Domino's®
WE GOT THIS

DOMINO'S PIZZA GROUP PLC

ANNUAL REPORT & ACCOUNTS 2022

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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 1,261 stores across the UK & Ireland. Last year, we sold over 114 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 everyday across the business, so we continue to be a favourite brand of a growing number of customers.

Financial highlights

System sales[1] (£m)

£1,456.4m

2022	1,456.4
2021	1,499.1
2020	1,348.4

Like-for-like system sales growth ex VAT and ex splits (%)[2]

+5.3%

2022	5.3
2021	5.5
2020	4.0

Reported revenue (£m)

£600.3m

2022	600.3
2021	560.8
2020	505.1

Underlying EBITDA[3] (£m)

£130.1m

2022	130.1
2021	136.4
2020	125.5

Statutory profit for the year (£m)

£81.6m

2022	81.6
2021	78.3
2020	39.7

Underlying earnings per share[3] (p)

18.8p

2022	18.8
2021	20.3
2020	18.2

Dividends per share (p)

10.0p

2022	10.0
2021	9.8
2020	9.1

Share buybacks announced (£m)

£86m

2022	86
2021	80
2020	0

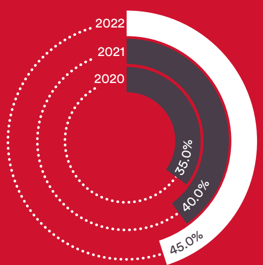
Free cash flow (£m)

£79.0m

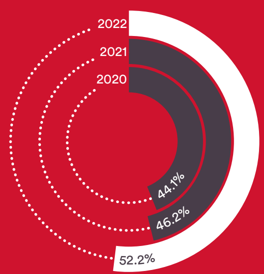
2022	79.0
2021	104.6
2020	99.0

Non-financial highlights

App sales as a percentage of system sales (%)



App orders as a percentage of online orders (%)



New store openings

35

2022	35
2021	31
2020	19

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

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

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

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

3 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 7 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 an evolving 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 2022, we continued a programme of activities which embedded our purpose into our culture. These included a roadshow providing training on our purpose and values to our supply chain centres in April. This was replicated in our corporate stores with managers and in-store teams in October. In our internal WeSay survey, the number of colleagues confirming "I understand the values" increased vs. 2021.

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 refreshed 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.

Discover more on page 32

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.

Discover more on page 34

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.

Discover more on page 36

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.

Discover more on page 45

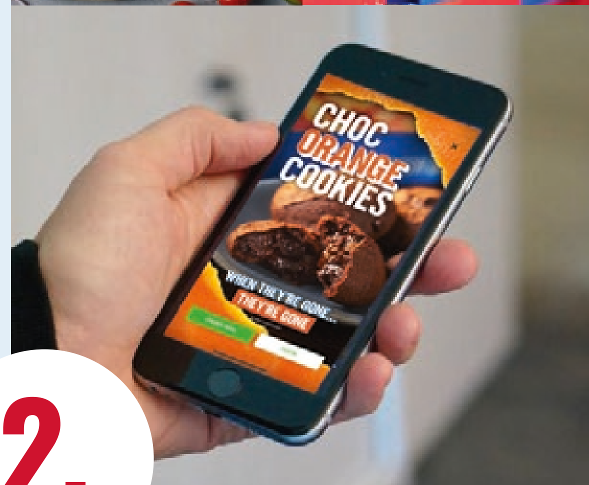
OUR SOURCING

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.

Discover more on page 44

OUR INVESTMENT PROPOSITION

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:

1. 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.
– We are the leading pizza takeaway brand in the UK.

See our market context on page 14

2. 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 turbo-charging the growth of our collection business.

See our CEO review on page 8

90%
of system sales are digital

3.
EXPERIENCED FRANCHISE PARTNERS

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

– We reached a resolution with our franchise partners in December 2021 which has heralded a new era of collaboration.
– Together, we are now focused on accelerating the growth of the system.

See our s172 statement on page 28

29.9m

App orders in 2022

4.
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.

See our CFO review on page 48

5.
ASSET LIGHT AND HIGHLY CASH GENERATIVE

We are a highly cash generative business.

– Prioritising 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 enhance returns to shareholders.

See our CFO review on page 48

£266m

returned to shareholders since March 2021

> We have continued to consider carefully all our stakeholders in our decision making and ensuring that we are doing the right thing has been a key focus of the Board.

Matt Shattock – Chair

Overview of the year

The Company has made strong progress following the resolution reached with our franchise partners at the end of 2021. The manner in which the Domino's team and our world-class franchise partners have risen to the challenge presented by global inflation and challenging consumer environment is a great example of what can be achieved when the Domino's system works together.

We have built on our recent strategic progress and have once again demonstrated that Domino's has a business model which is able to adapt to external market conditions and deliver outstanding results. 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 take care of our people, working closely with our franchisee partners and supporting them, collaborating closely with suppliers, giving back to our communities and acting in shareholders' long-term interests.

Leadership changes

During the year we appointed Elias Diaz Sese as Chief Executive Officer on an interim basis following the resignation of Dominic Paul. Elias brings over 20 years' experience in leadership roles in global consumer food brands and franchise businesses. He had been a non-executive director of the Company since October 2019 so was already familiar with the strategy, our franchise partners and the management team. Under his leadership, the Company is continuing to execute its successful strategy at pace, in partnership with our franchise partners.

Edward Jamieson joined the Board as Chief Financial Officer following a rigorous search. He brings a great blend of senior financial experience and a background in big consumer, digitally led brands, which is exactly what we need to continue growing the Domino's business.

Tracy Corrigan joined the Board as a non-executive Director in May. Tracy has broad-based business experience together with a deep experience of enhancing the digital capability of businesses and optimising revenue generation and is a strong addition to the Board.

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 exemplified by the manner in which our colleagues and franchise partners have worked collaboratively in the current economic environment 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 traded well through the year, with our value message resonating well with customers and we executed on a number of key strategic priorities. We finished the year with a strong final quarter and the momentum has continued into the start of 2023. Important strategic progress was made with the data-led trial and subsequent roll-out on the Just Eat platform and the exercise of our option over the German business. You can read more on how we operated and traded through the year and the strategic progress we have delivered in Elias' 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 reinvest back into the core business to enhance returns and enable future growth. Total capital investment in the business this year was £19.7m.

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 6.8p which, combined with the interim dividend of 3.2p, gives a 10.0p full-year dividend, an increase of 2.0% compared to the prior year. In addition, as part of our framework to return an annual allocation of surplus cash to our shareholders we announced share buyback programmes of £86m in the year.

We will continue to invest in the growth of the business, and together with returns to shareholders through both dividends and buybacks, we believe this will support our growth potential and maximise long-term returns for shareholders.

Sustainability

We have made good strides in the process of integrating sustainability in how we run our business and now have a standalone Board Sustainability Committee. In 2022, we refreshed our sustainability strategy after consulting with colleagues, customers and franchise partners. We have been making good progress, for example, securing validation of our science based targets and our net zero carbon targets, and improving our Carbon Disclosure Project rating. We are committed to our sustainability journey and look forward to providing a further update later in 2023 when we will publish our first standalone Sustainability report. Further details on our 2022 progress are set out in the sustainability section of this Annual Report on pages 30 to 46.

The year ahead

Our asset-light business model and value proposition mean we are well placed to succeed in a challenging trading environment. We are focused on accelerating the execution of our strategy and we look forward to the year ahead with confidence and making good progress towards achieving at least the upper end of the previously announced target of £1.6bn – £1.9bn of system sales in the medium term.

Finally, I would like to offer once again express my deep gratitude to all our hard-working colleagues, our franchisee partners, our suppliers, our customers and our shareholders, for your support throughout the year.

Matt Shattock
Chair

8 March 2023

Thank you to our colleagues who left in the year

Dominic Paul resigned from the Board during the year. Dominic was an outstanding CEO of Domino's, and oversaw the transformational resolution with our world-class franchise partners, which has given the business a strong platform for future growth.

On behalf of the Board, I would like personally to thank him for his contribution to the Company over the past two years.

Colin Halpern stepped down from the Board in May, having founded Domino's in the UK & Ireland in 1993. It is thanks to his vision that the Company is as strong as it is today, and we are grateful for his immense contribution to the business.

I would like to thank David Surdeau for his contribution and leadership as interim Chief Financial Officer.

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

Elias Diaz Sese – Interim Chief Executive Officer

Introduction

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

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

FY22 performance summary

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

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

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

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

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

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

Significant digital opportunity

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

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

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

Second year of our growth strategy

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

Delivery: Nobody delivers like Domino's

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

Q&A

Q What first attracted you to Domino's?

Domino's is a great business with a superb brand and world-class franchise partners. Before I became involved in the business I worked closely with a large Domino's franchise partner and I was impressed with the brand, the product and the opportunity to drive growth and deliver shareholder returns. This is why three years ago I made a significant personal investment in Domino's and was delighted to join the Board. I am really excited and honoured to take on the role of CEO on an interim basis and to accelerate the delivery of our strategic plan.

Q What have you been impressed with at Domino's?

The passion and commitment of everyone in the system has been impressive. I spent my first months in role travelling around the country meeting with colleagues, franchise partners, suppliers and shareholders. We have a fantastic brand and I have seen real determination from everyone in the system to keep delivering a better service, product and experience for our customers.

Q Having been involved in the creation of the current strategy, what changes are you planning on making?

I worked closely with the Board and management team to create the current strategy, which I firmly believe is the right one to drive Domino's future growth. While the strategy remains the same, I am determined to accelerate its execution so we can continue improving our customer service and our product, whilst driving the growth of the system and delivering returns for our shareholders.

Q What are you focused on this year?

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

CEO'S REVIEW

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

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

Collection:
Turbocharge our collection business

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

Product & value:
Amplify our product quality and value

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

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

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

Performance:
Uphold our industry-leading economics for both the Group and our franchisees

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

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

Franchisor:
Model excellence as a franchisor

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

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

Following the introduction of the new store incentive scheme last year, we have made good progress with our new store openings with 35 in FY22 compared to 31 in the prior year. These stores were opened by 22 different franchise partners, and we were delighted that three new 'Home Grown Heroes' opened stores in the year.

We had expected to open 40 stores in FY22, but some have moved into Q1 23, largely driven by a delay in planning consents.

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

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

Looking ahead to FY23

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

1. Franchisee profitability and organisation

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

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

2. Value for Money

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

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

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

3. Digital

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

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

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

4. Convenience

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

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

5. Technology Platform projects

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

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

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

Delivering our sustainable future

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

We have made good progress in 2022:

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

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

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

FY22 trading review

Continued underlying like-for-like system sales growth

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

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

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

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

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

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

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

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

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

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

UK & ROI	LFL inc. splits (YOY Growth)			Total (All Stores)	
	Sales	Volume	Price	Orders (m)	YOY Order Growth
Total					
Q1	(3.6)%	(2.0)%	(1.6)%	17.5m	5.5%
Q2	(11.4)%	(8.3)%	(3.1)%	16.9m	(1.3)%
H1	(7.5)%	(5.2)%	(2.4)%	34.4m	2.1%
Q3	(10.2)%	(9.1)%	(1.2)%	16.9m	(1.9)%
Q4	6.3%	(2.1)%	8.5%	18.5m	4.1%
H2	(2.0)%	(5.6)%	3.5%	35.4m	1.1%
FY	(4.8)%	(5.4)%	(0.6)%	69.8m	1.6%
Delivery only					
Q1	(8.4)%	(8.2)%	(0.2)%	12.7m	(4.4)%
Q2	(16.0)%	(15.4)%	(0.6)%	11.6m	(12.1)%
H1	(12.2)%	(11.8)%	(0.4)%	24.3m	(8.3)%
Q3	(14.7)%	(16.2)%	1.5%	11.0m	(12.7)%
Q4	2.1%	(8.4)%	10.5%	12.2m	(5.1)%
H2	(6.4)%	(12.3)%	5.8%	23.2m	(8.8)%
FY	(9.4)%	(12.0)%	2.6%	47.5m	(8.5)%
Collection only					
Q1	25.3%	30.5%	(5.2)%	4.8m	45.4%
Q2	12.4%	22.8%	(10.4)%	5.3m	34.7%
H1	18.4%	26.3%	(8.0)%	10.2m	39.6%
Q3	9.3%	17.2%	(7.9)%	5.8m	28.1%
Q4	24.2%	19.8%	4.5%	6.3m	27.9%
H2	16.8%	18.5%	(1.7)%	12.1m	28.0%
FY	17.5%	22.0%	(4.5)%	22.3m	33.0%

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

Five corporate stores sold in 2022

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

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

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

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

£266m returned to shareholders since Capital Allocation Framework launched

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

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

Elias Diaz Sese
Interim Chief Executive Officer

8 March 2023

MARKET REVIEW

Domino's has a business model which can respond to the market backdrop and pivot to what consumers 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.

DIGITAL FIRST

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

Our response

- We already had a clear strategy to invest in our digital offering
- We have invested in building our digital capabilities and put in place a new team in 2022
- Our work in this area has been very successful with digital orders now accounting for 90% of our business
- We will continue to invest in our digital offering and drive more customers to use our app

52%

online orders through the app

DELIVERY AND COLLECTION MARKET DYNAMICS

- We have a clear strategy in both delivery and collection to accelerate our growth
- The total UK takeaway market was worth £13.5bn in 2022
- Domino's market share of the UK takeaway market in Q4 FY22 (12 weeks ending 25 December) was 8.0%, an increase of 1.2ppts vs. Q4 FY21
  - This was largely driven by an increase in collection market share
- The size of the market has been driven by convenience, ease of ordering digitally, the presence of aggregators and the trend of entertaining and celebrating events at home

Our response

- We will continue to invest in Domino's market-leading brand and leverage its strength, we have increased our brand awareness in 2022 and are the clear market-leading pizza brand in the UK
- Our first strategic priority is 'Nobody delivers like Domino's' and we continue to invest in the core business, with investment in digital capabilities and the app to further improve the customer journey
- Our second strategic priority is to 'Turbo-charge our collection business' and volumes are now at 104% of 2019 levels, and in 2023 we are focused on continuing to increase awareness of the collection channel and highlighting the strong value which it represents

33%

increase in collection orders

EVOLVING CONSUMER BEHAVIOUR

The delivered food and pizza market has demonstrated strong growth compared to 2019

- During the pandemic, Collections contracted as restaurants were subject to restrictions. Collections went through a period of recovery and for Domino's they are now ahead of 2019 levels
- More customers have now ordered takeaways than before the Covid-19 pandemic, driven by the growth of aggregators and the presence of established delivery operators, such as Domino's

Our response

- Our insights show that value for money is the most important consideration for our customers. In 2023 we are well placed to address this need with our second year of national value campaigns
- Following resolution with our franchise partners, we are now able to launch national value offers. Giving customers great value deals will be a key focus for us in 2023

+8.5ppts

increase in Domino's value for money scores vs. 2019

INFLATIONARY ENVIRONMENT

- This 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

Our response

- We have significant scale and buying power and work closely with our supplier base to ensure food prices are mitigated wherever possible. For the majority of the products we buy, we have dual suppliers
- Despite global cost inflation and supply chain constraints, our supply chain centre maintained outstanding availability in FY22
- We will continue to work with our franchise partners and in our own corporate stores to improve labour efficiency and optimise pricing strategies
- 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

99.9%
Supply chain centre availability

CONSUMER TASTES AND HEALTHY EATING TRENDS

- There is a continued increase in the number of people looking for vegetarian, plant-based, meat-free and gluten-free alternatives
- Customers are continuing to prioritise health, wellness and fitness
- Government policy is focused on obesity, particularly centred on marketing and promotions of high fat, sugar and salt food ('HFSS')

Our response

We take pride in the quality and consistency of our product

- We have re-invigorated our food innovation for pizza and non-pizza products
- In 2022 we expanded our vegan-friendly pizza range, with the launch of Vegan PepperoNAY, proving very popular with vegans and flexitarians, and have trialled a 650 calorie pizza
- We have continued to provide transparent nutritional information where our customers want it; this includes labelling calories on all menus and on our app – much of which was completed ahead of the Government's deadline for Mandatory Calorie Labelling in England
- We are investigating the practicality of using plant-based alternatives to some of our meat-based toppings
- We regularly engage with the UK Government to provide our views on the wider debates regarding obesity and the possible approaches to addressing the issue

650
calorie pizza in trial

OUR BUSINESS MODEL

Creating value through our business model

Key strengths and resources

WORLD-CLASS BRAND

– Leading pizza takeaway brand in the UK & Ireland

DYNAMIC, DIGITAL BUSINESS

– Ability to drive value from being a digital business only just starting

EXPERIENCED FRANCHISE PARTNERS

– Strong operational expertise and passion for the brand

EXCEPTIONAL SUPPLY CHAIN

– World-class availability and accuracy for our franchise partners and customers

ASSET-LIGHT AND HIGHLY CASH GENERATIVE

– Our highly cash generative model allows us to prioritise investment in the core business to drive sustainable, long-term value

What we do

DELIVER

piping hot food with an average delivery time of 26.3 minutes in 2022.

COLLECTION

from one of our 1,261 stores.
Collection orders grew 33% in 2022

COOK

a wide range of freshly made food from high-quality ingredients

SELL

to customers with 90% of system sales now through digital channels

PRICE

set locally by our franchise partners and with a wide range of pricing strategies. Following resolution with our franchise partners we are also now able to offer national value campaigns

Underpinned by our operating model

DOMINO'S PIZZA INTERNATIONAL FRANCHISING INC. ('DPI')

DOMINO'S PIZZA GROUP PLC

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 £241m per year with our trusted suppliers

MAKE

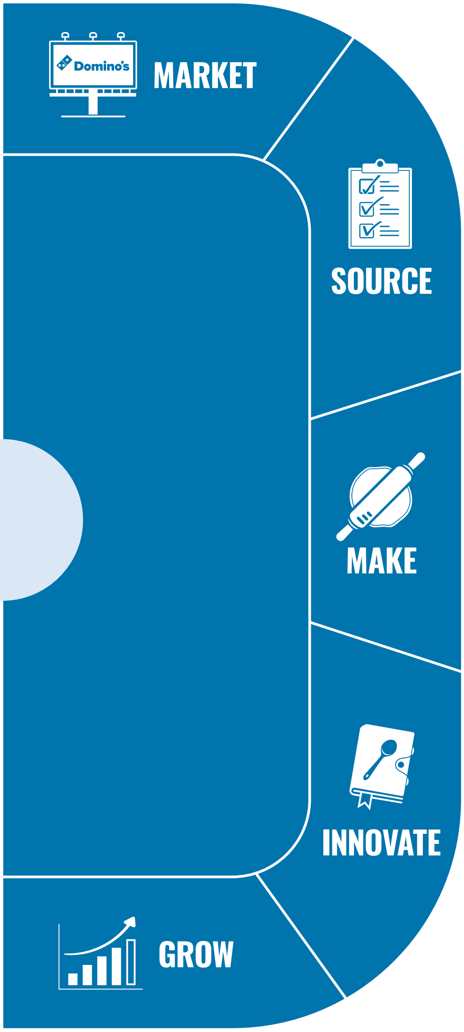
48m kilos of fresh dough in our UK & Ireland supply chain centres, and supply 34 million food and non-food items to our franchised and corporate stores through our in-house logistics fleet

INNOVATE

to keep our menus exciting, we regularly launch new products, including a Vegan PepperoNAY pizza and a new Spicy Sausage pizza for the Men's Football World Cup in 2022

GROW

through our digital initiatives and a 13% increase in new store openings in 2022



The value we created

Customer satisfaction:

63%

customers' overall satisfaction, down 3 ppts year-on-year

Profitable franchise partners:

£182k

average 2022 UK franchise partner store EBITDA

Rewarded investors:

10.0p

dividend per share, up 2.0% year-on-year and £86m share buybacks

Gave to charity:

£841k

charitable donations

Remunerated master franchisee:

2.7%

of system sales paid to DPI in royalties

1,230 FRANCHISE PARTNERS & 31 CORPORATE STORES

CUSTOMERS

OUR STRATEGY FOR DELIVERING THE FUTURE

In March 2021, we launched our strategic plan, focused on delivering sustainable growth centred on five key pillars for the business, aligned with our vision and purpose, and underpinned by our values. We set medium-term targets, which were subsequently increased following the resolution with our franchise partners. As we execute our strategic plan, we will report on progress against these five pillars and the corresponding medium-term targets.

	The opportunity	2022 progress	2023 focus
Nobody delivers like Domino's	– Domino's is a leading QSR delivery brand – Large addressable market – Leverage our vertical integration to strengthen our position	– Just Eat rolled out – Launched delivery charge and driver tipping – New GPS system live in over 50% of stores – Commenced work on eCommerce platform	– Fully integrate Just Eat platform – Acceleration and CRM personalisation – Complete GPS roll-out – Develop new eCommerce platform
Turbo-charge our collection business	– Collection market is sizeable – Underpenetrated in collection, opportunity to highlight value proposition – We can extend our reach to different occasions and customer segments	– Leveraged national promotion and increased marketing support – Collection orders grew 33%, at +111% vs. 2019 levels in Q4 22	– Leverage national promotional activity and marketing spend, highlighting value message – Improve digital collection experience
Amplify our product quality and value	– Customers love our products – Drive product innovation to stay ahead of competitors – Improve value for money perception through national campaigns	– Leveraged national promotional activity and Price Slice weeks and App Only deals – Launched pipeline of innovation including Vegan PepperoNAY and Ultimate Spicy Sausage – Strong pipeline of new concepts in trial	– Leverage national promotions with Value message at the core – Drive incremental orders with food innovation
Uphold our industry-leading economics	– Consistently strong system performance relative to peers – Continue to invest to optimise efficiency – Further enable the success of our franchise partners	– Maintained world-class levels of support with 99.9% availability and 99.8% accuracy – Commenced re-development of Naas – Launched South West Cross Dock facility – Completed roll-out of Cages & Dollies	– Maintain world-class operational performance – Naas re-development – Develop new ERP system
Model excellence as a franchisor	– Continue to bolster our internal capabilities – Accelerate growth through our franchise partners – Seek to broaden our franchise partner base	– Opened 35 new stores – Opened 3 stores with Home Grown Heroes – Delivered enhanced training through launch of Domino's Academy – Launched Franchisee Performance Management framework	– Mid-single digit percentage increase in store estate – Deliver Store Operations Technology roadmap

DELIVERING ON OUR STRATEGY

Nobody delivers like Domino’s

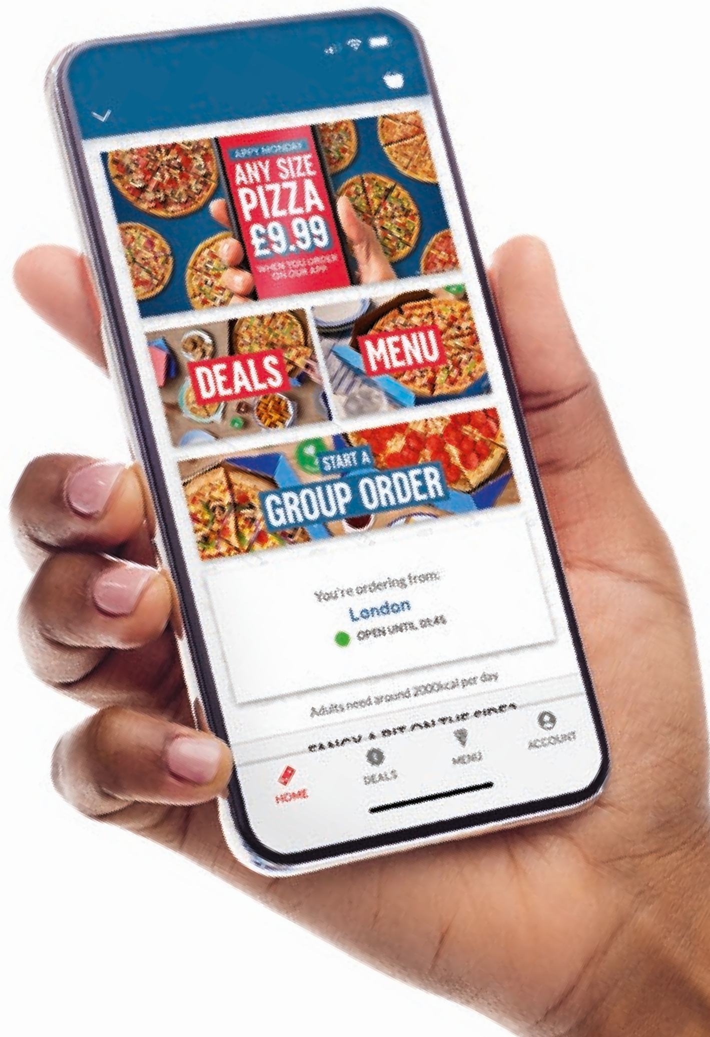
6.1m
app customers

+16%
app customers in FY22

The app is a key driver of our growth. App frequency is higher than for web only customers, which makes enables personalisation a lot easier as we have more customer data. We have only just launched our first personalisation on the app, early results are encouraging, and we will be launching more personalisation initiatives in 2023.

Discover more on page 9

52.2%
of total online orders are through the app



Turbo-charge our collection business

33.0%
growth in collection orders in FY22

22.3m
collection orders in FY22

Collection represents the most efficient labour channel, with delivery effectively outsourced to the customer. This is particularly important in an environment where there are pressures on labour availability and wage inflation. The various lockdown restrictions in 2020 and 2021 dampened the collection market significantly, but collection volumes recovered well in 2022 and are now comfortably ahead of 2019 levels. Our collection offer represents great value for our customers and we will continue to increase awareness of this channel in 2023.

Discover more on page 10

111%
of 2019 levels in Q4 22

Amplify our product quality and value

6
new pizzas launched in FY22

26
pizzas a second in build-up to England v Wales game

To coincide with the start of the Men's Football World Cup in Qatar, we brought "the heat" to the UK with two new spicy additions to the menu – the Ultimate Spicy Sausage pizza and Loaded Wedges with Spicy Sausage. They were launched with an integrated media campaign which gained strong traction across all our social channels. Our customers loved them, with fans ordering 26 pizzas a second in the build-up to the England v Wales game.

Discover more on page 10

Uphold our industry-leading economics

4
supply chain centres in UK & Ireland

130
stores capacity in Naas

The first pillar of our capital allocation framework is to invest in the business to drive long-term organic growth. In FY22, we took the decision to upgrade our supply chain centre in Naas, Ireland. Naas was built over 20 years ago and was originally built to service 45 stores.

We are investing in re-developing the site and expect the project will be completed by the end of 2024. The facility will include a new dough production plant giving us a productivity benefit. When completed, the new site will meet the highest technical and welfare standards and will be able to supply up to 130 stores.

Discover more on page 10

Model excellence as a franchisor

25
new jobs created in the area

3
New Home Grown Heroes in FY22

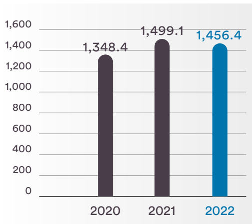
In 2021, we launched our Home Grown Hero programme which offers current and former Domino's team members the opportunity to own a Domino's store and become part of the franchisee system. In 2022, we welcomed three new Home Grown Heroes. This Home Grown Hero has worked for Domino's for over 31 years, from his first role in stores to 16 years' experience working as an Area Manager and partner within a franchisee group. His store created 25 new jobs in the area including delivery drivers, pizza chefs and in-store team members. In the first week of trading, the store supported the local community by running a special opening week deal to raise funds for local charity, Douglas Macmillan Hospice.

KEY PERFORMANCE INDICATORS

In order to continue to implement, develop and measure the Group's strategic performance, we monitor nine financial and non-financial key performance indicators ('KPIs') in addition to the Group's income statement results.

UK & Ireland system sales (£m)

1,456.4m



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. The Group has a target of delivering at least £1.9bn of system sales in the medium-term.

Performance in 2022

System sales performance in 2021 was distorted by the benefit of the lower rate of VAT on hot takeaway food.

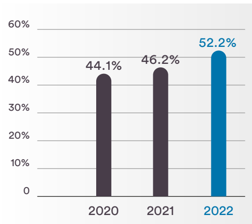
The VAT rate reverted to 20% on 1 April 2022; therefore, any comparison with the prior year is impacted.

Removing the impact of VAT, like-for-like system sales increased 5.3% in the year.

Link to Strategy

App orders as a percentage of online orders (%)

52.2%



Description

Our app is a key driver of our digital strategy. The number of customers using our app has steadily 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 2022

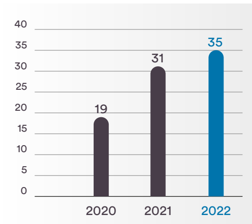
The Domino's app accounted for 52.2% of total online orders, an increase of 6.0ppts on the prior year.

Attracting more customers to the app and more orders via digital channels is a key focus in 2023.

Link to Strategy

New store openings

35



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. Following the resolution with franchisees, the Group has a target of delivering in excess of 200 new store openings in the medium term.

Performance in 2022

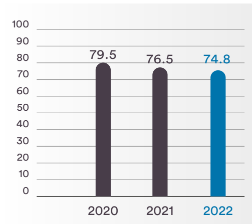
Following the introduction of the new store incentive scheme in 2021, we have made good progress with our new store openings, with 35 in FY22 compared to 31 in the prior year.

These stores were opened by 22 different franchise partners and we were delighted that three new 'Home Grown Heroes' opened stores in the year.

Link to Strategy

Delivered on time (%)

74.8%



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 2022

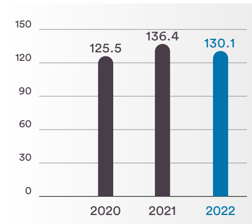
74.8% of deliveries on time remains industry leading. Performance in the second half of 2022 was significantly better than in the second half of 2021.

We are working in collaboration with our franchise partners on this KPI and are confident that performance will improve in 2023.

Link to Strategy

Underlying EBITDA (£m)

130.1m



Description

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

Performance in 2022

Underlying EBITDA was £130.1m, down £6.3m compared to last year.

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

Link to Strategy

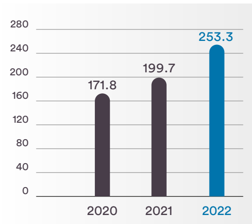
Strategy key

- Nobody delivers like Domino's
- Turbo-charge our collection business
- Amplify our product quality and value
- Uphold our industry-leading economics
- Model excellence as a franchisor

Discover more on page 18

Net debt (£m)

253.3m



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.

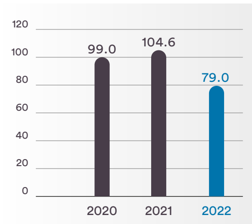
Performance in 2022

In line with guidance, net debt increased by £53.6m during the year, as free cash flow was offset with returns to shareholders through increased dividend payments and £86m of share buyback programmes announced in the year.

Link to Strategy

Free cash flow (£m)

79.0m



Description

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

Performance in 2022

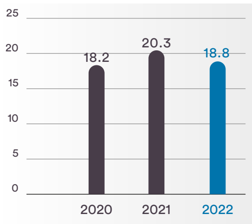
Free cash flow decreased by £25.6m to an inflow of £79.0m, as EBITDA generated was offset by working capital outflows as a result of timing differences and receivables increases.

In FY23 to date, £8m of the movement relating to creditors and accruals has reversed as a cash inflow. We anticipate a net working capital inflow for FY 23.

Link to Strategy

Underlying earnings per share (p)

18.8p



Description

Underlying 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.

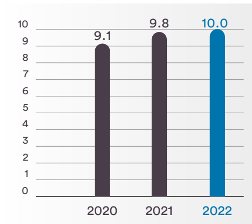
Performance in 2022

Underlying basic EPS decreased to 18.8p from 20.3p as a result of the underlying profit decrease in the year.

Link to Strategy

Dividend per share (p)

10.0p



Description

Our asset-light business is highly cash generative, and we use a capital allocation framework to maximise shareholder returns.

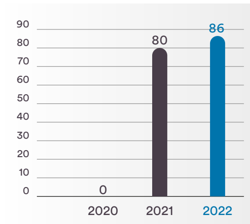
Performance in 2022

Full-year dividend proposed of 10.0p per share, representing a 2.0% increase compared to 2021.

Link to Strategy

Share buybacks announced (£m)

86m



Description

Our asset-light business is highly cash generative. As part of the capital allocation framework, we will return surplus cash to shareholders.

Performance in 2022

£46m programme announced in March, £20m in August and £20m in November.

Therefore £86m of shares were repurchased between March 2022 and 30 January 2023, representing 6.3% of the issued share capital.

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 have engaged directly with members of the public, local 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. 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 expanded 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 74.

Issues raised
In 2022, the topics of greatest interest to our colleagues related to the cost-of-living crisis due to the inflationary environment and the operation of hybrid working.

