



For Immediate Release

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Domino's Pizza® Announces First Quarter 2023 Financial Results

Global retail sales growth (excluding foreign currency impact) of 5.9%

U.S. same store sales growth of 3.6%

International same store sales growth (excluding foreign currency impact) of 1.2%

Global net store growth of 128

Diluted EPS up 17.2% to \$2.93

ANN ARBOR, Michigan, April 27, 2023: Domino's Pizza, Inc. (NYSE: DPZ), the largest pizza company in the world, announced results for the first quarter of 2023. Global retail sales grew 5.9% in the first quarter of 2023, excluding the negative impact of foreign currency. Without adjusting for the impact of foreign currency, global retail sales grew 2.2% in the first quarter of 2023.

U.S. same store sales grew 3.6% during the first quarter of 2023. International same store sales (excluding foreign currency impact) grew 1.2% during the first quarter of 2023. The Company had first quarter global net store growth of 128 stores, comprised of 22 net U.S. store openings and 106 net international store openings. The Company had 168 gross store openings and 40 closures during the first quarter of 2023. Diluted EPS for the first quarter of 2023 was \$2.93, an increase of 17.2% over the prior year quarter.

Subsequent to the end of the first quarter of 2023, on April 25, 2023, the Company's Board of Directors declared a \$1.21 per share quarterly dividend on its outstanding common stock for shareholders of record as of June 15, 2023, to be paid on June 30, 2023.

"As I reflect on the first quarter, I can't help but be encouraged by the resilience of our business model and the competitive advantage our franchisees and team members bring to Domino's Pizza," said Russell Weiner, Domino's Chief Executive Officer. "We grew by doing what we said we were going to do: drive value and step up our pace of innovation. Our continued evolution from a U.S. delivery business to a global pizza company with strength in both delivery and carryout keeps me bullish on our future."

First Quarter Highlights (Unaudited):

	First Quarter of 2023	First Quarter of 2022
<i>(in millions, except share and per share data)</i>		
Net income	\$ 104.8	\$ 91.0
Weighted average diluted shares	35,708,938	36,435,038
Diluted EPS	\$ 2.93	\$ 2.50

- **Revenues** increased \$13.2 million, or 1.3%, in the first quarter of 2023 as compared to the first quarter of 2022, primarily due to higher supply chain revenues attributable to increases in market basket pricing to stores. The Company's market basket pricing to stores increased 4.6% during the first quarter of 2023 as compared to the first quarter of 2022. U.S. franchise royalties and fees and U.S. franchise advertising revenues also increased due to the refranchising of 114 U.S. Company-owned stores in Arizona and Utah in the fourth quarter of 2022 (the "2022 Store Sale"), a higher average ticket per transaction resulting primarily from increases in menu and national offer pricing and an increase in fees paid by U.S. franchisees for the use of the Company's technology platforms. International franchise royalties and fees increased due to international retail sales growth (excluding foreign currency impact) of 6.5% and were partially offset by the negative impact of changes in foreign currency exchange rates of approximately \$4.3 million. These increases in revenues were partially offset by lower U.S. Company-owned store revenues as a result of the 2022 Store Sale.
- **Income from Operations** increased \$12.9 million, or 7.9%, in the first quarter of 2023 as compared to the first quarter of 2022 primarily due to higher franchise revenues, as well as lower general and administrative expenses.

- **Net Income** increased \$13.8 million, or 15.2%, in the first quarter of 2023 as compared to the first quarter of 2022 primarily due to higher income from operations of \$12.9 million. Lower net interest expense resulting from higher interest income on cash equivalents also contributed to the increase in net income. These increases were partially offset by an increase in the provision for income taxes of \$1.8 million in the first quarter of 2023 due to higher income before provision for income taxes, partially offset by a lower effective tax rate. The effective tax rate decreased to 21.4% during the first quarter of 2023 as compared to 22.7% in the first quarter of 2022, driven in part by a higher foreign derived intangible income deduction and higher foreign tax credits.
- **Diluted EPS** was \$2.93 in the first quarter of 2023 versus \$2.50 in the first quarter of 2022, representing a \$0.43, or 17.2%, increase over the prior year quarter. The increase in diluted EPS was driven by higher net income in the first quarter of 2023 as compared to the first quarter of 2022, as well as a lower weighted average diluted share count, resulting from the Company's share repurchases during the trailing four quarters.

The tables below outline certain statistical measures utilized by the Company to analyze its performance (unaudited). Refer to *Comments on Regulation G* below for additional details.

