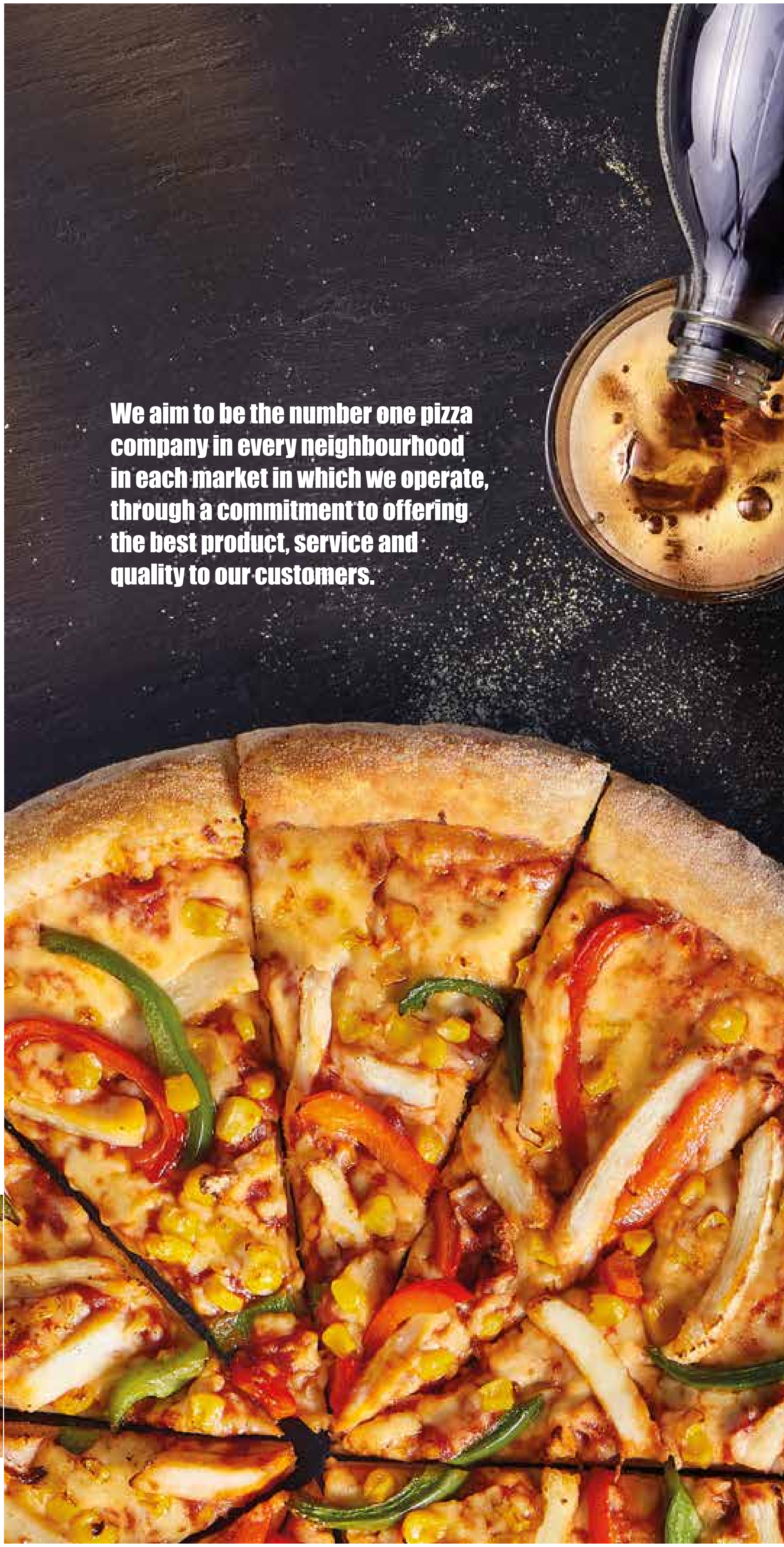
THE OFFICIAL FOOD OF EVERYTHING

DOMINO'S PIZZA GROUP PLC

Annual Report & Accounts 2019

Domino's



We aim to be the number one pizza company in every neighbourhood in each market in which we operate, through a commitment to offering the best product, service and quality to our customers.

See more online at
https://investors.dominos.co.uk

2019 key financials

	UK & Ireland system sales[1]
2019	£1,210.9m
2018	£1,155.4m
2017	£1,079.4m

UK & Ireland system sales[1]

£1,210.9m
(2018: £1,155.4m)

	UK Like-for-Like system sales growth[2]
2019	3.7%
2018	4.6%
2017	4.8%

UK Like-for-Like system sales growth[2]

3.7%
(2018: 4.6%)

	UK & Ireland underlying EBIT[3]
2019	£102.4m
2018	£101.0m
2017	£93.2m

UK & Ireland underlying EBIT[3]

£102.4m
(2018: £101.0m)

	Statutory profit for the year
2019	£2.8m
2018	£43.9m
2017	£66.6m

Statutory profit for the year

£2.8m
(2018: £43.9m)

	Dividends per share
2019	9.76p
2018	9.50p
2017	9.00p

Dividends per share

9.76p
(2018: 9.50p)

	Net debt
2019	£232.6m
2018	£203.3m
2017	£89.2m

Net debt

£232.6m
(2018: £203.3m)

Strategic highlights

28 new Domino's stores opened in the UK and four in Ireland

Warrington Supply Chain Centre now serving 457 stores

Decision taken to exit our International operations in an orderly manner, allowing us to focus on our core UK & Ireland business

Full year dividend +2.7% to 9.76p, given the solid performance of the core UK & Ireland business

Our strategy in action

TO BE THE FAVOURITE TAKEAWAY AND DELIVERY BRAND

See page 20

SUPERIOR END-TO-END CUSTOMER SERVICE, VALUE AND PRODUCT

See page 20

GREAT LOOKING STORES WITHIN EASY REACH OF ALL POTENTIAL CUSTOMERS

See page 20

1. System sales represent the sum of all sales made by both franchised and corporate stores in the UK & Ireland.
2. Like-for-like system sales are defined as system sales from stores that were opened before 31 December 2017 and have not been impacted by donating territory to a new store (Split), compared to the corresponding 52-week period in the prior year.
3. Underlying performance measures are defined as statutory performance measures excluding amounts relating to discontinued operations and non-underlying items. Non-underlying items are defined as being items that are material in size, unusual or infrequent in nature, and are disclosed separately as non-underlying items in the notes to the accounts. See note 7 on page 131 for more information.

Use of non-GAAP measures: In addition to performance measures directly observable in the Group Financial Statements (IFRS measures), additional financial measures (described as non-GAAP) are presented that are used internally by management as key measures to assess performance. Non-GAAP measures are either not defined under IFRS or are adjusted IFRS figures. Further explanation in relation to these measures can be found on pages 131 to 133, and reconciliations to IFRS figures, where they have been adjusted, are on page 131.

Interim Chairman's statement

We are pleased to report continued solid growth in the UK & Ireland

"The year ahead is a crucial one for us, with four key priorities"

Ian Bull
Non-executive Interim Chairman

Significant events from the year

- pleased to see continued solid growth in the UK & Ireland, reporting 3.7% UK LFL growth and an 1.4% increase in UK & Ireland profit before interest and tax driven by the strength of the brand, the expertise of our franchisees and our supply chain capabilities;
- significant changes at the Board level with Usman Nabi and Elias Diaz joining as non-executive Directors. Search for a new Chairman progressing;
- decision taken to exit our International operations. This will support us to focus on our core UK & Ireland operations. Exit for Norway agreed in February, subject to shareholder approval.

See Group at a glance on **pages 4 and 5**

See my introduction to Governance on **page 42**

I was delighted to have been asked to join the Board of Domino's in April, a company with a strong brand and the potential for significant growth. Equally, this year has been a somewhat challenging one for the business, with an ongoing dispute with our UK & Ireland franchisees and a disappointing performance in our International division. We therefore find ourselves in a position where there are a number of areas which require urgent focus and attention in order to realise this substantial value creation opportunity:

- recruit a Chair, CEO and CFO and oversee a managed Board succession;
- reinforcing our UK & Ireland core business with ambitious plans to be the best master franchisor in the system;
- rebuild relationships with our franchisee partners;
- find the right owners for the brand in our International territories.

Our stakeholders

I have had the pleasure of meeting many talented people across the business with a shared passion for our customers and for pizza. Our recent recognition event and town hall events bear testimony to this. Equally, our colleagues in our International territories have continued to do their best for customers despite uncertainty created by the announcement that we would seek new owners for these businesses. It hasn't been an easy year so I'd particularly like to thank all stakeholders for their passion, commitment and patience as we go through the changes needed.

Successfully running pizza restaurants with an exceptional level of product quality, service consistency and delivery standards is hard and committed work and I would like to recognise all our franchisees for their continued dedication to growing the Domino's brand. I am confident that, in time, the current disagreements we have with our franchisees will be resolved for the mutual benefit of all parties.

We benefit from being part of a global network, sharing best practice and a joint responsibility for the brand. Our common aim and interest continues to be around sustaining and improving the customer experience.

We are committed to high levels of shareholder engagement and strive to be as open and transparent as possible. During the year we hired our first permanent Head of Investor Relations, to enable us to further improve our efforts in this area.

Finally, I would like to thank our customers, who continue to love our pizzas despite the increasing choice in the market.

Board changes in 2019

There have been a number of significant Board changes over the past year. I joined the Board as an Independent non-executive Director and Chair of the Audit Committee in April 2019. In August, at our half year results, we announced that our CEO, David Wild, had informed the Board of his intention to retire.

In order to provide continuity across the planned Board changes, we announced in September that I was replacing Helen Keays as Senior Independent Director. Helen remains a non-executive Director and I would like to thank her for her contribution to the business in the role as Senior Independent Director, a position she held for three and a half years.

In October the Board was pleased to announce the appointment of Elias Diaz Sese as a new Independent non-executive Director with effect from 17 October. Elias has over 20 years' experience in developing global consumer food brands and teams all over the world.

In November Usman Nabi joined as non-executive Director. Usman is the Founder, Managing Partner and Chief Investment Officer of Browning West, a Los Angeles-based investment partnership.

At the same time as Usman's appointment, we announced that, rather than running a dual track process to find both a new Chairman and CEO, we would instead prioritise the appointment of a new Chairman.

In early December we announced that the Chairman Stephen Hemsley had decided to step down from the Board from 29 December, in order to focus on other interests. The Board asked me to step into the role of Interim Chairman until a permanent replacement is appointed, which I was honoured to do. I would like to thank Stephen for his exceptional contribution to the development of Domino's during his 21 years with the business.

Ebbe Jacobsen stepped down from the Board in January 2020 at the end of his second three-year term, and we would like to record our thanks to him for his services over the years.

The final Board change brings great sadness, as on 26 December we sadly lost our CFO, David Bauernfeind, who tragically died in an accident whilst on holiday with his wife and daughter. David was hugely liked and deeply respected for his dedication and sharp intellect. He was a force for good within the business and has been, and will continue to be, greatly missed.

The search for our new Chair is progressing. The new Chair will oversee the search for the new CEO. The recruitment process for the interim CFO is continuing.

Capital allocation and returns to shareholders

The core Domino's business model generates high returns on capital and strong cash flows. Our capital investment this year totalled £23.4m. There were no acquisitions in the year, although there was a £2.7m cash outflow following the minority shareholders in Iceland exercising their put options over their 4.7% shareholding.

We returned £60.3m to shareholders, of which £16.0m was through share buybacks and £44.3m was through the regular dividend. The total dividend for the year will be 9.76p, up 2.7% year-on-year. The proposed final dividend for the year of 5.56p per share will, subject to shareholder approval at the Annual General Meeting on 23 April 2020, be paid on 27 April 2020 to shareholders on the register at the close of business on 20 March 2020. In assessing the dividend for the year, the Board considered the cash generation of the core UK & Ireland business and the confidence in the future of this business, as well as the current cash flow impacts of our discontinued International businesses.

Our net debt at the year end stood at £232.6m, compared to £203.3m at the start of the year. The increase was driven by Brexit related stockbuilding together with a £21m payment timing change, which reversed in early 2020. The Group's leverage at year end was 1.99x on a continuing basis, within the target range of 1.75–2.5 times net debt to EBITDA.

Prospects

The external environment hasn't been easy and, whilst parts of the UK & Ireland may become less cautious having formally left the EU, much remains uncertain in the UK as we go through the transition year.

The potential impact from COVID-19 is difficult to determine, with the situation continuing to evolve. We are monitoring this closely, and have established contingency plans.

This year ahead is a crucial one for us, across our four priorities around a stable UK & Ireland core business with ambitious plans to be the best franchisor in the system, recruiting a Chair, CEO and CFO and managing Board succession, rebuilding relationships with our very important franchisee partners, and finding the right owners for our International territories.

Against this backdrop and despite the challenges ahead, the LFL growth achieved in the UK in 2019, the growth opportunities ahead, the strength of the brand and the exceptional capabilities of our franchisee partners give me confidence that our future will be a bright one.