How we responded
The Board and management have taken account of the challenges our colleagues are facing with high rates of inflation, and this has been reflected in the 2023 pay review with increases in base pay of up to 7%.
The Company's hybrid working models has been embedded further during the year and working arrangements will continue to be reviewed and will evolve depending on organisational requirements.

For further details on our Colleague Forums, see page 74 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 28.

FRANCHISEES

Why they matter
We recognise the critical role that franchisees play 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. In 2022, the Company hosted a two-day Rally which was attended by franchisees and by approximately 1,000 of their senior colleagues. This was the first Domino's Rally held since 2018 and provided the Company's senior leaders and franchisees' teams a forum to meet and discuss areas of common interest. Also in 2022, the Company launched a Satisfaction Survey to its franchisees to obtain opinions and views in a structured manner.

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 a period 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 grow their businesses and optimise profitability.

How we responded
The Company has worked 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. During the year, the Company and franchisees held an Economic Forum 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 had questions about Directors' remuneration; the implementation of the resolution agreed with franchisees and announced in December 2021; the application of our capital allocation framework; management succession; progress on our trial with Just Eat and roll-out across the estate; the exercise of the Company's option to dispose of its interest in the German joint venture; the Group's response to climate change and approach to sustainability more generally; and a range of strategic and operational matters.

How we responded
The Board considered, and took account of, shareholder views in the application of its capital allocation philosophy during the year. On climate change, the Company delivered on its previous commitment to establish science-based targets which were formally validated by SBTi. The Remuneration Committee consulted with shareholders on its proposals for amending the Remuneration Policy, which was put to shareholders at the AGM in May 2022, with over 92% of votes cast in favour.

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. A formal supplier engagement survey, originally scheduled for 2022, will now be 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. In a period where there have been high levels of inflationary pressure, suppliers have engaged on how best to absorb increased input costs and maintain agreed product pricing and availability commitments. Suppliers have also requested improved visibility of new product initiatives to enable them to facilitate production planning.

How we responded
We recognise the inflationary pressure being faced by the suppliers, franchisees and customers, and have been working to maintain a balance of interests between all stakeholders. Updates to suppliers on operational issues are provided on a regular basis.

SECTION 172

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

In summary, as required by section 172 of the UK's Companies Act, a Director of a Company must act in the way he/she considers, in good faith, would most likely promote the success of the Company for the benefit of its shareholders. In doing this, the Director must have regard, amongst other matters, to the:

– likely consequences of any decisions in the long term;

– interests of the Company's employees;

– need to foster the Company's business relationships with suppliers, customers and others;

– impact of the Company's operations on the community and environment;

– Company's reputation for high standards of business conduct; and

– the need to act fairly between members of the Company.

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

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; succession planning and appointments to the Board; changes to the composition of Board Committees; the renegotiation of the Group's long-term debt facilities; and the exercise of the Group's put option in relation to its joint venture in Germany.

EMPLOYEES

Stella David is the designated Non-executive Director for the purposes of workforce engagement. Details of the Board workforce engagement programme are shown on page 74. 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 eCommerce and information technology; additional investment in the Group's supply chain centre in the Republic of Ireland; 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 Just Eat platform which was subsequently extended to 1,167 stores.

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, and formally approved the Group's science-based carbon-reduction targets and pathway to net zero by 2050, which were submitted to SBTi. On 13 July 2022 SBTi confirmed that it had validated our near-term/net zero targets.

Our material sustainability issues

The five material issues shown to the right are far from our only responsible business priorities but they appear consistently at the top of the agenda when we engage with our internal and external stakeholders. As such, they form the foundation of our Group sustainability approach, which is subject to ongoing reviews and continuous development.

Our business model relies on long-term, trusted partnerships with franchisees, business partners and suppliers, making our management of sustainability performance more complex than in many otherwise 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 sustainability strategy focuses on five key pillars which are critical to our business:

1 OUR CUSTOMERS

Pertaining to product safety and quality, allergen management, as well as health and nutrition.

Focus areas

– Healthier options
– Food Safety

Key highlights

– New sub-650 calorie pizza developed and being tested
– Enhanced allergen management processes implemented
– Doubled number of plant-based and free-from menu options
– Support provided to the Natasha Allergy Research Foundation

Relevant SDGs

3 Good health and well-being

Discover more on page 32

2 OUR PEOPLE

How we attract, develop, and retain the best people from diverse backgrounds while maintaining high labour standards.

Focus areas

– Diversity, Equity & Inclusion
– Fair Pay

Key highlights

– Enhanced family-friendly HR policies to aid retention
– 44% female representation on Board
– 50% female representation on UK Leadership Team
– First female Homegrown Hero identified supporting move from store manager to franchise partner

Relevant SDGs

4 Quality education
5 Gender equality
8 Decent work and economic growth

Discover more on page 34

3 OUR ENVIRONMENT

Particularly as it relates to waste minimisation, recycling, climate change, and carbon reduction.

Focus areas

– Net Zero
– Packaging & Waste
– Food Waste

Key highlights

– Net zero targets validated by Science Based Targets initiative (SBTi)
– Initial group-wide decarbonisation plan developed
– Improved CDP scores for Climate Change and Forest
– 100% of food waste either redistributed to food poverty charities or converted into animal feed

Relevant SDGs

2 Zero hunger
7 Affordable and clean energy
12 Responsible consumption and production
13 Climate action

Discover more on page 36

4 OUR SOURCING

As it relates to social and environmental impacts in our up and downstream extended operations.

Focus areas

- Animal Welfare
- Modern Slavery

Key highlights

- 100% of food suppliers audited for ethical and responsible sourcing practices
- 100% of milk used for cheese compliant with either Red Tractor or Bord Bia
- Chicken welfare standards audited and in line with industry peers
- Key teams trained to spot signs of Modern Slavery during supplier audits

Relevant SDGs

8 Decent work and economic growth; 14 Life below water; 15 Life on land; 16 Peace, justice and strong institutions

Discover more on page 44

5 OUR COMMUNITIES

Relating to the level of financial and non-financial support to provide to our national charity partners and our Partners Foundation.

Focus areas

- Charities
- Litter

Key highlights

- £6.5million raised for Teenage Cancer Trust over 7 year partnership
- £140,000 granted by Partners Foundation since its creation to support colleagues facing financial hardship
- Advertising support provided to ITV's Concert for Ukraine and donation made to Disasters Emergency Committee

Relevant SDGs

1 No poverty; 3 Good health and well-being

Discover more on page 45

GOVERNANCE

Our day-to-day activities, including the delivery of our sustainability ambitions, are underpinned by robust corporate governance. This includes, but is not limited to, Board composition, remuneration and the integration of sustainability criteria into our decision-making.

Key highlights

- 10% of UK Leadership Team bonus linked to delivery of key sustainability targets
- PLC Sustainability Committee established chaired by Non-Executive Director
- Sustainability embedded into the business through establishment of Sustainability Steering Group and dedicated Working Groups

Introduction to DPG sustainability programme

Underpinning our ambition to deliver a better future through food people love with a sustainability strategy based on stakeholder insights.

For many years, one of the Domino's core values has been to do the right thing. From our NHS Giveaway of free pizzas for front-line emergency service workers during COVID, to the millions we have raised for our charity partner, Teenage Cancer Trust, to the career opportunities we offer our UK and Irish colleagues, we have always sought to give back to the communities we are proud to serve and to our colleagues who work so hard.

In 2020, we established our corporate purpose which is to deliver a better future through food people love. This is the guiding star for our business and helps us make the right decisions for our business and for our stakeholders. It enables us to continue growing our business, but grow it responsibly and sustainably.

In 2022, we underpinned our corporate purpose with a refreshed sustainability strategy after seeking views from our customers, colleagues, franchise partners and key opinion leaders with a passion for sustainability. We sought their opinions on key questions including which areas we should focus on, and how far we should push ourselves in each area.

Our new sustainability strategy connects our actions with the views and passions of our key audiences and has enabled us to coordinate the various sustainability-related activities and workstreams from across the business. Additionally, for the first time we have linked 10% of UK Leadership Team bonus to the successful delivery of key sustainability targets.

We firmly believe all of this will help push us as a business to achieve our ambition of delivering a better future through food people love and is aligned with the UN's Sustainable Development Goals.

OUR CUSTOMERS

Domino's is synonymous with exceptional service, quality and value. Customers expect companies such as Domino's to adjust to changing tastes and dietary requirements. We believe we have an important role to play in providing a wide choice of products to reflect flexitarian trends as well as helping people to maintain a healthy and balanced diet.

Key highlights

- New sub-650 calorie pizza developed and being tested
- Enhanced allergen management processes implemented
- Doubled number of plant-based and free-from menu options
- Support provided to the Natasha Allergy Research Foundation

Relevant SDG's

3 GOOD HEALTH AND WELL-BEING

Reflecting changing customer needs

Our goal is to ensure our customers have access to a wide range of choices that cater for all dietary requirements, and to help them make informed choices about the products they order from us. Adapting to trends such as veganism, vegetarianism, as well as the need for robust allergen management is important in order to offer an inclusive range of products, particularly when customers are ordering as a group and the dietary needs of one individual can be a key decision factor on whether they choose Domino's.

We have adapted to this increased demand for plant-based and 'free-from' options. In 2022, we increased our plant-based and 'free-from' options from 11 in 2021 to 23. A new plant-based pizza, the PepperoNAY, launched in 2022, and, further to this, we opened up plant-based toppings for our ever-popular Create Your Own pizzas–both changes have been well received by Domino's fans.

Allergen management

We believe food allergies shouldn't get in the way of enjoying great tasting food. We have continued to work with our suppliers, franchise partners and store teams to lower the risk of cross-contamination, and clearly detail allergens across all our products.

Allergen management is integrated into our Food Safety Management system and covers products manufactured by Domino's, 3rd party manufacturers and raw materials. We recognise the importance of providing clear and accurate information for our consumers with food hypersensitivity, so they can make informed choices on the food they are consuming. We also ensure that we provide accurate, consistent and verifiable information to consumers on intentional allergens and risks of cross-contamination.

Since the introduction of Natasha's Law in October 2021, we have been working closely with our franchise partners to ensure they have appropriate levels of knowledge and processes in place to comply. All stores and franchise partners have had allergen management elements added to in-store and driver training programmes and we now include allergen management practices in our in-store audits.

In 2022, we met with the parents of Natasha Ednan-Laperouse who run Natasha Allergy Research Foundation. We fully support their ambition to prevent and eradicate allergic disease and in 2022 agreed a three-year funding commitment to support the Foundation's research and work.

Expanding our plant-based range

In early 2022, we expanded the Domino's menu with the addition of the Vegan PepperoNAY, a vegan alternative to our most popular pizza, the Pepperoni Passion.

Launched in January to coincide with the 'Veganuary' trend, the new pizza was designed to appeal to customers following plant-based diets, as well as to those wanting to flex their eating habits.

The Vegan PepperoNAY has been well-received by customers and was awarded Best Pizza at the PETA (People for the Ethical Treatment of Animals) Vegan Food Awards 2022.

All of our plant-based pizzas are made with high quality ingredients and are served with a vegan version of our iconic Garlic & Herb dip, allowing customers to enjoy the full Domino's experience in a vegan friendly way.

Healthier Options

We believe the food industry has an important role to play in helping people to follow a healthy and balanced diet. Domino's is committed to continually increasing our range of healthier options without compromising on taste, and helping customers make informed choices about the food they eat by providing easy to understand nutritional information.

In 2022, we developed our first ever sub-650 calorie pizza range which is currently undergoing in-store consumer testing. 2022 also saw our innovation team develop an agreed approach for identifying opportunities to reduce the levels of fat, salt and calories across our existing portfolio which will be rolled out in 2023. We continue to offer customers a range of crust, cheese, and pizza size options, and to ensure compliance with The Calorie Labelling (Out of Home Sector) England Regulations 2021 all of our menus clearly display information regarding calories.

Food Safety

Our customers expect top quality from us, so ensuring all our ingredients are safe and responsibly sourced is imperative.

Our processes require all core ingredients, pizza toppings, sides and desserts to be regularly tested by our internal quality panel against specifications agreed with suppliers. All ingredients are also sent, according to a risk assessed schedule, to an accredited third-party laboratory for microbiological and chemical analysis against agreed protocols and specifications. The product surveillance programme runs fortnightly reviews, where possible to cover all products.

Any issues identified were raised with the relevant supplier and re-tested. In total, surveillance testing was undertaken on 100% of available food products and 99% of all products during 2022.

Our Supplier Technical Manual, which covers all the policies and processes we expect of our supply chain, is supported by a programme of due diligence product testing between ourselves and our suppliers.

Following an end-to-end risk assessment of allergen and vegan controls, in 2021 we developed our vegan-friendly surveillance testing. Using this approach, in 2022, we completed 76 tests across the range of vegan-friendly pizzas to validate the controls used in-store to minimise risk of cross contamination.

We aim to have no meat traces at all in our vegan products and take a zero-tolerance approach to noncompliance with our suppliers. We will not hesitate to terminate contracts with suppliers failing to meet our standards.

Since the relaunch of Gluten Free in June 2021, we have undertaken mystery shopper testing and, in 2022, sampled a total of 207 pizzas from different stores across the network, with all results confirming the Gluten Free pizzas are within legal tolerance levels to be labelled as gluten-free.

All stores have access to our Food Safety Management System, which details the instore guidelines for the safe production of our products. It is based on the principles of Hazard Analysis and Critical Control Points ('HACCP') and outlines areas such as temperature-control, allergen-control procedures, correct storage, dating and rotation of ingredients, as well as best practice on managing the health and hygiene of a store's environment and colleagues. All store colleagues are trained on allergens and allergen management and are required to take refresher courses annually.

Continuing our journey

In 2023, we will continue to provide customers with clear and simple nutritional and allergen information to ensure they can make informed choices about the products they order from us. We will also increase our range of lower calorie, vegan, vegetarian, and gluten free options. At the same time, we will review our existing products to find ways of reducing fat, salt and calories.

To help customers with allergen issues enjoy Domino's we will continue to enhance our in-store and delivery processes, information available to customers, and provide support to organisations working to eradicate the prevalence of allergen-related diseases.

We will continue promoting our products appropriately guided by a new responsible marketing policy which will be adhered to by Domino's, as well as our franchise and other business partners.

OUR PEOPLE

When our colleagues thrive, we thrive. From fair pay to training programmes, we support our colleagues from all backgrounds to develop, grow, and achieve their potential. We welcome a wide range of opinions and perspectives, from colleagues of all backgrounds, reflecting the communities we're proud to serve.

Key highlights

- Enhanced family-friendly HR policies to aid retention
- 44% female representation on Board
- 50% female representation on UK Leadership Team
- First female Home Grown Hero identified supporting move from store manager to franchise partner

Relevant SDG's

4 QUALITY EDUCATION

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

Diversity, Equity & Inclusion in senior management

We believe in the benefits of bringing a wide range of skills, experience, and perspectives into our business. In 2021, we set targets to improve the diversity of our colleague base including our Board, UK Leadership Team, and senior management cohort. We are committed to reaching and exceeding the targets set out in the Hampton-Alexander and Parker Reviews.

At a Board level, we are committed to achieving 40% female representation by 2025; and maintaining at least one Board member from a non-white ethnic minority, increasing to two non-white ethnic minority Board members by 2025. Our Board Diversity Policy requires gender and diversity to be taken into consideration when evaluating the skills, knowledge and experience desirable to fill each Board vacancy.

We made good progress against these targets. During 2022, the Board appointed Tracy Corrigan as an independent non-executive director which meant at the end of 2022, the proportion of female directors on the Board was 44%. Additionally, the Board has included one member from a non-white ethnic minority since 2019.

We also set targets to increase the diversity of our senior management team and are working towards 36% of senior roles being held by female executives by 2022, rising to 44% by 2025, and for 6% of senior roles to be held by non-white ethnic minorities by 2022, rising to 12% by 2025.

Following a recent restructure of our UK Leadership Team, the proportion of female members is now 50%, and we are committed to continually improving the diversity of our UK Leadership Team as we work towards our 2025 targets.

Embedding a diverse, equitable and inclusive culture

Alongside setting targets, in 2022 we sought to embed an inclusive culture across our business. Tangible actions have included rolling out new training programmes and updating relevant policies.

In 2022, our UK Leadership Team took part in a bespoke Diversity, Equity and Inclusion training programme through an external provider which we intend to roll out to the wider colleague base and our franchise partners in 2023.

Home Grown Heroes programme

Home Grown Heroes is a programme designed to make becoming a Domino's franchise partner more accessible. We give entrepreneurial store managers, who have already proven their abilities working under the Domino's brand, the opportunity to open their own store.

We work closely with our chosen Home Grown Heroes to ensure they have the required skills to successfully own, operate and run a Domino's store. Our Home Grown Heroes are committed to the brand and have been very successful to date including our first candidate, Kirat Toor, who opened his store in Whittlesey in 2021.

We are now focused on attracting candidates from a more diverse background to the programme and are making progress. In 2022, we identified our first female Home Grown Hero who will be opening her store in early 2023.

While ethnic pay gap reporting is not yet a regulatory requirement, in 2022, we began processing the data we have available to assess if there any potential issues in this area. This data and any potential recommendations will be presented to our Board for discussion in 2023.

It is important to us that Domino's is a family-friendly place to work and so, in 2022, we updated our maternity and paternity leave policies to improve our ability to retain those colleagues going on maternity or paternity leave. We have already started work on introducing further improvements to these policies in 2023.

More generally, we continue to invest in our people through various career development initiatives including programmes such as our 'Stepping into Leadership'.

Home Grown Heroes

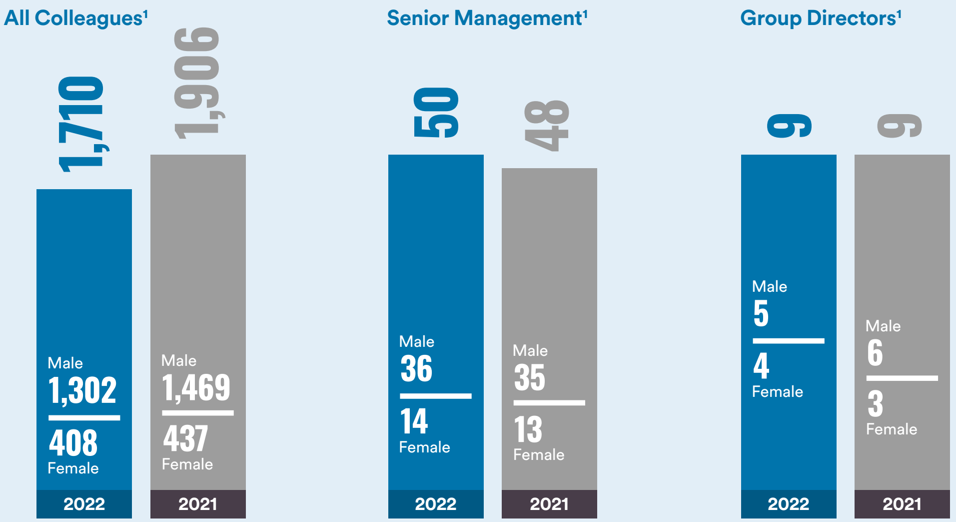
Our Home Grown Heroes programme provides existing and former Domino's store managers with the opportunity to take the next step in their career by becoming a franchise partner with their own store. In 2022, we approved three candidates to become Home Grown Heroes, and in 2022 we were pleased to select our first female candidate who should be opening her store in 2023.

Continuing our journey

In 2023, we will continue working towards our 2025 targets of ensuring our workforce better reflects the communities we are proud to serve and operate in. An increased focus on Diversity, Equity and Inclusion will see further enhancements to how we attract, retain, and develop colleagues from a variety of backgrounds working at all levels within our organisation.

Gender diversity data

As at 25 December 2022



1. As at 25 December 2022

OUR ENVIRONMENT

We want to reduce our impact on the environment. From cardboard alternatives to reaching net zero, we are harnessing energy efficient production and transportation innovations in order to reduce our greenhouse gas emissions, increase our use of recycled and recyclable materials, and to removing single use plastics.

Key highlights

- Net zero targets validated by Science Based Targets initiative (SBTi)
- Initial group-wide decarbonisation plan developed
- Improved CDP scores for Climate Change and Forest
- 100% of food waste either redistributed to food poverty charities or converted into animal feed

Relevant SDG's

Journey to Net Zero

Climate change represents one of the greatest challenges of all time and all businesses should play their part in reducing Greenhouse Gas (GHG) emissions, particularly carbon. GHG emissions are our most material environmental impact. They stem from the energy used in our Supply Chain Centres, stores and support offices; the transportation we use within our operations (direct Scope 1 and indirect 2 emissions) as well as waste, our agricultural supply chains, the transport and distribution of ingredients and products, and emissions from our franchisees (Scope 3 emissions).

Domino's Pizza Group has committed to achieving Net Zero by 2050 and, in 2022, we achieved several important milestones in our journey to achieving our Net Zero ambition. We secured validation from the Science-Based Targets Initiative (SBTi) for our net zero targets, and we developed an outline decarbonisation plan which will guide our approach to reducing our scope 1, 2 and 3 emissions in line with our 2050 target.

These plans have already delivered some great results. Changes to our operations in 2022 saw Domino's achieve an 16% reduction in our total scope 1 and 2 carbon emissions (market-based) versus 2021. This reduction was largely driven by our supply chain centres, and support office moving to a renewable electricity provider. Further information on our 2022 GHG emissions can be found on page 43.

Recycling and waste

We believe recycling is critical to help us and our customers look after the planet and all businesses have a role to play. Domino's is committed to using recycled and recyclable materials, to reducing our waste footprint, and to removing single use plastics.

In 2022, we were pleased to achieve our longstanding target to achieve zero waste to landfill from our support office and supply chain centres. This has been achieved through a combination of improved recycling of mainly cardboard, and diverting any general waste away from landfill to a Refuse Derived Fuel processor.

Our lower carbon store in Hammersmith

We opened our first lower carbon store in Hammersmith, London, which has been designed to contribute fewer carbon emissions than a typical Domino's store.

The store will act as a blueprint for future openings. It maintains the hallmarks of a classic Domino's but includes energy efficient features including a newly designed oven hood to capture heat from the oven, reducing the amount of energy required to cool the kitchen; a heat exchanger to convert heat from the oven to warm water; a new energy efficient makeline to chill toppings during opening hours; and new cold room features including automatic door closures and thermal curtains.

In addition, renewable energy is procured to power the store and all deliveries are made by a fleet of 10 e-bikes. This new fleet forms part of our wider corporate delivery fleet, which is now 100% electric powered.

Our Supply Chain Centres have been removing cardboard packaging from certain products being transported to our stores. In 2022, this reduced the amount of cardboard being sent to stores by 1,224 tonnes. This cardboard is then recycled and used to manufacture our iconic pizza boxes. In 2023, we will work with our suppliers to assess the viability of reducing the amount of cardboard used as transit packaging for ingredients and equipment coming into our supply chain centres.

We are continuously working to increase the quantity of recyclable materials that we use, whilst ensuring we maintain our food safety and quality standards.

Reducing food waste

At Domino's we are committed to minimising food waste and ensuring food surplus is redirected to those who need it most. In 2022, we ensured that 100% of surplus food or ingredients produced by our Supply Chain Centres was either re-purposed as animal feed or redirected to food poverty charities.

Improved CDP Scores

CDP runs an annual voluntary questionnaire which feeds into energy and carbon ratings, requested by investors and other financial stakeholders. In 2022, we were pleased to see our efforts to reduce our environmental impact and our levels of disclosure acknowledged by improved scores from CDP.

In 2022, our score for our Climate Change work improved from C to B. The B-score indicates we have addressed the environmental impacts of our business and we ensure good environmental management. In addition, we also completed the CDP's Forest assessment and improved our score from an F to a C. This C-score indicates a solid performance at the 'Awareness' level and shows we are aware of how relevant environmental issues intersect with our business.

Continuing our journey

With our Net Zero targets now validated by SBTi, 2023 will see our attention switch to activating our decarbonisation plan. This will include looking at the technology available to reduce the Carbon footprint of our facilities and Supply Chain Centre fleet, as well as working with suppliers and franchise partners to identify opportunities to reduce our Scope 3 emissions. Additionally, we will identify ways to increase the proportion of recycled and recyclable materials we use as well as maintaining our low levels of waste sent to landfill.

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).

Domino's is required to implement the reporting recommendations of TCFD applied to the 2022 financial year, although we chose to report of the majority of the TCFD reporting obligations in the 2021 Annual Report. The following disclosure is consistent with the TCFD recommended disclosures and complies with the reporting obligations of the Listing Rules.

Like many companies, our understanding of risk and opportunities is evolving and we will continue to refine 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		
a) Describe the Board's oversight of climate-related risks and opportunities.	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 meets at least three times a year.	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.
b) Describe management's role in assessing and managing climate-related risks and opportunities.	Day-to-day responsibility for running the business, including EGS matters and climate change issues, rests with the Chief Executive Officer. The Chief Executive Officer chairs the Group's Sustainability Steering Group which comprises of Executives across the Group with responsibility for managing the Group's sustainability initiatives, including climate-related initiatives. The Supply Chain Director has responsibility for operational delivery of climate change initiatives, as the supply chain has the most significant environmental matters, e.g. production, logistics, energy procurement and supplier engagement.	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. In 2022, to reflect the increasing importance of climate change and other ESG-related issues, the Company appointed a Head of Communications and Sustainability, who reports to the Chief Marketing Officer, with responsibility for overseeing the implementation of ESG and Sustainability initiatives, working closely with the Executive team and functional heads.

Strategy

a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.

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 42. 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.

In selecting the various scenarios, we followed the disclosure requirements by including at least one 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 and 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.

b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.

The Company has identified various climate-related risks and opportunities, following the scenario analysis exercise that was completed in 2022. 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 41 and 42. In summary, the most significant risks the Company faces relate to:

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);
2. increased costs and/or shortage of key ingredients (2°C increase or more); and
3. a decline in employee satisfaction arising from challenging working conditions (3°C increase).

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 begun to develop proposals for its Store of the Future, which will harness the latest technology. This will present a compelling business case for investment in equipment that reduces carbon emissions cost effectively while also enhancing working conditions. 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. 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.

c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

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.

The Company will continue to undertake regular surveys of its customer base and engage with other stakeholders and respond appropriately to changing demand and expectations.

TCFD STATEMENT CONTINUED

Risk Management

a) Describe the organisation's processes for identifying and assessing climate-related risks.

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.

b) Describe the organisation's processes for managing climate-related risks.

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 × 5 risk assessment matrix, which takes into account probability and likelihood and level of operational control.

We have linked the risks to the pillars of our strategic plan and manage an active risk register. The risk register is reviewed by the Audit Committee on behalf of the Board, which retains overall responsibility for risk management.

c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.

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 buildings, transport or otherwise.

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.

Metrics & Targets

a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

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 page 42.

The Group will continue to refine its methodologies and approach to climate scenarios, and to develop quantification of potential risks and opportunities.

b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

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 43.

c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

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.

Progress towards achieving these targets has already begun. The Company has switched to green electricity for its offices, distribution centres and corporate stores. This will result in a significant reduction in our Scope 2 emissions.

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 than are less carbon intensive. We are also exploring with them opportunities for collaborating on joint initiatives to reduce emissions.

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.

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.

Scenario analysis and climate-related risks and opportunities

During the year, 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 will seek 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.

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.

TCFD STATEMENT CONTINUED

Physical and transitional risks

Risk/opportunity	Physical | transitional	Description	Time frame (term): Short	Medium	Long	Applicable scenario(s)	Materiality
Risk	Physical	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.		●	●	1.5° 2.0° 3.0°	Not material Material Material
Risk	Physical	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.		●	●	1.5° 2.0° 3.0°	Not material Not material Material
Risk	Transitional	Tension between franchisees reluctant to shift to net zero model versus investors (and other stakeholders) urging faster transition.		●	●	1.5° 2.0° 3.0°	Material Material Material
Risk	Transitional	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.		●	●	1.5° 2.0° 3.0°	Material Material Material
Risk	Physical	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.			●	1.5° 2.0° 3.0°	Not material Material Material
Risk	Physical | Transitional	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).			●	1.5° 2.0° 3.0°	Not material Material Material
Risk	Physical | Transitional	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.		●	●	1.5° 2.0° 3.0°	Not material Material Material

Streamlined energy and carbon reporting

2022 marks the 10th year of reporting on our Greenhouse Gas ('GHG') emissions and we have collected 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 third-party assurance on selected metrics. PricewaterhouseCoopers LLP ('PwC') carried out a limited assurance engagement on selected GHG emissions data for the year ending 31 December 2022 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://corporate.dominos.co.uk/Limited-emissions-assurance. The figures that have been covered by this assurance process are indicated in the table below by the following symbol: Ⓐ

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 2022, the estimated Scope 3 emissions for all operations amounted to 505,504 tCO_2e.

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.
- To reach net zero by 2050.

GREENHOUSE GAS EMISSIONS SUMMARY FOR 2022[1]

Our reporting period for GHG emissions reflects the 2022 calendar year, from 1 January to 31 December.

	All operations		UK only	
	2022	2021	**2022**	2021
Total tCO_2e emissions (market-based)	**14,295**	17,044	**12,389**	15,888
Total tCO_2e emissions (location-based)	**16,426**	16,753	**14,800**	15,257
Scope 1 greenhouse gas emissions tCO_2e	**12,858**Ⓐ	12,948	**11,665**	11,792
Scope 2 (location-based) greenhouse gas emissions tCO_2e	**3,568**Ⓐ	3,805	**3,136**	3,465
Scope 2 (market-based) greenhouse gas emissions tCO_2e	**1,437**	4,096	**725**	4,096
tCO_2e per tonnes of dough produced (location-based)	**0.33**Ⓐ	0.34	**0.34**	0.33
Total energy consumption (MWh)	**71,786**	73,289	**66,175**	67,313

1. 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://corporate.dominos.co.uk/Limited-emissions-assurance.

Energy Efficiency taken in the year

Total location-based CO_2e emissions in the UK reduced by 3% compared to 2021. This was both a reflection of the greening of the UK grid, and the increased introduction of e-peds in our corporate store estate. Our Supply Chain Centres are now much less reliant on fossil fuel generators, and we have also introduced electronic meter reading system, which will assist in the monitoring with the regular monitoring of our energy usage and accuracy of the data.

On a market-based approach, total CO_2e emissions in the UK reduced by 22% compared to 2021, with the bulk of the reduction arising from our increased usage of renewable energy. Renewable electricity now powers all of our offices and Supply Chain Centres in the UK (81% of all electricity procured).

OUR SOURCING

Domino's has a long history with our suppliers, with many partnerships stretching back over 25 years. We work with our suppliers to ensure that we are sourcing our products as safely and responsibly as we can.

Key highlights

- 100% of food suppliers audited for ethical and responsible sourcing practices
- 100% of milk used for cheese compliant with either Red Tractor or Bord Bia
- Chicken welfare standards audited and in line with industry peers
- Key teams trained to spot signs of Modern Slavery during supplier audits

Relevant SDG's

Maintaining high standards

We have rigorous systems in place for assessing risk and monitoring both new and existing suppliers. To ensure our requirements for safe, legal and high-quality production are met, all suppliers are vetted and frequently audited by our procurement and supplier assurance teams. In 2022, our Supplier Assurance team conducted virtual and traceability audits with 100% of food suppliers after completing training in ethical and responsible auditing. Additionally, desk-based audits were conducted among all food suppliers covering ethical and responsible sourcing elements.

All suppliers, including third-party labour agencies and service providers are required to comply with our Supplier Code of Practice. The Supplier Code of Practice includes our Code of Conduct, which covers what we expect of our supply chain partners as well as our and Supplier Technical Manual which outlines our expected food safety standards. The Supplier Code of Practice is based on international standards and good practice, and is an extended version of the Ethical Trade Initiative's ('ETI') Base Code, in alignment with the Sedex Members Ethical Trade Audit ('SMETA') scheme.

We expect our suppliers to apply the principles of the ETI and relevant International Labour Organisation ('ILO') Standards and Conventions. We recognise the value in completing routine ethical audits as an effort to improve standards with regards to the ETI base code. Domino's is SEDEX-registered and recognises audits by the SEDEX Members' SMETA scheme, or Business Social Compliance Initiative ('BSCI') standard as valid.

Animal welfare

We believe animals reared for consumption should always be well treated. Animal welfare is something our customers are increasingly interested in, and it is also the right thing to do. As such, we insist on high standards of animal welfare by our suppliers.

In 2022, we focused on the treatment of poultry which included an audit of our chicken welfare standards. We benchmarked our approach to chicken welfare against publicly available data from Quick Service Restaurant competitors and other retailers. This found all our suppliers comply with all UK, EU, and local animal welfare legislation including statutory livestock codes of practice. In addition, all our broiler chickens are cage-free, and we are satisfied that key elements of chicken welfare including appropriate stocking density, enriched environments, use of antibiotics, and slaughter methods are in line with industry peers.

