

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

Final Results 2023, Trading Update and Investor Presentation

DP Poland, the operator of pizza stores and restaurants across Poland and Croatia, announces its audited results for the year ended 31 December 2023.

DP Poland's Chief Executive Officer, Nils Gornall, said:

"In 2023, we upheld our High Volume Mentality strategy, driving a 20.7% growth in delivery sales and enhancing efficiency. Our focus on innovation and swift service reduced delivery times by 4% and boosted weekly orders to 731 on average.

We launched new products like 'everyday pizza' and KitKat Calzone and raised our Net Promoter Score by 30.1%. We also revamped training programs and incentives, achieving double-digit sales growth and a 25.3% increase in group like-for-like system sales. Our digital platform thrived, with 89% of delivery orders placed online.

Looking to 2024, our strong growth has continued, with LFL sales up 19.9% year to end of April. Supported by our recent fundraise, we aim to open 45-50 new stores, upgrade 25-30 stores, and transition to a franchise model. I'm excited about our future and our team's potential to continue delivering."

Financial highlights

- Group Revenue increased by 25.0% to £44.6m (2022: £35.7m)
 - Strong LFL system sales growth of 19.7% in 2023 compared to 2022 in Poland
 - Growth of non-delivery and delivery LFL System Sales of 17.8% and 20.7%, respectively, compared to prior year
- Group System Sales were up 25.1% to £46.1m (2022: £36.8m)
- Group EBITDA increased from £1.7m to £3.5m
- Group loss for the period was £(3.5)m vs. £(4.3)m in 2022

Operational highlights

- LFL system order count increased by 16.4% in 2023 compared to 2022
- The Group operated 116 stores at the end of 2023, including 111 Domino's Pizza stores across Poland and 5 across Croatia
- 2023 inflation rates are 11.4% for Poland and 8.4% for Croatia, driven mainly by energy prices, food and labour costs
- 89 of delivery sales were ordered online (2022: 87%)

Summary Financial Information

<i>Currency: £000</i>	2023	2022	% change
System Sales	46,056	36,818	25.1%
Revenue	44,623	35,694	25.0%
EBITDA*	3,529	1,693	108.4%
Margin %	7.9%	4.7%	
Loss for the period	(3,542)	(4,360)	18,8%

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

YTD 2024 April Trading Update

- Positive performance in Poland with LFL System Sales growth and LFL Order Count growth of 19.9% YoY and 17.0% respectively
- LFL System Sales growth of 9.9% YoY in Croatia
- Group EBITDA in line with expectations
- Deployment of proceeds of fundraise:
 - 35 new stores in Poland and 2 in Croatia currently in review, of which 7 rent contracts have already been signed and 5 locations earmarked for 2025
 - 6 store refurbishments already planned before the year end
 - Investment into commissary capacity, with the installation of siloes in Lodz commissary to be finalized by the end of July 2024
 - Rolling-out of automated aggregators' order placing

Investor Presentation

The Company is pleased to announce that Nils Gornall and Edward Kacyrz will provide a live presentation relating to the 2023 FY results via Investor Meet Company on 03 June 2024, 15:30 BST.

The presentation is open to all existing and potential shareholders. Questions can be submitted pre-event via your Investor Meet Company dashboard up until 02 June 2024, 09:00 BST, or at any time during the live presentation.

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

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

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

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Notes for editors

About DP Poland plc

DP Poland, has the exclusive right to develop, operate and sub-franchise Domino's Pizza stores in Poland and Croatia. The group operates over 115 stores and restaurants throughout cities and towns in Poland and Croatia.

Chairman's Statement

I am very proud of the positive progress made by Domino's Pizza Poland over the past year. The year has been categorised by strong sales growth, full integration of Dominium and Domino's Croatia, settling down of a new Management Structure, Strengthening of the Board and continued improvement in Technology. The business changes which have been made are consistent with a High Volume Mentality offering customers quality food, efficiently delivered at good value pricing and thereby enhancing Store Economics.

There has been a highly successful Fundraise at the start of 2024 which is a clear indication of support for both the plan and execution capability by the team as well as the confidence felt by investors in the opportunity ahead.

Our Board has seen change during 2023 with a focus on Domino's experience in recruitment starting with my appointment as Chairman at the start of the year. I would like to thank Peter Furlong and Andrew Rennie for their contributions and welcome Stoffel Thijs who joined as a Director at the start of 2024. We aim to strengthen the Independent Directorate during the year and begin to address the gender balance.

At the end of 2023, we operated 111 stores in Poland and 5 in Croatia. Over the past year, the Store Optimization Plan led to the opening of 4 new stores, closure of 4 and major re-models/up-grades in 4 stores. We see room for many more stores and will deploy the new financial resources to complete the up-grades and initiate an organic Opening Programme. We shall consider M&A opportunities on their merits as they arise.

The improved store economics enable us to move to a Sub Franchise model and we shall develop appropriate head office resource to support this transition. This will accelerate growth and ultimately improve returns.

In summary, we have built a very solid foundation to take advantage of the exciting opportunities that lie ahead and have a clear plan and strong team to exploit them. These are exciting times for DPP.

I would like to end by paying tribute to our outstanding Executive Team, led by Nils Gornall, our CEO. The Board appreciate their commitment and hard work which has been essential to delivering strong results. We also thank each employee who plays a significant part in satisfying our loyal Customers.

David Wild
Non-Executive Chairman
30 May 2024

Chief Executive's Review

In 2023, we continued our commitment to the High Volume Mentality strategy, emphasising swift service and exceptional product quality at good value, to significantly boost our order volumes and operational efficiency. This strategy, now in its second year, has enabled us to achieve a remarkable 20.7% growth in delivery sales, which represents two thirds of our Polish Like for Like (LFL) System Sales.

Our focus on enhancing delivery services saw average delivery times cut by 4%, bringing us closer to our ambitious 20-minute target. Reduced delivery times not only boosts customer satisfaction but also drives our profitability upwards. Impressively, our stores are now regularly exceeding 800 orders per store weekly, averaging 731 in 2023 (a 19% increase compared to 2022).

Innovation has been at the forefront of our operations. Over the last year, we introduced a range of new products, including the 'everyday pizza' and Polish Heroes, alongside unique offerings like sweet rolls desserts and the Kitkat Calzone in collaboration with Nestle. These initiatives have significantly enhanced customer engagement, as reflected by a 30.1% increase in our Net Promoter Score, solidifying the strength of the Domino's brand.

Investment in our people remains a priority. We overhauled our training programs and introduced new incentive schemes for store managers, aligning with key performance indicators to uplift service standards further. The results have been hugely positive, contributing to double-digit growth in both delivery and non-delivery sales, with a like-for-like group system sales increase of 25.3% compared to 2022.

Our commitment to cost control and efficiency continued through strategic IT enhancements, with a focus on cash and labour management. Looking ahead to 2024, we are excited to expand our digital transformation efforts, including the development of self-service kiosks, enhancements to our app, and the integration of communication bots with service providers.

The store network optimisation plan has been another cornerstone of our strategy. This past year, we completed significant refurbishments at four locations, opened four new stores, and closed four underperforming ones, refining our store footprint to 116 outlets. These changes have not only enhanced our brand image and customer traffic but also fortified our store profitability and set a strong foundation for future expansion.

Our digital platform has seen substantial growth, with 89% of our delivery orders now placed online, thanks in large part to advancements in our mobile app. This tool has become a critical component of our digital strategy, with app-generated orders quadrupling over the year to 31.9% of total digital orders. As we continue to enhance our digital offerings, we anticipate further growth in online engagements and sales.

The outlook for 2024 is exceedingly positive, supported by easing inflationary pressures and a supportive economic environment following recent political developments. We are committed to continuing our growth trajectory, focusing on delivering exceptional value to our customers and expanding our market presence.

In conclusion, the transformations implemented across our operations have not only strengthened our market position but have also set the stage for sustained growth and profitability. Our strategy for the next 24-30 months includes an aggressive store expansion plan and transitioning towards a franchisee model, ensuring that Domino's remains a leader in the quick-service restaurant sector in Poland and Croatia. The Group is preparing to open c. 45-50 stores and upgrade c.25-30 stores from our current network.

The Group has made a considerable progress on deployment of the proceeds from Fundraise at the start of 2024, i.e., twelve locations are already nominated for opening in 2024, from which four rent contracts for new stores has been signed and three rent contracts are in the process of signing. Also, the Group has nominated five locations for full refurbishments and has started a set of investments into commissary to double the capacity by the end of 2024.

I am enthusiastic about our future and confident in our team's ability to capitalise on the opportunities ahead.

Nils Gornall
Chief Executive Officer
30 May 2024

Chief Financial Officer's Review

Overview

I am pleased to report a record financial year for our Group in 2023, marked by the effective implementation of our High Volume Mentality strategy and significant strides in cost optimisation and network revision. This strategy led to a robust double-digit sales increase across both delivery and non-delivery segments, driven by a substantial rise in order counts.

We saw inflationary pressures ease from March 2023, which bolstered our profitability as input costs fell, particularly from Q2 onwards. The Like-for-Like (LFL) Group System Sales saw a remarkable increase of 25.3% over 2022 and 50.8% over 2021, amounting to £46.1 million. This growth was driven by a 15.4% increase in LFL Group order counts over the previous year. Notably, Poland was a significant growth driver, where we achieved a 19.7% increase in system sales.

In Croatia, the expansion was also impressive, with System Sales surging by 44.2% due to the opening of two new stores, alongside a 3.2% growth in LFL System Sales.

By year-end, our portfolio included 116 stores (108 corporate and 8 franchised stores), with a dominant delivery business contributing two thirds of sales and 89% of delivery orders were placed online. Our existing footprint positions us strongly for sustained growth in both corporate-owned and franchised stores into 2024 and beyond.

Financial Performance*

	2023	2022
	£	£
System sales**	46,056,212	36,817,825
Revenue	44,622,983	35,694,098
Cost of goods sold	(13,431,506)	(11,396,902)
Materials and energy	(2,580,342)	(1,932,568)
External services	(7,776,912)	(7,473,059)
Payroll and social charges	(17,086,986)	(12,893,338)
Other operating costs	(218,327)	(304,774)
Group adjusted EBITDA***- <i>excluding non-cash items, non-recurring items and store pre-opening expenses</i>	3,528,910	1,693,457
Store pre-opening expenses	(64,018)	(37,584)
Other non-cash and non-recurring items	(1,439,723)	(500,971)
Depreciation and amortisation	(4,732,001)	(4,336,210)

Share based payments	(323,602)	(137,748)
Foreign exchange gains / (losses)	448,522	17,406
Finance income	205,683	257,984
Finance costs	(1,122,883)	(1,258,850)
Loss before taxation	(3,499,112)	(4,302,516)
Taxation	(43,155)	(57,429)
Loss for the period	(3,542,267)	(4,359,945)

* Average exchange rates for 2023 and 2022

** System Sales - total retail sales including sales from corporate and sub-franchised stores

*** Group adjusted EBITDA – earnings before interest, taxes, depreciation and amortization excluding non-cash items, non-recurring items and store pre-opening expenses

Revenue and System sales

The Group's System sales saw a robust increase of 25.1%, primarily driven by a 21.4% growth in Polish system sales (15.4% in local currency). Group revenue rose by 25.0% year-over-year, with Like-for-Like (LFL) growth reaching 25.3%, largely due to a significant 19.0% increase in the average weekly order count in Poland. This improvement was largely driven by the implementation of the High Volume Mentality strategy, the introduction of new products, enhanced ingredient quality, and quicker delivery times, all contributing to higher customer satisfaction and repeat business.

Performance in 2023 showed consistent quarter-over-quarter improvement, culminating in the highest growth during Q4, as detailed in the Key Performance Indicators section later in this report.

Expenses

Despite Poland facing one of Europe's highest inflation rates in 2023, our Group successfully managed to keep the increase in cost of goods sold (17.9% YoY) below our revenue growth (25.0% YoY). This achievement was facilitated through various cost optimization projects, including the standardisation of production processes, enhanced delivery speeds, improved labour management, and the implementation of a new labour scheduling system. Additionally, renegotiated vendor contracts and diminishing inflationary pressures helped us reduce food costs as a percentage of revenue compared to the previous year. While inflation eased starting March 2023, wage inflation remained high, leading to a 19.6% minimum wage increase and a consequent 32.5% rise in payroll and social charges costs YoY.

Other non-cash and non-recurring items

In 2023, the Group recorded non-cash and non-recurring items, notably an adjustment related to the write-off of right-of-use assets. This adjustment, totalling £892,171, was primarily due to anticipated store closures in 2024 as part of our network optimization strategy in Poland. Other non-cash and non-recurring items included adjustments for IFRS 16, a VAT refund, provisions for dismantling, and various other components.

