DPC Dash Ltd
达势股份有限公司
(incorporated in the British Virgin Islands with limited liability)
(Stock code: 1405)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2023

The board (the "**Board**") of directors (the "**Directors**") of DPC Dash Ltd (the "**Company**", together with its subsidiaries, the "**Group**") is pleased to announce the audited consolidated annual results of the Group for the year ended December 31, 2023 (the "**Reporting Period**" or the "**2023 financial year**"). These annual results have been reviewed by the Company's audit and risk committee, and the consolidated financial statements for the year ended December 31, 2023 have been audited by the Company's auditors, PricewaterhouseCoopers, in accordance with International Standards on Auditing.

KEY HIGHLIGHTS

	Year ended December 31,		
	2023 **(*RMB'000*)**	2022 (*RMB'000*)	change (%)/ percentage points change
Revenue	**3,050,715**	2,020,789	51.0%
Store-level operating profit[1]	**419,732**	204,689	105.1%
Store-level operating profit margin[2]	**13.8%**	10.1%	+3.7
Profit/(Loss) before income tax	**2,275**	(200,883)	N/A
Loss for the year attributable to equity holders of the Company	**(26,603)**	(222,632)	(88.1)%
Basic Loss per share *(RMB)*	**(0.22)**	(2.34)	90.6%
Diluted Loss per share *(RMB)*	**(0.22)**	(2.34)	90.6%
Non-IFRS Measures			
Store-level EBITDA[3]	**576,622**	320,194	80.1%
Store-level EBITDA margin (%)[4]	**18.9%**	15.8%	+3.1
Adjusted EBITDA[5]	**301,736**	138,618	117.7%
Adjusted EBITDA margin(%)[6]	**9.9%**	6.9%	+3.0
Adjusted Net Profit/(Loss)[7]	**8,778**	(113,818)	N/A

Notes:

(1) Store-level operating profit represents revenue less operational costs incurred at the store level, comprising salary-based expense, raw materials and consumables cost, depreciation of right-of-use assets, depreciation of plant and equipment, amortization of intangible assets, variable lease rental payment and short-term rental expenses, utilities expenses, advertising and promotion expenses, store operating and maintenance expenses and other expenses.

(2) Store-level operating profit margin is calculated by dividing store-level operating profit by revenue for the same year.

(3) "Store-level EBITDA" is defined as store-level operating profit for the year and adding back depreciation of plant and equipment and amortization of intangible assets in store-level.

(4) "Store-level EBITDA margin" is calculated by dividing Store-level EBITDA by revenue for the same year.

(5) "Adjusted EBITDA" is defined as Adjusted Net Profit/(Loss) for the year and adding back depreciation and amortization (excluding depreciation of right-of-use assets), income tax expense and interest income and expenses, net.

(6) "Adjusted EBITDA margin" is calculated by dividing Adjusted EBITDA by revenue for the same year.

(7) "Adjusted Net Profit/(Loss)" is defined as profit/(loss) for the year and adding back fair value change of financial liabilities at fair value through profit or loss, share-based compensation and listing expenses.

Non-IFRS Measures

To supplement the Group's consolidated financial statements that are presented in accordance with IFRS Accounting Standards ("**IFRS**") and interpretations issued by IFRS Interpretations Committee("**IFRSIC**") applicable to companies reporting under IFRS, we also use Adjusted Net Profit/(Loss) (non-IFRS measure), Adjusted EBITDA (non-IFRS measure), Adjusted EBITDA margin (non-IFRS measure), Store-level EBITDA (non-IFRS measure) and Store-level EBITDA margin (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with, IFRS. We believe that these non-IFRS measures facilitate comparisons of operating performance from period to period and company to company. We believe that these measures provide useful information to investors and others in understanding and evaluating our results of operations in the same manner as they help our management. However, our presentation of Adjusted Net Profit/(Loss) (non-IFRS measure), Adjusted EBITDA (non-IFRS measure), Adjusted EBITDA margin (non-IFRS measure), Store-level EBITDA (non-IFRS measure) and Store-level EBITDA margin (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

BUSINESS HIGHLIGHTS

We are pleased to announce the key operating metrics, as set forth below, in relation to the Group's business for the 2023 financial year (as compared with the six months ended June 30, 2023 and the year ended December 31, 2022 (the "**2022 financial year**")):

Store counts

	As of December 31, 2023	As of June 30, 2023	As of December 31, 2022
Beijing and Shanghai	**351**	331	312
New growth markets	**417**	341	276
Total	**768**	**672**	**588**

Number of cities entered

	As of December 31, 2023	As of June 30, 2023	As of December 31, 2022
Number of cities entered	**29**	**20**	**16**

Same-store Sales growth ("SSSG")[(1)]

	Year ended December 31, 2023	Six months ended December 31, 2023	Six months ended June 30, 2023	Year ended December 31, 2022
SSSG	**8.9%**	**9.0%**	**8.8%**	**14.4%**

Loyalty membership numbers

	As of December 31, 2023	As of June 30, 2023	As of December 31, 2022
Loyalty membership numbers (million)	**14.6**	**10.9**	**8.6**

Note:

(1) SSSG compares the sales generated by same stores during the relevant period year-on-year: the SSSG for the year ended December 31, 2023 compares the same-store sales of the year ended December 31, 2023 and that of the year ended December 31, 2022; the SSSG for the six months ended December 31, 2023 compares the same-store sales of the six months ended December 31, 2023 and that of the six months ended December 31, 2022; the SSSG for the six months ended June 30, 2023 compares the same-store sales of the six months ended June 30, 2023 and that of the six months ended June 30, 2022; and the SSSG for the year ended December 31, 2022 compares the same-store sales of the year ended December 31, 2022 and that of the year ended December 31, 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

We are Domino's Pizza's exclusive master franchisee in the China mainland, the Hong Kong Special Administrative Region of China and the Macau Special Administrative Region of China. As of December 31, 2023, we directly operated 768 stores across 29 cities in the China mainland. Our global franchisor, Domino's Pizza, Inc., is one of the world's largest pizza companies, with more than 20,500 stores in over 90 markets around the world as at December 31, 2023.

Business Review for the Year Ended December 31, 2023

We recorded a total revenue of RMB3,050.7 million for the full 2023 financial year, representing a 51.0% year-over-year growth from RMB2,020.8 million for 2022 financial year. Our revenue during the second half of 2023 was RMB1,674.3 million, representing a strong 50.6% year-over-year growth following an also solid 51.5% year-over-year revenue growth during the first half of 2023. Our revenue and annual revenue growth rate recorded in 2023 financial year are both at record high in our Company's history.

The strong revenue growth was observed across all markets. In Shanghai and Beijing, which are our established markets with the longest operation history, the revenue grew at 20.8% year-over-year from RMB1,278.6 million in 2022 financial year to RMB1,545.1 million in 2023 financial year, with 76.0% of the revenue generated from delivery orders. The revenue growth in our new growth markets was even stronger, recording 102.9% year-over-year growth from RMB742.2 million in 2022 financial year to RMB1,505.6 million in 2023 financial year, which amounted to 49.4% of the Group's total revenue in 2023. During the second half of 2023, the total revenue from our new growth markets was RMB884.7 million, accounting for 52.8% of the total revenue of the Group in the second half of 2023. It was the first time that the revenue contribution from our new growth markets exceeded 50%, becoming the leading driver of revenue growth of our Company. This is largely a result of our balanced store opening strategy of "going deeper" in existing new growth market and "going broader" into new markets, as well as strong new store performance on the back of enhanced Domino's Pizza brand name.

