



Domino's Pizza Enterprises Limited
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Hamilton, QLD, Australia 4007
ACN: 010 489 326
www.dominos.com.au

21 February 2024

The Manager

Market Announcements Office

Australian Securities Exchange

4th Floor, 20 Bridge Street

SYDNEY NSW 2000

Appendix 4D and financial statements for the half-year ended 31 December 2023

Please find attached for immediate release to the market the following documents in respect of the half-year ended 31 December 2023:

- (a) Appendix 4D
- (b) 2024 half-year financial statements

For further information, contact Nathan Scholz, Head of Investor Relations at investor.relations@dominos.com.au or on +61-419-243-517.

Authorised for lodgement by the Board.

Craig Ryan

Company Secretary

END

DOMINO'S PIZZA ENTERPRISES LIMITED

ACN 010 489 326

Half-year Financial Report for the half-year ended 31 December 2023

*This half-year report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule
4.2A.3*

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APPENDIX 4D

DOMINO'S PIZZA ENTERPRISES LIMITED

Current reporting period: 03 July 2023 to 31 December 2023 (26 weeks):
referred to as the half-year period ended 31 December 2023

Previous reporting period: 04 July 2022 to 01 January 2023 (26 weeks):
referred to as the half-year period ended 01 January 2023

SECTION A: RESULTS FOR ANNOUNCEMENT TO THE MARKET

| | | Percentage change % | | Amount \$'million |
|--|------|------------------------|----|----------------------|
| Revenue and net profit | | | | |
| Revenue from ordinary activities | Up | 11.0% | to | 1,272.2 |
| Profit from ordinary activities after tax from continuing operations | Down | 19.1% | to | 57.8 |
| Profit from ordinary activities after tax attributable to members | Down | 9.2% | to | 58.0 |
| Net profit attributable to members | Down | 9.2% | to | 58.0 |

| | Amount per security (cents) | Franked percentage per security |
|--|-----------------------------------|------------------------------------|
| Dividends | | |
| Final dividend in respect of full-year ended 02 July 2023 paid 28 September 2023 | 42.6 | -% |
| Interim dividend payable in respect of half-year ended 31 December 2023 | 55.5 | -% |

Record date for determining entitlements to the dividend: 27 February 2024

| | 31 December 2023 \$ | 02 July 2023 \$ |
|---|------------------------|--------------------|
| Net tangible assets per security | | |
| Net tangible assets per security | (6.94) | (7.52) |

SECTION B: COMMENTARY ON RESULTS

For comments on trading performance during the half-year, refer to the media release.

The interim unfranked dividend of 55.5 cents per share was approved by the Board of Directors on 21 February 2024. In complying with accounting standards, as the dividend was not approved prior to period end, no provision has been taken up for this dividend in the half-year financial report.



DIRECTORS' REPORT

The directors of Domino's Pizza Enterprises Limited (the Company or DPE) submit herewith the condensed financial report for the consolidated entity (the Company and its controlled entities) for the half-year ended 31 December 2023. In order to comply with the provisions of the *Corporations Act 2001*, the directors' report as follows:

The following persons held office as directors of Domino's Pizza Enterprises Limited during the half-year:

Jack Cowin
Grant Bourke
Lynda O'Grady
Ursula Schreiber
Tony Peake
Doreen Huber (resigned 1 November 2023)
Don Meij

REVIEW OF OPERATIONS

The following are the key operational highlights for the half-year.

EXPLANATION OF STATUTORY PROFIT TO UNDERLYING PROFIT

Statutory profit before tax is prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards, which comply with International Financial Reporting Standards (IFRS).

Statutory profit before tax from continuing operations of \$83.7 million, includes \$6.0 million of significant items not directly attributable to primary operating activities. Excluding these items, the underlying profit before tax for continuing operations was \$89.6 million, 19.3% down on the prior corresponding period.

Underlying profit before tax is reported to give information to shareholders that provides a greater understanding of the performance of the Company's operations. DPE believes underlying profit before tax is useful as it removes significant items thereby facilitating a more representative comparison of financial performance between financial periods. Underlying profit is a non-IFRS measure which is not subject to audit or review.

The below provides a reconciliation of statutory profit to underlying profit including earnings before interest, tax, depreciation and amortisation (EBITDA) and earnings before interest, and tax (EBIT).

| | Half-year ended 31 December 2023 | | | | | | |
|---|----------------------------------|--------------------------------|----------------------|---------------|------------------|----------------|-----------------------|
| | Statutory ¹ \$'000 | Significant Items \$'000 | Underlying \$'000 | ANZ \$'000 | Europe \$'000 | Asia \$'000 | Unallocated \$'000 |
| Revenue | 1,272,161 | - | 1,272,161 | 443,729 | 395,267 | 433,165 | - |
| EBITDA | 179,335 | (5,957) | 185,292 | 81,977 | 56,973 | 55,769 | (9,427) |
| Depreciation and amortisation | (77,430) | - | (77,430) | (18,996) | (20,681) | (34,816) | (2,937) |
| EBIT | 101,905 | (5,957) | 107,862 | 62,981 | 36,292 | 20,953 | (12,364) |
| Net finance costs | (18,252) | - | (18,252) | | | | |
| Net profit before tax | 83,653 | (5,957) | 89,610 | | | | |
| Income tax expense | (25,875) | 1,418 | (27,293) | | | | |
| Net profit after tax from continuing operations | 57,778 | (4,539) | 62,317 | | | | |
| Profit is attributed to: | | | | | | | |
| Owners of Domino's Pizza Enterprises Limited | 57,778 | (4,539) | 62,317 | | | | |

¹ Statutory reflects continuing operations and removes the effect of discontinued operations relating to the closure of the Denmark market.



REVIEW OF OPERATIONS (CONTINUED)

EXPLANATION OF STATUTORY PROFIT TO UNDERLYING PROFIT (CONTINUED)

Half-year ended 01 January 2023

| | Statutory ¹ \$'000 | Significant Items \$'000 | Underlying \$'000 | ANZ \$'000 | Europe \$'000 | Asia \$'000 | Unallocated \$'000 |
|---|----------------------------------|--------------------------------|----------------------|---------------|------------------|----------------|-----------------------|
| Revenue | 1,146,181 | - | 1,146,181 | 402,667 | 356,011 | 387,503 | - |
| EBITDA | 177,159 | (9,525) | 186,684 | 81,911 | 50,933 | 64,150 | (10,310) |
| Depreciation and amortisation | (66,569) | - | (66,569) | (18,482) | (19,075) | (27,720) | (1,292) |
| EBIT | 110,590 | (9,525) | 120,115 | 63,429 | 31,858 | 36,430 | (11,602) |
| Net finance costs | (9,027) | - | (9,027) | | | | |
| Net profit before tax | 101,563 | (9,525) | 111,088 | | | | |
| Income tax expense | (30,123) | 2,889 | (33,012) | | | | |
| Net profit after tax from continuing operations | 71,440 | (6,636) | 78,076 | | | | |
| Profit is attributed to: | | | | | | | |
| Owners of Domino's Pizza Enterprises Limited | 69,414 | (6,636) | 76,050 | | | | |
| Non-controlling interests | 2,026 | - | 2,026 | | | | |

¹ Statutory reflects continuing operations and removes the effect of discontinued operations relating to the closure of the Denmark market.

SIGNIFICANT ITEMS

Significant items in the current and comparative periods include employee termination costs, impairments and write downs of assets, external legal costs as well as change in fair value of contingent consideration.