Depreciation and amortisation

Depreciation and amortisation expenses consist mainly of right of use assets depreciation charges amounting to £2,412,155 in 2023 (2022: £2,272,151), leasehold improvements depreciation which amounted to £1,487,837 (2022: £1,437,807) and intangible assets amortisation which amounted to £832,009 in 2023 (2022: £626,252).

Finance costs

Finance costs of the Group mainly comprise interest expense on lease liabilities of £611,477 (2022: £665,084) and interest payable on the loan note issued to Malaccan Holdings Ltd of £460,554 (2022: £333,418).

Taxation

The Group paid no corporation tax in 2023 and 2022 due to brought forward losses. As the Group has unused tax losses available for offset against future profits, it does not expect to pay any corporation tax in 2024.

Group loss for the period

Group loss for the period decreased by 18.8% compared to 2022 mainly due to improved adjusted EBITDA partially offset by increased other non-cash and non-recurring items and depreciation and amortisation costs.

The Board has devised an accelerated growth strategy focusing on expanding store rollout and transitioning to a franchise model to drive future profit growth. The robust performance in 2023, especially the momentum gained in the latter half, lays a solid foundation for our next growth phase. Our objective is to scale operations and expand market share, aiming to position ourselves as a major competitor or market leader in Poland and Croatia within three years.

To facilitate this, we plan to streamline internal processes in the supply chain and back office, including the merger of Dominium S.A. and DP Polska S.A., expected by the end of 2024 (for further details please refer to Note 32), and further investments in digital transformation such as mobile app enhancements, kiosk launches, and full integration with suppliers.

<i>Currency: £</i>	2023	2022	Change %
Group loss for the period*	(3,542,267)	(4,359,945)	-18.8%

* Average exchange rates for 2023 and 2022

Store Count Poland

Dominos Polska S.A. & Dominium S.A.	1 Jan 2023	Opened*	Closed	31 Dec 2023
Corporate	105	2	4	103
Sub-Franchised	8	0	0	8
Total	113	2	4	111

* The number of opened stores includes the store opened after capital reconstruction

Store Count Croatia

All About Pizza d.o.o.	1 Jan 2023	Opened	Closed	31 Dec 2023
Corporate	3	2	0	5
Sub-Franchised	0	0	0	0
Total	3	2	0	5

Enlarged Group

Store count	1 Jan 2023	Opened	Closed	31 Dec 2023
Corporate	108	4	4	108
Sub-Franchised	8	0	0	8
Total	116	4	4	116

In 2023 DP Poland opened 4 corporate stores, 4 stores were closed and 4 stores were fully refurbished.

Sales Key Performance Indicators (KPIs)

System sales* were up 25.1% YoY, whereas LFL system sales** were up 25.3% YoY.

	2023	2022	Change %
Group System Sales*, £'000	46,056	36,817	25.1%
LFL system sales**, % growth	25.3%	21.0%	n/a
LFL system order count***, % growth	15.4%	10.0%	n/a
Poland Delivery System Sales**** ordered online	89%	87%	n/a

* System Sales - total retail sales including sales from corporate and sub-franchised stores. Sales from sub-franchised stores are not included in revenue

** Like-for-like System Sales - matching trading periods for the same stores between 1 January and 31 December 2023 and 1 January and 31 December 2022. The Group's system stores that are included in like-for-like System Sales comparisons are those that have operated for at least 1 year preceding the beginning of the first month of the period used in like-for-like comparisons for a certain reporting period, assuming the relevant system store has not been subsequently closed

*** System order count – total retail orders from corporate and sub-franchised stores

**** Delivery System Sales stand for the turnover generated in delivery channel by both corporate and franchisee stores

Like-for-like Poland System Sales growth 2023 vs 2022 per quarter were as follows:

	Q1	Q2	Q3	Q4
LFL system sales growth by quarter	19.4%	16.8%	14.1%	27.5%

Exchange rates

PLN : £1	2023	2022	Change %
Profit & Loss Account	5.2218	5.4965	-5.0%
Balance Sheet	5.0117	5.2827	-5.1%

EUR : £1	2023	2022	Change %
Profit & Loss Account	1.1500	1.1732	-2.0%
Balance Sheet	1.1539	1.1277	2.3%

Financial Statements for Polish subsidiaries DP Polska S.A. and Dominium S.A. are denominated in Polish Zloty ("PLN") and translated to Pound Sterling ("GBP"). Financial Statements for Croatian subsidiary All About Pizza d.o.o. are denominated in EUR ("EUR") and translated to Pound Sterling ("GBP"). Under UK adopted international accounting standards the Income Statement of subsidiaries has been converted from PLN and EUR into sterling at the average annual exchange rate applicable. The balance sheet has been converted from PLN and EUR to GBP as at the exchange rate at 31 December 2023.

Cash position

Currency: £	1 st January 2023	Cash movement	31 st December 2023
Cash in bank	3,728,177	(1,839,712)	1,888,465

Cash movement is mainly due to cash outflows for a number of different strategic and operational projects.

Inventories

Currency: £	1st January 2023	Movement	31st December 2023
Raw materials and consumables	982,110	52,077	1,034,187

An increase of inventory is mainly due to increased purchases of products in 2023 supporting increased sales.

Trade and other receivables

Currency: £	1st January 2023	Movement	31st December 2023
Current trade and other receivables	2,719,050	1,157,382	3,876,432

An increase of trade and other receivables balance is mainly due to VAT receivables increase of Dominium S.A.

Macro-economic conditions in Poland and Croatia

Polish GDP increased in 2023 by 0.2% YoY. The country has faced further inflationary pressures in 2023, although less aggressive than in 2022. The Board is constantly monitoring purchase prices to ensure the Group can react to any price increases from its suppliers.

Macro-economic conditions - Poland	2023	2022
Real GDP growth (% growth)	0.2*	5.3
Inflation (% growth)	11.4	14.4
Unemployment Rate (% of economically active population)	3.1	2.9

* First estimate of Polish Statistics Office for the year 2023

Croatian GDP increased in 2023 by 2.8%. The country is still facing inflationary pressures in result of world macroeconomic situation, however, currency change from HRK to EUR effective 1st January 2023 additionally strengthened inflationary pressure in short-term. For that reason, AAP established cooperation with the Group's suppliers to reduce pressure on AAP profitability.

Macro-economic conditions - Croatia*	2023	2022
Real GDP growth (% growth)	2.8	6.3
Inflation (% growth)	8.4	10.7
Unemployment Rate** (% of economically active population)	6.4	7.1

* Data based on macroeconomic indicators published 14th March 2024 by Croatian National Bank

** November 2023 data

Sub-franchised stores

There are 8 sub-franchised stores as at 31st December 2023. Sales of sub-franchised stores for 2023 amounted to £2,793,080 (2022: £2,351,560) and included in the System sales figure.

Going concern

The Board considered the Group's forecasts, in particular those relating to the growing sales volume and improved cost management, to satisfy itself that the Group has sufficient resources to continue in operation for the foreseeable future. The Group sales and costs forecasts are based on market-available data with regard to country inflation and GDP growth rates as well as historical level of sales volumes and incurred costs as a percentage of sales taking into account implemented High Volume Mentality, accelerated growth strategy through the store rollout, increased focus on internal processes optimisation and digital transformation. The Board also considered the Group's cash flow forecasts and successfully concluded stress-tests for lower price increase from 7.0% in all channels to 5.6% in delivery, 5.0% in carry-out and 3.0% in dine-in, and higher discounts in delivery by 2.0%. Sensitivity analysis has been completed, there is no issue with going concern based on future forecasts.

Over the first quarters in 2023, the Board of DP Poland has given a considerable thought as to how the Group might define, quantify and minimise the risks related to inflationary pressures. As inflationary pressure began to abate from March 2023, the Board considers that the major risks connected with inflation are vanishing, which has already been reflected in the decreasing commodity prices starting from Q2 2023, with the forecast for further price reductions. On the other hand, the Board has prepared a roadmap for a number of different strategic and operational projects aiming at optimization of internal processes in supply chain, change in the Group structure, as well as further investments into digital transformation.

The Board takes into account the uncertainty related to the future dynamics of the commodity prices and inflationary pressures, which remain the most pronounced risks to our going concern assumptions.

In April 2024 the Group has raised gross proceeds of approximately £20.5 million through the subscription by Domino's Pizza Group plc, the placing of shares through an accelerated bookbuild process and the placing of retail offer. The net proceeds of the fundraising receivable by the Group will be mainly used to accelerate its growth strategy through the roll out of stores in Poland and Croatia, upgrade of stores in Poland, shift to a franchise model and through possible targeted acquisitions to reach 200 stores within three years.

The Group has agreed an extension to the maturity date of its loan facilities provided by Malaccan Holdings Ltd. by six months to 30 June 2025. During the extension period of 1 January 2025 to 30 June 2025 the Loan Notes will carry an interest rate of EURIBOR plus 2.5 per cent., compared to EURIBOR plus 1.0 per cent. for 2024. In April 2024 the Group made a partial repayment (£4.0 million) of outstanding Loan Notes from Malaccan Holdings Ltd. from the proceeds raised as a result of the fundraising.

Having considered the Group's cash flows and its liquidity position, and after reviewing the forecast for the next twelve months and beyond, taking into account reasonable possible changes in trading performance, the Directors believe that the Group has adequate resources to continue operations for the foreseeable future and for this reason they continue to adopt the going concern basis in preparing the financial statements.

Edward Kacyrz
Chief Financial Officer
30 May 2024

FINANCIAL STATEMENTS

Group Income Statement for the year ended 31 December 2023

	Notes	2023 £	2022 Restated £
Revenue	2	44,622,983	35,694,098
Cost of goods sold		(13,431,506)	(11,396,902)
Materials and energy		(2,580,342)	(1,932,568)
External services		(7,776,912)	(7,473,059)
Payroll and social charges		(17,086,986)	(12,893,338)
Other operating costs		(218,327)	(304,774)
Group adjusted EBITDA* - excluding non-cash items, non-recurring items and store pre-opening expenses		3,528,910	1,693,457
Store pre-opening expenses		(64,018)	(37,584)
Other non-cash and non-recurring items	5	(1,439,723)	(500,971)
Depreciation and amortisation		(4,732,001)	(4,336,210)
Share based payments	29	(323,602)	(137,748)
Foreign exchange gains		448,522	17,406
Finance income	7	205,683	257,984
Finance costs	8	(1,122,883)	(1,258,850)
Loss before taxation	4	(3,499,112)	(4,302,516)
Taxation	9	(43,155)	(57,429)
Loss for the period		(3,542,267)	(4,359,945)
Loss per share			
Basic	11	(0.50 p)	(0.67 p)
Diluted	11	(0.50 p)	(0.67 p)

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

* Group adjusted EBITDA – earnings before interest, taxes, depreciation and amortization excluding non-cash items, non-recurring items and store pre-opening expenses

Group Statement of comprehensive income for the year ended 31 December 2023

	2023 £	2022 Restated £
Loss for the period	(3,542,267)	(4,359,945)
Currency translation differences	(164,880)	(138,074)

Other comprehensive expense for the period, net of tax to be reclassified to profit or loss in subsequent periods	(164,880)	(138,074)
Total comprehensive income for the period	(3,707,147)	(4,498,019)

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

Group Balance Sheet at 31 December 2023

		2023	2022 <i>Restated</i>
	Notes	£	£
Non-current assets			
Goodwill	12	15,532,023	15,375,840
Intangible assets	13	3,263,346	3,910,188
Property, plant and equipment	14	6,941,009	6,645,301
Leases - right of use assets	20	6,013,057	6,472,965
Trade and other receivables	18	422,064	452,125
		32,171,499	32,856,419
Current assets			
Inventories	19	1,034,187	982,110
Trade and other receivables	18	3,876,432	2,719,050
Cash and cash equivalents	23	1,888,465	3,728,177
		6,799,084	7,429,337
Total assets		38,970,583	40,285,756
Current liabilities			
Trade and other payables	24	(6,655,591)	(5,343,028)
Lease liabilities	21	(2,901,716)	(2,834,336)
Borrowings	25	(7,065,605)	-
		(16,622,912)	(8,177,364)
Non-current liabilities			
Lease liabilities	21	(6,005,449)	(5,666,835)
Deferred tax	17	(588,003)	(540,937)
Borrowings	25	-	(6,763,297)
		(6,593,452)	(12,971,069)
Total liabilities		(23,216,364)	(21,148,433)
Net assets		15,754,219	19,137,323
Equity			
Called up share capital	22	3,562,409	3,561,969
Share premium account	28	47,084,716	47,084,716
Capital reserve - own shares		(48,163)	(48,163)
Retained earnings		(24,668,877)	(21,450,212)

Merger relief reserve	23,516,542	23,516,542
Reverse Takeover reserve	(33,460,406)	(33,460,406)
Currency translation reserve	(232,003)	(67,123)
Total equity	15,754,219	19,137,323

The financial statements were approved by the Board of Directors and authorised for issue on 30 May 2024 and were signed on its behalf by:

Nils Gornall
Chief Executive Officer

Edward Kacyrz
Chief Financial Officer

Company Balance Sheet **at 31 December 2023**

		2023	2022
	Notes	£	<i>Restated</i>
		£	£
Non-current assets			
Investments	15	33,281,643	32,966,376
Loans granted to subsidiary undertakings	16	177,578	171,341
		33,459,221	33,137,717
Current assets			
Trade and other receivables	18	68,631	146,981
Cash and cash equivalents	23	134,185	65,293
		202,816	212,274
Total assets		33,662,037	33,349,991
Current liabilities			
Trade and other payables	24	(100,180)	(94,078)
Borrowings	25	(7,040,576)	-
		(7,140,756)	(94,078)
Non Current liabilities			
Borrowings	25	-	(6,734,149)
Net assets		26,521,281	26,521,764
Equity			
Called up share capital	22	3,562,409	3,561,969
Share premium account	28	47,084,716	47,084,716
Retained earnings		(47,642,386)	(47,641,462)
Merger relief reserve		23,516,542	23,516,542
Shareholders' Equity		26,521,281	26,521,764

The financial statements were approved by the Board of Directors and authorised for issue on 30 May 2024 and were signed on its behalf by:

Nils Gornall
Chief Executive Officer

Edward Kacyrz
Chief Financial Officer

The Company has taken advantage of the exemption provided under section 408 of the Companies Act 2006 not to publish its individual income statement and related notes.