During the second half of 2023, we had a net store opening of 96 stores and entered 9 new cities. This brings our total net store opening for the 2023 full year to 180 stores and total new cities entered to 13 cities. As at December 31, 2023, our total store count was 768 stores and our total number of cities entered was 29 cities.

Following the series of successes in our six newly entered cities between December 2022 and June 2023, namely, Jinan, Wuhan, Chengdu, Qingdao, Wenzhou and Changzhou, we added another 24 new stores in the said six cities in the second half of 2023, bringing the total store counts in these cities to 48 as at December 31, 2023. The average daily sales per store of the said 48 stores was RMB32,354 in 2023 with an expected payback period range of 2 to 23 months and an average expected payback period of approximately 9 months. As of March 22, 2024, 18 stores out of the 24 stores opened during the first half of 2023 have achieved cash investment payback while 4 stores out of the 24 stores opened during the second half of 2023 have already achieved cash investment payback.

In addition to the six cities discussed above, we also entered Jiaxing, a city in the east region near Shanghai, in October 2023 and we had opened 3 stores in the city as at December 31, 2023. The average daily sales per store for the city was RMB46,068 with an expected cash investment payback period of approximately 5 months.

During the Christmas and New Year holiday period between late 2023 and early 2024, we entered 8 cities in the four regions we currently operate with 10 new store openings. Our success in new markets continued. The 10 new stores all ranked among top 15 in Domino's global store networks in terms of first 30-day sales. Four of these stores, which are located in Xi'an, Changsha, Xiamen, and Hefei, representing our stores in Northern, Central & Western, Southern and Eastern China respectively, shattered the highest record of first 30-day sales across the Domino's global store networks (which was previously held by our store in Qingdao) and now hold the top-four places globally. Each of these four stores exceeded RMB5 million in sales in the first 30 days of opening.

With our record-breaking achievements, our Group now holds all of the top 19 places of the top 20 places, for first 30-day sales among Domino's global store networks. We believe our consistent success in newly entered cities and the overall strong performance in the newly opened stores in 2023 is a strong testimony of the growing consumer recognition of our high-quality pizzas and outstanding services, as well as Domino's Pizza's brand strength and brand momentum in China.

Built on the strong revenue performance, our operational efficiency has also continued to improve at both store level and corporate level during the second half of 2023, leading to improved profitability performance at both store and corporate level. For example, our store-level operating profit margin improved from 13.5% in the first half of 2023 to 13.9% in the second half of 2023, while our Group's Adjusted EBITDA margin improved from 9.2% in the first half of 2023 to 10.4% in the second half of 2023.

For the full year of 2023, our Store-level EBITDA increased by 80.1% year-over-year from RMB320.2 million in 2022 financial year to RMB576.6 million in 2023 financial year, and the Store-level EBITDA margin improved to 18.9% in 2023 financial year as compared with 15.8% in 2022 financial year. Our store-level operating profit increased by 105.1% year-over-year from RMB204.7 million in 2022 financial year to RMB419.7 million in 2023 financial year. The store-level operating profit margin improved to 13.8% in 2023 financial year as compared with 10.1% in 2022 financial year. The new growth markets continued to lead the margin improvement of more than 1,000 basis points in store-level operating profit margin during 2023 financial year as compared with 2022 financial year.

The Group's Adjusted EBITDA increased by 117.7% from RMB138.6 million in 2022 financial year year-over-year to RMB301.7 million in 2023 financial year. Our Adjusted Net Profit, which is a non-IFRS measure that reflects our ordinary and recurring business operations, turned positive for the first time at RMB26.2 million in the second half of 2023 from an Adjusted Net Loss of RMB45.0 million in the second half of 2022. This also means we achieved a positive Adjusted Net Profit of RMB8.8 million for the full 2023 financial year, as compared with an Adjusted Net Loss of RMB113.8 million in 2022 financial year, improving by RMB122.6 million year-over-year.

Business Outlook

We plan to open approximately 240 stores in 2024. The total associated capital expenditure is expected to be approximately RMB370 million which we plan to fund via our cash on hands and cash generated from our operating activities. From the beginning of 2024 and as of March 22, 2024, we had a net opening of 55 new stores, 35 stores under construction, 88 stores signed or approved, accounting for over 74% of the total targeted store opening plan for the full year.

In addition to new stores, we plan to open a new central kitchen in Wuhan in the fourth quarter of 2024 to support the stores in the central region. The total associated capital expenditure is expected to be in the range of RMB20-25 million. We plan to carry out a relocation and upgrade work at our central kitchen in the northern region and the associated capital expenditure is estimated to be RMB20-25 million. We plan to fund the central kitchen related capital expenditures via our cash on hands and cash generated from our operating activities.

Looking forward, with further strengthened brand name and rising brand momentum, we will continue to execute our go-deeper and go-broader network expansion strategy, entering more new cities while further penetrating our existing markets. We would also look to further improve the cost efficiency and grow our margins as we continue to scale up and our stores continue to ramp up.

Events after the Reporting Period

There has been no material events that might affect the Group after December 31, 2023 and up to the date of this announcement.

Financial Review

1. Revenue

Our revenue increased by 51.0% from RMB2,020.8 million for the 2022 financial year to RMB3,050.7 million for the 2023 financial year, mainly attributable to (a) the increase in our average daily sales per store and (b) the increased number of stores in operation during the respective financial years. We added 120 net new stores during 2022 financial year and brought the total store counts to 588 as of December 31, 2022, while we added 180 net new stores during 2023 financial year leading to a total store count of 768 as of December 31, 2023. Our total sales in Beijing and Shanghai grew 20.8% from RMB1,278.6 million for the 2022 financial year to RMB1,545.1 million for the 2023 financial year and contributed 50.6% of our total revenue for the 2023 financial year, while our total sales in new growth markets grew 102.9% from RMB742.2 million for the 2022 financial year to RMB1,505.6 million for the 2023 financial year and contributed 49.4% of our total revenue for the 2023 financial year.

The following table sets forth our revenue by market, both in absolute amounts and as percentages of our total revenue, for the years indicated.

	Year ended December 31,			
	2023		2022	
Revenue	***RMB***	*%*	*RMB*	*%*
	(in RMB thousands, except for percentage data)			
Beijing and Shanghai	**1,545,115**	**50.6**	1,278,629	63.3
New growth markets[(1)]	**1,505,600**	**49.4**	742,160	36.7
Total Revenue	**3,050,715**	**100.0**	2,020,789	100.0

Delivery as % of Revenue

	Year ended December 31,	
	2023	2022
By market		
Beijing and Shanghai	**76.0%**	78.8%
New growth markets[(1)]	**42.1%**	60.8%
All markets	**59.2%**	72.2%

Note:

(1) "New growth markets" refers to Shenzhen, Guangzhou, Hangzhou, Tianjin, Nanjing, Suzhou, Wuxi, Ningbo, Foshan, Dongguan, Zhuhai, Zhongshan, Wuhan, Jinan, Chengdu, Qingdao, Wenzhou, Changzhou, Jiaxing, Yangzhou, Nantong, Hefei, Tangshan, Fuzhou, Xiamen, Changsha and Xi'an.

