DP Poland plc

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

Final results for the full year to 31 December 2018

24% increase in System Sales, 18% growth in revenue, 66 stores open to-date

Financial highlights:

- 24% increase in System Sales[1] to 72m PLN 2018 (58m PLN 2017)
- 6% like-for-like[8] growth in System Sales 2018 on 2017, adjusting for delivery area splits[9]
- 18% growth in revenue to 60m PLN 2018 (50m PLN 2017)
- 85% increase in corporate store EBITDA
- 21% increase in commissary gross profit[10]
- Group EBITDA[5] loss (£1.92m[6]) 2018, versus (£1.78m[7]) 2017
- Group loss for the period (£3.79 m[6]) 2018, versus (£2.63m[7]) 2017

Operational highlights:

- 77% of delivery System Sales ordered online 2018 (75% 2017)
- 9 new stores opened in 2018, 3 further opened in 2019 to-date
- 66 stores open to-date, across 30 towns and cities

Peter Shaw, Chief Executive of DP Poland said:

"In spite of a challenging second half to the year we achieved a 24% increase in System Sales and significant growth in both corporate store EBITDA and commissary gross profit in 2018. Understanding the external factors that negatively impacted sales growth, namely the unusually warm and dry weather and unprecedented levels of advertising spend by the two main delivery aggregators, has informed our sales and marketing response in 2019.

We have launched an innovative marketing campaign for 2019 featuring bespoke video and image content that will run throughout the year on digital, rather than traditional, channels, including YouTube, Facebook and Instagram. Alongside this campaign we are trialling a partnership with the largest delivery aggregator, Pyszne (Takeaway.com) and early signs of significant incremental sales look promising as we leverage Pyszne's significant advertising spend.

The share placing completed at the end of February gives the business the requisite funds for further corporate store openings and investment in sales and marketing."

[1] *System Sales - total retail sales including sales from corporate and sub-franchised stores, unaudited.*
[5] *Excluding non-cash items, non-recurring items and store pre-opening expenses*
[6] *Exchange rate average for 2018 £1:* 4.8169
[7] *Exchange rate average for 2017 £1:* 4.8950
[8] *Like-for-like growth in PLN, matching trading periods for the same stores between 1 January and 31 December 2017 and 1 January and 31 December 2018.*
[9] *When a store's delivery area is split, by opening a second store in its original delivery area, a significant portion of the original store's customer database is allocated to the new store, resulting in the original store losing sales. Calculating pre-split like-for-likes allows us to see sales growth by matched delivery areas, irrespective of the opening of new stores. Pre-split like-for-likes are a standard measure adopted by many major Domino's Pizza master franchisees. Up to 31 December 2017 we had only split two delivery areas, out of 54 stores, hence not analysing pre-split like-for-likes before 2018. See note under Finance Director's Review.*
[10] *Sales minus variable costs*

Enquiries:

DP Poland PLC	**020 3393 6954**
Peter Shaw, Chief Executive	
www.dppoland.com	
Peel Hunt LLP	**020 7418 8900**
Adrian Trimmings / George Sellar	

Notes to editor

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 66 Domino's Pizza stores, 42 corporately managed, 2 under management contract and 24 sub-franchised.

Chairman's statement

The Company delivered a solid performance in 2018 with System Sales[1] growth of 24% and revenue growth of 18%.

The year was notable for the marked divergence in DP Poland's performance between the first and second halves. The first half delivered robust sales, boosted by our trial of television advertising in January and February. From April, Poland started to experience unseasonably warm and dry weather, not conducive to food delivery sales; this was in part compensated for by the positive impact of the football World Cup from mid-June, with large television audiences of football fans ordering delivery food.

In the second half we saw sales continue to be impacted by exceptionally warm and dry weather, through to mid-November. Further, we experienced the cumulative impact of the two main delivery aggregators' increased advertising spend on the Company's share of advertising voice. In addition our decision to take a more balanced approach to generating sales in 2018, with more of a focus on protecting margin and store EBITDA, no doubt also impacted like-for-like System Sales performance 2018 on 2017.

Despite the pressures on sales performance that we experienced in 2018, the Company's stores continued to perform to a high standard. Domino's Poland's stores rank amongst the best Domino's stores in the world with regards to service times[2]. We were also delighted to receive from our franchisor, Domino's Pizza International, a second consecutive Gold Franny award for sales growth and quality standards[3].

