DP Poland plc

("DP Poland" or the "Company")

Final results for the full year to 31 December 2017

Momentum continuing to build. Record number of store openings. 51% growth in System Sales.

DP Poland, through its wholly owned subsidiary DP Polska S.A, has the exclusive right to develop, operate and sub-franchise Domino's Pizza stores in Poland. There are currently 56 Domino's Pizza stores, 32 corporate, of which 2 are managed under management contract, and 24 sub-franchised.

- 19 stores opened in 2017, from 35 to 54 stores
- 56 stores open to-date 2018
- Total System Sales[1] up 51% to 58m PLN 2017 (39m PLN 2016)
- 17% like-for-like[2] growth in System Sales 2017 on 2016
- 21st consecutive quarter of double digit like-for-likes, Q4 2017
- Mature stores are outperforming original expectations in both sales and EBITDA
- Group EBITDA[3] losses increased (£1.78m[4]) 2017 vs (£1.58m[5]) 2016 at actual exchange rates
- 75% of delivery sales ordered online
- Robust growth in commissary gross profit[6]
- First national television advertising campaign in Q1 2018, results are encouraging
- Like for-like growth in System Sales 2018: January 24%, February 18%

Peter Shaw, Chief Executive of DP Poland said:

"Momentum is continuing to build, with a record number of store openings and 51% growth in System Sales in 2017. The Group EBITDA loss increased, 2017 on 2016, impacted by the high number of new corporate store openings in 2017 (stores are initially loss making), margin pressures from inflation in food and labour costs and more aggressive price promotion as we responded to competitive marketing activity.

The greatest volume of System Sales growth over the last 2 years has come from the opening of 31 stores, 2016-17, corporate and sub-franchised. These 31 stores, the majority of the estate, are still immature and as such have significantly lower sales than the more mature stores. The key focus for new stores is to generate sales and acquire customers, EBITDA should follow as the customer count builds. Our most mature corporate stores of 6+ years delivered significantly higher sales and EBITDA in 2017 than our original mature store model predicted.

Our commissary delivered robust growth in gross profit from royalties on sub-franchised store sales and margin on food sales to stores. However we are very mindful of sub-franchisee profitability and, in the context of cost inflation, manage our margins on food sales carefully.

The buoyant Polish consumer economy continues to provide positive conditions for growth, but also brings challenges through greater competition and wage inflation. Looking forward, European cheese prices began to fall in Q1 2018 and are predicted to fall further this year as supply increases.

As the profile of the store estate matures we can expect to see improvement in Group EBITDA on the back of continuing robust growth in System Sales."

[1] System Sales – total retail sales including sales from corporate and sub-franchised stores
[2] Like-for-like growth in PLN, matching trading periods for the same stores between 1 January and 31 December 2016 and 1 January and 31 December 2017
[3] Excluding non-cash items, non-recurring items and store pre-opening expenses
[4] Exchange rate average for 2017 £1: 4.8590 PLN
[5] Exchange rate average for 2016 £1: 5.3391 PLN
[6] Sales minus variable costs

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Chairman's Statement

Double digit like-for-likes[2] and a record number of store openings delivered robust growth in both System Sales[1] and Revenue for YE 2017 on the back of a strong performance in 2016. We finished 2017 with a store estate more than 50% larger than it was at the beginning of the year and an expanded commissary capacity to service our growing store estate over the next 5+ years.

Group EBITDA[3] performance for the full year was impacted by inflation in both food and labour costs in the second half, coupled with strong price promotion in support of sales, resulting in a greater loss than we had anticipated, marginally greater than the loss for 2016. While frustrating we have experienced an easing of those inflationary pressures in the first months of 2018.

Our most mature stores are now performing more strongly than we had originally anticipated, in both sales and EBITDA. Mature store performance and the growth of our younger stores give us confidence in maintaining momentum in store roll-out and providing the requisite support that that roll-out requires, including the expansion of our commissary capacity and continued marketing investment. Growing sales bring greater economies of scale in procurement and greater efficiencies in marketing, our trial of national television advertising in Q1 2018 demonstrated the potential of that marketing channel.

Our commissary revenue stream delivered robust growth in gross profit[6] in 2017, from both sales royalties and food sales to sub-franchisees, albeit that our margin was impacted by inflation in food costs. We are very mindful of the profitability of our sub-franchise partners and the importance of sharing in both the impact of food cost rises and the benefits when food costs fall. Our second commissary came on stream at the end of the summer, expanding our capacity to supply up to 150 stores with fresh dough and ingredients.

The majority of our 19 store openings in 2017 were corporate and as previously reported we expect that to continue to be the case over the next few years as we drive expansion. 4 of the 19 store openings in 2017 were sub-franchised. While the investment case in corporate stores is increasingly compelling we continue actively to market and encourage sub-franchising, convinced of the advantages of a mixed corporate/sub-franchised system, evidenced by most Domino's markets. We expect the number of sub-franchise openings to grow as confidence in the Domino's sub-franchise model builds.