Loss relating to transactions in the financial statements of the parent company was £324,525 (2022: £27,401,465).

DP Poland plc's company registration number is 07278725

Group Statement of Cash Flows **for the year ended 31 December 2023**

		2023	2022
			<i>Restated</i>
	Note	£	£
Cash flows from operating activities			
Loss before taxation for the period		(3,499,112)	(4,302,516)
<i>Adjustments for:</i>			
Finance income	7	(205,683)	(257,984)
Finance costs	8	1,122,883	1,258,850
Foreign exchange movements		(814,216)	(280,539)
Depreciation, amortisation and impairment		4,732,001	4,336,210
Loss on fixed asset disposal		78,585	136,974
VAT refund - interests	7	181,792	231,476
Dismantling provision		120,706	20,466
Share based payments expense	29	323,602	137,748
Operating cash flows before movement in working capital		2,040,558	1,280,685
(Increase) in inventories	19	(52,076)	(314,212)
(Increase) in trade and other receivables	18	(1,127,321)	(1,130,856)
Increase in trade and other payables	24	1,312,563	359,363
Cash generated from operations		2,173,724	194,980
Taxation payable		-	-
Net cash generated from operations		2,173,724	194,980
Cash flows from investing activities			
Payments to acquire intangible assets		(206,556)	(116,501)
Payments to acquire property, plant and equipment		(1,395,053)	(955,893)
Proceeds from disposal of property plant and equipment		1,355	46,063
Interest received on sub-franchisee loans	7	14,402	16,767
Cash flows of acquiring a subsidiary			22,828
Net cash generated from/(used in) investing activities		(1,585,852)	(986,736)
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital		441	4,799,213
Repayment of lease liabilities		(1,795,817)	(2,068,948)

Repayment of borrowings		-	(163,539)
Interest paid on lease liabilities	8	(611,477)	(665,084)
Net cash from/(used in) financing activities		(2,406,853)	1,901,642
<hr/>			
Net increase/(decrease) in cash		(1,818,981)	1,350,291
Exchange differences on cash balances		(20,731)	(83,355)
Cash and cash equivalents at beginning of period		3,728,177	2,461,241
<hr/>			
Cash and cash equivalents at end of period	23	1,888,465	3,728,177

Company Statement of Cash Flows
for the year ended 31 December 2023

		2023	2022
			<i>Restated</i>
	Note	£	£
<hr/>			
Cash flows from operating activities			
Profit/(loss) before taxation		(324,525)	(27,401,466)
<i>Adjustments for:</i>			
Finance income		(535,459)	(818,128)
Finance expense		460,554	576,416
Foreign exchange movements		(22,756)	389,243
Impairment charge		-	26,781,124
Share based payments expense		56,185	72,315
Operating cash flows before movement in working capital		(366,001)	(400,496)
Decrease in trade and other receivables	18	78,350	274,613
Increase/(decrease) in trade and other payables	24	6,102	(36,591)
Cash used in operating activities		(281,549)	(162,474)
<hr/>			
Cash flows from investing activities			
Partial return of equity investment/(Equity investment) in subsidiary company		350,000	(4,703,100)
Loans granted to subsidiary undertakings	16	-	(170,867)
Interest received		-	12
Net cash generated from/(used in) investing activities		350,000	(4,873,955)
<hr/>			
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital		441	4,799,213
Net cash from/(used in) financing activities		441	4,799,213
<hr/>			
Net increase/(decrease) in cash		68,892	(237,216)
Cash and cash equivalents at beginning of period		65,293	302,509

Cash and cash equivalents at end of period	23	134,185	65,293
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Group Statement of Changes in Equity for the year ended 31 December 2023

	Share capital £	Share premium account £	Retained earnings £	Currency translation reserve £	Capital reserve - own shares £	Reverse Takeover reserve £	Merger Relief reserve £	Total £
At 1 January 2022	3,097,933	42,551,453	(17,228,015)	70,951	(48,163)	(33,460,406)	21,282,500	16,266,253
Translation difference	-	-	-	(138,074)	-	-	-	(138,074)
Loss for the period	-	-	(4,359,945)	-	-	-	-	(4,359,945)
Total comprehensive income for the year	-	-	(4,359,945)	(138,074)	-	-	-	(4,498,019)
Shares issued (net of expenses)	464,036	4,533,263	-	-	-	-	2,234,042	7,231,341
Share based payments	-	-	137,748	-	-	-	-	137,748
Transactions with owners in their capacity as owners	464,036	4,533,263	137,748	-	-	-	2,234,042	7,369,089
At 31 December 2022	3,561,969	47,084,716	(21,450,212)	(67,123)	(48,163)	(33,460,406)	23,516,542	19,137,323
Translation difference	-	-	-	(164,880)	-	-	-	(164,880)
Loss for the period	-	-	(3,542,267)	-	-	-	-	(3,542,267)
Total comprehensive income for the year	-	-	(3,542,267)	(164,880)	-	-	-	(3,707,147)
Shares issued (net of expenses)	441	-	-	-	-	-	-	441
Share based payments	-	-	323,602	-	-	-	-	323,602
Transactions with owners in their capacity as owners	441	-	323,602	-	-	-	-	324,043
At 31 December 2023	3,562,410	47,084,716	(24,668,877)	(232,003)	(48,163)	(33,460,406)	23,516,542	15,754,219

Company Statement of Changes in Equity for the year ended 31 December 2023

	Share capital £	Share premium account £	Retained earnings £	Relief reserve £	Total £
At 31 December 2021	3,097,933	42,551,453	(20,377,745)	21,282,500	46,554,141
Loss for the year	-	-	(27,401,465)	-	(27,401,465)
Total comprehensive income for the year	-	-	(27,401,465)	-	(27,401,465)
Shares issued (net of expenses)	464,036	4,533,263	-	2,234,042	7,231,341
Share based payments	-	-	137,748	-	137,748
Transactions with owners in their capacity as owners	464,036	4,533,263	137,748	2,234,042	7,369,089
At 31 December 2022	3,561,969	47,084,716	(47,641,462)	23,516,542	26,521,764

Loss for the year	-	-	(324,525)	-	(324,525)
Total comprehensive income for the year	-	-	(324,525)	-	(324,525)
Shares issued (net of expenses)	441	-	-	-	441
Share based payments	-	-	323,602	-	323,602
Transactions with owners in their capacity as owners	441	-	323,602	-	324,043
At 31 December 2023	3,562,410	47,084,716	(47,642,385)	23,516,542	(26,521,281)

Notes to the Financial Statements

for the year ended 31 December 2023

1. ACCOUNTING POLICIES

Authorisation of financial statements and statement of compliance with IFRSs

The DP Poland plc Group and Company financial statements for the year ended 31 December 2023 were authorised for issue by the Board of the Directors on 30 May 2024 and the balance sheets were signed on the Board's behalf by Nils Gornall and Edward Kacyrz. DP Poland plc is a public limited company incorporated and domiciled in England & Wales. The Company's ordinary shares are traded on the Alternative Investment Market of the London Stock Exchange.

Basis of preparation

Both the Group financial statements and the Company financial statements have been prepared and approved by the directors in accordance with UK-adopted international accounting standards, IFRIC Interpretations and the Companies Act 2006. The preparation of financial statements in accordance with UK-adopted international accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Company's accounting policies.

An additional line item for 'Group adjusted EBITDA - excluding non-cash items, non-recurring items and store pre-opening expenses' has been presented on the face of the income statement as the Board believes this presentation is relevant to the understanding of the Group's financial performance and is a useful indicator for the underlying cash generated from operations.

The Company has taken advantage of the exemption provided under section 408 of the Companies Act 2006 not to publish its individual income statement and related notes.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2023.

The Group and Company financial statements are presented in Sterling. The assets and liabilities of the foreign subsidiaries, whose functional currency is Polish Zloty and Euro, are translated into sterling at the rate of exchange ruling at the balance sheet date and their income statements are translated at the average rate for the year. Differences arising from the translation of the opening net investment in the subsidiary are taken to reserves and reported in the Group statement of comprehensive income.

Basis of consolidation

The Group financial statements comprise the financial statements of DP Poland plc, its subsidiary undertakings and the Employee Benefit Trust ("EBT") drawn up to 31 December of each year, using consistent accounting policies. Subsidiary undertakings have been included in the Group financial statements using the purchase method of accounting. Accordingly the Group Income Statement and Group Statement of Cash Flows include the results and cash flows of subsidiaries from the date of acquisition.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities and is achieved through direct or indirect ownership of voting rights; currently exercisable or convertible potential voting rights; or by way of contractual agreement. The financial statements of subsidiaries are prepared for the same reporting year as the parent Company, using consistent accounting policies. All inter-company balances and transactions, including unrealised profits arising from them, are eliminated on consolidation.

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Restatements of comparative period financial information

The following changes have been made to the comparative period presented within these financial statements:

Adjustments to the Group and Company Statements of Cash Flows

#	Description	Amount	Group/Company
1	<i>Equity consideration issued upon the acquisition of AAP (non-cash)</i>	£	
	Reduction in cash outflows from acquiring a subsidiary	2,264,362	Group
	Reduction in cash inflows from issue of ordinary share capital	(2,382,979)	Group
	Increase in foreign exchange movements (Operating cash flows)	118,617	Group
2	<i>Exercise of share options at nil cost to employees (non-cash)</i>	£	
	Reduction in cash inflows from issue of ordinary share capital	(49,149)	Group
	Increase in foreign exchange movements (Operating cash flows)	49,149	Group
3	<i>Payments for capital expenditure (non-cash)</i>	£	
	Reduction in cash outflow payment to acquire software	187,362	Group
	Reduction in cash outflow payment to acquire property, plant and equipment	116,918	Group
	Reduction in foreign exchange movements (Operating cash flows)	(304,280)	Group
4	<i>Equity consideration issued upon the acquisition of AAP (non-cash)</i>	£	
	Reduction in cash inflows from issue of ordinary share capital	(2,432,128)	Company
	Reduction in cash outflow from equity investment in subsidiary company	3,188,799	Company
	Reduction in cash inflows from interest received	(818,116)	Company
	Increase in exchange differences on cash at end of period	61,444	Company

Adjustments to the Group and Company Balance Sheets and the Group Statement of Comprehensive Income

#	Description	Amount	Group/Company
5	<i>Remeasurement of MFA</i>	£	
	Increase in MFA (intangible assets)	118,616	Group
	Increase in currency translation reserve (SOCl)	(118,616)	Group
6	<i>Merger relief restatement</i>	£	
	Decrease in merger relief reserve	159,575	Group and Company
	Increase in share premium account	(159,575)	Group and Company
7	<i>Deferred tax on MFA</i>	£	
	Increase in goodwill	250,961	Group
	Increase in deferred tax liability	(250,961)	Group
8	<i>Retranslation of foreign operation</i>	£	
	Increase in MFA	77,093	Group
	Increase in goodwill	13,877	Group
	Increase of deferred tax liability	(13,877)	Group
	Increase in currency translation reserve (SOCl)	(77,093)	Group

Adjustments to the Group and Company Statements of Cash Flows

Adjustments 1 to 4 are made to restate amounts relating to non-cash items that should not therefore be included as part of the Statements of Cash flows. These adjustments relate to the non-cash equity consideration issued upon the acquisition of All About Pizza (AAP) (adjustments 1 and 4), the exercise of share options at nil cost to employees (adjustment 2) and the non-cash additions of software and property, plant and equipment (adjustment 3).

