk-free rate (reflecting specific country and currency), credit spread (reflecting the specific risk for each subsidiary within the Group) and an asset class adjustment (reflecting the variation risk between asset categories). The discount rates determined for property leases are between 4.9% and 7.9%, and for equipment leases are between 3.5% and 9.2%, dependent on the asset location and nature.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The Group has chosen not to revalue the right-of-use land and buildings within the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

### The Group as lessor

The Group holds both a head lease with the landlord, and a sub-lease with a franchisee, for the majority of Domino's sites in the UK and Ireland. The Group accounts for the head-lease and the sub-leases separately as two separate contracts. The sub-lease is classified either as a long-term lease or short-term lease by reference to the right-of-use asset arising from the head-lease. For leases to franchisees over freehold property held by the Group, these are recorded as short-term leases.

In the majority of cases, terms agreed with landlords are mirrored in terms agreed with franchisees in a 'back-to-back' sub-lease arrangement, but in certain cases, the terms of sub-leases with franchisees do not mirror the head-lease with landlords. Where the sub-lease covers substantially all of the right-of-use head-lease, the right-of-use asset the Group would recognise as lessee is derecognised and replaced by a lease receivable from the franchisee sub-lease, with interest income recognised in the income statement and depreciation of a right-of-use asset as lessee no longer recorded. This results in a lease receivable for the Group as lessor and a lease liability for the Group as lessee, with interest income and expense recognised separately. This same treatment is applied where the current sub-lease does not cover substantially all of the right-of-use head-lease, if management judges that it is reasonably certain the sub-lease will be renewed to cover substantially all of the right-of-use head-lease. The contractual extension periods are within the SFA which each of the stores enter, which relates solely to the property address. As the sub-lease and the SFA are entered into at the same time, the contracts have been linked for the purposes of assessing extension periods.

### Modifications to leases

The Group remeasures the lease liability and lease receivable whenever:

- the lease term has changed; or
- there is a significant event or change in circumstances in relation to the treatment of extension options; or
- a lease contract is modified to alter future cash flows and the lease modification is not accounted for as a separate lease.

Both the lease liability and lease receivable are remeasured following such changes, and where relevant, a corresponding adjustment is made to the related right-of-use asset.

# NOTES TO THE GROUP FINANCIAL STATEMENTS

## 53 WEEKS ENDED 31 DECEMBER 2023 CONTINUED

### 2. Accounting policies continued

#### k) Fair value measurement

The Group measures certain financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

**Level 1** – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

**Level 2** – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

**Level 3** – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as unquoted financial assets, and significant liabilities, such as contingent consideration dependent on the complexity of the calculation. Involvement of external valuers is determined annually by management after discussion with and approval by the Group's Audit Committee.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts, other relevant documents or estimates determined by management.

Management, in conjunction with the Group's external valuers as necessary, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

#### l) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### i) Financial assets

###### Initial recognition and measurement

At initial recognition, financial assets are measured at amortised cost, fair value through OCI, and fair value through the income statement.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in revenue recognition.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ('SPPI') on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.



### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments).
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).
- Financial assets at fair value through profit or loss.

The Group measures financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ('EIR') method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, deferred consideration and loans to franchisees.

Trade receivables, which generally have seven to 28-day terms, are recognised and carried at their original invoiced value net of an impairment provision of expected credit losses calculated on historic default rates. Balances are written off when the probability of recovery is considered remote.

The Group provides interest-free loans to assist franchisees in the opening of new stores. These are initially recorded at fair value, with the difference to the cash advanced capitalised as an intangible asset.

### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (removed from the Group's consolidated balance sheet) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
- the Group has transferred substantially all the risks and rewards of the asset; or
- the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

### Impairment of financial assets

The Group recognises an allowance for expected credit losses ('ECLs') for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, contract assets and lease receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

# NOTES TO THE GROUP FINANCIAL STATEMENTS

## 53 WEEKS ENDED 31 DECEMBER 2023 CONTINUED

### 2. Accounting policies continued

#### ii) Financial liabilities

##### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, and payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and other financial instruments.

##### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

##### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

##### Gains or losses on liabilities held for trading are recognised in the income statement

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through the income statement.

##### Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the income statement.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to note 21.

##### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

##### Borrowing costs

Borrowing costs are generally expensed as incurred. Borrowing costs that are directly attributable to the acquisition or construction of an asset are capitalised while the asset is being constructed as part of the cost of that asset. Borrowing costs consist of interest and other finance costs that the Group incurs.

##### m) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

##### n) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first in, first out basis. Net realisable value is based on estimated selling price less any further costs expected to be incurred to disposal.

##### o) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash as defined above.

Cash-in-transit is recognised by the Group on the initiation of the transfer of funds as opposed to receipt of the cash.

## p) Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

In line with IFRIC 23, if it is considered probable that a tax authority will accept an uncertain tax treatment, the tax charge should be calculated on that basis. If it is not considered probable, the effect of the uncertainty should be estimated and reflected in the tax charge. In assessing the uncertainty, it is assumed that the tax authority will have full knowledge of all information related to the matter. Such provisions are measured using either the most likely outcome method, or the expected value method depending on management's judgement of which method better predicts the resolution of the uncertainty. The methodology will be reviewed in each case upon the receipt of any new information.

Deferred tax is recognised using the liability method, providing for temporary differences between the tax bases and the accounting bases of assets and liabilities. Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax liabilities are recognised for all temporary differences, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or losses can be utilised, with the following exceptions:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Tax is charged or credited to the income statement, except when it relates to items charged or credited directly to other comprehensive income or to equity, in which case the income tax is also dealt with in other comprehensive income or equity respectively.

Deferred tax assets and liabilities are offset against each other when the Group has a legally enforceable right to set off current tax assets and liabilities and the deferred tax relates to income taxes levied by the same tax jurisdiction on either the same taxable entity, or on different taxable entities which intend to settle current tax assets and liabilities on a net basis or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities are expected to be settled or recovered.

## q) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events for which it is probable that an outflow of economic benefit will be required to settle the obligation and where the amount of the obligation can be reliably measured. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, considering the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows if the impact of discounting at a pre-tax rate is material.

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

## r) Capital reserve – own shares

DPG shares held by the Company and its Employee Benefit Trust ('EBT') are classified in shareholders' equity as 'Capital reserve – own shares' and are recognised at cost. No gain or loss is recognised in the income statement on the purchase or sale of such shares.

## s) Revenue

The Group's revenue arises from the sale of products and services to franchisees, the charging of royalties, fees and rent to franchisees, and from the sale of goods to consumers from corporate stores.

### Royalties, franchise fees and sales to franchisees

Contracts with customers for the sale of products include one performance obligation, being the delivery of products to the end customer. The Group has concluded that revenue from the sale of products should be recognised at a point in time when control of the goods are transferred to the franchisee, generally on delivery. Revenue is recognised at the invoiced price less any estimated rebates.

# NOTES TO THE GROUP FINANCIAL STATEMENTS

## 53 WEEKS ENDED 31 DECEMBER 2023 CONTINUED

### 2. Accounting policies continued

The performance obligation relating to royalties is the use of the Domino's brand. This represents a sales-based royalty with revenue recognised at the point the franchisee makes a sale to an end consumer.

Franchise fees comprise revenue for initial services associated with allocating franchisees allotted address counts or a 'Change of Hands' fee when the Group grants consent to a franchisee to sell stores to a third party. They are non-refundable, and no element of the franchise fee relates to subsequent services. Revenue from franchise fees is recognised when a franchisee opens a store for trading or on completion of sale of one or more stores to a third party, as this is the point at which all performance obligations have been satisfied.

In addition to royalties and franchise fees, franchisees contribute a percentage of their system sales to the NAF and eCommerce fund managed by the Group. The purpose of these Funds is to build both system and store sales through increased public recognition of the Domino's Pizza brand and the development of eCommerce platforms. In assessing the nature of these contributions received by the Groups, the performance obligations stated under franchise agreements with franchisees have been considered. For the NAF contributions received, the Group is obliged to provide national advertising and marketing services. For eCommerce contributions received, the Group is obliged to develop and maintain eCommerce platforms, and provide other ancillary services to franchisees, such as merchant credit card services. These performance obligations are considered to constitute a revenue stream, and the contributions received by the Group are therefore recognised as revenue. Revenue recognition is measured on an input basis as the costs of providing the obliged services are incurred. The Group is obliged to provide the services on a break-even basis, such that the Funds do not retain a long-term surplus or deficit. As such, the level of revenue and costs recognised in respect of fulfilling NAF and eCommerce performance obligations are equal. Any timing differences between contributions received and costs incurred are held as a contract asset or liability on the balance sheet. As both the NAF and eCommerce arrangements fall under the same franchise agreement with franchisees, the Funds are not separated and are held on a net basis, either within trade and other receivables or trade and other payables.

The Group provides rebates based on customers achieving certain volume targets, these are recognised within accruals until paid and as reductions against revenue.

#### Corporate store sales

Contracts with customers for the sale of products to end consumers include one performance obligation. The Group has concluded that revenue from the sale of products should be recognised at a point in time when control of the goods is transferred to the consumer, which is the point of delivery or collection. Revenue is measured at the menu price less any discounts offered.

#### Rental income on short-term leasehold and freehold property

Rental income arising from leases treated as short-term and freehold properties is recognised on a straight-line basis in accordance with the lease terms. Deferred income comprises lease premiums and rental payments. Rental payments are deferred and recognised on a straight-line basis over the period in which they relate.

#### t) Pension

The Group contributes to the personal pension plans of certain staff with defined contribution schemes. The contributions are charged as an expense as they fall due. Any contributions unpaid at the balance sheet date are included as an accrual at that date. The Group has no further payment obligations once the contributions have been paid.

#### u) Share-based payments

The Group provides benefits to employees (including Executive Directors) in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of the equity-settled transactions is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair values of employee share option plans are calculated using a Stochastic model for awards with TSR-related performance conditions and a Black-Scholes model for SAYE awards and other awards with EPS-related performance conditions. In valuing equity-settled transactions, no account is taken of any service and performance (vesting conditions), other than performance conditions linked to the price of the shares of the Company (market conditions). Any other conditions which are required to be met in order for an employee to become fully entitled to an award are considered to be non-vesting conditions. Like market performance conditions, non-vesting conditions are taken into account in determining the grant date fair value.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance conditions and/or service conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and the Directors' best estimate of the number of equity instruments that will ultimately vest on achievement or otherwise of non-market conditions or, in the case of an instrument subject to a market condition, be treated as vested as described above.

The movement in the cumulative expense since the previous balance sheet date is recognised in the income statement, with the corresponding increase in equity.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately.

This includes where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally.

Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

#### v) Assets held for sale

Non-current assets or disposal groups are classified as held for sale if it is highly probable that they will be recovered through sale as opposed to continuing use. These are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses are recognised in the income statement.

#### x) New standards and interpretations not applied

At the date of authorisation of these financial statements, the following standards and interpretations that are relevant to the Group, which have not been applied in these financial statements, were in issue but not yet effective.

	Effective for periods beginning on or after:
International Accounting Standards ('IAS')	
IFRS 17 Insurance Contracts	1 January 2023
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023
Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023
OECD Pillar Two Rules	1 January 2023
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
Supplier finance arrangements – Amendments to IAS 7 and IFRS 7	1 January 2024

None of the above standards are expected to have a material impact on the Group financial statements on application.

#### w) Non-GAAP performance measures

In the reporting of financial information, the Group uses certain measures that are not required under IFRS. The Group believes that these additional measures, which are used internally, are useful to the users of the financial statements in helping them understand the underlying business performance, as defined in the key performance indicators section of the Strategic report.

The principal non-GAAP measures the Group uses are underlying profit before interest and tax, underlying profit before tax, underlying profit, underlying earnings per share and system sales. Underlying measures remove the impact of non-underlying items from earnings and are reconciled to statutory measures; system sales measure the performance of the overall business, as defined in the key performance indicators section of the Strategic report.

These measures are used internally in setting performance-related remuneration and are used by the Board in assessing performance and strategic direction using a comparable basis.

While the disclosure of non-underlying items and system sales is not required by IFRS, these items are separately disclosed either as memorandum information on the face of the income statement and in the segmental analysis, or in the notes to the financial statements as appropriate. Non-underlying items include significant non-recurring items, disposal activity or items directly related to merger and acquisition activity and related instruments. These items are not considered to be underlying by management due to quantum or nature. Factors considered include items that are non-recurring, not part of the ordinary course of business or reduce understandability of business performance. For a detailed description of items, see note 6.

# NOTES TO THE GROUP FINANCIAL STATEMENTS

## 53 WEEKS ENDED 31 DECEMBER 2023 CONTINUED

### 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 includes the German associate, legacy Germany and Switzerland holding companies.