Statutory profit before tax of \$83.7 million included the following significant costs excluded from underlying profit before tax as outlined below:

CURRENT PERIOD

- Streamlining operations costs of \$7.6 million including employee terminations costs and transition costs to a shared services centres model.
- Impairments, write-downs and net proceeds of disposals assets in relation to corporate stores and operations of \$2.3 million.
- \$0.9 million of costs associated with the closure of commissaries.
- External costs of \$2.5 million in relation to Pizza Sprint and Speed Rabbit legal proceedings.
- Gain in the changes in fair value of contingent consideration in relation to the acquisition of Domino's Malaysia, Singapore and Cambodia (\$7.3) million.

PRIOR CORRESPONDING PERIOD

- External legal costs of \$5.4 million pertaining to the Fast Food Industry Award class action.
- Acquisition and integration costs of \$3.2 million relating to acquisition of Domino's Malaysia, Singapore and Cambodia.
- External legal costs of \$0.9 million pertaining to the Speed Rabbit legal matter.



REVIEW OF OPERATIONS (CONTINUED)

Underlying Profit before tax from continuing operations was \$89.6 million, down 19.3% from the prior period. A description of the contributing factors is disclosed below.

CONSOLIDATED ENTITY

The Group's revenue was \$1,272.2 million compared with \$1,146.2 million in the first half of 2022/23. The revenue increase was due to Same Store Sales (SSS) increase of 1.3% and a increase in network sales of 8.8% for the half year period.

Cash from operating activities was \$142.8 million for the first half compared to \$109.1 million in the first half of 2022/23. Operating cash flows have been impacted by favourable working capital of \$26.4 million. Income tax paid has decreased by \$45.8 million compared to the first half of due to refund received in current period.

The Group has been successfully working through a significant restructuring and savings program, to better leverage the scale and reach of the business across 12 markets. This is expected to deliver in the region of \$50 million in network savings in for the year ended 30 June 2024, with additional benefits to the Group from taking a co-ordinated approach to key functions including marketing and aggregator partnerships. One third of these benefits are being shared with our franchise partners, and two thirds of these are anticipated to be attributed to the Group.

However, the benefit of these savings has for the half-year ended 31 December 2023 been offset by sales that were below expectations.

The Group has continued to apply its strategy of delivering value for customers, where value is not merely a lower price per item sold, but reflects customers willingness to pay for the product, service and image that a Domino's meal provides. The key to this approach has been the Group developing and launching 'inspired new products' that have additional margins for stores, while also offering customers a high quality meal, at an affordable price. These new products are designed to help offset cost increases, minimising the reliance on increasing the prices of existing offerings.

In markets where Domino's has successfully balanced this offering at an attractive price (Australia/New Zealand), the Group has successfully grown sales and weekly order counts. In other markets (e.g. Germany) Domino's has been able to grow sales and offset a decline in average weekly order counts (largely in carry-out).

However, in some markets, largely Japan and France, Domino's has not yet been able to successfully deliver against this goal, with lower sales compared to the prior corresponding period. This affected store unit economics and had a larger impact on the Group's results particularly in Japan where there is a proportion of corporate stores.

Returning to positive average weekly order counts in all markets is a priority, with unit economics benefitting from additional, profitable orders at a greater contribution margin. Accordingly, operations and marketing teams, working closely with franchise partners, are focused on lifting product quality scores to ensure customers are more likely to return more frequently. The Group is also building ordering volumes through targeted promotions designed to grow traffic, and is working with aggregator partners to add incremental customers.

These strategies are working, with Australia/New Zealand and Germany growing sales, for the Group and franchise partners. However more work is required in other markets in Asia and Europe. Additionally, the Group faces a headwind in Malaysia due to geopolitical tensions affecting local sales.

A return to growth at a store- and market-level will benefit franchise partners and the Group, and will lead to increased franchise partner appetite for opening new stores to reach new customers and provide a better experience to customers whose distance from their nearest Domino's store makes it difficult for them to order a meal that is delivered safely, fast, and at a price that provides value for the customer and franchise partner. Organic store growth +73 stores (1.9% of network) is below the Group's medium-term outlook, and improvement relies on improved unit economics.

The Group's near-term growth relies on the Group successfully balancing the value equation: Product + Service + Image, at an affordable price.

The consolidated entity's overall risk management and governance strategies have not substantially changed since the last full year annual report.



REVIEW OF OPERATIONS (CONTINUED)

AUSTRALIA/NEW ZEALAND OPERATIONS

Although revenue increased by 10.2% to \$443.7 million, Underlying EBIT remained flat at \$63.0 million. Reinvestment in the franchise base has delivered network expansion, with 7 new stores opened in the Half, versus 23 in the prior corresponding period. Corporate stores have increased as some franchisees exited the business due to underperformance; enhanced unit economics is key to refranchising these stores.

Australia/New Zealand has been the leader in applying the strategies of volume growth, successfully providing value for customers and franchise partners. As a result, sales and average weekly order counts were higher in the Half, despite a decline in offline carry-out sales. More work to recapture these value-focused customers is underway, as are other volume growth activities across ANZ, which will meaningfully contribute to higher franchise partner earnings.

EUROPE OPERATIONS

Total revenue from continuing operations increased 11.0% to \$395.3 million, and underlying EBIT increased 13.9% to \$36.3 million.

Germany has led European operations in rebuilding average weekly order counts, including through successful inspired product launches including the Döner Pizza. France weighed on the broader European business, with network sales and warehouse volumes declining.

Implementing and executing a more uniformed strategy regarding pricing, marketing, and operations throughout France will assist with improving customer volumes. This approach has proven successful in other markets, and the Group is leveraging insights gained from these markets to enhance its operations in France.

ASIA OPERATIONS

Revenue in Asia increased 11.8% to \$433.2 million. Underlying EBIT was 42.5% lower at \$21.0 million.

The Group has applied its proprietary OneDigital online ordering platform in the newest market of Singapore, which is contributing to higher average weekly sales in stores. The platform will next be added to the Malaysian business, which is currently facing a headwind due to external factors relating to geopolitical issues.

In Japan, the Group has identified pricing has affected customer behaviour, with carry-out and delivery orders reducing versus the prior corresponding period. Nonetheless, testing (including work with aggregator partners) has demonstrated there is additional customer demand for Domino's offerings provided the it delivers value for customers and for franchise partners. Additional volume is required across all stores to rebuild unit economics, which is weighing on the Japan business due to the higher concentration of corporate store ownership.



AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is set out on page 7 of the half-year condensed consolidated financial report.

ROUNDING OFF OF AMOUNTS

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the directors' report and the half-year condensed consolidated financial report are rounded off to the nearest thousand dollar, unless otherwise indicated.

Signed in accordance with a resolution of the directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the directors

Jack Cowin
Non-Executive Chairman
21 February 2024

Don Meij
Managing Director/ Group Chief Executive Officer
21 February 2024



AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF DOMINO'S PIZZA ENTERPRISES LIMITED

Deloitte.

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21 February 2024

The Directors
Domino's Pizza Enterprises Limited
Level 1, KSD1
485 Kingsford Smith Drive
HAMILTON QLD 4007

Dear Directors

Auditor's Independence Declaration to Domino's Pizza Enterprises Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Domino's Pizza Enterprises Limited.

As lead audit partner for the review of the consolidated half year financial report of Domino's Pizza Enterprises Limited for the half year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the audit review.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Jacques Strydom

Jacques Strydom
Partner
Chartered Accountants

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Member of Deloitte Asia Pacific Limited and the Deloitte organisation.



INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF DOMINO'S PIZZA ENTERPRISES LIMITED

Deloitte.