In February 2019 the Board took the decision to raise £5.8 million before expenses by means of a placing, to maintain the roll-out of corporate stores in 2019 and 2020 and to support the Company's sales and marketing plans. The placing was approved at a General Meeting on 28 February.

At the time of the placing we announced that Peter Shaw will be stepping down as Chief Executive, by mutual agreement, at the conclusion of the Company's 2019 Half Year, in June 2019. Peter was co-founder of DP Poland and has led the business since October 2010 – shortly after the master franchise agreement for Domino's Pizza in Poland was acquired. Peter has led DP Poland to become one of the largest pizza delivery operations in Poland, with an estate of 66 stores. The board of DP Poland thank Peter for the great contribution he has made to the development of the business.

DP Poland is fundamentally a Polish company and, having established a strong platform in the Polish market, our principal focus for the future will include optimising resources and cost control and on increasing local market expertise, building on the strong operational team we have put in place. Pending a further appointment reflecting the Group's priorities in this area, myself and Rob Morrish, non-executive director, will take a more active role in the running of the business.

With the eighth largest economy in Europe and current GDP growth of around 5% per year[4], Poland continues to provide favourable conditions for the continued expansion of the Domino's brand.

Nick Donaldson

Non-Executive Chairman

25 March 2019

Chief Executive's review

Group performance

Revenue increased by 18% to 60m PLN (50m PLN 2017).

Group EBITDA[5] losses increased by 8% (£1.92m) in 2018 versus (£1.78m) in 2017, at average exchange rates for 2018[6] and 2017[7], impacted by lower than anticipated sales in the second half of the year.

At constant exchange rates Group EBITDA losses increased by 7% 2018 on 2017.

The Group loss for the period of (£3.79m), at actual exchange rates, was an increase of 44% on 2017, including provisions for impairments against leasehold improvements relating to possible store closures and possible sale of certain corporate stores to sub-franchisees, plus possible sub-franchisee bad debt.

Store performance

System Sales were up 24% 2018 on 2017 as a result of 6% like-for-like[8] (pre-split[9]) System Sales growth 2018 on 2017, growth from non-like-for-like stores and the opening of 9 new corporate stores during the year.

The 2018 like-for-like performance of 6% was on the back of 17% like-for-like growth in 2017, representing 24% compound like-for-like growth over 2 years 2017-18.

The first half sales performance was boosted by our trial of national television advertising, with two campaign bursts of 2 weeks each, at the beginning of January and at the end of January running into February. While the consumer sales response to this television advertising was very strong the return on investment was insufficient to justify continued national television support until we have further expanded our store network.

The second half of the year proved more challenging as the Company experienced pressures on sales, driven predominantly by exceptionally warm and dry weather through to mid-November and the cumulative impact of delivery aggregators' increased advertising spend on the Company's share of advertising voice. The Company also took the decision to offer less discounting in August, September and October 2018 (compared to 2017), in support of margin and store EBITDA, which also no doubt impacted like-for-like System Sales performance.

The average transaction value in 2018, in stores of at least 2.5 years old at 31 December 2018, was the highest to date, as a result of a menu price rise introduced in January and less discounting across the year as a whole, compared to 2017.

Corporate store EBITDA increased 85% 2018 on 2017.

Last year a number of our corporate stores were identified as 'underperformers' and specific plans were put in place to turn those performances around. We are seeing some positive responses to these actions. We are also discussing the possible sale of some of these stores, to sub-franchise, and we are considering the possibility of some closures for those stores where their location is a particular challenge.

Store roll-out

We finished the year with 63 stores, 24 sub-franchised and 39 corporately managed. During the year we opened 9 corporate stores.

Stores	1 Jan 2018	Opened	31 Dec 2018	26 Mar 2019
Corporate	30*	9	39*	42*
Sub-franchised	24	0	24	24
Total	54	9	63	66

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

Our focus in 2019 is to drive higher store penetration, reduce store delivery areas, improve delivery times and improve the cost of labour. Store openings will be focused on larger cities and will include a high proportion of delivery area splits. We have opened 3 further stores in 2019 to-date.