Ian Bull
Interim Chairman

4 March 2020

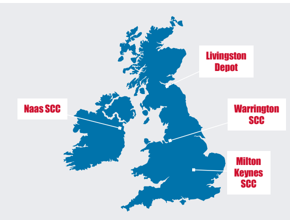
Tribute to David Bauernfeind

The whole of the Domino's business was deeply shocked and saddened by the news of David's death. David was hugely liked and deeply respected for his dedication and sharp intellect. He was a force for good within the business and will be greatly missed.

Domino's Pizza is the UK's leading pizza brand and a major player in the Republic of Ireland.

We are part of the global Domino's system, the biggest pizza delivery operator in the world. We hold the exclusive master franchise rights in six markets under long term agreements with Domino's Pizza International Franchising Inc., the international arm of Domino's Pizza Inc which is listed on the New York Stock Exchange and which owns the Domino's brand across the globe. Our core business is the UK & Ireland, where we have a clear number one market share.

Our UK & Ireland business – What we do



Supply chain

We manufacture fresh dough and act as a scale and expert wholesaler of other food and non-food supplies to our franchisees. We currently have three dough commissaries and distribution centres in the UK & Ireland, and from these we make three or four deliveries every week to every store. Our purchasing scale and expertise allows franchisees to share in the benefits of a much bigger business, so that they can still be very competitive even when they are still small enterprises.

Marketing

As the master franchisor, we are responsible for national campaigns and for investing the National Advertising Fund to drive sales and build the brand. Our digital teams drive customer acquisition and order frequency through pay per click, targeted customer marketing and use of affiliate channels.

We drive brand engagement through social media and PR activities. We also develop menu innovations to bring product newness to our customers and drive repeat purchasing.

Technology

We develop and run the technology ordering platforms which support both the website and the app. Our aim is to continually improve the customer experience and drive repeat sales. Our app has been downloaded over 26.6m times, and over 91% of delivery orders are now made online.

In addition, we also develop tools such as GPS, to both improve labour efficiency and the customer experience. During the year we also commenced the roll out of a labour scheduling tool and a tool called 'shoulder surfing', which provide further efficiency gains for our franchisee partners.

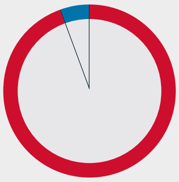
Corporate stores

The majority, 97%, of our UK & Ireland estate is franchised however we also directly operate 36 'corporate' stores. This store estate is based in London and has grown through both acquisition of existing stores and the opening of new stores. Running corporate stores brings significant benefits in terms of the development of operational expertise and the ability to trial new pricing, technology or menu items in a live environment. Importantly, it also gives us greater empathy with our franchisees, as we experience some of the same operational challenges and opportunities.

See our business model **on page 8**

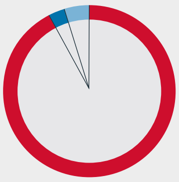
> **"Our core business is in the UK & Ireland, where we have a leading market position"**

Highlights for UK & Ireland



UK & Ireland system sales

■	UK	£1,144.0m
■	Ireland	£66.9m



UK & Ireland stores

■	UK Franchised	1,094
■	UK Corporate	36
■	Ireland Franchised	54

UK store numbers

2019	1,130
2018	1,103
2017	1,045

UK average weekly unit sales

2019	£19,860
2018	£19,723
2017	£19,898

Our strategy framework

The strategy framework we use to bring structure and focus to our operational plan

See our strategy on **page 20**

To be the favourite takeaway and delivery brand

Brand recall
88%

Superior end-to-end customer service, value and product

Online penetration
92%

Great looking stores within easy reach of all potential customers

UK & Ireland stores
1,184

International business

Iceland

The Domino's brand has a very strong market position in Iceland and generates good cash returns. Iceland has the highest sales per store of any Domino's business in the world.

Stores
24

Sweden

Our Swedish business is comprised of 13 stores, all of which are directly-operated, together with a commissary and distribution centre in Malmö.

Stores
13

Switzerland

We currently have 21 stores in the country, predominantly in Zurich and Geneva. Unlike in other markets, we do not directly run the supply chain operations in Switzerland, instead purchasing dough and ingredients from a third party.

Stores
21

Norway

Our Norway business is made up of 47 Domino's branded stores and nine Dolly Dimple's branded stores, following the acquisition of the Dolly Dimple's business in 2017 and subsequent conversion of the majority of stores to the Domino's brand.

Stores
56

German associate

We have a one-third stake in Domino's Germany. The business is operated and majority owned by Domino's Pizza Enterprises.

Update on transaction process

In October we announced that we would seek new owners for our International businesses. Our focus has been Norway, given the operating losses here. On 13 February we announced that we had agreed a transaction for our Norwegian business, subject to shareholder approval. We will now focus on progressing transactions for our businesses in Sweden, Switzerland and Iceland.


FRESH DOUGH DAILY

Strategic Report

Our business model

We are different from most UK-listed restaurant businesses in that we operate a franchise model

This means we can grow with relatively low capital intensity, generating high returns.

Our operating model

DOMINO'S PIZZA INTERNATIONAL INC. ('DPI')

DOMINO'S PIZZA GROUP PLC

CORPORATE STORES

FRANCHISEES

CUSTOMERS

Total system oversight

DELIVER
piping hot food within an average of 25 minutes in the UK

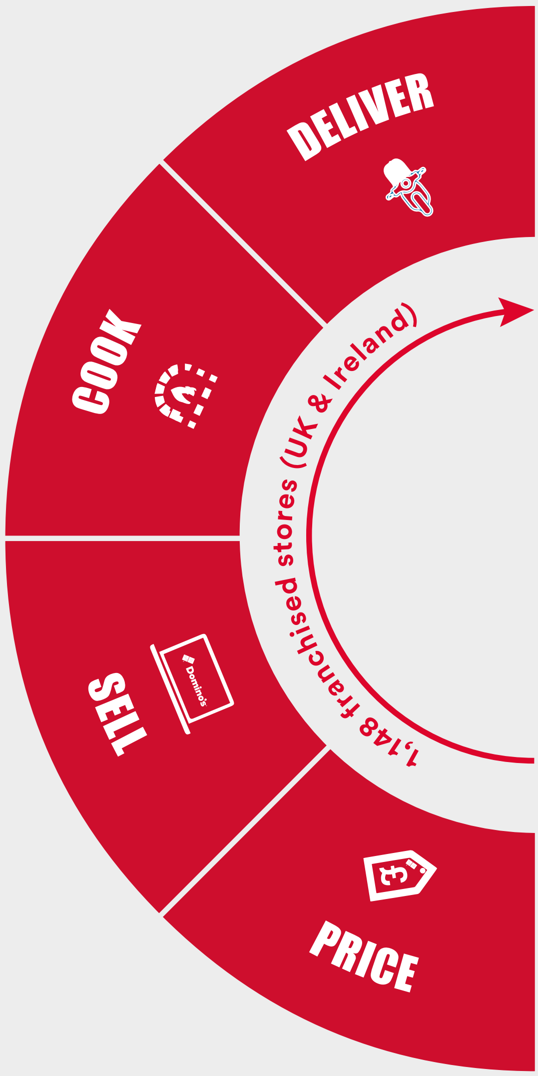
31%
of orders are collected

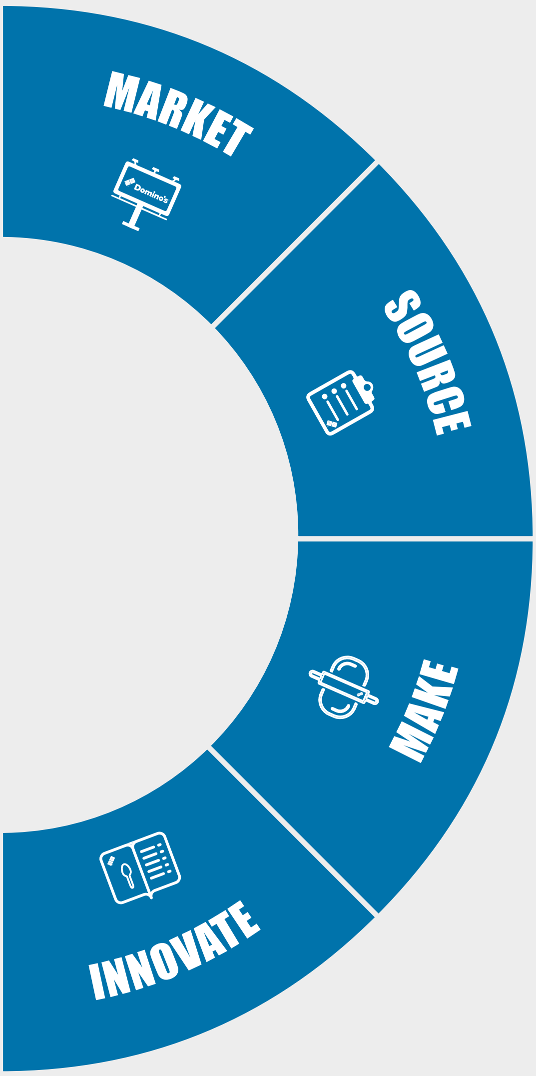
COOK
a wide range of freshly made food from high-quality ingredients

SELL
through multiple channels, with

82%
of UK sales made on our proprietary online platform

PRICE
Our franchisee partners set prices, and adopt a wide range of pricing strategies





Total system oversight

MARKET

through national brand building initiatives, complemented with local/tactical initiatives, and are

#1

for brand awareness in the UK

SOURCE

high-quality, fresh ingredients, spending £180m per year with our trusted suppliers

MAKE

47m

kilos of fresh dough in our UK & Ireland commissaries, and supply over 30m food and non-food items to our franchised and corporate stores through our in-house logistics fleet

INNOVATE

to keep our menus exciting, we launch new lines regularly every year

The value we create

Customers' overall satisfaction

61%

Up 2ppts year-on-year

Profitable franchisees: average 2019 UK franchisee store EBITDA was

£145k

Employees proud to work for Domino's:

81%

Up 3ppts year-on-year

Rewarded investors:

9.76p

Up 2.7% year-on-year

Trusted suppliers:

£180m

spent on raw materials

Remunerated master franchisee:

2.7%

of UK & Ireland system sales paid to DPI in royalties

Solid UK & Ireland performance; International transactions progressing

> Our core UK & Ireland business continues to deliver a solid trading result"

David Wild
Chief Executive Officer

Strategic headlines:

- 32 stores opened in UK & Ireland, of which 29 were franchised, by 23 different franchisees;
- digital continues to be a driver of growth, with online accounting for 91.1% of UK delivery sales;
- international disposal process progressing, transaction for Norway agreed subject to shareholder approval.

Overview

Our core UK & Ireland business continues to deliver a solid trading result, with UK like-for-like sales up 3.7%. Our digital capabilities continue to fuel this growth, with online sales up 8.8%. Collection also saw a good performance, up 5.3%, and this remains a significant opportunity for us going forward. I would like to thank my colleagues across all our markets, together with our franchisee partners, for their continued hard work and passion for the Domino's brand.

In February we were pleased to announce a transaction for our Norwegian business which is subject to shareholder approval, and we expect this to complete by the end of May. We continue to prioritise transactions for our remaining International businesses, although expect that these may take some time as we ensure that we find the best owners for these businesses.

Performance overview

UK system sales were up 4.8% and Ireland up 4.9%. UK & Ireland underlying EBIT before joint ventures and associates was £100.4m, up 1.1%, representing an 8.3% margin as a percentage of system sales (2018: 8.6%). We generated profit from our joint ventures in the UK of £2.0m (2018: £1.7m), resulting in an overall underlying UK & Ireland EBIT of £102.4m, up 1.4%.

Following the decision in October to dispose of our directly operated International businesses, being Norway, Sweden, Switzerland and Iceland, the trading results of these businesses, together with International central costs, have been classified as discontinued operations and excluded from underlying results. Combined, our discontinued International businesses generated £100.7m system sales (2018: £104.1m) and a trading loss of £20.8m (2018: loss of £6.6m). Overall impairment and restructuring charges of £35.4m (2018: £18.6m) were also recorded in discontinued operations. In February we announced that we had agreed a transaction to dispose of our Norwegian business, subject to shareholder approval.

We reported a profit of £2.9m from our minority stake in the German associate (2018: £2.5m), which remains presented in our underlying results.

Group underlying profit before tax was £98.8m, a decrease of 1.2% year-on-year as a result of higher interest charges. Statutory profit before tax, including non-underlying charges of £23.7m, was £75.1m, compared to £87.1m on the same basis in 2018. Including taxation and the loss from the International discontinued operations, profit for year was £2.8m, compared to £43.9m in 2018. Underlying basic EPS increased to 17.6p from 17.4p as a result of the underlying EBIT increase, offset with increases in finance costs. Statutory EPS from continuing and discontinued operations declined to 2.8p from 10.3p, primarily driven by the International performance and impairments recorded. The Board has declared a final dividend per share of 5.56p, an increase of 2.0%, taking the full year dividend to 9.76p, an increase of 2.7% (2018: 9.50p).