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Independent Auditor's Review Report to the Members of Domino's Pizza Enterprises Limited

Conclusion

We have reviewed the half-year financial report of Domino's Pizza Enterprises Limited (the "Entity") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2023, the condensed consolidated statement of profit or loss and comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) ("the Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibilities for the Half-year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF DOMINO'S PIZZA ENTERPRISES LIMITED (CONTINUED)

Deloitte.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Jacques Strydom

Jacques Strydom
Partner
Chartered Accountants
Brisbane, 21 February 2024



DIRECTORS' DECLARATION

The directors declare that:

1. in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

Jack Cowin
Non-Executive Chairman
21 February 2024

Don Meij
Managing Director/ Group Chief Executive Officer
21 February 2024



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

| | Note | 31 December 2023 \$'000 | 01 January 2023 \$'000 |
|---|------|----------------------------|---------------------------|
| Continuing operations | | | |
| Revenue | 3 | 1,272,161 | 1,146,181 |
| Other gains and losses | | 6,583 | 10,774 |
| Finance income | | 3,249 | 2,840 |
| Food, equipment and packaging expenses | | (577,026) | (509,576) |
| Employee benefits expense | | (211,955) | (193,344) |
| Plant and equipment costs | | (15,043) | (15,523) |
| Depreciation and amortisation expense | | (77,430) | (66,569) |
| Occupancy expenses | | (4,468) | (3,330) |
| Finance costs | | (21,501) | (11,867) |
| Marketing expenses | | (123,954) | (112,169) |
| Royalties expense | | (57,654) | (52,006) |
| Store related expenses | | (21,267) | (17,347) |
| Communication expenses | | (27,326) | (22,892) |
| Fair value adjustments, employee termination costs, impairments and legal costs | | (5,957) | (9,525) |
| Other expenses | | (54,759) | (44,084) |
| Profit before tax | | 83,653 | 101,563 |
| Income tax expense | | (25,875) | (30,123) |
| Profit from continuing operations | | 57,778 | 71,440 |
| Discontinued operations | | | |
| Profit/(loss) from discontinued operation | 10 | 251 | (5,517) |
| Profit for the period from operations | | 58,029 | 65,923 |
| Profit is attributable to: | | | |
| Owners of Domino's Pizza Enterprises Limited | | 58,029 | 63,897 |
| Non-controlling interests | | - | 2,026 |
| Total profit for the period | | 58,029 | 65,923 |
| | | Cents | Cents |
| Earnings per share from continuing operations | | | |
| Basic (cents per share) | | 64.6 | 79.9 |
| Diluted (cents per share) | | 64.5 | 79.8 |
| Earnings per share | | | |
| Basic (Cents per Share) | | 64.9 | 73.5 |
| Diluted (Cents per Share) | | 64.8 | 73.5 |

The comparative has been restated to reflect the classification of the operations of the Denmark Market as a discontinued operation. Refer to note 10 for details. The above statement should be read in conjunction with the accompanying notes.



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED) FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

| | Note | 31 December 2023 \$'000 | 01 January 2023 \$'000 |
|--|------|----------------------------|---------------------------|
| Profit for the period from operations | | 58,029 | 65,923 |
| Other comprehensive income | | | |
| Items that may be reclassified to profit or loss | | | |
| Net investment hedge | | 4,806 | (2,789) |
| Exchange differences arising on translation of foreign operations | | (11,056) | 7,079 |
| Gain/(loss) on cash flow hedges taken to equity | | (3,207) | (5,837) |
| Income tax relating to components of other comprehensive income | | (385) | 2,903 |
| Item that will not be reclassified to profit or loss | | | |
| Remeasurement of defined benefit obligation | | 151 | - |
| Income tax relating to components of other comprehensive income | | (30) | - |
| Other comprehensive income/(loss) for the period, net of tax | | (9,721) | 1,356 |
| Total comprehensive income for the period | | 48,308 | 67,279 |
| Total comprehensive income for the period is attributable to: | | | |
| Owners of Domino's Pizza Enterprises Limited | | 48,308 | 63,742 |
| Non-controlling interests | | - | 3,537 |
| Total comprehensive income for the period | | 48,308 | 67,279 |

The comparative has been restated to reflect the classification of the operations of the Denmark Market as a discontinued operation. Refer to note 10 for details. The above statement should be read in conjunction with the accompanying notes.



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

| | Note | 31 December 2023 \$'000 | 02 July 2023 \$'000 |
|--------------------------------------|------|----------------------------|------------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | 117,400 | 159,891 |
| Trade and other receivables | | 189,900 | 176,208 |
| Other financial assets | | 35,268 | 36,642 |
| Inventories | | 49,916 | 43,120 |
| Current tax assets | | 7,596 | 43,370 |
| Other assets | | 63,584 | 52,640 |
| Investment in lease assets | | 78,568 | 78,179 |
| Total current assets | | 542,232 | 590,050 |
| Non-current assets | | | |
| Other financial assets | | 100,427 | 108,934 |
| Investment in joint venture | | 1,664 | 1,742 |
| Property, plant and equipment | | 316,075 | 324,658 |
| Deferred tax assets | | 269 | 498 |
| Goodwill | 5 | 554,016 | 551,644 |
| Intangible assets | | 638,004 | 638,911 |
| Right of use assets | | 283,240 | 297,077 |
| Investment in lease assets | | 353,171 | 365,934 |
| Total non-current assets | | 2,246,866 | 2,289,398 |
| Total assets | | 2,789,098 | 2,879,448 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | | 385,160 | 378,992 |
| Contract liabilities | | 4,860 | 3,518 |
| Lease liabilities | | 137,219 | 141,408 |
| Borrowings | 6 | 10,341 | - |
| Other financial liabilities | | 16,031 | 14,503 |
| Current tax liabilities | | 25,582 | 24,241 |
| Provisions | | 25,294 | 31,444 |
| Total current liabilities | | 604,487 | 594,106 |
| Non-current liabilities | | | |
| Contract liabilities | | 16,348 | 12,416 |
| Lease liabilities | | 594,023 | 619,937 |
| Borrowings | 6 | 858,570 | 978,591 |
| Other financial liabilities | | 9,800 | 18,327 |
| Deferred tax liabilities | | 121,434 | 118,795 |
| Provisions | | 15,593 | 16,759 |
| Total non-current liabilities | | 1,615,768 | 1,764,825 |
| Total liabilities | | 2,220,255 | 2,358,931 |
| Net assets | | 568,843 | 520,517 |
| Equity | | | |
| Issued capital | 7 | 468,952 | 430,476 |
| Reserves | | (136,335) | (126,109) |
| Retained earnings | | 236,226 | 216,150 |
| Total equity | | 568,843 | 520,517 |

The above Statement should be read in conjunction with the accompanying notes.



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

| | Issued Capital \$'000 | Hedging reserve \$'000 | Foreign currency translation reserve \$'000 | Other reserve \$'000 | Retained Earnings \$'000 | Non- controlling interests \$'000 | Total \$'000 |
|---|-----------------------------|------------------------------|---|----------------------------|--------------------------------|--|-----------------|
| Balance at 03 July 2022 | 264,212 | 8,426 | (18,632) | (126,642) | 294,593 | - | 421,957 |
| Profit for the period | - | - | - | - | 63,897 | 2,026 | 65,923 |
| Other comprehensive income | - | (5,723) | 5,568 | - | - | 1,511 | 1,356 |
| Total comprehensive income | - | (5,723) | 5,568 | - | 63,897 | 3,537 | 67,279 |
| Issue of employee share options | 3,074 | - | - | - | - | - | 3,074 |
| Share options trust | - | - | - | (130) | - | - | (130) |
| Non-controlling interest put option | - | - | - | 11,465 | - | (3,537) | 7,928 |
| Contributions of equity, net of transaction costs and tax | 164,999 | - | - | - | - | - | 164,999 |
| Non-controlling interests on acquisition of subsidiary | (1,810) | - | - | - | - | - | (1,810) |
| Recognition of share-based payments | - | - | - | (672) | - | - | (672) |
| Dividends | - | - | - | - | (58,966) | - | (58,966) |
| Balance at 01 January 2023 | 430,475 | 2,703 | (13,064) | (115,979) | 299,524 | - | 603,659 |