Store roll-out was further supported by our latest fund raising in June 2017 of £5.2m before expenses.

We look to maintain the momentum of expansion as we drive towards critical mass. In the short term our Group EBITDA is impacted by the costs of a high proportion of immature corporate stores and the costs of running a well-resourced store opening team and an expanded commissary capacity. As the estate matures and store openings become a smaller proportion of the total store estate and commissary capacity is utilised we should see improvement in Group EBITDA.

I would like to thank our team and our sub-franchisees for another record year of expansion and for maintaining that momentum into 2018.

Chief Executive's Review

Group performance

Group EBITDA[3] losses increased by 13% (£1.78m) in 2017 versus (£1.58m) in 2016, at average exchange rates for 2017[4] and 2016[5], impacted mainly by inflationary pressures on food and labour costs in the second half of the year.

At constant exchange rates[4] Group EBITDA losses increased by 6% 2017 on 2016.

The Group loss for the period of (£2.63 m[4]) was an increase of 6% on 2016.

Store performance

System Sales[1] were up 51%, 2017 on 2016, as a result of 17% like-for-like[2] store System Sales growth 2017 on 2016, healthy growth from non-like-for-like[7] stores and the opening of 19 new stores during the year.

The 2017 like-for-like performance of 17% was on the back of 27% like-for-like growth in 2016, representing 49% compound like-for-like growth over 2 years 2016-17. Q4 2017 was our 21st consecutive quarter of double digit like-for-like System Sales growth.

We took the decision towards the end of 2015 to accelerate store roll-out, based on the encouraging performance of our most mature stores and that of stores opened in new cities in 2015. 12 new stores were opened in 2016 and 19 new stores in 2017. As a result, by YE 2017 57% of our store estate was less than 2 years old and 35% less than 1 year old. Over 24 months, 1st January 2016 to 31st December 2017 we expanded our geographic presence from 4 to 24 towns and cities. By the same token our most mature corporate stores continued to grow year-on-year and by YE 2017 had outperformed our original expectations, in both average weekly unit sales (AWUS) and store EBITDA. We have started to split[8] the delivery areas of some of these mature stores.

Achieving this momentum in store roll-out, underpinned by the facts of mature store performance, has taken investment. Effective customer acquisition is vital in the early months of a store's opening and we support our stores through a range of sales and marketing initiatives to build initial sales and acquire customers. The costs of marketing in those early months are paid back as the customer base of each store grows and the brand becomes established in each new location.

Since Q4 2016 we have seen an increase in the cost of sales, due to inflation in food costs, notably the price of cheese, plus wage inflation due to increased general employment and greater competition for delivery drivers. While managing these increases through Q4 2016 – Q3 2017 by careful control of pricing and promotion, Q4 2017 saw a sharper uplift in cost inflation, compounded by greater competitive marketing activity, requiring more aggressive price promotion on our part. While the economics of our mature stores are robust enough to weather these impacts on costs our immature stores are less so and as such total store EBITDA was impacted in 2017.

In Q1 2018 we have started to see a softening in food cost inflation. The price of cheese is determined by the European dairy market and is a function of milk supply, which is forecast to increase through 2018. As such we expect the price of cheese to fall further during 2018. As our procurement volumes grow we will further benefit from growing economies of scale. Wage inflation is a function of the health of the Polish economy and demand for delivery drivers. While the competition for drivers remains we are seeing an improvement in recruitment and retention in Q1 2018, perhaps due to the recognition of the benefits of working for Domino's over other employers.

Store roll-out

We crossed the 50-store mark in October 2017, finishing the year with 54 stores. 19 openings, 15 corporate and 4 sub-franchised. 2017 was our biggest year of openings to-date.

Stores	1 Jan 2017	Opened	Corporate/sub-franchised movement	Sold to sub-franchisees	Closed	31 Dec 2017
Corporate	13	15	2	0	0	30*
Sub-franchised	22	4	-2	0	0	24
Total	35	19	0	0	0	54

* 2 corporate stores are run by sub-franchisees under management contract, with the option to acquire and sub-franchise in the future.

At YE 2017 we were operating stores in 24 towns and cities. To-date in 2018 we have 56 stores in 25 towns and cities.

Store splits will increase in 2018, meaning improved service delivery times, happier and more loyal customers and more efficient deployment of store labour. It is worth noting that store splits impact like-for-likes, with a proportion of the split store's customers reallocated to the new store. The sales of the original store are expected to re-build over time, as evidenced in other Domino's markets.

We saw an increase in store CAPEX costs, driven by increased demand for building and services, reflective of the buoyant Polish economy.