Free cash flow was £33.7m, and net debt increased by £29.3m to £232.6m as a result of the International losses, £17.4m of share purchases in H1 2019, capex of £23.4m and the 2018 final and 2019 interim dividend of £44.3m.

UK & Ireland

UK system sales were up 4.8% year-on-year, with LFL of 3.7% excluding splits, or 1.9% including splits. LFL sales, excluding splits, were solid throughout the year, consistently trending above 3%. This sales result was driven by our digital capabilities, together with the effectiveness of local campaigns and the entrepreneurship of our franchisees.

Ireland local currency system sales increased by 5.4%, and by 4.9% on a sterling basis to £66.9m. LFL sales increased by 3.0% excluding splits or 1.5% including splits. Ireland saw a strong first half followed by a weaker second half. The relatively small size of our Irish business means that sales are inherently more volatile, and we also saw ongoing macro-economic uncertainty, which impacted consumer spending.

On a combined basis, UK & Ireland LFL was 3.7% excluding splits, or 1.9% including splits.

Components of system sales growth

Franchisees have control over menu pricing and discounts, and we continue to see a wide range of strategies. The majority of sales during a year are generated by local activity, with around a fifth of sales generated based on national campaigns.

This year, in order to deepen external understanding of the drivers of UK LFL sales growth, we have expanded and refined our disclosure of the sales components. On an 'including splits' basis, LFL orders were down 1.8%, items per order were down 1.6%, product mix impact was up 2.7% and price up 2.6%. LFL orders improved through the year, with Q1 down 4.6%, Q2 down 2.1%, Q3 down 0.5% and Q4 up 0.3%. Total UK orders were 65.3m, up 1.2% year-on-year, with H1 up 0.2% and H2 up 2.3%.

We continue to see a broadly stable average discount on menu prices across the system, of 39.2%, although there is a wide range across franchisees, driven by different strategies. The proportion of orders sold on discount stood at 90%, compared to 88% in 2018.

Collection remains an important growth area for our business and is a particularly important factor when considering the location and business case for new stores. Collection sales incur limited incremental labour cost, meaning they can make a significant difference to the overall profitability of a store. Total collection sales were up 5.3% during the year, with H1 up 4.0% and H2 up 6.6%. Collection now accounts for 21.2% of system sales, or 31.0% of orders. This remains significantly below some other Domino's markets globally, and therefore is a significant opportunity looking forward.

In 2019 there were 32 new store openings, made up of 28 stores in the UK and four in Ireland, and one planned UK store closure. Three of the new UK stores were corporate and 29 were franchised, by 23 different franchisees. In total the store estate at the end of the year stood at 1,184 (UK: 1,130; Ireland: 54).

Discussions with franchisees

In the UK we have 63 franchisees, with a further seven in Ireland. Our franchisees are amongst the best entrepreneurs and operators in the Domino's system worldwide, and they have been an important component of the success of the Group over several decades. The largest two franchisees account for 36% of UK & Ireland stores, with the third largest accounting for a further 6%.

Resolving our franchisee dispute is crucial for the long-term growth of the system, and this is a key priority of the Board. We are confident that we will ultimately agree long-term, sustainable, win-win solutions. This is a complex situation, and we need to allow time for new leadership to be in place, new relationships to be built and issues to be resolved. Fundamentally our interests are aligned: we all benefit from increased scale, through the growing value of the brand, greater buying efficiency and the shared investment in new innovations to further improve the customer experience.

Customer experience

We continue to invest in our own digital platforms, making it increasingly easy for customers to find the best deal, place an order and pay for their meal. Online sales in the UK grew 8.6% year-on-year and now represent 81.8% of system sales, or 91.1% of total delivery sales.

Last year we announced we would contribute £10.0m to invest in new platforms for eCommerce and app development. The aim of this development is to further improve the customer experience, whilst enabling us to introduce enhancements more quickly and flexibly. We expect our new app to be trialled in the autumn.

Brand

The strength of the Domino's brand is a key differentiator for us. Our brand strength is supported by great tasting pizza, excellent service and good value for money which drives store sales and profitability. Our brand recall in 2019 was 88%.

"The Official Food of Everything" platform continued to form the bedrock of our marketing activity. In the second half we built on this platform with the launch of our 'Joy Of Missing Out', or JOMO campaign, which celebrates staying in at home with friends or family, reassuring people that they are good where they are, and proclaiming that Domino's is "The Official Food of JOMO".

Another key focus was new product development, with successful launches for the New York Hotdog and Ultimate Bacon Cheeseburger Pizzas, which sold over a million pizzas in the five months they were on sale, building on the success of the Cheeseburger Pizza launch in 2018. We also added variety to our sides with a limited time offer of Mango Habanero Wings.

From a media standpoint, we continued with our dominance in Catch-up TV viewing utilising our sponsorship of All4 and ITV Hub, along with a year-on-year increase in linear TV spots.

Corporate stores

We now directly operate 36 stores in the London area, having opened two in the first half of the year, in Mill Hill and Brentford, and a third in the second half, in Carshalton. London is an important part of our strategy for UK growth, as we are currently underpenetrated there compared to the rest of the UK. Operating stores ourselves gives us scope to develop operational expertise and test innovations, as well as grow the estate and help facilitate franchisee store estate management.

Corporate store revenue was £32.1m in 2019, up 18.5%, with LFL sales up 1.3%. We saw a solid first half, with LFL sales up 4.4%, followed by a weaker second half, with LFL sales down 0.6%. The EBITDA of corporate stores was £1.3m, compared to £1.9m in 2018. We faced some challenges during the year, including significant competition for delivery drivers, high turnover of labour, and the impact on donor stores from a relatively large number of store splits, with no virgin territory added. The acquisition of the six Have More Fun stores in 2018 also required significant investment and attention, given the poor state of these stores.

Our priorities for the year ahead are to drive sales through increased collection, better utilisation of digital marketing and a refined deal strategy, together with implementing a number of efficiency processes, benefiting from our greater oversight and understanding of profitability drivers.

The weaker performance of corporate stores in the second half, an updated view of the operating cost base, together with our forecasts for future cash flows and an increase in the discount rate, resulted in an £18.7m impairment charge recorded in non-underlying results. This is against the backdrop of very limited headroom in the prior year calculation. The five year forecast period used in calculating the impairment is also shorter than our expected payback for store splits. We are confident in the plans we have for corporate stores. Operating stores ourselves has compelling strategic rationale, and we are making the right decisions for the long term performance of our corporate store business.

Supply chain and infrastructure

Our supply chain is the backbone of the Domino's system in the UK & Ireland, delivering fresh dough and ingredients to every store three or four times a week, and operating with 99.98% availability and 99.86% accuracy. During the second half we upgraded our driving routing technology, which will enhance our service to franchisees, and give us improved efficiency and monitoring capability.

Our Supply Chain Centre in Warrington is now serving 457 stores and we are pleased with its performance and service levels. We continue to work on the cages and dollies trials with franchisees, which will improve the speed of our deliveries into stores and improve the working conditions of our drivers. Our new Scottish facility has gained planning consent, with opening scheduled for the autumn. Finally, the project to extend and upgrade our Supply Chain Centre in Naas in Ireland is progressing, with work planned to commence in the second half of 2020.

Franchisee profitability

Throughout the year we have worked more closely with franchisees to gain more consistent financial data, at the level of both store and franchisee profitability. Average store EBITDA for all stores in 2019 was approximately £145k, equivalent to a 14.1% EBITDA margin. At the franchisee level, taking into account a franchisees' total store estate together with their central costs, average EBITDA margin was 10.6%. There is a wide range of EBITDA margins achieved both at a store and franchisee level.

The biggest challenge for franchisees remains the cost and availability of labour, particularly delivery drivers, with the increase in National Living Wage in April 2020 a significant headwind. Food cost inflation for franchisees was 2.8% in 2019, and we expect c.3% in 2020, with the biggest driver being pork inflation as a result of swine flu. Some franchisees are also experiencing longer profit recovery periods for donor stores from recent store splits than has previously been the case. Against this backdrop, we are focused on working with franchisees to optimise store and franchisee level profitability.

International

German associate (within underlying results)

Our share of post tax underlying profits from our German associate was £2.9m (2018: £2.5m). Profits are higher than last year as increased profits from commissary and lower head-office costs outweighed higher losses from corporate stores and higher depreciation costs.

Directly operated International markets (classified as discontinued)

The performance of our directly controlled operations has been challenging throughout the year. In October the Board announced that we would exit these markets in an orderly manner and seek better owners for these businesses. Following this decision, the trading results of these businesses, being Norway, Sweden, Switzerland and Iceland, together with International central costs, have been classified as discontinued operations and excluded from underlying results.

Total system sales from consolidated discontinued International operations were £100.7m, down 3.4% year-on-year. On a constant currency basis system sales were up 0.3%. We made a trading loss of £20.8m, compared to £6.6m in 2018. We incurred £35.2m of impairments and restructuring costs (2018: £18.6m), together with £0.2m loss from our previously discontinued operation in Germany and £0.3m of tax charges (2018: £2.6m). These charges, together with the trading losses, resulted in a total loss from discontinued operations of £56.5m (2018: £27.8m loss).

The weakest performance during the year was seen in Norway, however we also saw increasing losses in Sweden and Switzerland. Iceland profitability was impacted by the weak macro-economic backdrop.

The treatment of International central costs differed year-on-year. At the start of 2019, associated with the appointment of an International Managing Director and the creation of a small dedicated International management team, we started to treat International central costs separately. This includes the International management team and central functions such as International finance, IT and HR. Prior to 2019, central costs for International were attributed across both the UK & Ireland operations and individual International markets.

In Iceland we currently have 24 stores (25 at the end of 2018). We now have 100% ownership of Iceland, following the minority interests exercising their 4.7% put option in August. Total system sales in Iceland were down 1.4% in local currency and down 9.2% on a reported basis. We generated an EBIT of £1.7m, compared to £4.1m in 2018. The biggest drivers of this decline were the macro-economic background, together with higher labour costs and operating expenses driven by a national wage settlement in the first half of the year. During the period we relaunched the website, with positive impact on sales through higher conversion.

In Norway we had 47 Domino's branded stores (42 at the end of 2018) and 9 Dolly Dimple's stores (12 at the end of 2018), taking the total store estate in Norway to 56 (2018: 54). Local currency system sales growth in Domino's branded stores was up 8.0%, driven by the three store openings and two conversions year-on-year. Total system sales in Norway were down 1.7% in local currency, and down 4.4%% on a reported basis. Norway recorded an EBIT loss of £11.3m, compared to a loss of £6.6m in 2018. The 2019 EBIT loss recorded includes £2.7m of onerous leases and other related costs. In February we announced that we had agreed to dispose of our entire 71% stake in the Norwegian business to the existing minority shareholders, subject to shareholder approval. The transaction provides a complete exit from Norway for a maximum cash outlay of £7.0m, together with funding the trading losses to completion, which is targeted for late May 2020.

In Switzerland we currently have 21 stores (20 at the end of 2018) and we own 100% of the business. Local currency system sales were up 0.8%, with like-for-like sales including splits down 6.6%. Second half like-for-like sales including splits were down 7.5%. On a reported basis, system sales were up 4.5%. Switzerland recorded an EBIT loss of £5.4m, compared to a £2.5m loss in 2018. The main factor affecting performance in 2019 was increased competition, together with the local labour cost dynamics, which continue to impact on the profitability of the business. The 2019 EBIT loss recorded includes £1.4m of onerous leases and other related costs.

In Sweden we currently have 13 stores (nine at the end of 2018) and our ownership currently stands at 71%. The Norwegian transaction includes the transfer to us of the remaining 29% stake in Sweden, which will facilitate an orderly exit from this market in due course. Local currency system sales in 2019 were up 37.0%, with like-for-like sales at -6.6%. Second half like-for-like sales were up 3.0%. On a reported basis, system sales were up 31.0% in 2019. Sweden recorded an EBIT loss of £4.0m, compared to a £1.6m loss in 2018, largely as a result of store opening costs and new store marketing programmes. Free delivery in Malmö in the second half drove like-for-like sales growth by increasing average ticket.

Due to the performance of our International business during the year and as a result of the decision to exit the markets, the carrying values of the businesses have been written down to fair value, incurring an impairment of £35.2m. The components of this by market are:

- **Iceland:** impairment of £2.5m has been recorded over the goodwill held, to reduce the overall asset carrying value to £33.8m. The assessment of fair value was based on a forecast cashflow projections, in light of the ongoing macro-economic environment experienced during the year;
- **Norway:** impairment of the full carrying value of £13.4m has been recorded in relation to the intangible assets and fixed assets of the operation, as a result of the announced transaction;
- **Switzerland:** impairment of the full carrying value of £10.9m has been recognised. Whilst we consider value may be realised through sale, the recent performance of the business, in particular during the second half of the year, and the uncertainty around future cashflows means that we have taken a cautious approach to assessing fair value;
- **Sweden:** impairment of £8.4m, to a carrying value of £6.0m. This reduces the asset base to a potential value to be realised through any disposal transaction based on initial marketing.