In addition, in 2022, 100% of the milk sourced to manufacture our cheese is either Red Tractor or Bord Bia (Ireland) compliant.

We also continued to engage with the animal welfare NGO, Compassion in World Farming, who have provided advice on the development and refinement of our animal welfare policies.

Modern slavery

We believe all forms of exploitation and human rights abuses are unacceptable. Domino's is committed to enforcing a zero-tolerance approach to modern slavery in our operations and supply chains. While 2022 saw no reported incidents of modern slavery, we introduced several proactive elements to our efforts to manage this risk including the introduction of training for our Supplier Assurance Team, who conduct on-site audits, in how to spot signs of Modern Slavery. In 2023, we intend to replicate this training programme for managers of Domino's own Supply Chain operations, as well as our franchise partners, and operational excellence coaches who conduct in-store audits.

Continuing our journey

Our aspiration is to increase our BBFAW ranking in the coming years and in 2023 we will continue to ensure our animal welfare policies evolve to reflect stakeholder expectations. In addition, while we have yet to see any reported incidents of Modern Slavery in our supply chain or in-store operations, we will continue to roll out training on how to spot key signs to the relevant Domino's teams as well as franchise partners.

OUR COMMUNITIES

We believe it's important that businesses play their part in the local community. Domino's is committed to supporting its national charity partners as well as we local causes in the communities we are proud to serve.

Key highlights

- £6.5million raised for Teenage Cancer Trust over 7 year partnership
- £140,000 granted by Partners Foundation since its creation to support colleagues facing financial hardship
- Advertising support provided to ITV's Concert for Ukraine and donation made to Disasters Emergency Committee

Relevant SDG's

Supporting charity partners

We have been a proud partner of the Teenage Cancer Trust for seven years and in that time have raised over £6.5m. This amount was raised through a combination of fundraising initiatives by colleagues and franchise partners, as well as customer donations through our micro-donation partner, Pennies.

2022 saw colleagues and franchise partners continue to show their commitment to the Teenage Cancer Trust partnership with multiple fundraising events and initiatives throughout the year. This included: Our sponsorship of the Find Your Sense Of Tumour Conference, marathon runs, Triathlons and in-store menu deals.

For the past 18 years, we have also partnered with Barretstown in the Republic of Ireland, who offer free, specially designed camps and programmes for children and their families living with a serious illness – supported behind the scenes by 24-hour on-site medical and nursing care. In 2022, Domino's sponsored the Barretstown Amazing Race for the second year running – with a Domino's team taking home the winning cup.

In Northern Ireland, we have a 14-year partnership with the Northern Ireland Children's Hospice, who care for babies, children and young people with life-limiting or life-threatening conditions.

Partners Foundation

Established in April 2020 during the Covid-19 pandemic, The Domino's UK & Ireland Partners Foundation was created to support our colleagues in times of hardship, crisis, or tragedy. The Foundation is an independent entity and was granted charity status in November 2020, it is overseen by an eight-person Board of Trustees made up of franchise partners and Domino's colleagues.

From inception to the end of 2022, we have granted £140,000 in total to over 60 team members and colleagues in need. In 2022, we also expanded Payroll Giving, the ability for colleagues to make direct contributions to the Partner's Foundation from their salaries to our supply chain centres and corporate stores. This has provided the Foundation with an additional source of income so it can continue supporting team members.

We will continue to promote awareness of the Partners Foundation across all teams and audiences to further increase grant applications, simplify and digitalise the grant application process, and provide ongoing training for the Trustees of the Partners Foundation to further develop their understanding of their role.

Responding to world events

In March 2022, UK-broadcaster, ITV hosted a concert to raise money for people affected by the Russian invasion of Ukraine. Domino's supported the event with a bespoke advert calling on viewers to donate to the Disasters Emergency Committee rather than order a Domino's pizza that evening. The advert was well-received with many positive responses on social media.

Continuing our journey

Our entire system will rally behind initiatives designed to maintain or increase donations to our national charity partners. Additionally, we will work with to increase the funds available for our Partners Foundation to enable them to continue providing support to those colleagues facing financial hardship.

Supporting ITV's Concert for Ukraine

The invasion of Ukraine led to a rapidly escalating humanitarian crisis. UK broadcaster, ITV arranged a concert to raise money for the UK's Disasters Emergency Committee (DEC) to support those impacted on-the-ground in Ukraine and asked large brands for support.

In line with our core value to Do The Right Thing, Domino's developed a bespoke advert broadcast during the concert which encouraged viewers to donate to the DEC rather than ordering from Domino's. Additionally, we facilitated donations from customers through our Pennies.

Our advert was very well received with significant praise across all social media channels for our involvement and message. Through the Pennies fund raising initiative, we also facilitated a donation of over £73,000 to the DEC.

GOVERNANCE

The Board and its committees oversee our sustainability efforts, set strategic and financial objectives, implement robust risk management frameworks, and establish the ethical standards we abide by.

Key highlights

- 10% of UK Leadership Team bonus linked to delivery of key sustainability targets
- PLC Sustainability Committee established chaired by Non-Executive Director
- Sustainability embedded into the business through establishment of Sustainability Steering Group and dedicated Working Groups

In addition to new targets and focus areas, we also introduced more robust governance around the delivery of our work in this important area. This includes:

- Establishing a PLC Sustainability Committee, chaired by Natalia Barsegiyan, one of our non-executive directors;
- Creating a Sustainability Steering Group, comprising of relevant Leadership Team members;
- Setting up working groups focused on delivering against our sustainability targets
- A Head of Communications and Sustainability was appointed in 2022 to lead the development and delivery of the Group's sustainability work
- For the first time, we have linked a proportion of the Leadership Team bonus to the delivery of key sustainability targets.

Working with franchise partners

We also ensure our commercial partners adhere to agreed standards through a programme of audits and other forms of assessments. While we provide guidance, support, and tools on key processes and policies for franchisees, they operate their teams independently and are responsible for their own policies and day-to-day business.

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 2022.

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.

Sustainability Accounting Standards Board ('SASB')

In 2022 we made our second report against the SASB framework. The SASB framework helps businesses identify, manage and report on financial aspects of sustainability consistently and transparently.

Continuing our journey

As we look to the future, we are excited by the positive impact we can have as a business and look forward to tracking and reporting our progress through regular sustainability reports, the first of which will be published later this year. In early 2023, we plan to commission a second phase of research among key audiences to assess if we are focusing on the sustainability topics that resonate with them. We believe this will help shape our strategy as accelerate our progress towards delivering a better future through food people love.

NON-FINANCIAL INFORMATION STATEMENT

In line with our commitment to upholding high standards of conduct and compliance, we align our reporting to the Non-Financial 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 36**
Employees	– Code of Conduct – Health and Safety Policy – Diversity Policy – Bullying, Harassment & Discrimination Policy – Gender Pay Gap Report – Learning and Development Policy – CEO Pay Ratio Reporting	**See pages 34 and 112**
Social matters	– Charity guidelines – Matched-giving guidelines	**See page 45**
Respect for human rights	– Data Protection Policy – Modern Slavery Statement – Human Rights Policy – Supplier Technical Manual	**See page 44**
Anti-corruption and bribery matters	– Anti-Bribery and Corruption Policy – Risk Management Policy – Criminal Finances Act Policy – Whistleblowing Policy	**See page 46**
Description of the business model		**See page 16**
Principal risks and impact of business activity		**See pages 54 to 60**
Non-financial key performance indicators		**See page 24**

This has been a successful first year following the reset of the relationship with our franchise partners, and we have delivered robust trading results despite the impact of technology platform costs and have increased our statutory profit after tax following the disposal of the International operations."

Edward Jamieson – Chief Financial Officer

£98.9m
Underlying profit before tax

FINANCIAL HIGHLIGHTS

- Underlying profit before tax of £98.9m, down £15.0m from FY21 as a result of costs associated with digital platform projects of £7.6m, lower contribution from investments of £3.1m and increased interest charges of £4.9m.
- Statutory profit after tax of £81.6m, up from £78.3m as the losses from discontinued operations and non-underlying costs from the prior period are no longer recognised.
- Free cash flow decreased by £25.6m to an inflow of £79.0m, as EBITDA generated was offset by working capital outflows as a result of timing differences and receivables increases, which are expected to reverse or normalise in 2023.
- Overall net debt increased by £52.1m to £253.3m as a result of the dividends, share buybacks and capital expenditure as we continue to invest in the business, offset with cash inflows from disposals.
- Total dividend for FY22 of 10.0p per share, with final dividend of 6.8p proposed to be paid on 11 May 2023.

2022 RESULTS

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

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

TECHNOLOGY PLATFORM COSTS

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

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

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

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

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

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

FINANCIAL REVIEW
CONTINUED

REVENUE

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

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

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

Reported Revenue

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

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

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

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

UNDERLYING EARNINGS BEFORE INTEREST AND TAXATION

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

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

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

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

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

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

INTEREST

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

TAXATION

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

PROFIT AFTER TAX AND NON-UNDERLYING ITEMS

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

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

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

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

EARNINGS PER SHARE

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

“

We continue to be highly disciplined in our application of the capital allocation framework, and our asset-light business model and free cash flow generation means that we can continue to invest in the business to drive long-term growth”

FREE CASH FLOW AND NET DEBT

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

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

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

FINANCIAL REVIEW
CONTINUED

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

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

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

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

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

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

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

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

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

CAPITAL EMPLOYED AND BALANCE SHEET

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

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

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

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

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

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

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

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

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

TREASURY MANAGEMENT

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

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

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

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

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

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

RISK MANAGEMENT

The Board continues to identify, evaluate and monitor material risks facing the Group.

Despite ongoing challenges to global supply chains, we maintained our world-class ingredient availability during 2022.

The business faces a wide range of risks on a daily basis. The Board has undertaken a robust assessment of what it believes are the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. The following tables summarise these principal risks and how they are being managed or mitigated.

The disclosed risks have been assessed on a residual basis according to our current view of the potential severity (being the combination of impact and probability) on the basis that existing controls are effective.

We have linked the risks to the strategic pillars described on page 18. We consider that the principal risks and uncertainties include all known material risks which represent a threat to the achievement of our strategic objectives.

We update our view of emerging risks and opportunities on a quarterly basis via the Executive Risk Committee, the results of which are reported periodically to relevant Board Committees. When considering emerging threats, we look for factors which may impact the Group in the medium-term horizon; those risks with the potential to increase rapidly in severity; or risks which demonstrate an interconnectivity which, in combination with actively controlled risks, may amplify existing conditions. These discussions typically focus on 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 these principal risks. We do, however, face a number of short-term challenges, which we are closely monitoring and will consider within our planning and reforecasting processes. These relate to: global uncertainties arising from the military conflict in Ukraine, leading to specific challenges over the availability of cereal grains and oilseed products; a general risk of food commodity price inflation; labour availability; and consequences on consumer behaviour resulting from a reduction in discretionary income due to cost-of-living increases.

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 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.

Risk management framework

Board responsibilities over risk and control

- Ultimately responsible for the Group's identification, assessment and management of risk
- Reviews emerging and principal risks at least twice annually
- Delegates day-to-day scrutiny of internal control effectiveness and risk management systems to the Audit Committee
- Ensures strategic decision-making is aligned to the Group's risk appetite

Audit Committee responsibilities

- Scrutinises the effectiveness of management's internal control and risk management systems
- Oversees the relationship with the External Auditors and reviews significant accounting issues or areas of judgement
- Assesses the remit and adequacy of Internal Audit and other Group assurance activities
- Reviews regulatory and ethical compliance and procedures to mitigate the risks of fraud, bribery or corruption

1st Line of Defence

- Consisting of the Executive, the Leadership team and functional management
- Own risk registers, reviewed quarterly
- Aim to mitigate risks within appetite
- Implement and operate ongoing control processes and activities
- Measure, monitor and confirm effectiveness of internal controls twice annually
- Ensure compliance with legal and regulatory requirements

2nd Line of Defence

- Enacted via the Executive Risk Committee
- Co-ordinate risk management activities
- Maintain and develop internal control and risk systems
- Report on the effectiveness of systems to the Audit Committee
- Make recommendations on risk disclosures to the Board
- Provide specialist guidance to management on risk and compliance including Information Security, legal, ESG, and operational standards

3rd Line of Defence & other

- Delivers an annual audit programme to objectively assure the effectiveness of internal control and risk mitigation
- Monitor audit actions and commitments
- React to issues and events requiring independent assurance

- External audit provides independent assurance over statutory reporting
- Other external parties provide assurance and certification over regulatory compliance e.g. food safety and transport

OUR APPROACH

All businesses choose to take considered risks in the expectation of earning a return for their shareholders. The Board is clear on the risks it seeks to take (or is prepared to face) within the Group's business model and the adopted strategy, and also the risks it is not prepared to take. The latter are avoided or eliminated, as far as possible, or transferred to insurers. Risk appetite is defined against each category of strategic 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 Board is responsible for overseeing management's activities in identifying, evaluating and managing the current and emerging risks facing the Group. Importantly, we treat identifying and managing known and emerging risks as an integral part of managing the business. Principal risks are recorded in the Group's risk register and are regularly reviewed and evaluated. Each risk has a business owner, responsible for managing that risk, implementing appropriate controls and mitigating actions, and reporting on it to the Executive Leadership team. In turn, the principal risks are reported on to the Board.

As a sense-check on management's actions, the Board undertakes its own assessment of principal risks in each year, which is then integrated into the risk register. These known risks are taken into account in developing the Group's strategy and business plans.

The Board identifies, evaluates and monitors risks facing the Group and, during the year under review, a particular focus was placed on assessing the likely impact that each identified risk could have on the business.

Risk description

1 Competitive pressures

The business faces strong competition from a range of competitors, including those exploiting emerging technologies, food options, delivery models, or innovative locations and formats.

Failure to stay relevant in the face of competition, through a lack of new products or inappropriate new products, may lead to the loss of customer and franchisee confidence. Additional risks may arise from the potential inflexibility of the existing operational platform to offer an enhanced product range. We may fail, through ineffective promotion or lack of personalised and tailored messaging, to communicate to customers the value from available deals and offers.

Whereas in the recent past, the lack of national advertising and promotions may have allowed our competition to target customers with aggressive pricing strategies, last year's franchisee resolution now enables us to better deliver our commercial strategy and offer a co-ordinated defence against national competitors. Given this development, alongside a backdrop of growing market share, this risk is deemed to remain High but stable.

Despite our leading market share and enviable brand recognition, the cost-of-living crisis forces us to focus even more on delivering great value to our customers.

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

Mitigation

Management keeps consumers' purchasing preferences under continual review and adjusts menus in response to these. We have implemented a calendar of new product innovations to target core customers and attract back lapsed accounts.

We and franchisees work together to constantly change the mix of menu prices and local offers, supplemented by national price-pointed offers. We have developed an offer testing methodology to help determine the optimum national price promotions to maximise appeal and purchase intent. The success of our tactical Price Slice promotion demonstrates the effectiveness of these methodologies in amplifying our value message.

We continue to invest in and deploy new technology to improve our already class-leading delivery service and to maintain advantage over competitors. We have also invested in innovative CRM technology that will enable us to offer more personalised communications with customers and help provide them with tailored recommendations and discounts.

We continue to explore and develop opportunities for incremental growth, as demonstrated by the successful introduction of Domino's products onto the Just Eat platform.

Risk profile panel

Owner
Chief Marketing Officer

Residual risk
H M L

Risk direction
No change

Link to strategy

This risk was considered in assessing long-term viability.

Strategy key

- Nobody delivers like Domino's
- Turbo-charge our collection business
- Amplify our product quality and value
- Uphold our industry-leading economics
- Model excellence as a franchisor

RISK MANAGEMENT

Risk description | Mitigation | Risk profile panel

2 Franchisee relationships

Risk description

Having experienced a number of years of challenges in our relationship, last year, we were pleased to announce a resolution with franchisees. The resolution unlocks significant latent potential which we believe will lead to greater long-term growth, enhanced innovation and service for customers, and enhanced value creation for all stakeholders in the Domino's system.

The key risks arising from a potentially frictional relationship with franchisees relate to a failure to optimise growth opportunities; failing to counter aggressive competitor pricing through a lack of national deals; and a failure to incentivise investment (from all parties) through insufficiently attractive franchise economics.

These risks have the potential to affect our future performance.

Mitigation

The resolution with franchisees continues to deliver a mutually beneficial agreement to deliver enhanced long-term growth and strengthened innovation and service for customers.

2022 has demonstrated the strength of the resolution through continued franchisee investment in store openings and a strong pipeline of future stores; participation in national deals; and support for enabling new technologies and product innovation. In turn, Domino's is delivering a new Ecommerce platform; is investing in digital capabilities; and is working to uphold attractive franchise economics.

We have also continued developing the Home Grown Heroes initiative, an exciting programme offering current and former Domino's team members the opportunity to own a Domino's store and become part of the franchise system. During 2022, we welcomed our fourth such franchisee.

Relationships with franchisees continue to be managed by the CEO, CFO and wider Executive Leadership team of the Group. These relationships will continue to receive a high level of attention to avoid a recurrence of past difficulties, both during the term of this three-year resolution and beyond.

Risk profile panel

Owner
Chief Executive Officer

Residual risk
H **M** L

Risk direction
No change

Link to strategy
Uphold our industry-leading economics

This risk was considered in assessing long-term viability.

3 Supply chain – Failure of a key raw material or equipment supplier

Risk description

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.

We source approximately 40% of our ingredients from overseas, mostly from the EU but also some products from the Far East. During 2022, the post-Brexit transitional concessions on customs procedures ceased, with full customs controls now applying. Various additional pre-notifications, checks and controls were also introduced for imports of regulated plant products, and meat products and dairy products from the EU.

Additional administration can add friction to cross-border goods movements and impact lead times and/or supplier delivery performance.

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

Mitigation

We already dual source the majority of our key ingredients and, for the small number where this is not practicable, mitigate risk by moving to multiple supply sites. Suppliers are selected through competitive tendering and appropriate due diligence processes. The economic viability and cyber security posture of their businesses are kept under regular review to identify adverse changes to supplier vulnerability. We audit supply chain resilience and supplier compliance with agreed standards, and hold buffer stock, where possible, in the supply chain to mitigate potential fluctuations in product availability and lead times.

Risk profile panel

Owner
Supply Chain Director

Residual risk
H M L

Risk direction
No change

Link to strategy
Nobody delivers like Domino's

This risk was considered in assessing long-term viability.

Strategy key

- Nobody delivers like Domino's
- Turbo-charge our collection business
- Amplify our product quality and value
- Uphold our industry-leading economics
- Model excellence as a franchisor

Risk description	Mitigation	Risk profile panel

4 Supply chain – Catastrophic failure of one or more of the Domino's UK SCCs

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 loss of an SCC, for example, through a major break down, cyber security or major IT/OT incident, would require urgent contingency arrangements to be made wherever possible.

In common with many companies, we have experienced challenges in our supply chain during 2022. Imbalances in global sea freight capacity and demand have not only increased the costs of importing products, but also reduced certainty over supply. Due to the prolonged impacts of Covid-19 and the military conflict in Ukraine, we perceive that global supply chains remain vulnerable to further shock or unexpected adverse events. As such, whilst we have some greater confidence over ingredient availability in 2023, we remain alert to the risk of disruption.

These risks, if prolonged, could have a potentially significant impact on financial performance and resilience.

Domino's currently operates three UK SCCs and one in Ireland. Each SCC operates efficiently, but at utilisation levels that provide capacity for the loss or unavailability of any single production line in the very short term. In 2023, during the peak period, should there be a total loss of production capacity at either West Ashland or Warrington, we would be able to serve 82% of dough orders on a peak day in a peak week. Deliveries of ingredients, usually distributed to stores via our SCCs, would, in the event of the loss of one or more SCC, require use of third-party cold storage facilities.

Continuing from 2022, we have tactically increased stock holdings of critical products, where product shelf-life and availability have allowed. We will continue to periodically evaluate the costs vs. the risk mitigation of this elevated stock holding. Consequently, we maintained world-class levels of ingredient availability to our franchisees during 2022, at over 99.9%.

During 2022, we invested further in our supply chain network, with the launch of the new South West Cross Dock facility in Avonmouth and the expansion of our existing manufacturing site in Naas, Ireland. Both of these investments are expected to improve productivity, network efficiency and resilience, with the first phase of the Naas improvements scheduled to be completed in 2023.

Owner
Supply Chain Director

Residual risk
H M L

Risk direction
No change

Link to strategy

This risk was considered in assessing long-term viability.

5 Food safety

There is the risk of contamination in either the fresh dough we produce at the Group's SCCs, or in the pizza toppings and other ingredients we distribute to our stores. Any failures may impact the brand and our customers in the UK & Ireland.

A decline in store standards may lead to reduced food quality and a decline in customer satisfaction.

If this risk materialised, it could have a significant short-term impact on performance and liquidity. Longer-term reputational impact could affect viability.

The business has an established and rigorous regime of standards and food safety checks, with each of the SCCs accredited to the internationally recognised food safety standard FSSC 22000. Adherence to our constantly evolving standards, codes of practice and food safety management systems in our SCCs is regularly audited by our technical team. Compliance with Domino's global standards is audited annually by Domino's Pizza International.

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, periodically verified by operational evaluation processes and third-party food safety evaluations to audit areas such as food storage and handling, product quality, safety and store condition. Franchisees are financially incentivised to maintain a minimum score on evaluations.

Owner
Supply Chain Director

Residual risk
H M L

Risk direction
No change

Link to strategy

This risk was considered in assessing long-term viability.

RISK MANAGEMENT

Risk description	Mitigation	Risk profile panel

6 eCommerce and mobile platform availability

Risk description

Approximately 90% of sales are through digital channels. There is significant reliance on third-party data centres and IT teams for hosting the platform, and on both internal and third-party development resource for our applications.

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.

Alongside third-party risks, application development and infrastructure availability risks, there also exists a significant cyber security risk. As we become increasingly reliant on internet trade, we also find ourselves operating in an ever increasing and sophisticated cyber threat landscape, where ransomware, data breaches and targeted advanced cyber attacks are becoming more commonplace.

These risks could have some impact on future performance during the downtime period and could cause wider brand perception issues.

Mitigation

Strong controls at an IT level are in place to protect the platform availability, through data centre replication, clustering and other IT-reliant architecture methods. There exists a good level of control with respect to monitoring platform availability and performance; however, we are constantly reviewing the effectiveness of our controls and improving them wherever gaps are identified.

We are building a strategic, risk-based security management framework and will continue to invest appropriately in the further development of security controls to better protect the platform from both known and unknown threats. Whilst we are not complacent about the inevitable emergence of advanced, novel cyber attacks, we have increasing confidence that investment in our security controls framework has delivered a maturing level of threat preparedness. Consequently, the severity of this risk is not deemed to have materially changed in the year.

Cyber risk appears regularly on the Board and Audit Committee agendas, and management reviews the performance of IT infrastructure on a continual basis.

We are in the process of re-platforming our Ecommerce system from our existing solution to a new third-party cloud solution. This investment will deliver a more resilient service as well as the agility to deliver against our digital ambitions. These are currently constrained due to the inflexibility of our current system's monolithic architecture.

Risk profile panel

Owner
Chief Information Officer

Residual risk
H M L

Risk direction
No change

Link to strategy

This risk was considered in assessing long-term viability.

7 Loss of personal data relating to customers, employees or others; loss of corporate data

Risk description

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 is exposed to the same risks of loss.

For certain customer and order data, we act as joint controllers alongside our franchisees. These arrangements are summarised in our Joint Controller Statement, available on our main trading website.

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.

Mitigation

Cyber security, a key mitigation against data loss risk, appears on the Board and Audit Committee agendas on a regular basis, and management keeps the security of data under its ownership or control under continual review. The technical mitigations in place to protect our Group's Ecommerce systems from malicious attack are also relevant to this risk. A description of mitigations in place against that risk is included in the above risk. We have assessed the net risk severity of a cyber breach affecting availability of our online systems and continue to rate this as Medium/High. Our investment in threat preparedness should limit the likelihood of a data breach affecting other corporate systems and associated data.

We have a comprehensive compliance programme in place for GDPR, including mandatory training for employees. Further actions have been taken to review data retention and document storage policies. We have re-confirmed the processes in place to regularly cleanse key customer and corporate data sets, to ensure ongoing compliance with these retention policies and with any commitments made in our customer privacy notices. Franchisees are trained in their obligations in respect of personal data and are required to train their staff appropriately.

Risk profile panel

Owner
Chief Finance Officer

Residual risk
H M L

Risk direction
No change

Link to strategy

This risk was considered in assessing long-term viability.

Strategy key

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Risk description	Mitigation	Risk profile panel

8 Climate change

Climate change poses commercial and operational risks which include possible impacts on the cost or availability of some of our ingredients which are high intensity in terms of land or water usage, or carbon footprint. Where sourced from geographic regions most vulnerable to chronic or acute climate effects, yield, productivity or even crop viability may affect the availability of essential ingredients. We recognise that consumer preference may move increasingly away from meat and dairy products towards plant-based alternatives, both due to ethical and sustainability concerns from our customers. Operationally, the design of distribution networks and types of transport modes used by Domino's and our suppliers will need to adapt to lower carbon technologies expected to be mandated in the medium term by new regulatory requirements.

Opportunities arising from climate change include self-help initiatives to reduce our Scope 1 and 2 emissions through energy efficiency, lower carbon energy mix and micro-generation at our locations. We also see opportunities in our ability to adapt our core products to include meat-free alternatives, as demonstrated by the popular range of vegetarian and vegan menu choices already available to our customers.

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

Full disclosure of our response to climate challenges and our progress against TCFD reporting requirements is provided in the Sustainability section of the Strategic report, on pages 30 to 46.

Mitigation

We have established a climate risks and opportunities register which is embedded into our enterprise risk management processes and reviewed on a quarterly basis. These risk processes are regularly reviewed by the Audit Committee. Ownership of the mitigation and management of climate risks rests with the Board, overseen by the established Sustainability Committee, which will consider and review a range of climate change and other sustainability topics. A Sustainability Steering Group is chaired by the Chief Executive, who retains day-to-day responsibility for managing climate issues.

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 have been established to identify and realise ways of delivering against these targets. Activity is planned for 2023 and beyond to refine our initial scenario modelling, as well as further integrating climate risks and opportunities into the Group's strategic planning.

Owner
Chief Executive Officer

Residual risk
H M L

Risk direction
No change

Link to strategy

This risk was considered in assessing long-term viability.

9 Public Health Debate

This risk relates to a potential inability to react to changes in the health debate and public desire for healthier food. As society's expectations evolve, and governments act on public health concerns, we may need to change the products we offer and our approach to marketing.

Whilst we comply with existing transparency requirements to provide nutritional information and suggested serving sizes for over 1,000 pizza and sides options, there is a risk that targets, guidelines or disclosures on nutritional content could become more stringent or mandated. We have been working with suppliers to develop new products, and modifications to existing recipes, to respond to changing requirements. There is also a risk that the UK & Irish levies on sugar in soft drinks could be extended to apply to other products.

Following the 2021 consultation on restrictions to the online advertising of foods high in fat, salt and sugar (HFSS), legislation to enact the outcomes of that consultation, the Health and Care Act 2022, received Royal Assent in April 2022. The provisions in the Act restricting the advertising of HFSS foods before a 9pm TV watershed and via paid-for online channels will not be implemented until 1 October 2025, allowing affected sectors some time to adapt. Paid-for advertising and marketing of brands that do not feature HFSS products remain permitted.

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

Mitigation

Management keeps consumers' purchasing preferences under continual review and adjusts menus in response to these, as illustrated by our growing range of vegan pizzas and sides. We also engage, appropriately, with the government on the public health debate to ensure that our views are understood by policy makers and influencers.

We work with suppliers to ensure new and existing product development is in line with new targets around fat, salt and sugar content, and have in place an updated food philosophy document which is used to provide strategic direction on new and existing product development.

Whilst acknowledging that the future implementation of the HFSS provisions of the Health and Care Act 2022 will require considerable adaptation by the sector, we are confident we can effectively market Domino's brands and products to our customers whilst remaining fully compliant with its requirements. We will continue to invest in brand marketing, which has been successful to date, and additional investment in our digital capability will enable greater personalisation of marketing, especially via our award-winning App. Given these factors, we consider that the severity of this risk remains Medium.

Owner
Chief Marketing Officer

Residual risk
H M L

Risk direction
No change

Link to strategy

This risk was considered in assessing long-term viability.

RISK MANAGEMENT

Risk description	Mitigation	Risk profile panel
10 People-related risks		
The business is dependent on key individuals (either at Executive level or in relation to specialist skills or volume of roles required), possibly exacerbated by a failure to always retain the skills and experienced people it needs. A range of factors have contributed to labour challenges during 2022 and are expected to persist in the short term. These include the migration of labour from the UK due to post-Brexit consequences; specific shortages in key roles and skills, such as qualified large goods vehicle drivers, but also specialist IT and digital marketing skills; and a general increase in competition for skilled labour from direct competitors, other sector participants or online retailers. These effects have an impact upon both the Group and our franchisees, with some labour availability issues particularly affecting supply chain employees, in-store colleagues and store delivery drivers. We are affected generally by the current inflationary climate and its impact on wage demands by both existing colleagues and new hires. Despite the operational challenges noted above, risk at an Executive level is reducing as disruption to the continuity and composition of the Board and executives experienced in 2019 and early 2020 has now been addressed through the appointment of new Executive and Non-executive Directors. These appointments are fully described on page 6. These risks could have some impact on future performance, for a limited time.	The Board considers succession planning on a regular basis, with an objective of developing multiple potential successors in key roles. Contingency plans are being developed which could be implemented on a short-term basis should we suddenly lose a key Executive. There continues to be considerable work undertaken to improve the HR operating model to establish more robust processes for talent management and succession planning. People planning sessions are held at all levels within the organisation to utilise better the skills pool, drive performance, and identify and develop successors for key roles. We continue to work hard, both for ourselves and our franchisees, to promote Domino's as a great place to work and have enhanced recruitment advertising through all available channels. We continue to offer attractive reward packages to employees including, where necessary, specific retention incentives for individually critical employees. We offer a range of opportunities for colleagues to share in the success of the Company through share ownership. We are ensuring our fleet mix is flexible in response to driver availability, including using smaller vehicles where practical. We are also putting in place a "warehouse-to-wheels" initiative which provides opportunity, support and training for SCC colleagues wishing to pursue a career as a qualified large goods vehicle driver. In support of peak trading around the World Cup, we launched a successful national recruitment campaign to attract delivery drivers and riders, introducing these applicants to relevant opportunities with our franchisees. We remain confident that Domino's is seen as a high-profile brand and attractive employer of choice.	**Owner** People Director **Residual risk** H **M** L **Risk direction** No change **Link to strategy** Model excellence as a franchisor

Strategy key

- Nobody delivers like Domino's
- Turbo-charge our collection business
- Amplify our product quality and value
- Uphold our industry-leading economics
- Model excellence as a franchisor

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 16 to 23, 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 25 December 2022, the Group has net debt of £253.3m and has committed debt facilities of £400m.

The Group successfully refinanced the existing revolving credit facility during the year and entered into a new unsecured multi-currency revolving credit facility of £200m, expiring in July 2027, and the issuance of Sterling-denominated private placement loan notes of £200m, with a due date for repayment in July 2027 of which £113.4m was undrawn and has cash funds of £30.4m.

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 2025. 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 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 2023 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 2024.

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 21%, 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 2025.

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

Elias Diaz Sese
Interim Chief Executive Officer

8 March 2023

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

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 Independent Chair of The Clorox Company and a non-executive director of VF Corporation.

Elias Diaz Sese
Chief Executive Officer (interim)

Elias was appointed to the Board in October 2019 and has been appointed as Chief Executive Officer on an interim basis from 10 October 2022.
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 most recently 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 CEO of Tim Hortons, President Asia Pacific for Burger King and SVP Franchise & Emerging Markets Europe, Middle East & Africa also for Burger King.

Elias is a co-founder of Popeyes in the UK as well as an Investor and Director in Restaurant Brands Iberia (Burger King, Popeyes and Tim Hortons in Spain and Portugal).

Other appointments: None

Ian Bull
Senior Independent Director

Ian was appointed to the Board in April 2019 and was appointed as the Senior Independent Director on 9 September 2019.
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.

Natalia Barsegiyan
Non-executive Director

Natalia joined the Board in September 2020 and was appointed as Chair of the Sustainability Committee on 30 November 2021.
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.

Other appointments: Natalia is currently a non-executive Director of Mediclinic International plc and a member of their Audit and Risk Committees.