There is no impact on net assets, equity or profit or loss from these restatements. Total cash and cash equivalents presented within the Statements of Cash Flows has been changed due to reclassification between trade and other receivables and cash and cash equivalents described below. Overall, within the Group Statement of Cash flows, cash inflows from financing activities have decreased by £2,432,128, cash outflows from investing activities have increased by £2,568,642, cash inflows from operating activities have decreased by £278,254 and total cash and cash equivalents have decreased by £382,145, which is explained in the below reclassification note. Overall, within the Company Statement of Cash Flows, cash inflows from financing activities have decreased by £2,432,128, cash outflows from investing activities have decreased by £2,370,683 and exchange differences on cash balances has increased by £61,444.

Adjustments to the Group and Company Balance Sheets and the Group Statement of Comprehensive Income

Adjustments 5 to 8 are made to restate amounts relating to the acquisition of AAP. The Master Franchise Agreement (MFA) on AAP has been revised to exclude a cash-settled transaction identified as a consequence of the point above, which does not form part of the consideration paid for AAP (adjustment 5). A consequential reclassification between share premium and the merger relief reserve has been made by an equal and opposite amount impacting both the Group and Company Balance Sheets (adjustment 6). Deferred tax has been recognised on the fair value adjustment uplift on the MFA with the resulting deferred tax

liability affecting goodwill (adjustment 7). To reflect the appropriate acquisition accounting and the foreign exchange arising on the acquired foreign operation (AAP), the MFA carrying amount has been restated with a corresponding increase to the foreign currency translation reserve, through other comprehensive income (adjustment 8).

There is no impact on the profit or loss nor the earnings per share (EPS) of either the Company or the Group. Overall, within the Group Balance Sheet, this has resulted in an increase to total assets of £460,547, an increase to total liabilities of £246,838 and total net assets of £195,709, with a corresponding increase to total equity recognised through other comprehensive income. Overall, within the Company Balance Sheet, there is no impact on net assets nor total equity.

There is no impact of the restatements for either the Company or the Group as at 1 January 2022.

The above changes were prompted by an inquiry from the Corporate Reporting Review team of the Financial Reporting Council (FRC) as part of its regular review and assessment of the quality of corporate reporting in the UK. The FRC's review is limited to the published 2022 annual report and accounts and does not benefit from detailed knowledge of the business or understanding of underlying transactions and provides no assurance that the annual report and accounts are correct in all material respects.

Reclassifications of comparative period financial information

The following reclassifications have been made to comparative period financial information:

- Reclassification of receivables from aggregators from cash and cash equivalents to trade and other receivables amounted to £382,145 as at 31 December 2022. Receivables from aggregators were previously disclosed as cash in transit within cash and cash equivalents, however after review more transparently reclassified as trade and other receivables within current assets.
- Allocation of direct and selling, general and administrative costs to cost of goods sold, materials and energy, external services, payroll and social charges and other operating costs in order to enhance transparency and understandability of the presentation by reclassifying the nature of the expense. For details of reclassification please refer to the table below:

	Direct Costs	Selling, general and administrative expenses	Total
	£	£	£
Cost of goods sold	(11,396,511)	(391)	(11,396,902)
Materials and energy	(1,872,692)	(59,876)	(1,932,568)
External services	(2,809,758)	(4,663,301)	(7,473,059)
Payroll and social charges	(12,233,960)	(659,378)	(12,893,338)
Other operating costs	-	(304,774)	(304,774)
Total	(28,312,921)	(5,687,720)	(34,000,641)

Adoption of new and revised standards

The accounting policies adopted in the preparation of the Group financial statements are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 December 2022, except for the adoption of new standard, interpretations, and amendments to standards effective as of 1 January 2023.

The amendments and interpretations below were applied in 2023 and had no significant impact on the accounting policies applied:

- Amendments to IAS 8: Definition of accounting estimates
- Amendments to IAS 1: Disclosure of accounting policies
- Amendments to IAS 12: Deferred tax related to assets and liabilities arising from a single transaction.

New standards and interpretations not applied

Below amendments to standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted. The Group has not early adopted the new or amended standards in preparing these consolidated financial statements:

- Amendments to IAS 1: Classification of liabilities as current or non-current
- Amendments to IAS 1: Non-current liabilities with covenants
- Amendments to IFRS 16: Lease liability in a sale and leaseback
- Amendments to IAS 7 and IFRS 7: Supplier finance arrangements.

It is expected that the standards will not have a material impact on the Group.

Intangible assets

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired separately from a business are carried initially at cost. An intangible asset acquired as part of a business combination is recognised outside goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably. Intangible assets with a finite life are amortised and charged to administrative expenses on a straight line basis over their expected useful lives, as follows:

- Franchise fees and intellectual property rights: over the duration of the legal agreement;
- Computer software: 2 to 5 years from the date when the software is brought into use; and
- Capitalised loan discounts: the life of sub-franchise agreements of 10 years.

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

Goodwill

Goodwill is initially measured at cost and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

The Group performs impairment reviews at the reporting period end to identify any goodwill or intangible assets that have a carrying value that is in excess of its recoverable amount. Determining the recoverability of goodwill and the intangible assets requires judgement in both the methodology applied and the key variables within that methodology. Where it is determined that an asset is impaired, the carrying value of the asset will be reduced to its recoverable amount with the difference recorded as an impairment charge in the income statement.

In accordance with IAS 36, the Group has tested goodwill for impairment at the reporting date. No goodwill impairment was deemed necessary as at 31 December 2023. For further details on the impairment review please refer to note 12.

Fixtures, fittings and equipment

Fixtures, fittings and equipment are stated at cost less accumulated depreciation and any impairment in value. Leasehold property comprises leasehold improvements including shopfitting and associated costs.

Depreciation

Depreciation is provided on all tangible non-current assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the balance sheet date, of each asset on a straight line basis over its expected useful life, as follows:

Leasehold property	– over the expected lease term
Fixtures, fittings and equipment	– 3 to 10 years

The carrying values of tangible non-current assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

The asset's residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

Assets Under Construction

Assets under construction comprise the cost of tangible fixed assets in respect of stores that have not yet opened and therefore no depreciation has yet been charged. Depreciation will be charged on the assets from the date that they are available for use.

Impairment

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 fair value less costs to sell, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the income statement under the expense category: Depreciation, amortisation and impairment.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the

depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Financial instruments

Financial instruments are measured initially at cost, which is the fair value of whatever was paid or received to acquire or incur them.

Financial assets

All of the Group's financial assets are held within a business model whose objective is to collect contractual cash flows which are solely payments of principals and interest and therefore classified as subsequently measured at amortised cost.

Financial assets at amortised cost are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's financial assets at amortised cost comprise trade and other receivables, loans to sub-franchisees and cash and cash equivalents in the balance sheet. Loans to sub-franchisees are provided at below market interest rates. 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 Commissary sales that will be generated. These assets are amortised over the life of a new franchise agreement of 10 years.

The Group recognises an allowance for expected credit losses ('ECLs') for all financial assets. 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 effective interest rate.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or as financial liabilities measured at amortised cost. Financial liabilities at amortised cost comprise loans..

Borrowings

Borrowings are recognised initially at fair value net of directly attributable transaction costs.

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss 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 statement of profit or loss.

Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at banks and in hand. For the purpose of the consolidated and company cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

Inventories

Inventories are stated at the lower of cost and net realisable value. Inventories comprise food and packaging goods for resale. The Group applies a first in first out basis of inventory valuation.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Foreign Currency Translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- c) all resulting exchange differences are recognised within other comprehensive income as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are recognised in other comprehensive income..

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.

Employee share incentive plans

The Group issues equity-settled share-based payments to certain employees (including Directors). These payments are measured at fair value at the date of grant by use of a Black-Scholes model. Vesting is dependent on performance conditions other than conditions linked to the price of the shares of DP Poland plc (market conditions). In valuing equity-settled transactions, no account is taken of these performance conditions. This fair value cost of equity-settled awards is recognised on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. No cost is recognised for awards that do not ultimately vest.

Leases

The Group as a lessee

At the balance sheet date, the Group leased 116 stores, one office, two commissaries and a number of vehicles. Leases for land and buildings are normally for an initial term of 5 years with an option to renew thereafter. Lease payments are subject to regular rent reviews to reflect market rates. The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees.

The lease liability is presented as a separate line in the consolidated balance sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated balance sheet. The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy. Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in operating expenses in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as lessor

The Group enters into lease agreements as an intermediate lessor with respect to stores operated by sub-franchisees.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The Group evaluated and classified these subleases as operating leases. The sublease does not transfer substantially all of the risks and rewards arising from right-of-use asset from the head lease, the sublease is classified as an operating lease and rent received is recognised in the income statement on a straight line basis over the lease term. Initial direct costs incurred in negotiating and

arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Current tax

Current tax is the amount of income tax payable on the taxable profit for the period. Current tax assets and liabilities for the current and prior periods are measured at the amounts expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts with the exception of:

- Where 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.
- For taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures and where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Capital instruments

Ordinary shares are classified as equity instruments. The finance costs recognised in the Income Statement in respect of capital instruments other than equity shares are allocated to periods over the term of the instrument at a constant rate on the carrying amount applying the effective interest method.

Capital reserve - own shares

DP Poland plc shares which are held within the Company's employee benefit trust, for the purpose of providing share based incentives to Group employees are classified as 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.

Revenue recognition

The Group recognises revenue from the following major sources:

- Corporate store sales;
- Royalties, franchise fees and sales to franchisees; and
- Rental income on leasehold property.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer. The criteria for recognising revenues are set out in note 2.

Finance income

Revenue is recognised as interest accrues applying the effective interest method.

Going concern

The Directors must make an assessment as to whether the Group is a going concern. In forming their views, the Directors have prepared cash flow forecasts for a 12 month period following the date of signing the balance sheet and beyond. As part of the preparation of these forecasts, the Directors have estimated the likely outcome for the number of new stores opened. Before entering into a contract to acquire a new site, the Directors ensure that the Group has sufficient working capital available to allow the completion of the outlet. Based on these forecasts, the Directors have confirmed that there are sufficient cash reserves to fund the business for the period under review. After reviewing these forecasts, consideration of the Group's cash resources and other appropriate enquiries, the Directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Accounting estimates and judgements

The preparation of financial statements in conformity with UK-adopted international accounting standards requires the use of certain critical accounting estimates and judgements. It also requires management to exercise judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgements

Applying IFRS 3 for accounting of acquisition required Group's judgement. The Directors have assessed the key nature and attributes of the assets of the businesses acquired and in particular the value of the separable intangible assets. The Directors have concluded that materially, the value is all attributable to the Master Franchise Agreement and are satisfied that it is appropriate to attribute the full value of the intangible asset acquired to brand value.

When assessing whether it was reasonable for the excess to all be attributable to the MFA, management inter-alia considered the following factors:

- Separately identifiable intangible assets acquired – Consideration was given at the time as to whether the AAP business contained identifiable intangible assets, such as customer relationships, a brand (represented by the Domino's Pizza brand), intellectual property and software. The Master Franchise Agreement (MFA) provides AAP with an on-going right to use the Domino's Pizza franchise exclusively within Croatia. Under the terms of the MFA, whilst AAP has the right to use the Domino's Pizza brand and other intellectual property in Croatia, the ownership of these assets remains with the franchisor. In the event of the loss or transfer of the MFA, all other intangible assets, including any customer relationships, would also be lost or transferred such that these intangible assets are considered to be included, and not separable from, the MFA itself.
- Value attributed to the MFA – the MFA provides AAP with an on-going extension right to use the Domino's Pizza franchise exclusively within Croatia, the extension option of which is under the control of the Group. As the renewal is expected to continue for the foreseeable future, this indicates that substantially all the acquired value of the business can be attributable to the expected future cash flows associated from the operation of the business (which is fully dependent upon the MFA being in place).
- Assembled workforce and expected synergies – Whilst AAP was acquired with an existing collection of employees, due to the nature of the workforce being predominately short-term hire staff, any value attributable to the assembled workforce was considered immaterial. Additionally, whilst the Group already operates as a franchisee in Poland under the Domino's Pizza trademark, any expected synergies were also considered minimal due to the strict conditions and terms of operation under the MFA.