We are planning to have up to 70 stores open by YE 2018.

Sub-franchisees

In 2017 4 stores were opened by sub-franchisees and 2 were acquired from sub-franchisees, 1 of which we expect to be sub-franchised again in the near future.

There is no doubt that the established success model worldwide for recruiting Domino's sub-franchisees is converting existing Domino's store managers and area managers, they understand how to operate successful stores and are convinced of the opportunity. At the same time we continue to market to and encourage third parties to consider franchising the Domino's system. One of our most successful sub-franchisees joined us without any previous Domino's experience and they are now operating 3 stores, 2 sub-franchised and 1 under management contract.

Commissary

To support our store roll-out we opened a second commissary in August 2017, increasing our supply capacity from 50 to 150 stores, including our Warsaw facility. Located in Łódź, in the centre of the country, the new commissary is very well placed on the Polish motorway network, giving us the benefit of improved distribution costs to our stores in the north, west and south. While the investment in such a facility might be viewed as 'capital light' in comparison to commissary expansion in other Domino's markets, the new commissary represents the biggest investment project in our history. Expanding commissary capacity has added to Direct Costs, balanced in part by the savings in distribution costs.

Commissary gross profit[6], derived from sub-franchised store sales royalties and margin on food sales, grew in 2017, although the opportunity to add margin was tempered by inflation in food costs. We are mindful of supporting our sub-franchisees when costs rise, as well as sharing in the margin benefits when costs fall. As well as food cost pressures our sub-franchisees faced the same wage pressures as our corporate stores. We work in close partnership with our sub-franchisees, looking at how to manage costs more effectively and how to drive and sustain sales growth.

Marketing and Innovation

In Q4 we introduced a new ordering channel, the Domino's Bot. Domino's Bot operates on Facebook Messenger using artificial intelligence (AI). Facebook made this AI platform available in late summer 2017 and Domino's Poland was the first Domino's market in the world to develop a Domino's ordering channel on it. The Domino's Bot ordering experience is very user friendly and is particularly popular among our customers aged 18-24. It was launched with a competition hosted by 3 of Poland's most popular YouTube bloggers, each with hundreds of thousands of followers. We saw a rapid uptake of Domino's Bot and a significant proportion of sales is now ordered via this new channel.

75% of all delivery sales were ordered online in 2017, compared to 71% in 2016, positioning Poland among the top Domino's markets in the world for online ordering. We anticipate that this proportion of delivery sales ordered on line will continue to increase.

Through the year we introduced a number of new pizza recipes including Buffalo Chicken, Pulled Pork and Greek Style.

We have seen an increase in competitive marketing activity as the market responds to increased consumer spending, as reflected in the GDP measure of internal consumption. 2 delivery aggregators have been particularly active in marketing, including television and poster campaigns.

June fund raising

In June 2017 we raised £5.2m before expenses. The new placing of shares represented approximately 8.2% of the Company's enlarged share capital post placing. The funds were raised to maintain the roll-out of new stores with a mix of corporate store openings and loans to sub-franchisees to open stores. An element of the fundraising was earmarked for additional marketing investment plus investment in technology to further improve interaction with customers.

Outlook and current trading

We tested national television advertising for the first time in January and February 2018 with 2x 2-week campaigns; the sales response was strong with like-for-like growth in System Sales ranging between 30-40% during each of those television advertised fortnights. Overall January like-for-like System Sales were 24% and February 18%. This test has convinced us that television will become an important medium for us when we reach the critical mass to justify it on a regular basis.

We have opened 2 stores so far in 2018 with 56 stores open to-date. We will continue to maintain the momentum of store roll-out through 2018, targeting 70 stores by YE 2018. We maintain our target of 100 stores by YE 2020.

The pressures on margins that we experienced in the second half of 2017, and in particular Q4, have been easing through Q1 2018. The price of cheese is softening and the fight for talent is becoming less intense as the attraction of working for Domino's versus other employers becomes clearer.

I am delighted that we are to be awarded a Gold Franny by our franchisor Domino's Pizza International (DPI) in recognition of our performance in 2017. Gold Frannies are awarded each year to a small proportion of Domino's franchisees in recognition of operational excellence, product quality, brand stewardship and growth. This is our second consecutive award, having received a Gold Franny for our 2016 performance.

As well as our own efforts our performance has been supported by the continuing growth of the Polish economy, providing helpful conditions for expansion through healthy consumer demand. These positive macro conditions are forecast to continue through 2018 and we look forward to another year of robust growth.

Finance Director's review

Overview

2017 was a record year for store opening as we crossed the 50-store mark, to reach 54 stores open by YE 2017.

Sales from new stores and 17% like-for-like[2] System Sales[1] growth delivered 51% growth in overall System Sales. In Q4 2017 we achieved our 21st consecutive quarter of double digit like-for-like System Sales growth.