| | Issued Capital \$'000 | Hedging reserve \$'000 | Foreign Currency translation reserve \$'000 | Other Reserve \$'000 | Retained Earnings \$'000 | Non- controlling interest \$'000 | Total equity \$'000 |
|---|-----------------------------|------------------------------|---|----------------------------|--------------------------------|---|---------------------------|
| Balance at 02 July 2023 | 430,476 | (3,313) | (1,782) | (121,014) | 216,150 | - | 520,517 |
| Profit for the period | - | - | - | - | 58,029 | - | 58,029 |
| Other comprehensive income | - | 1,214 | (11,056) | 121 | - | - | (9,721) |
| Total comprehensive income | - | 1,214 | (11,056) | 121 | 58,029 | - | 48,308 |
| Share options trust | - | - | - | 559 | - | - | 559 |
| Share issue costs | (89) | - | - | - | - | - | (89) |
| Issue of employee share options | 612 | - | - | - | - | - | 612 |
| Dividends | - | - | - | - | (37,953) | - | (37,953) |
| Recognition of share-based payments | - | - | - | (1,064) | - | - | (1,064) |
| Underwritten dividend reinvestment plan | 37,953 | - | - | - | - | - | 37,953 |
| Balance at 31 December 2023 | 468,952 | (2,099) | (12,838) | (121,398) | 236,226 | - | 568,843 |

The above Statement should be read in conjunction with the accompanying notes.



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

| | Note | 31 December 2023 \$'000 | 01 January 2023 \$'000 |
|--|------|----------------------------|---------------------------|
| Cash flows from operating activities | | | |
| Receipts from customers | | 1,383,683 | 1,264,285 |
| Payments to suppliers and employees | | (1,243,430) | (1,120,667) |
| Interest received | | 7,090 | 5,980 |
| Interest and other finance costs | | (21,085) | (11,179) |
| Income taxes refunded/(paid) | | 16,513 | (29,290) |
| Net cash generated from operating activities | 8 | 142,771 | 109,129 |
| Cash flows from investing activities | | | |
| Proceeds from franchisee loans | | 22,905 | 24,910 |
| Payments for intangible assets | | (19,166) | (23,953) |
| Payments for property, plant and equipment | | (33,825) | (50,365) |
| Proceeds from sale of non-current assets | | 12,420 | 11,543 |
| Acquisition of stores net of cash | | (23,530) | (27,495) |
| Acquisition of subsidiaries | | (3,741) | (202,789) |
| Net cash inflow/(outflow) on investment in joint ventures | | (1,262) | (28) |
| Net cash used in investing activities | | (46,199) | (268,177) |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | | 208,237 | 563,399 |
| Repayment of borrowings | | (309,503) | (416,160) |
| Receipts from subleases | | 40,292 | 36,218 |
| Lease principal payments | | (76,954) | (64,076) |
| Proceeds from issues of equity securities | | 29,841 | 167,127 |
| Dividends paid | | (29,623) | (58,966) |
| Payments for establishment of borrowings | | (722) | (2,043) |
| Share issue costs | | (89) | (1,810) |
| Net cash used from financing activities | | (138,521) | 223,689 |
| Net increase/(decrease) in cash and cash equivalents | | (41,949) | 64,641 |
| Cash and cash equivalents at the beginning of the period | | 159,891 | 76,877 |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | | (542) | 2,208 |
| Cash and cash equivalents at the end of the period | | 117,400 | 143,726 |

The above Statement should be read in conjunction with the accompanying notes.



1 SIGNIFICANT ACCOUNTING POLICIES

Domino's Pizza Enterprises Limited ("the Company") is a Company domiciled in Australia. The financial report for the half-year ended 31 December 2023 comprises the condensed consolidated financial statements of the Company and its controlled entities (together referred to as the "consolidated entity" or "Group"). The annual financial report of the consolidated entity as at and for the year ended 02 July 2023 is available on request from the Company's registered office at Level 1, KSD1 485 Kingsford Smith Drive, Hamilton Qld 4007 or at www.investors.dominos.com.au.

STATEMENT OF COMPLIANCE

The half-year financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the annual financial report of the consolidated entity for the financial year ended 02 July 2023 and public announcements made by the Company.

BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Company is a Company of the kind referred to in *ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the directors' report and the half-year condensed consolidated financial report are rounded off to the nearest thousand dollar, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's annual financial report for the financial year ended 02 July 2023, except for the impact of the Standards and Interpretations described below and any new accounting policies adopted by the consolidated entity during the period. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

BASIS OF GOING CONCERN

The financial statements have been prepared on the basis that the Group will continue as a going concern. The Group has a net current liability position of \$62.3 million as at 31 December 2023 (02 July 2023: net current liability position \$4.1 million).

As at 31 December the Group had unrestricted cash and cash equivalents of \$117.4 million and generated net operating cash flows of \$142.8 million. The Group's capital structures is sustainable with sufficient liquidity, including undrawn committed borrowings of \$365.4 million. The Directors have concluded that there are reasonable grounds to believe that the going concern basis is appropriate, and that assets are likely to be realised, and liabilities are likely to be discharged, at the amounts recognised in the financial statements in the ordinary course of business.



1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 02 July 2023, except for the adoption of new standards effective as of 03 July 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

AASB 2021-2 Amendments to AASB 108 - Definition of Accounting Estimates

The amendments to AASB 108 clarify the definition of an accounting estimate, making it easier to differentiate it from an accounting policy. The distinction is necessary as their treatment and disclosure requirements are different. Critically, a change in an accounting estimate is applied prospectively whereas a change in an accounting policy is generally applied retrospectively.

The new definition provides that 'Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty'. The amendments explain that a change in an input or a measurement technique used to develop an accounting estimate is considered a change in an accounting estimate unless it is correct a prior period error.

Effective for annual reporting period on or after 1 January 2023.

AASB 2023-2 Amendments to AASs - International Tax Reform Pillar Two Model Rules

The AASB issued AASB 2023-2 Amendments to AASs - International Tax Reform Pillar Two Model Rules

In response to the Pillar Two Global anti-Base Erosion rules, amendments to AASB 112 introduce:

- A mandatory temporary exception in AASB 112 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes
- Disclosure requirements for affected entities for the periods before and when the legislation is effective. The amendments are intended to provide temporary relief, avoid diverse interpretations of AASB 12 developing in practice and improve the information provided to users of financial statements before and after Pillar Two legislation comes into effect.

The amendments do not clarify whether a Pillar Two top-up tax is considered to be an income tax in the scope of AASB 12, nor do they require all top-up taxes to be treated as income taxes.

Judgement must be applied in determining which top-up taxes are considered to be income taxes.

Earlier application of the amendments is permitted.

The Group is within the scope of Pillar Two top-up tax being implemented (as it will apply to entities with revenues exceeding Euro 750 million, and the Group's revenue exceeds this threshold).

The Group has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

The adoption of these amendments did not have any impact on the amounts recognised in prior periods.