As stated above, under 'Store performance', we are considering some store closures and the possible sale of certain corporate stores to sub-franchisees

Sub-franchising

The performance of sub-franchised stores in 2018 was mixed with some strong performers and some weaker. In 2019 we are focused on reinvigorating sub-franchisee performance, to drive sales and store openings. In November 2018 we recruited a new head of Sales and Operations with particular experience of working with franchisees.

We anticipate converting a number of our corporately managed stores to sub-franchises, re-balancing the corporate/sub-franchised store mix.

Commissary

Our 2 commissaries continue to perform well in the efficient production of fresh dough and the distribution of all ingredients and non-food items to stores. We saw a 21% increase in commissary gross profit[10] 2018 on 2017.

Marketing and product innovation

2018 marked a key milestone as we trialled television advertising for the first time, adapting a 15 second commercial created by our Dutch Domino's colleagues, including a 50% off promotion. We ran 2 bursts of national television advertising over a period of 2x 2 weeks, in the first half of January and in late January running into February. While the television campaign generated impressive like-for-like sales and our highest average order count to-date the return on investment did not justify continued investment in this medium, until we achieve higher store penetration.

Much of our 2018 activity was focused on social media channels, including our 'DominosBot' AI powered ordering channel on Facebook Messenger.

We introduced 3 new pizzas in 2018, including Tex Mex, Americano (pepperoni and mushroom) and Carbonara.

Fundraising February 2019

On 28 February 2019 a fundraising of £5.8m before expenses was confirmed, by means of a placing, including a fully subscribed broker option of £0.5m, resulting in around £5.5m net funds raised. The fundraising allows the Company to continue rolling out corporate store openings through 2019 and 2020 and to invest in sales and marketing activities.

Current trading and outlook

Comparatives for January and February 2019 were always going to be very tough, in the context of our trial of television advertising in January and February 2018. As such we knew that our like-for-like sales performance in January and February would be negative. The challenge was to ensure that sales momentum was maintained as we pushed through that comparative period.

To that end in mid-January we launched an innovative campaign featuring Damian Kordas, the winner of Polish Master Chef 2018, creating unique Domino's video content, distributed through digital channels. Damian will be producing content for us throughout year, the first of which featured our customers' favourite pizza Domino's Pepperoni. This content, including video and imagery featuring Damian discussing and making Domino's Pepperoni, has met with a strong sales response. It is being distributed through a variety of channels, including YouTube, Facebook and Instagram.

We have taken the decision to start a trial with the main delivery aggregator in our market, Pyszne, part of Takeaway.com, on the basis that we will receive orders from their system and that we fully service those orders, including delivery. We have taken this step following consultation with our franchisor DPI and a number of our European colleagues who have been partnering with Takeaway.com in their markets. Based on the evidence of the first of our stores to be placed on the Pyszne system we are optimistic that this trial will add incremental sales. For the summer months we will be deploying new tactics in support of sales.

On a personal level I would like to thank our team in Poland for the progress that we have made in establishing Domino's Pizza as one of the leading pizza delivery operators, in a highly attractive and very competitive market. I have no hesitation in claiming that our team is best of class and I am fully confident in their abilities to fulfil our long-term vision for the business, as I move on to other challenges. I would also like to thank our Board for their unwavering support over the last eight and a half years that I have been Chief Executive of DP Poland PLC.

Peter Shaw

Chief Executive

25 March 2019

Finance Director's review

Overview

The food delivery market in Poland is growing at an impressive rate, in part driven by a step change in investment from the delivery aggregators, alongside a general broadening in the range of food service offers. While the long-term impact is positive we experienced significant pressure on sales in the second half of 2018. These pressures resulted from a combination of factors including unusually hot and dry weather, the very high advertising spend of competing delivery aggregators impacting our share of advertising voice and our decision to reduce the overall amount of discounting compared to the previous year, in support of margin and store EBITDA.

In response to the delivery aggregators' marketing investment we have commenced a trial in partnership with the leading delivery aggregator in Poland, Pyszne (Takeaway.com), with our first stores going on stream in late January 2019. Leveraging the advertising expenditure of Pyszne we can benefit from their sales platform while retaining complete control of our offer, service and delivery.

While the buoyant Polish consumer economy is broadly beneficial, the related reduction in unemployment and the introduction of a minimum wage has seen labour rates double since we opened our first store in February 2011. As a result Poland can no longer be described as a low-cost labour market. We have worked hard to manage these costs, including the introduction of menu price increases, a move that has been mirrored across the food service sector.