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

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

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

### Segment assets and liabilities

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

## Segmental performance 2023

	UK & Ireland £m	International £m	Total underlying £m	Non- underlying £m	Total reported £m
<b>Revenue</b>					
Sales to external customers	679.8	-	679.8	-	679.8
<b>Segment revenue</b>	<b>679.8</b>	<b>-</b>	<b>679.8</b>	<b>-</b>	<b>679.8</b>
<b>Results</b>					
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
<b>Profit before interest and taxation</b>	<b>116.2</b>	<b>-</b>	<b>116.2</b>	<b>40.6</b>	<b>156.8</b>
Net finance costs	(14.5)	-	(14.5)	-	(14.5)
<b>Profit before taxation</b>	<b>101.7</b>	<b>-</b>	<b>101.7</b>	<b>40.6</b>	<b>142.3</b>
Taxation	(26.0)	-	(26.0)	(1.3)	(27.3)
<b>Profit for the period</b>	<b>75.7</b>	<b>-</b>	<b>75.7</b>	<b>39.3</b>	<b>115.0</b>
Effective tax rate	25.6%	-	25.6%		19.2%
<b>Other segment information</b>					
- Depreciation	11.2	-	11.2	-	11.2
- Amortisation	10.7	-	10.7	-	10.7
<b>Total depreciation and amortisation</b>	<b>21.9</b>	<b>-</b>	<b>21.9</b>	<b>-</b>	<b>21.9</b>
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
<b>Revenue disclosures</b>					
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
Property income on leasehold and freehold property	2.2	-	2.2	-	2.2
National Advertising and eCommerce income	82.0	-	82.0	-	82.0
<b>Total segment revenue</b>	<b>679.8</b>	<b>-</b>	<b>679.8</b>	<b>-</b>	<b>679.8</b>

## Major customers and revenue by destination

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

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

# NOTES TO THE GROUP FINANCIAL STATEMENTS

## 53 WEEKS ENDED 31 DECEMBER 2023 CONTINUED

### 3. Segmental information continued

#### Segmental performance 2022

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



## 4. Group profit before interest and tax

This is stated after charging/(crediting) for:

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

## 5. Auditors' remuneration

The Group paid the following amounts to its Auditors in respect of the audit of the financial statements and for other services provided to the Group:

	53 weeks ended 31 December 2023 £m	52 weeks ended 25 December 2022 £m
Fees payable to the Group's auditors for the audit of the Group and Company annual accounts*	0.6	0.6
Fees payable to the Company's auditors and its associates for other services:		
Audit of the accounts of subsidiaries	0.3	0.3
<b>Total audit fees</b>	<b>0.9</b>	<b>0.9</b>
Other services	0.1	0.1
<b>Total audit and non-audit fees</b>	<b>1.0</b>	<b>1.0</b>

\* Of which £31,000 (2022: £29,000) relates to the Company.

Other services in the period relate to the interim review performed at half year of £68k, assurance over ESG metrics of £59k. The level of non-audit fees to audit fees is 14%.

## NOTES TO THE GROUP FINANCIAL STATEMENTS

### 53 WEEKS ENDED 31 DECEMBER 2023 CONTINUED

#### 6. Reconciliation of non-GAAP measures

In 2022, the Group decided to no longer classify items as non-underlying, subject to any material provision reversals or changes which are considered significant enough to consider separate disclosure, such as material profit or loss from business acquisitions or disposals, or material impacts from changes to interpretation of accounting guidelines.

See below for details of non-underlying items that occurred during the year.

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

#### Non-underlying items

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

#### a) Profit on disposal of German associate

In June 2023, the Group disposed of its 33.3% interest in Daytona JV Limited. Proceeds of £79.9m were received of which £70.6m related to the investment in Daytona JV Limited and £9.3m related to the repayment of the loan. This generated a profit on disposal of £40.6m. For further details refer to note 27. The profits arising from the disposal have been treated as non-taxable on the basis the disposal falls under the Substantial Shareholding Exemption.

#### b) Reversionary share tax change

The tax charge primarily relates to the historical share based compensation schemes following the £11.9m settlement made during the year, refer to note 23 for further details.

## 7. Employee benefits and Directors' remuneration

### a) Employee benefits expense

	53 weeks ended 31 December 2023 £m	52 weeks ended 25 December 2022 £m
Wages and salaries	70.2	65.3
Social security costs	7.0	6.2
Other pension costs	1.6	1.5
Share-based payment charge	3.8	1.2
<b>Total</b>	<b>82.6</b>	<b>74.2</b>

For details of amounts relating to current and former Directors, refer to the Directors' remuneration report on pages 78 to 108.

The average monthly number of employees of the Group during the year including subsidiaries and excluding associates and joint ventures was made up as follows:

	53 weeks ended 31 December 2023	52 weeks ended 25 December 2022
Administration	392	377
Production and distribution	567	569
Corporate stores	570	661
<b>Total</b>	<b>1,529</b>	<b>1,607</b>

### b) Directors' remuneration

	53 weeks ended 31 December 2023 £m	52 weeks ended 25 December 2022 £m
Directors' remuneration	3.3	2.4

No Directors' accrue benefits under defined contribution schemes (2022: nil). Additional information regarding Directors' remuneration is included in the Directors' remuneration report on pages 78 to 108.

## 8. Finance income

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

# NOTES TO THE GROUP FINANCIAL STATEMENTS

## 53 WEEKS ENDED 31 DECEMBER 2023 CONTINUED

### 9. Finance costs

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

Finance costs relate to financial liabilities at amortised cost.

### 10. Taxation

#### a) Tax on profit from continuing operations

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

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

Finance Act 2021 increased the UK's main rate of corporation tax from 19% to 25% with effect from 1 April 2023. Deferred tax has been provided for at the rate at which the deferred tax liabilities are expected to be realised.

## b) Reconciliation of the total tax charged to continuing operations

The tax charge in the income statement for the 53 weeks ended 31 December 2023 is lower (2022: lower) than the statutory corporation tax rate of 23.52% (2022: 19.0%). The differences are reconciled below:

	53 weeks ended 31 December 2023 £m	52 weeks ended 25 December 2022 £m
Profit before taxation	142.3	98.9
Accounting profit before taxation multiplied by the UK statutory rate of corporation tax of 23.52% (2022: 19.0%)	33.5	18.8
Expenses not deductible for tax purposes	1.2	-
Income not taxable	(9.6)	0.1
Share of joint venture and associates' results not taxable	(0.5)	(1.3)
Accounting depreciation not eligible for tax purposes	0.8	0.4
Adjustment in respect of prior periods	1.2	0.2
Tax rate differences	(0.8)	(0.5)
Transfer pricing adjustment – current year	0.7	-
Movement in uncertain tax position – transfer pricing	1.5	-
Other	(0.7)	(0.4)
<b>Total tax charge reported in the income statement</b>	<b>27.3</b>	<b>17.3</b>
Effective tax rate (%)	19.2%	17.5%
Underlying effective tax rate (%)	25.6%	17.5%

During the period management identified that an adjustment is required to correct the historic transfer pricing position between our UK subsidiary and our Irish subsidiary. An additional tax charge of £2.2m has been recognised relating to this. Of this, £1.5m relating to the prior year amount is recorded as an uncertain tax position on the basis this position is open to challenge by the relevant taxation authorities. The uncertain tax position comprises of a current liability provision of £4.2m and a current asset of £2.8m. The resolution of this tax matter may take many years. The effect of the transfer pricing adjustment is to increase the underlying effective tax rate by 2.2%, of which 1.5% relates to previous periods.

## c) Temporary differences associated with Group investments

At 31 December 2023, there was no recognised deferred tax liability (2022: £nil) for taxes that would be payable on the unremitted earnings of the Group's subsidiaries, or its associates, as there are no corporation tax consequences of the Group's UK, Irish or overseas subsidiaries or associates paying dividends to their parent companies. There are also no income tax consequences for the Group attaching to the payment of dividends by the Group to its shareholders.

## d) OECD Pillar 2

On 11 July 2023, Finance (No.2) Act 2023 was enacted in the UK, introducing a Pillar Two global minimum effective tax rate of 15%. The legislation implements a domestic top-up tax and a multinational top-up tax which would be payable by a multinational enterprise falling within the scope of the Pillar Two rules. The legislation seeks to ensure that UK headquartered multinational enterprises pay a minimum tax rate of 15% on UK and overseas profits. The first accounting period for which the legislation is effective for the Group is 1 January 2024.

Based on the assessment performed by Management, the Group does not fall within the scope of the Pillar Two rules for FY24 as it does not meet the €750m consolidated revenue test for two of the four preceding fiscal years. Management will continue to monitor and assess the impact in future periods.

# NOTES TO THE GROUP FINANCIAL STATEMENTS

## 53 WEEKS ENDED 31 DECEMBER 2023 CONTINUED

### 10. Taxation continued

#### e) Deferred tax

Deferred tax assets and liabilities are analysed after offset, to the extent there is a legally enforceable right, of balances within jurisdictions as follows:

	At 31 December 2023 £m	At 25 December 2022 £m
Deferred tax arising in the UK on non-capital items	(7.0)	(3.2)
Deferred tax arising on business combinations and acquired assets	-	(0.2)
<b>Deferred tax as analysed in the statement of financial position</b>	<b>(7.0)</b>	<b>(3.4)</b>
Deferred tax liabilities	(7.0)	(3.4)
	(7.0)	(3.4)
	2023 £m	2022 £m
<b>Movement in the deferred income tax account</b>		
Opening balance	(3.4)	(2.9)
Tax charge to equity	-	(0.8)
Income statement charge	(3.6)	(0.1)
Entity disposal	-	0.4
<b>Closing balance</b>	<b>(7.0)</b>	<b>(3.4)</b>

#### f) Deferred tax arising in the UK on non-capital items

	Share-based payments £m	Accelerated capital allowances £m	Provisions £m	Reversionary interests £m	Total £m
At 26 December 2021	2.0	(6.8)	(0.7)	3.3	(2.2)
Charge to equity	(0.9)	-	-	-	(0.9)
(Charge)/credit to income	(0.1)	(1.6)	1.6	-	(0.1)
<b>At 25 December 2022</b>	<b>1.0</b>	<b>(8.4)</b>	<b>0.9</b>	<b>3.3</b>	<b>(3.2)</b>
Credit to equity	-	-	-	-	-
Credit/(charge) to income	0.3	(1.0)	-	(3.1)	(3.8)
<b>At 31 December 2023</b>	<b>1.3</b>	<b>(9.4)</b>	<b>0.9</b>	<b>0.2</b>	<b>(7.0)</b>

## 11. Earnings per share

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

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

### Earnings

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

### Weighted average number of shares

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

The performance conditions relating to share options granted over 5,131,078 shares (2022: 1,040,013) have not been met in the current financial year and therefore the dilutive effect of the number of shares which would have been issued at the period end has not been included in the diluted earnings per share calculation.

There were 1,791,468 share options excluded from the diluted earnings per share calculation because they would be anti-dilutive (2022: nil). See note 2 for further information on reversionary interests and share options.

### Earnings per share

	53 weeks ended 31 December 2023	52 weeks ended 25 December 2022
<b>Statutory earnings per share</b>		
Basic earnings per share	28.0p	18.8p
Diluted earnings per share	27.9p	18.7p
<b>Underlying earnings per share</b>		
Basic earnings per share	18.4p	18.8p
Diluted earnings per share	18.4p	18.7p

## NOTES TO THE GROUP FINANCIAL STATEMENTS

### 53 WEEKS ENDED 31 DECEMBER 2023 CONTINUED

#### 12. Dividends paid and proposed

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

The proposed final dividend for the period is 7.2p per share; if approved, the total dividend for the full financial year will be 10.5p per share.

#### 13. Intangible assets

	Goodwill £m	Franchise fees £m	Software £m	Other £m	Total £m
<b>Cost or valuation</b>					
At 26 December 2021	31.9	8.3	59.2	0.8	100.2
Additions	-	-	10.3	-	10.3
Disposals	(3.8)	(2.8)	-	-	(6.6)
At 25 December 2022	28.1	5.5	69.5	0.8	103.9
Additions	-	-	9.2	0.3	9.5
<b>At 31 December 2023</b>	<b>28.1</b>	<b>5.5</b>	<b>78.7</b>	<b>1.1</b>	<b>113.4</b>
<b>Accumulated amortisation and impairment</b>					
At 26 December 2021	18.6	5.4	43.7	0.4	68.1
Provided during the year	-	1.1	6.7	-	7.8
Impairment	-	-	1.5	-	1.5
Disposals	(2.2)	(1.3)	-	-	(3.5)
At 25 December 2022	16.4	5.2	51.9	0.4	73.9
Provided during the year	-	0.2	10.5	-	10.7
<b>At 31 December 2023</b>	<b>16.4</b>	<b>5.4</b>	<b>62.4</b>	<b>0.4</b>	<b>84.6</b>
<b>Net book value At 31 December 2023</b>	<b>11.7</b>	<b>0.1</b>	<b>16.3</b>	<b>0.7</b>	<b>28.8</b>
Net book value at 25 December 2022	11.7	0.3	17.6	0.4	30.0

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

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

During prior periods, the Group made a number of acquisitions, recognising intangible assets at fair value and goodwill at cost. This included the corporate stores SFAs. In the prior period, the SFAs for Have More Fun (London) Limited were disposed of. Refer to note 27 for further details.



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

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

### Impairment reviews

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

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

### UK corporate stores – impairment review

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

In assessing value in use, the impairment review draws on the Group's five-year plan. During 2023 the corporate store business performed broadly in line with expectations. This is forecast to decrease in 2024 due to inflationary costs, which has been included in the impairment review. Other key assumptions in the cash flow projections are those regarding revenue growth and EBITDA margins, which include food cost inflation, labour inflation and expected productivity gains. In accordance with IAS 36, future new store openings are only included in the projections for impairment purposes if they are committed to at the point of carrying out the review. Capital expenditure is forecast in the projections for store refits and other capital expenditure outside of store openings. This considers the impact of any necessary changes to make the business model more sustainable, including eBikes and energy efficiency measures.

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

	Long-term growth rate		Discount rate	
	2023	2022	2023	2022
UK Corporate Stores	2.0%	2.0%	11.3%	12.7%

## NOTES TO THE GROUP FINANCIAL STATEMENTS

### 53 WEEKS ENDED 31 DECEMBER 2023 CONTINUED

#### 13. Intangible assets continued

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

The forecast for the London corporate stores assumes no store openings over the forecast period and includes revenue growth assumptions between 2% and 6% over the remaining term of the five-year period. All revenue growth is on a like-for-like basis. Growth in future years is based on the long-term growth rate of 2.0%. The key assumption within the forecast is the long-term revenue growth, plus inflationary increases in costs, as well as the ability to drive down costs through operational efficiencies and tighter control over operating costs.