Tracy Corrigan
Non-executive Director

Tracy was appointed to the Board on 5 May 2022.
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 Direct Line Group plc and Barclays Bank UK plc. She is also a non-executive director of The Scott Trust, the ultimate parent company of Guardian Media Group plc, and chair of The Scott Trust's Investment Committee.

Stella David
Non-executive Director

Stella was appointed to the Board on 23 February 2021, was appointed Chair of the Remuneration Committee on 2 August 2021 and became the designated Director for workforce engagement on 30 November 2021.
Nationality: British

Experience: Stella was the Chief Executive Officer of William Grant & Sons from 2009 until 2016 when she decided to focus on a non-executive portfolio. At Grant's she led the business to rapid growth, with a focus on building their premium brands, expansion into new markets, and numerous acquisitions and innovations. Prior to this she worked for Bacardi Ltd., where she held a variety of executive positions, including CEO of the UK and Global Chief Marketing Officer. Stella served as a non-executive Director of the Nationwide Building Society for seven years, where she was chair of its Remuneration Committee for five years, and as Chair of C&J Clark Limited. Stella recently retired from the Board of HomeServe plc, where she served for twelve years in roles including Chair of the Remuneration Committee, Senior Independent Director, and Chair of the People Committee.

Other appointments: Stella is currently a non-executive Director of Norwegian Cruise Line Holdings Ltd and she is the Senior Independent Director of Entain plc. Stella is also non-executive Chair of Vue International and a non-executive director of Bacardi ltd., both of which are privately owned businesses.

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.

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.

Usman Nabi
Non-executive Director

Usman was appointed to the Board in November 2019
Nationality: American

Experience: Usman is the Founder, Managing Partner and Chief Investment Officer of Browning West LP. Prior to founding Browning West, Usman held various roles at H Partners, Perry Capital, The Carlyle Group, and Lazard Freres. Usman has also been a Director of Six Flags Entertainment Corp. and Tempur Sealy International Inc.

Other appointments: Usman is the Founder, Managing Partner and Chief Investment Officer of Browning West LP.

Dominic Paul
Director

Dominic held the position of Chief Executive Officer (Designate) from 6 April 2020. Dominic was subsequently appointed as Chief Executive Officer on 1 May 2020, a position he held until 10 October 2022. Dominic resigned from Domino's and left the Company on 30 December 2022.

CHAIR'S INTRODUCTION TO CORPORATE GOVERNANCE

I firmly believe that diverse Boards are more rigorous in their approach and make better decisions…

Matt Shattock – Chair

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

Since I joined the Board in March 2020, I have had a very clear objective of reshaping the Board and improving Board diversity, and we have set ourselves targets to do this. We have progressively increased the number of female Board numbers over the past three years and, with the appointment of Tracy Corrigan in May 2022, we now have over 40% female representation on the Board and we aim to maintain female representation at at least 40% of the Board. I firmly believe that diverse Boards are more rigorous in their approach and make better decisions to the benefit of the Company and all of its stakeholders.

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 difficult economic environment.

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.

In 2021, we created a new Sustainability Committee of the Board charged with oversight of the Group's ESG/Sustainability initiatives and as part of our wider commitment to our stakeholder community. This is an increasing area of focus for the business and our stakeholders, and I'm pleased with the progress that has been made this year. The first report from the Chair of the Sustainability Committee is on pages 78 to 79 and the Group's Sustainability report is shown on pages 30 to 46. Details of engagement with our principal stakeholders are set out on pages 26 and 27, and the Board's report on how stakeholders' views are taken into account when decisions are made are set out on pages 28 and 29.

We have a clearly defined purpose and value which underpin and promote a 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 continues 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 and 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') Corporate Governance Code (the 'Code') which are updated to reflect corporate governance best practice as required.

This has been another year of solid progress and 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 the business respond to a challenging business environment.

Matt Shattock
Chair

8 March 2023

Board leadership and Company purpose

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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

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Division of responsibilities

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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

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Composition, succession and evaluation

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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

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Audit, risk and internal control

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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

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Remuneration

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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

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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.

CORPORATE GOVERNANCE

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 25 December 2022, it was subject to the edition of the Code published by the FRC in July 2018, which is available from 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.

THE BOARD

AUDIT COMMITTEE

The Audit Committee assists the Board in discharging its responsibilities for the integrity of the financial statements, reviewing the internal control environment and risk management systems, overseeing the activities of the Group's Internal Audit function, managing the relationship with the External Auditors and monitoring the effectiveness and objectivity of the External Auditors.

NOMINATION & GOVERNANCE COMMITTEE

The Nomination & Governance Committee oversees the recruitment of the Directors and advises on matters relating to the Board's membership and Committee appointments, including diversity, inclusion and reviewing succession plans. The Nomination & Governance Committee also regularly reviews and monitors the overall skills and experience of the Board, diversity and inclusion within the wider Group, and senior management succession and development plans.

REMUNERATION COMMITTEE

The Remuneration Committee determines the terms and conditions of employment, remuneration and rewards of the Executive Directors, the Chair and the Executive Leadership teams. In addition, the Remuneration Committee reviews workforce remuneration and related policies. The Remuneration Committee aims to offer an appropriate balance of fixed and performance-related, immediate and deferred remuneration, but without overpaying or creating the risk of rewards for failure.

SUSTAINABILITY COMMITTEE

The Sustainability Committee has oversight of the Group's progress on sustainability-related matters; agreeing targets and associated KPIs; and ensuring effective communications with stakeholder groups. It oversees external reporting against relevant reporting standards and makes recommendations to the Board on sustainability matters relevant to the Group.

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 AGM, 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 29.

2022 Investor Relations

Key investor relations activities in 2022:

- Updated investors on the first year of the resolution with our franchise partners.
- Announced the exercise of the Germany option.
- Maintained regular reporting to keep investors regularly informed and updated.
- Continued to engage actively with institutional investors, through roadshows, conferences and numerous one-off meetings and calls, both physical and virtual.

CORPORATE GOVERNANCE
CONTINUED

Key topics discussed with shareholders in 2022:

- 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 2023 AGM is scheduled to be held on 4 May 2023. Full details of the meeting venue will be included in the 2023 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 in January 2022 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 75 to 77.

BOARD MEMBERSHIP

The Board currently comprises the Chair, Interim Chief Executive Officer, Chief Financial Officer, five 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 62 and 63.

The composition of the Board is of a sufficient size and calibre that 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 and 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 Usman Nabi to be independent as Usman is Founder, Managing Partner and Chief Investment Officer of The Browning West Group LP, a significant shareholder of the Company.

BOARD COMMITTEES

Membership of the four Board Committees during the year ended 25 December 2022 is summarised on the right of this page:

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

The Board is scheduled to meet seven 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 25 December 2022 is summarised on the right of this page:

● Chair ○ member

Committee membership

	Audit Committee	Nomination & Governance Committee	Remuneration Committee	Sustainability Committee[2]
Matt Shattock		●	○	
Ian Bull	○	○	○	
Natalia Barsegiyan	○	○	○	●
Tracy Corrigan[1]	○	○		○
Stella David		○	●	○
Lynn Fordham	●	○	○	
Usman Nabi		○		
Dominic Paul[2]				○
Elias Diaz Sese[3]				○

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 Audit Committee, Nomination & Governance Committee and Remuneration Committee during the year and ceased to be a member of those committees when he became Chief Executive Officer on 10 October 2022.

Attendance at Board and Committee meetings

	Board[1]	Audit Committee	Nomination & Governance Committee	Remuneration Committee	Sustainability Committee
Matt Shattock	9 of 9		3 of 3	4 of 4	
Colin Halpern	3 of 3				
Dominic Paul	8 of 9				2 of 3
Edward Jamieson	2 of 2				
Ian Bull	9 of 9	4 of 4	3 of 3	4 of 4	
Natalia Barsegiyan	9 of 9	4 of 4	3 of 3	4 of 4	3 of 3
Tracy Corrigan	7 of 7		2 of 2		2 of 2
Stella David[2]	9 of 9		3 of 3	4 of 4	3 of 3
Lynn Fordham	9 of 9	4 of 4	3 of 3	4 of 4	
Usman Nabi	9 of 9		3 of 3		
Elias Diaz Sese[3]	9 of 9	3 of 3	2 of 2	3 of 3	3 of 3

1. All Directors attended the scheduled Board meetings. There were two unscheduled Board meeting held during the year which all Directors attended.
2. Colin Halpern stepped down from the Board on 5 May 2022 and Dominic Paul stepped down from the Board on 30 December 2022. Tracy Corrigan joined the Board on 5 May 2022 and Edward Jamieson joined the Board on 17 October 2022.
3. Elias Diaz Sese stepped down as a member of the Audit Committee, Nomination & Governance Committee and Remuneration Committee when he became Interim Chief Executive Officer on 10 October 2022.

COMPOSITION, SUCCESSION AND EVALUATION

BOARD COMPOSITION

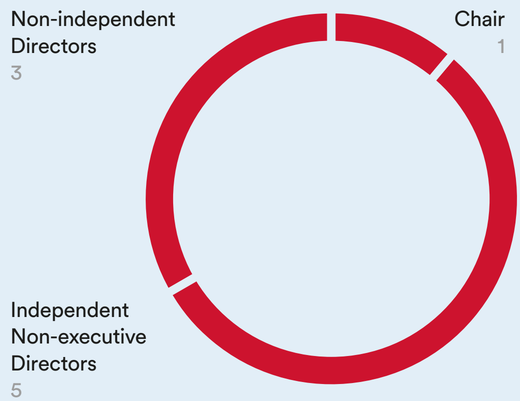
In terms of composition, the Board is cognisant of its Diversity Policy and aims to make appointments in line with that policy. Our preferred Board structure is to be led by a Non-executive Chair, to have high-calibre Executive Directors to drive the performance of the business under the leadership of 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.

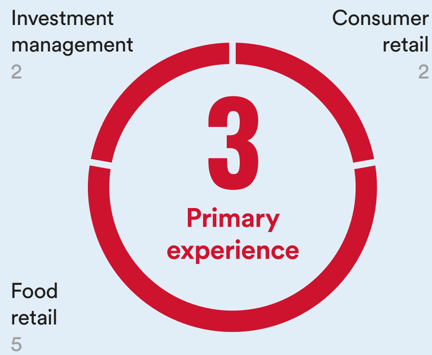
Board balance

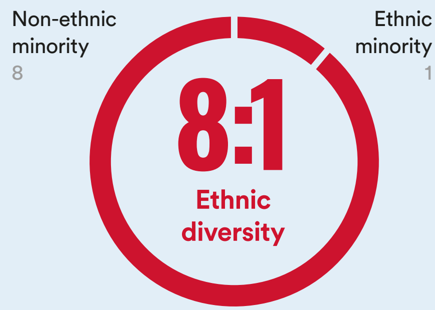
The Board composition creates a majority of independent Non-executive Directors (excluding the Chair), with the current position being:



Board composition

The members of the Board as at 8 March 2023 were drawn from a range of backgrounds and gained their experience in a range of relevant industry sectors:





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 evaluation 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 2022 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:

- refining the Board's stakeholder engagement strategy;
- refining the process by which the Board assess and monitors cultural alignment;
- continue with the process of Board pack design so that information to the Board is concise and relevant;
- increased focus on senior management capability and the talent pool; and
- enhancing the enterprise risk management programme.

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 80 to 87.

The Board considers that the 2022 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 88 to 114. 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 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. Now that our offices have re-opened, 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 colleague can visit our production facilities.

QUARTERLY COLLEAGUE FORUMS

- Chair: Designated Non-executive Director
- People Director
- Nominated Colleague Representatives

4
SCC Representatives (1 from each SCC)

2
Support Office Representatives

1
Senior Leadership Team Representative

1
Operations Representative

BUSINESS AREA FORUMS

- Chair: Functional Leader
- HR Representative
- Elected Colleague Representatives

Stores:
6
Store Representatives

SCC:
4
Held in each of 4 sites and Network of over 30 Representatives

Support Office:
10-12
Representatives from all functions of the support office

FUNCTIONAL MEETINGS/HUDDLES

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

Attended by all relevant team members, and lead 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 has been the Board's designated non-executive director since 30 November 2021. The mechanism for work force engagement in the business has been reviewed during the year and the Board considers that it remains to be effective.

There have been three meetings of the Colleague Forum during the year with Stella David in attendance at each meeting. Part of each meeting is held without any senior management in attendance. Stella David reports to the Board after each of the Colleague Forum meetings and provides an update on matters discussed and issues raised. Early in 2022, the Company completed its consultation process on formalising arrangements for hybrid working. The Colleague Forum has fed back comments on how these arrangements are working and these have been taken into account when the arrangements have been embedded. As the year progressed, the increasingly inflationary environment and rising interest rates shifted the focus of discussion to the cost-of-living crisis facing the UK. Colleagues' views have been taken into account in agreeing pay reviews for 2023.

Executive remuneration was not discussed in 2022 but is scheduled for discussion with the Forum in early 2023.

NOMINATION & GOVERNANCE COMMITTEE REPORT

Committee Members
Ian Bull
Natalia Barsegiyan
Tracy Corrigan
Stella David
Usman Nabi
Lynn Fordham

> …we revised our diversity targets to increase the proportion of female Board membership to 40% by 2025. This target was achieved in 2022…

Matt Shattock – Chair

3
Meetings in 2022

100%
Meeting attendance

For full biographies of the Committee members see pages 62 and 63

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

* Elias Diaz Sese ceased to be a member of the Committee on his appointment as Interim Chief Executive Officer on 10 October 2022. Tracy Corrigan joined the Committee on 5 May 2022.

OVERVIEW

I'm pleased to report that we have another year of good progress.

Since 2020, we have progressively increased the diversity of the Board. Initially, we set ourselves an intermediate target of meeting the requirements of the Hampton-Alexander review on gender diversity by increasing the number of female Directors to be one-third of the Board. This target was achieved in 2021. Last year, we revised our diversity targets to increase the proportion of female Board members to 40% by 2025. This target was achieved in May 2022 following Tracy Corrigan's appointment as an additional independent non-executive director.

During the year, the Committee appointed Odgers Berndtson to lead the search for a Chief Financial Officer. On 11 July 2022, we announced the appointment of Edward Jamieson as Chief Financial Officer, who joined the Board on 17 October 2022.

On 29 June 2022, we announced that Dominic Paul would leave the business at the end of December 2022. The Committee appointed Heidrich and Struggles to lead the search for a new Chief Executive Officer and that process continues. Elias Diaz Sese, who has served on the Board since 2019 as an independent Non-executive Director agreed to act as Chief Executive Officer on an interim basis and took on this role on 10 October 2022.

As announced on 1 December 2021, Colin Halpern retired from the Board at the Company's Annual General Meeting in May 2022. Colin founded Domino's in the UK & Ireland when he acquired the Master Franchise Agreement in 1993 and has been a pivotal figure in the development of the Company.

BOARD EVALUATION 2022

Details of the Board evaluation process for 2022 are set out on pages 72 and 73. 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 77.

NOMINATION & GOVERNANCE COMMITTEE REPORT
CONTINUED

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 updated in November 2021. These Terms of Reference are 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 which 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 Chairship.

The number of meetings held in the year and attendance at those meetings is shown on page 75.

ACTIVITIES IN 2022

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

- recommending to the Board the appointment of Tracy Corrigan as an additional independent Non-executive Director;
  - recommending to the Board the appointment of Edward Jamieson as Chief Financial Officer;
  - appointing head-hunters to lead the search for an additional non-executive director, a Chief Financial Officer and Chief Executive Officer;
  - recommending to the Board that Elias Diaz Sese is appointed Chief Executive Officer on an interim basis;
  - reviewing the Company's Compliance with the UK Corporate Governance Code;
- reviewing the performance of all the Non-executive Directors seeking re-election at the 2022 AGM;
- 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;
- 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.

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 target, and our progress against them, is show below:

Board Diversity Policy – objectives and progress against targets

When recruiting for the Board members, the Committee ensures that the recruitment 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.

Policy objectives	Implementation	Progress against objectives
Board 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 addition independent non-executive director. At the 2022 year-end the proportion of female directors on the Board was 44%. The Committee policy is to maintain female representation on the Board at 40% or above	– Achieved
To maintain at least one Board member from a non-white ethnic minority background, increasing to two Board members from a non-white ethnic minority background by 2025	Since 2019 the Board has included one member from a non-white ethnic minority background	– Achieved
Senior Management To achieve female representation of senior management to 36% by 2022 increasing to 44% by 2025	Since this target was set, our organisational structure has changed. While the absolute number of female representatives in the senior management cohort hasn't decreased, as the organisation's headcount has grown, the percentage hasn't increased. This is an area we are focused on addressing in 2023.	– In progress
To achieve 6% representation of senior management from a non-white ethnic minority background by 2022 increasing to 12% by 2025	Since this target was set, our organisational structure has changed. While the absolute number of representatives in the senior management cohort from an ethnic minority background hasn't decreased, as the organisation's headcount has grown, the percentage hasn't increased. This is an area we are focused on addressing in 2023.	– In progress

The Committee has considered the additional disclosure requirements on Diversity Reporting under the Listing Rules, which will apply to the Company for the next reporting year. 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 35.

Matt Shattock
Chair

8 March 2023

SUSTAINABILITY COMMITTEE REPORT

Committee member	Member since	Meetings attended
Natalia Barsegiyan	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

Committee Members
Stella David
Tracy Corrigan
Elias Diaz Sese

> I've been pleased with the progress that has been made during the first year.

Natalia Barsegiyan – Chair

3
Meetings in 2022

100%
Meeting attendance

For full biographies of the Committee members see pages 62 and 63

OVERVIEW

The Board's Sustainability Committee was formally established on 30 November 2021 in recognition of the growing importance of sustainability to our stakeholders, and that the Group's corporate purpose of delivering a better future through food people love needs to be underpinned by a robust sustainability strategy.

The Sustainability Committee has shared best practice with the Company based on the Committee members' collective experiences. It has also ensured appropriate governance structures are in place to enable robust oversight of sustainability activities and ensure progress on the Company's various programmes and initiatives.

I was delighted to be asked to be the Committee's first chair and I've been pleased with the progress that has been made during the first year. The Committee has received presentations from across the business regarding a range of focus areas, and I have been impressed with the dedication of the team and their commitment to do the right thing.

2022 was a foundation year for a number of our initiatives. However, good momentum has been established and I am confident the Company is committed to continuing its work in this area as it seeks to deliver a better future through food people love. Further details are included in the Sustainability report on pages 30 to 46.

COMMITTEE STRUCTURE & OPERATION

The Committee's membership is comprised of independent Non-executive Directors plus the Chief Executive Officer. 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 key performance indicator targets and ensuring effective communications are taking place for stakeholders
- oversight of external reporting on sustainability matters including reports published in line with the reporting standards established by the Sustainability Accounting Standards Board or similar frameworks as adopted by the Group from time to time
- 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 are available on the Company's investor relations website (https://investors.dominos.co.uk).

ACTIVITIES IN 2022

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

- Agreeing the Group's Sustainability strategy, objectives and KPIs for 2022 and liaising with the Remuneration Committee on the appropriate linkage into executive remuneration
- reviewing and approving the Sustainability report included in the 2021 Annual Report
- reviewing and approving the Company's science-based targets, outline decarbonisation plans and net zero commitment prior to submission to SBTi for formal validation
- approving, on behalf of the Board, the Company's Modern Slavery statement for 2021 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 assessment from third-party rating agencies on the Company's sustainability performance
- approving the Company's disclosure in 2022 against the SASB framework
- reviewing the Company's health & safety strategy
- receiving updates from operational management on the Company's initiatives on animal welfare and on allergens management
- reviewing the Committee's Terms of Reference

Natalia Barsegiyan
Chair

8 March 2023

AUDIT COMMITTEE REPORT

Committee Members
Natalia Barsegiyan
Ian Bull
Tracy Corrigan

"The Group continues to progress on improving risk management and internal control, with a focus from the Committee on significant upcoming digital platform investment projects."

Lynn Fordham – Chair

4
Meetings in 2022

100%
Meeting attendance

For full biographies of the Committee members see pages 62 and 63

Committee member	Member since	Meetings attended
Lynn Fordham	2020	●●●●
Ian Bull	2019	●●●●
Natalia Barsegiyan	2020	●●●●
Elias Diaz Sese*	2021	●●●
Tracy Corrigan*	2023	Not applicable

* Elias Diaz Sese ceased to be a member of the Committee on his appointment as Interim Chief Executive Officer on 10 October 2022. Tracy Corrigan joined the Committee on 10 February 2023.

CHAIR'S SUMMARY STATEMENT

Dear shareholder

I am pleased to present the Audit Committee report for the year ended 25 December 2022 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 auditor, the Company Secretary (as Secretary to the Audit Committee) 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 auditor to discuss their reports and any issues highlighted. We continue to regularly meet with both PwC and KPMG as part of our ongoing review of the business and their effectiveness.

This has also been a continued year of change within the Committee. On 10 October 2022, Elias Diaz Seze was appointed Chief Executive Officer on an interim basis, and now attends meetings in this capacity. On 10 February 2023, Tracy Corrigan joined the Committee.

In November 2022, David Surdeau left the group as Interim CFO, and Edward Jamieson was appointed as Group CFO. I look forward to working with Edward over the next year as the Group faces significant technology platform investment projects and continues the journey of control improvement.

As has been discussed in previous years, the Group's internal control environment has historically been informal and often undocumented. Over the last three years, significant progress has been made in upgrading the overall control environment, including establishing a separate Internal Audit function who are now reporting with regularity on control maturity across the business.

During the year, the Group continued to make improvements in the overall control environment, and in designing and planning for further significant improvements as a result of the implementation of the new Enterprise Reporting Platform (ERP). This project will enable the Group to make a step change in controls around financial reporting, and will set the Group in a good position as we look forward to future regulatory change.

With this significant ERP replacement programme, together with the development of a new eCommerce platform, the Group is entering into a year of significant programme delivery. During the year, we kept close to both projects, with a particular focus on the ERP replacement, in order to assess the governance and assurance process in place, and will continue to do so through 2023.

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, 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 eCommerce funds.

Both the external auditors (PwC) and the internal auditors (KPMG) were appointed in 2019 and have become established in their roles and both have gained a good understanding of the business.

Effectiveness reviews over the internal audit function were performed during 2021. The 2021 year end process with PwC was reviewed and actions implemented and noted with an external audit effectiveness review undertaken in 2021. 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.

In addition, during 2022, we instituted audit quality review metrics for the external audit and have used them to assess the performance of the external auditors. We will continue to develop this formal oversight going forwards. The Committee reviewed the findings of the Audit Quality Review team of the Financial Reporting Council's (FRC) review into PwC's audit of the Group's 2021 Annual Report and Accounts with a satisfactory outcome.

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.

We performed an Audit Committee effectiveness review in 2021, with a further review planned in 2023, inviting input from management and Committee members.

There is also increasing focus from stakeholders in the area of audit reform in the UK, and changes in the regulatory market around internal controls. The Committee has closely followed these developments and, together with management and the Board, will act in due course to accelerate its current corporate governance and control improvement agenda.

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 2022

- assessment of the Group's accounting policies and applications to developments in the year, including the treatment of technology platform investments costs and related depreciation and impairment, valuation of investments and impairment reviews over the Group's cash generating units including the London corporate stores;
- reviewing the planning and risk assessment of the Group's ERP replacement programme and eCommerce platform, including consideration of the governance, planned 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;
- consideration of the findings of the Audit Quality Review team of the Financial Reporting Council's (FRC) review into PwC's audit of the Group's 2021 Annual Report and Accounts;
- 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 to ensure this reflects key strategic developments of the Group and wider environment.

Lynn Fordham
Chair of the Audit Committee

8 March 2023

AUDIT COMMITTEE REPORT
CONTINUED

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 November 2022, 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.

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 and review the Group's systems and controls for the prevention of bribery and receive reports on non-compliance.

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 2022. 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 planning for the Group's ERP replacement programme. These are discussed in more detail below.

Significant judgements and financial issues

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

Significant judgement or issue	Work undertaken by and conclusion of the Audit Committee
Accounting for technology platform costs Management commenced two significant technology platform project in the year relating to the ERP replacement and new eCommerce platform, with a total of £7.6m of costs recorded in profit before tax and £2.0m recorded as capital expenditure.	The Committee reviewed reports from management outlining the accounting treatment of 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 also considered the appropriateness and calculation of the accelerated depreciation charges and the impairment of assets no longer considered useful. The Committee challenged the assessments reached by management and the judgements around the nature of the costs incurred, and were comfortable that the appropriate judgements have been made.
Impairment reviews of corporate stores 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.	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 further impairment should be recorded, following the impairment to goodwill taken in 2019. The Committee challenged the forecasts used, the discount rate and other key assumptions including any comparable precedent transactions and were comfortable that this represented an appropriate valuation, and that sufficient headroom remained.
Valuation of the Shorecal investment The Group recorded a £1.0m fair value movement in the income statement over the 15% investment in Shorecal Ltd, a franchisee group based in Ireland.	The Committee challenged the fair valuation model inputs and the basis of the resulting valuation, the increase of which was as a result dividends received during the year and the fair valuation exercise performed. The Committee considered the inputs into the valuation including judgemental areas around future growth. The Committee concurred with the valuation determined.

Other accounting matters considered	Work undertaken by and conclusion of the Audit Committee
Accounting treatment for the exercise of the put option over the German associate investment	The Committee reviewed the classification of the German associate as an asset held for sale following the decision to exercise the put option in November 2022, and considered management's assessment that this did not represent a discontinued operation as is not considered a major line of business or geographic operation. The Committee also considered the disclosure and treatment of the option at the balance sheet date. The Committee agreed with management's assessment of the treatment of the German associate as an asset held for sale, and agreed with the assessment that the put option is at a fair value.
Potential tax liability in respect of employee share schemes	As further explained in note 2 to the Financial Statements, a provision of £11m was recorded in 2018 around historical employee share schemes, with a further £2.0m recorded during 2021. The Committee reviewed the provisions raised by management in light of continued correspondence with HMRC, and were satisfied with the valuation and approach adopted by management.
Distributable reserves	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.

AUDIT COMMITTEE REPORT
CONTINUED

RISK MANAGEMENT AND INTERNAL CONTROL

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 are appropriately covered, as defined by its Terms of Reference. In doing so, the Committee considered:

- the Group's principal 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, including commercial disputes with key customers; and
- the Group's approach to IT, information security and GDPR.

As reported in previous years, the Group's internal control environment has historically been informal and often undocumented. Continued progress has been made in this area in 2022, including the introduction of a new Head of Internal Audit, Risk and Control to work alongside the co-sourced providers, KPMG. An Executive Risk Committee ('ERC'), which was established in 2020, continues to mature, meeting quarterly and providing risk status reporting and recommendations on risk priorities to the Audit Committee. The ERC is composed of a broad representation of senior management and key risk owners and is tasked with ensuring business risks are regularly evaluated, monitored, responded to, and reported to the Board, including making recommendations to the Board over the principal risk and uncertainty disclosures. Key developments delivered by the ERC in 2022 include the further development of the climate risk and opportunities register, which is fully aligned to our TCFD disclosures, as well as the formalisation of a new fraud risk assessment matrix. These risk registers are now embedded into the enterprise risk management activities and are routinely monitored and reported on. The Head of Internal Audit, Risk and Control is responsible for facilitating six-monthly Management Assurance statements, the results of which are reported to the ERC and the Audit Committee. These statements both reinforce risk accountability and periodically formalise the assessment of risk and control to report to the Audit Committee.

Developments have been made by the finance team and wider management on addressing control issues identified; however, further significant work is required, especially considering potential future corporate governance developments in the UK. This remains a key priority for the Committee going into 2023 and will remain a regular agenda item. It is expected that the ongoing upgrade from the current ERP system will deliver control improvements through comprehensive control documentation, enhanced security and access, and a greater reliance on automated system controls.

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
IT and cyber security	The Group's system sales and operations are highly dependent on its eCommerce IT systems. There can be no guarantee as to the resilience of the Group's systems to outside attack and the Committee has commissioned reports on cyber security from Deloitte and KPMG in previous years which, whilst identifying a number of areas requiring attention, have confirmed management's strategic priorities for addressing them. The Committee noted the continuing implementation of our cyber security framework by management and received regular presentations from the Head of IT and the CISO around emerging cyber security risks and the progress of control implementation across the eCommerce and other IT platforms. The Committee challenged management's action plans around implementation of controls, including an assessment of any security issues identified throughout the year.
Risk assessment	The Committee reviewed the risk profile of the Group as agreed by the Board and the principal risks as set out on pages 54 to 60 and challenged the nature and impact of the Group's principal risks. During the year, there have been further developments in the risk profile of the Group and the Committee have reviewed any changes to principal risks, together with the underlying process of business risk assessment on which these are derived. The Risk Committee (established by management in 2020) has continued to re-assess the business risks with input from each risk owner across the business and the outcome of this review has been reflected in management's reported assessment.
Whistleblowing	The Committee received updates from management of any whistleblowing cases identified and reviewed the operation and appropriateness of reporting procedures. No significant items were reported.
Fraud, Anti-Bribery and corruption	The Committee reviewed the policy and training programme in place around anti-bribery and corruption.
Taxation	The Committee received reports from management around the tax position of the Group and were updated on emerging direct and indirect tax risks, and the tax treatment of specific one-off transactions including the tax impact of the exercise of the Daytona option.

EXTERNAL AUDITORS

PwC were appointed external auditors in 2019. The Committee have engaged with PwC in reviewing the audit plan for 2022, scope of the audit and risks identified, and have regularly met with the lead engagement partner, Owen Mackney. The Audit Committee also held meetings with the external auditor 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 auditor, 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 fourth 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, that no significant issues were raised in relation to audit quality.

During the year, the Audit Quality Review (AQR) team carried out a review of PwC's audit of the Group's 2021 Annual Report and Accounts. PwC confirmed the findings of the AQR to the Audit Committee at the February 2023 meeting. The Audit Committee discussed the content of the AQR with PwC, noting that there were no significant areas for improvement identified within the report, nor any material issues in relation to the Financial Statements. The Audit Committee is pleased to note that none of the AQR team's findings were considered to be a key finding, with the testing of management's going concern assumptions considered to be an example of good practice. The Audit Committee Chair received a full copy of the findings and had a follow up meeting with the AQR team.

AUDIT COMMITTEE REPORT
CONTINUED

The report was also discussed in full in the Audit Committee.

The Audit Committee agreed the fees for the external auditor and has strict policies regarding the provision of non-audit services by the external auditor 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 £50,000. 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 only significant audit-related fee was the interim review performed at half-year of £63,800. The level of non-audit fees to audit fees is 13%.

The level of fees payable to PwC for 2022 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

KPMG have continued to contribute to the delivery of the internal audit plan as co-source providers, working together with the Head of Internal Audit, Risk and Control in order to set the framework for a cyclical audit of each key business area during the year. The key objective is to provide independent and objective assurance that each business area implements and maintains effective controls.

The plan focuses on benchmarking across the business on a risk-based approach, informed by the business and the Committee. Audits are designed to address strategic and operational risks and seek to provide assurance over the processes and controls in place to ensure certainty over the delivery of the Group's strategic objectives. The plan covers the nature and timing of the audits in order to assist in improving the effectiveness of governance and key risk management and internal control processes. The internal audit team are also engaged in ad-hoc work based on identified risk areas. During the year, internal audit have performed work and issued reports covering key risks including eCommerce systems (covering payment processing, sales reporting and basket pricing), strategic transformation and programme management, administration of the National Advertising Fund, reporting of service standards, and post-investment reviews. Audits have also been undertaken to review the governance arrangements and effectiveness of project management disciplines over the major ongoing projects to implement a new eCommerce platform and to upgrade our ERP system. Given the specialist and technical nature of these reviews, the internal audit team have been assisted by experts from KPMG and BDO respectively. Recommendations arising from audits are followed up routinely to ensure management commitments are enacted on a timely basis and control improvements delivered. The Committee are satisfied that there is a clear improvement plan in place for internal controls.

The internal audit team have 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 and Control as well as the KPMG Partner 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 annually, 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 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 provided to the PwC external audit team and, where relevant and beneficial, detailed findings are shared between teams.

During the year, the Committee reviewed the appropriateness of the appointment of a separate KPMG team to advise the Company in the deployment of the new ERP system. The Committee were satisfied that appropriate safeguards were in place between teams to ensure the continued independence of the Internal Audit function. BDO were appointed to provide independent Programme Assurance work over the ERP deployment.

GOING CONCERN AND VIABILITY

Net debt has increased during the year to £253.3m, as a result of the shareholder returns during the period, which exceeded the free cash flow generated. Throughout the year, the Group has maintained comfortable headroom within its facility and comfortably met banking covenant compliance, including both before and after the refinancing in July 2022.

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 page 61).

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 page 61, 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.