Regarding the cost of food we have seen an easing of inflation and as such we have been able to balance some of the pressure from increased labour costs. Growing sales volumes will continue to have a positive impact on our purchasing power.

Selling, General and Administrative expenses

In 2018 Selling, General and Administrative expenses (S,G&A) were 19% of System Sales, a 2 percentage points improvement against 2017 (2017 21%); both measured using the actual average exchange rates for 2018 and 2017.

Direct costs

The opening of our second commissary in August 2017 provided additional capacity, critical to the expansion of our store estate and reducing distribution costs in the supply of stores to the North, West and South of the country. This new facility has added to our direct costs, including rent, operating costs, production and warehousing labour, impacting Group EBITDA in 2018. These costs will become proportionately less significant as the store estate expands and sales grow.

Store count

Stores	1 Jan 2018	Opened	31 Dec 2018	26 Mar 2019
Corporate	30*	9	39*	42*
Sub-franchised	24	0	24	24
Total	54	9	63	66

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

In 2019 a number of store openings will result from the splitting[9] of the delivery areas of some of our highest grossing stores. Store openings resulting from splits benefit from the transfer of part of the original store's customer database and improved labour and delivery efficiency thanks to a tighter delivery area. Customers who get their orders more quickly become more loyal and purchase more regularly.

3 new stores have been opened so far in 2019, totaling 66 stores opened to-date, with 1 additional town added, giving us presence in 30 towns/cities to-date.

Sales Key Performance Indicators

24% growth in System Sales (PLN) was supported by 6% like-for-like System Sales (pre-split), growth from non-like-for-like stores and the opening of 9 new stores in 2018. Ignoring splits we saw 4% like-for-like System Sales growth (6% pre-split) constituted of -2% like-for-like System order count decline (0% pre-split) and a 6% growth in average transaction value. In 2017 17% like-for-like System Sales growth reflected a mix of 16% order count growth and 1% growth in the average transaction value.

Delivery System Sales ordered online are growing, however newly opened stores need time to build online customers and that will dilute the System average.

	2018	2017	Change %
System Sales PLN	71 873 155	58 082 060	24%
System Sales £*	14 921 039	12 057 975	24%
L-F-L system sales	4%	17%	
L-F-L system sales pre-split	6%	N/A**	
L-F-L system order count	-2%	16%	
L-F-L system order count pre-split	0%	N/A**	
Delivery System Sales ordered online	77%	75%	

*Constant exchange rate of £1: 4.8169 PLN
** Splitting was immaterial to like-for-like performance in 2017.

Group performance

18% growth of Group Revenue at a constant exchange rate of PLN 4.8: £1 is derivative of 24% growth of System Sales.

Group revenue & EBITDA*	2018	2017	Change %
Revenue PLN	59 584 167	50 425 616	+18%
Revenue £	12 369 815	10 468 479	+18%
Group EBITDA[5] £	(1 920 448)	(1 795 467)	-7%

*Constant exchange rate of £1: 4.8169PLN

The Group Income statement at actual average exchange rates for 2018 and 2017 was only marginally impacted by sterling weakening 1% against the zloty in 2018.

Group revenue & EBITDA*	2018	2017	Change %
Revenue PLN	59 584 167	50 425 616	+18%
Revenue £	12 369 815	10 377 777	+19%
Group EBITDA[5] £	(1 920 448)	(1 784 677)	-8%

*Actual average exchange rates for 2018 and 2017

Group loss for the period

Group EBITDA loss excluding non-cash items, non-recurring items and store pre-opening expenses at actual average exchange rates for 2018 and 2017 increased by £135,771 (£124,981 increase at constant exchange rate of £1: 4.81 PLN) against the prior year.

The Group loss for the year at actual average exchange rates for 2018 and 2017 increased by £1,158,753 against 2017, mainly due to an increase of depreciation and amortization due to store openings and impairment provisions for possible store closures, possible sub-franchising of certain corporate stores and possible sub-franchisee bad debt.

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. For 2018 a provision of £631,118 of impairment losses of eight stores has been recognised in the income statement under the expense category: Depreciation, amortisation and impairment.