17% like-for-like growth in System Sales was diluted by c. 1 percentage point due to store splitting in Warsaw. We expect more splitting in 2018, in Warsaw and in non-Warsaw stores. Store splits improve labour and delivery efficiency and customer service, resulting in happier customers and repeat purchases.

During Q1-Q3 2016 we experienced deflation in food costs. In Q4 2016 we saw food prices start to rise and continue in 2017. At the same time we also experienced wage inflation, underpinned by increases in the minimum wage, the introduction of more generous social benefits, reduction in the retirement age and growth in GDP. From the broader macro-economic viewpoint wage inflation translates to an increase in internal consumption, which should in-turn stimulate demand and sales growth. We have been managing these inflationary pressures through menu pricing and efficiencies in procurement, however in Q4 2017 inflation was above our expectations and impacted margin. Our most mature corporate stores were able to withstand the impact of these margin pressures better than our younger stores, with those less than 2 years old most impacted. We are very aware of our sub-franchisees' margins and we look to absorb at least some of those inflationary pressure through sensitive management of our commissary margins.

The outlook for 2018 is looking more positive with regard to cost inflation, with an easing in the price of cheese and a levelling off in wage rates.

In 2017 we continued to accelerate store expansion, opening 19 stores and adding 14 towns/cities. In the period January-March 2018 we added 2 stores and 1 more town. To-date in 2018 there are 56 Domino's Pizza stores in 25 towns and cities.

We are targeting up to 70 stores open by the year end.

To support store openings and the continuing growth in System Sales we expanded our commissary capacity in 2017 with the construction of a new facility on the outskirts of Łódź, a large city in the centre of the country. We have approached this investment with the same capital light model that we applied to our Warsaw facility. The combined capacity of both commissaries is c. 150 stores.

Selling, General and Administrative expenses (S,G&A)

In 2017 Selling, General and Administrative expenses (S,G&A) were 21% of System Sales an 8 percentage point improvement on 2016 (2016 29%), measured using the actual average exchange rates for 2017 and 2016.

The opening of new stores in new towns and cities requires investment in the store expansion team and additional area managers to oversee both corporate and sub-franchised store performance. As we open more stores these additional costs will become proportionately less significant and the overall impact of S,G&A on Group EBITDA will reduce.

As our national coverage of stores grows the prospect of regular national television advertising becomes more realistic, both in terms of the efficiency of media spend and the availability of Domino's Pizza to potential consumers. We trialled our first TV campaign in January and February 2018 with strong sales results.

Direct costs

In preparation for many more store openings and continuing growth in System Sales we extended our commissary capacity in 2017 with the construction of a new commissary facility in Łódź. This additional commissary capacity impacted our Direct Costs through additional rent and operating costs, production labour and warehousing labour. As System Sales grow the impact on Direct Costs will become less marked and the benefits of lower production costs and warehouse product handling costs will be seen in further improved corporate store EBITDA and commissary gross profit. The opening of new stores in new towns and cities results in higher distribution costs, which in turn will become proportionally less significant as those costs are spread across still more stores. The opening of this second commissary in the centre of Poland, reduces distribution expenses for stores located in the north, south and west of Poland.

Store count

Stores	1 Jan 2017	Opened	Corporate/sub-franchised movement	Sold to sub-franchisees	Closed	31 Dec 2017
Corporate	13	15	2	0	0	30*
Sub-franchised	22	4	-2	0	0	24
Total	35	19	0	0	0	54

* 2 corporate stores are run by sub-franchisees under management contract, with the option to acquire and sub-franchise in the future.

We have acquired 2 sub-franchised stores, with the expectation that 1 store will be sub-franchised again in the near future, the second acquisition fitted our corporate store estate requirements and we expect the sub-franchisee who sold it to us to open another store this year.

At the year-end 35% of our stores were less than 1 year old and 57% of our stores were less than 2 years old. In 2020 we expect to have c. 15% of stores less than 1 year old and c. 30% of stores less than 2 years old.

We saw inflation in the cost of fitting out stores in 2017 which we do not expect to ease in 2018 as the Polish economy continues to grow, fueling demand for building and related services.

2 new stores have been opened since 1 January 2018, totaling 56 stores to-date.

Sales Key Performance Indicators

51% growth in System Sales (PLN) was supported by 17% like-for-like System Sales and the opening of 19 new stores in 2017. 17% like-for-like System Sales growth constitutes a mix of 16% like-for-like System Sales order count growth and a 1% growth in average net check. Delivery System Sales ordered online are growing, however newly opened stores need time to build online customers, which dilutes the System average. In certain weeks we have seen some mature stores hit 90%+ of orders placed online. We see the potential of digital marketing and digital order fulfilment continuing to grow, better meeting the needs of our consumers and adding to our operational efficiencies. In the near future we expect to see up to 100% of delivery orders placed online in mature stores.