2 SEGMENT INFORMATION

The consolidated entity has identified its operating segments on the basis of internal reports about components of the consolidated entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Information reported to the consolidated entity's Chief Executive Officer for the purpose of resource allocation and assessment of performance is specifically focused on the geographical location the consolidated entity operates in. The consolidated entity's reportable segments under AASB 8 are therefore as follows:

- Australia/New Zealand ("ANZ")
- Europe¹ (Germany, France, The Netherlands, Belgium and Luxembourg)
- Asia² (Japan, Taiwan, Malaysia, Singapore and Cambodia)

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the consolidated entity's accounting policies. The following is an analysis of the revenue and results by reportable operating segment for the periods under review:

| | Half-year ended 31 December 2023 | | | | |
|------------------------------|----------------------------------|-------------------------------|-----------------------------|------------------------------------|-----------------|
| | ANZ \$'000 | Europe ¹ \$'000 | Asia ² \$'000 | Unallocated ³ \$'000 | Total \$'000 |
| Continuing operations | | | | | |
| Revenue | 443,729 | 395,267 | 433,165 | - | 1,272,161 |
| EBITDA | 78,599 | 48,112 | 62,051 | (9,427) | 179,335 |
| Depreciation & amortisation | (18,996) | (20,681) | (34,816) | (2,937) | (77,430) |
| EBIT | 59,603 | 27,431 | 27,235 | (12,364) | 101,905 |
| Net finance costs | | | | | (18,252) |
| Net profit before tax | | | | | 83,653 |

| | Half-year ended 01 January 2023 | | | | |
|------------------------------|---------------------------------|-------------------------------|-----------------------------|------------------------------------|-----------------|
| | ANZ \$'000 | Europe ¹ \$'000 | Asia ² \$'000 | Unallocated ³ \$'000 | Total \$'000 |
| Continuing operations | | | | | |
| Revenue | 402,667 | 356,011 | 387,503 | - | 1,146,181 |
| EBITDA | 73,993 | 50,029 | 63,447 | (10,310) | 177,159 |
| Depreciation & amortisation | (18,482) | (19,075) | (27,720) | (1,292) | (66,569) |
| EBIT | 55,511 | 30,954 | 35,727 | (11,602) | 110,590 |
| Net finance costs | | | | | (9,027) |
| Net profit before tax | | | | | 101,563 |

¹ On 13 June 2022, the Group publicly announced the decision of its Board of Directors to exit the Danish market by ceasing operations and closing all stores. All stores in Denmark were closed by 02 July 2023. At 02 July 2023, the operations of the Danish market was classified as a discontinued operation. The Danish market was previously represented in the Europe operating segment. With the Danish operations being classified as a discontinued operations, its results were not longer presented in the segment. Refer to note 10 for financial performance and cashflows of the discontinued operation.

² On 30 November 2022, the Group completed the acquisitions of Dommal Foods Services Sdn. Bhd (Domino's Malaysia) and Domino's Pizza Singapore Pte. Ltd (Domino's Singapore) and on 02 May 2023, the Group completed the acquisition of D. Pizza Co., Ltd (Domino's Cambodia). The aggregate financial results of Domino's Malaysia, Domino's Singapore and Domino's Cambodia have been reported in the "Asia" segment.

³ The Unallocated segment represents corporate costs associated with the management and oversight of global functions which are shared by all the jurisdictions in which the Group operates.



2 SEGMENT INFORMATION (CONTINUED)

The revenue reported above represents revenue generated from external customers and franchisees. There were no inter-segment sales during the period.

Segment net profit before tax represents the profit earned by each segment using the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

The following is an analysis of the consolidated entity's assets by reportable operating segment:

| | 31 December 2023 \$'000 | 02 July 2023 \$'000 |
|------------------------------|----------------------------|------------------------|
| Continuing operations | | |
| ANZ | 588,388 | 645,584 |
| Europe | 841,984 | 893,157 |
| Asia | 1,329,645 | 1,320,775 |
| Total segment assets | 2,760,017 | 2,859,516 |
| Unallocated assets | 29,081 | 19,932 |
| Total assets | 2,789,098 | 2,879,448 |

The following is an analysis of the consolidated entity's liabilities by reportable operating segment:

| | 31 December 2023 \$'000 | 02 July 2023 \$'000 |
|----------------------------------|----------------------------|------------------------|
| Continuing operations | | |
| ANZ | (884,150) | (1,006,352) |
| Europe | (359,231) | (377,786) |
| Asia | (973,491) | (971,491) |
| Total segment liabilities | (2,216,872) | (2,355,629) |
| Unallocated | (3,383) | (3,302) |
| Total liabilities | (2,220,255) | (2,358,931) |



3 REVENUE

Revenue is recognised when performance obligations under the relevant customer contracts are completed. Performance obligations may be completed at a point in time or over time.

In the following table, revenue is disaggregated by type and timing of revenue recognition. No single customer amounts to 10% or more of the Group's total external revenue.

The below table provides the timing of revenue recognition:

| | Half-year ended 31 December 2023 | | | |
|---|----------------------------------|------------------|----------------|------------------|
| | ANZ \$'000 | Europe \$'000 | Asia \$'000 | Total \$'000 |
| Revenue type | | | | |
| Revenue from the sale of goods | 313,618 | 288,976 | 378,247 | 980,841 |
| Revenue from rendering of services ¹ | 128,490 | 106,176 | 52,813 | 287,479 |
| Interest income | 1,621 | 115 | 2,105 | 3,841 |
| Total | 443,729 | 395,267 | 433,165 | 1,272,161 |
| Timing of revenue recognition | | | | |
| At a point in time | 326,454 | 295,207 | 382,597 | 1,004,258 |
| Over time | 117,275 | 100,060 | 50,568 | 267,903 |
| Total | 443,729 | 395,267 | 433,165 | 1,272,161 |

¹Revenue for the rendering of services relates to franchise royalties, franchise service fees and supplier fees.

| | Half-year ended 01 January 2023 | | | |
|---|---------------------------------|-------------------------------|----------------|------------------|
| | ANZ \$'000 | Europe ² \$'000 | Asia \$'000 | Total \$'000 |
| Revenue type | | | | |
| Revenue from the sale of goods | 281,052 | 258,476 | 324,348 | 863,876 |
| Revenue from rendering of services ¹ | 120,280 | 97,411 | 61,473 | 279,164 |
| Interest income | 1,335 | 124 | 1,682 | 3,141 |
| Total | 402,667 | 356,011 | 387,503 | 1,146,181 |
| Timing of revenue recognition | | | | |
| At a point in time | 291,871 | 269,238 | 329,197 | 890,306 |
| Over time | 110,796 | 86,773 | 58,306 | 255,875 |
| Total | 402,667 | 356,011 | 387,503 | 1,146,181 |

¹Revenue for the rendering of services relates to franchise royalties, franchise service fees and supplier fees.

²Excludes the operating results of the Danish market.



4 DIVIDENDS

| | 31 December 2023 \$'000 | 01 January 2023 \$'000 |
|--|----------------------------|---------------------------|
| Recognised amounts | | |
| Unfranked dividend for full-year ended 02 July 2023: 42.6 cents (03 July 2022: partially franked at 70% 68.1 cents) | 37,953 | 58,966 |
| Unrecognised amounts | | |
| Interim unfranked dividend for the half-year ended 31 December 2023: 55.5 cents (01 January 2023: 67.4 cents partially franked at 60%) | 49,847 | 60,046 |

On 21 February 2024, the Company declared an unfranked interim dividend for the year ending 30 June 2024 of 55.5 cents per share.

The dividend will have a record date of 27 February 2024 and a payment date of 27 March 2024.

The Dividend Reinvestment Plan (DRP) will operate in respect of the interim dividend for the year ending 30 June 2024.