Trade and other receivables are recognised initially at fair value and subsequently measured as an amortised cost using the effective interest method, less provision for estimated irrecoverable amounts. In 2018 £104,947 of irrecoverable amounts was recognised as a provision in the income statement under the expense category: Other non-cash and non-recurring items.

Group Loss for the period	**2018**	**2017**	**Change %**
Loss for the period	(3 793 272)	(2 634 519)	+44%

Actual average exchange rates for 2018 and 2017

Exchange rates

PLN : £1	**2018**	**2017**	**Change %**
Income Statement	4.8169	4.8590	-1%
Balance Sheet	4.7921	4.7048	+2%

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 GBP at the 31 December 2018 exchange rate applicable to PLN against £. In 2018 PLN is virtually unchanged against £ and has had little impact on the numbers presented at 2018 and 2017 rates.

Cash position

Cash reduced by 57% from 1 January 2018, with the net cash at 31 December 2018 being £1.9m. Cash of £2.5m was deployed to cover:

- Group losses

- store CAPEX (including CAPEX to be deployed in stores to be opened in 2019)

	1 January 2018	Cash movement	31 December 2018
Cash in bank	4 505 911	(2 547 995)	1 957 916

Actual exchange rates for 2018 and 2017

On 28 February 2019 the Group completed a placing of 96,666,666 new ordinary shares at the price of 6 pence per share, to raise a total of £5.8m before expenses, approximately £5.5m net.

Macro situation in Poland

In 2018 we saw strong GDP growth combined with inflation and the lowest recorded unemployment rate. The 3 Month Warsaw Interbank Offered Rate is virtually unchanged.

Macro KPI	2018	2017
Real GDP growth (% growth)[11]	5.1	4.8
Inflation (% growth)[11]	1.8	2.1
Unemployment Rate (% of economically active population)[11]	3.8	4.9
	31 Dec 2018	**31 Dec 2017**
Interest rate[12] (%)	1.7200	1.7200

Maciej Jania

Finance Director

25 March 2019

[1] *System Sales - total retail sales including sales from corporate and sub-franchised stores, unaudited.*
[2] *Source: DPI (Domino's Pizza International).*
[3] *An annual award made by DPI to a small proportion of franchisees.*
[4] *Source: Trading Economics 2018: World Bank 2017.*
[5] *Excluding non-cash items, non-recurring items and store pre-opening expenses*
[6] *Exchange rate average for 2018 £1:* 4.8169
[7] *Exchange rate average for 2017 £1:* 4.8950
[8] *Like-for-like growth in PLN, matching trading periods for the same stores between 1 January and 31 December 2017 and 1 January and 31 December 2018.*
[9] *When a store's delivery area is split, by opening a second store in its original delivery area, a significant portion of the original store's customer database is allocated to the new store, resulting in the original store losing sales. Calculating pre-split like-for-likes allows us to see sales growth by matched delivery areas, irrespective of the opening of new stores. Pre-split like-for-likes are a standard measure adopted by many major Domino's Pizza master franchisees. Up to 31 December 2017 we had only split two delivery areas, out of 54 stores, hence not analysing pre-split like-for-likes before 2018. See note under Finance Director's Review.*
[10] *Sales minus variable costs*
[11] *Stores less than 12 months old, with no matching trading periods in the previous year*
[12] *Source: http://www.euromonitor/poland/country-factfile#*
[13] *3M WIBOR at 30 December; source www.money.pl*

Group Income Statement

for the year ended 31 December 2018

	Notes	**2018** £	2017 £
Revenue	2	12,369,815	10,377,777
Direct Costs		(11,426,271)	(9,658,691)
Selling, general and administrative expenses - *excluding: store pre-opening expenses, depreciation, amortisation and share based payments*		(2,863,992)	(2,503,763)
GROUP EBITDA - *excluding non-cash items, non-recurring items and store pre-opening expenses*		(1,920,448)	(1,784,677)
Store pre-opening expenses		(72,900)	(143,220)
Other non-cash and non-recurring items	5	131,054	(12,271)
Finance income		129,315	92,638
Finance costs		(21,254)	(24,364)
Foreign exchange (losses) / gains		(6,513)	148,032
Depreciation, amortisation and impairment		(1,793,258)	(656,942)
Share based payments		(239,268)	(253,715)
Loss before taxation	4	(3,793,272)	(2,634,519)
Taxation	6	-	-
Loss for the period		(3,793,272)	(2,634,519)
Loss per share Basic	7	(2.53 p)	(1.85 p)
Diluted	7	(2.53 p)	(1.85 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 2018