Assessment of indefinite useful life of the Master Franchise Agreement intangible asset

Identification of Master Franchise Agreement's useful life recognised as at acquisition date of All About Pizza d.o.o. also required judgement. As there is no foreseeable limit to the period over which Master Franchise Agreement is expected to generate net cash inflows for the entity, the Group identified Master Franchise Agreement to have an indefinite useful life.

Management assessed the underlying contractual terms and conditions of the MFA. The MFA in Croatia has been secured for an initial ten-year period, with the right to extend the agreement by ten years, on every tenth anniversary. The extension option is under the control of the Group. The agreement commenced with AAP in July 2019. AAP cannot operate any store without the Domino's Pizza trademark and hence the MFA is required in order for the Croatian entity to operate. Management therefore determined that upon initial recognition the MFA is inextricably linked to the Group's business model to remain within the Croatian market for the foreseeable future and it is management's current expectation to continue to do so, hence the renewal option in the contract is currently expected to be renewed indefinitely.

Determining the lease term

Leases are negotiated on an individual basis and contain a wide range of terms and conditions, such as early termination clauses and renewal rights. Termination clauses and renewal rights are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise a renewal right, or not exercise a termination clause. An adjustment to the lease term is only made if the lease is reasonably certain to be extended or not terminated, i.e. when there is a significant event of change in circumstances as per para 20 of IFRS 16.

Estimation uncertainties

Impairment

The Group's determination of whether non-current assets and investments in subsidiary undertaking are impaired requires an estimation of the fair value less costs of disposal of the cash generating units to which the relevant asset or investment is allocated. This requires estimation of future cash flows and the selection of a suitable discount rate. The recoverable amount of the cash generating unit has been determined based on the fair value less costs of disposal calculated using discounted future cash flows, which are subject to significant estimates due to the growth phase of the business. Future cash flows are based on the Group's business plan. The calculation of the fair value is most sensitive to the following assumptions: store performance; discount rates; store openings in Poland and Croatia; foreign exchange rates.

The discount rate reflects management's estimate of the return on capital employed for the investment in Poland. The store openings are based on the current business model being used by management, which is progressing in line with expectations. The parent company's investment in Polish subsidiaries, i.e., DP Polska S.A. and Dominium S.A., had a historical cost of £30.9m. With effect from 29 July 2022, the Company became the legal parent of All About Pizza d.o.o. The parent company's investment in Croatian subsidiary had a historical cost of £ 2.4m. The Group has determined that no impairment in the investment value should be recognised in the accounts of DP Poland plc as at 2023 year-end. Sensitivity analysis has been performed to highlight the impact of assumptions on Polish and Croatian CGU. A 100bps increase in the discount rate reduces headroom to £12.9m for

Polish and £1.0 for Croatian CGU. A 100bps decrease in the perpetual growth rate reduces headroom to £14.2m for Polish and £1.2m for Croatian CGU.

Amortised cost of sub-franchisee loan receivables and loan notes

The Group's determination of the amortised cost of sub-franchisee loan receivables at initial recognition requires the estimation of the initial fair value interest rate of the below-market rate loans provided to the franchisees. Recoverability of such loans is an ongoing estimation uncertainty and is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of sub-franchisees' actual default in the future.

The Group has also determined the amortised cost of borrowings, which requires the estimation of the initial fair value of the below-market rate loans provided by Malaccan Holdings. The loans have been discounted to a market rate of 5.3% calculated based on EURIBOR and additional margin, which required accounting estimates to be done. Further details are shown in note 25.

Lease liability – estimating an incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market risk-free rates and country risk premium) and adds entity-specific premiums.

2. REVENUE

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. All of the revenue is derived in Poland and Croatia.

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.

Sales of materials and services to sub-franchisees: Contracts with franchisees for the sale of products include one performance obligation, being the delivery of products to the end franchisee. 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.

Royalties received from sub-franchisees: 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.

Rental income on leasehold property: Rental income arising from leasehold properties where the lease is an operating lease is recognised on a straight-line basis in accordance with the lease terms. Rental payments are recognised over the period to which they relate. Under IFRS 16 'leases' rents received under finance leases are treated as capital repayments and interest receipts and are excluded from revenues.

Core revenues are ongoing revenues including sales to the public from corporate stores, sales of materials and services to subfranchisees, royalties received from sub-franchisees and rents received from sub-franchisees. Other revenues are non-recurring transactions such as the sale of stores, fittings and equipment to sub-franchisees. Revenue recognised in the income statement is analysed as follows:

Revenue is further analysed as follows:

	2023	2022
	£	£
Corporate store sales	43,132,392	34,299,189
Royalties received from sub-franchisees	255,376	220,185
Sales of materials and services to sub franchisees	1,009,090	933,038
Rental income on leasehold property	226,125	240,721
Fixtures and equipment sales to sub-franchisees	-	965
	44,622,983	35,694,098

Revenue by country:

	2023	2022
	£	£
Poland	42,342,887	34,930,108

Croatia	2,280,096	763,990
	44,622,983	35,694,098

3. SEGMENTAL REPORTING

The Board monitors the performance of the corporate stores and the commissary operations separately and therefore those are considered to be the Group's two operating segments. Corporate store sales comprise sales to the public. Corporate store sales include sales of Polish and Croatian cash-generating units, which are presented in Note 2 above. Commissary operations comprise sales to sub-franchisees of food, services and fixtures and equipment. Commissary operations also include the receipt of royalty income from sub-franchisees. The Board monitors the performance of the two segments based on their contribution towards Group EBITDA - excluding non-cash items, non-recurring items and store pre-opening expenses. In accordance with IFRS 8, the segmental analysis presented reflects the information used by the Board. No separate balance sheets are prepared for the two operating segments and therefore no analysis of segment assets and liabilities is presented.

Operating Segment contribution - Poland CGU

	2023	2023	2023	2022	2022	2022
	£	£	£	Restated	Restated	Restated
	Corporate stores	Commissary	Poland	Corporate stores	Commissary	Poland
Revenues from external customers	40,852,296	1,490,591	42,342,887	33,535,199	1,394,909	34,930,108
Cost of goods sold	(11,620,469)	(1,093,756)	(12,714,225)	(10,109,863)	(1,007,458)	(11,117,321)
Gross profit	29,231,827	396,835	29,628,662	23,425,336	387,451	23,812,787
Unallocated expenses			(25,990,253)			(21,953,531)
Group adjusted EBITDA - excluding non-cash items, non-recurring items and store pre-opening expenses			3,638,409			1,859,256
Store pre-opening expenses			(21,467)			(37,584)
Other non-cash and non-recurring items			(1,430,463)			(507,780)
Depreciation and amortisation			(4,433,437)			(4,224,124)
Share based payments			(323,602)			(137,748)
Foreign exchange gains			455,380			18,361
Finance income			205,682			257,984
Finance costs			(1,076,739)			(1,262,907)
Loss before taxation			(2,986,237)			(4,034,542)

Operating Segment contribution - Croatia CGU

	2023	2023	2023	2022	2022	2022
	£	£	£	Restated	Restated	Restated
	Corporate stores	Commissary	Croatia	Corporate stores	Commissary	Croatia
Revenues from external customers	2,280,096	-	2,280,096	763,990	-	763,990
Cost of goods sold	(717,281)	-	(717,281)	(279,581)	-	(279,581)
Gross profit	1,562,815	-	1,562,815	484,409	-	484,409
Unallocated expenses			(1,672,314)			(650,208)
Group adjusted EBITDA - excluding non-cash items, non-recurring items and store pre-opening expenses			(109,499)			(165,799)
Store pre-opening expenses			(42,551)			-
Other non-cash and non-recurring items			(9,260)			6,809
Depreciation and amortisation			(298,564)			(112,086)
Share based payments			-			-
Foreign exchange gains			(6,858)			(955)
Finance income			1			-
Finance costs			(46,144)			4,057
Loss before taxation			(512,875)			(267,974)

The Group does not have reliance on any major customers.

4. LOSS BEFORE TAXATION

This is stated after charging

	2023	2022
	£	£
Auditors and their associates' remuneration	165,496	124,524
Directors' emoluments	340,559	273,092
Amortisation of intangible fixed assets	832,009	626,252
Depreciation of property, plant and equipment	3,899,992	3,709,958

Nils Gornall was the highest paid director in 2023 with total emoluments of £137,145 (2022: Piotr Dzierzek in 2022 with total emoluments of £72,562). 4,000,000 share options have been granted to Nils Gornall in July 2023 in accordance with Share Option Plan announced in June 2022. There are no pension contributions or defined benefit pensions attributable to Nils Gornall.

5. OTHER NON-CASH AND NON-RECURRING ITEMS

	2023	2022
	£	<i>Restated</i> £
Acquisition - advisors and other expenses	-	(61,225)
Adjustment to right-of-use asset lease term	(892,171)	(609,320)
IFRS 16 adjustment	(343,725)	33,416
VAT refund	174,989	182,535
Dismantling provision	(120,706)	(20,466)
Fixed assets adjustment - impairment	(81,180)	(69,434)
Written down balances with counterparties	(115,968)	-
Other non-cash and non-recurring items	(60,962)	43,523
	(1,439,723)	(500,971)

Other non-cash and non-recurring items

Other non-cash and non-recurring items include items, which are not sufficiently large to be classified as exceptional, but in the opinion of the Directors, are not part of the underlying trading performance of the Group.

Adjustment to right-of-use asset lease term - refers to right of use assets write-off due to potential store closures in 2024. IFRS 16 adjustment - refers to movements in lease liabilities due to changes in lease agreement cash flows mainly related to indexation. The other non-cash and non-recurring items position includes gains and losses from the sale and liquidation of fixed assets and other items.

6. STAFF COSTS

Details of directors' remuneration, which is included in the amounts below, are given in the remuneration report.

	2023	2022
	£	<i>Restated</i> £
Zero hours contract in stores	12,292,407	9,199,329
Wages and salaries and directors' fees	3,610,122	2,597,315
Social security costs	1,184,457	1,096,694
Share based payments	323,602	137,748
	17,410,588	13,031,086

The average monthly number of employees during the year was as follows*:

	2023	2022
	Number	Number
		<i>Restated</i>
Zero-hours contracts	2,136	1,939
Operational	130	179
Administration	47	35
Total	2,313	2,153

* The employee number disclosure has been updated to include employees on zero-hours contracts, which has been reflected both in the current and prior year.

7. FINANCE INCOME

	2023	2022
	£	£
VAT refund - interests	181,792	231,476
Unwinding of discount on loans to sub-franchisees	8,899	9,417
Finance income on sub-franchisees loans	14,402	16,767
Other finance income	590	324
	205,683	257,984

8. FINANCE COST

	2023	2022
	£	£
Interest expense on lease liabilities	611,477	665,084
Other interest	511,406	593,766
	1,122,883	1,258,850

9. TAXATION

	2023	2022
	£	£
Current tax	-	-
Deferred tax expense relating to recognition of deferred tax liability	43,155	57,429
Total tax charge in income statement	43,155	57,429

	2023	2022
	£	£
Loss before tax	(3,499,112)	(4,302,516)
Tax credit calculated at applicable rate of 19%	(664,831)	(817,478)
Income taxable but not recognised in financial statements	-	97,402
Income not subject to tax	(3,724,190)	(570,648)
Expenses not deductible for tax purposes	7,294,084	2,234,215
Tax losses for which no deferred income tax asset was recognised	(2,861,908)	(886,062)

Total tax charge in income statement	43,155	57,429,
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10. LOSS ATTRIBUTABLE TO MEMBERS OF PARENT COMPANY

Loss relating to transactions in the financial statements of the parent company was £324,525 (2022: £27,401,465).

11. LOSS PER SHARE

The loss per ordinary share has been calculated as follows:

	2023	2023	2022	2022
		£		£
	Weighted average number of shares	Profit / (loss) after tax	Weighted average number of shares	Profit / (loss) after tax
Basic	710,680,973	(3,542,267)	653,776,085	(4,359,945)
Diluted	710,680,973	(3,542,267)	653,776,085	(4,359,945)

The weighted average number of shares for the year excludes those shares in the Company held by the employee benefit trust. At 31st December 2023 the basic and diluted loss per share is the same, as the vesting of JOSS, SIP or share option awards would reduce the loss per share and is, therefore, anti-dilutive.