In Beijing and Shanghai, revenues increased 20.8% from RMB1,278.6 million for the 2022 financial year to RMB1,545.1 million for the 2023 financial year, which was mainly driven by an increasing number of stores in operation as we continue to add 39 net new stores in these two cities from January 1, 2023 to December 31, 2023. We recorded a slight decrease in average daily sales per store in Beijing and Shanghai, primarily driven by a 7.1% decrease in average sales value per order, partially offset by an increase in average daily orders per store. Group buying activities in Shanghai during COVID-19 lockdown period temporarily increased average sales value per order for the 2022 financial year.

In our new growth markets, revenues increased by 102.9% from RMB742.2 million for the 2022 financial year to RMB1,505.6 million for the 2023 financial year, which was mainly driven by a 36.4% increase in average daily sales per store, primarily attributable to increase in average daily orders per store, which grew from 103 for the 2022 financial year to 147 for the 2023 financial year, partially offset by a slight decrease in average sales value per order due to turn off of delivery service voluntarily in newly entered markets. The increase in revenue was coupled with an increasing number of stores in operation as we added 141 net new stores to our new growth markets from January 1, 2023 to December 31, 2023. The strong growth in the order volumes is not only driven by the growth in our existing new growth market stores as we continue our penetration and brand strengthening, but also in particular by the strong performance of the new stores in the new markets we entered over the past 12 months, which demonstrates a strong brand momentum as we continue to expand our footprint to other major cities in China.

The following table sets forth average daily sales per store by market during the 2023 and 2022 financial years.

	Year ended December 31,	
Average daily sales per store[(1)] *(RMB)*	**2023**	2022
By market		
Beijing and Shanghai	**12,881**	13,576
New growth markets[(2)]	**12,285**	9,009
All markets	**12,580**	11,445

Notes:

(1) Calculated by dividing the revenues generated from the relevant store for a particular year by the aggregate number of days of operation of such store during the same year.

(2) "New growth markets" refers to Shenzhen, Guangzhou, Hangzhou, Tianjin, Nanjing, Suzhou, Wuxi, Ningbo, Foshan, Dongguan, Zhuhai, Zhongshan, Wuhan, Jinan, Chengdu, Qingdao, Wenzhou, Changzhou, Jiaxing, Yangzhou, Nantong, Hefei, Tangshan, Fuzhou, Xiamen, Changsha and Xi'an.

Underlying our revenue growth was our continued menu development, timely delivery, excellent product taste and improved brand recognition, which enabled us to achieve continued positive SSSG of 8.9% for the Group for the year of 2023, on top of 14.4% of SSSG for the year of 2022.

2. *Raw materials and consumables cost*

For the 2023 financial year, the raw materials and consumables cost of the Group amounted to RMB836.8 million, representing an increase of RMB287.1 million or 52.2% as compared with RMB549.7 million for the 2022 financial year and 27.4% and 27.2% of our total revenue in the corresponding financial year, respectively. The increase was primarily due to our revenue growth, which has increased our need for raw materials and consumables. As a percentage of revenue, our raw materials and consumables cost remained relatively stable for the 2022 and 2023 financial years.

3. *Staff compensation expenses*

For the 2023 financial year, the staff compensation expenses of the Group amounted to RMB1,178.7 million, representing an increase of RMB393.7 million or 50.1% as compared with RMB785.0 million for the 2022 financial year. The following table sets forth a breakdown of our staff compensation expenses at the store level and the corporate level for the years indicated.

	Year ended December 31,			
	2023		2022	
	RMB	***% of total revenue***	*RMB*	*% of total revenue*
	(in RMB thousands, except for percentage data)			
Cash-based compensation expenses for store-level staff	**819,591**	**26.9**	577,289	28.6
Cash-based compensation expenses for corporate-level staff	**223,821**	**7.3**	168,045	8.3
Share-based compensation	**135,269**	**4.4**	39,706	2.0
Total staff compensation expenses	**1,178,681**	**38.6**	785,040	38.8

The increase of cash-based compensation expenses for store-level staff was primarily due to the increase in the number of our store level employees arising from the expansion of our store network and the increase of sales order volume. As a percentage of revenue, our cash-based compensation expenses for store-level staff decreased from 28.6% for the 2022 financial year to 26.9% for the 2023 financial year primarily attributable to (i) the savings in working hours of store-level staff as the COVID-19 pandemic eased and the decrease of temporary closure resulted from COVID-19; and (ii) the operating efficiency improved in the store during the Reporting Period.

The increase of cash-based compensation expenses for corporate-level staff was primarily due to (i) an increase in headcount to support our rapid expansion; and (ii) the merit-based increase in salary. As a percentage of revenue, our cash-based compensation expenses for corporate-level staff decreased from 8.3% for the 2022 financial year to 7.3% for the 2023 financial year primarily as our corporate-level staff accumulate more experience and become well-equipped to support the operations of a larger number of stores.

The increase of share-based compensation was mainly driven by the expenses charged to profit or loss arising from the share-based incentives granted (as disclosed in the section headed "Statutory and General Information — Share Incentive Plans and Bonus Plans" in Appendix IV of the Prospectus and subsequent announcements of the Company) since November 2022 and a one-off reversal of the accumulated share-based compensation resulted from the cancellation of stock appreciation rights awards in 2022.

4. *Rental expenses*

Our rental expenses include depreciation of right-of-use assets and variable lease rental payment, short-term rental and other related expenses. The Group's depreciation of right-of-use assets represents the depreciation of capitalized lease incurred by long-term leased properties in accordance with IFRS 16. For the 2023 financial year, our rental expenses amounted to RMB307.7 million, representing an increase of RMB91.2 million or 42.1% as compared with RMB216.5 million for the 2022 financial year. The increase was primarily due to the expansion of our store network from a total of 588 store as of December 31, 2022 to a total of 768 stores as of December 31, 2023. Our rental expenses as a percentage of revenue decreased from 10.7% for the 2022 financial year to 10.1% for the 2023 financial year was primarily due to the strong growth of revenue and our strengthened negotiating power to negotiate more favorable lease terms as we enhanced our brand recognition.

5. *Depreciation of plant and equipment*

For the 2023 financial year, the depreciation of plant and equipment of the Group amounted to RMB159.2 million, representing an increase of RMB38.5 million or 31.9% as compared with RMB120.7 million for the 2022 financial year. The increase was primarily due to increased equipment and renovation needs in conjunction with the expansion of our store network, resulting in the corresponding increase in depreciation expenses. Our depreciation of plant and equipment as a percentage of total revenue decreased from 6.0% for the 2022 financial year to 5.2% for the 2023 financial year mainly due to the strong growth of our revenue.