The valuation based on the current five-year plan results in a recoverable amount of £16.1m, with the asset base being £14.1m, headroom of £2.0m is available. During the prior period the Group sold 5 corporate stores for a profit on disposal of £2.1m (refer to note 27). The fair value of the consideration received was greater than the recoverable amount. This further substantiates the Group's view that there is no impairment to be recognised.

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

- A 100bps decrease in revenue growth would reduce the headroom to £0.6m.
- A 100bps increase in food cost percentage would result in an impairment of £2.1m.
- A 100bps increase in the forecast food cost and a 100bps increase in the forecast labour cost would result in an impairment of £0.6m.
- A 100bps increase in the discount rate reduces headroom to £0.2m.

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

#### Master franchise fees

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

#### Standard Franchise Agreements

The SFAs were recognised at fair value on acquisition of the UK corporate store portfolio in 2017 and 2018 and, as reacquired assets, are being amortised over their remaining contractual life. The net book value of SFAs at 31 December 2023 is £0.4m (2022: £0.6m). The SFAs attributable to the UK corporate stores business are tested for impairment in tandem with the goodwill and other intangible assets attributable to that business, as described above.

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

## 14. Property, plant and equipment

	Freehold land and buildings £m	Assets under construction £m	Leasehold improvements £m	Fixtures and fittings £m	Supply chain centre equipment £m	Store equipment £m	Total £m
<b>Cost or valuation</b>							
At 26 December 2021	64.6	3.4	0.7	6.1	51.0	6.4	132.2
Additions	-	9.3	-	0.6	1.1	0.4	11.4
Disposals	(0.9)	-	-	-	-	(2.9)	(3.8)
Foreign exchange on translation	-	0.1	-	-	-	-	0.1
Transfer between classes of asset	0.4	(2.7)	-	-	2.3	-	-
At 25 December 2022	64.1	10.1	0.7	6.7	54.4	3.9	139.9
Additions	-	6.2	-	0.4	1.6	0.8	9.0
Disposals	(1.9)	-	(0.1)	-	(1.9)	-	(3.9)
Foreign exchange on translation	(0.1)	-	-	-	-	-	(0.1)
Transfer between classes of asset	7.5	(10.7)	-	0.1	3.0	0.1	-
At 31 December 2023	69.6	5.6	0.6	7.2	57.1	4.8	144.9
<b>Depreciation and impairment</b>							
At 26 December 2021	12.0	-	0.3	3.6	21.8	4.2	41.9
Provided during the year	1.0	-	0.1	0.9	2.5	0.5	5.0
Impairment	-	-	-	0.1	-	-	0.1
Disposals	(0.8)	-	-	-	-	(2.8)	(3.6)
At 25 December 2022	12.2	-	0.4	4.6	24.3	1.9	43.4
Provided during the year	1.2	-	0.1	1.1	2.9	0.6	5.9
Impairment	-	-	-	-	-	-	-
Disposals	(0.1)	-	(0.1)	-	(1.8)	-	(2.0)
At 31 December 2023	13.3	-	0.4	5.7	25.4	2.5	47.3
<b>Net book value At 31 December 2023</b>	<b>56.3</b>	<b>5.6</b>	<b>0.2</b>	<b>1.5</b>	<b>31.7</b>	<b>2.3</b>	<b>97.6</b>
Net book value at 25 December 2022	51.9	10.1	0.3	2.1	30.1	2.0	96.5

During the current period, freehold property with a carrying value of £1.9m was disposed of for £4.4m, resulting in a profit on disposal of £2.3m which included disposal costs of £0.2m.

Assets under construction of £5.6m (2022: £10.1m) relate to the expansion of the Naas commissary and supply chain equipment.

### Freehold land and buildings

Included within freehold land and buildings is an amount of £5.0m (2022: £6.0m) in respect of land which is not depreciated.

### Capitalised financing costs

There were no borrowing costs capitalised during the period (2022: £nil).

## NOTES TO THE GROUP FINANCIAL STATEMENTS

### 53 WEEKS ENDED 31 DECEMBER 2023 CONTINUED

#### 15. Right-of-use assets, lease receivables and lease liabilities

##### Right-of-use assets

The net book value of right-of-use assets as at 31 December 2023 were as follows:

	At 31 December 2023 £m	At 25 December 2022 £m
Property	9.7	10.1
Equipment	9.6	11.2
	<b>19.3</b>	<b>21.3</b>

Additions to right-of-use assets during 2023 were £3.3m (2022: £9.1m).

Depreciation recognised on right-of-use assets was as follows:

	53 weeks ended 31 December 2023 £m	52 weeks ended 25 December 2022 £m
Property	0.9	1.0
Equipment	4.4	4.9
	<b>5.3</b>	<b>5.9</b>

##### Lease receivables

The below table shows the maturity analysis of lease receivables on an undiscounted basis, and the impact of discounting:

	At 31 December 2023 £m	At 25 December 2022 £m
<b>Undiscounted amounts due under finance leases:</b>		
Year 1	28.3	26.8
Year 2	27.7	26.1
Year 3	26.9	25.5
Year 4	25.7	24.5
Year 5	24.5	23.4
Onwards	168.4	163.4
Total undiscounted lease receivables	301.5	289.7
Less present value discount	(92.8)	(89.7)
Lease receivables included in the balance sheet	208.7	200.0
Presented as:		
Current	15.8	14.4
Non-current	192.9	185.6
	<b>208.7</b>	<b>200.0</b>

The lease receivable has increased from £200.0m to £208.7m. The movement is due to additions of new leases of £23.1m, modifications of £0.6m and interest receivable of £12.7m, offset with receipts of £27.6m and foreign exchange loss of £0.1m. The Group applies the simplified model in accordance with IFRS 9 to recognise lifetime expected credit losses on lease receivables. The value of the expected credit losses on lease receivables is nil, based on the strong business model for franchisees and their underlying profitability.

## Lease liabilities

The below table shows the maturity analysis of lease liabilities on an undiscounted basis, and the impact of discounting:

Undiscounted amounts due under finance leases:	At 31 December 2023 £m	At 25 December 2022 £m
Year 1	35.1	32.6
Year 2	33.4	30.9
Year 3	30.8	29.1
Year 4	29.0	26.7
Year 5	27.6	25.2
Onwards	211.2	173.7
<b>Total undiscounted lease liabilities</b>	<b>367.1</b>	<b>318.2</b>
Less present value discount	(136.8)	(94.8)
<b>Lease liabilities included in the balance sheet</b>	<b>230.3</b>	<b>223.4</b>
<b>Presented as:</b>		
Current	21.1	20.0
Non-current	209.2	203.4
	<b>230.3</b>	<b>223.4</b>

The lease liability has increased from £223.4m to £230.3m due to additions of £26.2m, modifications of £0.9m and interest charges of £13.8m, offset with repayments of £33.9m and foreign exchange gain of £0.1m. The overall net lease liability has decreased from £23.4m to £21.6m, as the level of repayments of lease liabilities and receipts on lease receivables for our back-to-back property leases has remained consistent, and lease payments on our properties and equipment leases were offset with additions and interest charges.

## Amounts recognised in the income statement

	53 weeks ended 31 December 2023 £m	52 weeks ended 25 December 2022 £m
Interest income on lease receivables	12.7	12.4
Interest expense on lease liabilities	(13.8)	(13.7)
Income relating to short-term leases	1.1	0.7
Expenses relating to short-term leases – property	(0.9)	(0.5)
Expenses relating to short-term leases – equipment	(3.5)	(3.0)

## NOTES TO THE GROUP FINANCIAL STATEMENTS

### 53 WEEKS ENDED 31 DECEMBER 2023 CONTINUED

#### 16. Trade and other receivables

Included in non-current assets:

	At 31 December 2023 £m	At 25 December 2022 £m
Loans to franchisees*	2.9	2.4
Other receivables*	0.8	1.0
	3.7	3.4

\* Financial assets at amortised cost.

Included in current assets:

	At 31 December 2023 £m	At 25 December 2022 £m
Trade receivables*	14.7	17.2
Amounts owed by associates and joint ventures*	3.1	11.3
Loans to franchisees*	0.7	0.7
Other receivables*	2.6	1.3
Prepayments	5.6	5.8
Accrued income*	24.9	19.6
	51.6	55.9

\* Financial assets at amortised cost.

Included in current other receivables are balances due from franchisees for development of new stores and refurbishment of existing stores of £1.6m (2022: £1.3m).

In 2022 amounts owed by associates included a loan of £9.5m owed by Daytona JV Limited. During the period the loan was repaid with £9.3m cash received and a £0.2m movement resulting from foreign exchange.

The decrease in trade debtors during the current year primarily relates to the timing of invoices to third parties which were included in the prior year's balance which were collected during the current period. The increase in accrued income is due to a timing difference in relation to eCommerce cash receipts from our payment providers which resulted from the timing of public holidays around the balance sheet date.

#### Trade receivables

Trade receivables are denominated in the following currencies:

	At 31 December 2023 £m	At 25 December 2022 £m
Sterling	14.0	16.0
Euro	0.7	1.2
	14.7	17.2

Trade receivables are non-interest bearing and are generally on seven to 28 day terms. As at 31 December 2023, there was a provision of £0.9m against trade receivables (2022: £0.9m).

The ageing analysis of trade receivables is as follows:

	Total £m	Not past due £m	Past due	
			<30 days £m	>30 days £m
At 31 December 2023	14.7	14.6	0.1	-
At 25 December 2022	17.2	17.0	0.1	0.1

### Loans to franchisees

Loans to franchisees are repayable within one to 10 years. The loans are either interest free or bear interest on a monthly or quarterly basis at an average of 3.0% above the base rate and are repaid in monthly or quarterly instalments.

### Amounts owed by associates and joint ventures

	At 31 December 2023 £m	At 25 December 2022 £m
Amounts owed by associates	1.4	10.9
Amounts owed by joint ventures	1.7	0.4
	<b>3.1</b>	<b>11.3</b>

Included within the balance due from joint ventures and associates is a loan balance of £nil (2022: £9.5m) due from Daytona JV Limited, trading balances of £1.4m (2022: £1.4m) due from Full House Restaurants Holdings Limited, £0.2m due from Domino's Pizza West Country Limited (2022: £0.3m) and £1.5m due from Victa DP Limited (2022: £0.1m).

An analysis is provided below of the movement in trading and loan balances with associates and joint ventures:

	Trading balance £m	Loan balance £m	Total £m
At 26 December 2021	1.7	10.8	12.5
Movement in trading balance	0.1	-	0.1
Movement in loan balance	-	(1.3)	(1.3)
At 25 December 2022	1.8	9.5	11.3
Movement in trading balance	<b>1.3</b>	-	<b>1.3</b>
Movement in loan balance	-	<b>(9.5)</b>	<b>(9.5)</b>
<b>At 31 December 2023</b>	<b>3.1</b>	<b>-</b>	<b>3.1</b>

The movement in the trading balance is included within the 'increase in receivables' in 'cash generated from operations' in the cash flow statement. The movement in the loan balance is included within 'other' in 'cash flows from investing activities' in the cash flow statement, which includes foreign exchange movements.

# NOTES TO THE GROUP FINANCIAL STATEMENTS

## 53 WEEKS ENDED 31 DECEMBER 2023 CONTINUED

### 17. Investments in associates and joint ventures

	Joint ventures £m	Associates £m
Balance at 26 December 2021	4.7	48.0
Underlying profit for the period	0.1	6.5
Dividends received	(0.2)	(2.2)
Transfer to assets held for sale	-	(32.9)
Foreign exchange movement	-	1.4
Balance at 25 December 2022	4.6	20.8
Underlying profit for the period	0.1	1.9
Dividends received	(0.3)	(1.9)
<b>Balance at 31 December 2023</b>	<b>4.4</b>	<b>20.8</b>

In the prior period transfer to assets held for sale related to the Group's 33.3% investment in Daytona JV Limited ('Daytona'). The sale of this investment was completed in the current period. Refer to note 27 for details.

	53 weeks ended 31 December 2023 £m	52 weeks ended 25 December 2022 £m
<b>Share of post-tax profits/(losses) of associates</b>		
Full House Restaurants Holdings Limited	2.8	3.1
Daytona JV Limited	-	2.6
Northern Ireland JV	(0.9)	0.8
	<b>1.9</b>	<b>6.5</b>
<b>Share of post-tax profits of joint ventures</b>		
Domino's Pizza West Country Limited	0.1	0.1
	<b>2.0</b>	<b>6.6</b>

Details of joint ventures and associates are given in note 32.

#### a) Investment in associates

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

The Group has a 46% interest in Victa DP Limited (Victa). The investment has been treated as an associate as the Group holds significant influence through the voting rights gained through the equity investment, and representation on the Board. The investment is treated as an associate under IAS 28, however is referred to as the 'Northern Ireland Joint Venture' or 'NI JV' through the report as it is considered commercially to be a joint venture.

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



A summary of financial information of the associates is set out below:

	Full House		Daytona		Victa	
	2023 £m	2022 £m	2023 £m	2022 £m	2023 £m	2022 £m
Non-current assets	33.6	25.7	-	-	46.1	47.7
Current assets	13.8	15.8	-	-	3.2	2.7
Current liabilities	(7.7)	(7.0)	-	-	(29.1)	(4.4)
Non-current liabilities	(15.1)	(11.9)	-	-	(6.0)	(29.8)
Net assets	24.6	22.6	-	-	14.2	16.2
The Group's share of interest in associate undertaking's net assets	12.0	11.1	-	-	6.5	7.4
Goodwill and transaction costs	2.3	2.3	-	-	-	-
Group's carrying amount of the investment	14.3	13.4	-	-	6.5	7.4
Revenue	73.5	62.9	-	-	32.3	30.3
Profit/loss for the period	5.7	6.3	-	-	(2.0)	1.7
Total comprehensive income/(expense) for the year	5.7	6.3	-	-	(2.0)	1.7
Group's share of profit/(loss) for the period	2.8	3.1	-	2.6	(0.9)	0.8
Dividends received	1.9	2.2	-	-	-	-

The associates had no contingent liabilities or capital commitments at 31 December 2023 or at 25 December 2022. The associates require the controlling party's decision to distribute its profits.