5 GOODWILL

| | 31 December 2023 \$'000 | 02 July 2023 \$'000 |
|--|----------------------------|------------------------|
| Gross carrying amount | | |
| Cost | 554,016 | 551,644 |
| Accumulated amortisation and impairment | - | - |
| Net carrying amount | 554,016 | 551,644 |
| Movement | | |
| Opening Balance | 551,644 | 485,707 |
| Acquisitions of Domino's Pizza stores and other businesses | 15,934 | 38,248 |
| Acquisitions through business combinations | 282 | 68,628 |
| Impairment charge | (1,684) | (28,001) |
| Disposals and write offs | (7,239) | (12,507) |
| Other including foreign exchange movement | (4,921) | (431) |
| Net carrying amount at the end of the period | 554,016 | 551,644 |

6 BORROWINGS

| | 31 December 2023 \$'000 | 02 July 2023 \$'000 |
|-------------------------------------|----------------------------|------------------------|
| Uncommitted | | |
| Bank loans | 10,341 | - |
| Total uncommitted borrowings | 10,341 | - |
| Committed | | |
| Bank loans | 858,570 | 978,591 |
| Total committed borrowings | 858,570 | 978,591 |
| Current | 10,341 | - |
| Non-current | 858,570 | 978,591 |
| Total borrowings | 868,911 | 978,591 |



7 ISSUED CAPITAL

| | 31 December 2023 | | 02 July 2023 | |
|---|-----------------------|----------------------|-----------------------|----------------------|
| | Number of shares '000 | Share capital \$'000 | Number of shares '000 | Share capital \$'000 |
| Fully paid ordinary shares | | | | |
| Balance at beginning of financial period | 89,090 | 430,476 | 86,554 | 264,212 |
| Shares issued: | | | | |
| Issue of shares under executive share option plan | 12 | 612 | 44 | 3,086 |
| Issue of shares under underwritten dividend | 712 | 37,953 | - | - |
| Contributions of equity, net of transaction costs and tax | - | - | 2,492 | 164,999 |
| Share issue costs | - | (89) | - | (1,821) |
| Balance at the end of the period | 89,814 | 468,952 | 89,090 | 430,476 |

DIVIDEND REINVESTMENT PLAN

On 23 August 2023, the Board resolved to reactivate the DRP and amend the terms of the DRP. Eligible shareholders with registered addresses in Australia and New Zealand could elect to participate and reinvest all or part of their cash dividends in additional shares in capital of the Company.

The DRP applied to the final dividend for the year ended 02 July 2023 for Eligible Shareholders.

The Company entered into an underwriting agreement with Morgan Stanley to fully underwrite the final dividend for the year ended 02 July 2023.

Therefore the final dividend for the year ended 02 July 2023 was fully subscribed to shares.

PLACEMENT AND SHARE PURCHASE PLAN

On 02 December 2022, the Company completed its \$150 million share placement plan with institutional investors. The Placement offer price was determined via a bookbuild process and priced at \$66.38 per new share, the closing price on Wednesday, 30 November 2022. The placement was fully subscribed.

On 30 December 2022, the Company completed its \$15 million share purchase plan with eligible shareholders with a registered address in Australia and New Zealand. The issue price was \$64.54, being a 2.0% discount to the last closing price of the Company's shares on 22 December 2022. The placement was fully subscribed.

Funds raised under the Placement and Share Purchase Plan was used to fund the option exercise price for the acquisition of all the shares held by Domino's Pizza Group plc in the German joint venture and any surplus was applied towards debt repayment.

TERMS AND CONDITIONS OF THE ESOP

The Company must not issue any shares or grant any option under this plan if, immediately after the issue or grant, the sum of the total number of unissued shares over which options, rights or other options (which remain outstanding) have been granted under this plan and any other consolidated entity employee incentive scheme would exceed 7.5% of the total number of shares on issue on a fully diluted basis at the time of the proposed issue or grant.

Fully diluted basis means the number of shares which would be on issue if all those securities of the Company which are capable of being converted into shares, were converted into shares. If the number of shares into which the securities are capable of being converted cannot be calculated at the relevant time, those shares will be disregarded.

During the half-year ended 31 December 2023, a total of 11,502 options were exercised, increasing share capital by \$0.6 million.



8 NOTE TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of profit for the period to net cash flows from operating activities:

| | Note | 31 December 2023 \$'000 | 01 January 2023 \$'000 |
|--|------|----------------------------|---------------------------|
| Profit for the period | | 57,778 | 71,440 |
| Profit/(loss) from discontinued operations | | 251 | (5,517) |
| Profit on sale of non-current assets | | (7,065) | (11,410) |
| Equity settled share-based payments | | (652) | 274 |
| Depreciation and amortisation | | 77,430 | 68,364 |
| Share of joint venture entities net (profit)/loss | | 368 | 315 |
| Asset impairment and write-downs | | 1,941 | - |
| Amortisation of loan establishment costs | | 742 | 688 |
| Other | | 1,918 | 1,312 |
| Net cash provided by operating activities before changes in working capital | | 132,711 | 125,466 |
| Movement in working capital | | | |
| (Increase)/decrease in assets: | | | |
| Trade and other receivables | | (16,842) | (11,536) |
| Inventories | | (7,176) | (16,652) |
| Other current assets | | (651) | (7,439) |
| Increase/(decrease) in liabilities: | | | |
| Trade and other payables | | (122) | 23,997 |
| Provisions | | (6,947) | 127 |
| Current tax assets and liabilities | | 37,328 | (2,563) |
| Deferred tax balances | | 4,470 | (2,271) |
| Net cash from operating activities | | 142,771 | 109,129 |

Included in the movement of other financial assets are non-cash transactions of \$15.4 million (01 January 2023: \$22.5 million) relating to loans to franchisees.

Non-cash financing activities during the half-year ended 31 December 2023 include dividends satisfied by the issue of shares under the dividend reinvestment plan, refer to note 7.



9 ACQUISITION OF BUSINESSES

Acquisitions of Domino's Pizza stores

During the period the Group acquired a number of Domino's pizza branded stores from former and current franchisees. The below provides a summary of these acquisitions during the period by segment which, have been accounted for on a provisional basis:

| | ANZ | Europe | Asia | Total |
|--|-----------------------|--------------------------|------------------------|-------------------------|
| Number of stores acquired | 19 | 5 | 29 | 53 |
| | ANZ \$'000 | Europe \$'000 | Asia \$'000 | Total \$'000 |
| Fair value on acquisition | | | | |
| Inventories | 168 | - | 8 | 176 |
| Property, plant & equipment | 2,604 | 983 | 3,833 | 7,420 |
| Total identifiable assets | 2,772 | 983 | 3,841 | 7,596 |
| Cash consideration | 12,679 | 2,361 | 8,490 | 23,530 |
| Less fair value of net identifiable assets | (2,772) | (983) | (3,841) | (7,596) |
| Goodwill | 9,907 | 1,378 | 4,649 | 15,934 |



9 ACQUISITION OF BUSINESSES (CONTINUED)

PRIOR YEAR ACQUISITION

Dommal Food Services Sdn.Bhd (Domino's Malaysia), Domino's Pizza Singapore Pte (Domino's Singapore) and D. Pizza Co., Ltd (Domino's Cambodia)

On 30 November 2022, the Group acquired through its 100% controlled subsidiary Domino's Pizza Japan, Inc, 100% of the issued shared capital of Dommal Foods Services Sdn. Bhd ("Domino's Malaysia") and Domino's Pizza Singapore Pte. Ltd ("Domino's Singapore"). On 02 May 2022, the Group acquired through its 100% subsidiary Domino's Japan Inc., 100% of the issued capital of D. Pizza Co., Ltd ("Domino's Cambodia"). Domino's Malaysia, Domino's Singapore and Domino's Cambodia hold the franchise rights of Domino's in Malaysia, Singapore and Cambodia and also operates corporate stores. The acquisition is expected to expand the Group's markets across Asia. The acquisition in these regions was funded through debt raising.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are set out in the table below.

| | Fair value \$'000 |
|--|----------------------|
| Assets | |
| Cash and cash equivalents | 19,484 |
| Trade and other receivables | 3,752 |
| Inventories | 6,899 |
| Other assets | 4,251 |
| Property, plant and equipment | 42,719 |
| Other intangible assets | 172,256 |
| Right of use assets | 28,809 |
| Current tax assets | 1,877 |
| Total identifiable assets | 280,047 |
| Liabilities | |
| Trade and other payables | (21,522) |
| Lease liabilities | (28,809) |
| Provisions | (2,091) |
| Deferred tax liabilities | (40,610) |
| Total identifiable liabilities | (93,032) |
| Consideration paid or payable ¹ | 228,993 |
| Contingent Consideration | 26,932 |
| Total Consideration | 255,925 |
| Less identifiable net assets at fair value | (187,015) |
| Goodwill | 68,910 |
| Net cash outflow arising on acquisition | |
| Consideration paid ¹ | 228,993 |
| Cash and cash equivalents | (19,484) |
| | 209,509 |

¹ During the half-year ended 31 December 2023, the Group paid consideration of \$3.7 million related to a working capital adjustment.