6. *Amortization of intangible assets*

For the 2023 financial year, the amortization of intangible assets of the Group amounted to RMB51.1 million, representing an increase of RMB3.6 million or 7.7% as compared with RMB47.5 million for the 2022 financial year. The increase was primarily driven by the acquisition of software to support the rapid expansion of our store network. Our amortization of intangible assets as a percentage of total revenue decreased from 2.3% for the 2022 financial year to 1.7% for the 2023 financial year, primarily due to the strong growth of our revenue achieved in the Reporting Period.

7. *Utilities expenses*

For the 2023 financial year, the utilities expenses of the Group amounted to RMB114.8 million, representing an increase of RMB31.8 million or 38.4% as compared with RMB83.0 million for the 2022 financial year. The increase was mainly attributable to the expansion of our store network which demanded additional usage of utilities. Our utilities expenses as a percentage of total revenue decreased from 4.1% for the 2022 financial year to 3.8% for the 2023 financial year mainly due to the strong growth of our revenue.

8. Advertising and promotion expenses

For the 2023 financial year, the advertising and promotion expenses of the Group amounted to RMB159.2 million, representing an increase of RMB42.4 million or 36.3% as compared with RMB116.8 million for the 2022 financial year. The increase was mainly driven by the spending in advertising and promotion to grow our revenue. Our advertising and promotion expenses as a percentage of total revenue decreased from 5.8% for the 2022 financial year to 5.2% for the 2023 financial years, mainly because our brand marketing activities was able to be more selected and cost-effective as our brand strengthens through the growth of our store network and remarkable performance in newly entered markets.

9. Store operation and maintenance expenses

For the 2023 financial year, the store operation and maintenance expenses of the Group amounted to RMB188.9 million, representing an increase of RMB59.1 million or 45.6% as compared with RMB129.8 million for the 2022 financial year. The increase was primarily due to the expansion of our store network. Our store operation and maintenance expenses as a percentage of total revenue remained relatively stable during the 2023 financial year as compared with the 2022 financial year.

10. Other expenses

Our other expenses consist of (a) telecommunication and information technology related expenses, (b) travelling and related expenses, (c) professional service expenses, (d) auditor's remuneration, (e) listing expenses and (f) others, including training fee, business meal, stamp duty tax and other office expenses.

For the 2023 financial year, the other expenses of the Group amounted to RMB130.9 million, representing an increase of RMB8.1 million or 6.6% as compared with RMB122.8 million for the 2022 financial year. The increase was primarily due to (i) RMB14.5 million increase in travelling and related expenses as the COVID-19 pandemic eased (ii) RMB19.2 million increase in telecommunication and information technology related expenses and professional service expenses along with our store network expansion, partially offset by the decrease in listing expense. Our other expenses as a percentage of total revenue decreased from 6.1% for the 2022 financial year to 4.3% for the 2023 financial year, primarily because no listing expense incurred after the listing of the Company's shares (the "**Listing**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

11. Finance costs, net

For the 2023 financial year, the net finance costs of the Group amounted to RMB54.6 million, representing a decrease of RMB23.7 million or 30.2% as compared with RMB78.3 million for the 2022 financial year. The decrease was primarily due to RMB12.5 million savings in guarantee fee and RMB1.9 million decrease in bank borrowings interest after we refinanced our bank loan with a lower cost facility in March 2022, and further improved by a RMB12.5 million increase in interest income driven by the increase of cash balance after the Listing.

12. *Fair value change of financial liabilities at fair value through profit or loss*

Fair value changes of convertible senior ordinary shares for the 2022 and 2023 financial years were RMB1.9 million loss and RMB119.3 million gain, respectively. Upon the completion of Listing, all convertible senior ordinary shares were converted into ordinary shares.

13. *Taxation*

Income tax expense of the Group increased from RMB21.7 million for the 2022 financial year to RMB28.9 million for the 2023 financial year.

14. *Profit/(Loss) for the Reporting Period*

As a result of the foregoing, the Group recorded a net loss of RMB26.6 million for the 2023 financial year, as compared to a net loss of RMB222.6 million for the 2022 financial year.

15. *Non-IFRS Measures — Adjusted Net Profit/(Loss), Adjusted EBITDA and Adjusted EBITDA margin, Store-level EBITDA and Store-level EBITDA margin*

To supplement the Group's consolidated financial statements that are presented in accordance with the IFRS, we also use Adjusted Net Profit/(Loss) (non-IFRS measure), Adjusted EBITDA (non-IFRS measure), Adjusted EBITDA margin (non-IFRS measure), Store-level EBITDA (non-IFRS measure) and Store-level EBITDA margin (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with, IFRS. We believe that these non-IFRS measures facilitate comparisons of operating performance from period to period and company to company. We believe that these measures provide useful information to investors and others in understanding and evaluating our results of operations in the same manner as they help our management. However, our presentation of Adjusted Net Profit/(Loss) (non-IFRS measure), Adjusted EBITDA (non-IFRS measure), Adjusted EBITDA margin (non-IFRS measure), Store-level EBITDA (non-IFRS measure) and Store-level EBITDA margin (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

"Store-level EBITDA" is defined as store-level operating profit for the year and adding back depreciation of plant and equipment and amortization of intangible assets in store-level.

"Store-level EBITDA margin" is calculated by dividing Store-level EBITDA by revenue for the same year.

"Adjusted Net Profit/(Loss)" is defined as profit/(loss) for the year and adding back fair value change of financial liabilities at fair value through profit or loss, share-based compensation and listing expenses.

"Adjusted EBITDA" is defined as Adjusted Net Profit/(Loss) for the year and adding back depreciation and amortization (excluding depreciation of right-of-use assets), income tax expense and interest income and expenses, net.

"Adjusted EBITDA margin" is calculated by dividing Adjusted EBITDA by revenue for the same year.

The following table sets forth the reconciliation of our non-IFRS financial measures for the 2023 and 2022 financial years to the nearest measure prepared in accordance with IFRS.

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Reconciliation of net loss and Adjusted Net Profit/(Loss) and Adjusted EBITDA		
Loss for the year	**(26,603)**	(222,632)
Add:		
Fair value change of financial liabilities at fair value through profit or loss	**(119,331)**	1,858
Share-based compensation		
– Directors' compensation, stock appreciation rights, RSUs, share options and IPO bonus	**135,269**	39,706
– Guarantee fee for shareholders	**–**	12,507
Listing expenses	**19,443**	54,743
Adjusted Net Profit/(Loss)	**8,778**	(113,818)
Add:		
Depreciation and amortization	**210,321**	168,168
Income tax expenses	**28,878**	21,749
Interest income and expenses, net	**53,759**	62,519
Adjusted EBITDA	**301,736**	138,618
Adjusted EBITDA margin	**9.9%**	6.9%

	Year ended December 31,	
	2023	2022
	RMB'000	*RMB'000*
Reconciliation of store-level operating profit and Store-level EBITDA		
Store-level operating profit	**419,732**	204,689
Add:		
Depreciation of plant and equipment – store level(1)	**155,028**	114,200
Amortization of intangible assets – store level(2)	**1,862**	1,305
Store-level EBITDA	**576,622**	320,194
Store-level EBITDA margin	**18.9%**	15.8%

Notes:

(1) Depreciation of plant and equipment – store level is calculated based on depreciation of plant and equipment incurred at our stores and central kitchens.

