
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 8-K

**CURRENT REPORT PURSUANT TO
SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported) April 27, 2023

Domino's Pizza, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation or Organization)

001-32242

(Commission File Number)

38-2511577

(I.R.S. Employer Identification No.)

**30 Frank Lloyd Wright Drive
Ann Arbor, Michigan**

(Address of Principal Executive Offices)

48105

(Zip Code)

Registrant's telephone number, including area code (734) 930-3030

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Exchange Act:

<u>Title of Each Class</u>	<u>Trading Symbol</u>	<u>Name of Each Exchange on Which Registered</u>
Domino's Pizza, Inc. Common Stock, \$0.01 par value	DPZ	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On April 27, 2023, Domino's Pizza, Inc. issued a press release announcing financial results for the first quarter ended March 26, 2023. A copy of the press release is attached hereto as Exhibit 99.1. The information in this Form 8-K and the Exhibit attached hereto are being furnished pursuant to Item 2.02 of Form 8-K and therefore shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
99.1	Domino's Pizza, Inc. first quarter 2023 financial results press release, dated April 27, 2023.
104	The cover page from this Current Report on Form 8-K, formatted in Inline XBRL (included as Exhibit 101).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DOMINO'S PIZZA, INC.
(Registrant)

Date: April 27, 2023

/s/ Sandeep Reddy

Sandeep Reddy
Executive Vice President, Chief Financial Officer
(Principal Financial Officer)



For Immediate Release

Exhibit 99.1
Contact: Ryan Goers
VP - Finance & IR
(734) 930-3925

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):

<i>(in millions, except share and per share data)</i>	First Quarter of 2023	First Quarter of 2022
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).

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

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

Please visit our Investor Relations website at ir.dominos.com to view news, announcements, earnings releases, investor presentations and conference webcasts.

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995:

This press release contains various forward-looking statements about the Company within the meaning of the Private Securities Litigation Reform Act of 1995 (the “Act”) that are based on current management expectations that involve substantial risks and uncertainties which could cause actual results to differ materially from the results expressed in, or implied by, these forward-looking statements. The following cautionary statements are being made pursuant to the provisions of the Act and with the intention of obtaining the benefits of the “safe harbor” provisions of the Act. You can identify forward-looking statements by the use of words such as “anticipates,” “believes,” “could,” “should,” “estimates,” “expects,” “intends,” “may,” “will,” “plans,” “predicts,” “projects,” “seeks,” “approximately,” “potential,” “outlook” and similar terms and phrases that concern our strategy, plans or intentions, including references to assumptions. These forward-looking statements address various matters including information concerning future results of operations and business strategy, our anticipated profitability, estimates in same store sales growth, store growth and the growth of our U.S. and international business in general, our ability to service our indebtedness, our future cash flows, our operating performance, trends in our business and other descriptions of future events reflect the Company’s expectations based upon currently available information and data. While we believe these expectations and projections are based on reasonable assumptions, such forward-looking statements are inherently subject to risks, uncertainties and assumptions. Important factors that could cause actual results to differ materially from our expectations are more fully described in our filings with the Securities and Exchange Commission, including under the section headed “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended January 1, 2023. Actual results may differ materially from those expressed or implied in the forward-looking statements as a result of various factors, including but not limited to: our substantial increased indebtedness as a result of our recapitalization transactions and our ability to incur additional indebtedness or refinance or renegotiate key terms of that indebtedness in the future; the impact a downgrade in our credit rating may have on our business, financial condition and results of operations; our future financial performance and our ability to pay principal and interest on our indebtedness; the strength of our brand, including our ability to compete in the U.S. and internationally in our intensely competitive industry, including the food service and food delivery markets; our ability to successfully implement our growth strategy; labor shortages or changes in operating expenses resulting from increases in prices of food (particularly cheese), fuel and other commodity costs, labor, utilities, insurance, employee benefits and other operating costs or negative economic conditions; our ability to manage difficulties associated with or related to the ongoing COVID-19 pandemic and the effects of COVID-19 and related regulations and policies on our business and supply chain, including impacts on the availability of labor; the effectiveness of our advertising, operations and promotional initiatives; shortages, interruptions or disruptions in the supply or delivery of fresh food products and store equipment; the impact of social media and other consumer-oriented technologies on our business, brand and reputation; the impact of new or improved technologies and alternative methods of delivery on consumer behavior; new product, digital ordering and concept developments by us, and other food-industry competitors; our ability to maintain good relationships with and attract new franchisees, and franchisees’ ability to successfully manage their operations without negatively impacting our royalty payments and fees or our brand’s reputation; our ability to successfully implement cost-saving strategies; our ability and that of our franchisees to successfully operate in the current and future credit environment; changes in the level of consumer spending given general economic conditions, including interest rates, energy prices and consumer confidence or negative economic conditions in general; our ability and that of our franchisees to open new restaurants and keep existing restaurants in operation and maintain demand for new stores; the impact that widespread illness, health epidemics or general health concerns, severe weather conditions and natural disasters may have on our business and the economies of the countries where we operate; changes in foreign currency exchange rates; changes in income tax rates; our ability to retain or replace our executive officers and other key members of management and our ability to adequately staff our stores and supply chain centers with qualified personnel; our ability to find and/or retain suitable real estate for our stores and supply chain centers; changes in government legislation and regulations, including changes in laws and regulations regarding information privacy, payment methods and consumer protection and social media; adverse legal judgments or settlements; food-borne illness or contamination of products or food tampering or other events that may impact our reputation; data breaches, power loss, technological failures, user error or other cyber risks threatening us or our franchisees; the impact that environmental, social and governance matters may have on our business and reputation; the effect of war, terrorism, catastrophic events or climate change; our ability to pay dividends and repurchase shares; changes in consumer tastes, spending and traffic patterns and demographic trends; changes in accounting policies; and adequacy of our insurance coverage. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this press release might not occur. All forward-looking statements speak only as of the date of this press release and should be evaluated with an understanding of their inherent uncertainty. Except as required under federal securities laws and the rules and regulations of the Securities and Exchange Commission, or other applicable law, we will not undertake, and specifically disclaim, any obligation to publicly update or revise any forward-looking statements to reflect events or circumstances arising after the date of this press release, whether as a result of new information, future events or otherwise. You are cautioned not to place undue reliance on the forward-looking statements included in this press release or that may be made elsewhere from time to time by, or on behalf of, us. All forward-looking statements attributable to us are expressly qualified by these cautionary statements.

TABLES TO FOLLOW

Domino's Pizza, Inc. and Subsidiaries
Condensed Consolidated Statements of Income
(Unaudited)

	Fiscal Quarter Ended			
	March 26, 2023	% of Total Revenues	March 27, 2022	% of Total Revenues
(In thousands, except per share data)				
Revenues:				
U.S. Company-owned stores	\$ 84,911		\$ 103,895	
U.S. franchise royalties and fees	132,864		122,285	
Supply chain	624,226		609,547	
International franchise royalties and fees	69,671		68,833	
U.S. franchise advertising	112,726		106,589	
Total revenues	1,024,398	100.0 %	1,011,149	100.0 %
Cost of sales:				
U.S. Company-owned stores	70,572		87,375	
Supply chain	568,279		555,150	
Total cost of sales	638,851	62.4 %	642,525	63.5 %
Gross margin	385,547	37.6 %	368,624	36.5 %
General and administrative	95,189	9.3 %	97,494	9.7 %
U.S. franchise advertising	112,726	11.0 %	106,589	10.5 %
Refranchising loss	149	0.0 %	—	0.0 %
Income from operations	177,483	17.3 %	164,541	16.3 %
Interest expense, net	(44,156)	(4.3)%	(46,823)	(4.7)%
Income before provision for income taxes	133,327	13.0 %	117,718	11.6 %
Provision for income taxes	28,557	2.8 %	26,754	2.6 %
Net income	\$ 104,770	10.2 %	\$ 90,964	9.0 %
Earnings per share:				
Common stock – diluted	\$ 2.93		\$ 2.50	

