Domino's

Domino's Pizza Enterprises Limited
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ACN: 101 489 326
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29 July, 2026

DOMINO'S FY26 EARNINGS UPDATE AND BALANCE SHEET REVIEW

- **Preliminary unaudited underlying NPAT is expected to be in the range of $118m - $122m, consistent with the Company's previously communicated guidance.**
- **Preliminary unaudited free cash flow is expected to be approximately $164.0m(1), representing an increase of approximately $116.6m compared with FY25.**
- **Franchisee profitability for the rolling 12 months ended Q3 FY26 is $105.7k, representing an +11.3% increase above the comparative period on a constant currency basis.**
- **Same Store Sales for FY26 was (-4.1%), including the impact of adverse weather conditions across Europe during January and February 2026.**
- **The Company expects to recognise total balance sheet write-downs of approximately $259.0m for FY26, of which approximately $246.0m are expected to be non-cash.**

Domino's Pizza Enterprises Limited ("DMP" or "the Company") today reaffirmed its FY26 underlying earnings guidance.

DELIVERING ON COMMITMENTS

In August 2025, the Company outlined a series of operational and financial priorities designed to improve profitability, strengthen franchisee economics and enhance cash generation. During FY26, the Company delivered on the following commitments:

- **Cost reduction:** $60–70m annualised cost savings have been delivered, primarily through headcount reduction, savings in IT and supplier input costs.
- **Western Australia operating model:** refinements to the Western Australia pricing and operating model continued to demonstrate strong performance, with participating Franchise Partners achieving record store EBITDA for five consecutive months. This has provided a blueprint for broader roll-out across Australia, anticipated during FY27.
- **Refinancing:** Successfully completed the refinancing of the Company's debt facilities, securing $1.05 billion of new syndicated banking facilities with staggered maturities, improved pricing and enhanced funding flexibility.
- **Free cash flow:** Generated preliminary unaudited free cash flow of approximately $164.0m, an improvement of approximately +$116.6m compared with FY25.
- **Debt reduction:** Reduced net leverage to approximately 1.9x EBITDA (based on preliminary, unaudited FY26 results), consistent with the Company's previously communicated leverage target and further strengthening the balance sheet.

FY26 SAME STORE SALES

FY26 Same Store Sales (SSS) (-4.1%), comprised ANZ (-4.7%), Europe (-2.2%) and Asia (-6.7%).
The result reflects the Company's deliberate transition towards profitable and sustainable sales growth, with long-term franchisee profitability prioritised over headline sales. During FY26, the Company focused on improving unit economics through pricing optimisation, promotional discipline and operational efficiencies rather than pursuing lower-margin transaction growth. While this resulted in lower same-store sales, franchisee profitability improved, with rolling 12-month Q3FY26 franchisee EBITDA increasing +11.3% on a constant currency basis. The Company focused on stronger franchisee economics to provide a more sustainable platform for future network growth and long-term shareholder value.

(1) Excluding divestment proceeds of $13.0m

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Deliberate promotional and store operational initiatives in WA resulted in improved average store EBITDA of over 30% for 5 months ending May 2026 compared to the corresponding comparative period. This improvement has been achieved despite lower sales and order volumes, demonstrating that a more disciplined focus on order quality, product mix and operational execution can deliver materially stronger profitability. The same operating principles have been applied in New Zealand, where, despite declining order volumes, profitability has continued to improve, with franchisee EBITDA increasing by +22.1% on a rolling 12 months ended Q3 FY26 compared to the corresponding comparative period. Building on these results, the Company intends to progressively roll out the WA program to the remainder of Australia during FY27.

BALANCE SHEET REVIEW

Following completion of a comprehensive review of the carrying values of the Company's assets as part of the FY26 year-end process, the Company expects to recognise total balance sheet write-downs of approximately $259.0m, of which approximately $246.0m are expected to be non-cash. The breakdown of write-downs is as follows:

Component	Approximate amount ($m)(2)	Comments
France operations (goodwill and intangible assets)	70.5	Write-down of goodwill and indefinite life intangible assets, reflecting the underperformance of the France business.
Taiwan operations (goodwill and intangible assets)	45.7	Partial write-down reflecting updated assumptions regarding the timing and extent of future earnings versus the original acquisition business case.
IT development costs	43.8	Portfolio review of technology assets to align with the current enterprise strategy for IT. This has resulted in he write-off of technology projects that are not part of IT Strategy.
Store and related assets	69.0	Write-down of assets associated with underperforming corporate stores and losses on accelerated re-franchising.
Other balance sheet items	30.0	Primarily relates to inventory provisions, franchisee loan provisions and other balance sheet carrying value adjustments.
Total expected write-downs	**259.0**	Approximately $246.0m of the total write-downs are expected to be non-cash.

(2) The impairment charge is presented on a pre-tax basis, except for the release of deferred tax liabilities associated with the impairment of intangible assets in France and Taiwan, of $16.8m and $2.6m, respectively.

FRANCE AND TAIWAN IMPAIRMENT ~$116.2m

France

The Company expects to recognise a non-cash impairment of the carrying value of the France cash-generating unit. Accordingly, the Company expects to write down the $70.5m carrying value, reflecting the goodwill and indefinite life intangible assets associated with the business.

The impairment reflects underperformance of the French market, notwithstanding that the business is expected to deliver a modestly positive EBITDA result in FY26.

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Taiwan

The Company also expects to recognise a partial non-cash impairment of the Taiwan cash-generating unit. While the business is expected to remain marginally EBITDA positive in FY26, its financial performance has been below the growth assumptions underpinning the original acquisition business case.

Accordingly, the Company expects to write down $45.7m of the carrying value of the Taiwan cash-generating unit. The impairment does not affect the Company's ongoing operations or cash flows.