#### b) Investment in joint ventures

During the year, the Group held a 50% UK joint venture in Domino's Pizza West Country Limited ('West Country'). West Country is accounted for as a joint venture using the equity method in the consolidated financial statements as the Group has joint control through voting rights and share ownership as well as being party to a joint venture agreement, which ensures that strategic, financial and operational decisions relating to the joint venture activities require the unanimous consent of the two joint venture partners.

A summary of financial information of the joint venture is set out below:

	At 31 December 2023	At 25 December 2022
	West Country £m	West Country £m
<b>Summary of joint venture's balance sheets</b>		
Current assets	6.3	6.3
Non-current assets	5.0	5.2
Current liabilities	(2.0)	(1.9)
Non-current liabilities	(1.3)	(1.2)
Net assets	8.0	8.4
Group's share of interest in joint venture's net assets	4.0	4.2
Goodwill and transaction costs	0.4	0.4
Group's carrying amount of the investment	4.4	4.6
Within joint venture's balance sheets:		
Cash and cash equivalents	5.5	5.6

# NOTES TO THE GROUP FINANCIAL STATEMENTS

## 53 WEEKS ENDED 31 DECEMBER 2023 CONTINUED

### 17. Investments in associates and joint ventures continued

	53 weeks ended 31 December 2023	52 weeks ended 25 December 2022
	West Country £m	West Country £m
<b>Summary of joint venture's income statement</b>		
Revenue	15.6	14.9
Profit after tax for the year	0.2	0.2
Total comprehensive income for the year	0.2	0.2
Group's share of profit for the year	0.1	0.1
Dividends received	0.3	0.2
Profit after tax for the year includes:		
Depreciation and amortisation	0.5	0.5
Income tax expense	0.1	0.1

West Country had no contingent liabilities or capital commitments as at 31 December 2023 and 25 December 2022. West Country cannot distribute its profits without the consent from both the joint venture partners.

### 18. Inventories

	At 31 December 2023 £m	At 25 December 2022 £m
Raw materials	0.7	0.8
Finished goods and goods for sale	10.7	10.8
<b>Total inventories at lower of cost or estimated net realisable value</b>	<b>11.4</b>	<b>11.6</b>

Provisions against inventories were £1.9m (2022: £0.9m) and amounts were written off against cost of sales of £nil (2022: £0.2m).

### 19. Cash and cash equivalents

	At 31 December 2023 £m	At 25 December 2022 £m
Cash at bank and in hand	52.1	30.4
<b>Total cash at bank and in hand</b>	<b>52.1</b>	<b>30.4</b>

Cash and cash equivalents comprise cash in hand and on-call deposits held with banks. The fair value of cash and cash equivalents is £52.1m (2022: £30.4m).

Cash is denominated in the following currencies:

	At 31 December 2023 £m	At 25 December 2022 £m
Sterling	40.4	22.2
Euro	11.0	7.5
US Dollar	0.1	0.1
Swiss Franc	0.6	0.6
	<b>52.1</b>	<b>30.4</b>

## 20. Trade and other payables

	At 31 December 2023 £m	At 25 December 2022 £m
<b>Included in current liabilities:</b>		
Trade payables*	16.4	15.2
Other taxes and social security costs	5.8	6.2
Other payables*	33.6	31.9
Accruals*	55.1	41.6
NAF and eCommerce creditor*	-	3.2
Deferred income	0.5	0.5
	<b>111.4</b>	<b>98.6</b>
<b>Included in non-current liabilities:</b>		
Deferred income	0.2	0.2
	<b>0.2</b>	<b>0.2</b>

\* Financial liabilities at amortised cost.

Terms and conditions of the above financial liabilities are:

- trade payables are non-interest bearing and are normally settled on seven to 30-day terms; and
- other payables are non-interest bearing and have an average term of six months. Included within accruals are amounts relating to goods received and not yet invoiced of £13.9m (2022: £9.6m), together with trading accruals, head office cost accruals, payroll accruals and royalty accruals throughout the Group.

### NAF and eCommerce funds

The gross amounts of the NAF and eCommerce fund were as follows:

	At 31 December 2023 £m	At 25 December 2022 £m
NAF surplus	29.8	26.0
eCommerce fund deficit	(29.8)	(22.8)
Net NAF and eCommerce creditor	-	3.2

The opening net NAF and eCommerce creditor on 25 December 2022 was £3.2m, which consisted of a NAF surplus of £26.0m and an eCommerce fund deficit of £22.8m. Total contributions made to the NAF and eCommerce fund during the 53 weeks ended 31 December 2023 were £80.4m (2022: £73.0m), with expenditure of £83.5m (2022: £73.9m). The amount recognised as revenue of £82.0m (2022: £72.2m) includes the elimination of intercompany revenue of £1.5m (2022: £1.7m).

The NAF and eCommerce fund balance comprises the net of balances relating to the NAF, which is a fund into which the franchisees contribute for purposes of marketing, advertising and other promotion; and an eCommerce fund into which the franchisees contribute to cover the research, development and operating costs of the Domino's website and mobile apps, as well as related credit card costs, such as merchant data handling costs and chargebacks. The balance of the Funds at 31 December 2023 was a net surplus of £nil (2022: £3.2m) and is therefore presented within trade and other payables.

The timing difference, being the difference between the amounts received under the contract and expenditure incurred, is held on the balance sheet and presented in trade and other receivables or trade and other payables on a net basis across both funds. As the relevant performance obligations are under the same contract with the customer, it is appropriate to present the contract assets or liabilities on a net basis. The key judgements and policies related to the NAF and eCommerce income are described in note 2.

The legal form defined by the SFAs is that the two funds are separate with no right of offset if there is a deficit. Franchisees are presented with data which shows the respective surplus or deficit of each fund separately. The Group has the right to increase the charges for either fund to recover any deficits on a prospective basis, and for that reason there is no concern over the recoverability of amounts. The Group also has the ability to recover any deficit through decreased spend by the fund. Surpluses or deficits naturally arise because of timing differences between cash flows of the NAF and eCommerce expenditure and contributions received from the franchisees.

The commercial practice has been to combine the NAF and eCommerce fund and present any surplus or deficit on a net basis and this is the principle accepted by all parties because of the broad crossover between marketing and the website in promoting the Domino's brand.

# NOTES TO THE GROUP FINANCIAL STATEMENTS

## 53 WEEKS ENDED 31 DECEMBER 2023 CONTINUED

### 21. Financial liabilities

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

#### Share buyback obligation

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

#### Debt facilities

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

#### Private placement loan notes

The Private Placement notes mature on 27th July 2027 and arrangement fees of £0.9m (2022: £1.2m) directly incurred in relation to the USPP are included in the carrying values of the facility and are being amortised over the term of the notes.

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

#### Bank revolving facility

The revolving credit facility expires on 27 July 2027. Arrangement fees of £1.3m (2022: £1.7m) directly incurred in relation to the RCF are included in the carrying values of the facility and are being amortised over the extended term of the facility.

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

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

An ancillary overdraft and pooling arrangement was in place with Barclays Bank Plc for £20.0m covering the Companies, Domino's Pizza Group plc, DPG Holdings Limited, Domino's Pizza UK & Ireland Limited, DP Realty Limited, DP Pizza Limited, Sell More Pizza Limited, Sheermans SS Limited and Sheermans Limited. Interest is charged for the overdraft at the same margin as applicable to the revolving credit facility above SONIA.

## 22. Deferred consideration receivable

	At 31 December 2023 £m	At 25 December 2022 £m
Current	0.3	0.3
	0.3	0.3

On 30 November 2022, the Group disposed of its 100% interest in Have More Fun (London) Limited, which operated in England, of which £0.3m is receivable from the purchaser. Refer to note 27.

## 23. Provisions

	Reversionary share plan provisions £m	Dilapidations provisions £m	Other provisions £m	Total £m
At 26 December 2021	13.0	1.0	2.3	16.3
Arising during the period	-	-	0.2	0.2
Utilised during the period	-	-	(1.2)	(1.2)
At 25 December 2022	13.0	1.0	1.3	15.3
Arising during the period	-	0.4	-	0.4
Utilised during the period	(11.9)	-	-	(11.9)
At 31 December 2023	1.1	1.4	1.3	3.8

	At 31 December 2023 £m	At 25 December 2022 £m
Current	2.0	1.0
Non-current	1.8	14.3
	3.8	15.3

### Reversionary share plan provisions

As discussed more fully in note 2 of the consolidated financial statements, the employment tax provision relates to certain of the Group's historical share-based compensation arrangements with grant dates dating from 2003 to 2010 as well as options with vesting dates from 2012 through 2014.

During the current period £11.9m was paid in relation to the provision made for the compensation arrangements with grant dates dating from 2003-2010.

### Dilapidations provisions

On acquisition of the London corporate stores, the Group acquired dilapidations provisions which were recognised at fair value. During the period, none of these provisions were released or utilised (2022: £nil).

During the period an additional provision of £0.4m (2022: £nil) was recorded in relation to the supply chain centre equipment.

### Other provisions

Other provisions include £0.4m (2022: £0.4m) for closure costs of Domino's Pizza Germany Limited, £0.2m (2022: £0.2m) for legal claims arising on the acquisition of London corporate stores, and a further £0.7m for potential liabilities relating to the disposal of subsidiaries (2022: £0.7m).

# NOTES TO THE GROUP FINANCIAL STATEMENTS

## 53 WEEKS ENDED 31 DECEMBER 2023 CONTINUED

### 24. Financial risk management objectives and policies

The Group's financial risk management objectives consist of identifying and monitoring risks which might have an adverse impact on the value of the Group's financial assets and liabilities, reported profitability or cash flows.

The main risks are foreign currency risk, credit risk, liquidity risk and interest rate risk. The Board reviews and agrees policies for managing each of these risks, which are summarised below.

The Group has various financial assets such as trade receivables and cash, which arise directly from its operations. The Group's principal financial liabilities comprise bank revolving facilities, US Private Placement Notes, other loans and finance leases.

The Group's treasury policy allows it to trade in derivatives to manage interest rate, commodity and foreign exchange risk.

#### Foreign currency risk

The Group has investments in operations in Ireland and also buys and sells goods and services in currencies other than Sterling. As a result, the value of the Group's non-functional currency revenues, purchases, financial assets and liabilities, and cash flows can be affected by movements in exchange rates. The Group seeks to mitigate the effect of its currency exposures by agreeing fixed currency contracts with franchisees and suppliers wherever possible.

The Group does not currently use derivatives to hedge balance sheet and income statement translation exposures arising on the consolidation of overseas subsidiaries/investments.

The following table demonstrates the sensitivity to a reasonably possible change in Sterling against the Euro, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the carrying value of currency-denominated assets and liabilities in subsidiaries with a Sterling functional currency and Sterling-denominated assets and liabilities in subsidiaries with a non-Sterling functional currency.

The impact on the Group's pre-tax equity is due to changes in carrying value of investments in subsidiaries, joint ventures and associates. The Group's exposure to foreign currency changes for all other currencies is immaterial.

	Change in GBP/ EUR rate	Effect on profit before tax £m	Effect on pre-tax equity £m
2023	+25%	(1.3)	(3.0)
	-25%	2.1	4.9
2022	+25%	(2.6)	(6.6)
	-25%	4.3	11.0

#### Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial asset or liability fails to meet its contractual obligations.

The counterparties to the Group's trade and other receivables and net investment in finance leases are predominantly franchisees. Franchisees are subject to a robust selection and verification process, and on-time payment of balances owing is a condition of the franchise agreements on which a franchisee's business model depends. No expected credit loss impairment has been recognised (2022: £nil) in respect of balances due from franchisees in light of the very low historic incidence of franchisee-related credit losses.

Credit risk relating to cash and cash equivalents is controlled by limiting counterparties to those that have been Board approved and have high credit ratings. The long-term credit rating of the Group's cash and cash equivalents counterparties is A or higher. As such, no expected credit loss impairment has been recognised in respect of cash and cash equivalents (2022: £nil).

Specific credit reviews of the counterparties to the other financial assets held at amortised cost, being deferred and contingent consideration and amounts owed by associates and joint ventures, have not revealed any significant risk of credit loss (2022: £nil).

Credit risk is factored into the measurement approach for all financial assets held at fair value, such that their carrying value includes any expected credit loss impairment.

## Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its obligations as they fall due.

To manage liquidity risk, each operating area prepares short-term, medium-term and long-term cash flow forecasts which are regularly reviewed and challenged. These forecasts are consolidated centrally to ensure the Group has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

All major investment decisions are considered by the Board as part of the project appraisal and approval process.