(2) Amortization of intangible assets – store level is calculated based on amortization of store franchise fees.

16. *Liquidity and Source of Funding and Borrowing*

As at December 31, 2023, the Group's cash and bank balances increased by 87.2% from RMB544.5 million as at December 31, 2022 to RMB1,019.2 million, among which the Group had cash and cash equivalents of RMB587.0 million (December 31, 2022: RMB544.2 million), short-term time deposits with original maturities over three months of RMB431.9 million (December 31, 2022: nil) and restricted cash of RMB0.3 million (December 31, 2022: RMB0.2 million). The increase primarily resulted from the net proceeds raised from the Global Offering (as defined in the Prospectus) in March 2023 and cash inflow generated from operating activities.

As at December 31, 2023, the Group had total cash and bank balances of RMB1,019.2 million (December 31, 2022: RMB544.5 million), among which RMB29.9 million (December 31, 2022: RMB0.3 million) were denominated in Hong Kong dollar, RMB741.5 million (December 31, 2022: RMB319.1 million) were denominated in RMB and RMB247.8 million (December 31, 2022: RMB225.0 million) were denominated in US dollar.

Our net cash generated in operating activities was RMB536.1 million for the 2023 financial year, as compared to the net cash inflow of RMB298.2 million for the 2022 financial year.

As at December 31, 2023, the current assets of the Group amounted to RMB1,215.0 million, including RMB1,019.2 million in cash and bank balances and RMB195.8 million in other current assets. The current liabilities of the Group amounted to RMB1,017.1 million, of which RMB571.1 million was accruals and other payables, RMB229.4 million was lease liabilities, RMB153.9 million was trade payables and RMB62.7 million was other current liabilities. As at December 31, 2023, the current ratio of the Group, which is equivalent to the current assets divided by the current liabilities, was 1.19 (December 31, 2022: 0.87).

As at December 31, 2023, the Group's total borrowings were RMB200.0 million (December 31, 2022: RMB200.0 million), out of which RMB100.0 million should be repayable on March 28, 2025 and the remaining RMB100.0 million should be repayable on December 7, 2025. The borrowings were all denominated in RMB and fully guaranteed by a subsidiary of the Group. As at December 31, 2023, all the bank borrowings bear interests at a floating interest rate.

During the Reporting Period, the Group did not have any use of financial instruments for hedging purposes or any material foreign currency net investments that may require hedging.

17. *Treasury policy*

The Group adopts a prudent financial management approach for its treasury policy to ensure that the Group's liquidity structure, comprising assets, liabilities and other commitments, is able to always meet its capital requirements.

18. *Gearing Ratio*

As at December 31, 2023, the gearing ratio of the Group, which was calculated as total interest-bearing bank loans divided by total equity, was approximately 9.5%, representing a decrease of 17.1 percentage points as compared with 26.6% as at December 31, 2022. The decrease was primarily due to the issuance of ordinary shares through Global Offering (as defined in the Prospectus) in March 2023 and the conversion of convertible senior ordinary shares to ordinary shares, which increased the balance of total equity.

19. Significant Investments

The Group did not make or hold any significant investments (including any investment in an investee company with a value of 5% or more of the Group's total assets as of December 31, 2023) during the 2023 financial year.

20. Material Acquisitions and Disposals

The Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures during the 2023 financial year.

21. Pledge of Assets

As at December 31, 2023, the Group had no pledge of assets.

22. Contingent Liabilities

The Group had no contingent liabilities as at December 31, 2023.

23. Foreign Exchange Exposure

During the 2023 financial year, the Group mainly operated in China and the majority of the transactions were settled in Renminbi ("**RMB**"), the Company's primary subsidiaries' functional currency. As at December 31, 2023, except for the bank deposits denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations. During the 2023 financial year, the Group has not entered into any derivative instruments to hedge its foreign exchange exposures, but will closely monitor the exposure and will take measures when necessary to make sure the foreign exchange risks are manageable.

24. Employee and Remuneration Policy

As at December 31, 2023, the Group had 6,536 full-time employees (December 31, 2022: 3,916). Substantially all of our employees are based in China, primarily in Beijing, Shanghai, Guangzhou, Shenzhen and other cities in which we have operations. The following table sets forth the numbers of our full-time employees categorized by function as at December 31, 2023:

Function	**Number of employees**	**% of total**
Store development and operation[1]	6,184	94.6%
Sales, marketing and product development	38	0.6%
Supply chain, central kitchens and quality control	173	2.6%
General administration and others	141	2.2%
Total	**6,536**	**100.0%**

Note:

(1) Comprises (i) full-time store development and operation employees at the corporate level and (ii) full-time employees at our stores who also act as delivery riders when needed.

Besides our full-time employees, we also had a total of 15,635 part-time employees as at December 31, 2023 (December 31, 2022: 10,616). These part-time employees primarily work as riders and in-store assistants.

For the 2023 financial year, the Group has incurred a total staff costs (inclusive of Directors' remuneration, salaries, wages, allowance and benefits and share based compensations) of RMB1,178.7 million (2022: RMB785.0 million).

During the 2023 financial year, the Group did not experience any significant labour disputes or any difficulty in recruiting employees.

We believe in the importance of attraction, recruitment and retention of quality talents in achieving the Group's success. We seek to offer attractive remuneration to employees, who earn both a basic salary and discretionary bonuses. For store management teams, their discretionary bonus is tied to the performance of the store. For riders, we provide incentive bonuses that are payable for, among others, the numbers of orders delivered and working during peak hours or in poor weather. Our riders are covered by group commercial insurance, which insures our riders for personal injuries and additional medical care to help protect against the risk of personal injuries.

Our training department oversees the training of our employees. We provide all of our restaurant employees, including store management teams, store assistants with consistent, systematic training to ensure that through the training employees have the operational, management and business skills needed to meet our safety standards and deliver outstanding customer service.

In addition, we conduct standardized trainings with our riders, and distribute to our delivery riders a Delivery Safety Work Manual before they take the first trips. We also provide our riders with training to help them navigate urban traffic and make deliveries safely.

Compensation of key executives of the Group is determined by the Company's remuneration committee which reviews and recommends to the Board the executives' compensation based on the Group's performance and the executives' respective contributions to the Group. For details of our remuneration policies and training schemes, please refer to the section headed "Business – Employees" to the Prospectus. The Company also has adopted various share-based incentive plans. Please refer to the section headed "Statutory and General Information — Share Incentive Plans and Bonus Plans" in Appendix IV to the Prospectus and Note 29 to the consolidated financial statements.

25. Future Plans for Material Investments and Capital Assets

As of December 31, 2023, save as disclosed in this announcement under the heading "Management Discussion and Analysis – Business Outlook", the Group did not have other plans for material investments and capital assets.

FINAL DIVIDEND

The Board does not recommend the distribution of a final dividend for the 2023 financial year.

ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

The Company's annual general meeting will be held on May 29, 2024. The register of members of the Company will be closed from May 22, 2024 (Wednesday) to May 29, 2024 (Wednesday), both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the annual general meeting, during which period no share transfers will be registered. To be eligible to attend the annual general meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on May 21, 2024 (Tuesday).