	2018	2017
	£	£
Loss for the period	(3,793,272)	(2,634,519)
Currency translation differences	(253,668)	639,428
Other comprehensive expense for the period, net of tax to be reclassified to profit or loss in subsequent periods	(253,668)	639,428
Total comprehensive income for the period	(4,046,940)	(1,995,091)

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

Group Balance Sheet

at 31 December 2018

	Notes	**2018** £	2017 £
Non-current assets			
Intangible assets	8	604,392	558,438
Property, plant and equipment	9	6,437,717	6,617,788
Trade and other receivables		1,730,633	1,767,289
		8,772,742	8,943,515
Current assets			
Inventories		464,102	525,870
Trade and other receivables		1,931,434	2,580,994
Cash and cash equivalents		1,957,916	4,505,911
		4,353,452	7,612,775
Total assets		13,126,194	16,556,290
Current liabilities			
Trade and other payables		(2,132,199)	(1,648,960)
Borrowings		(143,820)	(129,613)
Provisions		(27,296)	(37,289)
		(2,303,315)	(1,815,862)
Non-current liabilities			
Provisions		-	-
Borrowings		(131,963)	(243,197)
		(131,963)	(243,197)
Total liabilities		(2,435,278)	(2,059,059)
Net assets		10,690,916	14,497,231
Equity			
Called up share capital	10	764,111	762,754
Share premium account	10	31,829,463	31,829,463
Capital reserve - own shares		(48,163)	(48,163)
Retained earnings		(22,053,832)	(18,499,828)
Currency translation reserve		199,337	453,005
Total equity		10,690,916	14,497,231

The financial statements were approved by the Board of Directors and authorised for issue on 25 March 2019 and were signed on its behalf by:

Peter Shaw
Director

Maciej Jania
Director

Group Statement of Cash Flows

for the year ended 31 December 2018

	2018	2017
	£	£
Cash flows from operating activities		
Loss before taxation for the period	(3,793,272)	(2,634,519)
Adjustments for:		
Finance income	(129,315)	(92,638)
Finance costs	21,254	24,364
Depreciation, amortisation and impairment	1,793,258	656,942
Share based payments expense	239,268	253,715
Operating cash flows before movement in working capital	(1,868,807)	(1,792,136)
Decrease / (increase) in inventories	142,777	(221,747)
Decrease / (increase) in trade and other receivables	313,459	(728,558)
Increase in trade and other payables	556,875	591,686
(Decrease) / increase in provisions	-	(50,532)
Cash used in operations	(855,696)	(2,201,287)
Taxation paid	-	-
Net cash used in operations	(855,696)	(2,201,287)
Cash flows from investing activities		
Payments to acquire software	(109,307)	(23,833)
Payments to acquire property, plant and equipment	(1,534,529)	(4,131,753)
Payments to acquire intangible fixed assets	(93,468)	(26,039)
Lease deposits net amount (advanced)	-	(50,396)
Proceeds from disposal of property plant and equipment	714	-
Decrease/(increase) in loans to sub-franchisees	239,949	(501,731)
Interest received	20,544	92,638
Net cash used in investing activities	(1,476,097)	(4,641,114)
Cash flows from financing activities		
Net proceeds from issue of ordinary share capital	1,357	5,028,754
Repayment of borrowings	(126,425)	(35,692)
Interest paid	(18,805)	(24,364)
Net cash from financing activities	(143,873)	4,968,698
Net (decrease) in cash and cash equivalents	(2,475,666)	(1,873,703)
Exchange differences on cash balances	(72,329)	71,354
Cash and cash equivalents at beginning of period	4,505,911	6,308,260
Cash and cash equivalents at end of period	1,957,916	4,505,911

Group Statement of Changes in Equity

for the year ended 31 December 2018

	Share capital £	Share premium account £	Retained earnings £	Currency translation reserve £	Capital reserve - own shares £	Total £
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
Shares issued	1,357	-	-	-	-	1,357
Share based payments	-	-	239,268	-	-	239,268
Translation difference	-	-	-	(253,668)	-	(253,668)
Loss for the period	-	-	(3,793,272)	-	-	(3,793,272)
At 31 December 2018	**764,111**	**31,829,463**	**(22,053,832)**	**199,337**	**(48,163)**	**10,690,916**

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 2019). 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

The Group's revenue arises from the sale of goods to consumers from corporate stores, from the sale of products and services to franchisees and the charging of royalties, fees and rent to franchisees. All of the revenue is derived in Poland.