12. GOODWILL

Cost (Restated)	Group
	£
At 1 January 2022	15,008,736
Additions	250,961
Foreign exchange movements	116,143
At 1 January 2023	15,375,840
Foreign exchange movements	156,183
At 31 December 2023	15,532,023
Carrying amount	Group
	£
At 31 December 2023	15,532,023

The goodwill recognised by the accounting acquirer is equal to the consideration (as determined under IFRS 3) which was paid by the accounting acquirer less the fair value of the assets and liabilities acquired with the accounting acquiree. The goodwill recognised is allocated to Polish entities cash generating unit and is made up by the expected synergies of the enlarged business and management expertise brought by new Chief Executive Officer and Non-Executive Director to DP Poland PLC's business.

In accordance with IAS 36 the Group has performed impairment review of goodwill at the reporting period end. The impairment test has been undertaken by assessment recoverable amount of the CGU to which the goodwill has been allocated, against the carrying value of this CGU. The review included discounted cash flow projections to determine the recoverability of goodwill and the intangible assets. We compared the carrying amount of the assets, inclusive of assigned goodwill, to its respective fair value less costs of disposal. Significant assumptions inherent in the valuation methodologies for goodwill are employed and include, but are not limited to, prospective financial information, growth rates, terminal value and discount rates. Prospective sales and costs forecasts are made for the following five years (i.e., FY24-FY28) and are based on market-available data with regard to country GDP growth rates, inflation, price trends of main cost items, as well as on historical level of sales volumes and incurred costs as a percentage of sales, taking into account implemented High Volume Mentality, digital platform development and increased focus on operations excellence. The discount rate is reviewed annually to take into account the current market assessment of the time value of money and the risks specific to the CGU and rates used by comparable companies. The discount rate used to calculate fair value is declining from 12.6% in FY24 to 10.5% in FY28 (i.e., 12.6% in FY24, 12.1% in FY25, 11.6% in FY26, 11.0% in FY27 and 10.5% in FY28 and beyond). Costs are reviewed for inflation and other cost pressures. The long term growth rate used was 2.5%. Based on this quantitative test, we determined that the fair value of assets including goodwill exceeded its carrying amount. After completing our annual impairment reviews we concluded that goodwill was not impaired.

The recoverable amount is not deemed to be sensitive to a decrease in growth rate and an increase in discount rate. Decreasing growth rate by 1% and increasing discount rate by 1% would still leave headroom between the carrying value of the goodwill and the recoverable amount.

13. INTANGIBLE ASSETS

Group	Franchise fees and intellectual property rights <i>Restated</i> £	Software £	Capitalised loan discount <i>Restated</i> £	Total <i>Restated</i> £
Cost:				
At 1 January 2022	5,194,420	562,528	245,474	6,002,422
Acquisition of business - AAP	1,590,045	282,589	-	1,872,634
Foreign exchange movements	273,079	142,990	8,713	424,782
Additions	62,831	241,032	-	303,863
Disposals	-	-	-	-
At 1 January 2023	7,120,375	1,229,139	254,187	8,603,701
Foreign exchange movements	218,520	53,189	13,745	285,454
Additions	110,259	96,297	-	206,556
Disposals	-	-	-	-
At 31 December 2023	7,449,154	1,378,625	267,932	9,095,711
Amortisation				
At 1 January 2022	3,204,145	398,779	192,050	3,794,974
Foreign exchange movements	171,673	93,436	7,178	272,287
Amortisation charged for the year	527,030	90,278	8,944	626,252
Disposals	-	-	-	-
At 1 January 2023	3,902,848	582,493	208,172	4,693,513
Foreign exchange movements	247,775	47,614	11,454	306,843
Amortisation charged for the year	598,127	229,175	4,707	832,009
Disposals	-	-	-	-
At 31 December 2023	4,748,750	859,282	224,333	5,832,365
Net book value:				
At 31 December 2023	2,700,404	519,343	43,599	3,263,346
At 31 December 2022	3,217,527	646,646	46,015	3,910,188

Franchise fees consisting of the cost of purchasing the Master Franchise Agreement (MFA) from Domino's Pizza Overseas Franchising B.V. have been capitalised in 2021 as a result of reverse acquisition and are written off over the term of the MFA. As at 31.12.2023 net book value of MFA amounted to £454,400 with remaining amortization period of 12 years. Master Franchise Agreement between AAP and Domino's Pizza International Franchising Inc. have been capitalized in 2022 and is measured at cost less any accumulated impairment losses. As there is no foreseeable limit to the period over which Master Franchise Agreement is expected to generate net cash inflows for the entity, the Group identified Master Franchise Agreement to have an indefinite useful life. MFA is allocated to AAP cash generating unit. Net book value of AAP MFA amounted to £1,442,723 as at 31.12.2023. The difference between the present value of loans to sub-franchisees recognised and the cash advanced has been capitalised as an intangible asset and are amortised over the life of sub-franchise agreements of 10 years. The Group has performed an annual impairment test and the recoverable amount of Polish and Croatian cash generating units have been determined based on fair value calculated using discounted future cash flows based on the business plan, and incorporating the Directors' estimated discount rate (10.5% in FY28 and beyond for Polish CGU and 12.2% in FY28 and beyond for AAP CGU), future store openings and the average Polish Zloty and Euro exchange rate for the year ended 31 December 2023. The fair value calculation indicates that no impairment is required. As at 31 December 2023, no reasonably anticipated change in the assumptions would give rise to a material impairment charge. Sensitivity analysis has been performed to highlight the impact of assumptions on Polish CGU:

- a 100bps increase in the discount rate reduces headroom to £12.9m,
- a 100bps decrease in the perpetual growth rate reduces headroom to £14.2m,
- a 100bps increase in the discount rate and a 1000bps decrease in the perpetual growth rate reduces headroom to £9.3m.

Sensitivity analysis has been performed to highlight the impact of assumptions on AAP CGU:

- a 100bps increase in the discount rate reduces headroom to £1.0m,

- a 100bps decrease in the perpetual growth rate reduces headroom to £1.2m,
- a 100bps increase in the discount rate and a 1000bps decrease in the perpetual growth rate reduces headroom to £0.6m.

14. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold property £	Fixtures fittings and equipment £	Assets under construction £	Total £
Cost:				
At 1 January 2022	8,724,986	4,409,517	19,573	13,154,076
Acquisition of business - AAP	341,007	270,218	-	611,225
Foreign exchange movements	413,953	388,155	8,324	810,432
Additions	196,617	272,251	603,943	1,072,811
Disposals	(813,019)	(278,656)	-	(1,091,675)
Transfers	158,339	243,548	(401,887)	-
At 1 January 2023	9,021,883	5,305,033	229,953	14,556,869
Foreign exchange movements	571,460	423,795	79,626	1,074,881
Additions	462,825	594,552	428,233	1,485,610
Disposals	(61)	(237,372)	-	(237,433)
Transfers	64,030	346,260	(410,290)	-
At 31 December 2023	10,120,137	6,432,268	327,522	16,879,927
Depreciation:				
At 1 January 2022	4,604,112	2,414,867	-	7,018,979
Foreign exchange movements	265,301	307,049	-	572,350
Depreciation charged for the year	800,829	636,978	-	1,437,807
Other adjustments	(99,303)	-	-	(99,303)
Disposals	(747,750)	(270,517)	-	(1,018,267)
At 1 January 2023	4,823,189	3,088,377	-	7,911,566
Foreign exchange movements	393,838	334,133	-	727,971
Depreciation charged for the year	862,259	625,578	-	1,487,837
Other adjustments	(29,610)	-	-	(29,610)
Disposals	-	(158,848)	-	(158,848)
At 31 December 2023	(6,049,676)	(3,889,240)	-	9,938,916
Net book value:				
At 31 December 2023	4,070,460	2,543,027	327,522	6,941,009
At 31 December 2022	4,198,693	2,216,655	229,953	6,645,301

15. NON CURRENT ASSET INVESTMENTS

Group	Company
£	£

Investments in Group undertakings

At 31 December 2021	-	51,790,168
Investment in subsidiary company - shares subscribed - DP Polska S.A.	-	4,703,100
Investment in subsidiary company - shares subscribed - All About Pizza	-	2,382,979
Investment in subsidiary company - Dominium S.A.	-	805,820
Investment in subsidiary company - capital contribution		65,433
Impairment charge		(26,781,124)
<hr/>		
At 31 December 2022	-	32,966,376
<hr/>		
Investment in subsidiary company - Dominium S.A.		397,850
Investment in subsidiary company - DP Polska S.A. (partial return of shares subscribed)		(350,000)
Investment in subsidiary company - capital contribution		267,417
<hr/>		
At 31 December 2023	-	33,281,643

Investments in Group undertakings are recorded at cost, which is the fair value of the consideration paid.

The parent company's investment in Polish subsidiaries, i.e., DP Polska S.A. and Dominium S.A., have a historical cost of £30.9m and investment in Croatian subsidiary, i.e., All About Pizza d.o.o., has a historical cost of £2.4m. The Group has performed an impairment review of Polish and Croatian cash-generating units based on fair value less costs to sell estimates. The impairment review concluded that the carrying value in Group undertakings were not impaired.

The Company holds 20% or more of the share capital of the following companies, which are included in the consolidation:

<i>Company</i>	<i>Nature of business</i>	<i>Location</i>	<i>Class</i>	<i>% holding</i>
DP Polska S.A.	Operation of Pizza delivery restaurants	Poland	Ordinary	100
Dominium S.A.	Operation of Pizza delivery restaurants	Poland	Ordinary	100
All About Pizza d.o.o.	Operation of Pizza delivery restaurants	Croatia	Ordinary	100

The registered office of DP Polska S.A. and Dominium S.A. is: 30 Dabrowiecka Street, 03-932 Warsaw, Poland.

The registered office of All About Pizza d.o.o. is: 1 Kneza Mislava Street, Zagreb, Croatia.

The acquisition of Dominium S.A. was completed on 8th January 2021. The acquisition of All About Pizza d.o.o. was completed on 29th July 2022.

16. LOANS GRANTED TO SUBSIDIARY UNDERTAKINGS

The Company has provided €200k loan to AAP in August 2022 following the acquisition. The loan is repayable by 31.12.2025, is unsecured with 3% interest payable (EURIBOR (one year) plus a margin 1% from 1 January 2024) and have been discounted to a market rate of 5.3% in accordance with IFRS 9.

17. DEFERRED TAX

The Group has unused tax losses of £17,554,402 available for offset against future profits. Polish tax losses are only recognised for deferred tax purposes to the extent that they are expected to be used to reduce tax payable of future profits. Under Polish law, losses can only be carried forward for five years and only 50% of the losses brought forward can be set off in any one year. Polish tax losses expire as follows: £3,659,250 in 2024; £2,897,590 in 2025; £1,818,575 in 2026; £1,056,855 in 2027 and £614,259 in 2028. UK tax losses carried forward at the balance sheet date were £6,713,152. AAP tax losses carried forward at the balance sheet date were £794,721.

Group Group Company Company

	2023	2022 <i>Restated</i>	2023	2022
	£	£	£	£
Deferred tax liability				
Deferred tax liability				
Property, plant and equipment	(164,880)	(120,226)	-	-
Intangible assets	(415,291)	(414,489)	-	-
Interest on loans	(7,415)	(5,826)		
Accruals	(417)	(396)		
	(588,003)	(540,937)	-	-

Movements in deferred tax

	Property, plant and equipment	Intangible assets	Interest on loans	Accruals	Total
	£	£	£	£	£
At 31 December 2022	(120,226)	(414,489)	(5,826)	(396)	(540,937)
Credited to equity	(8,036)	4,555	(409)	(21)	(3,911)
Credited to profit and loss	(36,618)	(5,357)	(1,180)	-	(43,155)
At 31 December 2023	(164,880)	(415,291)	(7,415)	(417)	(588,003)

18. TRADE AND OTHER RECEIVABLES

	Group	Group 2022 <i>Restated</i>	Company	Company
	2023	<i>Restated</i>	2023	2022
	£	£	£	£
Current				
Trade receivables	1,128,126	864,528	-	-
Trade receivables from subsidiaries	-	-	-	67,246
Other receivables	2,405,423	1,273,031	15,769	11,295
Prepayments and accrued income	342,883	581,491	52,862	68,440
	3,876,432	2,719,050	68,631	146,981
Non-current				
Other receivables	422,064	452,125	-	-
At 31 December	4,298,496	3,171,175	68,631	146,981

Other non-current receivables include loans to sub-franchisees which are repayable over between four and nine years. Other current receivables include loans to sub-franchisees repayable over less than one year. Repayments may be made earlier in the event that sub-franchised stores achieve certain turnover targets earlier than expected. The loans are secured by a charge over certain assets of the sub-franchisees. Other current receivables also includes Polish and Croatian value added tax recoverable in future periods. No receivables are materially past due date. Other than amounts held by the Company, all trade and other receivables are in Polish Zloty and Croatian Kuna. Trade receivables are non - interest bearing and are generally on 0 - 30 days terms.