The Group has £200m in USPP Loan Notes maturing in July 2027 and access to a £200m syndicated revolving credit facility which matures in July 2027. The Group also has access to a Sterling overdraft which was undrawn at 31 December 2023 and 25 December 2022. The tables below summarise the maturity profile of the Group's financial liabilities at 31 December 2023 and 25 December 2022 based on their contractual undiscounted payments:

	On demand £m	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	More than 5 years £m	Total £m
<b>At 31 December 2023</b>						
<i>Fixed rate borrowings</i>						
Lease liabilities	-	8.8	26.3	120.8	211.2	367.1
Private Placement Loan Notes	-	4.3	4.3	225.6	-	234.2
<i>Floating rate borrowings</i>						
Bank revolving facility	-	1.8	5.3	105.2	-	112.3
<i>Non-interest bearing</i>						
Trade and other payables	0.2	104.0	0.1	0.6	-	104.9
Share buyback obligation	-	6.1	-	-	-	6.1
	0.2	125.0	36.0	452.2	211.2	824.6
<b>At 25 December 2022</b>						
<i>Fixed rate borrowings</i>						
Lease liabilities	-	8.3	24.3	111.9	173.7	318.2
Private Placement Loan Notes*	-	4.3	4.3	234.1	-	242.7
<i>Floating rate borrowings</i>						
Bank revolving facility*	-	1.4	4.2	106.5	-	112.1
<i>Non-interest bearing</i>						
Trade and other payables	0.2	88.2	3.2	0.4	-	92.0
Share buyback obligation	-	8.9	-	-	-	8.9
	0.2	111.1	36.0	452.9	173.7	773.9

\* The maturity profile for the year ending 25 December 2022 has been restated to include the interest payments on the private placement loan notes and the revolving credit facility.

# NOTES TO THE GROUP FINANCIAL STATEMENTS

## 53 WEEKS ENDED 31 DECEMBER 2023 CONTINUED

### 24. Financial risk management objectives and policies continued

#### Interest rate risk

Interest rate risk is the risk that movement in the Sterling Overnight Index Average (SONIA) rate increases causing finance costs to increase. The Group's interest rate risk arises predominately from its revolving credit facility.

The sensitivity analyses below have been determined based on the exposure to interest rates at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year.

The Group undertakes sensitivity analysis prepared on a basis of constant net debt.

If interest rates had been 0.5% higher/lower and all other variables were held constant, the Group's profit for the 53-week period ended 31 December 2023 would decrease/increase by £0.4m (2022: increase/decrease by £0.4m). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings. There would be no impact on other comprehensive income. Interest rate exposure has been reduced due to fixing the interest rate on the majority of the Group's debt until 2027 (via US Private Placement Loan Notes).

#### Capital management

The primary objective of the Group's capital management is to ensure that it retains a strong credit rating and healthy capital ratios to support its business and maximise shareholder value through the effective use of cash and debt resources. The Group seeks to maintain a ratio of debt to equity that balances risks and returns and also complies with lending covenants.

The Group manages its capital structure and adjusts it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. During the period ended 26 December 2021, the Board announced the introduction of a new capital allocation framework. The new framework seeks to sustain the growth of our core business through capital investment and assessing growth opportunities. It further introduced an annual allocation of surplus cash to shareholders through a combination of dividends and other forms of returns and a targeted debt to underlying EBITDA leverage ratio of 1.5x-2.5x. No changes were made in the objectives, policies or processes during the period ended 31 December 2023. Special resolutions were passed at the 2022 and 2023 AGMs, held on 5 May 2022 and 4 May 2023 respectively, to authorise the Company to make purchases on the London Stock Exchange of up to 10% of its Ordinary shares.

	At 31 December 2023 £m	At 25 December 2022 £m
Debt facilities	284.9	283.7
Less: cash and cash equivalents	(52.1)	(30.4)
Net debt	232.8	253.3
Underlying EBIT	116.2	109.8
Underlying depreciation, amortisation and impairment	21.9	20.3
Underlying EBITDA	138.1	130.1
Adjusted gearing ratio	1.69	1.95
Underlying EBITDA	138.1	130.1
Less EBITDA impact of IFRS 16	(6.4)	(7.1)
Adjusted underlying EBITDA	131.7	123.0
Adjusted gearing ratio (excluding IFRS 16)	1.77	2.06

The Group's financing is subject to financial covenants. These covenants relate to measurement of adjusted EBITDAR against consolidated net finance charges (interest cover) and adjusted EBITDA (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 the RCF and USPP cannot be less than 1.5:1, and the leverage ratio cannot be more than 3:1. The Group has complied with all of these covenants.

For the assessment of leverage covenants under the Group's financing, certain adjustments are made to the EBITDA figures used above, including the removal of significant one-off items, gains relating to investments, share of profits of joint ventures and associates, and the inclusion of cash dividends received from investments. In addition, debt is adjusted to remove cash balances held in entities which are not guarantors under the agreement.

For further commentary on cash flow, net debt and gearing see the Strategic report.



## 25. Financial instruments

Set out below is a comparison by classification of all the Group's financial instruments at the end of the period:

	Fair value 2023 £m	Amortised cost 2023 £m	Carrying value 2023 £m	Fair value 2022 £m	Amortised cost 2022 £m	Carrying value 2022 £m
<b>Financial assets</b>						
Trade receivables	-	14.7	14.7	-	17.2	17.2
Other receivables	-	3.4	3.4	-	2.3	2.3
Accrued income	-	24.9	24.9	-	19.6	19.6
Loans to franchisees	-	3.6	3.6	-	3.1	3.1
Cash and cash equivalents	-	52.1	52.1	-	30.4	30.4
Lease receivables	-	208.7	208.7	-	200.0	200.0
Deferred consideration receivable	-	0.3	0.3	-	0.3	0.3
Amounts owed by associates and joint ventures	-	3.1	3.1	-	11.3	11.3
Investments	10.3	-	10.3	11.3	-	11.3
<b>Financial liabilities</b>						
Trade payables	-	16.4	16.4	-	15.2	15.2
Other payables	-	33.6	33.6	-	31.9	31.9
Accruals	-	55.1	55.1	-	41.6	41.6
NAF and eCommerce	-	-	-	-	3.2	3.2
Bank revolving facility	-	85.8	85.8	-	84.9	84.9
Private placement loan notes	-	199.1	199.1	-	198.8	198.8
Lease liabilities	-	230.3	230.3	-	223.4	223.4

Prepayments, deferred income and other tax and social security payables are not financial assets or liabilities and are therefore excluded from the above analysis.

### Financial instruments measured at fair value

Other financial assets and investments are measured at fair value and have been categorised at Level 3 of the fair value hierarchy, as defined under IFRS 13, because their fair value is determined by reference to significant unobservable inputs.

### Investments

In November 2018, the Group acquired 15% of the issued share capital of Shorecal Limited, a private company registered in the Republic of Ireland that operates 27 Domino's franchise stores in Ireland. The Group's shareholding in Shorecal Limited is in preference shares, acquired for an original cost of investment of €12.2m (£11.0m). As a preference shareholder, the Group has enhanced rights to dividend distributions and enhanced rights over Shorecal Limited's equity value in the event of a liquidation or onward share sale. The Group also has 'drag and tag' rights to participate in an onward share sale arranged by Shorecal Limited's other shareholders.

The investment in Shorecal Limited has been designated as a fair value through profit and loss equity instrument, whereby dividends received by the Group are recognised in profit and loss together with any fair value gains or losses. The fair value of the investment is calculated by discounting the future shareholder returns the Group expects to receive from the investment, being proceeds from a liquidation or onward share sale and dividends received up to that point. A probability weighted expected return method has been applied in performing this fair value calculation, whereby multiple future outcomes for Shorecal Limited are simulated with a probability assigned to each scenario.

The investment in Shorecal Limited is at Level 3 of the fair value hierarchy because determining its fair value requires a probability weighted estimate of future shareholder returns, which is an unobservable fair value input.

During the period, dividends of €0.9m (£0.8m) have been received against the investment value, a decrease due to foreign exchange movements of £0.2m, bringing the total valuation to €11.9m (£10.3m) (2022: €12.8m, £11.3m). There were no investment fair value movements during the year (2022: €1.1m (£1.0m)). The fair valuation has been performed based on current and expected forecast performance of the investment on a probability weighted expected return approach. This considers the potential future performance and potential dividend returns together with assessments of likelihood of various exit arrangements as structured under the shareholder agreement. The decrease in the overall valuation in the period is due to the dividends received reducing the investment value.

# NOTES TO THE GROUP FINANCIAL STATEMENTS

## 53 WEEKS ENDED 31 DECEMBER 2023 CONTINUED

### 25. Financial instruments continued

The overall fair value has decreased based on reduced forecast EBITDA performance in the near term and reduced expected future performance of the Company over the medium term. The key assumptions in the model are the scenario probabilities applied, the 2024 budgeted EBITDA, 2025 and 2026 Three Year Plan EBITDA expectations and the discount rate applied. The post-tax discount rate applied is 7.4%. Sensitivity analysis has been performed to highlight the impact of movements within the key judgemental areas:

- A 10% decrease in 2024 EBITDA would lead to a €2.4m (£2.1m) reduction in the valuation.
- A 10% increase in 2024 EBITDA would lead to a €1.8m (£1.6m) increase in the valuation.
- A 100bps increase in the discount rate would lead to a €1.4m (£1.2m) decrease in the valuation.
- A 100bps decrease in the discount rate would lead to a €1.5m (£1.2m) increase in the valuation.

#### Financial instruments measured at amortised cost

All other financial instruments are measured at amortised cost. Trade and other receivables, trade and other payables, and share buyback obligations have short terms to maturity. For this reason, their carrying values are considered to reasonably approximate their fair values.

The bank revolving facilities incur interest at floating rates. Given this and the Group's strong liquidity management, their carrying values are also considered to reasonably approximate their fair values.

The private placement loan notes incur interest at a fixed rate of 4.26% and are recorded at amortised cost of £199.1m. Based on unadjusted market data at 31 December 2023, the fair value of the private placement loan notes was £197.4m.

Net investment in finance leases relates to equipment leased to franchisees on terms of between one and five years. The NAF and eCommerce creditor relates to an excess of royalties received from franchisees over NAF and eCommerce services provided. The carrying value of these balances with franchisees is considered to reasonably approximate fair value. Deferred consideration relates to the sale of Have More Fun (London) Limited in the prior period. Refer to note 22 for details.

### 26. Share capital and reserves

Allotted, called up and fully paid share capital of 25/48p per share

	53 weeks ended 31 December 2023		52 weeks ended 25 December 2022	
	Number	£	Number	£
At 26 December 2022 and 27 December 2021	422,619,455	2,201,144	448,023,791	2,333,458
Share buybacks	(26,214,554)	(136,534)	(25,404,336)	(132,314)
<b>At 31 December 2023 and 25 December 2022</b>	<b>396,404,901</b>	<b>2,064,610</b>	<b>422,619,455</b>	<b>2,201,144</b>

During the period, the Company bought back a total of 26,214,554 Ordinary shares of 25/48p each for a total of £93.3m (2022: £77.5m) including costs of £0.5m (2022: £0.5m). The average price paid for these repurchased shares was 351.84p (2022: 305.64p). These repurchased shares were then cancelled in the same period.

#### Nature and purpose of reserves

##### Share capital

Share capital comprises the nominal value of the Company's Ordinary shares of 25/48p each.

##### Share premium

The share premium reserve is the premium paid on the Company's 25/48p Ordinary shares.

##### Capital redemption reserve

The capital redemption reserve includes the nominal value of shares bought back by the Company.

##### Capital reserve – own shares

This reserve relates to shares in the Company held by an independently managed Employee Benefit Trust ('EBT') and shares in the Company held by the Company as 'treasury shares'.

All shares in the Company purchased by the Company as treasury shares in the prior period were done so as part of announced buyback programmes, and were then cancelled in the same year. There were no shares held in treasury at the end of the current or prior period.

Shares in the Company held by the EBT are purchased in order to satisfy employee shares options and potential awards under employee share incentive schemes. During the period, the EBT purchased 1,540,088 shares at a cost of £5.0m (2022: 2,809,912 at a cost of £9.0m) in the Company and disposed of 506,740 shares in the Company (2022: 1,422,852). The EBT held 3,938,276 shares (2022: 2,904,928) at the end of the period, which have a historic cost of £12.4m (2022: £9.3m). The EBT waived its entitlement to dividends in the current and prior period.

### Currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of the Group's foreign subsidiaries.

## 27. Disposals

### Investment in Daytona JV Limited

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

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

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

### Corporate stores – Have More Fun (London) Limited

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

	£m
Cash received on disposal	5.2
Cash disposed	(0.3)
<b>Net cash received on disposal</b>	<b>4.9</b>
Consideration receivable post disposal	0.3
Net assets disposed excluding cash (see below)	(2.8)
Profit on disposal before professional fees	2.4
Cost associated with disposal	(0.3)
<b>Total profit on disposal</b>	<b>2.1</b>
Property, plant and equipment	0.2
Intangible assets	3.1
Right-of-use assets	1.6
Inventories, trade receivables and trade and other payables	(0.2)
Lease liabilities	(1.5)
Deferred tax liabilities	(0.4)
<b>Net assets disposed excluding cash</b>	<b>2.8</b>

## 28. Assets held for sale

At 31 December 2023  
£m

At 25 December 2022  
£m

# NOTES TO THE GROUP FINANCIAL STATEMENTS

## 53 WEEKS ENDED 31 DECEMBER 2023 CONTINUED

Assets held for sale

-

32.9

Assets held for sale included the Group's 33.3% investment in Daytona JV Limited ('Daytona'), a UK incorporated company which owns the MFA for Domino's Germany. The Group's interest was subject to a put and call option which was exercised in the prior year.

During the year, the Group completed the sale of its investment in Daytona. For further details refer to note 27.

### 29. Share-based payments

The expense recognised for share-based payments in respect of employee services received during the 53 weeks ended 31 December 2023 was £3.8m (2022: £1.2m).