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 are transferred to the consumer, which is the point of delivery or collection. Revenue is measured at the menu price less any discounts offered.

Royalties, franchise fees and sales to franchisees: Contracts with customers for the sale of products include one performance obligation, being the delivery of products to the end customer. The Group has concluded that revenue from the sale of products should be recognised at a point in time when control of the goods are transferred to the franchisee, generally on delivery. Revenue is recognised at the invoiced price less any estimated rebates. The performance obligation relating to royalties is the use of the Domino's brand. This represents a sales-based royalty with revenue recognised at the point the franchisee makes a sale to an end consumer. Franchise fees comprise revenue for initial services associated with allocating franchisees allotted address counts or a 'change of hands' fee when the Group grants consent to a franchisee to sell stores to a third party. They are non-refundable, and no element of the franchise fee relates to subsequent services. Revenue from franchisee fees is recognised when a franchisee opens a store for trading or on completion of sale of one or more stores to a third party, as this is the point at which all performance obligations have been satisfied.

Rental income on leasehold property: Rental income arising from leasehold properties is recognised on a straight-line basis in accordance with the lease terms. Rental payments are recognised over the period to which they relate.

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:

	2018	2017
	£	£
Core revenue	12,325,147	9,663,088
Other revenue	44,668	714,689
	12,369,815	10,377,777

Revenue is further analysed as follows:

	2018	2017
	£	£
Corporate store sales	8,326,906	5,798,649
Fixtures and equipment sales to sub-franchisees	44,668	714,689
Royalties and other sales to sub-franchisees	3,488,196	3,385,901
Rental income on leasehold property	510,045	478,538
	12,369,815	10,377,777

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 contribution

	2018	**2018**	2017	2017
	£	**£**	£	£
	Corporate stores	Commissary	Corporate stores	Commissary
Revenues from external customers	8,326,906	4,042,909	5,798,649	4,579,128
Direct Costs - corporate stores	(7,706,068)		(5,452,982)	
Direct Costs - commissary (variable cost only)		(3,316,049)		(3,979,932)
Store EBITDA	620,838		345,667	
Commissary gross profit		726,860		599,196
Total segment profit		1,347,698		944,863
Unallocated expenses		(3,268,146)		(2,729,540)
GROUP EBITDA - excluding non-cash items, non-recurring items and store pre-opening expenses		(1,920,448)		(1,784,677)

Commissary direct costs shown above do not include labour and occupancy costs. These costs are shared across both segments as the commissary supplies corporate stores as well as supplying sub-franchisees. Corporate store direct costs include all costs directly attributable to operating the stores.

4. LOSS BEFORE TAXATION

This is stated after charging

		2018	2017
		£	£
Auditors and their associates' remuneration	– audit of company and group financial statements	36,767	37,445
	– tax compliance services	1,450	1,400
Directors' emoluments	– remuneration and fees	295,818	325,966
Amortisation of intangible fixed assets		136,734	86,057
Depreciation of property, plant and equipment		1,025,406	570,885
Impairment of property, plant and equipment		631,118	-
Operating lease rentals	– land and buildings	874,494	616,415
and after crediting			
Operating lease income from sub-franchisees		510,045	478,538
Foreign exchange gains /(losses)		(6,513)	148,032

5. OTHER NON-CASH AND NON-RECURRING ITEMS

	2018 £	2017 £
Reversal of provision for additional VAT payable	-	50,532
VAT repayment received	378,427	-
Costs associated with VAT repayment claim	(73,005)	-
Bad orders	(42,011)	(38,060)
Exceptional sub-franchisee bad debt provision	(104,947)	-
Unrealised store projects	(20,162)	(21,947)
Other non-cash and non-recurring items	(7,248)	(2,796)
	131,054	(12,271)

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. During the current year a VAT repayment of £378,427 was received following a claim submitted to the Polish VAT authorities. In the prior year, the provision for additional VAT payable was reversed following changes to a previous ruling by the Polish VAT authorities. During the year a significant one-off bad debt provision was recognised relating to an amount owed by a sub-franchisee. The directors believe that this amount may be partly or wholly recoverable but full provision has been made in the current year.