19. INVENTORIES

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Raw materials and consumables	1,034,187	982,110	-	-
At 31 December	1,034,187	982,110	-	-

20. LEASES

	Leasehold property £	Total £
Cost:		
At 1 January 2022	14,331,223	14,331,223
Acquisition of business	267,877	267,877
Foreign exchange movements	654,739	654,739
Additions	655,352	655,352
Adjustment to right-of-use asset lease term	(51,773)	(51,773)
Disposals	(666,255)	(666,255)
At 1 January 2023	15,191,163	15,191,163
Foreign exchange movements	902,896	902,896
Additions	2,671,971	2,671,971
Disposals	(405,608)	(405,608)
At 31 December 2023	18,360,422	18,360,422
Accumulated depreciation		
At 1 January 2022	6,093,752	6,093,752
Foreign exchange movements	430,854	430,854
Adjustment to right-of-use asset lease term	524,131	524,131
Disposal	(602,689)	(602,689)
Charge for the year	2,272,151	2,272,151
At 1 January 2023	8,718,199	8,718,199
Foreign exchange movements	616,078	616,078
Adjustment to right-of-use asset lease term	892,171	892,171
Disposals	(291,238)	(291,238)
Charge for the year	2,412,155	2,412,155
At 31 December 2023	12,347,365	12,347,365
Carrying amount		
At 31 December 2023	6,013,057	6,013,057
At 31 December 2022	6,472,965	6,472,965

At the Balance sheet date, the Group leased 116 stores, one office and two commissaries. Leases generally have an initial term of 5 years, with an option to extend for an additional period of between 5 and 10 years. The adjustment to right-of-use asset lease term represents right of use assets write-off due to potential store closures in 2024. Please also refer to note 5.

	2023 £	2022 £
Amounts recognised in profit and loss		
Depreciation expense on right-of-use assets	2,412,155	2,272,151
Interest expense on lease liabilities	611,477	665,084

	2023	2022
	£	£
The total cash outflow for leases amounted to	1,795,817	2,068,948

£262,056 has been recognised in Income Statement in 2023 (2022: £47,677) for short-term and low value lease assets.

GROUP AS A LESSOR

The Group enters into lease agreements as an intermediate lessor with respect to stores operated by sub-franchisees. These leases have terms of between 1 and 5 years with a 5 year extension option, but no longer than the term of the main lease agreement. The lessee does not have an option to purchase the property at the expiry of the lease period. Rental income recognised by the Group during the year is £226,125 (2022: £240,721).

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are, as follows:

	2023	2022
	£	£
Maturity analysis		
Within one year	118,510	102,047
1 - 2 years	118,510	92,781
2 - 3 years	66,554	92,781
3 - 4 years	15,183	46,308
4 - 5 years	6,482	15,390
At 31 December	325,239	349,307

21. LEASE LIABILITIES

	2023	2022
	£	£
Total lease liabilities	8,907,165	8,501,171
Analysed as:		
Non-current	6,005,449	5,666,835
Current	2,901,716	2,834,336

	2023	2022
	£	£
Maturity analysis		
Within one year	3,453,616	3,000,744
1 - 2 years	3,257,056	2,958,992
2 - 3 years	1,730,089	1,985,609
3 - 4 years	917,019	1,159,810
4 - 5 years	402,653	386,169
Onwards	664,461	259,149

For the year ended 31 December 2023, the average effective borrowing rate was 8.3 per cent. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. All lease obligations are denominated in Polish Zloty or Euros.

The fair value of the Group's lease obligations as at 31 December 2023 is estimated to be £8,907,165 using 8.3% discount rate. This is based on the rate for Polish Government bonds with a similar maturity to the lease terms and adding a credit margin that reflects the secured nature of the lease obligation.

The Group's obligations under leases are secured by the lessors' rights over the leased assets.

22. EQUITY

"Called up share capital" represents the nominal value of equity shares issued. An increase in share capital in 2022 is due to the increase in share capital for Dominium S.A., the increase in share capital for DP Polska S.A. and the increase in share capital for the acquisition of All About Pizza d.o.o.

"Share premium account" represents the premium paid on the Company's 0.5p Ordinary shares. Please refer to Note 28 for details.

"Capital reserve - own shares" represents the cost of shares repurchased and held in the employee benefit trust (EBT).

"Retained earnings" represents retained losses of the Group.

"Merger relief reserve" represents the excess of the value of the consideration shares issued to the shareholders upon the reverse takeover and acquisition of All About Pizza d. o.o. over the fair value of the assets acquired.

"Reverse Takeover reserve" represents the accounting adjustments required to reflect the reverse takeover upon consolidation.

"Currency translation reserve" represents exchange differences arising from the translation of the financial statements of the Group's foreign subsidiaries.

23. CASH AND CASH EQUIVALENTS

	Group 2023	Group 2022 <i>Restated</i>	Company 2023	Company 2022
	£	£	£	£
Cash at bank and in hand	1,888,465	3,728,177	134,185	65,293
At 31 December	1,888,465	3,728,177	134,185	65,293

24. TRADE AND OTHER PAYABLES

	Group 2023	Group 2022	Company 2023	Company 2022
	£	£	£	£
Current				
Trade payables	3,567,409	3,032,651	15,260	14,189
Other payables	543,317	335,729	-	-
Accrued expenses and provisions	2,544,865	1,974,648	84,920	79,889
At 31 December	6,655,591	5,343,028	100,180	94,078

Dismantling provision for the stores to be closed in 2024 amounting to £125,766 is included within Accrued expenses and provisions as 31 December 2023.

	1st January 2023	Provisions made in the period	Amounts used	31st December 2023
	£	£	£	£
Dismantling provision	21,294	120,706	(21,542)	125,766

25. BORROWINGS

	Group 2023	Group 2022	Company 2023	Company 2022
	£	£	£	£
<i>Non current interest bearing loans and borrowings</i>				
Borrowing	7,065,605	6,763,297	7,040,576	6,734,149

At 31 December	7,065,605	6,763,297	7,040,576	6,734,149
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As part of the reverse acquisition DP Poland PLC (the legal acquirer) issued a €1.3million loan note in favour of Malaccan Holdings Ltd the former owner of Dominium S.A.. In addition, outstanding debt of €6.2 million (approximately £5.6 million) that was previously due from Dominium to Malaccan Holdings under certain existing Shareholder Loans was converted into a further unsecured loan note of €6.2 million being issued to Malaccan Holdings on the same terms and in substitution for that outstanding debt. In aggregate, therefore, €7.5 million Loan Notes were issued by DP Poland plc and remain outstanding to Malaccan Holdings upon completion of the acquisition of Dominium S.A.. The loans are repayable as at 30.06.2025, and are unsecured with 3% interest payable (EURIBOR plus 1.0% for 2024 and EURIBOR plus 2.5% for 2025) and have been discounted to a market rate of 5.3% in accordance with IFRS 9.

26. ANALYSIS OF MOVEMENTS IN NET FUNDS

	01 January 2022 <i>Restated</i> £	Acquisition £	Cash flows £	Non cash movements £	Foreign exchange Movements £	31 December 2022 <i>Restated</i> £
Cash and cash equivalents	2,461,241	22,828	1,327,463	-	(83,355)	3,728,177
Borrowings	(5,829,461)	(192,687)	163,539	(565,567)	(339,121)	(6,763,297)
Lease liabilities (current and non-current)	(9,705,438)	(218,853)	2,068,948	(645,828)	-	(8,501,171)
Net debt	(13,073,658)	(388,712)	3,559,950	(1,211,395)	(422,476)	(11,536,291)

	01,January 2023 <i>Restated</i> £	Acquisition £	Cash Flows £	Non cash movements £	Foreign exchange movements £	31,December 2023 £
Cash and cash equivalents	3,728,177	-	(1,818,981)	-	(20,731)	1,888,465
Borrowings	(6,763,297)	-	-	(460,554)	158,246	(7,065,605)
Lease liabilities (current and non-current)	(8,501,171)	-	1,795,817	(2,116,295)	(85,516)	(8,907,165)
Net debt	(11,536,291)	-	(23,164)	(2,576,849)	51,999	(14,084,305)

Non-cash movements mainly relate to interests accrued on loans and changes in lease agreements periods and other terms.

27. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2023 Financial assets at amortised cost £	2023 Financial liabilities at amortised cost £	2022 Financial assets at amortised cost <i>Restated</i> £	2022 Financial liabilities at amortised cost <i>Restated</i> £
GROUP				
Financial Assets				
Cash and cash equivalents	1,888,465	-	3,728,177	-
Trade receivables	1,128,126	-	864,528	-
Other receivables - current	2,405,423	-	1,273,031	-
Other receivables - non current	422,064	-	452,125	-
Total	5,844,078	-	6,317,861	-

Financial Liabilities			
Trade payables	-	(3,567,409)	- (3,032,651)
Borrowing	-	(7,065,605)	- (6,763,297)
Other liabilities - current	-	(543,317)	- (335,729)
Lease liabilities - current	-	(2,901,716)	- (2,834,336)
Lease liabilities - non current	-	(6,005,449)	- (5,666,835)
Accruals - current	-	(2,544,865)	- (1,974,648)
Total	-	(22,628,361)	- (20,607,496)
Net		(16,784,283)	(14,289,636)

	2023	2023	2022	2022
	Financial	Financial	Financial	Financial
	assets at	liabilities at	assets at	liabilities at
	amortised	amortised	amortised	amortised
	cost	cost	cost	cost
	£	£	£	£
COMPANY				
Financial Assets				
Cash at bank	134,185	-	65,293	-
Trade receivables	-	-	67,246	-
Other receivables	68,631	-	79,735	-
Total	202,816	-	212,274	-
Financial Liabilities				
Trade payables	-	(15,260)	-	(14,189)
Accruals	-	(84,920)	-	(79,889)
Borrowings	-	(7,040,576)	-	(6,734,149)
Total	-	(7,140,756)	-	(6,828,227)
Net		(6,937,940)		(6,615,953)

The fair value of the Group's financial assets and liabilities is not considered to be materially different from the carrying amount as set out above. No financial assets are significantly past due or impaired.

Maturity of the Group's financial liabilities

	2023	2023	2023	2023	2022	2022	2022	2022
	Lease	Trade and	Borrowings	Total	Lease	Trade and	Borrowings	Total
	liabilities	other			liabilities	other		
	£	payables	£	£	£	payables	£	£
Due within one year	3,453,616	6,655,591	7,102,393	17,211,600	3,000,744	5,343,028	-	8,343,772
Due within two to five years	6,306,817	-	-	6,306,817	6,490,580	-	7,055,733	13,546,313
Due after five years	664,461	-	-	664,461	259,149	-	-	259,149
	10,424,894	6,655,591	7,102,393	24,182,878	9,750,473	5,343,028	7,055,733	22,149,234

Capital Risk Management

The Company and the Group aim to manage its overall capital so as to ensure that companies within the Group continue to operate as going concerns, whilst maintaining an optimal capital structure to reduce the cost of capital.

The Company's and the Group's capital structure represent the equity attributable to shareholders of the company together with borrowings and cash and cash equivalents.

Market risk

Market risk is the risk that arises from movements in stock prices, interest rates, exchange rates, and commodity prices. Market risk for the 31 December 2023 year end is reflected within the currency risk and interest rate risk which are discussed further below.

Currency Risk

The foreign currency risk stems from the Company and the Group's foreign subsidiary which trades in Poland and Croatia and whose revenues and expenses are mainly denominated in local currencies. Additionally, some Company and Group transactions are also denominated in US Dollar and Euro currencies. The Company and the Group are therefore subject to foreign currency risk due to exchange rate movements that will affect the Company and the Group's operating activities and the Company and the Group's net investment in its foreign subsidiary. In each case where revenues of the Group are in a foreign currency, there is a material match between the currency of each operating company's revenue stream, primary assets, debt and debt servicing (if applicable). The Group does not currently use derivatives to hedge balance sheet and income statement translation exposures arising on the consolidation of overseas subsidiaries.

The carrying amount in Sterling, of the Group's foreign currency denominated monetary assets and liabilities at the reporting dates is as follows:

	2023	2022
	£	£
Assets		
Polish Zlotys	5,010,961	3,618,600
Euro	727,248	567,265
Sterling	449,113	2,915,432
US dollar	384	-
Croatian Kuna	-	74,772
	<hr/>	<hr/>
Liabilities		
Polish Zlotys	14,371,684	12,818,897
Euro	8,049,241	7,246,190
Sterling	94,764	173,967
US dollar	112,673	206,392
Croatian Kuna	-	162,050

Sensitivity analysis

The potential impact on Group net loss and equity reserves from a 20% weakening of the Polish Zloty, Euro and US dollar against sterling affecting the reported value of financial assets and liabilities would be an increased net loss and reduction in Group reserves of £3,359,151.