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

8 March 2023

DIRECTORS' REMUNERATION REPORT

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

Committee Members
Matt Shattock
Ian Bull
Lynn Fordham
Natalia Barsegiyan

The Committee is satisfied that the remuneration outcomes and payments for 2022 are fair and reasonable.

Stella David – Chair

4
Meetings in 2022

100%
Meeting attendance

For full biographies of the Committee members see pages 62 and 63

CHAIR'S SUMMARY STATEMENT

Dear shareholder

I am pleased to present the Directors' remuneration report for the period ended 25 December 2022.

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 2023.

CHANGES TO THE BOARD

During the year, the Committee has had to deal with disruption to the executive leadership team. Following his resignation in June 2022, Dominic Paul ceased to be CEO on 10 October 2022 and was succeeded by Elias Diaz Sese on an interim basis. Dominic remained on the Board to facilitate a smooth transition and subsequently stepped down from the Board on 30 December 2022. Elias has previously served as a Non-executive Director on the Board since October 2019 and brings over 20 years' experience in leadership roles in global consumer food brands and franchise businesses. Our new CFO, Edward Jamieson, joined the Board on 17 October 2022, succeeding our previous CFO who was in the role on an interim basis and was not a member of the Board.

The remuneration arrangements in relation to Dominic's departure and Elias and Edward's new appointments were all determined in accordance with our Directors' Remuneration Policy, which was approved by shareholders at our 2022 AGM with 92.88% votes in favour. The full details of these remuneration arrangements can be found on pages 106 and 107.

Colin Halpern stepped down from the Board on 5 May 2022 as the Non-executive Vice Chairman. Tracy Corrigan joined the Board as a Non-executive Director on 5 May 2022.

PERFORMANCE AND REMUNERATION FOR 2022

The Company's underlying trading performance in 2022 was robust, and there was demonstrable progress in our franchisor/franchisee relationship following the resolution reached with our franchisee partners at the end of 2021. Notwithstanding the challenges posed by a global inflationary environment with the subsequent pressure on consumers, like-for-like system sales, excluding splits and the impact of VAT, grew by 5.3%. The strengthening of the working relationship with our franchisees saw the introduction of national value campaigns, which, coupled with our focus on digital initiatives and improving customer service levels, saw the Domino's system increase its share of the UK takeaway market to 8% in Q4 2022, up from 6.8% in the same period in 2021.

Despite the external market conditions, the business has delivered strong financial performance for the year, with the Group's adjusted underlying profit before tax ('PBT') for the year above the threshold target level for profit-related annual bonuses to be paid to the CEO and CFO. Details of the annual bonus outcomes are shown on page 108.

The Committee is satisfied that the remuneration outcomes and payments for the 2022 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

Dominic Paul did not receive an LTIP award during the year following his resignation. As agreed at the time of appointment, the Interim CEO, Elias Diaz Sese, received an award under the 2022 LTIP of 200% of base salary on 10 October 2022. The CFO, Edward Jamieson, received his first LTIP award on 17 October 2022, which was prorated to 27/36ths of his annual limit of 175% of salary, reflecting the time elapsed in the performance period. For the awards made in 2022, 70% of the awards are subject to performance conditions based on earnings per share ('EPS') targets for the 2024 financial year and 30% are based on relative total shareholder return ('TSR') measured over the three-year period starting 10 October 2022. A two-year post-vesting holding period applies. Detailed performance targets for LTIP awards made in 2022 are shown on page 109 and the performance targets for awards to be made in 2023 are shown on page 103. Shareholders should note that the EPS targets for the LTIP awards made in 2022 of 22.13p (threshold), 22.7p (target) and 26.11p (stretch) set by the Committee are lower than those described in the last Directors' remuneration report of 23.2p (threshold), 23.8p (target) and 27.4p (stretch) as being the intended targets at that time, as explained on page 109. The Committee revised the targets in light of material changes in the operating environment since the originally intended targets were reported. The actual targets are appropriately demanding, but achievable growth targets, and strike a balance between being sufficiently challenging and acting as a realistic incentive.

BASE SALARIES FOR 2023

As both the CEO and CFO were recently appointed, their salaries will remain unchanged at £765,000 and £365,000, respectively, for 2023.

PENSION ARRANGEMENTS

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

SHAREHOLDERS' VIEWS

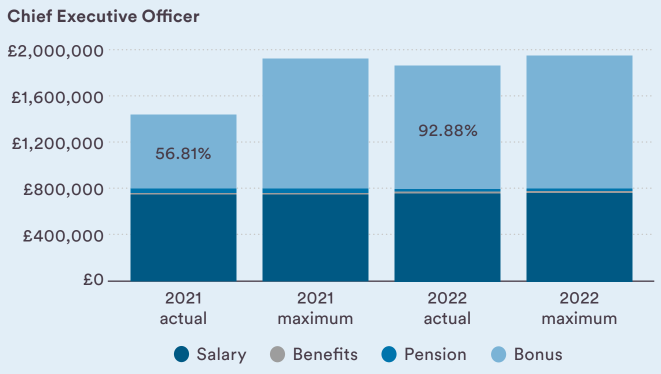
The Committee continues to take an active interest in shareholders' views and looks forward to maintaining an open and transparent dialogue in the future. We would like to thank you for your support in previous years, and we look forward to your support at the 2023 AGM.

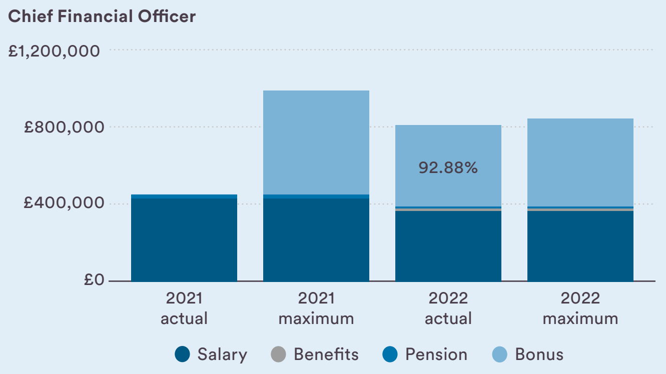
Stella David
Chair of the Remuneration Committee

8 March 2023

For the introduction to Governance, see page 64

REMUNERATION AT A GLANCE





NOTES:

Elias Diaz Sese was appointed the CEO on an interim basis on 10 October 2022. Dominic Paul ceased to be the CEO on the same day. The chart for the CEO shows the aggregated remuneration received by both individuals during the year in respect of the role of CEO.

The CFO joined the Company on 17 October 2022. His actual remuneration figures for 2022 have been annualised for illustrative purposes.

The percentages shown are the bonus payable as a percentage of maximum. Bonus figures have been annualised for illustrative purposes. Actual bonuses payable for 2022 are shown on page 108.

No LTIP awards were due to vest for the performance periods ending in 2021 and 2022; therefore, LTIP is not included in the charts above.

ALIGNMENT OF PERFORMANCE AND REMUNERATION 2022

ANNUAL BONUS

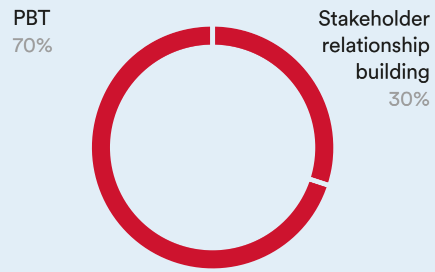
Incentivise annual delivery of financial and operational goals linked to the Company's strategy

PBT

Linked to financial KPI

STAKEHOLDER RELATIONSHIP BUILDING

Linked to business strategic plan



LTIP

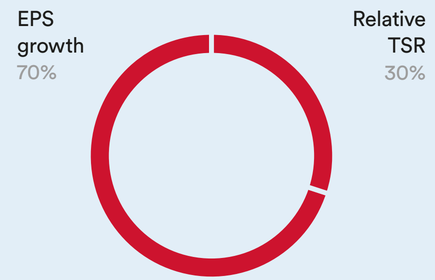
Aligned to main strategic objectives of delivering sustained profitable growth

EPS GROWTH

Linked to financial KPI

RELATIVE TSR

Linked to financial KPI



DIRECTOR REMUNERATION POLICY

This part of our Directors' remuneration report sets out the Directors' Remuneration Policy (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 was approved by shareholders at the AGM on 5 May 2022.

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 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; and
- 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.

EXECUTIVE DIRECTORS' REMUNERATION POLICY TABLE

	Purpose and link to strategy	Operation	Maximum	Performance targets
Base salary	– Reflects the responsibility level and complexity of the role – Reflects skills and experience over time – Provides an appropriate level of basic fixed income to avoid excessive risk arising from over-reliance on variable income	– Salaries will typically be reviewed annually – Set in the context of pay and employment conditions in the Group and internal relativities – Salary levels take periodic account of pay levels in companies with similar characteristics and sector comparators	– 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 – 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 – 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	– n/a
Pension	– Provides market-competitive, yet cost-effective retirement benefits – Opportunity for Executives to contribute to their own retirement plan	– Defined contribution or cash supplement – HMRC-approved salary sacrifice arrangement (salary sacrifice for employee contribution)	– Employer contribution to a pension arrangement or payment of a cash allowance in lieu of a pension up to 3% of basic salary	– n/a
Other benefits	– Provides cost-effective insured benefits to support the individual and their family – Access to company car to facilitate effective travel	– Benefits are provided through third-party providers and include family-level private medical and up to four times salary life insurance cover – Company cars or cash equivalents provided – Participation in an HMRC-registered savings-related share option scheme on the same terms as other UK-based employees – 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 – Any business-related expenses (including tax thereon) may be reimbursed	– 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	– n/a

	Purpose and link to strategy	Operation	Maximum	Performance targets
Annual performance bonus	– Incentivise annual delivery of financial and operational goals linked to the Company's strategy	– 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 – Dividend equivalents which accrue on vested shares may be payable – Clawback and malus provisions apply – Stretching targets drive operational efficiency and influence the level of returns that should ultimately be delivered to shareholders through share price and dividends	– The maximum bonus opportunity is 150% of salary for the CEO and 125% of salary for the CFO and other Executive Directors	– Bonuses will be subject to a combination of financial and non-financial targets that are set by the Committee on an annual basis – The majority of the bonus will be measured against financial metrics (e.g. underlying PBT) with a graduated scale set around the target – 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 – 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 – Details of the bonus measures and targets operated each year will be included in the relevant Directors' remuneration report
2022 Long Term Incentive Plan ('2022 LTIP')	– Aligned to main strategic objectives of delivering sustained profitable growth – Aids retention of senior management – Creates alignment with shareholders and provides focus on increasing the Company's share price over the medium term	– Annual grant of performance shares which may be structured as conditional awards or nil cost options – Subject to performance conditions measured over three years. An additional two-year post-vesting holding period applies to awards granted to the Executive Directors – Clawback and malus provisions apply – Dividend equivalents which accrue during the vesting period and, where applicable, post-vesting holding period may be paid	– Maximum annual opportunity of 200% of salary for the CEO and 175% for the CFO and other Executive Directors	– 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 – Different measures may be set for future awards but financial targets will determine vesting in relation to at least 50% of an award – A maximum of 15% of any award vests for achieving the threshold performance level, with 100% of the awards being earned for maximum performance

	Purpose and link to strategy	Operation	Maximum	Performance targets
In-employment share ownership requirement	– To provide alignment between Executives and shareholders – To encourage a focus on sustainable long-term performance	– 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 – 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	– At least 200% of salary holding for Executive Directors whilst in employment	– n/a
Post-employment share ownership requirement	– To further strengthen the alignment between Executives and shareholders	– Upon cessation of employment, Executives are required to maintain a shareholding for two years thereafter	– A level equal to the lower of the in-employment requirement and the number of shares beneficially held at cessation	– n/a

NON-EXECUTIVE DIRECTORS' REMUNERATION POLICY TABLE

	Purpose and link to strategy	Operation	Maximum	Performance targets
Non-executive Director fees	– Reflects the value of the individual's skills and experience – Recognises expected time commitments and responsibilities	– Chair's fees are set by the Remuneration Committee. Non-executive Directors' fees are set by the Board – Fees are reviewed periodically – Takes into account periodic external reviews against companies with similar characteristics and sector comparators – Set in the context of time commitments and responsibilities – 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 – Non-executive Directors do not participate in any annual bonus, share incentive plans or pension arrangements – 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)	– 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 – 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 – 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	– n/a
Shareholding guideline	– To provide alignment between Non-executive Directors and shareholders	– Non-executive Directors are encouraged, but not required, to own shares in the Company – 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	– n/a	– n/a

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 helps align management's and shareholders' interests, since the Executives will only be rewarded to the extent that the Company delivers 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, 2022 LTIP) 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.

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 who will gather views from the workforce on executive remuneration in 2023. Details of colleague engagement can be found on page 74.

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.

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 environmental, social and governance ('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 96) 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 Remuneration 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 current policy, which was approved by shareholders at the 2022 AGM with 92.88% votes in favour. The Committee values feedback from its shareholders and seeks to maintain a continued open dialogue. 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.

Notice provisions in the service contract for Dominic Paul, the Chief Executive Officer, required six months' notice of termination to be given by the Company or the Executive. His contract included payment in lieu of notice provisions as per the policy detailed on page 99.

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
Notice period	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 For Elias Diaz Sees, 3 months' notice is to be given to the Company. From the Company, the initial notice period is 12 months. After four months of the engagement, the notice period will reduce by one month for each additional month worked with a minimum notice period of three months so that the notice period after 13 months of the engagement is 3 months. If the contract period extends beyond 31 December 2023, the notice period will then be 6 months' notice 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 6 months' from either party.
Maximum termination payment	Base salary plus benefits and pension, subject to mitigation for new Directors
Remuneration entitlements	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 page 99) In all cases performance targets would apply
Change of control	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)
Salary in lieu of notice period	Salary for proportion of notice period served	Up to a maximum of 100% of salary
Pension and benefits	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
Bonus (in year)	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
Bonus (deferred shares)	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
Long-term incentive entitlements (2012 LTIP and 2022 LTIP)	Immediately lapse on the date of cessation	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, 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)
Other payments	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.

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[1]	11 November 2019	11 November 2019	See note 2
Matt Shattock	16 March 2020	16 March 2020	16 March 2023
Natalia Barsegiyan	16 September 2020	16 September 2020	16 September 2023
Lynn Fordham	16 September 2020	16 September 2020	16 September 2023
Stella David	23 February 2021	23 February 2021	23 February 2024
Tracy Corrigan	5 May 2022	5 May 2022	5 May 2025

1. Usman Nabi is an appointee of Browning West LP. His term in office is governed by a relationship agreement between the Company and Browning West, details of which can be found on the investor relations website https://investors.dominos.co.uk.

DIRECTORS' REMUNERATION REPORT
CONTINUED

RECRUITMENT AND PROMOTION POLICY

When facilitating an external recruitment or an internal promotion, the Committee would apply the following principles:

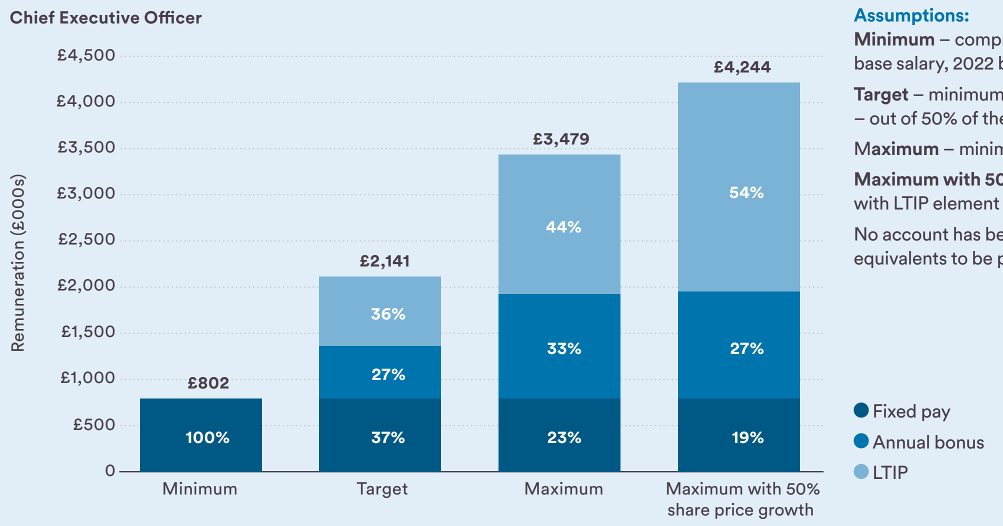
Remuneration element	Policy
Base salary	Salary levels will be set based on the experience, knowledge and skills of the individual and in the context of market rates for equivalent roles in companies of a similar size and complexity. The Committee would also consider Group relativities when setting base salary levels. 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.
Benefits and pension	Would be as provided to current Executive Directors. The Committee would consider meeting the cost of certain reasonable relocation expenses and legal fees as necessary.
Annual bonus	The annual bonus would be operated in line with that set out in the policy table for current Executive Directors. For a new joiner, the bonus would be pro-rated for the period of service during the financial year of their appointment. 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.
Long-term incentives	Participation would be in accordance with the information set out in the policy table. Awards may be made on or shortly after an appointment, subject to prohibited periods. Different performance conditions may be set as appropriate. Any new appointment would be eligible to participate in the all-employee share option arrangements on the same terms as all other employees. 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.
Additional incentives on appointment	The Committee would assess whether it is necessary to buyout remuneration which would be forfeited from a previous employer on termination. 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. 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.

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 chart below illustrates the total remuneration for the Chief Executive Officer based on the proposed new policy under four different scenarios – minimum, target, maximum and maximum with a 50% share price growth.



Assumptions:

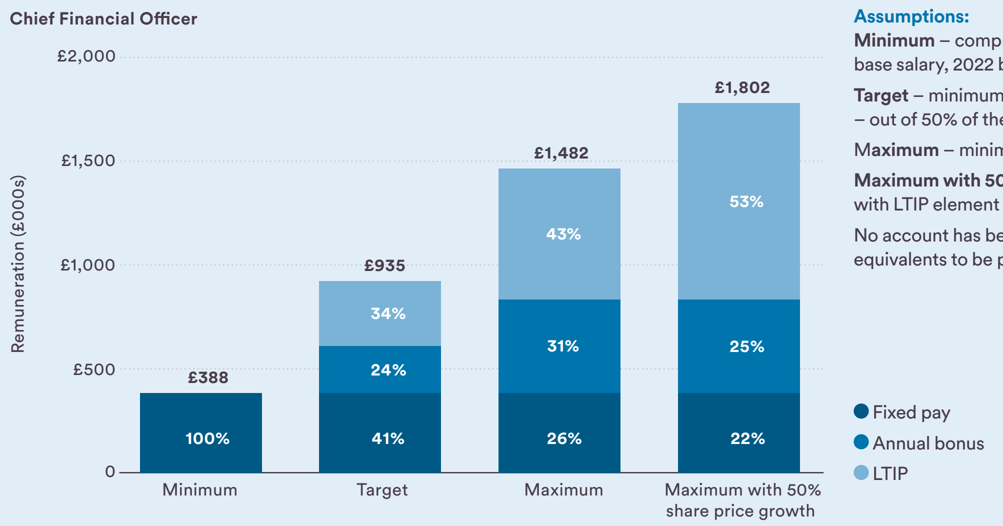
Minimum – comprises fixed pay being the value of 2023 base salary, 2022 benefits and a 3% pension allowance.

Target – minimum plus a bonus pay-out and LTIP vesting – out of 50% of the maximum.

Maximum – minimum plus max bonus and max LTIP.

Maximum with 50% share price growth – maximum with 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.



Assumptions:

Minimum – comprises fixed pay being the value of 2023 base salary, 2022 benefits and a 3% pension allowance.

Target – minimum plus a bonus pay-out and LTIP vesting – out of 50% of the maximum.

Maximum – minimum plus max bonus and max LTIP.

Maximum with 50% share price growth – maximum with 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.

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	4 of 4
Matt Shattock	16 March 2020	4 of 4
Ian Bull	19 April 2019	4 of 4
Elias Diaz Sese[1]	17 October 2019	3 of 3
Natalia Barsegiyan	16 September 2020	4 of 4
Lynn Fordham	16 September 2020	4 of 4

1. Elias Diaz Sese was appointed the Interim Chief Executive Officer on 10 October 2022 and ceased to be a Non-executive Director and Remuneration Committee member on the same day.

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 for the relevant periods during the year amounted to £78,682 (excluding VAT) (2021: £98,617) charged predominantly on a time and materials basis.

WHAT HAS THE REMUNERATION COMMITTEE DONE DURING THE YEAR?

The Remuneration Committee met four 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 2022 under the 2022 LTIP;
- approved the performance conditions for the LTIP awards in 2022 and to be made in 2023; and
- approved the termination arrangements for Dominic Paul and joining arrangements for Elias Diaz Sese and Edward Jamieson, including performance conditions for their 2022 annual bonus.

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;
- 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 2023

BASE SALARY

The base salaries of the CEO and CFO will not be increased in April 2023. Increases to be applied to the wider workforce vary from 3% to 7% depending on grade.

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 2023 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 2023 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 110% of target.

For 2023, 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.

LONG TERM INCENTIVE PLAN ('LTIP')

The resolution with UK franchisees announced in December 2021 was a pivotal development for the Company. It is consistent with the Company's growth strategy and includes the Company committing to strategic investments in the short-term to enhance the growth potential of the system to the benefit of all stakeholders. The Committee has considered how the resolution should be reflected in LTIPs so that the performance conditions strike a balance between ensuring that they are robust and challenging while they are seen by management as being realistic and incentivising. Our aim is to set targets that are directly related to strategy and align management and shareholders' interests.

It is intended that the CEO and CFO will receive an LTIP award in 2023 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 2025 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, 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 biennially and were last increased with effect from January 2020, or the date of appointment if later.

The fee structure for the Chair and other Non-executive Directors for 2023 is as follows:

- Chair – £480,000
- Non-executive Director base fee – £65,000
- Audit Committee Chair fee – £15,000
- Remuneration Committee Chair fee – £15,000
- Nomination & Governance Committee Chair fee (Committee established on 30 November 2021) – £nil
- Sustainability Committee Chair fee – £12,000
- Senior Independent Director fee – £15,000
- Workforce nominated NED fee – £10,000

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 Directors' remuneration policy (at the 2022 AGM) and the Annual Report on Remuneration (at the 2022 AGM) were as follows:

	Annual report on remuneration (2022 AGM)		Remuneration policy (2022 AGM)	
	Total number of votes	% of votes cast	Total number of votes	% of votes cast
For	342,157,892	93.40%	331,094,694	92.88%
Against	24,174,689	6.60%	25,363,801	7.12%
Total votes cast (for and against)	366,332,581	100%	356,458,495	100%
Votes withheld[1]	74,883	—	9,948,969	—
Total votes cast (including withheld votes)	366,407,464	—	366,407,464	—

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 111 represents the audited section of this report.

SINGLE TOTAL REMUNERATION FIGURE FOR EACH DIRECTOR

52 weeks ended 25 December 2022

£000	Salary	Benefits[7] and supplements	Bonus	Pension	Other	Total Remuneration in 2022	Total fixed	Total variable
Executives								
Elias Diaz Sese[1]	147	3	225	3	—	378	153	225
Edward Jamieson[2]	63	3	81	2	519	668	68	600
Former Executives								
Dominic Paul[3]	746	13	—	23	—	782	782	—
Non-executives								
Matt Shattock	480	—	—	—	—	480	480	—
Colin Halpern[4]	65	10	—	—	—	75	75	—
Stella David	90	—	—	—	—	90	90	—
Elias Diaz Sese[1]	53	—	—	—	—	53	53	—
Ian Bull	80	—	—	—	—	80	80	—
Usman Nabi[5]	—	—	—	—	—	—	—	—
Natalia Barsegiyan	77	—	—	—	—	77	77	—
Lynn Fordham	80	—	—	—	—	80	80	—
Tracy Corrigan[6]	41	—	—	—	—	41	41	—
Total	1,922	29	306	28	519	2,804	1,979	825

1. 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. The figures above reflect the remuneration he received in respect of both roles split between that received as Interim Chief Executive Officer and that received as a Non-executive Director.
2. Edward Jamieson joined the Company and the Board as the Chief Financial Officer on 17 October 2022. The figures 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. Full details of these awards can be found on page 110.
3. Dominic Paul ceased to be Chief Executive Officer on 10 October 2022 and stepped down from the Board on 30 December 2022. The figures above reflect the remuneration he received in respect of the period from 27 December 2021 to 25 December 2022.
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.
5. Usman Nabi waived his fees in accordance with the terms of his appointment letter.
6. Tracy Corrigan joined the Board on 5 May 2022.
7. 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

52 weeks ended 26 December 2021

£000	Salary	Benefits[3] and supplements	Bonus	Pension	Total Remuneration in 2021	Total fixed	Total variable
Executives							
Dominic Paul	750	14	639	37	1,440	801	639
Former Executives							
Neil Smith	397	11	—	20	428	428	—
Non-executives							
Matt Shattock	480	—	—	—	480	480	—
Colin Halpern[1]	140	31	—	—	171	171	—
Stella David[4]	62	—	—	—	62	62	—
Kevin Higgins	54	—	—	—	54	54	—
Elias Diaz Sese	65	—	—	—	65	65	—
Ian Bull	94	—	—	—	94	94	—
Usman Nabi[2]	—	—	—	—	—	—	—
Natalia Barsegiyan	65	—	—	—	65	65	—
Lynn Fordham	66	—	—	—	66	66	—
Total	2,173	56	639	57	3,099	2,286	639

1. Colin Halpern was not remunerated by the Company and, for the 2021 financial year, a management fee of £140,000 (2020: £140,000) was paid to HS Real Company LLC in respect of his services. A further benefit of £31,000 (2021: £31,000) relating to life insurance premiums was also paid to HS Real Company LLC during the year.
2. Usman Nabi waived his fees in accordance with the terms of his appointment letter.
3. 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.
4. Stella David joined the Board on 23 February 2021.

DEFINED CONTRIBUTION PENSIONS

Executive Directors receive pension contributions to a personal pension fund or in cash. In the year ended 25 December 2022, Elias Diaz Sese, Edward Jamieson and Dominic Paul each received a pension allowance of 3% of salary which totalled £2,648, £2,105 and £23,110 respectively.

CHANGES TO THE BOARD

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 notice period with a total value of £398,509.

As a result of his resignation, Dominic was not eligible for annual bonus in respect of the 2022 financial year. He did not receive an LTIP grant in 2022. 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.

Remuneration arrangements for Elias Diaz Sese

Elias Diaz Sese was appointed the Interim CEO on 10 October 2022, having previously served as a Non-executive Director since 17 October 2019. His remuneration arrangements for the role of the Interim CEO were determined in accordance with the Policy for the Executive Directors.

His annual salary on appointment was £765,000, the same as his predecessor's.

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 2022, this was prorated based on time worked during the year. Further details of his 2022 annual bonus metrics, targets and outcome can be found on page 108.

His maximum LTIP opportunity is 200% of base salary. He received an LTIP grant on 10 October 2022 of 200% of salary, which will vest three years after the date of grant, subject to performance, followed by a two-year post-vesting holding period. Details of the performance conditions for the 2022 LTIP award can be found on page 109.

Elias ceased to receive any NED fees from 10 October 2022.

Joining arrangements for Edward Jamieson

Edward Jamieson was appointed the CFO and joined the Board on 17 October 2022. His remuneration arrangements were determined in accordance with the Policy for Executive Directors. His annual salary on appointment was £365,000, which was 15% lower than his predecessor's.

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 125% of base salary. For 2022, this was prorated based on time worked during the year. Further details of his 2022 annual bonus metrics, targets and outcome can be found on page 108.

His maximum LTIP opportunity is 175% of base salary. He received a prorated LTIP grant on 24 October 2022 of 27/36th of 175% of salary, reflecting the time elapsed in the performance period. The award will vest three years after the date of grant, subject to performance, followed by a two-year post-vesting holding period. Details of the performance conditions can be found on page 109.

Edward also received buyout awards that replaced the awards forfeited on leaving his previous employment. The buyout awards included:

- A cash bonus of £57,000 to be paid in March 2023, replacing the forfeited 2022 annual bonus;
- RSU awards made on 16 November 2022 with a total value at grant of £461,637 based on a share price of 232.92 pence averaged over five days to 15 November 2022, replacing the forfeited share awards from the previous employer, with the following vesting dates:
  - 29,848 shares to vest on 30 November 2022;
  - 57,229 shares to vest on 19 February 2023;
  - 12,044 shares to vest on 30 April 2023;
  - 29,848 shares to vest on 31 October 2023;
  - 12,091 shares to vest on 30 April 2024; and
  - 29,866 shares to vest on 31 October 2024.

The payment and vesting of these awards are subject to continued employment and clawback provisions. The payment and vesting schedule of the buyout awards is on a broadly similar basis to that of his forfeited awards. The value of the forfeited annual bonus was calculated based on a pro-rated target bonus and the value of the forfeited long-term incentive awards (which were a mix of a performance-based award where performance had already been assessed and non-performance-based awards) was calculated based on their original value.

DETAILS OF VARIABLE PAY EARNED IN THE YEAR

Annual bonus plan

The incentive for Dominic Paul for the financial year ended 25 December 2022 was in the form of a bonus based on performance against a combination of financial targets (Group underlying PBT) and non-financial targets, incentivising a number of the Company's strategic priorities. Dominic was not eligible to receive a bonus for the 2022 financial year following his resignation in June 2022.

Elias Diaz Sese ('CEO') and Edward Jamieson ('CFO') had a bonus opportunity of 150% and 125% of salary, respectively, prorated based on the time worked during the 2022 financial year. Reflecting the fact that they only took up their roles in October, of this opportunity, 70% was linked to Group underlying PBT for the four months from September to October 2022 and operated on a banded basis, commencing at 20% for threshold levels of profit performance, 50% of bonus at target, with the full 100% only payable at stretch performance levels, being materially in excess of budget.

Assessment of financial metrics

Performance hurdle	Targets set for year (underlying PBT)[1]	Actual performance achieved	Resulting bonus out-turn
Growth in underlying profit before tax of between 98.5% of target (20% pay-out) and 103% or more (full pay-out). Graduated scale operates between performance points.	Threshold: £100.35m Target: £101.9m Maximum: £104.96m	Actual adjusted[2] underlying PBT was £104.6m	94.12% of maximum financial element

1. The PBT targets for Elias Diaz Sese and Edward Jamieson were based on eight-month actual and four-month forecast figures.
2. The adjusted profit before tax of £104.6m used in the calculation is the reported underlying profit before tax of £98.9m, less the fair value gain of £1.0m relating to the Shorecal Ltd investment and the impact of IFRS 16 of £0.9m, which were not included in the original bonus targets plus the Digital Platform project costs of £7.6m, which were historically capitalised but are now accounted for as operating costs.

Assessment of non-financial targets

	Criteria	Weighting	Key metrics/targets	Performance commentary	Year-end assessment
Elias Diaz Sese	Stakeholder relationship building	30%	Maintain and develop the relationships between the Board, franchisee partners, the leadership team and suppliers.	The Committee determined that excellent progress had been made by both the Chief Executive Officer and Chief Financial Officer in developing strong working relationships with a range of stakeholders since taking up their posts, and awarded bonuses of 90% of the maximum award available.	27%
Edward Jamieson	Stakeholder relationship building	30%			27%

Annual bonus plan – summary

	Financial target bonus[1]	Non-financial objective bonus[1]	Total 2022	Percentage of maximum bonus
Elias Diaz Sese	£159,923	£65,540	£225,463	92.88%
Edward Jamieson	£57,806	£23,690	£81,496	92.88%
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. Dominic Paul's outstanding LTIP awards lapsed in full on 30 December 2022.

2016 LTIP

David Wild was granted an award under the 2016 LTIP on 22 April 2016, comprising three separate tranches of 534,000 shares each. Provisional vesting of share awards over the performance period for each tranche was dependent on achieving earnings per share targets and relative TSR targets. An underpin mechanism applies which only permits the release of the provisionally vested awards if TSR has increased in absolute terms, with awards released on a proportionate basis (e.g. if TSR has increased by 20%, 20% of the vested awards will be released). As at 30 December 2021: of Tranche 1, 54,557 shares had provisionally vested of which 22,526 (41.29%) had actually vested; of Tranche 3, 58,773 shares had provisionally vested of which 22,141 (37.69%) had actually vested. Absolute TSR for Tranche 1 and Tranche 3 was re-assessed in June 2022 and December 2022. Absolute TSR for Tranche 1 was 11.96% at 30 June 2022 and 4.33% at 30 December 2022. Absolute TSR for Tranche 3 was 13.74% at 27 June 2022 and 4.05% at 27 December 2022. As a result, no further shares have vested from Tranche 1 or Tranche 3. Under the terms of the 2016 LTIP, no further re-assessment of vesting is required.