IT DEVELOPMENT COSTS ~$43.8m

The Company undertook a strategic review of its enterprise-wide prioritisation of IT projects to align its current business strategy and key strategic initiatives. This review included a reassessment of the expected useful lives and future economic benefits of its existing portfolio of capitalised technology assets.

This has resulted in the write-off of technology projects of $43.8m where these projects and assets are no longer expected to deliver future economic benefits and reflects a strategic refinement of the Company's technology investment and delivery model.

Based on current estimates and assumptions, the portfolio review is expected to reduce FY27 amortisation expense by approximately $8.8m as a result of the lower carrying value of capitalised development assets. Approximately two-thirds of this benefit is expected to reduce technology costs allocated to franchisee-funded advertising programs. The benefit of a lower amortisation expense for DPE will be offset by higher expensing of IT costs in FY27.

STORE RELATED COSTS ~$69.0m

The write-down reflects the continued optimisation of the Company's corporate store portfolio, including the permanent closure of underperforming stores, the acceleration of the Company's refranchising program, and the reassessment of store asset carrying values to reflect their estimated recoverable amounts. Up to 60 stores (25 Europe, 29 ANZ, 6 Asia) are expected to permanently close. These actions are expected to generate an annualised EBIT benefit of approximately $10.9m, while strengthening the Group's balance sheet through the alignment of asset carrying values with their expected future economic benefits.

OTHER BALANCE SHEET ITEMS ~$30.0m

These include approximately $14.0m of inventory provisions and write-offs, approximately $10.9m of provisions relating to franchisee loan exposure, and approximately $5.1m of other balance sheet adjustments, primarily reflecting updated assessments of recoverability of carrying values as at 28 June 2026.

FY26 EARNINGS GUIDANCE AND DIVIDEND

The Company reaffirms its FY26 underlying NPAT guidance previously provided to the market, with preliminary unaudited underlying NPAT expected to be in the range of $118m – $122m. A full-year dividend will be paid based on underlying NPAT in accordance with the Company's existing dividend policy. While the Company will report a statutory loss for FY26, this reflects the recognition of approximately $300m(3) (pre-tax) of balance sheet write-downs, of which approximately $246.0m is expected to be non-cash, and other non-recurring charges of approximately $38m. The nature of these items is consistent with those previously disclosed in the Company's half-year and prior full-year financial reports.

(3) Expected balance sheet write-downs are pre-tax except for the expected release of deferred tax liabilities associated with the impairment of intangible assets in France and Taiwan, of $16.8m and $2.6m, respectively.

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COVENANT POSITION

The non-cash asset write-downs have no impact on the Company's debt facilities or covenant calculations, which are assessed on an underlying EBITDA basis. As at 28 June 2026, the Company's net leverage ratio was approximately 1.9x, consistent with the Company's previously communicated leverage target. The Company continues to maintain strong liquidity and substantial headroom within its covenant requirements.

COMMENTARY

Executive Chairman Jack Cowin said:

"A comprehensive review of the Company's balance sheet has been undertaken to ensure the carrying values of our assets appropriately reflect current market conditions, our revised strategic priorities and the long-term outlook for each business.

"Andrew Gregory will commence as Group CEO and Managing Director on 5 August, ahead of the FY26 full-year result. His immediate priority will be building on the work underway to improve sales growth, franchisee profitability and long-term shareholder returns."

Group COO & CFO George Saoud said:

"FY26 has been a year of disciplined execution. We have delivered against the key operational and financial objectives established at the beginning of the year, including executing our cost-out program, successfully refinancing the Group's debt facilities, improving free cash flow generation, enhancing franchisee profitability, successfully piloting the new operating model in Western Australia, which increased franchise partner earnings and will be the blueprint for a broader national roll-out, and delivering on our underlying earnings guidance."

"The write-downs announced today are predominantly non-cash and reflect the outcome of a comprehensive review of our balance sheet and strategic priorities. These actions strengthen the quality of our asset base and do not impact the Company's cash generation, banking covenants or underlying operating performance.

"The Company enters FY27 from a position of financial strength, with strong free cash flows, net leverage of around 1.9 times and significant covenant headroom. Having delivered the commitments made for FY26, we are well positioned to execute our strategic priorities and drive sustainable long-term growth."

BASIS OF PREPERATION

The underlying results contained in this announcement are based on preliminary unaudited financial results for the 12 months ended 28 June 2026 and are, and remain, subject to the finalisation of the financial statements, audit and completion of the year-end financial reporting process including Board review and approval, and may change.

This announcement refers to underlying NPAT which is not a financial measure which is defined in or recognised measure of financial performance under A-IFRS. The Company considers that this non-A-IFRS financial measure alongside A-IFRS measures provide a more useful and comprehensive means to examine and understand the underlying operational performance of the business.

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Further details regarding the Company's FY26 financial performance, outlook and final dividend will be provided with the release of its FY26 Full Year Results on 26 August 2026, including a full reconciliation between underlying and statutory earnings.

Appointment of Deputy Chair
The board has today appointed non-executive director Uschi Schreiber as Deputy Chair, effective immediately.
Ms Schreiber has been a Non-Executive Director of Domino's Pizza Enterprises Limited since 2018.

Webcast and Q&A
Group COO & CFO George Saoud will host an investor webcast and Q&A session:
Thursday, July 30th, 2026 – 9am
Register: https://dominos.zoom.us/webinar/register/WN_IGg-Nr6JRHqbjrQiJo6DOg

This release has been authorised for release by the Board of Directors.

END

For further information, contact Nathan Scholz, Group Chief Communications and Investor Relations Officer, at investor.relations@dominos.com.au or on +614 1924 3517.