	2023	2022
	£	£
20% weakening of Polish Zloty	(1,872,294)	(1,895,403)
20% weakening of Euro	(1,464,399)	(1,335,785)
20% weakening of US dollar	(22,458)	(41,278)
20% weakening of Croatian Kuna	-	(17,456)
	<hr/>	<hr/>
	(3,359,151)	(3,289,922)

A depreciation of 20% has been selected for the analysis as an illustration on the basis that it is a reasonable estimate of a likely market fluctuation.

An appreciation of 20% against Sterling would produce an equal and opposite effect.

Interest Rate Risk

The Company and the Group do not possess any financial instruments with floating interest rates in 2023, hence interest rate risk is not applicable to the Group.

Credit Risk

Exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date, namely cash and cash equivalents, trade and other receivables and loans to sub franchisees.

The Company and the Group manage its exposure to this risk by applying Board-approved limits to the amount of credit exposure to any one counterparty and employs minimum credit worthiness criteria as to the choice of counterparty, thereby ensuring that there are no significant concentrations of credit risk.

All sub-franchisees who are provided with loans from the Group have been through the franchisee selection process, which is considered to be sufficiently robust to ensure an appropriate credit verification procedure.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

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 effective interest rate. 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 the Group applies a simplified approach in calculating ECLs and recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision procedure that is based on the percentage cost of insuring its receivables against loss from default. Historic credit loss experience, adjusted for forward-looking factors specific to the debtors, the economic environment and relevant security and guarantees from sub-franchisees are also taken into account. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The movement in the allowance for doubtful debts during the year is as follows:

	2023	2022
	£	£
Balance at 01 January	280,220	485,916
Impairment loss made during the year	-	984
Reversal of previously recognised impairment loss	(3,542)	(206,680)
Foreign exchange movements	15,002	-
Balance at 31 December	291,680	280,220

Set out below is the information about the credit risk exposure on the Group's trade receivables as at 31 December:

	Current	<30 days	30-60 days	61-90 days	>91 days	Total
	£	£	£	£	£	£
31 December 2023	1,125,735	0	2,077	314	0	1,128,126
31 December 2022	774,437	85,312	3,087	108	1,584	864,527

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Surplus funds are invested on a short term basis at money market rates and therefore such funds are available at short notice.

28. SHARE CAPITAL

	2023	2022
	£	£
<i>Called up, allotted and fully paid:</i>		
712,481,898 (2022: 712,393,662) Ordinary shares of 0.5 pence each	3,562,409	3,561,969

Movement in share capital during the period

	Number	Nominal value £	Consideration £
At 31 December 2021	619,586,515	3,097,933	69,899,308
Shares issued for AAP acquisition	29,787,234	148,936	2,382,979
Additional subscription made	61,627,660	308,138	4,930,213
Share options exercised 2022	829,753	4,149	4,149
Management share award	562,500	2,813	45,000
Transaction costs	-	-	-131,000
At 31 December 2022	712,393,662	3,561,969	77,130,649
Share options exercised 2023	88,236	441	-
At 31 December 2023	712,481,898	3,562,410	77,130,649

The ordinary shares carry one voting right per share and no right to fixed income.

DP Poland Employee Benefit Trust ("EBT")

The trustee of the EBT holds 1,765,872 ordinary shares in the Company for the purposes of satisfying outstanding and potential awards under the Company's Joint Ownership Share Scheme, Share Option Scheme and the Share Incentive Plans. The historic cost of these shares was £51,565 with a net contribution of £6,115 made by the JOSS award holders to acquire their joint interests. The shares held by the EBT had a market value of £189,831 at 31 December 2023.

29. SHARE BASED PAYMENTS

	Group 2023 £	Group 2022 £
Share based payments expense	323,602	137,748

The Company has provided the following types of share-based incentive arrangements.

<i>Type of arrangement</i>	<i>Vesting period</i>	<i>Vesting conditions</i>
Joint Ownership Share Scheme	2.5 - 3.5 years	Achievement of store growth and financial targets
Employee Share Incentive Plan	2 years	Two years service
Non-Executive Directors' Share Incentive Plan	2 years	Two years service
Employee Share Option Plan	Variable	Detailed individual performance targets
Long Term Incentive Option Plan	2-3 years	Detailed company performance targets
Share Option Plan	1-4 years	Time-vest and detailed company performance indicators

The Company established the Joint Ownership Share Scheme ("JOSS") and the Share Incentive Plans on 25 June 2010, the Employee Share Option Plan on 06 May 2011, the Long Term Incentive Share Option Plan on 19th December 2014 and the Share Option Plan on 13 June 2022. The Group has calculated charges using a Black-Scholes model. Volatility and risk free rates have been calculated for each grant pack based on expected volatility over the vesting period and current risk free rates at the time of each award. Volatility assumptions are estimates of future volatility based on historic volatility and current market conditions.

Assumptions used in the valuation of share option awards were as follows:

Award date	Exercise price	Expected volatility	Expected Risk free rate	Expected dividends	Option life in years	IFRS2 fair value per share option
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28 February 2022	8 pence	50%	1,20%	-	3 Years	£0.0228
14 June 2022	8 pence	50%	2,30%	-	1 Year	£0.0183
14 June 2022	8 pence	50%	2,30%	-	4 Years	£0.0217
08 November 2022	8 pence	50%	3,50%	-	1 Year	£0.0336
08 November 2022	8 pence	50%	3,50%	-	4 Years	£0.0380
01 December 2022	8 pence	50%	3,20%	-	1 Year	£0.0422
01 December 2022	8 pence	50%	3,10%	-	4 Years	£0.0468
03 July 2023	8 pence	50%	4,65%	-	1 Year	£0.0341
03 July 2023	8 pence	50%	4,47%	-	4 Years	£0.0384

The share based payments charge for the year by scheme was as follows:

	2023	2022
Share Incentive Plan	-	-
Other Share Options	323,602	137,748
Long Term Incentive Share Option Plan	-	-
	323,602	137,748

All of the above amounts related to equity-settled share based payment transactions.

Share scheme awards outstanding

Scheme and date of award	Hurdle or exercise price	Outstanding 31.12.22 No. <i>Restated</i>	Awarded in period No.	Exercised in period No.	Lapsed in period No.	Outstanding 31.12.23 No.
SIP 18 June 2014	n/a	413,604	-	-	-	413,604
SIP 17 April 2015	n/a	486,486	-	-	-	486,486
SIP 24 May 2017	n/a	191,490	-	-	-	191,490
Share options 22 May 2017	0.5 pence	164,804	-	-	-	164,804
Share options 11 January 2018	0.5 pence	24,000	-	-	-	24,000
Share options 01 June 2018	0.5 pence	88,236	-	88,236	-	-
Share options 11 October 2018	0.5 pence	128,906	-	-	-	128,906
Stock option plan 28 February 2022	8 pence	750,000	-	-	-	750,000
Stock option plan 14 June 2022	8 pence	38,493,533	6,500,000	-	-	44,993,533

The weighted average remaining contractual life of outstanding share options is 8.66 years (2022: 9.30 years). The number share options exercisable at 31 December 2023 was 47,673,053 with a weighted average exercise price of 8 pence (2022: 41,261,289 shares with a weighted average exercise price of 8 pence).

30. CAPITAL COMMITMENTS

At 31 December 2023 there were no amounts contracted for but not provided in the financial statements (2022: £0) for the Group.

31. RELATED PARTY TRANSACTIONS

During the period the Group and Company entered into transactions, in the ordinary course of business, with other related parties. The transactions with directors of the Company are disclosed in the Directors' Remuneration Report. Transactions with key management personnel (comprising the Directors and key members of management in Poland and Croatia) are disclosed below:

	Group	Group
	2023	2022
	£	£
Short-term employee benefits	450,394	387,337
Share-based payments	323,602	137,748

The Company made a charge of £75,000 to DP Polska S.A. and £75,000 to Dominium S.A. for management services provided in 2023. The balance owed by DP Polska S.A. to DP Poland plc as at 31 December 2023 was £nil (2022: £67,246).

The Company also has a borrowing from Malaccan Holdings Ltd. a significant shareholder which totalled £7,063,001 (2022: £6,734,149). In April 2024 the Company has partially repaid £4.0 million of outstanding Loan Notes from Malaccan Holdings Ltd. from the proceeds raised as a result of fundraising.

32. EVENTS AFTER THE BALANCE SHEET DATE

Board changes

On 1 January 2024, Derk ("Stoffell") Thijs was appointed as an Independent Non-Executive Director of the Company.

Fundraising

On 27 March 2024 DP Poland PLC has announced fundraising via Subscription, Placing & Retail Offer. The admission of the Subscription Shares, Placing Shares and Retail Offer Shares took place on 19 April 2024.

The Company has raised gross proceeds of approximately £20.5 million through:

- the Subscription by Domino's Pizza Group plc for 110,887,096 Subscription Shares, raising £11.0 million at the Placing Price;
- the Placing of 85,685,483 Placing Shares through an accelerated bookbuild process, raising £8.5 million at the Placing Price; and
- the Placing of Retail Offer for 10,080,645 Retail Shares, raising £1.0 million at the Placing Price.

The Placing was significantly oversubscribed with the Company receiving orders of c.2.5 times the size of the proposed Placing. Accordingly, the Company has sought to protect the interests of existing shareholders by honoring their soft pre-emption rights in connection with the Placing and Subscription.

The net proceeds of the Fundraising receivable by the Company will be used to accelerate its growth strategy through the roll out of stores in Poland and Croatia, upgrade of stores in Poland, shift to a franchise model and through possible targeted acquisitions to reach 200 stores within three years, an important milestone on the way to approximately 500 stores by 2030 in Poland.

Merger of DP Poland S.A. and Dominium S.A.

On 29 February 2024 the Polish subsidiaries of DP Poland PLC, i.e., DP Poland S.A. and Dominium S.A., have submitted a merger plan to the court in Poland. Merger of DP Poland S.A. and Dominium S.A. is expected to be finalized at the end of 2024.

Merger of Dominium S.A. and DP Polska S.A. will help to simplify the organizational structure of the Group and conduct business activities in Poland within one entity, which should reduce operating costs and ensure better cooperation with external counterparties. Conducting further operations within one company will also limit transactions and settlements between the companies, and will allow for increased transparency of the capital group.

Loan extension and partial repayment

In April 2024 the Company has agreed an extension to the maturity date of its loan facilities provided by Malaccan Holdings Ltd. by six months to 30 June 2025. The Company has also partially repaid (£4.0 million) of outstanding Loan Notes from Malaccan Holdings Ltd. from the proceeds raised in April 2024. Loan extension and partial repayment represent a related party transactions pursuant to Rule 13 of the AIM Rules.

Grant of options

On 29 April 2024 the Company granted 4,750,000 share options to certain Board members under the employee share option plan at an exercise price of 8 pence per share option.

33. VAT

Dominium is a party to a number of court and administrative proceedings, the subject of which is to determine the amount of VAT paid by the company for the period 2011-2016. The disputes relate to the rate at which VAT is applied on sales made by Dominium, which is something that is affecting a number of companies operating in the fast food sector in Poland (including DP Polska). Dominium were applying a lower (5 per cent) rate of VAT on sales, whereas the tax authorities in Poland were of the opinion that a higher (8 per cent) rate should have been applied instead. As a result, Dominium have retrospectively applied the higher (8 per

cent) rate for this period and have made additional VAT payments to cover the shortfall to the tax authorities in Poland. Accordingly, Dominium started to apply the higher 8 per cent rate and have sought recovery of the additional amounts paid due to the application of the higher rate. Some of the proceedings that Dominium brought have been suspended due to certain questions affecting major food service operators in Poland, which have been resolved by the European Court of Justice in favour of food service operators. In other proceedings, applications for a suspension of payment of the VAT liability arising from the increased VAT rate have been filed due to these issues and these have been approved for suspension.

The liabilities resulting from the decisions made to-date, totalling approximately PLN 7.0 million, have been paid by Dominium. The disputes regarding 2011 and 2012 years have been resolved in favour of Dominium. In 2022 Dominium has received the VAT refund for the year 2011 in the amount PLN 2,275,615 (approximately £414,011). In 2023 Dominium has received the VAT refund for the year 2012 in the amount of PLN 1,863,040 (approximately £356,781). The whole dispute has not been resolved yet, the period 2013-2016 is still under investigation.

Under the terms of the Acquisition Agreement, one half of any amounts that have been overpaid in respect of the application of the higher VAT rate and which may be refunded by the Polish tax authorities to Dominium shall be paid by the Group to Malaccan Holdings Ltd.