LTIP awards granted during the year

Details of the grant made under the 2022 LTIP during the year to Elias Diaz Sese and Edward Jamieson are summarised below:

Executive	Date of grant	Type of award	Number of awards granted	Face value of award[1]	Face value of award (as a % of salary)	Vesting % at threshold
Elias Diaz Sese	10 October 2022	Conditional shares	678,191	£1,530,000	200%	10 – 15%
Edward Jamieson[2]	24 October 2022	Conditional shares	205,676	£479,063	131%	10 – 15%
Edward Jamieson[3]	17 November 2022	Restricted Stock Unit	170,926	£461,637	126%	n/a

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 225.6p and 232.92p for Elias Diaz Sese and Edward Jamieson, respectively.
2. Edward Jamieson's award was prorated to 27/36ths of the annual limit of 175% to reflect time elapsed in the performance period.
3. Full details of Edward Jamieson's buyout award are shown on page 107.

The awards are subject to the following performance conditions:

70%: EPS growth

	EPS targets (pence per share for the 2024 financial year)	Vesting (% of EPS part of award)
Threshold	22.13	10%
Target	22.70	50%
Stretch	26.11	100%

Straight-line vesting in between the performance points above.

The above underlying EPS targets are lower than those described in the last Directors' remuneration report of 23.2p (threshold), 23.8p (target) and 27.4p (stretch) as being the intended targets at that time. However, the Committee considered these to be appropriately demanding given the quantum of the awards proposed, market expectations of the Company at the time the award was granted and internal long-term planning, and that the proposed targets previously disclosed would have been unrealistically challenging.

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 10 October 2022, excluding investment trusts, over three financial years.

Ranking of the Company's TSR	Vesting (% of TSR part of award)[1]
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.

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 2021	Granted/ awarded in 2022 (number)	Exercised/ vested (number)	Lapsed (number)	Outstanding shares at 25 December 2022	Exercise price (pence)	Date of grant	Date from which exercisable/ capable of vesting
Elias Diaz Sese								
2022 LTIP	—	678,191	—	—	678,191	n/a	10/10/2022	10/10/2025
Edward Jamieson								
2022 LTIP	—	205,676	—	—	205,676	n/a	24/10/2022	24/10/2025
Buyout RSU awards	—	29,848	29,848	—	—	n/a	16/11/2022	30/11/2022
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
Dominic Paul [1]								
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 awards is subject to the achievement of performance conditions and the rules of the relevant plans. 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.

	Legally-owned shares at 25 December 2022 (or earlier date of cessation)	Legally-owned shares at 26 December 2021 (or earlier date of cessation)	Conditional shares subject to performance conditions (2012 LTIP and 2022 LTIP)	Share options not or no longer subject to performance conditions (2012 LTIP/DSBP/ RSU)	Market value of shareholding as a % of salary[1]
Executive Directors					
Elias Diaz Sese	691,000	691,000	678,191	—	259.40%
Edward Jamieson	15,783	—	205,676	141,078	12.42%
Dominic Paul	78,000	78,000	803,103	114,047	51.98%
Non-executive Directors					
Matt Shattock	500,000	500,000	—	—	n/a
Colin Halpern[2]	1,673,700	1,673,700	—	—	n/a
Ian Bull	62,000	62,000	—	—	n/a
Stella David	30,003	30,003	—	—	n/a
Usman Nabi[3]	45,687,059	44,737,059	—	—	n/a
Natalia Barsegiyan	20,000	20,000	—	—	n/a
Lynn Fordham	60,000	60,000	—	—	n/a
Tracy Corrigan[4]	—	—	—	—	n/a

1. Based on a share price of 287.2p 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.
2. Colin Halpern stepped down from the Board on 5 May 2022. 1,673,700 Ordinary shares (2020: 1,673,700) were held by HS Real LLC as at that day. HS Real LLC is owned by a discretionary trust, the beneficiaries of which are the adult children of Colin and Gail Halpern.
3. Usman Nabi is deemed to be interested in shares held by the Browning West Group LP.
4. Tracy Corrigan was appointed to the Board on 5 May 2022.

There were no changes in the Directors' shareholdings between 25 December 2022 and 8 March 2023.

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 Long-term Incentive Plan, which was approved by shareholders at the AGM on 5 May 2022, provides that discretionary shares awards shall not exceed 5% of issued share capital over a ten-year period.

DIRECTORS' REMUNERATION REPORT
CONTINUED

CEO REMUNERATION

Year ended	Chief Executive Officer	Total remuneration £000	Annual bonus (% of max)	LTIP vesting (% of max)
25 December 2022[1]	Elias Diaz Sese	378	92.88	—
25 December 2022[1]	Dominic Paul	782	0%	0%
26 December 2021	Dominic Paul	1,440	56.81%	—
27 December 2020[2]	Dominic Paul	1,081	73.4%	—
27 December 2020[2]	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[3]	David Wild	4,482	81%	100%
27 December 2015	David Wild	1,243	87.5%	—
28 December 2014	David Wild	864	58.6%	—
29 December 2013[4]	Lance Batchelor	532	0%	—

1. Dominic Paul was the Chief Executive Officer until 10 October 2022 when he was succeeded by Elias Diaz Sese.
2. David Wild was the Chief Executive Officer for the first four months of 2020 and was succeeded by Dominic Paul on 1 May 2020.
3. 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.
4. Lance Batchelor resigned as CEO on 16 March 2014. David Wild assumed the position of Interim CEO on 31 January 2014 and his appointment as the Group's CEO was formally confirmed on 30 April 2014. For comparative purposes, the total remuneration shown for the year ended 28 December 2014 includes remuneration received in both roles.

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 569 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 347 colleagues in our support office functions and 794 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 25 December 2022. 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 2022 for the purpose of the pay ratio analysis, we have used the aggregated remuneration for the former 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 October to December 2022, as set out on page 108. 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:

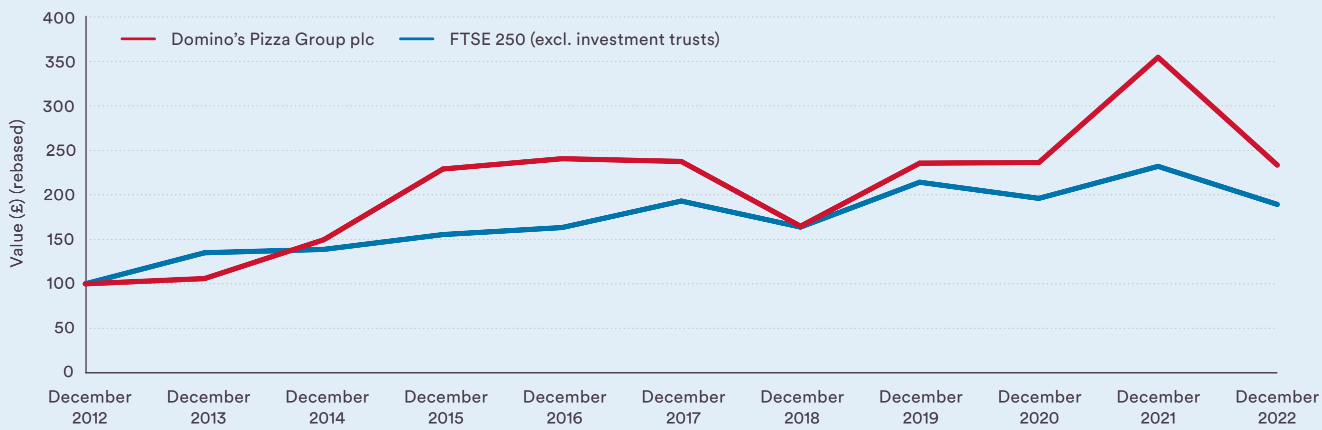
Year	Method	25th percentile pay ratio	50th percentile pay ratio	75th percentile pay ratio
2022	Option C	51:1	38:1	19:1
2021	Option C	80:1	44:1	26:1
2020	Option C	72:1	42:1	28:1
2019	Option C	43:1	23:1	15:1

	25th percentile pay ratio	50th percentile pay ratio	75th percentile pay ratio
Total pay and benefits (FTE)	£20,125	£26,966	£54,919
Total salary (FTE)	£19,721	£24,841	£50,494

TOTAL SHAREHOLDER RETURN

The graph below illustrates the Company's TSR performance over the 10 financial years to 25 December 2022, 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 reinvested 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 25 December 2022, of £100 invested in Domino's Pizza Group plc on 26 December 2012, 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.

DIRECTORS' REMUNERATION REPORT
CONTINUED

PERCENTAGE CHANGE IN THE REMUNERATION OF THE BOARD DIRECTORS

	2021/2022			2020/2021			2019/2020		
	Salary/fees	Taxable benefits	Annual bonus	Salary/fees	Taxable benefits	Annual bonus	Salary/fees	Taxable benefits	Annual bonus
Executive Directors									
Elias Diaz Sese[2]	n/a	n/a	n/a	0%	n/a	n/a	30%	n/a	n/a
Edward Jamieson	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Non-executive Directors									
Matt Shattock	0%	n/a	n/a	0%	n/a	n/a	n/a	n/a	n/a
Colin Halpern	0%	n/a	n/a	0%	n/a	n/a	0%	0%	n/a
Natalia Barsegiyan	0%	n/a	n/a	1.5%	n/a	n/a	n/a	n/a	n/a
Ian Bull[2]	0%	n/a	n/a	(24.2%)	n/a	n/a	45.8%	n/a	n/a
Lynn Fordham	0%	n/a	n/a	1.5%	n/a	n/a	n/a	n/a	n/a
Elias Diaz Sese[1]	(18.5%)	n/a	n/a	0%	n/a	n/a	30%	n/a	n/a
Usman Nabi[3]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Tracy Corrigan	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Group employees average[5]				5.9%	(1.6%)	4.9%	6.1%	4.1%	119.7%

1. Elias Diaz Sese was appointed the Interim Chief Executive Officer on 10 October 2022. His 2022 salary/fees figure was the aggregate amount of NED fees received up to 9 October and salary received for the rest of the year, compared with his 2021 NED fees.
2. During 2020, Ian Bull received additional fees for acting as Interim Chair until 16 March 2020.
3. Usman Nabi does 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 2022. These are compared with the equivalent year-on-year changes averaged across Group employees and expressed on a per capita basis. Group employees consists of the continuing UK & Ireland business, and excludes the discontinued International operations in order to assist comparability.

RELATIVE IMPORTANCE OF SPEND ON PAY

	2022	2021	% change
Staff costs (£m)	73.0	69.1	5.6%
of which Directors' pay (£m)	2.4	2.9	-17.8%
Dividends and share buybacks* (£m)	121.3	136.0	-10.8%
Underlying PBT (£m)	98.9	113.9	-13.2%

*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

Stella David
Chair of the Remuneration Committee

8 March 2023

DIRECTORS' REPORT

The Directors have pleasure in presenting the statutory financial statements for the Group for the 52 weeks ended 25 December 2022.

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 61), 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 16 and 17
- Strategy on pages 18 to 23
- Market context on pages 14 and 15
- Key performance indicators on pages 24 and 25
- Description of how we engage with our stakeholders and workforce on pages 26 and 27
- Section 172 statement on pages 28 and 29
- Sustainability report (including streamlined energy and carbon reporting) on pages 30 to 46
- Financial review on pages 48 to 53
- Risk management, principal risks and uncertainties and viability statement on pages 54 to 61

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 and Audit Committee, and the Directors' remuneration report set out on pages 64 to 114 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 profit for the period after taxation was £81.6m (2021: £78.3m). This is after a taxation charge of £17.3m (2021: £19.0m) and loss from discontinued operations of £nil (2021: £12.4m). The financial statements setting out the results of the Group for the 52 weeks ended 25 December 2022 are shown on pages 126 to 189.

DIVIDENDS

The Directors recommend the payment of a final dividend of 6.8p per Ordinary share, to be paid on 11 May 2023 to members on the register at the close of business on 11 April 2023 (ex-dividend date 6 April 2023), subject to shareholder approval. The total dividend in respect of the period will be 10.0p compared with 9.8p for the previous year, an increase of 2%.

SHARE CAPITAL

As at 25 December 2022, there were 422,619,455 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 25 December 2022, the EBT held 2,904,928 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 2,904,928 shares.

Purchase of own shares

At the 2022 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 4 May 2023.

During the year, the Company made purchases of 25,404,336 Ordinary shares with a nominal value of £132,314.25.

DIRECTORS AND THEIR INTERESTS

The Directors in service at 25 December 2022 were Matt Shattock, Ian Bull, Elias Diaz Sese, Edward Jamieson, Natalia Barsegiyan, Tracy Corrigan, Stella David, Lynn Fordham, Usman Nabi and Dominic Paul. Dominic Paul ceased to be a Director on 30 December 2022. Colin Halpern served as a Director until 5 May 2022.

The biographical details of the present Directors are set out on pages 62 and 63 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 88 to 114. 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 8 March 2023. 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.

There is an annual review of conflicts disclosed and authorisations given. The register of Directors' conflicts is maintained by the Company Secretary.

The interest stated in the table above for Browning West LP ('Browning West') are as disclosed by Browning West under the Market Abuse Regulations as a Person Closely Associated with Usman Nabi. Browning West's notified interest as at 25 December 2022 under DTR 5.3.1R(1) was 44,737,059 shares (10.65% of the Company's issued share capital).

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 25 December 2022 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.

SUBSTANTIAL SHAREHOLDINGS

As at 8 March 2023, 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:[1]

	Number of shares	% of total voting rights as at 25 December 2022	% of total voting rights as at 8 March 2023
The Capital Group Companies, Inc	56,348,938	13.42%	13.42%
Liontrust Investment Partners LLP	46,525,017	11.08%	11.08%
Browning West LP	45,687,059	10.88%	10.88%
Troy Asset Management Limited	23,275,000	5.54%	5.54%
Southeastern Asset Management	22,962,642	5.47%	5.47%
Fundsmith LLP	24,229,119	5.77%	5.77%

1. % of total voting rights have been calculated using the current issued share capital, 419,871,818, and therefore percentages may be different to those disclosed to the Company at the time of the holdings.

EMPLOYEES

The Group employed 1,710 people as at 25 December 2022 (2021: 1,906).

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 34.

GENERAL INFORMATION

Annual General Meeting

The notice convening the AGM is contained in a separate shareholder circular. The 2023 AGM is scheduled to be held at 10:00 am on 4 May 2023 at etc.venues St. Pauls, 200 Aldersgate, London, EC1A 4HD . Full details of the meeting venue will be included in the 2023 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.

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.

As discussed more fully on page 133 in note 2: Accounting policies, in the section on judgements, certain former Directors entered into indemnity contracts with the Group in connection with their participation in some historical share-based remuneration schemes. A provision for employment taxes amounting to £11.0m was recorded in the 2017 financial statements, with an additional £2.0m being recorded in 2021. Of the £13.0m, the Company has estimated that £9m could be recoverable under the indemnities.

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 (2021: £nil).

Key performance indicators ('KPIs')

Details of the Group's KPIs can be found on pages 24 and 25.

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 2023 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 61. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are described in the Financial review on pages 48 to 53.

In addition, notes 25 and 26 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

8 March 2023

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

Elias Diaz Sese

Interim Chief Executive Officer

8 March 2023

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 25 December 2022 and of the Group's profit and the Group's cash flows for the 52 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 25 December 2022; 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 6, 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, although it is worth noting the disposal of five corporate stores to an existing franchisee and the decision to exercise the put option over the 33.3% investment in Daytona JV Limited ('Daytona'). The business has been impacted in the current year by the high inflationary environment and the associated impact on consumer spending but continues to generate significant cash from operations. Application of the Group's capital allocation framework has resulted in significant 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 six components that form the continuing operations of the Group. This work was conducted by the PwC Group team with the exception of one component where specified procedures were undertaken by a non-PwC component auditor.
– 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 disposal of five 'corporate stores', 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 78% of Group revenue.
– Audit coverage from full scope audits was obtained over 87% of Group profit before tax.

Key audit matters

– Risk of impairment of goodwill and intangible assets of the UK corporate stores CGU (Group)
– Risk of impairment of intercompany receivables (Parent)

Materiality

– Overall Group materiality: £4,945,000 (2021: £5,700,000) based on 5% of underlying profit before tax.
– Overall Company materiality: £4,600,000 (2021: £5,400,000) based on 1% of net assets.
– Performance materiality: £3,700,000 (2021: £4,300,000) (Group) and £3,450,000 (2021: £4,100,000) (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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DOMINO'S PIZZA GROUP PLC CONTINUED

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

Risk of impairment of goodwill and intangible assets of the UK corporate stores CGU (Group)
 	
Refer to the Accounting policies set out in note 2 and note 14 of the Group financial statements.
 	
In 2019, goodwill relating to the UK corporate stores was impaired by £18.7m; there has been no impairment in subsequent periods. In the current year, management have disposed of five corporate stores, with 31 corporate stores remaining at 25 December 2022, with a carrying value of £11.7m. An allocation of a portion of the opening goodwill balance, based on the relative Value in Use of the respective store, has been made to the disposed stores in calculating the profit on disposal.
 	
Management has again 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.
 	
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.
	As part of our audit of management's impairment assessment and underlying discounted cash flow model:
	– we assessed the control procedures that relate to the preparation, review and approval of the impairment assessment;
	– we challenged management on their grouping of cash generating units (CGUs) and concurred that this is the level at which goodwill is monitored;
	– we obtained the impairment analysis prepared by management and tested the technical and arithmetic accuracy to ensure that they had been prepared in line with the guidance provided in IAS 36;
	– we assessed and recalculated the basis of allocating goodwill to the 5 disposed stores;
	– we used internal valuation experts to determine whether management's discount rate was appropriate and we concluded it was within an acceptable range;
	– we used internal valuation experts to determine if the long-term growth rate of 2% was appropriate and concluded this was reasonable;
	– we challenged the basis for the short-term forecasts used in the model. This included, but was not limited to:
	  – agreeing forecasts to the Board approved budget and supporting strategic plans;
	  – challenging the revenue growth rates with reference to the historical growth rate of corporate stores, wider franchisees' profitability within the London region and third party evidence of expected growth in the quick service restaurant industry;
	  – challenging management on the food and labour cost inflation assumption, which we validated against external data sources;
	  – assessing the food inflation assumption that these increased costs would be passed through via menu pricing by assessing historical outcomes;
	  – agreeing central cost allocations to prior year actuals and understanding the rationale for any changes;
	  – challenging management on capital expenditure assumptions over the next 5 years and into perpetuity;
	  – reviewing management's historical accuracy of forecasting; and
	  – obtaining management's paper on the assessment of climate change risk impacting the corporate stores, and how the additional costs have been factored into the model. We obtained evidence to support the costs identified by management. Management's paper also 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 headroom if they were included. We obtained supporting evidence on the estimation of these costs. 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.
	– 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;
	– we compared the recoverable amount to other recent transactions to assess the extent to which any contradictory evidence existed;
	– we assessed the adequacy of the disclosures made in the financial statements.
	
	After our challenges were addressed we concurred with management's assessment that no impairment was required in the current year. We ensured that appropriate disclosures on the key assumptions, and their sensitivities, have been provided as is required under IAS 36.

Key audit matter	How our audit addressed the key audit matter
Risk of impairment of intercompany receivables (Company) Refer to notes 2 and 5 of the Company financial statements. In the period ended 27 December 2020 a £1,100m dividend was received by the parent 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 at £960.6m, and so has been the principal focus of our audit effort in the current year. Any potential 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.	In order to address the identified risk; – 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); – 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; – 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 and agree there is no impairment loss to recognise; – we assessed the adequacy of the disclosures made in the financial statements. We found no exceptions as a result of our testing and the balances recognised are considered materially appropriate.

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, DP Pizza Limited and Full House Restaurants Holdings Limited, revenues and expenses relating to the National Advertising Fund, other balance sheet line items in DPG Holdings Limited, DP Pizza Limited and National Advertising Fund, and specified procedures over the associate Daytona JV Limited.

All audit work was performed by the Group audit team, with the exception of audit work performed on Daytona JV Limited which was performed by non-PwC component auditors. These auditors worked under our instruction and oversight. The Group audit team was in contact, at each stage of the audit, with the component audit team through regular written communication including detailed instructions issued by the Group audit team and video conferencing at the planning, execution and completion phases.

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 taxation, IFRS 16 accounting, corporate 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 78% of Group revenues and 87% of Group profit before tax. The Company was also subject to a full scope audit by the Group audit team.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DOMINO'S PIZZA GROUP PLC CONTINUED

The impact of climate risk on our audit

Climate change risk is expected to have a significant 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. This, together with discussions with our own climate change experts, provided us with a good understanding of the potential impact of climate change on the financial statements.

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 has also commenced scenario analysis in the year 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
Overall materiality	£4,945,000 (2021: £5,700,000).	£4,600,000 (2021: £5,400,000).
How we determined it	Based on 5% of underlying profit before tax	Based on 1% of net assets
Rationale for benchmark applied	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. In the current year no non-underlying items were recorded.	Net assets is an appropriate benchmark for a non-trading Company, capped to be 95% of the overall Group materiality.

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 £0.7m and £4.6m. 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% (2021: 75%%) of overall materiality, amounting to £3,700,000 (2021: £4,300,000) for the Group financial statements and £3,450,000 (2021: £4,100,000) for the Company financial statements.

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 £247,000 (Group audit) (2021: £280,000) and £230,000 (Company audit) (2021: £270,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

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 review 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 2023, and compared to management's budget, and considered the impact of these actual results on the future forecasts;
- We obtained the new financing facilities, entered into on 27 July 2022, and confirmed the levels of available liquidity, and that financial covenant terms were identical to the previous arrangements in place. We then assessed the availability of liquid resources under the different scenarios and the associated covenant tests applicable;
- 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; 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, which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. 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 25 December 2022 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DOMINO'S PIZZA GROUP PLC CONTINUED

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, 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 other food regulations, waste regulations, health and safety regulations, and non-compliance with employment 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. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- 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 and intangible assets 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 impairment assessment of goodwill for UK corporate stores, the assessment of Daytona option at fair value, the accounting for costs incurred on significant IT projects. 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. 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 four years, covering the years ended 29 December 2019 to 25 December 2022.

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.

Owen Mackney (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford

8 March 2023

GROUP INCOME STATEMENT
52 WEEKS ENDED 25 DECEMBER 2022

	Notes	52 weeks ended 25 December 2022 £m			52 weeks ended 26 December 2021 £m		
	Notes	Underlying	Non-underlying*	Total	Underlying	Non-underlying*	Total
Revenue	3	**600.3**	**—**	**600.3**	560.8	—	560.8
Cost of sales		**(326.8)**	**—**	**(326.8)**	(292.2)	—	(292.2)
Gross profit		**273.5**	**—**	**273.5**	268.6	—	268.6
Distribution costs		**(39.5)**	**—**	**(39.5)**	(36.4)	—	(36.4)
Administrative costs		**(131.8)**	**—**	**(131.8)**	(125.4)	(4.5)	(129.9)
Other expenses		**—**	**—**	**—**	—	(0.3)	(0.3)
Share of post-tax profit of associates and joint ventures	18	**6.6**	**—**	**6.6**	11.0	—	11.0
Other income	26	**1.0**	**—**	**1.0**	2.1	—	2.1
Profit/(loss) before interest and taxation	5	**109.8**	**—**	**109.8**	119.9	(4.8)	115.1
Finance income	9	**13.1**	**—**	**13.1**	13.1	1.0	14.1
Finance costs	10	**(24.0)**	**—**	**(24.0)**	(19.1)	(0.4)	(19.5)
Profit/(loss) before taxation		**98.9**	**—**	**98.9**	113.9	(4.2)	109.7
Taxation	11	**(17.3)**	**—**	**(17.3)**	(20.5)	1.5	(19.0)
Profit/(loss) for the period from continuing operations		**81.6**	**—**	**81.6**	93.4	(2.7)	90.7
Loss from discontinued operations	4	**—**	**—**	**—**	—	(12.4)	(12.4)
Profit/(loss) for the period		**81.6**	**—**	**81.6**	93.4	(15.1)	78.3
Earnings per share							
From continuing operations							
– Basic (pence)	12	**18.8**		**18.8**	20.3		19.8
– Diluted (pence)	12	**18.7**		**18.7**	20.2		19.6
From continuing and discontinued operations (statutory)							
– Basic (pence)	12			**18.8**			17.1
– Diluted (pence)	12			**18.7**			17.0

* Non-underlying items are disclosed in note 7.

The notes on pages 132 to 180 are an integral part of these consolidated financial statements.

GROUP STATEMENT OF COMPREHENSIVE INCOME
52 WEEKS ENDED 25 DECEMBER 2022

	Notes	52 weeks ended 25 December 2022 £m	52 weeks ended 26 December 2021 £m
Profit for the period		**81.6**	78.3
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
– Exchange gain on retranslation of foreign operations		**1.5**	0.8
– Transferred to income statement on disposal	28	**—**	7.9
Other comprehensive income for the period, net of tax		**1.5**	8.7
Total comprehensive income for the period		**83.1**	87.0

The notes on pages 132 to 180 are an integral part of these consolidated financial statements.

GROUP BALANCE SHEET
AT 25 DECEMBER 2022

	Notes	At 25 December 2022 £m	At 26 December 2021 £m
Non-current assets			
Intangible assets	14	**30.0**	32.1
Property, plant and equipment	15	**96.5**	90.3
Right-of-use assets	16	**21.3**	19.4
Lease receivables	16	**185.6**	187.5
Trade and other receivables	17	**3.4**	14.0
Other financial asset	26	**—**	6.8
Investments	26	**11.3**	12.1
Investments in associates and joint ventures	18	**25.4**	52.7
		373.5	414.9
Current assets			
Lease receivables	16	**14.4**	13.7
Inventories	19	**11.6**	10.9
Trade and other receivables	17	**55.9**	34.3
Other financial asset	26	**—**	1.9
Deferred consideration receivable	23	**0.3**	3.3
Current tax assets		**1.7**	0.2
Cash and cash equivalents	20	**30.4**	42.8
Assets held for sale	29	**32.9**	—
		147.2	107.1
Total assets		**520.7**	522.0
Current liabilities			
Lease liabilities	16	**(20.0)**	(19.3)
Trade and other payables	21	**(98.6)**	(96.1)
Deferred tax liabilities	11	**—**	(0.4)
Provisions	24	**(1.0)**	(2.0)
Financial liabilities – share buyback obligation	22	**(8.9)**	—
		(128.5)	(117.8)
Non-current liabilities			
Lease liabilities	16	**(203.4)**	(203.3)
Trade and other payables	21	**(0.2)**	(0.2)
Financial liabilities	22	**(283.7)**	(242.5)
Deferred tax liabilities	11	**(3.4)**	(2.5)
Provisions	24	**(14.3)**	(14.3)
		(505.0)	(462.8)
Total liabilities		**(633.5)**	(580.6)
Net liabilities		**(112.8)**	(58.6)

	Notes	At 25 December 2022 £m	At 26 December 2021 £m
Shareholders' equity			
Called up share capital	27	**2.2**	2.3
Share premium account		**49.6**	49.6
Capital redemption reserve		**0.5**	0.5
Capital reserve – own shares		**(9.0)**	(4.6)
Currency translation reserve		**0.5**	(1.0)
Accumulated losses		**(156.6)**	(105.4)
Total equity		**(112.8)**	(58.6)

The notes on pages 132 to 180 are an integral part of these consolidated financial statements. The financial statements were approved by the Directors on 8 March 2023 and signed on their behalf by:

Elias Diaz Sese
Director

8 March 2023

Registered number: 03853545

GROUP STATEMENT OF CHANGES IN EQUITY
52 WEEKS ENDED 25 DECEMBER 2022

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Capital reserve – own shares £m	Currency translation reserve £m	Accumulated losses £m	Total shareholders' equity £m
At 27 December 2020	2.4	49.6	0.5	(3.4)	(9.7)	(48.2)	(8.8)
Profit for the period	—	—	—	—	—	78.3	78.3
Other comprehensive income – exchange differences	—	—	—	—	8.7	—	8.7
Total comprehensive income for the period	—	—	—	—	8.7	78.3	87.0
Proceeds from share issues	—	—	—	0.4	—	—	0.4
Impairment of share issues[1]	—	—	—	1.3	—	(1.3)	—
Share buybacks	(0.1)	—	—	(2.9)	—	(80.4)	(83.4)
Share options and LTIP charge	—	—	—	—	—	1.7	1.7
Tax on employee share options	—	—	—	—	—	0.5	0.5
Equity dividends paid	—	—	—	—	—	(56.0)	(56.0)
At 26 December 2021	2.3	49.6	0.5	(4.6)	(1.0)	(105.4)	(58.6)
Profit for the period	**—**	**—**	**—**	**—**	**—**	**81.6**	**81.6**
Other comprehensive income – exchange differences	**—**	**—**	**—**	**—**	**1.5**	**—**	**1.5**
Total comprehensive income for the period	**—**	**—**	**—**	**—**	**1.5**	**81.6**	**83.1**
Proceeds from share issues	**—**	**—**	**—**	**1.6**	**—**	**—**	**1.6**
Impairment of share issues[1]	**—**	**—**	**—**	**3.0**	**—**	**(3.0)**	**—**
Share buybacks	**(0.1)**	**—**	**—**	**(9.0)**	**—**	**(77.5)**	**(86.6)**
Share buyback obligations outstanding	**—**	**—**	**—**	**—**	**—**	**(8.9)**	**(8.9)**
Share options and LTIP charge	**—**	**—**	**—**	**—**	**—**	**1.2**	**1.2**
Tax on employee share options	**—**	**—**	**—**	**—**	**—**	**(0.8)**	**(0.8)**
Equity dividends paid	**—**	**—**	**—**	**—**	**—**	**(43.8)**	**(43.8)**
At 25 December 2022	**2.2**	**49.6**	**0.5**	**(9.0)**	**0.5**	**(156.6)**	**(112.8)**

1. Impairment of share issues represents the difference between share allotments made pursuant to the Sharesave schemes and the Long Term Incentive Plan (note 30), and the original cost at which the shares were acquired as treasury shares into Capital reserve – own shares.

The notes on pages 132 to 180 are an integral part of these consolidated financial statements.

GROUP CASH FLOW STATEMENT
52 WEEKS ENDED 25 DECEMBER 2022

	Notes	52 weeks ended 25 December 2022 £m	52 weeks ended 26 December 2021* £m
Cash flows from operating activities			
Profit/(loss) before interest and taxation			
– from continuing operations	3	**109.8**	115.1
– from discontinued operations	3	**—**	(11.3)
Amortisation and depreciation	5	**18.7**	17.4
Impairment	5	**1.6**	1.0
Share of post-tax profits of associates and joint ventures	18	**(6.6)**	(11.0)
(Profit)/loss on disposal of subsidiary	28	**(2.1)**	8.4
Net gain on financial instruments at fair value through profit or loss		**(1.0)**	(1.8)
(Decrease)/increase in provisions		**(0.3)**	1.0
Share option and LTIP charge		**1.2**	1.7
(Increase)/decrease in inventories		**(0.6)**	0.3
(Increase)/decrease in receivables		**(13.3)**	6.7
(Decrease)/increase in payables		**(3.6)**	4.4
Cash generated from operations		**103.8**	131.9
UK corporation tax paid		**(18.7)**	(18.0)
Overseas corporation tax paid		**—**	—
Net cash generated by operating activities		**85.1**	113.9
Cash flows from investing activities			
Purchase of property, plant and equipment		**(10.5)**	(5.8)
Purchase of intangible assets		**(9.2)**	(8.5)
Net consideration received on disposal of subsidiaries	28	**3.7**	10.2
Consideration received on disposal of joint ventures	23	**3.3**	2.4
Investment in associates	18	**—**	(6.6)
Receipt from other financial assets	26	**8.6**	6.4
Receipts on lease receivables		**26.7**	25.7
Interest received		**0.1**	0.3
Other	31	**6.8**	8.7
Net cash used by investing activities		**29.5**	32.8
Cash inflow before financing		**114.6**	146.7
Cash flows from financing activities			
Interest paid		**(4.9)**	(4.3)
Share purchases*	31	**(86.5)**	(83.4)
Consideration received on exercise of share options - employee benefit trust*		**1.6**	0.4
New bank loans and facilities draw down		**365.8**	150.0
Facility arrangement fees		**(3.2)**	—
Repayment of borrowings		**(323.4)**	(147.3)
Repayment of lease liabilities		**(33.0)**	(34.1)
Equity dividends paid	13	**(43.8)**	(56.0)
Net cash used by financing activities		**(127.4)**	(174.7)
Net decrease in cash and cash equivalents		**(12.8)**	(28.0)
Cash and cash equivalents at beginning of period		**42.8**	71.8
Foreign exchange gain/(loss) on cash and cash equivalents		**0.4**	(1.0)
Cash and cash equivalents at end of period		**30.4**	42.8

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

The cash flow statement has been prepared on a consolidated basis including continuing and discontinued operations. A breakdown of the cash flow for discontinued operations is shown in note 4. The notes on pages 132 to 180 are an integral part of these consolidated financial statements.