A circular of the Company together with a notice of convening the annual general meeting will be published and dispatched to the Company's shareholders in the manner required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") in due course.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders and to enhance corporate value and accountability.

Compliance with the Code on Corporate Governance Practices

During the period from the date on which the shares of the Company became listed on the Stock Exchange (the "**Listing Date**") to the date of this announcement, the Company has adopted and complied with all applicable code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Listing Rules.

Further information of the corporate governance practice of the Company will be disclosed in the annual report of the Company for the year ended December 31, 2023. The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain a high standard of corporate governance practices of the Company.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its own securities dealing code to regulate all dealings by Directors and relevant employees of securities in the Company and other matters covered by the Model Code prior to the Listing.

Specific enquiry has been made of all the Directors and the relevant employees and they have confirmed that they have complied with the Model Code during the period from the Listing Date to the end of the Reporting Period. No incident of non-compliance of the Model Code was noted by the Company during the period from the Listing Date to the end of the Reporting Period.

Scope of Work of the Company's Auditors

The figures contained in this announcement of the Group's consolidated results for the year ended December 31, 2023 have been agreed by the Company's auditors (the "**Auditors**"), to the figures set out in the audited consolidated financial statements of the Group for the year ended December 31, 2023. The Auditors performed this work in accordance with the Hong Kong Standard on Related Services (HKSRS) 4400 (Revised) "Agreed-upon Procedures Engagements" and with reference to Practice Note 730 (Revised) "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). The work performed by the Auditors in this respect does not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements, or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the Auditors on this announcement.

Audit and Risk Committee

The Company has established an audit and risk committee with written terms of reference in accordance with the Listing Rules. The audit and risk committee comprises two non-executive directors and three independent non-executive Directors, namely, Mr. Zohar Ziv, Mr. Matthew James Ridgwell, Mr. David Brian Barr, Mr. Samuel Chun Kong Shih and Ms. Lihong Wang. Ms. Lihong Wang is the chairperson of the audit and risk committee.

The audit and risk committee has reviewed the audited consolidated financial statements of the Group for the Reporting Period and has met with the independent auditors, PricewaterhouseCoopers, who have audited the consolidated financial statements in accordance with International Standards on Auditing. The audit and risk committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members of the Group.

Other Board Committees

In addition to the audit and risk committee, the Company has also established a nomination committee and a remuneration committee.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the period from the Listing Date to the end of the Reporting Period.

Material Litigation

The Company was not involved in any material litigation or arbitration during the Reporting Period. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group as of December 31, 2023.

Use of Proceeds

The Company's shares were listed on the Main Board of the Stock Exchange on the Listing Date, i.e. March 28, 2023 and the net proceeds raised during the Global Offering (as defined in the Prospectus) were approximately HK$499.9 million (including the additional proceeds received upon the partial exercise of the Over-allotment Option (as defined in the Prospectus) (equivalent to approximately RMB437.8 million).

As of December 31, 2023, none of the net proceeds of the completion of the Global Offering had been utilised and HK$499.9 million remained unutilised. In the Prospectus, it was disclosed that we intended to use approximately 90% of the net proceeds from the Global Offering to expand our store network over 2023 and 2024, and the remaining approximately 10% for general corporate purposes. There is no change in the intended use of net proceeds as disclosed in the Prospectus except that, in respect of using approximately 90% of the net proceeds to expand our store network, we intend to use the said amount over 2024 and 2025 instead of over 2023 and 2024. This is because we funded our capital expenditures, mainly in our store expansion, firstly via the capital we raised before the Global Offering and the cash we generated from our operating activities. As such, the Company expects to fully utilise the net proceeds in accordance with the said plans by December 31, 2025.

	% of use of proceeds	Net proceeds *(HK$ million)*	Utilisation during the period from the Listing Date to the end of the Reporting Period *(HK$ million)*	Unutilised amount as of December 31, 2023 *(HK$ million)*	Expected timeline of full utilisation of the unutilised proceeds
Expanding our store network	90%	450.0	–	450.0	By December 31, 2025
General corporate purposes	10%	49.9	–	49.9	By December 31, 2025
Total	**100%**	**499.9**	**–**	**499.9**	

The unutilized net proceeds from the Global Offering were deposited with licensed banks or financial institutions in Hong Kong for short-term deposits.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended December 31	
		2023	2022
		RMB'000	*RMB'000*
Revenue	*3*	**3,050,715**	2,020,789
Raw materials and consumables cost		**(836,796)**	(549,721)
Staff compensation expenses	*5*	**(1,178,681)**	(785,040)
Depreciation of right-of-use assets		**(236,855)**	(190,633)
Depreciation of plant and equipment		**(159,196)**	(120,692)
Amortization of intangible assets		**(51,125)**	(47,476)
Utilities expenses		**(114,823)**	(82,984)
Advertising and promotion expenses		**(159,214)**	(116,809)
Store operation and maintenance expenses		**(188,892)**	(129,750)
Variable lease rental payment, short-term rental and other related expenses		**(70,843)**	(25,847)
Other expenses	*4*	**(130,907)**	(122,760)
Fair value change of financial liabilities at fair value through profit or loss ("**FVPL**")		**119,331**	(1,858)
Other income		**34,015**	41,685
Other losses, net		**(19,809)**	(11,466)
Finance costs, net	*6*	**(54,645)**	(78,321)
Profit/(loss) before income tax		**2,275**	(200,883)
Income tax expense	*7*	**(28,878)**	(21,749)
Loss for the year attributable to equity holders of the Company		**(26,603)**	(222,632)
Other comprehensive income/(loss):			
Item that may be subsequently reclassified to profit or loss			
Currency translation differences		**(6,047)**	(24,897)
Item that may not be subsequently reclassified to profit or loss			
Currency translation differences		**33,860**	(22,576)
Changes in the fair value attributable to own credit risk change		**–**	(70)
Other comprehensive income/(loss) for the year, net of tax		**27,813**	(47,543)
Total comprehensive income/(loss) for the year attributable to equity holders of the Company		**1,210**	(270,175)
Loss per share for loss attributable to equity holders of the Company			
– Basic and diluted loss per share (RMB)	*8*	**(0.22)**	(2.34)

CONSOLIDATED BALANCE SHEET

	Note	As at December 31 **2023** *RMB'000*	2022 *RMB'000*
ASSETS			
Non-current assets			
Plant and equipment		**625,547**	496,004
Right-of-use assets		**967,277**	764,815
Intangible assets		**1,228,638**	1,242,399
Prepayment and deposits		**56,320**	40,456
Deferred income tax assets		**52,972**	37,154
		2,930,754	2,580,828
Current assets			
Inventories		**73,331**	66,879
Trade receivables	*10*	**9,752**	8,291
Prepayment, deposits and other receivables		**112,675**	69,150
Cash and bank balances		**1,019,243**	544,461
		1,215,001	688,781
Total assets		**4,145,755**	3,269,609
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**879,043**	655,061
Share premium		**2,254,958**	1,162,036
Other reserves		**89,110**	40,023
Accumulated losses		**(1,122,249)**	(1,091,161)
Shares held for restricted share units ("**RSUs**")		**(1,731)**	(12,834)
Total equity		**2,099,131**	753,125