	2017	2016	Change %
System Sales PLN	58,082,060	38,531,225	+51%
System Sales £[4]	11,953,501	7,929,867	+51%
L-F-L system sales	+17%	+27%	
L-F-L system order count	+16%	+24%	
Delivery System Sales ordered online	+75%	+71%	

[4] Constant exchange rate of £1: 4.8590 PLN

Group Performance

25% growth of Group Revenue at a constant exchange rate of £1: 4.8590 PLN is derivative of 51% growth of System Sales and selling 4 new stores to sub-franchisees. In 2017 we did not sell any corporate stores to sub-franchisees.

Group Revenue & EBITDA	2017	2016	Change %
Revenue PLN	50,425,616	40,346,077	+25%
Revenue £	10,377,777[4]	8,303,370[4]	+25%
Group EBITDA[3] £	(1,784,677)[4]	(1,680,364)[4]	-6%

Constant exchange rate of £1: 4.8590 PLN

The Group Income statement at the actual average exchange rate for 2017 and 2016 was impacted by sterling weakening against the zloty by 9% in 2017.

Group Revenue & EBITDA	2017	2016	Change %
Revenue PLN	50,425,616	40,346,077	+25%
Revenue £	10,377,777[4]	7,556,718[5]	+37%
Group EBITDA[3] £	(1,784,677)[4]	(1,579,565)[5]	-13%

Actual average exchange rates for 2017 and 2016

Group Loss for the period

The Group EBITDA loss, excluding non-cash items, non-recurring items and store pre-opening expenses, at actual average exchange rates for 2017 and 2016, increased by £205,112 (£104,313 increase at a constant exchange rate of £1: 4.8590 PLN) against the prior year.

The Group loss for the year at actual average exchange rates for 2017 and 2016 increased by £141,118 against 2016, mainly due to the effect of an increase of store pre-opening expenses, an increase of depreciation and amortization, a decrease of other non-cash and non-recurring items, an increase of foreign exchange gains and a decrease of share-based payments

Group Loss for the period	2017	2016	Change %
Loss for the period	(2,634,519)[4]	(2,493,401)[5]	-6%

Actual average exchange rates for 2017 and 2016

Exchange rates

PLN: £1	2017	2016	Change %
Income Statement	4.8590	5.3391	-9%
Balance Sheet	4.7048	5.1437	-9%

Financial Statements for our Polish subsidiary DP Polska S.A. are denominated in PLN and translated to £. Under IFRS accounting standards the Income Statement for the Group has been converted from PLN at the average annual exchange rate applicable to PLN against £. The balance sheet has been converted from PLN to £ at the 31 December 2017 exchange rate applicable to PLN against £. In 2017 the PLN strengthened against £ and impacted numbers presented at 2017 and 2016 rates accordingly.

Cash position

Cash reduced by 29% from 1 January 2017, with net cash at 31st December 2017 of £4.5m. Cash of £7.0m was deployed to cover:

- Group losses

- store CAPEX (including CAPEX to be deployed in stores to be opened in 2018)

- new commissary CAPEX

- part of 2018 TV and radio campaign

- share placing expenses.

Some 2018 costs and investments were paid in 2017.

On 6 June 2017 the Group completed a placing of 12,200,000 new ordinary shares at the price of 43 pence per share, to raise a total of £5,246,000.

	1st January 2017	Cash movement	31st December 2017
Cash in bank	6,308,260	(1,802,349)	4,505,911

Actual exchange rates for 2017 and 2016

Macro situation in Poland

In 2017 we saw strong GDP growth combined with inflation. The inflation that we experienced in food and wages was higher than the general rise in prices of goods and services. GDP growth was supported by growth in Internal Consumption and by Investments (Investments since Q4 of 2017). The 3 Month Warsaw Interbank Offered Rate is virtually unchanged.

Macro KPI	**2017**	**2016**
Real GDP growth (% growth)[9]	4.5	2.9
Inflation (% growth)[10]	2.1	-0.7
	31 Dec 2017	**31 Dec 2016**
Interest rate[11] (%)	1.7200	1.7300

[1] System Sales – total retail sales including sales from corporate and sub-franchised stores
[2] Like-for-like growth in PLN, matching trading periods for the same stores between 1 January and 31 December 2016 and 1 January and 31 December 2017
[3] Excluding non-cash items, non-recurring items and store pre-opening expenses
[4] Exchange rate average for 2017 £1: 4.8590 PLN
[5] Exchange rate average for 2016 £1: 5.3391 PLN
[6] Sales minus variable costs
[7] Stores up to 12 months old with no matching trading periods in 2016
[8] When a second store is opened in an existing store's delivery area and the delivery area is split between the original store and the second store
[9] source: http://www.euromonitor.com/poland/country-factfile#
[10] source: http://www.euromonitor.com/poland/country-factfile#
[11] 3M WIBOR at 30th of December; source: www.money.pl