Our market

A growing delivered food market

The delivered food market continues to benefit from a trend towards eating in, a wider choice of cuisines and the ease of digital ordering. Pizza remains the most popular choice, and Domino's is the clear brand leader.

Delivered food market growth

Market Developments

UK delivered food market growing at 8%

Drivers are convenience, digital platforms, growth of the aggregators and home entertainment

Weaker consumer environment and greater competition increases focus on value proposition

Opportunities and risks

- Growth through new stores, like-for-like sales, continued digital engagement and collection
- Customers may trade down from eating out
- Customers may seek cheaper pizza options

Our response

Investing in new platforms for eCommerce and the app

Targeting:	c.1,600
Stores in the UK:	+470 from 2019

Continued investment in digital capabilities and compelling campaigns

Competition

Market Developments

UK QSR and delivery market is one of the most advanced in the world

Traditional competition comes from two major international pizza brands and local independent operators

Digital aggregators growing rapidly and introducing new competition: customers can now enjoy their favourite dine-out brands at home

Opportunities and risks

- Using our scale and brand to take share in the pizza market
- Investing in our integrated business model to provide superior service
- Risk of losing share to other brands
- May lose engagement with younger audiences who prefer a single app

Our response

Continued to invest in compelling national brand campaigns

Continued investment in supply chain, digital engagement and product development

Ran a year-long trial on Just Eat to gain data and insight

Cost inflation

Market Developments

Demand for delivery drivers, slower growth in the labour pool, and increases in National Living Wage all causing labour cost inflation

Food costs negatively impacted by foreign exchange movements

2019 saw a number of restaurant operators scaling back or exiting the market, a continuation of the trend seen in 2018

Opportunities and risks

- Rising costs likely to impact on franchisee and corporate store profitability, and may result in franchisees increasing prices
- Tight labour availability, particularly for delivery drivers, presents an operational challenge for our franchisees and corporate stores

Our response

Supporting franchisees with scale benefits, efficient supply chain and labour management tools

Collection is a growth opportunity with low labour cost

Our store economics are better than most operators in the QSR sector, with low opening costs, high sales, some flexibility in labour costs and low rents

Customer tastes

Market Developments

Rapid rise in number of people looking for plant-based, meat-free and gluten-free alternatives

Increased public health awareness and public policy related to healthy eating

Opportunities and risks

- Develop our menu to suit changing tastes and grow share in vegan/vegetarian segment
- Pizza may become less popular as a cuisine if perceived as unhealthy
- Marketing and promotional activity may become more challenging under future public health guidelines

Our response

Customers order from Domino's on average four times a year, making it a delicious occasional treat

Continue to engage with Public Health England to make sure we are providing customers with clear information to make informed choices

Our lower calorie Delight range offers low fat cheese and a thinner base

Continue to develop a vegan offering

Financial review

Financial headlines:

- solid UK & Ireland performance. UK like-for-like excluding splits up 3.7%, Ireland like-for-like sales excluding splits up 3.0%;
- underlying UK & Ireland EBIT of £102.4m, up 1.4%;
- underlying PBT excludes net non-underlying charges of £23.7m, largely relating to previously announced corporate store impairment of £18.7m and contribution to eCommerce fund of £7.1m;
- Net Debt 232.6m, 1.99x Net Debt/EBITDA on a continuing basis and 2.28x including discontinued operations EBITDA;
- Total dividend +2.7% to 9.76p, given the solid performance of the core UK & Ireland business.

Group revenue

Group revenue, consisting of UK & Ireland revenues following the reclassification of the International business, grew by 3.0% to £508.3m. The drivers of revenue growth continued to be sales growth within the franchisee system, which drives increased food and royalty revenues. Group Revenue has been restated to reflect the change in treatment of income and expenses relating to the NAF and eCommerce revenue, as set out in note 2. This restatement has had no impact on profits, cash flows or the balance sheet position and does not reflect any change in the commercial relationship with franchisees.

Profit before interest and taxation

UK & Ireland underlying EBIT before joint ventures and associates was £100.4m, up 1.1%. The contribution from our joint ventures in the UK was £2.0m (2018: £1.7m), resulting in an overall underlying UK & Ireland EBIT of £102.4m, up 1.4%. As a percentage of system sales, overall underlying UK & Ireland EBIT margin was 8.5% (2018: 8.7%), in line with our long-term target. Underlying EBIT was driven by an increase in Supply Chain Centre profitability and net royalties, partially offset by an increase in overheads, depreciation and the decline in corporate stores profitability. Within UK & Ireland EBIT we have also incurred a charge of £2.1m, related to refunding the eCommerce fund for historical chargebacks.

Statutory profit before interest and tax from continuing operations was £81.4m, down from £89.4m in the prior year. Underlying profit as outlined above was £105.3m (2018: £103.5m), which was offset with net non-underlying items for the year which totalled a loss of £23.9m, an increase from the loss in 2018 of £14.1m. These costs are itemised in full in note 7 and are summarised below:

Net non-underlying items for the period before interest and tax excluding discontinued operations totalled £23.9m. These costs are itemised in full in note 7 and summarised below:

- £18.7m of impairments have been recorded over the corporate stores operations in the UK. This impairment was the result of the weaker performance of corporate stores in the second half, an updated view of the operating cost base, together with our forecasts for future cash flows and an increase in the discount rate. This is against the background of very limited headroom in the prior year calculation. The five-year forecast period used in the calculating the impairment charge is also shorter than our expected payback period for store splits. The valuation is highly sensitive to changes in assumptions, as outlined in note 14;
- £7.1m of costs (2018: £2.9m) have been recorded associated with our contribution into the eCommerce fund. This cost represents the finalisation of our £10.0m commitment made to franchisees to contribute towards the development of the platform;
- a loss of £2.1m has been recorded following changes in fair valuation of the Market Access Fee relating to the German associate (2018: loss of £1.2m). The decrease is as a result of the phasing of costs associated with the Hallo Pizza conversion costs and the forward projections of the German associate, together with changes in the discount rate used in the calculation;
- £2.8m of costs (2018: £3.2m) have been recorded in relation to our share of the store conversion costs for the German associate;
- amortisation of £1.0m (2018: £1.0m) relates to the amortisation of the Standard Franchise Agreement ('SFA') intangible asset recognised on the corporate store acquisitions of Sell More Pizza and Have More Fun;
- £1.4m of costs were incurred in relation to one-off advisory fees in relation to corporate structuring, and in relation to the disposal of International operations, consisting mainly of professional fees paid to advisors directly relating to the disposal. Legal costs of £0.2m recorded in 2018 represent primarily costs associated with legal advice on the reversionary share plan;
- a gain of £9.0m (2018: cost of £3.7m) has been recorded in EBIT relating to revaluation of the put options over our investments in Norway and Sweden as a result of the poor performance of the underlying businesses and our updated expectations of the valuation.

Classification of International businesses as discontinued

In October 2019 the Group announced a programme to dispose of the international operations in Norway, Sweden, Switzerland and Iceland. Accordingly, the operations have been classified as assets held for sale and discontinued operations.

The results of these operations have therefore been removed from underlying results and are presented as a single 'discontinued operations' line net of tax in the income statement. The income statement for 2018 has been re-presented accordingly, together with underlying earnings per share and earnings per share from continuing operations. The impact of the re-presentation has been outlined in note 3.

Our share of profit or loss of our German associate remain presented in underlying results.

The balance sheet items relating to these operations have also been reclassified into two lines on the balance sheet, assets held for sale and liabilities held for sale. In line with the requirements of IFRS 5: Non-Current assets held for sale and discontinued operations, the balance sheet for 2018 has not been reclassified.

Restatement of revenue, cost of sales and administrative costs in relation to NAF and eCommerce revenues

As communicated in the interim results for the 26 weeks ended 30 June 2019, the 2018 results have been restated to include revenues and related costs of the National Advertising Fund ('NAF') and eCommerce funds. IFRS 15 was implemented on 1 January 2018. At that time, the Group believed that the implementation of the new revenue recognition standard had no impact on the treatment of the revenue relating to the NAF and eCommerce funds. Subsequently, and in conjunction with the technical assessment undertaken by our new auditors, it has been concluded that it is appropriate to present the revenue and costs associated with these two funds in our income statement.

Total NAF and eCommerce revenues recognised in the 52 weeks ended 29 December 2019 were £54.8m (52 weeks ended 30 December 2018: £53.9m), and therefore revenue in the comparative periods has been increased by these amounts. Cost of sales has been decreased by £1.4m (52 weeks ended 30 December 2018: £1.1m) and administrative costs has increased by £56.2m (52 weeks ended 30 December 2018: £55.0m).

There is no impact on profit before interest and taxation or on cash flows, and the restatement does not reflect any change in the operation of the funds.

The change relates solely to the UK & Ireland business with no impact on International revenues or costs.

We continue to believe that system sales, rather than statutory revenue, is the most appropriate top line growth measure for the Group.

Interest

Net underlying interest expense in the period was £6.5m, a £3.0m increase year-on-year. This primarily relates to £6.4m interest costs on the revolving credit facility, due to the higher debt position. Net statutory interest expense was £6.3m (2018: £2.3m) after non-underlying interest and foreign exchange movements relating to income on the Market Access Fee of £1.0m (2018: £0.9m) and charges relating to the put options of £0.8m (2018: income of £0.3m).

Taxation

The underlying effective tax rate for 2019 was 17.9%, higher than 17.4% in the prior year. Excluding the contribution of the German associate, the UK & Ireland underlying effective tax rate was 18.4%, an increase to the effective tax rate of 17.8% in the prior year. The statutory effective tax rate excluding discontinued operations is 21.0% (2018: 17.7%), reflecting the inclusion of certain non-underlying items including the corporate stores impairment for which no tax relief is available. The effective tax rate figures have been re-presented to exclude the International operations classified as discontinued.

Profit after tax

As a result of the above, profit after tax from continuing operations was £59.3m, a decrease from £71.7m in 2018. After the loss from discontinued operations of £56.5m (2018: £27.8m), the overall profit for the period was £2.8m (2018: £43.9m).

Earnings per share

Underlying basic EPS increased to 17.6p from 17.4p as a result of the underlying profit increase and reduction in corporation tax, offset with increases in finance costs. Statutory EPS declined to 2.8p from 10.3p, primarily driven from the International performance and impairments recorded.

Free cash flow and net debt

	52 Weeks Ended 29 December 2019 £m	52 Weeks Ended 30 December 2018 £m
Underlying EBITDA	117.0	112.7
Discontinued operations EBITDA	(15.2)	(2.9)
Add back non-cash items		
Share of profits/losses of associates and JV's	(4.9)	(4.2)
Other non-cash items	1.2	0.9
Working capital	(23.3)	0.7
Capex	(23.4)	(28.9)
Dividends received	1.0	1.6
Net interest	(5.7)	(3.1)
Corporation tax	(14.1)	(14.5)
Other	–	1.0
Free cash flow before non-underlying cash items	**32.6**	63.3
Non-underlying cash	1.1	(2.0)
Free cash flow	**33.7**	61.3
Funding to German associate	(2.9)	(11.6)
Acquisitions	(2.7)	(54.3)
Dividends	(44.3)	(44.3)
Share purchases	(17.4)	(63.6)
Movement in net debt	**(33.6)**	(112.5)
Opening net debt	(203.3)	(89.2)
Forex on RCF	4.3	(1.6)
Closing net debt	**(232.6)**	(203.3)
Last 12 months net debt/EBITDA ratio from continuing operations	1.99x	1.80x
Last 12 months net debt/EBITDA ratio from continuing and discontinued operations	2.28x	1.85x

Overall Group net debt increased from £203.3m at 30 December 2018 to £232.6m, with dividends and share buybacks greater than the free cash flow generated in the period.

Underlying EBITDA was £117.0m (2018: £112.7m) with discontinued operations EBITDA of a loss of £15.2m (2018: £2.9m).

Free cash flow was an inflow of £33.7m (2018: £61.3m), which consists of an inflow of £53.2m in our UK business and an outflow of £19.5m in our International business.

The Group experienced a working capital outflow of £23.3m (2018: £0.7m inflow) in the period which primarily consisted of £7m increase in inventory levels for Brexit planning and a one-off payment timing change of £21.0m, which reversed in early 2020. We expect the increased inventory level related to Brexit to be maintained into 2020.

Capital expenditure in the period was £23.4m (2018: £28.9m), with the year-on-year decrease primarily due to spend on the Warrington Supply Chain Centre in 2018 of £7.8m. Overall capital expenditure in the UK & Ireland was £15.0m of which £1.7m was considered strategic capital expenditure on new corporate stores and SCC growth, £5.3m is considered maintenance capital expenditure and £8.0m is related to eCommerce (customer funded) of which £4.1m was on the new eCommerce platform and app, along with £2.1m capital expenditure on the existing platform and CRM, with £1.8m investment in IT equipment for the store estate. International capital expenditure was £8.4m, primarily on new corporate store openings. Dividends received relates to amounts received from our UK joint venture and associates. The net interest cash outflow of £5.7m (2018: £3.1m), has increased year-on-year due to the increased borrowings and an increased margin on the revolving credit facility.