	First Quarter of 2023	First Quarter of 2022
Same store sales growth: (versus prior year period)		
U.S. Company-owned stores	+ 7.3%	(10.5)%
U.S. franchise stores	+ 3.4%	(3.2)%
U.S. stores	+ 3.6%	(3.6)%
International stores (excluding foreign currency impact)	+ 1.2%	+ 1.2%
Global retail sales growth: (versus prior year period)		
U.S. stores	+ 5.1%	(1.4)%
International stores	(0.5)%	+ 2.0%
Total	+ 2.2%	+ 0.3%
Global retail sales growth: (versus prior year period, excluding foreign currency impact)		
U.S. stores	+ 5.1%	(1.4)%
International stores	+ 6.5%	+ 8.4%
Total	+ 5.9%	+ 3.6%

	U.S. Company- owned Stores	U.S. Franchise Stores	Total U.S. Stores	International Stores	Total
Store counts:					
Store count at January 1, 2023	286	6,400	6,686	13,194	19,880
Openings	1	24	25	143	168
Closings	(1)	(2)	(3)	(37)	(40)
Transfers	(1)	1	—	—	—
Store count at March 26, 2023	285	6,423	6,708	13,300	20,008
First quarter 2023 net store growth	—	22	22	106	128
Trailing four quarters net store growth	—	111	111	836	947

Subsequent Events

Investment in DPC Dash Ltd

As previously disclosed, the Company holds a non-controlling interest in DPC Dash Ltd (“DPC Dash”), the Company’s master franchisee in China that owns and operates Domino’s Pizza stores in that market.

Subsequent to the end of the first quarter of 2023, on March 28, 2023, DPC Dash completed its initial public offering on the Hong Kong Exchange (HK: 1405) at a price of HK\$46.00 per share, at which point the Company’s 18,101,019 senior ordinary shares automatically converted to ordinary shares pursuant to the terms of the investment. Beginning in the second quarter of 2023, the Company will account for its investment as a trading security and will record it at fair value at the end of each reporting period, with gains and losses recorded in other income or expense in its condensed consolidated statements of income.

Change in Advertising Fund Contributions and Technology Fees

Subsequent to the end of the first quarter of 2023, as of March 27, 2023, Domino's National Advertising Fund Inc., the Company's consolidated not-for-profit advertising subsidiary, effectuated a temporary reduction of 0.25% to its standard 6.0% advertising contribution, which is anticipated to be in effect for at least one year. Concurrently, the Company also increased the U.S. digital per-transaction technology fees that are recognized as the related U.S. franchise retail sales occur by \$0.08 to \$0.395.

Share Repurchases

During the first quarter of 2023, the Company repurchased and retired 100,515 shares of common stock for a total of \$30.1 million. As of March 26, 2023, the Company had a total remaining authorized amount for share repurchases of \$380.3 million.

Liquidity

As of March 26, 2023, the Company had approximately:

- \$154.2 million of unrestricted cash and cash equivalents;
- \$5.01 billion in total debt; and
- \$277.8 million of available borrowing capacity under its 2021 and 2022 variable funding notes, net of letters of credit issued of \$42.2 million.

Net cash provided by operating activities was \$114.7 million during the first quarter of 2023. The Company invested \$19.0 million in capital expenditures during the first quarter of 2023. Free cash flow, as reconciled below to net cash provided by operating activities, as determined under accounting principles generally accepted in the United States of America (“GAAP”), was approximately \$95.7 million during the first quarter of 2023 (refer to *Comments on Regulation G* below for additional details).

	First Quarter of 2023
<i>(in thousands)</i>	
Net cash provided by operating activities	\$ 114,682
Capital expenditures	(19,031)
Free cash flow	\$ 95,651

Fiscal 2023 Guidance

The Company previously provided the following guidance for fiscal 2023 related to the impact of changes in foreign currency exchange rates on international franchise royalty revenues, capital expenditures, general and administrative expense, market basket pricing change and the effective tax rate, excluding excess tax benefits or deficiencies from equity-based compensation.

As of the date of this release, the Company expects the impact of changes in foreign currency exchange rates on international franchise royalty revenues, market basket pricing change and the effective tax rate, excluding tax benefits or deficiencies from equity-based compensation will come in towards the low-end of their respective ranges.

	Fiscal 2023 Guidance
Impact of changes in foreign currency exchange rates on international franchise royalty revenues (versus 2022) ⁽¹⁾	\$(2.0) - \$(6.0) million
Capital expenditures	\$90.0 - \$100.0 million
General and administrative expense	\$425.0 - \$435.0 million
Market basket pricing change (versus 2022) ⁽¹⁾	+ 3% - + 5%
Effective tax rate, excluding excess tax benefits or deficiencies from equity-based compensation ⁽¹⁾	22.0% - 24.0%

(1) Refer to the *Comments on Regulation G* section below for additional details.

Comments on Regulation G

In addition to the GAAP financial measures set forth in this press release, the Company has included non-GAAP financial measures within the meaning of Regulation G, including free cash flow and the effective tax rate, excluding tax benefits or deficiencies from equity-based compensation. The Company has also included metrics such as global retail sales, global retail sales growth, global retail sales growth, excluding foreign currency impact, same store sales growth, market basket pricing change and the impact of foreign currency exchange rates on international franchise royalty revenues which are commonly used statistical measures in the quick-service restaurant industry that are important to understanding Company performance.