#### 2012 Long Term Incentive Plan ('2012 LTIP')

At the 2012 AGM, shareholders approved the adoption of LTIP rules which allow for either the grant of market value options or performance shares. Awards are approved and granted at the discretion of the Remuneration Committee to Senior Executives and other employees. All awards are capable of vesting within a three-year period should certain performance targets be achieved by the Group. For certain Senior Executives, awards that vest are subject to a further two-year holding period. 148,948 shares were exercised during the period (2022: 534,059). The weighted average share price for options exercised during 2023 was 394p (2022: 231p).

#### 2016 Long Term Incentive Plan ('2016 LTIP')

At the 2016 AGM, shareholders approved the adoption of new LTIP rules which allow for either the grant of market value options or performance shares. Awards are approved and granted at the discretion of the Remuneration Committee to Senior Executives and other employees. All awards are capable of vesting within a three to five-year period should certain performance targets be achieved by the Group. For certain Senior Executives, awards that vest are subject to a further two-year holding period. No shares exercised during the period (2022: 7,585).

#### 2022 Long Term Incentive Plan ('2022 LTIP')

At the 2022 AGM, shareholders approved the adoption of LTIP rules which allow for either the grant of market value options or performance shares. Awards are approved and granted at the discretion of the Remuneration Committee to Senior Executives and other employees. All awards are capable of vesting within a three-year period should certain performance targets be achieved by the Group. For certain Senior Executives, awards that vest are subject to a further two-year holding period. 128,969 shares were exercised during the period (2022: nil). The weighted average share price for options exercised during 2023 was 310p (2022: nil).

During the year, the Group granted 6,865,923 awards by way of a Share Appreciation Rights scheme. The strike price for these shares are 541p. These shares will vest over a period of 5 years, with a third of the shares vesting in 2026, a third vesting in 2027 and the remaining shares vesting in 2028.

#### Restricted Share Unit Plan ('2021 RSU')

During 2021, the Group established a Restricted Share Unit Plan. Employees are eligible for grants at the discretion of the Remuneration committee, who also determine the conditions attached to the grants. 27,739 shares were exercised during the period (2022: nil). The weighted average share price for options exercised during 2023 was 268p (2022: nil).

#### Deferred Share Bonus Plan ('DSBP')

Under the terms of annual bonus arrangements with Senior Executives, bonus payments can be settled partially in cash and partially in shares of the Company, with the shares element typically deferred for a two or three-year period and lapsing in certain circumstances connected with leaving the Company. 47,835 shares were exercised during the period (2022: nil) The weighted average share price for options exercised during 2023 was 329p.

All of the Company's DSBP, 2012 LTIP and 2016 LTIP awards are accounted for as equity settled. A small number of the LTIP and all of the DSBP awards include entitlement to the equivalent dividends that would have been paid on vested shares in the period between grant date and the dividend equivalent end date. These dividend entitlements, referred to as dividend equivalent awards, can be equity settled or cash settled at the discretion of the Remuneration Committee. Equity settled accounting treatment was elected at the point of granting all dividend equivalent awards. Where dividend equivalent awards are subsequently settled in cash, the settling cash payment is accounted for as a repurchase of an equity interest.

Further information on the DSBP, the 2012 LTIP the 2016 LTIP and the 2022 LTIP awards is given in the Executive Director policy table on pages 94 to 102 of the Directors' remuneration report. There were no cash payments (2022: £nil) made during the 53 weeks ended 31 December 2023 settling dividend equivalent awards, recorded as a repurchase of equity as shown in the statement of changes in equity.

### Company Share Option Plan ('CSOP')

In May 2009, the Group established a CSOP, with approved and unapproved sections. Employees are eligible for grants at the discretion of the Remuneration Committee. All awards are capable of vesting within a three-year period should certain performance targets be achieved and are equity settled. The options lapse after 10 years or in certain other circumstances connected with leaving the Company. The weighted average share price for options exercised during the prior period was 384p.

### Sharesave Scheme

During 2009, the Group introduced a Sharesave scheme giving employees the option to acquire shares in the Company at a 20% discount. Employees have the option to save an amount per month up to a maximum of £500 and, at the end of three years, they have the option to purchase shares in the Company or to take their savings in cash. The contractual life of the scheme is three years. The weighted average share price for options exercised during the period was 349p (2022: 317p).

### Estimating fair value

The fair value of awards granted is estimated at the date of grant using Stochastic and Black-Scholes models, taking into account the terms and conditions upon which they were granted. Total Shareholder Return ('TSR') is generated for the Company and the comparator group at the end of the three-year performance period. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome. The following table summarises the inputs used in the fair value models for grants made in the period ended 31 December 2023, together with the fair values calculated by those models:

	53 weeks ended 31 December 2023	52 weeks ended 25 December 2022
Weighted average fair value	120.58p	195.94p
Weighted average share price at grant	391.32p	265.58p
Weighted average exercise price	27.09p	64.71p
Weighted average expected term	3 years	3 years
Expected dividend yield	2.72%	2.81%
Risk-free rates	4.28%	3.35%
Expected volatility	31.45%	31.60%

# NOTES TO THE GROUP FINANCIAL STATEMENTS

## 53 WEEKS ENDED 31 DECEMBER 2023 CONTINUED

### 29. Share-based payments continued

#### Share options and awards outstanding

As At 31 December 2023, the following share options and awards were outstanding:

Scheme	Exercise price	Outstanding at 26 December 2022 Number	Granted during the period Number	Exercised during the period Number	Forfeited during the period Number	Outstanding at 31 December 2023 Number	Weighted average remaining life Years	Exercisable at 31 December 2023 Number
2012 LTIP	-	1,405,817	-	(148,948)	(708,940)	547,929	0.68	-
2016 LTIP	-	68,653	-	-	-	68,653	-	-
2022 LTIP	Op to 541p	2,034,368	8,649,965	(128,969)	(1,052,197)	9,503,167	3.12	-
2021 RSU	-	83,236	-	(27,739)	-	55,497	0.21	-
DSBP	-	19,223	38,954	(47,835)	-	10,342	2.17	-
Sharesave Scheme	193p to 305p	1,059,268	1,232,980	(196,787)	(634,211)	1,461,250	2.06	33,740
		4,670,565	9,921,899	(550,278)	(2,395,348)	11,646,838		33,740
Weighted average exercise price		65.71p	27.09p	95.08p	75.28p	29.45p		-

As at 25 December 2022, the following share options and awards were outstanding:

Scheme	Exercise price	Outstanding at 27 December 2021 Number	Granted during the period Number	Exercised during the period Number	Forfeited during the period Number	Outstanding at 25 December 2022 Number	Weighted average remaining life Years	Exercisable at 25 December 2022 Number
2012 LTIP	-	3,515,707	39,482	(534,059)	(1,615,313)	1,405,817	1.18	288
2016 LTIP	-	76,238	-	(7,585)	-	68,653	-	-
2022 LTIP	-	-	2,063,047	-	(28,679)	2,034,368	2.61	-
2021 RSU	-	-	83,236	-	-	83,236	1.23	-
DSBP	-	75,124	58,146	-	(114,047)	19,223	1.24	-
CSOP (Unapproved)	143.87p	12,570	-	(12,570)	-	-	-	-
CSOP (Approved)	143.87p	7,845	-	(7,845)	-	-	-	-
Sharesave Scheme	193p to 305p	1,556,132	604,228	(819,699)	(281,393)	1,059,268	1.70	29,041
		5,243,616	2,848,139	(1,381,758)	(2,039,432)	4,670,565		29,329
Weighted average exercise price		69.35p	64.71p	117.33p	38.69p	65.71p		-

### 30. Additional cash flow information

Other cash flows from investing activities

	Notes	53 weeks ended 31 December 2023 £m	52 weeks ended 25 December 2022 £m
Cash flows from investing activities			
Dividends received from investments	25	0.8	2.2
Dividends received from associates and joint ventures	17	2.2	2.9
Decrease in loans to associates and joint ventures	16	9.3	1.7
		12.3	6.8

## Reconciliation of financing activities

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

	At 27 December 2021 £m	Cash flow £m	Exchange differences £m	Non-cash movements £m	At 25 December 2022 £m
Debt facilities	(242.5)	(39.3)	(0.8)	(1.1)	(283.7)
Lease liabilities	(222.6)	33.0	(0.5)	(33.3)	(223.4)
	(465.1)	(6.3)	(1.3)	(34.4)	(507.1)

The non-cash movements in lease liabilities primarily relate to additions and interest charges as set out in note 15.

## Share purchases in cash flows from financing activities

	Note	53 weeks ended 31 December 2023 £m	52 weeks ended 25 December 2022 £m
Purchase of own shares – share buyback	26	(93.3)	(77.5)
Purchase of own shares – employee benefit trust	26	(5.0)	(9.0)
		(98.3)	(86.5)

## Reconciliation to free cash flow

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

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

## 31. Capital commitments

At 31 December 2023, amounts contracted for but not provided for in the financial statements for the acquisition of property, plant and equipment amounted to £0.4m (2022: £0.4m) and for intangible assets amount to £1.1m (2022: £1.6m) for the Group.

# NOTES TO THE GROUP FINANCIAL STATEMENTS

## 53 WEEKS ENDED 31 DECEMBER 2023 CONTINUED

### 32. Related party transactions

The financial statements include the financial statements of Domino's Pizza Group plc and the subsidiary and associated undertakings listed below.

Name of Company	Country of incorporation	Proportion of voting rights and share capital	Registered office
<b>Directly held subsidiary undertakings</b>			
DP Capital Limited	England	100% Ordinary	1 Thornbury, West Ashland, Milton Keynes, MK6 4BB, United Kingdom
DP Cyco Limited	Cyprus	100% Ordinary	Rigas, 4, Omega Court, Floor 1, Limassol, 3095, Cyprus
DP Cyco Switzerland Limited	Cyprus	100% Ordinary	Rigas, 4, Omega Court, Floor 1, Limassol, 3095, Cyprus
DP Group Developments Limited	England	100% Ordinary	1 Thornbury, West Ashland, Milton Keynes, MK6 4BB, United Kingdom
DP Realty Limited	England	100% Ordinary	1 Thornbury, West Ashland, Milton Keynes, MK6 4BB, United Kingdom
DPG Holdings Limited	England	100% Ordinary	1 Thornbury, West Ashland, Milton Keynes, MK6 4BB, United Kingdom
<b>Indirectly held subsidiary undertakings</b>			
D.P. Estates Limited	England	100% Ordinary	1 Thornbury, West Ashland, Milton Keynes, MK6 4BB, United Kingdom
Domino's Pizza (Isle of Man) Limited	Isle of Man	100% Ordinary	First Floor, Jubilee Buildings, Victoria Street, Douglas, IM1 2SH, Isle of Man
Domino's Pizza Germany (Holdings) Limited	England	100% Ordinary	1 Thornbury, West Ashland, Milton Keynes, MK6 4BB, United Kingdom
Domino's Pizza Germany Limited	England	100% Ordinary	1 Thornbury, West Ashland, Milton Keynes, MK6 4BB, United Kingdom
DP Pizza Limited	Republic of Ireland	100% Ordinary	Unit 1B Toughers Business Park, Newhall, Naas Co. Kildare, Ireland
Domino's Pizza UK & Ireland Limited	England	100% Ordinary	1 Thornbury, West Ashland, Milton Keynes, MK6 4BB, United Kingdom
Sell More Pizza Limited	England	100% Ordinary	1 Thornbury, West Ashland, Milton Keynes, MK6 4BB, United Kingdom
Sheermans Harrow Limited	England	100% Ordinary	1 Thornbury, West Ashland, Milton Keynes, MK6 4BB, United Kingdom
Sheermans Limited	England	100% Ordinary	1 Thornbury, West Ashland, Milton Keynes, MK6 4BB, United Kingdom
Sheermans SS Limited	England	100% Ordinary	1 Thornbury, West Ashland, Milton Keynes, MK6 4BB, United Kingdom
WAP Partners Limited	England	100% Ordinary	1 Thornbury, West Ashland, Milton Keynes, MK6 4BB, United Kingdom
Zeus 11 Limited (previously 'Domino's Leasing Limited')	England	100% Ordinary	1 Thornbury, West Ashland, Milton Keynes, MK6 4BB, United Kingdom
<b>Indirectly held associate undertakings</b>			
Full House Restaurants Holdings Limited	England	49% Ordinary	Centrum House, 36 Station Road, Egham, Surrey, TW20 9LF, United Kingdom
Victa DP Limited	England	46% Ordinary	Unit 10, Evolution Wynyard Business Park, Wynyard, TS22 5TB, United Kingdom
<b>Indirectly held subsidiaries of associate undertakings</b>			
ABD Pizzas Limited	Northern Ireland	46% Ordinary	Office At Unit E6 Ronan Valley Business Park, 58/60 Ballyronan Road, Magherafelt, Derry, BT45 6EW, Northern Ireland
Borealis DP Limited	England	46% Ordinary	Unit 10, Evolution Wynyard Business Park, Wynyard, TS22 5TB, United Kingdom
Classic Crust Limited	England	49% Ordinary	Centrum House, 36 Station Road, Egham, Surrey, TW20 9LF, United Kingdom
DP Dungannon Limited	Northern Ireland	46% Ordinary	Office At Unit E6 Ronan Valley Business Park, 58/60 Ballyronan Road, Magherafelt, Derry, BT45 6EW, Northern Ireland
DPNI Limited	England	46% Ordinary	Unit 10, Evolution Wynyard Business Park, Wynyard, TS22 5TB, United Kingdom
Elite Pizzas Limited	Northern Ireland	46% Ordinary	Office At Unit E6 Ronan Valley Business Park, 58/60 Ballyronan Road, Magherafelt, Derry, BT45 6EW, Northern Ireland
Full House Restaurants Limited	England	49% Ordinary	Centrum House, 36 Station Road, Egham, Surrey, TW20 9LF, United Kingdom
House Special Limited	England	49% Ordinary	Centrum House, 36 Station Road, Egham, Surrey, TW20 9LF, United Kingdom
JJE Enterprises Limited	England	49% Ordinary	Centrum House, 36 Station Road, Egham, Surrey, TW20 9LF, United Kingdom
Karshan Limited	Republic of Ireland	15% Ordinary	19 Rathborne Drive, Ashtown, Dublin 15, Ireland
Karshan (Letterkenny) Limited	Republic of Ireland	7.5% Ordinary	19 Rathborne Drive, Ashtown, Dublin 15, Ireland
Karshan (Midlands) Limited	Republic of Ireland	15% Ordinary	19 Rathborne Drive, Ashtown, Dublin 15, Ireland
Karshan (Naas) Limited	Republic of Ireland	15% Ordinary	19 Rathborne Drive, Ashtown, Dublin 15, Ireland
K&M Pizzas Limited	Republic of Ireland	15% Ordinary	19 Rathborne Drive, Ashtown, Dublin 15, Ireland
Pressgate Limited	Republic of Ireland	15% Ordinary	19 Rathborne Drive, Ashtown, Dublin 15, Ireland
Remo Foods Limited	Republic of Ireland	15% Ordinary	19 Rathborne Drive, Ashtown, Dublin 15, Ireland
Sarcon (No. 214) Limited	Northern Ireland	15% Ordinary	7 Seven Houses, Upper English Street, Armagh, BT61 7LA, Northern Ireland
Sarcon (No. 341) Limited	Northern Ireland	15% Ordinary	7 Seven Houses, Upper English Street, Armagh, BT61 7LA, Northern Ireland