Non-underlying cash income of £1.1m relates to the income on disposal of the Penrith facility, offset with non-underlying cash spent on current year legal and advisory costs and cash cost of restructuring provisions recognised in the prior year.

Funding to our German associate of £2.9m (2018: £11.6m) represents our continued contribution following the Hallo Pizza acquisition in 2017. The funding requirements for the associate have decreased and are expected to decrease further in during 2020.

Acquisitions in 2019 of £2.7m related to the cash paid on the acquisition of the further shareholding in Iceland, of which we now own 100%. Acquisitions in 2018 of £54.3m include £26.8m increasing our ownership interest in Iceland to 95.3%, £16.4m on corporate stores, including deferred consideration of £9.2m and £7.2m for the Have More Fun acquisition, and £10.8m on the investment in Shorecal in Ireland.

Share purchases of £17.4m (2018: £63.6m) represents £1.4m of share purchases for the Employee Benefit Trust (2018: £4.4m) and £16.0m (2018: £59.2m) for the completion of the share buyback scheme.

Capital employed and balance sheet

			29 December 2019 £m	30 December 2018 £m
	As presented	Within Assets and Liabilities held for sale	Total	Total
Intangible assets	34.5	31.9	66.4	106.7
Property, plant and equipment	84.8	8.0	92.8	107.6
Investments, associates and joint ventures	42.9	–	42.9	40.8
Market access fee	7.1	–	7.1	8.9
Deferred consideration	5.7	–	5.7	6.6
Provisions	(15.5)	(5.0)	(20.5)	(16.8)
Working capital	16.5	(5.8)	10.7	(8.6)
Net debt	(237.3)	4.7	(232.6)	(203.3)
Put options	(0.9)	–	(0.9)	(11.8)
Tax	(6.9)	(6.0)	(12.9)	(11.8)
Share buyback obligations	–	–	–	(15.8)
Net (liabilities)/assets	**(69.1)**	**27.8**	**(41.3)**	**2.5**

Due to the classification of the International operations of Norway, Sweden, Switzerland and Iceland as disposal groups held for sale, the balance sheet of the entities has been collapsed into assets and liabilities held for sale. For the purpose of the above table these have been re-presented into the relevant categories to provide year-on-year movements.

Intangible assets have decreased from £106.7m to £66.4m during 2019 as a result of foreign exchange movements, amortisation of the eCommerce platform of £5.8m, £18.7m impairment of goodwill relating to corporate stores, and £18.9m of impairments of intangibles in Iceland, Sweden, Norway and Switzerland, offset by additions during the year.

Property, plant and equipment has decreased during 2019 from £107.6m to £92.8m largely as a result of impairments recorded of £16.3m over International operations, depreciation of £10.8m offset by capital additions of £14.8m.

Investments, associates and joint ventures represents our investment in the German associate and our investment in Full House and West Country in the UK, which are treated as associates and joint ventures respectively. This also represents our investment in Shorecal during 2018. There have been no significant movements in the investment balances in the year, with the largest movement being foreign exchange and an increase in the share of profits of our UK joint venture and associate in excess of dividends received.

The market access fee asset, representing the fee receivable following our disposal of the German Master Franchise Agreement ('MFA'), has decreased in 2019 from £8.9m to £7.1m as a result of the downwards revaluation of £2.1m, partially offset by the unwind of the discount for the future amounts receivable and foreign exchange movements.

Deferred consideration largely represents the amounts owed to the Group following our disposal of the Shayban joint venture in 2018 and deferred consideration recognised on the Have More Fun investment in 2018, which has decreased in the year as result of the completion accounts adjustments.

Working capital has decreased during 2019 from a liability of £8.6m to an asset of £10.7m as a result of the factors outlined in the cashflow section above.

The put option liability of £0.9m has decreased from £11.8m largely as a result of the settlement of the Iceland put option of £2.6m during 2019 and revaluation decreases of £9.0m as described above in the non-underlying section.

Tax liabilities have increased from £11.8m to £12.9m largely as a result of timing of cash payments and releases of deferred tax liabilities.

During 2019 the Group completed the previously announced share buyback programme and therefore no ongoing obligation remains.

Total equity has reduced by £43.8m from £2.5m to £(41.3)m largely due to the recognition of total comprehensive income for the period of £1.3m offset by net share buyback impact of £1.6m and dividends paid of £44.3m. There are sufficient distributable reserves in the standalone accounts of Domino's Pizza Group plc for the final dividend.

Treasury management

The Group holds an unsecured multi-currency revolving credit facility of £350m to December 2023 with a syndicate of seven lenders. An option to the extend the facility by a further 12 months to December 2024 has been deferred by nine months with all lender consent. The facility's lower range remains at a margin of 75bps above LIBOR rising to 185bps with increased leverage, plus a utilisation fee of between 0 bps and 30 bps of the aggregate amount of the outstanding loans. A commitment fee in the base currency computed at 35% of the margin is payable for the undrawn loan amount. The Group monitors its overall level of financial gearing on a regular basis to ensure that it remains well within its targets and banking covenants. The Group monitors its cash resources centrally through short, medium and long-term cash forecasting. Surplus cash in the UK is swept into interest-bearing accounts or placed on short-term money market deposits.

We ended the year with net debt of £232.6m, giving us a leverage ratio of 1.99x from continuing operations, and 2.28x including the trading EBITDA of our operations classified as discontinued. Both of these ratios are within our target leverage ratio of 1.75x–2.5x net debt/EBITDA. Underpinning treasury management is a robust Treasury Policy and Strategy that aims to minimise financial risk. Foreign exchange movement arising from transactional activity is reduced by either agreeing fixed currency rates with suppliers or pre-purchasing the currency spend.

THE STRATEGY FRAMEWORK WE USE TO BRING STRUCTURE AND FOCUS TO OUR OPERATIONAL PLAN

BEING #1 FOR CUSTOMERS IN EVERY NEIGHBOURHOOD

CUSTOMER GOALS

- TO BE THE FAVOURITE TAKEAWAY AND DELIVERY BRAND
- SUPERIOR END-TO-END CUSTOMER SERVICE, VALUE AND PRODUCT
- GREAT LOOKING STORES WITHIN EASY REACH OF ALL POTENTIAL CUSTOMERS

BUSINESS PRIORITIES

Innovative technology
Market-leading and innovative use of digital capability and data to drive customer interaction and franchise innovations

Efficient manufacturing
Highly productive and efficient manufacturer and supplier of food and non-food services

FOUNDATIONS

Balanced network
Profitable, balanced and aligned franchise and corporate store network

Engaged colleagues
Engaged colleagues performing in a great and safe place to work

Capital management
Strong financial foundations, rigorous capital allocation and efficient capital structure

Goals and priorities	Progress in 2019	Priorities for 2020	Link to risks
CUSTOMER GOALS			
To be the favourite takeaway and delivery brand	Continue to be the clear number one pizza business in the UK, with 11% share of the UK out of home food market	Strengthen our brand leading market position through compelling brand campaigns Increase collection as a proportion of orders, from 31% in 2019	• Failure to respond to and overcome competitive pressures • Inability to react to changes in the health debate and public desire for healthier food • Failure to achieve growth through new store openings
Superior end-to-end customer service, value and product	Average delivery time 25.2 minutes in 2019 Customer satisfaction score of 61%, up 2ppt	Work with our franchisees to strengthen our value for money credentials Develop our vegan offering and further increase choice for our customers	• Failure to respond to and overcome competitive pressures • Inability to react to changes in the health debate and public desire for healthier food • Supply chain centres are unable to supply the stores
Great looking stores within easy reach of all potential customers	40% of UK addresses are now within a mile of a Domino's store We have 43% more stores than our nearest two pizza competitors combined	Continue to work with franchisees to ensure every new store has a compelling business case and clear growth plan	• Failure to respond to and overcome competitive pressures • Failure to achieve growth through new store openings
BUSINESS PRIORITIES			
INNOVATIVE TECHNOLOGY **Market-leading and innovative use of digital capability and data to drive customer interaction and franchise innovations**	Our app has now been downloaded 26.6m times and is rated 4.7 out of 5 91% of delivery orders made online	Launch national marketing of GPS offering, once all the technology is fully rolled out Continue the work to replatform our app and website	• Failure to respond to and overcome competitive pressures • Failure of online ordering systems for a prolonged or critical period • Loss of personal data relating to customers, employees or others; loss of corporate data
EFFICIENT MANUFACTURING **Highly productive and efficient manufacturer and supplier of food and non-food services**	Warrington supply chain centre fully on stream and currently serving 457 stores 99.98% food availability and 99.86% accuracy through our supply chain network	Invest in a small Scottish facility, to support future store growth in this region Upgrade and extend our facility in Naas, Ireland, to improve our service and support future growth	• Food safety • Interruption of raw material supplies • Supply chain centres are unable to supply the stores
FOUNDATIONS			
BALANCED NETWORK **Profitable, balanced and aligned franchise and corporate store network**	Remain committed to resolving the current franchisee dispute and agreeing sustainable win-win solutions 32 stores opened in the UK & Ireland, with over a third of franchisees opening stores	Work with our franchisees to agree a resolution to our current dispute	• Commercial leverage of large franchisees • Failure to achieve growth through new store openings • Failure to respond to and overcome competitive pressures
ENGAGED COLLEAGUES **Engaged colleagues performing in a great and safe place to work**	77% colleague engagement through our annual survey, up 4ppts on 2018	Continue to drive colleague engagement, with a focus on internal communication, performance management, prioritisation of workload, franchisee relationship and flexible working	• People-related risks
CAPITAL MANAGEMENT **Strong financial foundations, rigorous capital allocation and efficient capital structure**	£23.4m of capex invested in the business and £61.6m returned to shareholders through dividends and share repurchases	Maintain our target leverage of 1.75–2.5x times Continue to adopt a progressive dividend strategy	• Failure to response to and overcome competitive pressures • Supply chain centres are unable to supply the stores

Key performance indicators

In order to continue to implement, develop and measure the Group's strategic performance, we monitor eight financial and non-financial key performance indicators ('KPIs') in addition to the Group's income statement results.

UK & Ireland System Sales

4.8%

2018: 7.0%

2019	4.8%
2018	7.0%
2017	9.2%

Description

System sales represents the most useful indicator of the overall strength of the Domino's brand. This metric measures the total sales of the Group's franchisee and corporate store system in the UK & Ireland.

System sales do not represent revenue attributable to Domino's as it is derived mainly from stores owned by franchisees.

Performance in 2019

+4.8%

Growth was driven by both store openings and like-for-like sales growth of existing stores.

Link to Strategy

UK LFL sales growth

3.7%

2018: 4.6%

2019	3.7%
2018	4.6%
2017	4.8%

Description

Like-for-like system sales growth represents a measure of our competitiveness in the market and our franchisees' ability to drive increased value from their existing stores. It is an accepted performance metric across all retailing sectors.

It is measured by comparing 2019 sales with 2018 sales for stores opened in 2017 or earlier, which have not been affected by splits in the previous 12 months.

Performance in 2019

+3.7%

Growth was driven predominantly by price as opposed to volume. Performance was similar in H1 and H2.

Link to Strategy

UK & Ireland New Store Openings

32

2018: 59

2019	32
2018	59
2017	97

Description

New stores are a driver of growth. They increase the scale of the system, raising the profile of the brand and increasing value for all franchisees. In addition, they are a signal of good financial returns for franchisees.

Performance in 2019

32 stores

New store openings were impacted by both our ongoing franchisee dispute and the macro-economic environment.

Link to Strategy

UK Delivered on time

78.8%

2018: 79.3%

2019	78.8%
2018	79.3%
2017	81.8%

Description

Customer service is key to the long term success of Domino's, and one of the most important aspects is speed of delivery. The quicker our customers receive their order, the better tasting the pizza and the more likely they are to order again.

We aim to deliver pizzas to customers within 30 minutes of being ordered. The metric represents the proportion of orders that meet this target.

Performance in 2019

78.8%

Although this metric declined slightly in 2019, this is because of the full year impact of the rollout of GPS to the majority of stores, which has improved the quality of data available.

Link to Strategy

Key

Favourite brand	Innovative technology	Balanced network
Best customer experience	Efficient manufacturing	Engaged colleagues
Store convenience		Capital management

Underlying UK & Ireland EBIT

£102.4m

2018: £101.0m

Description

Underlying operating profit is our main profitability metric, and gives an indication of the efficiency of our supply chain in serving the growth in the business.

The calculation excludes the impact of restructuring costs and other one-off items.

Performance in 2019

+1.4%

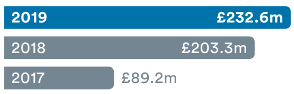
The increase was driven by system sales growth and a good performance in our supply chain, partially offset by lower profitability of our corporate store estate.