9 ACQUISITION OF BUSINESSES (CONTINUED)

Goodwill arose on acquisition because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefits of expected synergies, revenue growth, future market developments and the assembled workforce. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria of identifiable intangible assets.

In determining the fair value of assets arising from the acquisition, judgments and estimates are required to be applied.

Acquisition costs of \$3.2 million were included as an expense in the condensed consolidated statement of profit or loss and other comprehensive income.

The revenue and results from continuing operations have been included in the Asia segment in note 2.

10 DISCONTINUED OPERATION

EXITING THE DANISH MARKET

On 13 June 2023, the Group announced the exit of the Danish market. By 02 July 2023, all stores and all operations ceased therefore the operations of the Danish market has been classified as a discontinued operation. The Danish market was previously included in the Europe operating segment. With the Danish operation being classified as a discontinued operation, its results were no longer presented in the segment note.

FINANCIAL PERFORMANCE AND CASH FLOW INFORMATION

The financial performance and cash flow information for the half-year ended 31 December 2023 are presented below.

| | 31 December 2023 \$'000 | 01 January 2023 \$'000 |
|--|----------------------------|---------------------------|
| Revenue | 550 | 8,306 |
| Expenses ¹ | (299) | (14,336) |
| Finance Costs | - | (56) |
| Depreciation and amortisation expense | - | (1,795) |
| Profit/(Loss) before income tax | 251 | (7,881) |
| Income tax benefit | - | 2,364 |
| Profit/(Loss) from discontinued operation | 251 | (5,517) |
| Net cash flows | | |
| Net cash outflow from operating activities | (4,575) | (5,275) |
| Net cash outflow from investing activities | - | (2,501) |
| Net cash inflow from financing activities | (1,014) | (743) |
| Net decrease in cash generated by the Danish Market | (5,589) | (8,519) |
| | 31 December 2023 | 01 January 2023 |
| Earnings per share | | |
| Basic (cents per share) | 0.3 | (6.3) |
| Diluted (cents per share) | 0.3 | (6.3) |

¹Includes \$1.6 million of costs related to the brand re-launch in the comparative half-year ended.



11 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

| | 31 December 2023 \$'000 | 02 July 2023 \$'000 |
|--|----------------------------|------------------------|
| Guarantees - Franchisee Loans and Leases | 8,476 | 8,172 |
| Total guarantees | 8,476 | 8,172 |

Included above are guarantees provided to third party financial institutions in relation to franchisee loans and leases. This is a contingent liability representing the amounts guaranteed in respect of franchisees that would not, without the guarantee, have been granted the loans. The directors believe that if the guarantees are ever called upon, the Company will be able to recover the amounts paid on disposal of the stores.

Included above are guarantees provided by the Company to third party financial institutions in relation to borrowings of the European subsidiaries.

OTHER

SPEED RABBIT PIZZA

There are various separate French legal proceedings by a competitor, Speed Rabbit Pizza (SRP) against subsidiary, Domino's Pizza France (DPF) (the main claim) and seven SRP franchisees against DPF and the relevant DPF franchisees (the local claims). The allegations are that DPF and its franchisees breached French laws governing payment time limitations and lending, thereby giving DPF and its franchisees an unfair competitive advantage. SRP claimed significant damages for impediment of the development of its franchise network, lost royalty income from SRP franchisees and harm to SRP's image. DPF and its franchisees have denied liability and are vigorously defending the claims. On 07 July 2014, the Court at first instance handed down its decision in the main claim, as well as in five of the local claims. All of the claims of SRP and the relevant SRP franchisees were dismissed. SRP filed an appeal to these decisions in the Court of Appeal, which dismissed SRP's appeal in the main claim on 25 October 2017 and the appeal of SRP and/or SRP franchisees in five local claims on 12 December 2018. SRP then filed an appeal from the decision in the main claim and in 2 local claims to the Cour de Cassation i.e. France's highest court. In the main claim, the Cour de Cassation handed down its judgement on 15 January 2020 which found errors of law in the Court of Appeal decision and set aside parts of the Court of Appeal's decision. On 20 December 2020, SRP filed a fresh appeal in the Court of Appeal and on 22 January 2021 provided DPF with a brief of evidence including new claims for compensation of €236 million. The referring appeal was heard on 05 January 2022. On 18 May 2022, the Court of Appeal issued a decision making no findings on the allegations and appointing an independent expert whose mission is to provide a report to inform the Court on the allegations. Four meetings with the expert took place on 12 July 2022, 12 May 2023, 09 October 2023 and 12 December 2023. The expert is currently working on the report, with no known due date for the final report.

In the two local claims appealed to the Cour de Cassation, judgements were handed down on 07 July 2020 and 30 September 2020 which found errors of law and cancelled the Court of Appeal decisions. SRP initiated the referring appeals of these two local cases in April 2022 before the Court of Appeal of Paris and filed its briefs in June 2022. DPF filed its briefs by mid-August 2022 and the hearings were held on 14 September 2022. On 23 November 2022, the Court of Appeal appointed an independent expert whose mission is to provide a report to inform the Court on the allegations. Two meetings took place on 13 February 2023 and 20 July 2023 with the expert. There is no known due date for the reports. For the sixth local claim, the Court found in favour of DPF at first instance on 27 September 2016, and SRP filed an appeal from this decision to the Court of Appeal. On 30 January 2018, the Court of Appeal dismissed SRP's appeal. The two SRP franchisees then appealed to the Cour de Cassation which dismissed their appeal on 29 January 2020.

The seventh local claim was heard by the Commercial Court of Nanterre at first instance on 15 January 2021. On 12 April 2021, the First President of the Court of Appeal of Versailles handed down a decision transferring the case to the Commercial Court of Versailles, on the request of the President of the Commercial Court of Nanterre. The case was heard by the Commercial Court of Versailles on 09 December 2022. On 03 February 2023, the Court issued a decision ordering DPF to disclose documents and appointing an independent expert whose mission is to provide a report to inform the Court on the allegations. A first meeting took place on 19 June 2023 with the expert. Her report is due on 31 March 2024.

DPE denies all claims made and is vigorously defending the proceedings brought against it. DPE is confident of its legal position. Accordingly, no provision has been recognised as at 31 December 2023.



11 CONTINGENT LIABILITIES AND CONTINGENT ASSETS (CONTINUED)

OTHER (CONTINUED)

Other litigation, initiated by SRP and a former Pizza Sprint franchisee, is also underway and concerns the use of the term "fresh dough". The allegation is that DPF is guilty of unfair trade practices because its pizza dough would not meet the definition of a fresh product under French law and €8.4 million in damages were sought. On 20 January 2023, the Court at first instance ordered DPF to pay €39.5 thousand in damages for the use of the term "fresh dough" between 2014 and June 2018, and dismissed SRP's claims for the period following June 2018. On 19 April 2023, SRP initiated an appeal before the Court of Appeal at Versailles and is now claiming €27 million in damages. The Pizza Sprint franchisee is seeking €250 thousand in damages. The proceedings are ongoing, and the pleadings have yet to be submitted to the Court of Appeal.