Name of Company	Country of incorporation	Proportion of voting rights and share capital	Registered office
Sherston Limited	England	49% Ordinary	Centrum House, 36 Station Road, Egham, Surrey, TW20 9LF, United Kingdom
Shorecal Limited	Republic of Ireland	15% Ordinary	4 Haddington Terrace, Dun Laoghaire, Co. Dublin, Ireland
Sunmead Limited	England	49% Ordinary	Centrum House, 36 Station Road, Egham, Surrey, TW20 9LF, United Kingdom
Surrey Pizzas Limited	England	49% Ordinary	Centrum House, 36 Station Road, Egham, Surrey, TW20 9LF, United Kingdom
The Woodpecker Inn Ltd	England	49% Ordinary	Centrum House, 36 Station Road, Egham, Surrey, TW20 9LF, United Kingdom
<b>Direct Joint venture undertakings</b>			
Domino's Pizza West Country Limited	England	50% Ordinary	1 Thornbury, West Ashland, Milton Keynes, MK6 4BB, United Kingdom
<b>Indirectly held subsidiaries of joint venture undertakings</b>			
DA Hall Trading Limited	England	50% Ordinary	1 Thornbury, West Ashland, Milton Keynes, MK6 4BB, United Kingdom
DAHT Limited	England	50% Ordinary	1 Thornbury, West Ashland, Milton Keynes, MK6 4BB, United Kingdom
MLS Limited	England	50% Ordinary	Aldreth, Pearcroft Road, Stonehouse, Gloucestershire GL10 2JY, United Kingdom

During the period, the Group entered into transactions, in the ordinary course of business, with related parties. For details of loan balances due from associates, please refer to note 16. Transactions entered into, and trading balances outstanding with related parties, are as follows:

Related party	Sales to	Amounts owed
	related party £m	by related party £m
Associates and joint ventures		
<b>31 December 2023</b>	<b>54.3</b>	<b>3.1</b>
25 December 2022	36.5	1.8

### Terms and conditions of transactions with related parties

Sales and purchases between related parties are made at normal market prices. Outstanding balances with entities are unsecured and interest free, and cash settlement is expected within seven days of invoice. The Group has not provided for or benefited from any guarantees for any related party receivables or payables.

### Compensation of key management personnel (including Directors)

	53 weeks ended 31 December 2023 £m	52 weeks ended 25 December 2022 £m
Short-term employee benefits	5.7	6.3
Post-employment benefits	0.1	0.2
Termination benefits	1.2	-
Share-based payment	0.7	0.4
	<b>7.7</b>	<b>6.9</b>

The table above includes the remuneration costs of the Executive Directors of the Company, the Directors of Domino's Pizza UK & Ireland Limited and other key management personnel of the Group.

## NOTES TO THE GROUP FINANCIAL STATEMENTS

### 53 WEEKS ENDED 31 DECEMBER 2023 CONTINUED

#### 33. Post balance sheet events

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

## COMPANY BALANCE SHEET AT 31 DECEMBER 2023

	Note	At 31 December 2023 £m	At 25 December 2022* £m
<b>Fixed assets</b>			
Investment in subsidiary undertakings	3	10.0	10.0
Investment in associates and joint ventures	3	3.0	3.0
		13.0	13.0
<b>Current assets</b>			
Other receivables: falling due after one year	4	770.6	876.5
Other receivables: falling due within one year*	4	130.3	111.4
Cash and cash equivalents		1.4	2.9
Deferred tax asset	7	0.2	3.2
Assets held for sale	10	-	20.3
		902.5	1,014.3
<b>Total assets</b>		<b>915.5</b>	<b>1,027.3</b>
<b>Liabilities: amounts falling due within one year</b>			
Other payables*	5	(14.5)	(21.2)
Financial liabilities – Share buyback obligation	6	(6.1)	(8.9)
Provisions	8	(1.3)	(0.2)
		(21.9)	(30.3)
<b>Liabilities: amounts falling due after one year</b>			
Provisions	8	-	(13.0)
<b>Total liabilities</b>		<b>(21.9)</b>	<b>(43.3)</b>
<b>Net assets</b>		<b>893.6</b>	<b>984.0</b>
<b>Shareholders' equity</b>			
Called up share capital	9	2.1	2.2
Share premium account		49.6	49.6
Capital redemption reserve		0.5	0.5
Capital reserve – own shares		(12.5)	(9.0)
Retained earnings		853.9	940.7
<b>Total shareholders' funds</b>		<b>893.6</b>	<b>984.0</b>

\* The Company Balance Sheet as at 25 December 2022 has been restated to reclassify amounts owed by Group undertakings and amounts owed to Group undertakings.

The profit for the 53-week period ended 31 December 2023 of the Company is £42.7m (2022: £3.0m loss). The notes on pages 179 to 185 are an integral part of these Company financial statements. The financial statements on pages 177 to 185 were approved by the Directors on 11 March 2024 and signed on their behalf by:

**ANDREW RENNIE**

**DIRECTOR**  
**11 MARCH 2024**

Registered number: 03853545

## COMPANY STATEMENT OF CHANGES IN EQUITY

### 53 WEEKS ENDED 31 DECEMBER 2023

	Note	Share capital £m	Share premium account £m	Capital redemption reserve £m	Capital reserve – own shares £m	Retained Earnings £m	Equity shareholders' funds £m
<b>At 26 December 2021</b>		2.3	49.6	0.5	(4.6)	1,075.7	1,123.5
Loss for the period		-	-	-	-	(3.0)	(3.0)
Proceeds from share issues		-	-	-	1.6	-	1.6
Impairment of share issues		-	-	-	3.0	(3.0)	-
Share buybacks	9	(0.1)	-	-	(9.0)	(77.5)	(86.6)
Share buyback obligation		-	-	-	-	(8.9)	(8.9)
Share options and LTIP charge	11	-	-	-	-	1.2	1.2
Equity dividends paid	12	-	-	-	-	(43.8)	(43.8)
<b>At 25 December 2022</b>		2.2	49.6	0.5	(9.0)	940.7	984.0
Profit for the period		-	-	-	-	42.7	42.7
Proceeds from share issues		-	-	-	0.5	-	0.5
Impairment of share issues		-	-	-	1.0	(1.0)	-
Share buybacks		(0.1)	-	-	(5.0)	(93.2)	(98.3)
Share buyback obligation		-	-	-	-	(6.1)	(6.1)
Share buyback obligation satisfied		-	-	-	-	8.9	8.9
Share options and LTIP charge		-	-	-	-	3.8	3.8
Equity dividends paid		-	-	-	-	(41.9)	(41.9)
<b>At 31 December 2023</b>		2.1	49.6	0.5	(12.5)	853.9	893.6

# NOTES TO THE COMPANY FINANCIAL STATEMENTS

## 53 WEEKS ENDED 31 DECEMBER 2023

### 1. Accounting policies

#### General information

Domino's Pizza Group plc ('the Company') is a limited company incorporated and domiciled in the United Kingdom. The address of its registered office and principal place of business is disclosed in the Directors' report.

The Company's financial statements are presented in Pounds Sterling (£), which is also the Company's functional currency.

The Company's financial statements are individual entity financial statements.

When referring to the 53 weeks ended 31 December 2023, 'year' and 'period' are used interchangeably.

As permitted by section 408 of the Companies Act 2006, the income statement and the statement of comprehensive income of the Parent Company have not been separately presented in these financial statements.

#### Basis of preparation

These financial statements were prepared in accordance with FRS 101 Reduced Disclosure Framework and the Companies Act 2006. The financial statements are prepared on a going concern basis under the historical cost convention. Refer to note 2 of the Group financial statements for disclosures related to going concern assessment.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the 53 weeks ended 31 December 2023 and have been applied consistently to all years presented.

The Company has taken advantage of the following disclosure exemptions under FRS 101 in respect of:

- a) the requirements of IFRS 2: Share Based Payments;
- b) the requirements of IFRS 7: Financial Instruments: Disclosures;
- c) the requirements of IFRS 13: Fair Value Measurement;
- d) the requirement IAS 1: Presentation of Financial Statements to present certain comparative information and objectives, policies and processes for managing capital;
- e) the requirements of IAS 7: Statement of Cash Flows;
- f) the requirements of IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors to disclose IFRSs issued but not effective;
- g) the requirements of IAS 24: Related Party Disclosures to present key management personnel compensation and intra-group transactions including wholly owned subsidiaries; and
- h) the requirements in IAS 24: Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

The basis for all of the above exemptions is because equivalent disclosures are included in the consolidated financial statements of the Group in which the entity is consolidated.

#### Investments

Investments held in subsidiaries are stated at cost less provision for impairment.

The Company assesses these investments for impairment wherever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the income statement.

#### Interests in associates and joint ventures

Investments in associates and joint ventures are stated at cost less provision for impairment.

#### Capital reserve – own shares

Treasury shares held by the Employee Benefit Trust are classified in capital and reserves as 'Capital reserve – own shares' and recognised at cost. No gain or loss is recognised on the purchase or sale of such shares.

#### Share-based payment transactions

Directors of the Company receive an element of remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments.

The awards vest when certain performance and/or service conditions are met; see the Directors' remuneration report for the individual vesting conditions for the various schemes.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by an external value using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether the market condition is satisfied, provided that all other performance conditions are satisfied.

## NOTES TO THE COMPANY FINANCIAL STATEMENTS

### 53 WEEKS ENDED 31 DECEMBER 2023 CONTINUED

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired, management's best estimate of the achievement or otherwise of non-market conditions and the number of equity instruments that will ultimately vest or, in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in the cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry into equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

The Company recharges the cost of equity-settled transactions to the respective employing entity, with a corresponding increase in equity and investment in subsidiary undertakings booked with Domino's Pizza Group plc.

#### Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash as defined above.

#### Provisions for liabilities

A provision is recognised where the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

#### Reversionary share plan

In the prior years a provision was recorded relating to the employment tax treatment for certain of the Group's historical share-based compensation arrangements with grant dates dating from 2003 to 2010 as well as options with vesting dates from 2012 through 2014. Refer to note 2 of the Group financial statements for more details.

#### Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at fair value less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

#### 2. Profit attributable to members of the parent company

The profit for the 53-week period ended 31 December 2023 of the Company is £42.7m (2022: £3.0m loss).

In previous years, the Company received a dividend of £1.1bn from DPG Holdings Limited. The dividend was received following a capital reduction performed in DPG Holdings. The amount received has been held as an amount due from Group undertakings, and repayments over this amount have been received during the year. The amount considered recoverable in one year at 31 December 2023 is £39.7m, which is redeemable on demand or before 31 August 2024, and the remaining £769.3m remains due after more than one year.

Andrew Rennie (appointed 7 August 2023) and Edward Jamieson are the only Executive Directors employed by the Company as at 31 December 2023. They are the only employees of the Company. Elias Diaz Sese (resigned 7 August 2023) and Dominic Paul (resigned 30 December 2022) were also employees during the period and are included in the below.

The total amount of remuneration paid to the Directors for the 53-week period ended 31 December 2023 was £3.2m (2022: £1.8m). £1.5m of this was attributed to the highest paid Director (2022: £0.8m). Pension contributions were also paid to four directors (2022: three), which totalled £0.1 (2022: £0.1m). One director exercised share options during the year (2022: one). No directors received vested shares under share schemes (2022: none). Social security costs for the Directors were £0.3m (2022: £0.1m).

Information regarding Directors' remuneration is included in the Directors' remuneration report on pages 78 to 108.

For details of audit fees, see note 5 of the Group financial statements.

### 3. Investments

	Subsidiary undertakings £m	Associates and joint ventures £m	Total £m
Cost or valuation			
At 26 December 2021	10.0	23.3	33.3
Transfer to assets held for sale	-	(20.3)	(20.3)
At 25 December 2022	10.0	3.0	13.0
<b>At 31 December 2023</b>	<b>10.0</b>	<b>3.0</b>	<b>13.0</b>

Details of the investments in which the Company holds 20% or more of the nominal value of any class of share capital are detailed in note 32 of the Group financial statements.

Transfer to assets held for sale related to the Company's 33.3% investment in Daytona JV Limited, a UK incorporated company which owned the MFA for Domino's Germany. The investment was sold during the period. Refer to note 10.