	Note	As at December 31 **2023** ***RMB'000***	 2022 *RMB'000*
LIABILITIES			
Non-current liabilities			
Borrowings		**200,000**	200,000
Financial liabilities at fair value through profit or loss		**–**	858,894
Lease liabilities		**808,780**	649,975
Other payables	*12*	**20,757**	12,184
		1,029,537	1,721,053
Current liabilities			
Lease liabilities		**229,399**	180,247
Trade payables	*11*	**153,904**	126,746
Contract liabilities	*3(a)*	**44,911**	31,119
Accruals and other payables	*12*	**571,107**	440,700
Current income tax liabilities		**17,766**	16,619
		1,017,087	795,431
Total liabilities		**2,046,624**	2,516,484
Total equity and liabilities		**4,145,755**	3,269,609
Net current assets/(liabilities)		**197,914**	(106,650)

CONSOLIDATED CASH FLOW STATEMENT

	Note	Year ended December 31 **2023** ***RMB'000***	2022 *RMB'000*
Cash flows from operating activities			
Cash generated from operations		**579,635**	333,438
Income tax paid		**(43,549)**	(35,225)
Net cash generated from operating activities		**536,086**	298,213
Cash flows from investing activities			
Purchase of plant and equipment		**(287,623)**	(195,228)
Purchase of intangible assets		**(28,580)**	(15,372)
Interest received		**12,273**	3,367
Increase in short-term time deposits with original maturities over three months		**(428,191)**	–
Net cash used in investing activities		**(732,121)**	(207,233)
Cash flows from financing activities			
Rental deposit payment		**(20,613)**	(10,168)
Proceeds from borrowings		**–**	200,000
Repayment to borrowings		**–**	(180,000)
Payment of principal element of lease liabilities		**(218,129)**	(167,566)
Payment of interest element of lease liabilities		**(58,921)**	(53,575)
Interests paid		**(9,680)**	(11,438)
Payment of listing expense		**(24,501)**	(1,828)
Proceeds from issuance of ordinary shares		**548,921**	–
Net cash generated from/(used in) financing activities		**217,077**	(224,575)
Net increase/(decrease) in cash and cash equivalents		**21,042**	(133,595)
Cash and cash equivalents at beginning of year		**544,247**	656,672
Exchange difference on cash and cash equivalents		**21,749**	21,170
Cash and cash equivalents at end of year		**587,038**	544,247
Cash at bank and in hand at end of year		**1,019,243**	544,461
Less: Short-term time deposits with original maturities over three months and restricted cash at end of year		**(432,205)**	(214)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

DPC Dash Ltd (the "**Company**") (previously named Dash Brands Ltd.) is a limited liability company incorporated in British Virgin Islands on April 30, 2008. The address of its registered office is Kingston Chambers, P.O.Box 173 Road Town, Tortola, British Virgin Islands.

The Company, an investment holding company, and its subsidiaries (collectively, the "**Group**") are principally engaged in the operation of fast food restaurant chains in the People's Republic of China (the "**PRC**").

Dash DPZ China Limited ("**DPZ China**") held 100% equity interests in Pizzavest China Ltd., which was Domino's Pizza's master franchisee in Mainland China, the Hong Kong Special Administrative Region of China and the Macau Special Administrative Region of China.

The master franchise agreement with Domino's Pizza International Franchising Inc. ("**DPIF**") provides the Group with the exclusive right to develop and operate Domino's Pizza stores and to use and license Domino's system and the associated trademarks in the operation of the pizza stores in Mainland China, the Hong Kong Special Administrative Region of China and the Macau Special Administrative Region of China. The term of the master franchise agreement continues until June 1, 2027 and is renewable for two additional 10-year terms, subject to the fulfilment of certain conditions.

The Company's shares have been listed on the Main Board of the Stock Exchange of Hong Kong Limited since March 28, 2023.

The consolidated financial statements are presented in thousands of Renminbi ("**RMB'000**") unless otherwise stated. The consolidated financial statements have been approved for issue by the Board of Directors on March 27, 2024.

2 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards ("**IFRS**") and interpretations issued by IFRS Interpretations Committee ("**IFRSIC**") applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board ("**IASB**") and the disclosure requirements of Hong Kong Companies Ordinance Cap. 622.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial liabilities at fair value through profit or loss which are carried at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(a) ***New and amended standards adopted by the Group***

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies as a result of adopting these standards.

		Effective for annual periods beginning on or after
IFRS 17	Insurance Contracts	January 1, 2023
IAS 8 (Amendments)	Definition of Accounting Estimates	January 1, 2023
IAS 12 (Amendments)	International Tax Reform – Pillar Two Model Rules	January 1, 2023
IAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023
IAS 1 and IFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	January 1, 2023

(b) ***New standards and amendments to standards and interpretations not yet adopted***

The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning January 1, 2023 and have not been early adopted by the Group in preparing these consolidated financial statements.

		Effective for annual periods beginning on or after
IAS 1 (Amendments)	Non-current Liabilities with Covenants	January 1, 2024
IAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	January 1, 2024
IFRS 16 (Amendments)	Leases Liability in a Sale and Leaseback	January 1, 2024
IAS 7 and IFRS 7 (Amendments)	Supplier Finance Arrangements	January 1, 2024
IAS 21 (Amendments)	Lack of Exchangeability	January 1, 2025
IFRS 10 and IAS 28 (Amendments)	Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture	To be determined

The Group has already commenced an assessment of the impact of these new or amended standards. According to the preliminary assessment made by the directors of the Company (the "**Directors**"), no significant impact on the financial performance and position of the Group is expected when they become effective.

3 Revenue and segment information

The Group is the exclusive master franchisee of Domino's Pizza in Mainland China, the Hong Kong Special Administrative Region of China and the Macau Special Administrative Region of China.

The chief operating decision-maker ("**CODM**") has been identified as the directors of the Company. The directors review the Group's internal reporting in order to assess performance and allocate resources. The directors have determined the operating segment based on these internal reports.

The directors consider the Group's operation from a business perspective and determine that the Group is managed as one single reportable operating segment.

During the year ended December 31, 2023, all the Group's revenue are generated from Mainland China.

	Year ended December 31	
	2023	2022
	RMB'000	*RMB'000*
Revenue from sales of goods and services recognized – at a point in time	**3,050,715**	2,020,789

(a) Contract liabilities

The Group has recognized the following revenue-related contract liabilities:

	As at December 31	
	2023	2022
	RMB'000	*RMB'000*
Contract liabilities	**44,911**	31,119

(i) Revenue recognized in relation to contract liabilities

	Year ended December 31	
	2023	2022
	RMB'000	*RMB'000*
Revenue recognized that was included in the balance of contract liabilities at the beginning of the year	**31,037**	23,127

Each order with customers is considered as a contract. All contracts entered by the Group are for periods one year or less. The Group has applied the practical expedient as permitted by IFRS 15 and the transaction price allocated to the remaining performance obligations is not disclosed.

