

DP Poland PLC
(*"DP Poland", the "Company" or the "Group"*)

Full Year unaudited Trading Update for 2023

DP Poland, the operator of Domino's pizza stores and restaurants across Poland and Croatia, announces a trading update for Q4 2023 and FY 2023.

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

"2023 has been a year of hard work and high rewards, with 2023 being a record year and Q4 being the strongest quarter in the Company's history. I want to express my gratitude to our employees who have embraced the High Volume Mentality and transformed Poland into one of the fastest growing Domino's markets globally. We have relentlessly focused on providing a compelling value proposition for our customers based on fantastic quality pizza delivered quickly.

In Poland, LFL System Sales grew by almost 20% in 2023. This growth was driven by increased LFL system orders, which accelerated through the year, growing by 27% in Q4 2023.

Average weekly order counts reached 731 for the year, up 19% on 2022, whilst average delivery times reduced 4%, driving a move to profitability in August. In Q4 2023, the average weekly order count exceeded 800 or above.

We finish the year with a store network that has been optimized, supporting higher LFL sales as well as growing our store count to 116 stores. Importantly, we have a highly motivated team ready to continue the momentum we have built in 2023 and I'm excited to see the business well positioned to capitalise on this potential in 2024."

Highlights

- *Expected FY 2023 Group System Sales of £46.0m*
- *LFL System Sales in Poland increased by 27.5% in Q4 to the highest in the Company's history and by 19.7% for FY2023*
 - *LFL Delivery – 33.6% in Q4 and 20.7% in FY 2023*
 - *LFL Non-Delivery – 15.8% in Q4 and 17.8% in FY 2023*
- *LFL System order count in Poland increased by 27.1% in Q4 and by 16.4% in FY 2023.*
- *Croatian Total System Sales grew by 75.7% in Q4 and by 44.2% in FY 2023*
 - *Total Order Count grew by 63.9% in Q4 and by 29.7% in FY 2023, driven by new store openings.*
 - *Croatian LFL System Sales grew by 2.2% in Q4 and by 3.2% in FY 2023.*
- *Food costs for 2023 were in line with our expectations, reducing in H2 2023*
- *Labour costs were also in line with our expectations for 2023 but inflationary pressures are expected to continue in 2024*
- *Pre-IFRS16 EBITDA profitable since August and expected to be in line with market expectations for FY 2023*
- *Cash at bank of £2.2m as at 31 December 2023 (£2.7m cash as at 30 June 2023)*

Operational highlights

- *Average weekly order count in Poland exceeded 800 in Q4 and reached 731 for FY 2023 (an increase of 19% YoY)*

- In 2023, average delivery time in Poland dropped to 27min (4% improvement YoY).
- In 2023, Domino's opened 5 stores (3 in Poland and 2 in Croatia), closed 2 in Poland and fully refurbished 5 stores.
- In Q1 2023, Domino's held a TV campaign in Poland, which generated sales momentum for the rest of the year.
- Revised pricing strategy with targeted communication & promotional actions have improved customer satisfaction ratings and translated to strong quarter 4.
- Inflation in Poland has abated since April 2023, following 17 months of double-digit inflation to reach 6.1% YoY at the end of December 2023. This trend is expected to continue in 2024.

Trading Update 2023

Poland

PLNm	Q1 2023		Q2 2023		Q3 2023		Q4 2023		FY 2023	
	PLNm	% YoY change	PLNm	% YoY change	PLNm	% YoY change	PLNm	% YoY change	PLNm	% YoY change
Total System sales ¹	53.1	15.4%	55.0	14.4%	55.0	7.10%	65.5	24.7%	228.6	15.5%
LFL System sales ²	52.2	19.4%	53.7	16.8%	54.3	14.1%	64.6	27.5%	224.8	19.7%
non-delivery	16.9	47.7%	18.8	6.3%	20.0	11.9%	20.1	15.8%	75.8	17.8%
delivery	35.3	9.3%	34.8	23.3%	34.3	15.5%	44.5	33.6%	148.9	20.7%

M Orders	Q1 2023		Q2 2023		Q3 2023		Q4 2023		FY 2023	
	M Orders	% YoY change	M Orders	% YoY change	M Orders	% YoY change	M Orders	% YoY change	M Orders	% YoY change
Total System orders ¹	1.0	4.0%	1.0	12.2%	1.0	9.1%	1.2	24.3%	4.2	11.9%
LFL System orders ²	0.9	7.3%	1.0	15.5%	1.0	15.4%	1.2	27.1%	4.1	16.4%

¹ System Sales and System orders – total retail sales or orders including sales or orders from corporate and sub-franchised stores.

² Like-for-like System Sales growth in Polish Złoty, matching trading periods for the same stores or orders growth in units, matching trading periods for the same stores

Trading in Poland was strong throughout 2023, with consistent double digit sales growth across delivery and non-delivery, driven largely by order count growth and accelerating in Q4. These results have been achieved as a result of the commitment to a compelling value proposition for customers; high-quality pizzas, delivered quickly.

In addition to strong customer order growth, we have seen improved customer satisfaction ratings, validating the new pricing strategy as well as enhanced customer targeting and communication. We have also seen significantly increased trading from store refurbishments in 2023, improving corporate branding with a modernised and fresh look.

Q4 2023 was the strongest quarter in the history of company, with 27.5% growth YoY in LFL System Sales and 27.1% LFL System order count growth.

During the year, we opened three stores, closed two stores and fully refurbished five stores continuing our plan to optimise, upgrade and expand our portfolio. We have now concluded the store optimisation initiative from 2022, leaving a strong portfolio of stores as a platform for future growth.

During the year we also implemented cost optimisation projects, including digitalisation of processes and an automated labour scheduling system, which have delivered significant cost saving.

Croatia

EURm	Q1 2023		Q2 2023		Q3 2023		Q4 2023		FY 2023	
	EURm	% YoY change	EURm	% YoY change	EURm	% YoY change	EURm	% YoY change	EURm	% YoY change
Total System sales¹	0,5	52,9%	0,5	37,7%	0,6	10,9%	1,0	75,7%	2,6	44,2%
LFL System sales²	0,4	15,7%	0,4	5,6%	0,5	-5,3%	0,6	2,2%	1,8	3,2%

¹ System Sales and System orders - total retail sales or orders including sales or orders from corporate stores.

² Like-for-like System Sales growth in Euro, matching trading periods for the same stores or orders growth in units, matching trading periods for the same stores

In 2023, the Croatian team opened two stores in June and in October, both of which have exceeded sales expectations and contributed to Total System Sales growth of 44.2% YoY.

The three existing Croatian stores maintained their high LFL system sales through 2023, despite wider inflationary pressures, exacerbated by the transition of the Croatian currency from the Kuna to the Euro at the beginning of 2023 impacting consumer confidence.

The Croatian business also benefitted from the utilization of group purchasing from early 2023, which meaningfully reduced costs.

Outlook

2023 was a record year for DP Poland. In particular, the second half of the year showed an acceleration in growth, with consistently improving profitability. The Company achieved pre-IFRS16 EBITDA profitability from August and 2023 FY performance is in line with market expectations.

In 2024, we expect volume led growth to continue, supported by an easing of inflationary pressures and a new pro-European parliament following the recent Polish election. We will continue to focus on delivering a compelling customer value proposition as we grow, ensuring quick delivery times.

The business now has the solid foundations required for future expansion and in 2024 will begin the transition of the Company towards a more widespread sub-franchised business model.

The person responsible for arranging the release of this announcement on behalf of the Company is Nils Gornall, CEO.

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Notes for editors

About DP Poland plc

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