Group Income Statement

for the year ended 31 December 2017

	Notes	**2017** £	2016 £
Revenue	2	10,377,777	7,556,718
Direct Costs		(9,658,691)	(7,022,673)
Selling, general and administrative expenses - *excluding: store pre-opening expenses, depreciation, amortisation and share based payments*		(2,503,763)	(2,113,610)
GROUP EBITDA - *excluding non-cash items, non-recurring items and store pre-opening expenses*		(1,784,677)	(1,579,565)
Store pre-opening expenses		(143,220)	(47,850)
Other non-cash and non-recurring items	5	(12,271)	(99,302)
Finance income		92,638	65,116
Finance costs		(24,364)	(12,478)
Foreign exchange gains / (losses)		148,032	(7,915)
Depreciation, amortisation and impairment		(656,942)	(458,722)
Share based payments		(253,715)	(352,685)
Loss before taxation	4	(2,634,519)	(2,493,401)
Taxation	6	-	-
Loss for the period		(2,634,519)	(2,493,401)
Loss per share Basic	7	(1.85 p)	(1.93 p)
Diluted	7	(1.85 p)	(1.93 p)

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

Group Statement of comprehensive income

for the year ended 31 December 2017

	2017	2016
	£	£
Loss for the period	(2,634,519)	(2,493,401)
Currency translation differences	639,428	618,614
Other comprehensive expense for the period, net of tax to be reclassified to profit or loss in subsequent periods	639,428	618,614
Total comprehensive income for the period	(1,995,091)	(1,874,787)

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

Group Balance Sheet

at 31 December 2017

	Notes	2017 £	2016 £
Non-current assets			
Intangible assets	8	558,438	442,764
Property, plant and equipment	9	6,617,788	2,765,748
Deferred tax asset		-	-
Trade and other receivables		1,767,289	1,217,231
		8,943,515	4,425,743
Current assets			
Inventories		525,870	271,525
Trade and other receivables		2,580,994	1,818,425
Cash and cash equivalents		4,505,911	6,308,260
		7,612,775	8,398,210
Total assets		16,556,290	12,823,953
Current liabilities			
Trade and other payables		(1,648,960)	(1,218,991)
Borrowings		(129,613)	(73,007)
Provisions		(37,289)	(37,294)
		(1,815,862)	(1,329,292)
Non-current liabilities			
Provisions		-	(50,532)
Borrowings		(243,197)	(234,276)
		(243,197)	(284,808)
Total liabilities		(2,059,059)	(1,614,100)
Net assets		14,497,231	11,209,853
Equity			
Called up share capital	10	762,754	684,576
Share premium account	10	31,829,463	26,878,887
Capital reserve - own shares		(48,163)	(50,463)
Retained earnings		(18,499,828)	(16,116,724)
Currency translation reserve		453,005	(186,423)
Total equity		14,497,231	11,209,853

The financial statements were approved by the Board of Directors and authorised for issue on 26 March 2018 and were signed on its behalf by:

Peter Shaw
Director

Maciej Jania
Director

Group Statement of Cash Flows

for the year ended 31 December 2017

	Note	**2017** £	2016 £
Cash flows from operating activities			
Loss before taxation for the period		(2,634,519)	(2,493,401)
Adjustments for:			
Finance income	7	(92,638)	(65,116)
Finance costs	8	24,364	12,478
Depreciation, amortisation and impairment		656,942	458,722
Share based payments expense	23	253,715	352,685
Operating cash flows before movement in working capital		(1,792,136)	(1,734,632)
(Increase) in inventories		(221,747)	(134,825)
(Increase) in trade and other receivables	16	(728,558)	(254,038)
Increase in trade and other payables		555,994	461,664
(Decrease) / increase in provisions		(50,532)	50,532
Cash used in operations		(2,236,979)	(1,611,299)
Taxation paid		-	-
Net cash used in operations		(2,236,979)	(1,611,299)
Cash flows from investing activities			
Payments to acquire software		(23,833)	(25,114)
Payments to acquire property, plant and equipment		(4,131,753)	(1,714,215)
Payments to acquire intangible fixed assets		(26,039)	(23,699)
Lease deposits net amount (advanced)		(50,396)	(62,052)
Proceeds from disposal of property plant and equipment		-	698,882
(Increase) in loans to sub-franchisees	16	(501,731)	(1,214,743)
Interest received	7	92,638	36,745
Net cash used in investing activities		(4,641,114)	(2,304,196)
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital		5,028,754	3,055,426
Interest paid	8	(24,364)	(12,478)
Net cash from financing activities		5,004,390	3,042,948
Net (decrease) in cash and cash equivalents		(1,873,703)	(872,547)
Exchange differences on cash balances		71,354	193,304
Cash and cash equivalents at beginning of period		6,308,260	6,987,503
Cash and cash equivalents at end of period	18	4,505,911	6,308,260