6. TAXATION

	2018 £	2017 £
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:

	2018 £	2017 £
Loss before tax	(3,793,272)	(2,634,519)
Tax credit calculated at applicable rate of 19%	(720,722)	(500,559)
Income taxable but not recognised in financial statements	88,861	13,444
Income not subject to tax	(91,395)	(24,137)
Expenses not deductible for tax purposes	1,092,933	84,750
Tax losses for which no deferred income tax asset was recognised	(369,677)	426,502
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:

	2018	**2018**	2017	2017
		£		£
	Weighted average number of shares	Profit / (loss) after tax	Weighted average number of shares	Profit / (loss) after tax
Basic	150,185,274	(3,793,272)	142,164,031	(2,634,519)
Diluted	150,185,274	(3,793,272)	142,164,031	(2,634,519)

The weighted average number of shares for the year excludes those shares in the Company held by the employee benefit trust. At 31st December 2018 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 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
At 31 December 2017	464,586	334,152	245,550	1,044,288
Foreign currency difference	(7,979)	(4,017)	(4,457)	(16,453)
Additions	93,468	32,835	2,987	129,290
Disposals	-	(21,528)	-	(21,528)
Transfers	-	75,115	-	75,115
At 31 December 2018	550,075	416,557	244,080	1,210,712
Amortisation				
At 31 December 2016	197,788	161,244	5,225	364,257
Foreign currency difference	19,551	15,985	-	35,536
Reclassifications	-	-		-
Amortisation charged for the year	33,548	28,733	23,776	86,057
Disposals	-	-		-
Transfers	-	-		-
At 31 December 2017	250,887	205,962	29,001	485,850
Foreign currency difference	(4,294)	(3,493)	(138)	(7,925)
Reclassifications	-	-		-
Amortisation charged for the year	53,320	58,330	25,084	136,734
Disposals	-	(8,339)	-	(8,339)
Transfers	-	-		-
At 31 December 2018	299,913	252,460	53,947	606,320
Net book value:				
At 31 December 2018	250,162	164,097	190,133	604,392
At 31 December 2017	202,557	67,163	173,044	558,438

9. PROPERTY PLANT AND EQUIPMENT

Group	Leasehold property £	Fixtures fittings and equipment £	Assets under construction £	Total £
Cost:				
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
Foreign currency difference	(72,520)	(71,948)	(1,850)	(146,318)
Additions	888,497	520,025	255,268	1,663,790
Disposals	-	(40,253)	-	(40,253)
Transfers	53,332	182,354	(310,801)	(75,115)
At 31 December 2018	5,117,799	4,727,650	28,371	9,873,820
Depreciation:				
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
Foreign currency difference	(7,522)	(17,930)	-	(25,452)
Depreciation charged for the year	417,434	607,972	-	1,025,406
Impairment	552,910	78,208	-	631,118
Disposals	-	(48,897)	-	(48,897)
At 31 December 2018	1,651,425	1,784,678	-	3,436,103
Net book value:				
At 31 December 2018	3,466,374	2,942,972	28,371	6,437,717
At 31 December 2017	3,559,887	2,972,147	85,754	6,617,788

The impairment charge of £631,118 relates to eight corporate stores where performance has been below expectations and the decision was taken to recognise a full impairment charge in respect of the investment in those stores which cannot be re-deployed elsewhere. A final decision on the future of these stores has not yet been taken and therefore the final recoverable amount is not yet known. The whole of the investment in these stores which cannot be re-deployed has been impaired.

10. SHARE CAPITAL

		2018 £	2017 £
Called up, allotted and fully paid:			
152,822,131 (2017: 152,550,704)	Ordinary shares of 0.5 pence each	764,111	762,754

Movement in share capital during the period

	Number	Nominal value £	Consideration £
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
Management share awards 2018	271,427	1,357	1,357
At 31 December 2018	152,822,131	764,111	34,872,569

The Company does not have an authorised share capital.

DP Poland Employee Benefit Trust ("EBT")
The trustee of the EBT holds 2,534,878 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 £56,859 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 £329,530 at 31 December 2018.

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 3 May 2018 at 9.00 a.m.