NOTES TO THE GROUP FINANCIAL STATEMENTS
52 WEEKS ENDED 25 DECEMBER 2022

1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH IFRS

The financial statements of the Group for the 52 weeks ended 25 December 2022 were authorised for issue by the Board of Directors on 8 March 2023 and the balance sheet was signed on the Board's behalf by Elias Diaz Sese. 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 International Financial Reporting Standards ('IFRS') as adopted in the UK, as they apply to the financial statements of the Group for the 52 week period ended 25 December 2022, and applied in accordance with the Companies Act 2006.

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.

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 52 weeks ended 25 December 2022. 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.

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

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

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

The Directors of the Group have considered the future position based on current trading and a number of potential downside scenarios which may occur, either through reduced consumer spending, reduced store growth, supply chain disruptions, general economic uncertainty and other risks, in line with the analysis performed for the viability statement as outlined in the Directors' report page 117.

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 26 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 £253.3m. The facility has leverage and interest cover covenants, with which the Group have complied, as set out in note 25.

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

- A downside impact of economic uncertainty and other sales-related risks over the forecast period, reflected in sales performance, with a c.5.0% reduction in LFL sales compared to budget.
- The impact of a reduction of new store openings to half of their forecast level.
- A further reduction of between 2.5%-3.0% in sales to account for the potential impact of the public health debate.
- Future potential disruptions to supply chain through loss of one of our supply chain centres impacting our ability to supply stores for a period of two weeks.
- Additional costs as a result of increase in utility costs.
- The impact of a temporary loss of availability of our eCommerce platform 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 2024.

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

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

a) Basis of preparation continued

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 21%, 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 21);
- 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. 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 7.

Treatment of master franchise agreements

- Master Franchise Agreements are held by the Group for the UK and Ireland. Management has treated these intangible assets as having indefinite lives due to the likelihood of renewal with Domino's Pizza Inc. ('DPI') beyond the current terms without significant cost, which represents a significant judgement.

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. 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. 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 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.

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.

2. ACCOUNTING POLICIES CONTINUED

b) Judgements continued

- There are numerous uncertainties involved in the calculation of the provision, and until the matter has been agreed with HMRC and the beneficiaries, the net impact to the Group may differ materially from the current estimate. In calculating the quantum of the provision, a number of significant judgements were made as follows:
  a) while the Company has not been approached by HMRC with a demand to pay any potential tax liabilities in respect of these historical schemes, HMRC has served protective assessments for £37.1m covering employer's NIC, employees' NIC and PAYE. The latest legal advice suggests that the full amount covered by the protective assessments is unlikely to be payable as the amounts protected appear to have been determined by calculating tax both on the grant and vesting of the awards received by beneficiaries of the schemes;

  b) no further employment tax is due in respect of awards granted to beneficiaries in periods that have not been protected by HMRC and for which the period in which HMRC is entitled to raise an enquiry has expired; and

  c) 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. As the tax liability has not crystallised, the Group is not yet entitled to seek recovery of the amounts due under the indemnities. In view of the probable time scale and potential uncertainty of recovery of the amounts under indemnities from the beneficiaries, no contingent asset has been recognised in the financial statements.
- We are continuing to work with advisors around the agreed course of action, and to engage in dialogue with HMRC. When appropriate, the Company will engage with the beneficiaries with a view to recovering monies under the indemnities.

Treatment of put and call option over German associate

- The Group has a 33.3% investment in Daytona JV Limited ('Daytona'), a UK incorporated company which owns the MFA for Domino's Germany. As set out in note 29, the book value of the investment in associate is £32.9m and the Group report a loan receivable of £9.5m. The Group's interest is subject to a put and call option. The put option was exercisable from 1 January 2021, and the call option was exercisable from 1 January 2023. During the year, the Group exercised the put option to sell the investment. The put option exercise price is €79.2m (c.£70m), which will be received in cash together with the loan receivable of €10.8m (c.£9m) in June 2023, leading to a total cash receipt of €90.0m (c.£79m), dependent on foreign exchange. This will generate a profit on disposal in the Group accounts of c.£37m.
- No value is recognised on the balance sheet of the Group or Company in relation to the options, as the exercise price, based on a price/earnings multiple, is considered to be at fair value, which has been assessed based on comparison to recent comparable transactions and multiples.
- This is considered a significant accounting judgement as if the option exercise price was considered to be different to a fair value, an asset or liability would be recognised representing the value of the exercise price compared to the fair value. As the investment does not have a quoted or observable market price, this requires the exercise of judgement in assessing whether the multiple applied appropriately represents a fair value exercise price. In making this assessment, the Directors have considered comparable price/earnings multiples and have concluded that the multiple used is consistent with the option being priced at fair value.
- If the fair value were to differ from the exercise price by 10%, this would lead to an option value being recognised on the balance sheet (until the option is exercised) of £7m, which would be treated as fair value through profit or loss.

Treatment of cloud computing costs

The Group spends a significant amount on digital investment projects in order to enhance our digital platforms and fulfil the strategic objectives of the Group. The nature of this spend has developed over a number of years from traditional development on self-hosted and self-built solutions towards 'cloud-based' platforms and Software as a Service (SaaS). Based on guidance from the International Financial Reporting Interpretations Committee ('IFRIC') in 2021, there is judgement around the appropriateness of capitalisation of certain development costs associated with configuring or customising a cloud-based software solution, and whether this meets the definition of an intangible asset for capitalisation as opposed to being recognised as a cost in the income statement.

During the year, the Group commenced two significant digital platform project investments, the replacement of our eCommerce platform and a new Enterprise Risk Management ('ERP') solution. Both of these projects are based on cloud platforms, and therefore there is judgement in the appropriate allocation of costs between those relating to customising and configuring a cloud platform and those representing creation of an intangible asset. We consider this judgement through review of the activities performed within the total spend.

For the ERP solution, the costs are related to both configuring and customising the cloud solution and determining revised business processes and controls, together with migration and implementation of the new solution. For that reason, we have determined that the total costs of £2.7m recognised during the year should be expensed as they do not meet the criteria for recognition as an intangible asset.

For the eCommerce platform, certain costs relate to configuring the core cloud-based platform solution, and other costs relate to development of our existing systems to integrate with this platform. For that reason, an assessment has been performed of the work spent on each element and a total of £2.5m has been expensed, with £2.0m of capital expenditure recorded as intangible asset additions.

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 following estimates are 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:

- management tests annually whether goodwill and indefinite life intangible assets have suffered any impairment through estimating the value in use or recoverable amount of the cash generating units to which they have been allocated. Key estimates and sensitivities for impairment of goodwill and indefinite life intangible assets are disclosed in note 14;
- 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 26; and
- the estimation of share-based payment costs requires the selection of an appropriate valuation model, consideration as to the inputs necessary for the valuation model chosen and the estimation of the number of awards that will ultimately vest, inputs which arise from judgements relating to the probability of meeting non-market performance conditions and the continuing participation of employees, as detailed in note 30.

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 26 December 2021 and 25 December 2022 are both 52-week periods.

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 number of contractual arrangements with other parties which represent joint ventures. These take the form of agreements to share control over other entities 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.

2. ACCOUNTING POLICIES CONTINUED

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.

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 five 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 3.0% and 7.7%, 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.

2. ACCOUNTING POLICIES CONTINUED

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.

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.

Financial assets at fair value through profit or loss
The Market Access Fee is classified as an other financial asset, initially recognised and subsequently measured at fair value, with changes in fair value recognised in the income statement as other income. Associated foreign exchange gains and losses and the interest income are recognised in the income statement as finance income or expense.

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.

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.

NOTES TO THE GROUP FINANCIAL STATEMENTS
52 WEEKS ENDED 25 DECEMBER 2022 CONTINUED

2. ACCOUNTING POLICIES CONTINUED

l) Financial instruments continued

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 22.

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.

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.

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.

2. ACCOUNTING POLICIES CONTINUED

s) Revenue continued

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) Discontinued operations and assets held for sale

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly separated from the rest of the Group and which represents a separate major line of business or geographic operation, is part of a single co-ordinated plan to dispose of a separate major line of business or operations or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs at the earlier of the date of disposal or when the operation meets the criteria to be classified as held for sale. Comparatives are re-presented accordingly.

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.

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 7.

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')	
Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16	1 January 2022
Reference to the Conceptual Framework – Amendments to IFRS 3	1 January 2022
Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37	1 January 2022
Classification of Liabilities as Current or Non-Current – Amendments to IAS 1	1 January 2023
Disclosure of Accounting Policies – Amendments to IAS 1	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

None of the above standards are expected to have a material impact on the Group financial statements on application.

NOTES TO THE GROUP FINANCIAL STATEMENTS
52 WEEKS ENDED 25 DECEMBER 2022 CONTINUED

3. SEGMENTAL INFORMATION

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

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

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

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

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

Segment assets and liabilities

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

Segmental performance 2022

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

Major customers and revenue by destination

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

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

3. SEGMENTAL INFORMATION CONTINUED

Segmental performance 2021

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

4. DISCONTINUED OPERATIONS

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

The disposal groups represented the operations in Sweden, Iceland and Switzerland. These operations were disposed of in 2021, see note 28. These entities were included in the Group result for the prior period up to disposal date. The operations met the criteria in IFRS 5: Non-current assets held for sale and discontinued operations to be classified as assets held-for-sale. The operations additionally met the criteria for discontinued operations under the standard. They were classified as held-for-sale and represented a separate major line of business and part of a single co-ordinated plan to dispose.

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

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

Segmental result by country

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

Non-underlying costs presented in discontinued operations

The non-underlying costs presented in discontinued operations for 2021 related to the disposal of operations in Sweden, Iceland and Switzerland. For Sweden there was £0.4m loss on disposal, after accounting for the net assets disposed and foreign exchange recycled, and consideration paid. This primarily consisted of professional fees associated with the disposal. For Iceland this consisted of £7.3m loss on disposal, after accounting for the net assets disposed and foreign exchange recycled, and consideration received. The loss on Iceland includes £0.5m of professional fees associated with the disposal. For Switzerland this consisted of £2.1m loss on disposal, after accounting for the net assets disposed and foreign exchange recycled, and consideration paid. The loss on Switzerland includes £0.5m of professional fees associated with the disposal. Details relating to the disposals are set out in note 28.

Earnings per share

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

4. DISCONTINUED OPERATIONS CONTINUED

Cash flows used in discontinued operations

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

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

Tax on discontinued operations

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

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

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

5. GROUP PROFIT BEFORE INTEREST AND TAX

This is stated after charging/(crediting) for both continuing and discontinued operations:

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

6. 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:

	52 weeks ended 25 December 2022 £m	52 weeks ended 26 December 2021 £m
Fees payable to the Group's auditors for the audit of the Group and Company annual accounts*	**0.6**	0.5
Fees payable to the Company's auditors and its associates for other services:		
Audit of the accounts of subsidiaries	**0.3**	0.3
Total audit fees	**0.9**	0.8
Other services	**0.1**	0.1
Total audit and non-audit fees	**1.0**	0.9

* Of which £29,000 (2021: £25,000) relates to the Company.

Other services in the period relate to the interim review performed at half year of £64k, assurance over ESG metrics of £50k. The level of non-audit fees to audit fees is 11%.

7. RECONCILIATION OF NON-GAAP MEASURES

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

Non-underlying items

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

a) Legal and professional fees

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

b) Amortisation of London corporate stores

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

(c) Reversionary share scheme

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

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

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

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

f) Loss for the period from discontinued operations
The loss of £12.4m in 2021 represented the post-tax result of the International operations of Switzerland, Sweden and Iceland, consisting of a trading loss of £1.5m, interest costs of £0.5m, loss on disposal of International operations, primarily consisting of foreign exchange losses recycled and professional fees, of £9.8m and a tax charge of £0.6m. The detail of the disposals is set out in note 28.

8. EMPLOYEE BENEFITS AND DIRECTORS' REMUNERATION

a) Employee benefits expense

	Continuing operations £m	**Discontinued operations £m**	**52 weeks ended 25 December 2022 £m**
Wages and salaries	**65.3**	**—**	**65.3**
Social security costs	**6.2**	**—**	**6.2**
Other pension costs	**1.5**	**—**	**1.5**
Share-based payment charge	**1.2**	**—**	**1.2**
Total	**74.2**	**—**	**74.2**

	Continuing operations £m	Discontinued operations £m	52 weeks ended 26 December 2021 £m
Wages and salaries	61.5	13.2	74.7
Social security costs	6.4	1.3	7.7
Other pension costs	1.2	0.9	2.1
Share-based payment charge	1.7	—	1.7
Total	70.8	15.4	86.2

For details of amounts relating to current and former Directors, refer to the Directors' remuneration report on pages 88 to 114.

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:

	52 weeks ended 25 December 2022 Number	52 weeks ended 26 December 2021 Number
Administration	**377**	378
Production and distribution	**569**	561
Corporate stores	**661**	1,308
Total (including discontinued operations)	**1,607**	2,247
Continuing operations	**1,607**	1,559
Discontinued operations	**—**	688
Total	**1,607**	2,247

8. EMPLOYEE BENEFITS AND DIRECTORS' REMUNERATION CONTINUED

b) Directors' remuneration

	52 weeks ended 25 December 2022 £m	52 weeks ended 26 December 2021 £m
Directors' remuneration	**2.4**	2.9
Number of Directors accruing benefits under:		
– defined contribution schemes	**—**	1

Additional information regarding Directors' remuneration is included in the Directors' remuneration report on pages 88 to 114.

9. FINANCE INCOME

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

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

The discount unwind relates to the unwind of the fair value of the Market Access Fee as described in note 26.

10. FINANCE COSTS

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

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

Finance costs relate to financial liabilities at amortised cost.

11. TAXATION

a) Tax on profit from continuing operations

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

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

b) Reconciliation of the total tax charged to continuing operations

The tax charge in the income statement for the 52 weeks ended 25 December 2022 is lower (2021: lower) than the statutory corporation tax rate of 19.0% (2021: 19.0%). The differences are reconciled below:

	52 weeks ended 25 December 2022 £m	52 weeks ended 26 December 2021 £m
Profit before taxation	**98.9**	109.7
Accounting profit before taxation multiplied by the UK statutory rate of corporation tax of 19.0% (2021: 19.0%)	**18.8**	20.8
Expenses not deductible for tax purposes	**—**	0.3
Income not taxable	**0.1**	(0.4)
Share of joint venture and associates' results not taxable	**(1.3)**	(2.1)
Accounting depreciation not eligible for tax purposes	**0.4**	0.4
Adjustments relating to prior periods	**0.2**	(0.2)
Other	**(0.4)**	(0.2)
Tax rate differences	**(0.5)**	0.4
Total tax charge reported in the income statement	**17.3**	19.0
Effective tax rate (%)	**17.5%**	17.3%
Underlying effective tax rate (%)	**17.5%**	18.0%

11. TAXATION CONTINUED

c) Temporary differences associated with Group investments

At 25 December 2022, there was no recognised deferred tax liability (2021: £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) Deferred tax

The deferred tax included in the balance sheet is as follows:

	At 25 December 2022 £m	At 26 December 2021 £m
Deferred tax arising in the UK on non-capital items	**(3.2)**	(2.2)
Deferred tax arising on business combinations and acquired assets	**(0.2)**	(0.7)
Deferred tax	**(3.4)**	(2.9)
Represented as:		
Deferred tax liabilities – Non-current	**(3.4)**	(2.5)
Deferred tax liabilities – Current	**—**	(0.4)
	(3.4)	(2.9)

	At 25 December 2022 £m	At 26 December 2021 £m
Gross movement in the deferred income tax account		
Opening balance	**(2.9)**	(3.6)
Tax (charge)/credit to equity	**(0.8)**	0.4
Income statement (charge)/credit	**(0.1)**	0.3
Entity disposal	**0.4**	0.0
Closing balance	**(3.4)**	(2.9)

e) 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 27 December 2020	1.4	(4.1)	(2.2)	2.1	(2.8)
Charge to equity	0.3	—	—	—	0.3
(Charge)/credit to income	0.3	(2.7)	1.5	1.2	0.3
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)**
At 25 December 2022	**1.0**	**(8.4)**	**0.9**	**3.3**	**(3.2)**

12. EARNINGS PER SHARE

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

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

Earnings

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

Weighted average number of shares

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

The performance conditions relating to share options granted over 1,040,013 shares (2021: 1,486,022) have not been met in the current financial 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 are no share options excluded from the diluted earnings per share calculation because they would be anti-dilutive (2021: nil). See note 2 for further information on reversionary interests and share options.

Earnings per share

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

13. DIVIDENDS PAID AND PROPOSED

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

The proposed final dividend for the period is 6.8p per share; if approved, the total dividend for the full financial year will be 10.0p per share.

14. INTANGIBLE ASSETS

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

During prior periods, the Group made a number of acquisitions, recognising intangible assets at fair value and goodwill at cost. This included the corporate stores SFAs. During the current period, the SFAs for Have More Fun (London) Limited were disposed of. Refer to note 28.

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

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

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

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

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

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

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

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

The valuation based on the current five-year plan results in a recoverable amount of £21.2m, with the asset base being £14.1m, headroom of £7.1m is available. During the period the Group sold 5 corporate stores for a profit on disposal of £2.1m (refer to note 28). The fair value of the consideration received was greater than the recoverable amount. This further substantiates the Group's view that there is no impairment to be recognised.

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

– A 100bps decrease in revenue growth would reduce the headroom to £5.6m.

– A 100bps increase in food cost percentage would reduce the headroom to £3.6m.

– A 100bps increase in the forecast food cost and a 100bps increase in the forecast labour cost would reduce the headroom to £4.8m.

– A 100bps increase in the discount rate reduces headroom to £5.0m.

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

14. INTANGIBLE ASSETS CONTINUED

Master franchise fees

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

Standard Franchise Agreements

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

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

15. 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
Cost or valuation							
At 27 December 2020	58.6	9.2	0.7	5.1	48.1	6.1	127.8
Additions	—	2.0	—	0.6	1.7	0.3	4.6
Foreign exchange on translation	(0.1)	—	—	—	(0.1)	—	(0.2)
Transfer between classes of asset	6.1	(7.8)	—	0.4	1.3	—	—
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**
Depreciation and impairment							
At 27 December 2020	10.9	—	0.2	2.7	19.4	3.5	36.7
Provided during the year	1.0	—	0.1	0.9	2.3	0.7	5.0
Foreign exchange on translation	0.1	—	—	—	0.1	—	0.2
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**
Net book value at 25 December 2022	**51.9**	**10.1**	**0.3**	**2.1**	**30.1**	**2.0**	**96.5**
Net book value at 26 December 2021	52.6	3.4	0.4	2.5	29.2	2.2	90.3

During the current period, assets under construction of £10.1m relate to the expansion of the Naas commissary and supply chain equipment.

During the prior period, assets under construction amounting to £3.4m relate to cages and dollies, the expansion of the Naas commissary and supply chain equipment.

Freehold land and buildings

Included within freehold land and buildings is an amount of £6.0m (2021: £6.0m) in respect of land which is not depreciated.

Capitalised financing costs

There were no borrowing costs capitalised during the period (2021: £nil).

16. RIGHT-OF-USE ASSETS, LEASE RECEIVABLES AND LEASE LIABILITIES

Right-of-use assets

The net book value of right-of-use assets as at 25 December 2022 were as follows:

	At 25 December 2022 £m	At 26 December 2021 £m
Property	**10.1**	11.8
Equipment	**11.2**	7.6
	21.3	19.4

Additions to right-of-use assets during 2022 were £9.1m (2021: £5.9m).

Depreciation recognised on right-of-use assets was as follows:

	52 weeks ended 25 December 2022 £m	52 weeks ended 26 December 2021 £m
Property	**1.0**	1.1
Equipment	**4.9**	5.4
	5.9	6.5

Lease receivables

The below table shows the maturity analysis of lease receivables on an undiscounted basis, and the impact of discounting:

Undiscounted amounts due under finance leases:	At 25 December 2022 £m	At 26 December 2021 £m
Year 1	**26.8**	26.3
Year 2	**26.1**	25.6
Year 3	**25.5**	24.9
Year 4	**24.5**	24.2
Year 5	**23.4**	23.2
Onwards	**163.4**	170.7
Total undiscounted lease receivables	**289.7**	294.9
Less present value discount	**(89.7)**	(93.7)
Lease receivables included in the balance sheet	**200.0**	201.2
Presented as:		
Current	**14.4**	13.7
Non-current	**185.6**	187.5
	200.0	201.2

The lease receivable has decreased from £201.2m to £200.0m. The movement is due to additions of new leases of £12.9m and interest receivable of £12.4m, offset with receipts of £26.9m and foreign exchange gains of £0.4m. 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 not material, based on the strong business model for franchisees and their underlying profitability.

16. RIGHT-OF-USE ASSETS, LEASE RECEIVABLES AND LEASE LIABILITIES CONTINUED

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 25 December 2022 £m	At 26 December 2021 £m
Year 1	**32.6**	32.3
Year 2	**30.9**	28.9
Year 3	**29.1**	27.5
Year 4	**26.7**	26.8
Year 5	**25.2**	25.0
Onwards	**173.7**	181.8
Total undiscounted lease liabilities	**318.2**	322.3
Less present value discount	**(94.8)**	(99.7)
Lease liabilities included in the balance sheet	**223.4**	222.6
Presented as:		
Current	**20.0**	19.3
Non-current	**203.4**	203.3
	223.4	222.6

The lease liability has increased from £222.6m to £223.4m due to additions of £19.6m and interest charges of £13.7m, offset with repayments of £33.0m and foreign exchange losses of £0.5m. The overall net lease liability has increased from £21.4m to £23.4m, 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

	52 weeks ended 25 December 2022 £m	52 weeks ended 26 December 2021 £m
Interest received on lease receivables	**12.4**	12.6
Interest paid on lease liabilities	**(13.7)**	(13.9)
Income relating to short-term leases	**0.7**	0.5
Expenses relating to short-term leases – property	**(0.5)**	(0.3)
Expenses relating to short-term leases – equipment	**(3.0)**	(3.3)

17. TRADE AND OTHER RECEIVABLES

Included in non-current assets:

	At 25 December 2022 £m	At 26 December 2021 £m
Amounts owed by associates and joint ventures*	—	10.8
Loans to franchisees*	2.4	2.0
Other receivables*	1.0	1.2
	3.4	14.0

* Financial assets at amortised cost.

Included in current assets:

	At 25 December 2022 £m	At 26 December 2021 £m
Trade receivables*	17.2	10.7
Amounts owed by associates and joint ventures*	11.3	1.7
Loans to franchisees*	0.7	0.5
Other receivables*	1.3	1.8
Prepayments	5.8	4.6
Accrued income	19.6	15.0
	55.9	34.3

* 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 £1.3m (2021: £0.8m).

Amounts owed by associates includes a loan of £9.5m owed by Daytona JV Limited. Under the terms of the loan agreement, the loan accrues interest at between 2.7% and 3.0% per annum and is payable quarterly in arrears. The loan was repayable on 18 October 2025 or when the Group ceases to own shares in the associate. During the period, the Group exercised the put option to sell the investment (refer to note 29), as a result of the exercise, the remainder of the loan will be repaid in H1 2023. Daytona JV Limited repaid £1.7m (2021: £5.1m) of the loan during the period.

The increase in trade debtors during the current year primarily relates to increases in sales prices of food items, together with timing of invoices to third parties, which have been collected after the balance sheet date. The increased 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 25 December 2022 £m	At 26 December 2021 £m
Sterling	16.0	10.0
Euro	1.2	0.7
	17.2	10.7

Trade receivables are non-interest bearing and are generally on seven to 28day terms. As at 25 December 2022, there was a provision of £0.9m against trade receivables (2021: £0.8m).

The ageing analysis of trade receivables is as follows:

			Past due	
	Total £m	Not past due £m	<30 days £m	>30 days £m
At 25 December 2022	17.2	17.0	0.1	0.1
At 26 December 2021	10.7	10.4	0.2	0.1

17. TRADE AND OTHER RECEIVABLES CONTINUED

Loans to franchisees

Loans to franchisees are repayable within one to 10 years. The loans are either interest free or bear interest on a 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 25 December 2022 £m	At 26 December 2021 £m
Amounts owed by associates	**10.9**	11.8
Amounts owed by joint ventures	**0.4**	0.7
	11.3	12.5

Included within the balance due from joint ventures and associates is a loan balance of £9.5m (2021: £10.8m) due from Daytona JV Limited, trading balances of £1.4m (2021: £1.0m) due from Full House Restaurants Holdings Limited, £0.3m due from Domino's Pizza West Country Limited (2021: £0.7m) and £0.1m due from Victa DP Limited.

Under the terms of the loan agreement, the loan to Daytona JV Limited accrues interest at between 2.7% and 3.0% per annum and is payable quarterly in arrears. The loan is repayable on 18 October 2025 or when the Group ceases to own shares in the associate.

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 27 December 2020	0.6	16.8	17.4
Movement in trading balance	1.1	—	1.1
Movement in loan balance	—	(6.0)	(6.0)
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**

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.

18. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

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

	52 weeks ended 25 December 2022 £m	52 weeks ended 26 December 2021 £m
Share of post-tax profits of associates		
Full House Restaurant Holdings Limited	**3.1**	4.9
Daytona JV Limited	**2.6**	5.0
Northern Ireland JV	**0.8**	—
	6.5	9.9
Share of post-tax profits of joint ventures		
Domino's Pizza West Country Limited	**0.1**	1.1
	6.6	11.0

Details of joint ventures and associates are given in note 33.

a) Investment in associates

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

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

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

Transfer to assets held for sale relates to the Group's 33.3% investment in Daytona JV Limited ('Daytona'), a UK incorporated company which owns the MFA for Domino's Germany. The Group's interest was subject to a put and call option. During the year, the Group exercised the put option to sell the investment. Refer to note 29.

18. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES CONTINUED

A summary of financial information of the associates is set out below:

	Full House		Daytona		Victa	
	At 25 December 2022 £m	At 26 December 2021 £m	**At 25 December 2022 £m**	At 26 December 2021 £m	**At 25 December 2022 £m**	At 26 December 2021 £m
Non-current assets	**25.7**	23.9	**—**	159.5	**47.7**	48.3
Current assets	**15.8**	11.7	**—**	23.4	**2.7**	3.0
Current liabilities	**(7.0)**	(8.0)	**—**	(24.5)	**(4.4)**	(5.6)
Non-current liabilities	**(11.9)**	(6.9)	**—**	(77.7)	**(29.8)**	(31.3)
Net assets	**22.6**	20.7	**—**	80.7	**16.2**	14.4
The Group's share of interest in associate undertaking's net assets	**11.1**	10.2	**—**	26.9	**7.5**	6.6
Goodwill and transaction costs	**2.3**	2.3	**—**	2.0	**—**	—
Group's carrying amount of the investment	**13.4**	12.5	**—**	28.9	**7.5**	6.6
Revenue	**62.9**	64.9	**—**	119.8	**30.3**	—
Profit for the period	**6.3**	9.9	**—**	14.8	**1.7**	—
Total comprehensive income for the year	**6.3**	9.9	**—**	14.8	**1.7**	—
Group's share of profit for the period	**3.1**	4.9	**2.6**	5.0	**0.8**	—
Dividends received	**2.2**	2.2	**—**	—	**—**	—

The associates had no contingent liabilities or capital commitments at 25 December 2022 or at 26 December 2021. 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 25 December 2022	At 26 December 2021
	West Country £m	West Country £m
Summary of joint venture's balance sheets		
Current assets	**6.3**	6.2
Non-current assets	**5.2**	5.7
Current liabilities	**(1.9)**	(2.1)
Non-current liabilities	**(1.2)**	(1.3)
Net assets	**8.4**	8.5
Group's share of interest in joint venture's net assets	**4.2**	4.3
Goodwill and transaction costs	**0.4**	0.4
Group's carrying amount of the investment	**4.6**	4.7
Within joint venture's balance sheets:		
Cash and cash equivalents	**5.6**	5.5

	52 weeks ended 25 December 2022 West Country £m	52 weeks ended 26 December 2021 West Country £m
Summary of joint venture's income statement		
Revenue	**14.9**	15.4
Profit after tax for the year	**0.2**	2.2
Total comprehensive income for the year	**0.2**	2.2
Group's share of profit for the year	**0.1**	1.1
Dividends received	**0.2**	0.5
Profit after tax for the year includes:		
Depreciation and amortisation	**0.5**	0.5
Income tax expense	**0.1**	0.6

West Country had no contingent liabilities or capital commitments as at 25 December 2022 and 26 December 2021. West Country cannot distribute its profits without the consent from both the joint venture partners.

19. INVENTORIES

	At 25 December 2022 £m	At 26 December 2021 £m
Raw materials	**0.8**	0.5
Finished goods and goods for sale	**10.8**	10.4
Total inventories at lower of cost or estimated net realisable value	**11.6**	10.9

Provisions against inventories were £0.9m (2021: £1.0m) and amounts were written off against cost of sales of £0.2m (2021: £1.0m).

20. CASH AND CASH EQUIVALENTS

	At 25 December 2022 £m	At 26 December 2021 £m
Cash at bank and in hand	**30.4**	42.8
Total cash at bank and in hand	**30.4**	42.8

Cash and cash equivalents comprise cash in hand and on-call deposits held with banks. The fair value of cash and cash equivalents is £30.4m (2021: £42.8m).

Cash is denominated in the following currencies:

	At 25 December 2022 £m	At 26 December 2021 £m
Sterling	**22.2**	28.0
Euro	**7.5**	13.7
US Dollar	**0.1**	—
Swiss Franc	**0.6**	1.1
	30.4	42.8

21. TRADE AND OTHER PAYABLES

	At 25 December 2022 £m	At 26 December 2021 £m
Included in current liabilities:		
Trade payables*	**15.2**	21.3
Other taxes and social security costs	**6.2**	5.4
Other payables*	**31.9**	29.6
Accruals*	**41.6**	35.4
NAF and eCommerce creditor*	**3.2**	4.1
Deferred income	**0.5**	0.3
	98.6	96.1
Included in non-current liabilities:		
Deferred income	**0.2**	0.2
	0.2	0.2

* 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 £9.6m (2021: £7.9m), 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 25 December 2022 £m	At 26 December 2021 £m
NAF surplus	**26.0**	22.5
eCommerce fund deficit	**(22.8)**	(18.4)
Net NAF and eCommerce creditor	**3.2**	4.1

The opening net NAF and eCommerce creditor on 27 December 2021 was £4.1m, which consisted of a NAF surplus of £22.5m and an eCommerce fund deficit of £18.4m. Total contributions made to the NAF and eCommerce fund during the 52 weeks ended 25 December 2022 were £73.0m (2021: £70.4m), with expenditure of £73.9m (2021: £71.9m). The amount recognised as revenue of £72.2m (2021: £70.3m) includes the elimination of intercompany revenue of £1.7m (2021: £1.6m).

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 25 December 2022 was a net surplus of £3.2m (2021: £4.1m) 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.

22. FINANCIAL LIABILITIES

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

Share buyback obligation

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

Debt facilities

At 26 December 2021, the Group had a £350m multi-currency syndicated revolving credit facility (RCF) with an original term of five years to 13 December 2022 which, following a one-year extension arranged in November 2018, was extended to 12 December 2023. The revolving credit facility was amended and restated on 2 December 2021, to amend the GBP interest base rate from LIBOR to SONIA.

At 27 July 2022, the Group's £350m multi-currency revolving credit facility was replaced by a £200m multi-currency revolving credit facility 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.

At 25 December 2022, the Group had a total of £400m (2021: £350.0m) of debt facilities, of which £113.4m (2021: £106.7m) was undrawn.

Private placement loan notes

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

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

Bank revolving facility

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

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

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

An ancillary overdraft and pooling arrangement was in place with Barclays Bank Plc for £20.0m covering the Companies, Domino's Pizza Group plc, DPG Holdings Limited, Domino's Pizza UK & Ireland Limited, DP Realty Limited, DP Pizza Limited, Sell More Pizza Limited, Sheermans SS Limited and Sheermans Limited. Interest is charged for the overdraft at the same margin as applicable to the revolving credit facility above SONIA.

23. DEFERRED CONSIDERATION RECEIVABLE

	At 25 December 2022 £m	At 26 December 2021 £m
Current	**0.3**	3.3
	0.3	3.3

On 18 December 2018, the Group disposed of its 50% holding of share capital in its joint venture, DP Shayban Limited, on which deferred consideration was receivable of £5.7m in 2023. This was not contingent on performance conditions. Accelerated payment terms were agreed in May 2021. The remaining £3.3m has been repaid in full.