Link to Strategy

Net Debt

£232.6m

2018: £203.3m



Description

Group net debt is a liquidity metric, and is calculated by subtracting the cash and cash equivalents from our total debt. Since 2018 we have targeted a net debt to EBITDA ratio of between 1.75 and 2.5 times.

Performance in 2019

+14.4%

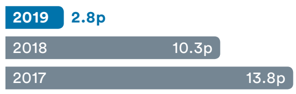
The increase was driven by Brexit related stockbuilding together with a £21m payment timing change, which reversed in early 2020.

Link to Strategy

Basic earnings per share

2.8p

2018: 10.3p



Description

Basic EPS represents the net profit attributable to each share, after taking into account tax and financing, and the change in the number of shares from year to year. It also fully reflects any one-off or non-recurring items.

Performance in 2019

-69.4%

The impairments in our International businesses and corporate stores, in addition to International operating losses, had a negative impact on EPS performance.

Link to Strategy

Dividend per share

9.76p

2018: 9.5p

We aim to generate value for shareholders through both capital appreciation and a regular dividend stream. The dividend reflects the underlying profit and cash flow performance of the business.

Performance in 2019

+2.7%

Dividend growth was as a result of the solid performance of the UK & Ireland business.

Link to Strategy

For more information about our strategy **see pages 20 and 21**

Risk management

The Board has continued to identify, evaluate and monitor risks facing the Group and, during the year under review, a particular focus has been placed on assessing the likely impact that each identified risk could have on the business.

Principal risks and uncertainties

The business faces a wide range of risks on a daily basis. The Board has undertaken a robust assessment of what it believes are the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The table overleaf summarises these principal risks and how they are being managed or mitigated.

The risks in this table have been assessed on a residual basis according to our current view of the potential severity (being the combination of impact and probability) and assume that existing controls are effective.

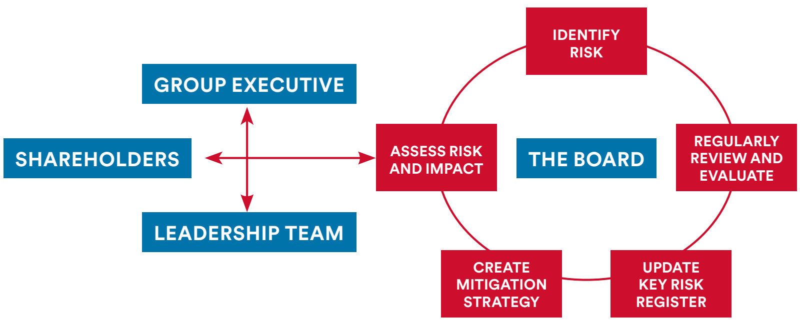
We have linked the risks to the strategic pillars described on page 21. The environment in which we operate continues to evolve: new risks may arise, the potential impact of known risks may increase or decrease and/or our assessment of these risks may change. The risks therefore represent a snapshot of what the Board believes are the principal risks and are not an exhaustive list of all risks the Company faces.

Our approach

All businesses choose to take considered risks in the expectation of earning a return for their shareholders. The Board is clear on the risks it seeks to take (or is prepared to face) within the Company's business model and the adopted strategy, and also the risks it is not prepared to take. The latter are avoided or eliminated, as far as possible, or transferred to insurers.

The Board is responsible for overseeing management's activities in identifying, evaluating and managing the risks facing the Group. Importantly, we treat identifying and managing known and emerging risks as an integral part of managing the business. Principal risks are recorded in the Group's risk register and regularly reviewed and evaluated. Each risk has a business owner, responsible for managing that risk, implementing appropriate controls and mitigating actions and reporting on it to the leadership team. In turn, the principal risks are reported on to the Board.

As a sense-check on management's actions, the Board undertakes its own assessment of principal risks in each year, which is then integrated into the risk register. These known risks are taken into account in developing the Group's strategy and business plans.



Strategy Key

- Favourite brand
- Best customer experience
- Store convenience
- Innovative technology
- Efficient manufacturing
- Balanced network
- Engaged colleagues
- Capital management

See our strategy section on **page 20**

The Board identify, evaluate and monitor risks facing the Group and, during the year under review, a particular focus has been placed on assessing the likely impact that each identified risk could have on the business.

Emerging risks

Brexit

Risk
The Board has considered the risk posed by the continued delay of Brexit/ transition period and does not consider that it presents a principal risk to the business model. As reported previously, there are potential Brexit-related risks associated with increases in raw material and labour cost increases for our franchisees. A 'no deal' Brexit still carries an increased risk of disruption to raw material supplies into the UK and between our Dublin based supply chain centre and our franchise stores in Northern Ireland. The Company has implemented a series of contingency measures to minimise the impact of supply chain disruption.

Minimum wage and labour pool

Risk
Future labour-cost increases may impact the profitability of our corporate stores and the wider franchisee system. The principal drivers of such increases are projections for future increases in the national living wage and national minimum wage coupled with the potential for a tightening of labour supply. We keep this risk under review and an assessment of the impact is included within our current forecasting processes and the risks around wider system profitability.

Coronavirus (COVID-19)

Risk
The Group is monitoring the risk posed by the spread of the coronavirus (COVID-19). At the date of this report, there is no imminent risk to the system but the situation is evolving quickly and we are modelling risk scenarios to assess the potential disruption to stores and supply chain operations and developing appropriate contingency plans.

Strategic risks

People-related risks

Risk
The business is overly dependent on key individuals (either at Board or Executive level or in relation to specialist skills), possibly exacerbated by a failure to attract or retain the skilled and experienced people it needs.

Link to Strategic pillars

Potential impact
High

Probability
High

Mitigation
One of the four key priorities of the Board is the recruitment of a new Chair, CEO and CFO. Robust interim measures are in place as we look to recruit the above roles.

Across management roles the company continues to have robust processes for talent planning and succession.

Nature of threat
These risks could have some impact on future performance, colleague retention in the wider business and strategic development.

Change from 2018
↑

Commentary
2020 will be a year of change in the composition of our Board and Executive Team. The Board is focused on recruitment at the Board and Executive level and colleague retention and engagement. The probability of the risk has increased given the changes in senior positions during the year.

Failure to respond to and overcome competitive pressures

Risk
The business faces strong competition from a range of players, including those exploiting emerging technologies or new food options and new entrants into the UK market.

Link to Strategic pillars

Potential impact
High

Probability
Medium

Mitigation
Management keeps the competitive landscape under review and the Board also monitors the markets in which it operates, as well as KPI data on the current business. Strategy is reviewed and developed by the Board on at least an annual basis.

Nature of threat
These risks have the potential to compromise our future performance or, in an extreme scenario, even threaten the business model itself.

Change from 2018
→

Commentary
Online channels that provide access to diverse cuisine options for delivery are becoming an increasing force in the quick service restaurant space. The Group continues to invest in its eCommerce channels to enhance the customer experience and maintain a highly competitive offering.

Inability to react to changes in the health debate and public desire for healthier food

Risk
As society's expectations evolve, and governments act on public health concerns, we may need to change the products we offer and our approach to marketing.

Link to Strategic pillars

Potential impact
Medium

Probability
Low

Mitigation
Management keeps consumers' purchasing preferences under continual review and adjusts menus in response to these. We also engage, appropriately, with the government on the public health debate to ensure that our views are understood by policy makers and influencers.

Nature of threat
These risks have the potential to compromise our future performance or, in an extreme scenario, even threaten the business model itself.

Change from 2018
→

Commentary
Following political uncertainty throughout 2019 and a new Government, it is unclear whether the proposals published by the previous administration aimed at tackling childhood obesity are still likely to be implemented. We are awaiting responses to a number of consultations which came out of the Government's Childhood Obesity Plans, including the proposed 9pm watershed on HFSS advertising, to understand whether these proposals are a priority for the new Government.

Failure to achieve growth through new store openings

Risk
This risk specifically relates to our failure to meet the store growth targets of our UK & Ireland Master Franchise Agreement ('MFA'). Our ability to open new stores depends on our ability to lease suitable premises in target areas, ideally with the necessary planning consents in place, and identify a suitable franchisee to open and operate the store.

Link to Strategic pillars

Potential impact
High

Probability
Low

Mitigation
The Executive management monitor the new store pipeline regularly. We have a range of new store incentives in place, to encourage new store growth at the right time and in the right location. We have area development agreements in place with many franchisees, laying out new store plans, and we could choose to reallocate a territory if a franchisee were to breach their agreement.

Nature of threat
These risks could have an impact on future performance. In an extreme case an unremedied breach of the UK & Ireland MFA could threaten the Company's business model and liquidity.

Change from 2018
→

Commentary
The overall risk remains broadly similar to 2017 and 2018 as we have continued to open new stores in the UK & Ireland. In 2019 we opened 29 franchise stores with 23 franchise partners and opened three corporate stores. Our MFA with DPI for the UK & Ireland sets out a requirement to have a minimum number of stores each year from 2017 to 2026. Over this ten-year period we are required to open a net 349 stores. As at 29 December 2019 we had more stores open than required by the MFA at this stage.

Commercial leverage of large franchisees

Risk
The Group has 70 franchisees in the UK & Ireland with the largest three franchisees accounting for 42% of our 1,184 stores. The Group may be unable to persuade these franchisees to implement our preferred strategies, or to pass on cost increases in full or part.

Link to Strategic pillars

Potential impact
High

Probability
Medium

Mitigation
Relationships with large franchisees are managed by the Senior Leadership Team of the Group. We regularly explain and emphasise the profit-sharing model to all franchisees, so that they understand that success is mutual.

Nature of threat
These risks have the potential to compromise our future performance for a prolonged period of time.

Change from 2018
→

Commentary
Resolving our franchisee dispute is crucial for the long-term growth of the system, and this is a key priority of the Board. Given the status of the relationship, the risk clearly remains relevant, however the risk of a significant impact remains unchanged. The current level of return achieved from our stores show that there is still a good opportunity for the system to open new franchise stores.

Operational risks

Food safety

Risk
There is the risk of contamination in either the pre-proved dough we produce at the Group's Supply Chain Centres, or in the pizza topping ingredients we distribute to our stores. Food safety is of paramount importance to us and any failures may impact the Brand and our customers in the UK & Ireland.

Link to Strategic pillars

Potential impact
Medium

Probability
Medium

Mitigation
The business has implemented a rigorous regime of standards and food safety checks, with each of the Supply Chain Centres accredited to the internationally recognised food safety standard FSSC 22000.

Nature of threat
If this risk materialised, it could have a significant impact on future performance and potentially liquidity, for a limited time. The reputational impact could have a longer-term effect on performance.

Change from 2018
→

Commentary
The risk continues to be monitored on a regular basis by a qualified in-house resource. The Board routinely receives reports on 'food safety' risk controls. The third-party assurance provided by FSSC 22000 ensures robust operational controls are in place. In 2020 a dedicated Supplier Assurance Team will be recruited to further increase our focus on the quality of our incoming ingredients.

Interruption of raw material supplies

Risk
The business relies on a number of third-party suppliers, some of whom provide the sole source of an ingredient. These suppliers must make a commercial return to stay in business and reinvest in their operations. The Group would be vulnerable if a supplier decided to cease trading, suffered a major interruption or food safety incident, or was responsible for an ethical or compliance breach of such severity that the Group would no longer trade with them.

Link to Strategic pillars

Potential impact
High

Probability
Low

Mitigation
Suppliers are selected through competitive tendering and appropriate due diligence processes. The economics of their businesses are kept under review and their performance against their obligations monitored. We assess their compliance with acceptable business standards.

Nature of threat
These risks have the potential to compromise our future performance for a limited time.

Change from 2018
→

Commentary
An ongoing programme is in place to reduce supplier dependency and improve security of supplies through dual sourcing. Our supply risk relating to single-source supplies has been mitigated on key items by moving to either multiple supply sites from single suppliers or achieving dual supply.

Supply Chain Centres are unable to supply the stores

Risk
We distribute both the pre-proved dough we produce and third-party pizza sauce, cheese, toppings and boxes to our stores as well as other equipment and supplies. A loss of one or more dough production lines or loss of a Supply Chain Centre would require urgent contingency arrangements to be made wherever possible.

Link to Strategic pillars

Potential impact
High

Probability
Medium

Mitigation
In the event of the loss of a dough production line, production could be moved to another site with capacity. If additional capacity was not available, third-party dough production facilities are available, at an additional cost. In terms of delivery of third-party ingredients, our options would be to either collect from suppliers and deliver direct to stores or to use third party sites to storage facilities to house the items before delivering them to store. In 2019 we used a number of third-party sites to store stock as part of our Brexit stock planning.

Nature of threat
These risks could have a significant impact on future performance and potentially liquidity, for a period of time.