Domino's Pizza, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(Unaudited)

(In thousands)	March 26, 2023	January 1, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 154,193	\$ 60,356
Restricted cash and cash equivalents	170,798	191,289
Accounts receivable, net	259,163	257,492
Inventories	69,278	81,570
Prepaid expenses and other	34,381	37,287
Advertising fund assets, restricted	139,926	162,660
Total current assets	827,739	790,654
Property, plant and equipment, net	298,878	302,235
Operating lease right-of-use assets	219,630	219,202
Investments	125,840	125,840
Other assets	169,303	164,290
Total assets	\$ 1,641,390	\$ 1,602,221
Liabilities and stockholders' deficit		
Current liabilities:		
Current portion of long-term debt	\$ 55,228	\$ 54,813
Accounts payable	93,547	89,715
Operating lease liabilities	36,847	34,877
Advertising fund liabilities	136,578	157,909
Other accrued liabilities	234,165	199,307
Total current liabilities	556,365	536,621
Long-term liabilities:		
Long-term debt, less current portion	4,955,228	4,967,420
Operating lease liabilities	194,193	195,244
Other accrued liabilities	87,377	92,001
Total long-term liabilities	5,236,798	5,254,665
Total stockholders' deficit	(4,151,773)	(4,189,065)
Total liabilities and stockholders' deficit	\$ 1,641,390	\$ 1,602,221

Domino's Pizza, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Fiscal Quarter Ended	
	March 26, 2023	March 27, 2022
(In thousands)		
Cash flows from operating activities:		
Net income	\$ 104,770	\$ 90,964
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	18,170	18,976
Refranchising loss	149	—
Loss on sale/disposal of assets	275	195
Amortization of debt issuance costs	1,292	1,319
(Benefit) provision for deferred income taxes	(3,439)	1,319
Non-cash compensation expense	7,538	7,265
Excess tax deficiencies (benefits) from equity-based compensation	298	(86)
Provision for losses on accounts and notes receivable	572	1,462
Changes in operating assets and liabilities	7,388	(34,718)
Changes in advertising fund assets and liabilities, restricted	(22,331)	(7,907)
Net cash provided by operating activities	<u>114,682</u>	<u>78,789</u>
Cash flows from investing activities:		
Capital expenditures	(19,031)	(12,454)
Purchase of franchise operations and other assets	—	(6,814)
Other	(572)	(1,368)
Net cash used in investing activities	<u>(19,603)</u>	<u>(20,636)</u>
Cash flows from financing activities:		
Repayments of long-term debt and finance lease obligations	(13,899)	(13,861)
Proceeds from exercise of stock options	343	266
Purchases of common stock	(30,083)	(47,661)
Tax payments for restricted stock upon vesting	(1,553)	(789)
Payments of common stock dividends and equivalents	(89)	(51)
Net cash used in financing activities	<u>(45,281)</u>	<u>(62,096)</u>
Effect of exchange rate changes on cash	(186)	374
Change in cash and cash equivalents, restricted cash and cash equivalents	<u>49,612</u>	<u>(3,569)</u>
Cash and cash equivalents, beginning of period	60,356	148,160
Restricted cash and cash equivalents, beginning of period	191,289	180,579
Cash and cash equivalents included in advertising fund assets, restricted, beginning of period	143,559	161,741
Cash and cash equivalents, restricted cash and cash equivalents and cash and cash equivalents included in advertising fund assets, restricted, beginning of period	<u>395,204</u>	<u>490,480</u>
Cash and cash equivalents, end of period	154,193	164,962
Restricted cash and cash equivalents, end of period	170,798	168,241
Cash and cash equivalents included in advertising fund assets, restricted, end of period	<u>119,825</u>	<u>153,708</u>
Cash and cash equivalents, restricted cash and cash equivalents and cash and cash equivalents included in advertising fund assets, restricted, end of period	<u>\$ 444,816</u>	<u>\$ 486,911</u>

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