Group Statement of Changes in Equity

for the year ended 31 December 2017

	Share capital	Share premium account	Retained earnings	Currency translation reserve	Capital reserve - own shares	Total
	£	£	£	£	£	£
At 31 December 2015	651,241	23,856,796	(13,970,110)	(805,037)	(56,361)	9,676,529
Shares issued	33,335	3,166,825	-	-	-	3,200,160
Expenses of share issue	-	(144,734)	-	-	-	(144,734)
Share based payments	-	-	352,685	-	-	352,685
Shares transferred out of EBT	-	-	(5,898)	-	5,898	-
Translation difference	-	-	-	618,614	-	618,614
Loss for the period	-	-	(2,493,401)	-	-	(2,493,401)
At 31 December 2016	684,576	26,878,887	(16,116,724)	(186,423)	(50,463)	11,209,853
Shares issued	78,178	5,185,000	-	-	-	5,263,178
Expenses of share issue	-	(234,424)	-	-	-	(234,424)
Share based payments	-	-	253,715	-	-	253,715
Shares transferred out of EBT	-	-	(2,300)	-	2,300	-
Translation difference	-	-	-	639,428	-	639,428
Loss for the period	-	-	(2,634,519)	-	-	(2,634,519)
At 31 December 2017	**762,754**	**31,829,463**	**(18,499,828)**	**453,005**	**(48,163)**	**14,497,231**

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared on the historical cost basis, with the exception of certain financial instruments and share based payments. The consolidated and Company financial statements of DP Poland plc have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, IFRIC Interpretations and the Companies Act 2006 applicable to Companies reporting under IFRS. The financial statements have been prepared in accordance with IFRS and IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements (March 2018). The preparation of financial statements in accordance with IFRS 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.

2. REVENUE

Revenue represents amounts received from the sale of goods from the Group's principal continuing activity, being the operation and sub-franchising of Domino's Pizza stores. All of the revenue is derived in Poland. Revenue is measured at fair value of consideration net of returns and value added taxes. Revenue from pizza delivery, commissary and equipment sales is recognised on delivery to customers and sub-franchisees. Royalties are based on sub-franchised store sales to customers and are recognised as the income is earned by our sub-franchisees. Core revenues are ongoing revenues including sales to the public from corporate stores, sales of materials and services to sub-franchisees, royalties received from sub-franchisees and rents received from sub-franchisees. Other revenues are non-recurring transactions such as the sale of stores, fittings and equipment to sub-franchisees. Revenue recognised in the income statement is analysed as follows:

Revenue is divided into 'core revenues' and 'other revenues' as follows:

	2017 **£**	2016 £
Core revenue	9,663,088	6,030,869
Other revenue	714,689	1,525,849
	10,377,777	7,556,718

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. 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 EBITDA contribution

	2017 **£**	2016 £
Corporate stores	345,667	328,906
Commissary gross profit	599,196	321,171
Unallocated expenses	(2,729,540)	(2,229,642)
GROUP EBITDA - excluding non-cash items, non-recurring items and store pre-opening expenses	(1,784,677)	(1,579,565)

4. LOSS BEFORE TAXATION

This is stated after charging

		2017 £	2016 £
Auditors and their associates' remuneration	– audit of company and group financial statements	37,445	30,400
	– tax compliance services	1,400	1,400
Directors' emoluments	– remuneration and fees	325,966	352,974
Amortisation of intangible fixed assets		86,057	64,173
Depreciation of property, plant and equipment		570,885	394,549
Operating lease rentals	– land and buildings	616,415	476,928
and after crediting			
Operating lease income from sub-franchisees		478,538	263,191
Foreign exchange gains /(losses)		148,032	(7,915)

5. OTHER NON-CASH AND NON-RECURRING ITEMS

	2017 £	2016 £
Provision for additional VAT payable	50,532	(50,532)
Other non-cash and non-recurring items	(62,803)	(48,770)
	(12,271)	(99,302)

Non-recurring Items

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. The provision for additional VAT payable has been reversed following changes to a previous ruling by the Polish VAT authorities.