Change from 2018
→

Commentary
The current supply chain configuration provides a degree of additional over capacity to manage short term supply issues from the loss of dough production capacity. This situation is regularly reviewed to take account of growth in the system. In 2020, the Warrington and West Ashland production facilities are well balanced to deliver peak demand at 85% utilisation. In order to meet demand beyond 2020 the Board has approved the installation of additional capacity in Scotland.

Failure of online ordering systems for a prolonged or critical period

Risk
Over 91% of delivered sales are now placed online. As well as the reliance on data centres and our own software developed in house, there is also a risk from systems implementation and design failures, and from malicious denial of service attacks.

Link to Strategic pillars

Potential impact
High

Probability
Medium

Mitigation
Cyber-risk appears on the Board agenda and Audit Committee agenda on a regular basis and management review the performance of IT infrastructure on a continual basis. We have established constant monitoring processes over our online platform which enable us to respond quickly to developing issues.

Our systems are hosted by third-party specialists, with parallel processing across multiple sites and real-time replication and appropriate protection from malicious attempts to disrupt the availability of our sites.

Nature of threat
These risks could have some impact on future performance during the downtime period and could cause wider brand perception issues.

Change from 2018
→

Commentary
As we continue to see an increase in online ordering, the potential impact of the failure of our online ordering system remains high. On the whole the level of risk of a prolonged outage remains unchanged, but we remain vigilant to the risk posed in terms of potential system disruption and online fraud. The Group has maintained its compliance with PCI level 1 and continues to enhance its systems control environment technical capability and systems resilience.

Loss of personal data relating to customers, employees or others; loss of corporate data

Risk
For ease of use, our online ordering systems hold some customer data, the loss of which (whether accidental or following hacking) would cause disruption and cost to the Group. In addition, the Group's own data on employees and suppliers is exposed to the same risks of loss.

Link to Strategic pillars

Potential impact
High

Probability
Medium

Mitigation
Cyber-risk appears on the Board agenda and Audit Committee agenda on a regular basis and management keep the security of data under its ownership or control under continual review. We have a robust compliance programme for GDPR. Franchisees are trained in their obligations in respect of personal data and are required to train their staff appropriately. Appropriate IT security is in place and kept under continual review. We do not hold customer credit card data on our systems.

Nature of threat
These risks have the potential to compromise our future performance. In an extreme scenario, the reputational damage could possibly threaten the business model if we suffered a total loss of consumer confidence.

Change from 2018
→

Commentary
Cyber-risk remains a major and increasing threat. The Group's cyber-security maturity is regularly reviewed by the Group's management and external advisers. Data security is critical and continues to be a focus for our Board to strengthen our people and systems to mitigate the probability of a data breach. The Board are committed in ensuring that we have an effective information security function to support our business and the Domino's system.

Viability statement

The Company's current position

The Company's core UK & Ireland business model has been shown to be solid since it was formed. We operate under what is effectively a perpetual Master Franchise Agreement ('MFA'), so the business model is long-term. The Company's strategy and business model which is explained on pages 8 to 28, is well established and we have a market-leading position in the UK & Ireland, having successfully exploited the emergence of eCommerce as a sales channel.

We continue to open new pizza stores in the UK & Ireland and have demonstrated good growth in system sales, like-for-like sales and profitability in our core business over many years, with high rates of converting operating profit to cash. At 29 December 2019, the Group has net debt of £232.6m and a committed £350m five-year multi-currency bank facility, which expires in December 2023. An option to extend the facility by a further 12 months to December 2024 has been deferred by nine months to September 2020 with all lender consent.

Our strategic planning process

The CEO, supported by the leadership team, is responsible for the Group's strategic planning process. This starts with an annual strategy review, which is informed by both in-house monitoring of market trends and developments and external market research. Following this review, an initial strategic plan is drafted, including a detailed financial model. This is considered by the Board at its annual strategy away-day. The Board review and challenge the draft plan, utilising their experience, market insight and knowledge of the financial, technical and human resources available to the Company.

The resulting agreed strategic plan is generally prepared on a five-year basis, but both management and the Board are conscious that the Company operates in a fast-moving environment.

Long-term viability statement

In accordance with provision C.2.2 of the Corporate Governance Code, the Directors have assessed the long-term viability of the Company over the period to December 2022.

The assessment has been based on the Company's strategic plan, balance sheet position, agreed financing and financial modelling of the strategic, operational and emerging risks discussed in the Risk Management section of the Strategic Report. The emerging risk that the UK leaves the EU on WTO terms in early 2021 has been specifically considered, with modelling assuming there would be an impact on food cost inflation and consumer confidence.

The potential impact of a disorderly exit from businesses in the Company's International segment has been considered given the divestment activities underway at the time of this period's viability assessment.

In stress testing the Company's viability, the Directors have assessed the impact of events occurring in isolation and in combination, as may occur in certain scenarios. The Directors have also considered what mitigating capital management actions could be taken in response.

The following 'severe but plausible' scenarios were modelled as part of the stress testing performed:

- only managing to open 25% of planned new pizza stores, while simultaneously failing to achieve any like-for-like system sales growth;
- reduced trading margins due to food cost increases, a disruption to food supplies or a weakening of pound sterling;
- higher than expected pre-exit losses and disposal costs incurred in the divestment of businesses in the Company's International segment;
- the complete failure of eCommerce ordering systems during an average trading week;
- a major food safety or data security incident.

In each of the 'severe but plausible' scenarios modelled, the Company could be expected to remain within its agreed financing and maintain covenant compliance, provided appropriate mitigating capital management actions were taken.

Reverse stress testing has also been performed, which concluded that the Company's currently agreed financing could only be breached if a highly unlikely combination of scenarios occurred within a short period of time.

The Company's compliance with the terms of its UK & Ireland MFA is of fundamental importance to its business model and viability. MFA targets have been agreed for a ten year period starting in 2016 and the Company is currently on track with those targets. It is considered highly improbable that the Company's MFA would be terminated in the period under review.

Following their assessment, the Directors have a reasonable expectation that the Group will be able to continue to operate and meet its liabilities as they fall due over the period to December 2022.


SUSTAINABILITY REPORT

Our approach

Our approach to sustainability continues to grow and evolve. As a business that reaches people, places and suppliers across the country, we strive to leave a positive and lasting legacy on our industry and society.

This year, we continue to report on the sustainability-related activities surrounding our brand, our suppliers and partners, and our customers.

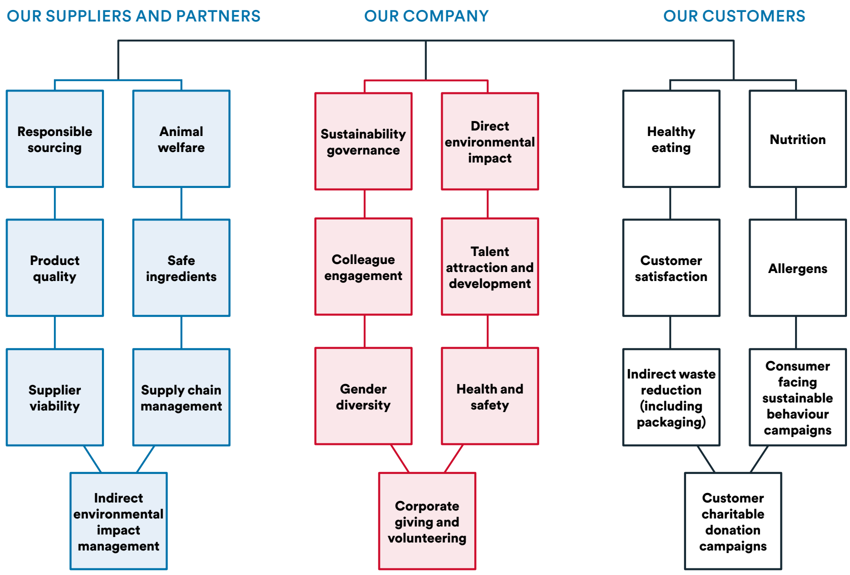
In line with reporting developments, we have reviewed the Group's sustainability strategy and material focus areas and believe they remain fit for purpose. In 2020, we will be reviewing our approach in further detail and looking to set long-term targets across our key areas of focus.

Our sustainability framework

We have established a sustainability framework that maps our impacts across our diverse value-chain. It ensures we have clearly assigned roles and responsibilities for our key stakeholder groups, and that we are carefully considering our impact on them.

- our **Company** owns and drives our approach to sustainability. It sets key policies, processes and communication of our activities;
- our **suppliers and partners** are responsible for adhering to our key policies and principles, and aligning to our key targets. This includes everything from how we source the ingredients in our products through to how franchisees deliver to our consumer;
- our **customers** are a key consideration in our approach to sustainability. Our Company drives campaigns to further the causes that are important to our customers.

The issues that sit at each level are as follows:



How we manage sustainability

Board leadership will enable us to embed sustainable business practices across our operations. Our Board of Directors oversees our sustainability efforts, sets strategic and financial objectives, implements robust risk management frameworks and establishes the ethical standards we abide by.

Non-financial information statement

In line with our commitment to upholding high standards of conduct and compliance, we align our reporting to the Non-Financial Reporting requirements of sections 414CA and 414CB set out in the Companies Act 2006.

Required information	Policies and due-diligence	Coverage
Environmental matters	• Environmental policy	P32
Employees	• Code of Conduct • Health and Safety Policy • Diversity Policy • Bullying, Harassment & Discrimination Policy • Gender Pay Gap Report • Learning and Development Policy • CEO Pay Ratio Reporting	P33, 34, 85
Social matters	• Charity guidelines • Matched giving guidelines	P34
Respect for Human Rights	• Data Protection Policy • Modern Slavery Statement • Human Rights Policy • Supplier Technical Manual	P36
Anti-corruption and bribery matters	• Anti-Bribery and Corruption Policy • Risk Management Policy • Criminal Finances Act Policy • Whistleblowing Policy	P32, 60, 63
Description of the business model		P8
Principal risks and impact of business activity		P24
Non-financial key performance indicators		P22

Our Company

Responsibility for owning and driving our sustainability strategy lies with Domino's Pizza Group plc ('DPG'). We set policies and processes for managing and maintaining sustainability within DPG-owned corporate stores and our Supply Chain Centres ('SCC'), as well as our franchisees and supply chain partners. We ensure our partners follow our lead via regular audits and assessments.

Our key policies and processes

The Group is responsible for compiling and rolling out key regional and international sustainability and risk policies that are applicable for our colleagues and suppliers.

We provide guidance and support on key processes and policies for franchisees, however, they employ their own teams directly and are independently responsible for engaging with them on day-to-day policy matters. We ensure that all stores have access to a copy of our Food Safety Management System ('FSMS'), which outlines policies and processes to follow for the safe and legal production of our products.

We provide a copy of our Anti-Bribery and Corruption Policy to all new suppliers and those undergoing a contract review. If any supplier were to act in contravention of the standards of this policy, we would immediately terminate the relationship between us. We also have a separate Due Diligence Policy within the Anti-Bribery and Corruption Policy that we use to assess the potential risk of bribery in a new supplier, and the level of due diligence required as a result. We have mandatory training on compliance with our Anti-Bribery and Corruption Policy.

Suppliers are provided with our Supplier Technical Manual, which covers what we expect of our supply chain partners in the supply of goods to DPG. Policies cover key issues such as animal welfare, GM food and palm oil sustainability, as well as requirements to ensure safe and legal products are produced.

Beyond this, our Environmental Policy outlines our commitment to compliance and to improving performance across key areas such as energy and carbon, waste and packaging and water usage.

Carbon emissions

Our reporting period for Greenhouse Gas ('GHG') emissions is 1 October 2018 to 30 September 2019 and 2018/19 marks our seventh year of GHG emissions reporting. Our material GHG emissions from business activities in the UK & Ireland in this period amount to 14,500 tCO_2e (2017/18: 13,517 tCO_2e), a 7% increase on 2017/18 levels.

This increase is a reflection of a year of transition, during which we have been completing a number of important changes to the way our SCC and delivery network operate. This includes the increased volume of fuel used in our UK & Ireland delivery fleet and the energy used to operate our SCC at West Ashland, Warrington and Naas.

Despite the increase in total emissions, our relative performance continues to improve in terms of our carbon efficiency. Increased production volumes in 2018/19 have resulted in an overall emissions intensity increase of less than 1% compared to 2017/18 and -48% compared to our baseline (2012/13) when we first started to track environmental performance. In addition, we improved our CDP score from a C to a B-, due to increased efforts to combat climate risk management and enhance disclosure.

Building energy efficiency

Increasing operations at our new Warrington supply chain centre, and dual running during the phased closure of our Penrith site increased our use of electricity and gas in 2018/19. We anticipate the consolidation and optimisation of our operations and the associated investment in energy efficient production machinery will realise both cost and emissions savings in future years.

At West Ashland, our largest production site, we upgraded 80% of our lighting to LEDs with occupancy sensors in 2019, with the remaining 20% to be upgraded in 2020.

In 2019 we also met the legal requirements of the Energy Savings Opportunities Scheme (ESOS) phase two, having assessed the total energy consumption of our whole operational estate, company-owned and employee-owned vehicles. This has helped us better understand the energy performance of assessed sites in greater depth and develop a refreshed list of energy saving opportunities for investment.