The Company uses “**Global retail sales,**” a statistical measure, to refer to total worldwide retail sales at Company-owned and franchise stores. The Company believes global retail sales information is useful in analyzing revenues because franchisees pay royalties and advertising fees that are based on a percentage of franchise retail sales. The Company reviews comparable industry global retail sales information to assess business trends and to track the growth of the Domino’s Pizza brand. In addition, supply chain revenues are directly impacted by changes in franchise retail sales. Retail sales for franchise stores are reported to the Company by its franchisees and are not included in Company revenues. “**Global retail sales growth**” is calculated as the change of U.S. Dollar global retail sales against the comparable period of the prior year. “**Global retail sales growth, excluding foreign currency impact**” is calculated as the change of international local currency global retail sales against the comparable period of the prior year.

The Company uses “**Same store sales growth,**” a statistical measure, which is calculated by including only sales from stores that also had sales in the comparable weeks of both periods. International same store sales growth is calculated similarly to U.S. same store sales growth. Changes in international same store sales are reported excluding foreign currency impacts, which reflect changes in international local currency sales. Same store sales growth for transferred stores is reflected in their current classification.

The Company uses “**Net store growth,**” a statistical measure, which is calculated by netting gross store openings with gross store closures during the period. Transfers between Company-owned stores and franchised stores are excluded from the calculation of net store growth.

The Company uses “**Market basket pricing change,**” a statistical measure, which is calculated as the percentage change of the market basket purchased by an average U.S. store (based on average weekly unit sales) from U.S. supply chain centers against the comparable period of the prior year. The Company believes that the market basket pricing change is important to investors and other interested persons to understand the Company’s performance. As market basket prices fluctuate, revenues, cost of sales and gross margin percentages in the Company’s supply chain segment also fluctuate. Additionally, cost of sales, gross margins and gross margin percentages for the Company’s U.S. Company-owned stores also fluctuate.

The Company uses “**Impact of changes in foreign currency exchange rates on international franchise royalty revenues,**” a statistical measure, which is calculated as the difference in international franchise royalty revenues resulting from translating current period local currency results to U.S. dollars at current period exchange rates as compared to prior period exchange rates. The Company believes that the impact of changes in foreign currency exchange rates on international franchise royalty revenues is important to investors and other interested persons to understand the Company’s international royalty revenues given the significant variability in those revenues that can be driven by changes in foreign currency exchanges rates.

The Company uses “**Free cash flow**,” which is calculated as net cash provided by operating activities, less capital expenditures, both as reported under GAAP. The most directly comparable financial measure calculated and presented in accordance with GAAP is net cash provided by operating activities. The Company believes that the free cash flow measure is important to investors and other interested persons, and that such persons benefit from having a measure which communicates how much cash flow is available for working capital needs or to be used for repurchasing debt, making acquisitions, repurchasing common stock or paying dividends.

The Company uses the “**Effective tax rate, excluding excess tax benefits or deficiencies from equity-based compensation**,” which is calculated as the Company’s provision for income taxes, less excess tax benefits or deficiencies from equity-based compensation, both as reported under GAAP, divided by the Company’s income before provision for income taxes, as reported under GAAP. Excess tax benefits or deficiencies from equity-based compensation are recorded as a reduction (increase) to the Company’s provision for income taxes. The most directly comparable financial measure calculated and presented in accordance with GAAP is the effective tax rate. The Company believes that the effective tax rate, excluding excess tax benefits or deficiencies from equity-based compensation is important to investors and other interested persons to understand the Company’s effective tax rate excluding the significant variability in the effective tax rate that can be driven by changes in stock award activity from period to period.

Conference Call Information

The Company will file its Quarterly Report on Form 10-Q today. As previously announced, Domino’s Pizza, Inc. will hold a conference call today at 10 a.m. (Eastern) to review its first quarter 2023 financial results. The webcast is available at ir.dominos.com and will be archived for one year.

About Domino’s Pizza®

Founded in 1960, Domino’s Pizza is the largest pizza company in the world, with a significant business in both delivery and carryout pizza. It ranks among the world’s top public restaurant brands with a global enterprise of more than 20,000 stores in over 90 markets. Domino’s had global retail sales of over \$17.5 billion in 2022, with over \$8.7 billion in the U.S. and nearly \$8.8 billion internationally. In the first quarter of 2023, Domino’s had global retail sales of over \$4.1 billion, with over \$2.0 billion in the U.S. and nearly \$2.1 billion internationally. Its system is comprised of independent franchise owners who accounted for 99% of Domino’s stores as of the end of the first quarter of 2023. Emphasis on technology innovation helped Domino’s achieve approximately two-thirds of all global retail sales in 2022 from digital channels. In the U.S., Domino’s generated more than 80% of U.S. retail sales in 2022 via digital channels and has developed several innovative ordering platforms, including those for Apple CarPlay, Google Home, Amazon Alexa, Facebook Messenger and more.

Order – dominos.com

Company Info – biz.dominos.com

Media Assets – media.dominos.com

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