6. TAXATION

	2017 £	2016 £
Current tax	-	-
Total tax charge in income statement	-	-

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the tax rate applicable to profits of the consolidated entities as follows:

	2017 £	2016 £
Loss before tax	(2,634,519)	(2,493,401)
Tax credit calculated at applicable rate of 19%	(500,559)	(473,746)
Income taxable but not recognised in financial statements	13,444	20,536
Income not subject to tax	(24,137)	(2,487)
Expenses not deductible for tax purposes	84,750	74,338
Tax losses for which no deferred income tax asset was recognised	426,502	381,359
Total tax charge in income statement	-	-

The Directors have reviewed the tax rates applicable in the different tax jurisdictions in which the Group operates. They have concluded that a tax rate of 19% represents the overall tax rate applicable to the Group.

7. LOSS PER SHARE

The loss per ordinary share has been calculated as follows:

	2017 Weighted average number of shares	2017 £ Profit / (loss) after tax	2016 Weighted average number of shares	2016 £ Profit / (loss) after tax
Basic	142,164,031	(2,634,519)	128,931,485	(2,493,401)
Diluted	142,164,031	(2,634,519)	128,931,485	(2,493,401)

The weighted average number of shares for the year excludes those shares in the Company held by the employee benefit trust. At 31st December 2017 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.

8. INTANGIBLE ASSETS

Group	Franchise fees and intellectual property rights £	Software £	Capitalised loan discount £	Total £
Cost:				
At 31 December 2015	333,166	183,706	-	516,872
Foreign currency difference	43,480	24,255	-	67,735
Additions	23,699	25,114	178,269	227,082
Disposals	-	(4,668)	-	(4,668)
At 31 December 2016	400,345	228,407	178,269	807,021
Foreign currency difference	38,202	81,912	-	120,114
Additions	26,039	23,833	67,281	117,153
Disposals	-	-	-	-
At 31 December 2017	464,586	334,152	245,550	1,044,288
Amortisation				
At 31 December 2015	145,746	119,429	-	265,175
Foreign currency difference	19,850	16,236	-	36,086
Amortisation charged for the year	32,192	26,756	5,225	64,173
Disposals	-	(1,177)		(1,177)
At 31 December 2016	197,788	161,244	5,225	364,257
Foreign currency difference	19,551	15,985	-	35,536
Amortisation charged for the year	33,548	28,733	23,776	86,057
Disposals	-	-		-
At 31 December 2017	250,887	205,962	29,001	485,850
Net book value:				
At 31 December 2017	213,699	128,190	216,549	558,438
At 31 December 2016	202,557	67,163	173,044	442,764

9. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold property £	Fixtures fittings and equipment £	Assets under construction £	Total £
Cost:				
At 31 December 2015	1,574,988	1,370,096	185,768	3,130,852
Foreign currency difference	226,639	349,204	(158,605)	417,238
Additions	581,957	336,619	605,016	1,523,592
Disposals	(679,424)	(394,242)	-	(1,073,666)
Transfers	78,037	496,304	(574,341)	-
At 31 December 2016	1,782,197	2,157,981	57,838	3,998,016
Foreign currency difference	336,090	584,555	(491,241)	429,404
Additions	2,074,716	440,698	1,616,339	4,131,753
Disposals	-	(87,457)	-	(87,457)
Transfers	55,487	1,041,695	(1,097,182)	-
At 31 December 2017	4,248,490	4,137,472	85,754	8,471,716
Depreciation:				
At 31 December 2015	521,625	556,020	-	1,077,645
Foreign currency difference	(26,465)	164,815	-	138,350
Depreciation charged for the year	178,035	216,514	-	394,549
Disposals	(248,843)	(129,433)	-	(378,276)
At 31 December 2016	424,352	807,916	-	1,232,268
Foreign currency difference	46,716	107,034	-	153,750
Depreciation charged for the year	217,535	353,350	-	570,885
Disposals	-	(102,975)	-	(102,975)
At 31 December 2017	688,603	1,165,325	-	1,853,928
Net book value:				
At 31 December 2017	3,559,887	2,972,147	85,754	6,617,788
At 31 December 2016	1,357,845	1,350,065	57,838	2,765,748

10. SHARE CAPITAL

		2017 £	2016 £
Called up, allotted and fully paid:			
152,550,704 (2016: 136,915,112)	Ordinary shares of 0.5 pence each	762,754	684,576

Movement in share capital during the period

	Number	Nominal value £	Consideration £
At 31 December 2015	130,248,112	651,241	26,407,874
Placing 05 October 2016	6,667,000	33,335	3,200,160
At 31 December 2016	136,915,112	684,576	29,608,034
Placing 06 June 2017	12,200,000	61,000	5,246,000
Option exercises 2017	3,435,592	17,178	17,178
At 31 December 2017	152,550,704	762,754	34,871,212

The Company does not have an authorised share capital.

11. ANNUAL GENERAL MEETING

The Annual General Meeting of DP Poland plc will be held at the Offices of Peel Hunt, 120 London Wall, London EC2Y 5ET on 4 May 2018 at 10.00 a.m.