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 28.

24. PROVISIONS

	Reversionary share plan provisions £m	Dilapidations provisions £m	Onerous contract provisions £m	Other provisions £m	Total £m
At 27 December 2020	11.0	1.0	0.4	1.1	13.5
Arising during the period	2.0	—	—	1.6	3.6
Utilised during the period	—	—	(0.4)	—	(0.4)
Reclassified to other creditors	—	—	—	(0.4)	(0.4)
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**

	At 25 December 2022 £m	At 26 December 2021 £m
Current	**1.0**	2.0
Non-current	**14.3**	14.3
	15.3	16.3

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 a result of the legal advice received, a provision was recorded in 2017 of £11.0m, comprising £2.6m employer's NIC, and £8.4m employee's NIC and PAYE. Within this, an estimate of interest on overdue tax of £3.0m has been provided for.

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 an additional £1.5m relating to employees' NIC and PAYE, and £0.5m employers' NIC.

No contingent asset has been recognised in the financial statements in relation to the indemnities provided by the beneficiaries of the arrangements. As the tax liability has not crystallised, the Group is not yet entitled to seek recovery of the amounts due under the indemnities.

Refer to note 2 for further details.

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 (2021: £nil).

Onerous contract provision

The onerous contract provisions of £0.4m utilised in the prior period related to onerous contracts for IT equipment.

Other provisions

Other provisions include £0.4m (2021: £0.4m) for closure costs of Domino's Pizza Germany Limited, £0.2m (2021: £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.

25. 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. The Group has also invested in an associate in Germany and one in Ireland. 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 in subsidiaries with a Sterling functional currency and Sterling-denominated assets 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 joint ventures and associates. The Group's exposure to foreign currency changes for all other currencies is immaterial.

	Change in EUR rate	Effect on profit before tax £m	Effect on pre-tax equity £m
2022	**+25%**	**(2.6)**	**(6.6)**
	-25%	**4.3**	**11.0**
2021	+25%	(5.3)	(5.8)
	-25%	8.8	9.6

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 (2021 £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 (2021: £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 (2021: £nil).

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

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 it 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 2025. The Group also has access to a Sterling overdraft which was undrawn at 25 December 2022 and 26 December 2021. The tables below summarise the maturity profile of the Group's financial liabilities at 25 December 2022 and 26 December 2021 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	Interest £m	Total £m
At 25 December 2022							
Fixed rate borrowings							
Lease liabilities	**—**	**8.3**	**24.3**	**111.9**	**173.7**	**(94.8)**	**223.4**
Private Placement Loan Notes	**—**	**—**	**—**	**198.8**	**—**	**—**	**198.8**
Floating rate borrowings							
Bank revolving facility	**—**	**—**	**—**	**84.9**	**—**	**—**	**84.9**
Non-interest bearing							
Trade and other payables	**0.2**	**88.2**	**3.2**	**0.4**	**—**	**—**	**92.0**
Share buyback obligation	**—**	**8.9**	**—**	**—**	**—**	**—**	**8.9**
	0.2	**105.4**	**27.5**	**396.0**	**173.7**	**(94.8)**	**608.0**

	On demand £m	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	More than 5 years £m	Interest £m	Total £m
At 26 December 2021							
Fixed rate borrowings							
Lease Liabilities	—	8.1	24.2	108.2	181.8	(99.7)	222.6
Floating rate borrowings							
Bank revolving facility	—	—	—	242.5	—	—	242.5
Non-interest bearing							
Trade and other payables	0.2	85.4	4.1	0.7	—	—	90.4
	0.2	93.5	28.3	351.4	181.8	(99.7)	555.5

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 52-week period ended 25 December 2022 would increase/decrease by £0.4m (2021: increase/decrease by £1.2m). 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 25 December 2022. Special resolutions were passed at the 2021 and 2022 AGMs, held on 22 April 2021 and 5 May 2022 respectively, to authorise the Company to make purchases on the London Stock Exchange of up to 10% of its Ordinary shares.

	At 25 December 2022 £m	At 26 December 2021 £m
Debt facilities	283.7	242.5
Less: cash and cash equivalents	(30.4)	(42.8)
Net debt	253.3	199.7
Underlying EBIT	109.8	119.9
Underlying depreciation, amortisation and impairment	20.3	16.5
Underlying EBITDA	130.1	136.4
Adjusted gearing ratio	1.95	1.46
Underlying EBITDA	130.1	136.4
Less EBITDA impact of IFRS 16	(7.1)	(7.0)
Adjusted underlying EBITDA	123.0	129.4
Adjusted gearing ratio (excluding IFRS 16)	2.06	1.54

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.

26. FINANCIAL INSTRUMENTS

Set out below is a comparison by classification of all the Group's financial instruments in the financial statements:

	Fair value 2022 £m	Amortised cost 2022 £m	Carrying value 2022 £m	Fair value 2021 £m	Amortised cost 2021 £m	Carrying value 2021 £m
Financial assets						
Trade receivables	—	17.2	17.2	—	10.7	10.7
Other receivables	—	2.3	2.3	—	3.0	3.0
Accrued income*	—	19.6	19.6	—	15.0	15.0
Loans to franchisees	—	3.1	3.1	—	2.5	2.5
Cash and cash equivalents	—	30.4	30.4	—	42.8	42.8
Lease receivables	—	200.0	200.0	—	201.2	201.2
Deferred consideration receivable	—	0.3	0.3	—	3.3	3.3
Amounts owed by associates and joint ventures	—	11.3	11.3	—	12.5	12.5
Other financial asset	—	—	—	8.7	—	8.7
Investments	11.3	—	11.3	12.1	—	12.1
Financial liabilities						
Trade payables	—	15.2	15.2	—	21.3	21.3
Other payables	—	31.9	31.9	—	29.6	29.6
Accruals	—	41.6	41.6	—	35.4	35.4
NAF and eCommerce	—	3.2	3.2	—	4.1	4.1
Bank revolving facility	—	84.9	—	—	242.5	242.5
Private placement loan notes	—	198.8	198.8	—	—	—
Lease liabilities	—	223.4	223.4	—	222.6	222.6

* In the current year accrued income has been included in the above analysis with the prior year balance being restated.

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.

Other financial asset

	At 25 December 2022 £m	At 26 December 2021 £m
Current asset	—	1.9
Non-current asset	—	6.8
	—	8.7

Other financial asset related to a contingent consideration (referred to as the 'Market Access Fee') payable by Domino's Pizza Enterprises Limited to the Group for divesting of its interests in operating Domino's Pizza stores in Germany and its exclusive access to the German market. This Market Access Fee was payable in instalments from 2017, the payment of each instalment being contingent on the divested German business achieving defined levels of EBITDA in the calendar years 2020 and 2021.

For the 52 weeks ended 26 December 2021, the Group recognised a Market Access Fee of £8.7m. During the current period, an amount of €10.3m (£8.6m) was received in early settlement of the Market Access Fee with foreign exchange loss of £0.1m. There were no fair value movements during the period.

The Market Access Fee was at Level 3 of the fair value hierarchy because determining its fair value required an estimate of future EBITDA levels of the divested German business, which is an unobservable fair value input.

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, the investment fair value has increased by €1.1m (£1.0m) (2021: €2.4m (£2.1m)), and dividends of €2.6m (£2.2m) have been received against the investment value, together with an increase due to foreign exchange movements of £0.4m, bringing the total valuation to €12.8m (£11.3m) (2021: €14.3m, £12.1m). 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 greater than the fair value increase recorded. 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 2023 budgeted EBITDA and the discount rate applied. The post-tax discount rate applied is 7.96%. Sensitivity analysis has been performed to highlight the impact of movements within the key judgemental areas:

- A 10% decrease in 2023 EBITDA would lead to a €1.1m (£1.0m) reduction in the valuation.
- A 10% increase in 2023 EBITDA would lead to a €1.0m (£0.9m) increase in the valuation.
- A 100bps increase in the discount rate would lead to a €0.9m (£0.8m) decrease in the valuation.
- A 100bps decrease in the discount rate would lead to a €0.8m (£0.7m) 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 £198.8m. Based on unadjusted market data at 25 December 2022, the fair value of the private placement loan notes was £183.8m.

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 and contingent consideration in the current year relates to the sale of Have More Fun (London) Limited, where deferred consideration is receivable. In the prior year, deferred consideration related to the sale of the Group's 50% shareholding in DP Shayban Limited, which has been fully repaid in the year.

27. SHARE CAPITAL AND RESERVES

Allotted, called up and fully paid share capital of 25/48p per share

	At 25 December 2022		At 26 December 2021	
	Number	£	Number	£
At 26 December 2021 and 27 December 2020	**448,023,791**	**2,333,458**	468,980,073	2,442,605
Share issues	**—**	**—**	—	—
Share buybacks	**(25,404,336)**	**(132,314)**	(20,956,282)	(109,147)
At 25 December 2022 and 26 December 2021	**422,619,455**	**2,201,144**	448,023,791	2,333,458

During the period, the Company bought back a total of 25,404,336 Ordinary shares of 25/48p each for a total of £77.5m (2021: £80.5m) including costs of £0.5m (2021: £0.5m). The average price paid for these repurchased shares was 305.64p (2021: 381.75p). These repurchased shares were then cancelled in the same period.

27. SHARE CAPITAL AND RESERVES CONTINUED

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 2,809,912 shares at a cost of £9.0m (2021: 800,000 at a cost of £2.9m) in the Company and disposed of 1,422,852 shares in the Company (2021: 567,678). The EBT held 2,904,928 shares (2021: 1,517,868) at the end of the period, which have a historic cost of £9.3m (2021: £4.6m). 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.

28. DISPOSALS

Corporate stores – Have More Fun (London) Limited

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

	£m
Cash received on disposal	5.2
Cash disposed	(0.3)
Net cash received on disposal	**4.9**
Consideration receivable post disposal	0.3
Net assets disposed excluding cash (see below)	(2.8)
Profit on disposal before professional fees	**2.4**
Cost associated with disposal	(0.3)
Total profit on disposal	**2.1**
Property, plant and equipment	0.2
Intangible assets	3.1
Right-of-use assets	1.6
Inventories, trade receivables and trade and other payables	(0.2)
Lease liabilities	(1.5)
Deferred tax liabilities	(0.4)
Net assets disposed excluding cash	**2.8**

Disposals of International operations in 2021

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

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

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

	PPS Foods AB Sweden £m	Pizza Pizza EHF Iceland £m	Domino's Pizza GmbH Switzerland £m
Cash (paid)/received on disposal	(2.7)	14.1	0.5
Cash disposed	(0.1)	(0.6)	(1.0)
Net cash (paid)/received on disposal	(2.8)	13.5	(0.5)
Consideration payable post disposal	—	(0.6)	(0.8)
Net liabilities/(assets) disposed excluding cash (see below)	3.3	(13.6)	1.0
Currency translation losses transferred from translation reserve	(0.5)	(6.1)	(1.3)
Loss on disposal before professional fees	—	(6.8)	(1.6)
Non-underlying professional fees related to the disposal	(0.4)	(0.5)	(0.5)
Total costs of disposal	(0.4)	(7.3)	(2.1)
Property, plant and equipment	—	16.8	0.4
Inventories, trade and other payables	(0.9)	(0.6)	(1.4)
Right-of-use assets	—	3.3	4.5
Lease liabilities	(2.4)	(3.4)	(4.5)
Deferred tax liabilities	—	(2.5)	—
Net (liabilities)/assets disposed excluding cash	(3.3)	13.6	(1.0)

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

29. ASSETS HELD FOR SALE

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

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

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

30. SHARE-BASED PAYMENTS

The expense recognised for share-based payments in respect of employee services received during the 52 weeks ended 25 December 2022 was £1.2m (2021: £1.7m).

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. 534,059 shares were exercised during the period (2021: 356,744). The weighted average share price for options exercised during 2022 was 231p (2021: 409p).

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. There were 7,585 shares exercised during the period (2021: 37,092).

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.

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.

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. No DSBP awards were exercised in the period.

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 103 to 109 of the Directors' remuneration report. There were no cash payments (2021: £20k) made during the 52 weeks ended 25 December 2022 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 period was 384p (2021: 395p).

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 317p (2021: 372p).

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 25 December 2022, together with the fair values calculated by those models:

	52 weeks ended 25 December 2022	52 weeks ended 26 December 2021
Weighted average fair value	**195.94p**	274.25p
Weighted average share price at grant	**265.58p**	395.87p
Weighted average exercise price	**64.71p**	73.93p
Weighted average expected term	**3 years**	3 years
Expected dividend yield	**2.81%**	2.91%
Risk-free rates	**3.35%**	0.24%
Expected volatility	**31.60%**	29.85%

Share options and awards outstanding

As at 25 December 2022, the following share options and awards were outstanding:

Scheme	Exercise price	Outstanding at 26 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		—

As at 26 December 2021, the following share options and awards were outstanding:

Scheme	Exercise price	Outstanding at 27 December 2020 Number	Granted during the period Number	Exercised during the period Number	Forfeited during the period Number	Outstanding at 26 December 2021 Number	Weighted average remaining life Years	Exercisable at 26 December 2021 Number
2012 LTIP	—	3,850,414	1,097,519	(356,744)	(1,075,482)	3,515,707	1.69	539
2016 LTIP	—	113,330	—	(37,092)	—	76,238	—	7,585
DSBP	—	—	92,377	—	(17,253)	75,124	1.00	—
CSOP (Unapproved)	143.87p	26,958	—	(14,388)	—	12,570	—	12,570
CSOP (Approved)	143.87p	23,577	—	(15,732)	—	7,845	—	7,845
Sharesave Scheme	193p to 292p	1,584,670	346,343	(146,387)	(228,494)	1,556,132	1.15	—
		5,598,949	1,536,239	(570,343)	(1,321,229)	5,243,616		28,539
Weighted average exercise price		59.53p	65.83p	73.93p	43.07p	69,35p		102.92p

31. ADDITIONAL CASH FLOW INFORMATION

Other cash flows from investing activities

	Notes	52 weeks ended 25 December 2022 £m	52 weeks ended 26 December 2021 £m
Cash flows from investing activities			
Dividends received from investments	26	**2.2**	1.6
Dividends received from associates and joint ventures	18	**2.9**	2.2
Decrease in loans to associates and joint ventures	17	**1.7**	4.9
		6.8	8.7

Reconciliation of financing activities

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

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

The non-cash movements in lease liabilities primarily relate to additions and interest charges as set out in Note 16.

Share purchases in cash flows from financing activities

	Notes	52 weeks ended 25 December 2022 £m	52 weeks ended 26 December 2021 £m
Purchase of own shares – share buyback	27	**(77.5)**	(80.5)
Purchase of own shares – employee benefit trust	27	**(9.0)**	(2.9)
		(86.5)	(83.4)

Reconciliation to free cash flow

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

32. CAPITAL COMMITMENTS

At 25 December 2022, amounts contracted for but not provided for in the financial statements for the acquisition of property, plant and equipment amounted to £0.4m (2021: £1.3m) and for intangible assets amount to £1.6m (2021: £2.0) for the Group.

33. 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
Directly held subsidiary undertakings			
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
Indirectly held subsidiary undertakings			
D.P. Estates Limited	England	100% Ordinary	1 Thornbury, West Ashland, Milton Keynes, MK6 4BB, United Kingdom
Domino's Leasing 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
Direct associate undertakings			
Daytona JV Limited	England	33% Ordinary	3rd Floor, 1 Ashley Road, Altrincham, Cheshire WA14 2DT, United Kingdom
Indirectly held associate undertakings			
Full House Restaurants Holdings Ltd	England	49% Ordinary	Centrum House, 36 Station Road, Egham, Surrey, TW20 9LF, United Kingdom
Victa DP Ltd	England	46% Ordinary	Unit 10, Evolution Wynyard Business Park, Wynyard, TS22 5TB, United Kingdom
Indirectly held subsidiaries of associate undertakings			
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 Ltd	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
Daytona Germany GmbH	Germany	33% Ordinary	Am Sandtorkai 75-77 (Eingang Haus Nr. 77) 20457 Hamburg, Germany
Domino's Pizza Deutschland GmbH	Germany	33% Ordinary	Am Sandtorkai 75-77 (Eingang Haus Nr. 77) 20457 Hamburg, Germany
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
Hallo Pizza GmbH	Germany	33% Ordinary	Hans-Böckler-Strasse 48, 40764 Langenfeld, Germany
House Special Limited	England	49% Ordinary	Centrum House, 36 Station Road, Egham, Surrey, TW20 9LF, United Kingdom
JJE Enterprises Ltd	England	49% Ordinary	Centrum House, 36 Station Road, Egham, Surrey, TW20 9LF, United Kingdom
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

Name of Company	Country of incorporation	Proportion of voting rights and share capital	Registered office
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
Direct Joint venture undertakings			
Domino's Pizza West Country Limited	England	50% Ordinary	1 Thornbury, West Ashland, Milton Keynes, MK6 4BB, United Kingdom
Indirectly held subsidiaries of joint venture undertakings			
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 17. Transactions entered into, and trading balances outstanding with related parties, are as follows:

Related party	Sales to related party £m	Amounts owed by related party £m
Associates and joint ventures		
25 December 2022	**36.5**	**1.8**
26 December 2021	30.0	1.7

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)

	52 weeks ended 25 December 2022 £m	52 weeks ended 26 December 2021 £m
Short-term employee benefits	**6.3**	5.6
Post-employment benefits	**0.2**	0.2
Share-based payment	**0.4**	0.7
	6.9	6.5

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.

COMPANY BALANCE SHEET
AT 25 DECEMBER 2022

	Note	At 25 December 2022 £m	At 26 December 2021 £m
Fixed assets			
Investment in subsidiary undertakings	4	**10.0**	10.0
Investment in associates and joint ventures	4	**3.0**	23.3
		13.0	33.3
Current assets			
Deferred consideration receivable: falling due within one year	6	**—**	3.3
Other financial asset: falling due after one year	3	**—**	6.8
Other financial asset: falling due within one year	3	**—**	1.9
Other receivables: falling due after one year	5	**876.5**	988.8
Other receivables: falling due within one year	5	**114.8**	108.1
Cash and cash equivalents		**2.9**	4.3
Deferred tax asset	9	**3.2**	3.2
Assets held for sale	12	**20.3**	—
		1,017.7	1,116.4
Total assets		**1,030.7**	1,149.7
Liabilities: amounts falling due within one year			
Other payables	7	**(24.6)**	(10.7)
Deferred tax liabilities	9	**—**	(0.4)
Provisions	10	**(0.2)**	(0.9)
Financial liabilities – Share buyback obligations	8	**(8.9)**	—
		(33.7)	(12.0)
Liabilities: amounts falling due after one year			
Deferred tax liabilities	9	**—**	(1.2)
Provisions	10	**(13.0)**	(13.0)
Total liabilities		**(46.7)**	(26.2)
Net assets		**984.0**	1,123.5
Shareholders' equity			
Called up share capital	11	**2.2**	2.3
Share premium account		**49.6**	49.6
Capital redemption reserve		**0.5**	0.5
Capital reserve – own shares		**(9.0)**	(4.6)
Retained earnings		**940.7**	1,075.7
Total equity shareholders' funds		**984.0**	1,123.5

The loss for the 52-week period ended 25 December 2022 of the Company is £3.0m (2021: £1,088.4m profit). The notes on pages 184 to 189 are an integral part of these Company financial statements. The financial statements were approved by the Directors on 8 March 2023 and signed on their behalf by:

Elias Diaz Sese
Director

8 March 2023

Registered number: 03853545

COMPANY STATEMENT OF CHANGES IN EQUITY
52 WEEKS ENDED 25 DECEMBER 2022

	Note	Share capital £m	Share premium account £m	Capital redemption reserve £m	Capital reserve – own shares £m	Retained Earnings £m	Equity shareholders' funds £m
At 27 December 2020		2.4	49.6	0.5	(3.4)	123.3	172.4
Profit for the period		—	—	—	—	1,088.4	1 088.4
Proceeds from share issues		—	—	—	0.4	—	0.4
Impairment of share issues		—	—	—	1.3	(1.3)	—
Share buybacks		(0.1)	—	—	(2.9)	(80.4)	(83.4)
Share options and LTIP charge		—	—	—	—	1.7	1.7
Equity dividends paid		—	—	—	—	(56.0)	(56.0)
At 26 December 2021		2.3	49.6	0.5	(4.6)	1,075.7	1,123.5
Profit 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	11	**(0.1)**	**—**	**—**	**(9.0)**	**(77.5)**	**(86.6)**
Share buyback obligation		**—**	**—**	**—**	**—**	**(8.9)**	**(8.9)**
Share options and LTIP charge	13	**—**	**—**	**—**	**—**	**1.2**	**1.2**
Equity dividends paid	14	**—**	**—**	**—**	**—**	**(43.8)**	**(43.8)**
At 25 December 2022		**2.2**	**49.6**	**0.5**	**(9.0)**	**940.7**	**984.0**

NOTES TO THE COMPANY FINANCIAL STATEMENTS
52 WEEKS ENDED 25 DECEMBER 2022

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.

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 except for certain financial assets and liabilities measured at fair value. The only asset recognised at fair value is the other financial asset which is disclosed in note 3. 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 52 weeks ended 25 December 2022 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.

Judgements

Refer to note 2 of the Group financial statements for significant judgements related to the reversionary share plan.

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.

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.

Other financial assets

The Market Access Fee is classified as a non-current other financial asset and is measured at fair value. Changes in fair value are recognised in the income statement.

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

Certain of the Group's historical share-based compensation arrangements 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 and, as a result of further advice received in January 2018, a provision was been recorded. For details see note 2 of the Group financial statements.

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 loss for the 52-week period ended 25 December 2022 of the Company is £3.0m (2021: £1,088.4m profit).

In 2021, 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 25 December 2022 is £86.0m, which is redeemable on demand or before 3 April 2023, and the remaining £874.6m remains due after more than one year.

Dominic Paul, Elias Diaz Sese and Edward Jamieson (appointed on 17 October 2022) are the only Executive Directors employed by the Company. They are the only employees of the Company.

The total amount of remuneration paid to the Directors for the 52-week period ended 25 December 2022 was £1.8m (2021: £1.9m). £0.8m of this was attributed to the highest paid Director (2021: £1.4m). Pension contributions were also paid to three directors (2021: two), which totalled £0.1m (2021: £0.1m). One director exercised share options during the year (2021: none). No directors received vested shares under share schemes (2021: none). Social security costs for the Directors were £0.1m (2021: £0.3m).

Information regarding Directors' remuneration is included in the Directors' remuneration report on pages 88 to 114.

For details of audit fees, see note 6 of the Group financial statements.

3. OTHER FINANCIAL ASSETS

	At 25 December 2022 £m	At 26 December 2021 £m
Current asset	—	1.9
Non-current asset	—	6.8
	—	8.7

Other financial asset relates to a contingent consideration (referred to as the 'Market Access Fee') payable by Domino's Pizza Enterprises Limited to the Group for divesting of its interests in operating Domino's Pizza stores in Germany and its exclusive access to the German market. This market Access Fee was payable in instalments from 2017, the payment of each instalment being contingent on the divested German business achieving defined levels of EBITDA in the calendar years 2020 and 2021.

For the 52 weeks ended 26 December 2021, the Group recognised a Market Access Fee of £8.7m. During the current period, an amount of €10.3m (£8.6m) was received in early settlement of the Market Access Fee with a foreign exchange loss of £0.1m. There were no fair value movements during the period.

The Market Access Fee was at Level 3 of the fair value hierarchy because determining its fair value required an estimate of future EBITDA levels of the divested German business, which is an unobservable fair value input.

4. INVESTMENTS

	Subsidiary undertakings £m	Associates and joint ventures £m	Total £m
Cost or valuation			
At 27 December 2020	23.8	23.3	47.1
Disposals	(13.8)	—	(13.8)
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**

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 33 of the Group financial statements.

Transfer to assets held for sale relates to the Company's 33.3% investment in Daytona JV Limited, a UK incorporated company which owns the MFA for Domino's Germany. The Company's interest was subject to a put and call option. During the period, the Group exercised the put option to sell the investment. Refer to note 12.

In the prior period, the Company disposed of its investment in Pizza Pizza EHF with consideration received from the buyers of £13.5m. The final working capital adjustment for Pizza Pizza EHF was finalised after year end and an additional amount of £0.6m was paid to the purchaser.

Further information around each disposal is set out in note 28 of the Group financial statements.

5. OTHER RECEIVABLES

Falling due after one year

	At 25 December 2022 £m	At 26 December 2021 £m
Amounts owed by Group undertakings	**874.6**	977.0
Amounts owed by associates and joint ventures	**0.2**	11.0
Other asset	**1.7**	0.8
	876.5	988.8

Falling due within one year

	At 25 December 2022 £m	At 26 December 2021 £m
Amounts owed by Group undertakings	**105.2**	107.5
Amounts owed by associates and joint ventures	**9.6**	0.6
	114.8	108.1

The group has a 33.3% investment in Daytona JV Limited, a UK incorporated company which owns the MFA for Domino's in Germany.

Amounts owed by associates includes a loan of £9.5m owed by Daytona JV Limited. Under the terms of the loan agreement, the loan accrues interest at between 2.7% and 3.0% per annum and is payable quarterly in arrears. The loan was repayable on 18 October 2025 or when the Group ceases to own shares in the associate. During the period, the Group exercised the put option to sell the investment (refer to note 12), as a result of the exercise, the remainder of the loan will be repaid in H1 2023. Daytona JV Limited repaid £1.7m (2021: £5.1m) of the loan during the period.

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 £1.7m (2021: £0.8m) relates to bank facility fees paid in the current year which will be recovered through recharging to subsidiary companies based on usage of the facility.

6. DEFERRED CONSIDERATION

On 18 December 2018, the Group disposed of its 50% holding of share capital in its joint venture, DP Shayban Limited, on which deferred consideration was receivable. This was not contingent on performance conditions. Accelerated payment terms were agreed in May 2021 and the purchaser has repaid the remaining £3.3m balance during the year.

7. OTHER PAYABLES

	At 25 December 2022 £m	At 26 December 2021 £m
Amounts owed to Group undertakings	**24.2**	10.3
Other creditors	**0.3**	0.2
Accruals and deferred income	**0.1**	0.2
	24.6	10.7

8. FINANCIAL LIABILITIES

Share buyback obligation

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

Debt facilities

At 26 December 2021, the Group had a £350m multi-currency syndicated revolving credit facility (RCF) with an original term of five years to 13 December 2022 which, following a one-year extension arranged in November 2018, was extended to 12 December 2023. The revolving credit facility was amended and restated on 2 December 2021, to amend the GBP interest base rate from LIBOR to SONIA.

At 27 July 2022, the Group's £350m multi-currency revolving credit facility was replaced by a £200m multi-currency revolving credit facility 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.

At 25 December 2022, the Group had a total of £400m (2021: £350m) of debt facilities, of which £113.4m (2021: £106.7m) was undrawn.

Private placement loan notes

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

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

8. FINANCIAL LIABILITIES CONTINUED

Bank revolving facility

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

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

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

9. DEFERRED TAX (LIABILITY)/ASSET

	At 25 December 2022 £m	At 26 December 2021 £m
Deferred tax asset	**3.2**	3.2
Deferred tax liability	**—**	(1.6)
	3.2	1.6

The deferred tax asset of £3.2m (2021: £3.2m) relates to the reversionary share plan referred to in note 2 of the Group financial statements. The deferred tax liability of £nil (2021: £1.6m) related to the deferred tax on the Market Access Fee.

10. PROVISIONS

	Reversionary share plan provisions £m	Other £m	Total £m
At 26 December 2021	13.0	0.9	13.9
Utilised	—	**(0.7)**	**(0.7)**
At 25 December 2022	**13.0**	**0.2**	**13.2**

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 a result of the legal advice received, a provision was recorded in 2017 of £11.0m, comprising £2.6m employer's NIC, and £8.4m employee's NIC and PAYE. Within this an estimate of interest on overdue tax of £3.0m has been provided for.

An additional £2.0m provision was recorded in the year ended 25 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 £1.5m relating to employees' NIC and PAYE and £0.5m employers' NIC.

No contingent asset has been recognised in the financial statements in relation to the indemnities provided by the beneficiaries of the arrangements. As the tax liability has not crystallised, the Group is not yet entitled to seek recovery of the amounts due under the indemnities.

The judgements around the provision is discussed more fully in note 2 of the Group financial statements.

11. AUTHORISED AND ISSUED SHARE CAPITAL

Allotted, called up and fully paid share capital of 25/48p per share

	At 25 December 2022		At 26 December 2021	
	Number	£	Number	£
At 26 December 2021 and 27 December 2020	**448,023,791**	**2,333,458**	468,980,073	2,442,605
Share buybacks	**(25,404,336)**	**(132,314)**	(20,956,282)	(109,147)
At 25 December 2022 and 26 December 2021	**422,619,455**	**2,201,144**	448,023,791	2,333,458

During the period, the Company bought back a total of 25,404,336 Ordinary shares of 25/48p each for a total of £77.5m including costs of £0.5m. The average price paid for these repurchased shares was 305.64p. These repurchased shares were then cancelled in the same period.

12. ASSETS HELD FOR SALE

	At 25 December 2022 £m	At 26 December 2021 £m
Assets held for sale	**20.3**	—
	20.3	—

Assets held for sale include 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. The put option exercise price is €79.2m (c.£70m), which will be received in cash together with the loan receivable of €10.8m (c.£9m), leading to a total cash receipt of €90.0m (c.£79m) in June 2023, dependent on foreign exchange. This will generate a profit on disposal in the Company financial statements of c.£50m.

13. SHARE-BASED PAYMENTS

The total charge recognised for share-based payments in respect of employee services received during the 52 weeks ended 25 December 2022 was £1.2m (2021: £1.7m). This arises solely on equity-settled share-based payment transactions. Of this total, a charge of £0.1m (2021: £0.3m) relates to employees of the Company and a charge of £1.1m (2021: £1.4m) 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 30 of the Group financial statements.

14. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

2022

On 10 May 2022, a final 2021 dividend of £30.0m was paid to shareholders.

On 21 September 2022, an interim 2021 dividend of £13.8m was paid to shareholders.

2021

On 4 May 2021, a final 2020 dividend of £42.3m was paid to shareholders.

On 24 September 2021, an interim 2021 dividend of £13.7m was paid to shareholders.

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 2,809,912 shares at a cost of £9.0m (2021: 800,000 at a cost of £2.9m) in the Company and disposed of 1,422,852 shares in the Company (2021: 567,681). The EBT held 2,904,928 shares (2021: 1,517,868) at the end of the period, which have a historic cost of £9.3m (2021: £4.6m). The EBT waived its entitlement to dividends in the current and prior period.

15. 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 £3.8m at 25 December 2022.

FIVE-YEAR FINANCIAL SUMMARY

	25 December 2022[1]	26 December 2021[1]	27 December 2020[1]	29 December 2019[1]	30 December 2018
Trading weeks	**52**	52	52	52	52
System sales (£m)	**1,456.4**	1,499.1	1,348.4	1,210.9	1,155.4
Group revenue (£m)	**600.3**	560.8	505.1	508.3	493.4
Underlying profit before tax (£m)	**98.9**	113.9	101.2	98.8	100.0
Statutory profit before tax (£m)	**98.9**	109.7	98.9	75.1	87.1
Basic earnings per share (pence)					
– Statutory	**18.8**	17.1	8.9	2.8	10.3
– Underlying	**18.8**	20.3	18.2	17.6	17.4
Diluted earnings per share (pence)					
– Statutory	**18.7**	17.0	8.8	2.8	10.2
– Underlying	**18.7**	20.2	18.1	17.5	17.2
Dividends per share (pence)	**10.0**	9.80	9.10	9.76[2]	9.50
Underlying earnings before interest, taxation, depreciation and amortisation (£m)	**130.1**	136.4	125.5	117.0	112.7
Adjusted net (debt)/cash (£m)	**(253.3)**	(199.7)	(171.8)	(232.6)	(203.3)
Adjusted gearing ratio	**1.95**	1.46	1.37	1.99	1.80
Stores at start of year	**1,227**	1,258	1,298	1,261	1,192
Stores opened	**35**	31	22	43	71
Stores acquired	**—**	—	—	—	—
Stores closed	**(1)**	(5)	(6)	(6)	(2)
Stores disposed[3]	**—**	(57)	(56)	—	—
Stores at year end	**1,261**	1,227	1,258	1,298	1,261
Corporate stores at year end	**31**	35	94	129	124
UK like-for-like sales growth (%)	**(4.2)%**	11.2%	10.9%	3.7%	4.6%

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.

SHAREHOLDER INFORMATION

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Registrars

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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.

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.

The registrars also offer a range of other dealing and investment services, which are explained on their website, 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

FCA Consumer Helpline

0800 111 6768

FCA ScamSmart Website

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.

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