PIZZA SPRINT

In May 2016, proceedings were brought against Fra-Ma Pizz SAS and Pizza Center France SAS, the Pizza Sprint entities, by a number of former and current franchisees (Relevant Pizza Sprint Franchisees) whom allege a significant imbalance in the rights and obligations by the franchisor (Franchisees' Proceedings). The alleged practices predated the acquisition of Pizza Sprint by the Company, accordingly during the re-measurement period the Company has adjusted the purchase price accounting to recognise a contingent liability and asset in relation to the above matter. A number of the claims by the Relevant Pizza Sprint Franchisees have been settled on a commercial basis.

The French Ministry for the Economy and Finance (Ministry) also brought proceedings (Ministry Proceedings) involving the same facts against Fra-Ma Pizz SAS, Pizza Center France SAS and Domino's Pizza France SAS (collectively, DPF Companies). The Ministry Proceedings are being defended by the DPF Companies. The Relevant Pizza Sprint Franchisees sought to join the Franchisees' Proceedings to the Ministry Proceedings. The request was rejected by the court on 15 February 2018.

On 24 June 2019, the Franchisees' Proceedings and Ministry Proceedings were heard separately. On 22 October 2019, a decision was made in relation to the Ministry Proceedings which did not result in any fine or financial charges against any of the DPF Companies. The Ministry has appealed the decision and the Relevant Pizza Sprint Franchisees have also filed an appeal in support. The appeal has been heard on 15 September 2021 and the Appeal court handed down its decision on 05 January 2022. Fra-Ma Pizz, Pizza Center France and Domino's Pizza France were ordered to pay a €500k fine to the French Ministry for the Economy and Finance, €60k to six former Sprint franchisees and €20k in procedural costs. On 10 January 2022, Fra-Ma Pizz, Pizza Center France and Domino's Pizza France filed an appeal to the Cour de Cassation (French Supreme Court). On 24 June 2022, the Ministry filed a motion to dismiss Fra-Ma Pizz, Pizza Center France and Domino's Pizza France application alleging that the decision of the Appeal court had not been executed. The motion was rejected on 12 January 2023, meaning that the procedure on the merits has resumed. The deliberation hearing was held on 09 January 2024 and the decision is expected in the coming weeks.

Five decisions in the Franchisees' Proceedings were handed down on 03 December 2019 and the remaining four decisions were handed down on 31 January 2020. Fra-Ma Pizz SAS and Domino's Pizza France SAS were ordered to pay a total amount of €3 million to certain Relevant Pizza Sprint Franchisees. Various appeals have been filed by the DPF Companies, on the one hand, and separately by some of the Relevant Pizza Sprint Franchisees, on the other, with the Paris Court of Appeal. The appeals were heard on 23 November 2022.

CLASS ACTION

On 24 June 2019, Riley Gall, as the lead applicant, commenced a representative proceeding (class action) against the Company in the Federal Court of Australia on behalf of an alleged group comprising some Australian franchisee employees who were employed as delivery drivers or in-store workers between 24 June 2013 and 23 January 2018.

The statement of claim alleges that the Company misled its franchisees who, in reliance on the Company's representations and conduct, paid their delivery drivers and in-store workers in accordance with a number of industrial instruments rather than under the Fast Food Industry Award 2010.

The Company rejects the allegations; it has defended the action vigorously and denies having any liability. Further, the Company does not believe it has a present obligation in respect of the class action. A defence denying the allegations was filed and an application to have the statement of claim (or parts thereof) struck out was heard on 09 June 2020. On 13 April 2021, the Federal Court dismissed that application, and at that time the parties were engaged in a referral before a Registrar of the Federal Court regarding discovery. As a result of that referral process the parties amended their pleadings which were filed in August and September 2021. The parties exchanged lay evidence between February and May 2022. Two separate meditations occurred in June and October 2022 respectively, without resolution of the proceeding.

The trial of Gall's claim was held before Justice Murphy in Melbourne over 12 days in November 2022. Judgment is currently reserved and is not expected to be delivered before mid-2024 (calendar year).



11 CONTINGENT LIABILITIES AND CONTINGENT ASSETS (CONTINUED)

OTHER (CONTINUED)

The statement of claim does not quantify any loss by Gall or the alleged group. The expert evidence at trial concerned the quantum of Gall's claim and no other group members. As a result, at this stage of the proceeding it is not possible for the Company to determine with accuracy or reliability any potential obligation or financial impact arising from the alleged damages claimed by group members in the proceeding. The total alleged group member loss will be dealt with by the Court at a later hearing if Gall is successful at trial and on any final appeal.

GENERAL CONTINGENCIES

As a global business, from time to time DPE is also subject to various claims and litigation from third parties during the ordinary course of its business. The directors of DPE have considered such matters which are or may be subject to claims or litigation at 31 December 2023 and unless specific provisions have been made are of the opinion that no material contingent liability for such claims of litigation exist.

12 SUBSEQUENT EVENTS

DIVIDENDS

On 21 February 2024 the directors of Domino's Pizza Enterprises Limited declared an interim dividend on fully paid ordinary shares in respect of the year ended 30 June 2024. The total dividend amount is estimated to be \$49.9 million, which represents a unfranked dividend of 55.5 cents per share. The dividend has not been recognised as a liability in the condensed consolidated financial statements for the half-year ended 31 December 2023.

13 FINANCIAL INSTRUMENTS

This note provides information about how the consolidated entity determines the fair values of various financial assets and financial liabilities.

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The following table presents the Group's assets and liabilities measured and recognised as at fair value at 31 December 2023.

| | 31 December 2023 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | Total \$'000 |
|--|------------------|-------------------|-------------------|-------------------|-----------------|
| Recurring fair value measurements | | | | | |
| Financial assets | | | | | |
| Foreign exchange contracts | | - | 2,288 | - | 2,288 |
| Interest rate swaps | | - | 2,296 | - | 2,296 |
| Total financial assets | | - | 4,584 | - | 4,584 |
| Financial liabilities | | | | | |
| Interest rate swaps | | - | 847 | - | 847 |
| Contingent consideration | | - | - | 9,763 | 9,763 |
| Foreign exchange contracts | | - | 1,741 | - | 1,741 |
| Total financial liabilities | | - | 2,588 | 9,763 | 12,351 |
| | 03 July 2023 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | Total \$'000 |
| Recurring fair value measurements | | | | | |
| Financial assets | | | | | |
| Interest rate swaps | | - | 912 | - | 912 |
| Foreign exchange contracts | | - | 4,934 | - | 4,934 |
| Total financial assets | | - | 5,846 | - | 5,846 |
| Financial liabilities | | | | | |
| Contingent consideration payable | | - | - | 17,336 | 17,336 |
| Interest rate swaps | | - | 943 | - | 943 |
| Total financial liabilities | | - | 943 | 17,336 | 18,279 |



13 FINANCIAL INSTRUMENTS (CONTINUED)

There have been no transfers between Level 1 and Level 2.

VALUATION TECHNIQUES USED TO DERIVE LEVEL 2 AND 3 FAIR VALUES

The fair values of the financial assets and financial liabilities included in the level 2 and 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties and long term revenue and profit growth rates.

The level 2 financial instruments have been valued using the discounted cash flow technique. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.

Specific valuation techniques used to value level 3 financial instruments include:

CONTINGENT CONSIDERATION IN A BUSINESS COMBINATION

The discounted cash flow method was used to calculate the present value of the expected economic benefits that will flow out of the Group arising from the contingent consideration. The significant unobservable inputs include the projected gross margin based on management's experience and knowledge of market and industry conditions. Significant increase/(decrease) in the gross profit would result in a higher/(lower) fair value of the contingent consideration liability.