(b) Non-current assets by geographical location

As at December 31, 2023 and 2022, most of the Group's non-current assets were located in Mainland China.

4 Other expenses

An analysis of other expenses is as follow:

	Year ended December 31	
	2023	2022
	RMB'000	*RMB'000*
Professional service expenses	**21,650**	9,087
Auditor's remuneration	**5,413**	2,534
Telecommunication and information technology related expenses	**35,057**	28,444
Travelling and related expenses	**25,050**	10,549
Listing expenses	**19,443**	54,743
Others	**24,294**	17,403
	130,907	122,760

5 Staff compensation expenses (including director service emolument)

	Year ended December 31	
	2023	2022
	RMB'000	*RMB'000*
Salaries, wages and bonuses	**904,296**	644,077
Contributions to pension plan	**64,308**	44,901
Housing fund, medical insurance and other social insurance	**67,680**	48,431
Other benefits	**7,128**	7,925
Total salary-based expenses	**1,043,412**	745,334
Share-based compensation	**135,269**	39,706
Total staff compensation expenses	**1,178,681**	785,040

6 Finance costs, net

	Year ended December 31	
	2023	2022
	RMB'000	*RMB'000*
Interest income on cash at bank	**15,896**	3,367
Interest expenses	**(69,655)**	(65,886)
– Bank borrowings	**(9,668)**	(11,546)
– Lease liabilities	**(58,921)**	(53,575)
– Long-term payables	**(1,066)**	(765)
Guarantee fee for bank borrowings [(i)]	**–**	(12,507)
Net foreign exchange losses on financing activities	**(886)**	(3,295)
	(54,645)	(78,321)

(i) In March 2022, the Company has repaid the bank borrowings which were secured by the corporate guarantee from one of the shareholders, Good Taste Limited and the personal guarantee from one of the directors of the Company, and the related guarantees were released accordingly. For the year ended December 31, 2023, the related guarantee fee charged to finance costs was nil (2022: RMB12,507,000).

7 Income tax expense

	Year ended December 31	
	2023	2022
	RMB'000	*RMB'000*
Current income tax		
– Mainland China corporate income tax	**44,696**	30,297
Deferred income tax	**(15,818)**	(8,548)
Income tax expense	**28,878**	21,749

(i) B.V.I. profits tax

The Company is incorporated in the British Virgin Islands as an exempted company with limited liability under the Companies Law of the British Virgin Islands and, accordingly, is exempted from payment of British Virgin Islands income tax.

(ii) Hong Kong profits tax

The Hong Kong profits tax rate applicable to the Group is 16.5% (2022: 16.5%). No Hong Kong profits tax has been provided, as the Group have no assessable profit earned or derived in Hong Kong during the years ended December 31, 2023.

(iii) Cayman Islands profits tax

The Company's subsidiary incorporated in the Cayman Islands is an exempted company with limited liability and, accordingly, is exempted from payment of the Cayman Islands income tax.

(iv) Mainland China corporate income tax ("CIT")

CIT is provided on the taxable income of entities within the Group incorporated in Mainland China. Except as disclosed below, the corporate income tax rate applicable to the subsidiaries incorporated in Mainland China is 25% for the year ended December 31, 2023 (2022: 25%). Certain subsidiaries of the Group are qualified as small and micro businesses and enjoy preferential income tax rate as approved by the local tax authorities with effect from the respective dates of their establishment. The tax rate is 5% on taxable income for the year ended December 31, 2023 (2022: 2.5% on taxable income for the first RMB1,000,000, and tax rate of 5% on taxable income for the subsequent RMB1,000,000 to RMB3,000,000).

8 Loss per share

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the respective years.

	Year ended December 31	
	2023	2022
Loss attributable to equity holders of the Company *(RMB'000)*	**(26,603)**	(222,632)
Weighted average number of ordinary shares in issue *(thousands)*	**121,669**	95,233
Basic loss per share *(RMB)*	**(0.22)**	(2.34)

(b) Diluted

Diluted loss per share is calculated by dividing the loss excluding the effect of changes in the fair value of convertible senior ordinary shares attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's potentially dilutive ordinary shares comprised of share options and RSUs not yet vested. The dilutive potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the year ended December 31, 2023 is the same as basic loss per share (2022: same as basic loss per share).

9 Dividends

No dividends have been paid or declared by the Company for the year ended December 31, 2023 (2022: nil).

10 Trade receivables

	As at December 31	
	2023	2022
	RMB'000	*RMB'000*
Trade receivables due from third parties	**9,954**	8,483
Less: allowance for impairment of trade receivables	**(202)**	(192)
	9,752	8,291

Aging of trade receivables, based on invoice date, are as follows:

	As at December 31	
	2023	2022
	RMB'000	*RMB'000*
Within 30 days	**9,954**	8,483

The carrying amounts of trade receivables approximated their fair values as at the balance sheet dates due to their short-term maturities, and these balances were all denominated in RMB.

11 Trade payables

The aging analysis of trade payables, based on invoice date, were as follows:

	As at December 31	
	2023	2022
	RMB'000	*RMB'000*
Within 3 months	**153,720**	126,715
Between 4 months to 6 months	**–**	22
Over 6 months	**184**	9
	153,904	126,746

The carrying amounts of trade payables approximated their fair values as at the balance sheet dates due to their short-term maturities, and these balances were all denominated in RMB.

12 Accruals and other payables

	As at December 31	
	2023	2022
	RMB'000	*RMB'000*
Non-current		
Salary and welfare payables[(i)]	**–**	2,196
Provision for restoration costs	**20,757**	9,988
	20,757	12,184
Current		
Payables for stock appreciation rights	**–**	2,144
Salary and welfare payables[(i)]	**219,141**	124,210
Payables for plant and equipment and intangible assets	**104,443**	80,772
Accrued expenses[(ii)]	**216,431**	171,032
Accrued listing expenses	**–**	42,737
Others	**31,092**	19,805
	571,107	440,700
Total accruals and other payables	**591,864**	452,884

(i) Salary and welfare payables include unpaid IPO Bonus amounted to RMB33,646,000 for the year ended December 31, 2023 (2022: RMB7,325,000).

(ii) Accrued expenses primarily include accrued advertising and promotion expenses, accrued information technology expenses, accrued professional service expenses, accrued utilities expenses, accrued store operation expenses and accrued royalty expenses.

The carrying amounts of accruals and other payables approximated their fair values.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.dpcdash.com. The annual report of the Group for the year ended December 31, 2023 will be published on the aforesaid websites of the Stock Exchange and the Company and will be disseminated to the Company's shareholders in due course.

By order of the Board
DPC Dash Ltd
Frank Paul KRASOVEC
Chairman

Hong Kong, March 27, 2024

As of the date of this announcement, the Board comprises Ms. Yi WANG as executive Director, Mr. Frank Paul KRASOVEC, Mr. James Leslie MARSHALL, Mr. Zohar ZIV, Mr. Matthew James RIDGWELL and Mr. Arthur Patrick D'ELIA as non-executive Directors and Mr. David Brian BARR, Mr. Samuel Chun Kong SHIH and Ms. Lihong WANG as independent non-executive Directors.