### 4. Other receivables

	At 31 December 2023 £m	At 25 December 2022* £m
Falling due after one year		
Amounts owed by Group undertakings	769.3	874.6
Amounts owed by associates and joint ventures	-	0.2
Other asset	1.3	1.7
	<b>770.6</b>	<b>876.5</b>
Falling due within one year		
Amounts owed by Group undertakings*	130.0	101.8
Amounts owed by associates and joint ventures	0.2	9.6
Other receivables	0.1	-
	<b>130.3</b>	<b>111.4</b>

\* Amounts owed by Group undertakings as at 25 December 2022 have been restated to reclassify amounts owed to Group Undertakings in note 5.

Amounts owed by associates included a loan owed by Daytona JV Limited. During the period the loan was repaid with £9.3m cash received and the remaining movement resulting from foreign exchange.

Amounts owed by Group undertakings are repayable on demand. This receivable is classified as non-current as the Parent has no intention to call on repayment in the next 12 months.

The other asset of £1.3m (2022: £1.7m) relates to bank facility fees paid which will be recovered through recharging to subsidiary companies based on usage of the facility.

# NOTES TO THE COMPANY FINANCIAL STATEMENTS

## 53 WEEKS ENDED 31 DECEMBER 2023 CONTINUED

### 5. Other payables

	At 31 December 2023 £m	At 25 December 2022* £m
Amounts owed to Group undertakings*	13.9	20.8
Other creditors	0.5	0.3
Accruals and deferred income	0.1	0.1
	<b>14.5</b>	<b>21.2</b>

\* Amounts owed to Group undertakings as at 25 December 2022 have been restated to reclassify amounts owed by Group Undertakings in note 4.

### 6. Financial liabilities

#### Share buyback obligation

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

#### Debt facilities

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

#### Private placement loan notes

The Private Placement notes mature on 27th July 2027 and arrangement fees of £0.9m (2022: £1.2m) directly incurred in relation to the USPP are included in the carrying values of the facility and are being amortised over the term of the notes.

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

#### Bank revolving facility

The revolving credit facility expires on 27 July 2027. Arrangement fees of £1.3m (2022: £1.7m) directly incurred in relation to the RCF are included in the carrying values of the facility and are being amortised over the extended term of the facility.

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

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

An ancillary overdraft and pooling arrangement was in place with Barclays Bank Plc for £20.0m covering the Companies, Domino's Pizza Group plc, DPG Holdings Limited, Domino's Pizza UK & Ireland Limited, DP Realty Limited, DP Pizza Limited, Sell More Pizza Limited, Sheermans SS Limited and Sheermans Limited. Interest is charged for the overdraft at the same margin as applicable to the revolving credit facility above SONIA.



## 7. Deferred tax asset

	At 31 December 2023 £m	At 25 December 2022 £m
Deferred tax asset	0.2	3.2
	0.2	3.2

The deferred tax asset of £0.2m (2022: £3.2m) relates to the reversionary share plan referred to in note 2 of the Group financial statements.

## 8. Provisions

	Reversionary share plan provisions £m	Other £m	Total £m
At 26 December 2022	13.0	0.2	13.2
Utilised	(11.9)	-	(11.9)
At 31 December 2023	1.1	0.2	1.3

### Reversionary share plan provisions

As discussed more fully in note 2 of the Group financial statements, the employment tax provision relates to certain of the Group's historical share-based compensation arrangements with grant dates dating from 2003 to 2010 as well as options with vesting dates from 2012 through 2014.

During the current period £11.9m was paid in relation to the provision made for the compensation arrangements with grant dates dating from 2003-2010.

### Other provisions

Other provisions of £0.2m (2022: £0.2m) relates to liabilities resulting from the disposal of subsidiaries.

## 9. Authorised and issued share capital

Allotted, called up and fully paid share capital of 25/48p per share

	53 weeks ended 31 December 2023		52 weeks ended 25 December 2022	
	Number	£	Number	£
At 26 December 2022 and 27 December 2021	422,619,455	2,201,144	448,023,791	2,333,458
Share buybacks	(26,214,554)	(136,534)	(25,404,336)	(132,314)
At 31 December 2023 and 25 December 2022	396,404,901	2,064,610	422,619,455	2,201,144

During the period, the Company bought back a total of 26,214,554 Ordinary shares of 25/48p each for a total of £93.3m (2022: £77.5m) including costs of £0.5m (2022: £0.5m). The average price paid for these repurchased shares was 351.84p (2022: 305.64p). These repurchased shares were then cancelled in the same period.

# NOTES TO THE COMPANY FINANCIAL STATEMENTS

## 53 WEEKS ENDED 31 DECEMBER 2023 CONTINUED

### 10. Assets held for sale

	At 31 December 2023 £m	At 25 December 2022 £m
Assets held for sale	-	20.3
	-	20.3

Assets held for sale included the Group's 33.3% investment in Daytona JV Limited, a UK incorporated company which owns the MFA for Domino's Germany. The investment was sold during the period with proceeds of £70.6m being received. This generated a profit on disposal of £50.1m for the Company. Refer to note 27 in the Group financial statements for further details.

### 11. Share-based payments

The total charge recognised for share-based payments in respect of employee services received during the 53 weeks ended 31 December 2023 was £3.8m (2022: £1.2m). This arises solely on equity-settled share-based payment transactions. Of this total, a charge of £1.7m (2022: £0.1m) relates to employees of the Company and a charge of £2.1m (2022: £1.1m) relates to share options granted to employees of subsidiaries. For full disclosures relating to the total charge for the period including grants to both employees of the Company and its subsidiaries, please refer to note 29 of the Group financial statements.

### 12. Reconciliation of shareholders' funds and movements on reserves

#### 2023

On 11 May 2023, a final 2022 dividend of £28.3m was paid to shareholders.

On 20 September 2023, an interim 2023 dividend of £13.6m was paid to shareholders.

#### 2022

On 10 May 2022, a final 2021 dividend of £30.0m was paid to shareholders.

On 21 September 2022, an interim 2022 dividend of £13.8m was paid to shareholders.

Prior to announcing any dividend or other distribution, the Board determines the amount of Realised Profits by reference to relevant accounts, as required by the Companies Act 2006. Where the amount of Realised Profits by reference to Annual Accounts were insufficient to justify declaration of a dividend or other distribution, Interim Accounts would be prepared and filed with the Registrar of Companies, and used as the basis for assessing Realised Profits available for distribution. The Board is satisfied that its assessment of Realised Profits by reference to the Annual Accounts for 2022 determined that the Company had sufficient Realised Profits to satisfy dividends and share buyback programmes declared in 2023.

#### Capital reserve – own shares

This reserve relates to shares in the Company held by an independently managed EBT and shares in the Company held by the Company as treasury shares.

All shares in the Company purchased by the Company as treasury shares in the current and prior period were done so as part of announced buyback programmes, and were then cancelled in the same year. There were no shares held in treasury at the end of the current or prior period.

Shares in the Company held by the EBT are purchased in order to satisfy employee shares options and potential awards under employee share incentive schemes. During the period, the EBT purchased 1,540,088 shares at a cost of £5.0m (2022: 2,809,912 at a cost of £9.0m) in the Company and disposed of 506,740 shares in the Company (2022: 1,422,852). The EBT held 3,938,276 shares (2022: 2,904,928) at the end of the period, which have a historic cost of £12.4m (2022: £9.3m). The EBT waived its entitlement to dividends in the current and prior period.

### 13. Contingent liabilities

Pursuant to the relevant regulation of the European Communities (Companies: Group Accounts) Regulations 1992, the Company has guaranteed the liabilities of the Irish subsidiary, DP Pizza Limited. The liabilities of DP Pizza Limited were £4.5m (2022: £3.8m) at 31 December 2023.

### 14. Post balance sheet events

For details of post balance sheet events, refer to note 33 in the Group financial statements.

## FIVE-YEAR FINANCIAL SUMMARY

	31 December 2023 <sup>1</sup>	25 December 2022 <sup>1</sup>	26 December 2021 <sup>1</sup>	27 December 2020 <sup>1</sup>	29 December 2019 <sup>1</sup>
Trading weeks	53	52	52	52	52
System sales (£m)	1,571.7	1,456.4	1,499.1	1,348.4	1,210.9
Group revenue (£m)	679.8	600.3	560.8	505.1	508.3
Underlying profit before tax (£m)	101.7	98.9	113.9	101.2	98.8
Statutory profit before tax (£m)	142.3	98.9	109.7	98.9	75.1
Basic earnings per share (pence)					
– Statutory	28.0	18.8	17.1	8.9	2.8
– Underlying	18.4	18.8	20.3	18.2	17.6
Diluted earnings per share (pence)					
– Statutory	27.9	18.7	17.0	8.8	2.8
– Underlying	18.4	18.7	20.2	18.1	17.5
Dividends per share (pence)	10.5	10.0	9.80	9.10	9.76 <sup>2</sup>
Underlying earnings before interest, taxation, depreciation and amortisation (£m)	138.1	130.1	136.4	125.5	117.0
Net debt (£m)	(232.8)	(253.3)	(199.7)	(171.8)	(232.6)
Adjusted gearing ratio	1.77	1.95	1.46	1.37	1.99
Stores at start of year	1,261	1,227	1,258	1,298	1,261
Stores opened	61	35	31	22	43
Stores closed	(3)	(1)	(5)	(6)	(6)
Stores disposed <sup>3</sup>	–	–	(57)	(56)	–
Stores at year end	1,319	1,261	1,227	1,258	1,298
Corporate stores at year end	31	31	35	94	129
UK like-for-like sales growth (%)	4.1% <sup>4</sup>	(4.2)%	11.2%	10.9%	3.7%

1. Excludes discontinued operations, now refers to UK & Ireland. Store totals are presented on a Group basis including International operations.
2. The final dividend for 2019 was suspended and not tabled at the AGM. A dividend of an equivalent amount was paid as an interim dividend in 2020, and the table above remains consistent with that presented in the 2019 Annual Report.
3. Stores disposed of relate to the disposal of the operations in Sweden, Switzerland and Iceland in 2021 and in Norway in 2020.
4. Calculated on a 52 week basis to reflect growth on a comparable period.

## SHAREHOLDER INFORMATION

### Advisers and principal service providers

#### Registered office

1 Thornbury  
West Ashland  
Milton Keynes  
MK6 4BB

01908 580000

Investor website:  
[investors.dominos.co.uk](https://investors.dominos.co.uk)

#### Auditors

PricewaterhouseCoopers LLP  
One Chamberlain Square  
Birmingham  
B3 3AX

#### Broker and corporate finance advisers

Numis Securities Limited  
45 Gresham Street  
London  
EC2V 7BF

Goldman Sachs  
Plumtree Court  
25 Shoe Lane  
London  
EC4A 4AU

#### Solicitors

Slaughter and May  
1 Bunhill Row  
London  
EC1Y 8YY

#### Bankers

Barclays Bank plc  
1 Churchill Place  
London  
E14 5HP

#### Registrars

Equiniti Limited  
Aspect House  
Spencer Road  
Lancing  
West Sussex  
BN99 6DA

## SHAREHOLDER INFORMATION CONTINUED

If you hold your shares direct and not through a Savings Scheme or ISA and have queries relating to your shareholding, please contact the registrars on 0371 384 2895

Lines are open from 8.30a.m. to 5.30p.m. Monday to Friday (excluding UK bank holidays).

Shareholders can also access details of their holding and other information on the registrars' website, [www.shareview.co.uk](http://www.shareview.co.uk).

The registrars provide an online share dealing service for those who are not seeking advice on buying or selling, available at [www.selftrade.co.uk](http://www.selftrade.co.uk).

The registrars also offer a range of other dealing and investment services, which are explained on their website, [www.shareview.co.uk](http://www.shareview.co.uk)

### Handle with care...

Shareholders tell us that they sometimes receive unsolicited approaches, normally by telephone, inviting them to undertake a transaction in shares they own.

If you do not know the source of the call, check the details against the FCA website below and, if you have any specific information, report it to the FCA using the Consumer Helpline or the Online Reporting Form.

If you have any concerns whatsoever, do not take any action and do not part with any money without being certain that:

- you fully understand the transaction;
- you know who you are dealing with and that they are registered with and authorised by the FCA; and
- you have consulted a financial adviser if you have any doubts. Remember, if it sounds too good to be true, it almost certainly is. You run the risk of losing any money you part with.

If you are worried that you may already have been a victim of fraud, report the facts immediately using the Action Fraud Helpline. Should you want any more information about 'boiler room' and other investment-based fraud, this can be found on two websites:

### Action Fraud Helpline

0300 123 2040

### Action Fraud Website

[www.actionfraud.police.uk](http://www.actionfraud.police.uk)

### FCA Consumer Helpline

0800 111 6768

### FCA ScamSmart Website

[www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart)

The Group's commitment to environmental issues is reflected in this Annual Report which has been printed on Symbol freelife satin which is made from a FSC® certified and PCF (Process Chlorine Free) material. Printed in the UK by Pureprint Group using their environmental printing technology, and vegetable inks were used throughout. Pureprint Group is a CarbonNeutral® Company. Both manufacturing mill and the printer are registered to the Environmental Management System ISO14001 and are Forest Stewardship Council® (FSC) chain-of-custody certified.

### Domino's Pizza Group plc

1 Thornbury, West Ashland, Milton Keynes MK6 4BB

*luminous*

Consultancy, design and production  
[www.luminous.co.uk](http://www.luminous.co.uk)



**Domino's®**

**Domino's Pizza Group plc**

1 Thornbury, West Ashland,  
Milton Keynes MK6 4BB

<https://corporate.dominos.co.uk>