In addition to improving our building energy efficiency, we have also been working on our wider environmental impacts. In 2019 we increased the capture and reuse of waste water at our truck wash area and have introduced the use of steam cleaners in our production area. Both initiatives have resulted in decreased water consumption and cost to the business.

Fleet management

Our delivery fleet accounts for half of our total emissions and is influenced by both our production levels and delivery distances between our SCC and stores. The relocation of delivery vehicles associated with our Penrith site between Warrington and West Ashland has increased our fuel usage during this year, however we have been taking steps to carefully manage this.

This year, we implemented an improved fleet management system with new routing software which allows us to realise driver efficiencies and closely monitor and manage our fuel use. We will be using this data to remodel our delivery network and reduce the number of fleet vehicles over the next two years. In addition to this we are currently trialling compressed natural gas ('CNG') vehicles and evaluating the potential electrification of the refrigeration component of our HGVs. If these pilot programmes prove successful, they will also be implemented over the next two years to both reduce costs and emissions.

Engaging with our colleagues

We believe that when our colleagues thrive, we thrive. In order to effectively listen and respond to our colleagues, as well as identifying opportunities to better meet their needs, we are continually developing our channels for communication and feedback.

2019 was the third year of our colleague engagement survey, 'Make a Difference'. This year, the survey was expanded to include all UK & Ireland business areas, with Warrington Supply Chain colleagues and store managers in our corporate stores included for the first time. In addition, the scope was widened to include specific health and safety related questions.

Given the expanded sample size, we were delighted that the response rate rose to 95% (+8%). We believe this is a testament to the open culture we foster, with colleagues agreeing that we are listening and responding to their feedback.

We saw colleague engagement rise to 77% (+4%), with all but one of the 39 questions asked showing an increase and over 50% of those question responses improving by 5% or more. This is positive compared to external market trends. 81% of colleagues are proud to say they work at Domino's and 80% of colleagues believe we celebrate success; a 14% increase with the introduction of the DOMI's, our annual colleague recognition celebration.

The success of other actions off the back of last year's survey were also shown in this year's results, with step changes in performance management (+6%) and manageable workload (+7%). The new Health & Safety Index results from the engagement survey are also encouraging, and we continue to accelerate our health and safety transformation plan in high-risk areas such as supply chain and corporate stores.

Helping our people thrive

An important reason why colleagues stay with us is knowing that they can learn and develop in their role. In 2019, we continued to focus on embedding our performance management process, increased the uptake on our e-Learning platform and in essential skills training, and ran a number of events for new teams, supported by the use of insights methodology. This has resulted in a positive increase in the engagement survey results, with perceptions of development (+8%) and training opportunities (+9%).

Scaling new heights in the UK

In September 2019, 11 dedicated colleagues from our IT Team scaled Ben Nevis and raised over £13,000 for Teenage Cancer Trust. The money raised will make a massive difference to the lives of young people affected by cancer, helping to pay for nurses to work in local hospitals and patients' homes so that teenagers can receive the expert treatment they need, no matter where they live.

See more online at
https://corporate.dominos.co.uk/Corporate-Responsibility

'Stepping into Leadership', our First Level Leaders programme continues, with our eighth cohort having commenced in October 2019. With 94 colleagues having benefited from this programme, we are now reviewing the next steps for 2020 and beyond. We also continue to invest in our senior leadership teams, with programmes designed to help grow our internal leadership capabilities.

Beyond career progression, we encourage our colleagues to look after their physical and mental wellbeing and have run both health and safety and health and wellbeing weeks in 2019, the latter featuring health checks by Vitality, our healthcare provider. Throughout the year we encourage our colleagues to get involved through regular All-Colleague Meetings, colleague forums, and fitness events to support our charity partners.

Enhancing diversity and inclusion

We are committed to creating a diverse and inclusive working environment, where every colleague feels welcome and is able to do their best work. We do not condone any type of bullying, harassment or discrimination in the workplace. We believe in the benefits of diversity and bringing a wide range of skills, experience and perspectives into our business.

Whilst acknowledging that we still have some work to do on Group level-diversity, we have improved gender diversity within our Senior Leadership Team, with females holding 31% of these roles. Within our UK corporate stores, 54% of in-store management positions are held by females. We want to continue to develop diverse leadership talent internally, and since 'Stepping into Leadership', has been running, our cohort diversity has run at a 40% female to 60% male split.

Domino's Pizza UK & Ireland Limited has reported women's mean hourly rate was 5.8% higher than men and 88.8% of females received a bonus compared to 87.7% of men in 2019.

The Board Diversity Policy requires gender and diversity to be taken into consideration when evaluating the skills, knowledge and experience desirable to fill each Board vacancy.

Promoting corporate giving and volunteering

Raised over £1m for charity:

- over £929,700 for Teenage Cancer Trust;
- over £64,000 for Barretstown;
- over £24,000 for Northern Ireland Children's Hospice;
- over £68,000 for Pennies.

In the fourth year of our partnership with Teenage Cancer Trust, Domino's has made an incredible contribution to the charity's mission of ensuring that the seven young people diagnosed with cancer every day, do not face it alone. Thanks to our customers, colleagues and franchisees, we have now raised £3.5m for young people with cancer, reaching the £3m milestone in 2019, six months earlier than expected.

Our partnership with Teenage Cancer Trust has become so ingrained in our culture that colleagues and franchisees have committed to a number of fundraising and awareness-raising initiatives over the course of the year. This included 16 Head Office colleagues taking on a charity fire walk and our IT Team scaling Ben Nevis, while franchisees have raised over £50,000 through in-store charity deals. Our franchisees and store team members have also thrown themselves into fundraising challenges, notably Team Solent tackling a tower abseil, and SK Group completing a London to Brighton challenge.

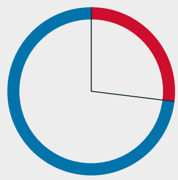
In 2019, we celebrated our fifteenth year with our Republic of Ireland charity partner Barretstown. Over the last 15 years, Domino's has raised over €350,000 for the charity, delivering 140 seven-day camps to children living with serious illness, as well as hosting around 50 pizza making workshops for almost 6,000 children.

2019 was also our second year of partnership with FareShare, the UK's largest charity fighting hunger and food waste. Through FareShare we are able to redistribute surplus food from our Supply Chain Centres to charities and community groups across the UK.

What's next?

Moving forward, we will continue to evolve the charity programme in line with fresh business priorities. We will also continue to galvanise fundraising with our customers, franchisees, store teams and office colleagues to enhance our impact.

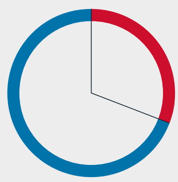
Gender Diversity



All colleagues

3,997 (2018: 4,067)

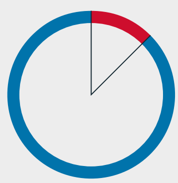
Female	Male
1,074 27%	**2,923** 73%
2018: 1,163 – 29%	2018: 2,904 – 71%



Senior Leadership Team

59 (2018: 63)

Female	Male
18 31%	**41** 69%
2018: 17 – 27%	2018: 46 – 73%



Group Directors

7 (2018: 8)

Female	Male
1 14%	**6** 86%
2018: 1 – 12.5%	2018: 7 – 87.5%

Our Suppliers

We rely on our suppliers and franchisee partners to deliver for all of our stakeholders. As such, we strive to manage these relationships as closely as possible to ensure they match our sustainability ambitions.

Our supply chain and store partners manage everything from sourcing ingredients responsibly and delivering a safe and legal product, to reducing our environmental impact through efficiencies and maintaining customer relationships.

Though our suppliers and franchisee partners retain ultimate responsibility for adhering to the policies we set, and for contributing to our key Group targets, our due diligence includes rigorous procurement processes for all new suppliers and partners, and regular risk assessments and audits for existing suppliers and stores.

Our approach to responsible sourcing

We have a rigorous system in place for assessing risk and monitoring both new and existing suppliers. To ensure our requirements for safe and legal production are met, all suppliers are vetted and frequently audited by our procurement and technical teams. We also require all our suppliers to have a third-party accreditation from a globally recognised food safety standard and to be members of Sedex, the ethical trade service provider who work to improve working conditions in global supply chains.

Our supplier documents are reviewed annually. In 2019, we re-launched our Supplier Technical Manual and issued a new Supplier Code of Conduct. Our technical and operations teams have also collaborated on reviewing the stores' FSMS. A re-launch of the entire system, which captures all UK legislative requirements and all relevant policies and procedures from Domino's Pizza International ('DPI'), will be taking place during 2020. Ahead of the rollout of DPI third-party food safety audits in early 2020, all franchisees and representatives were invited to attend dedicated third-party food safety training.

In 2019, we also engaged with our suppliers on allergen management within the supply chain and have subsequently drafted an audit template to monitor allergen management within third-party supply chains and production facilities. This will be trialled during Q1 of 2020, for full supplier rollout in Q2.

Safe, responsible ingredients

During 2019, all of our core ingredients, pizza toppings, sides and desserts were tested by our internal quality panel against specifications agreed with suppliers. Products were tested for appearance, aroma, taste and texture and scored on acceptability. All ingredients were also sent, according to a risk assessed schedule, to an accredited third-party laboratory for microbiological and chemical analysis against agreed protocols and specifications.

We have used results from the quality surveillance programme as part of supplier scorecard measurements to grade the quality of our suppliers and products. This data is reviewed with suppliers twice a year to agree objectives and improvements which are closely monitored. If the quality falls below the standards expected, the frequency of supplier audits and product reviews will increase. Products of a quality below specification would stop being delivered to our stores.

Our Supplier Technical Manual, which covers all the policies and processes we expect of our supply chain, is supported by a programme of due diligence product testing between ourselves and our suppliers. All suppliers are regularly assessed on food safety risk, with suppliers deemed high risk audited on an annual basis and medium to low risk suppliers audited every 18 months to two years.

All stores have access to our FSMS, which details the in-store guidelines for the safe production of our products. It is based on the principles of hazard analysis and critical control points ('HACCP') and outlines areas such as temperature control, allergen control procedures, correct storage, dating and rotation of ingredients, as well as best practice on managing the health and hygiene of a store's environment and colleagues. All store colleagues are trained on allergens and allergen management in store and are required to take an annual refresher course.

An Amazing Race to Victory in Ireland

In 2019, we sponsored a new fundraising event, The Domino's Amazing Race for Barretstown, where over €25,000 was raised for the charity. The campaign was part of the Press Play initiative, which aims to raise an additional €5m by 2024 to ensure that the charity can expand its programmes to serve more children who suffer from a serious illness and their families.

As well as sponsoring the event, we hosted our very own Domino's Day in April. Over 200 Domino's colleagues descended on Barretstown Castle to compete against each other in a series of challenges, with Cathal McDonnell's winning team from Cork and Waterford going on to represent Domino's at the inaugural Domino's Amazing Race for Barretstown.

Kevin Blessing, Domino's franchisee, said: "Our company has worked with Barretstown over many years. However, actually immersing ourselves in the experience that the kids get really opened our eyes as to how Barretstown works. We found the day to be a thoroughly enjoyable experience, whilst also building confidence and teamwork."

See more online at
https://corporate.dominos.co.uk/Corporate-Responsibility

Animal welfare

Beyond ingredient safety, animal welfare remains a key focus. We work closely with partners such as Compassion in World Farming ('CWF') to support in preparing and publishing our animal welfare commitments for our suppliers. For instance, all sourced canned tuna must be caught using responsible fishing methods, palm oil must be sourced from a fully sustainable source, and all egg or egg ingredients must be from cage-free production systems by 2020.

CWF also supported updates to our annual policy and engagement with the Business Benchmark for Animal Welfare ('BBFAW'). BBFAW's annual review saw us retain our Tier 3 grading – and identified areas for continued animal welfare commitment for 2020. In our animal welfare policy, we now provide key data on our animal welfare KPIs, such as close confinement, use of cage free egg and percentage of supply chain that uses pre-slaughter stunning.

What's next?

Food allergen awareness and more robust allergen management practices will remain a key focus into 2020. To reinforce this commitment, we are working with Reading Scientific Services ('RSSL') to conduct an end-to-end review of our current allergen control procedures, encompassing suppliers, manufacturing, store delivery and in-store allergen management. As a result, we have established an Allergen Steering Group that has identified the top 10 actions and will meet monthly to discuss progress against these and other business activities. It will also provide the business with weekly data on allergen concerns and reactions raised by our customers and actions taken to investigate such concerns.

As well as allergen management systems, the annual review of our Supplier Technical Manual will focus on improving current standards for engagement and training for suppliers and an increased frequency of supplier site visits and audits. Part of this commitment will be to continue to roll out third-party audits across all stores. The scheme commenced in 2019 and the UK & Ireland audit programme begins in Q1 2020. Moving forward, stores will be audited on an annual basis and these audits will include training.

Our Customers

As a customer-focused business, service is at the centre of our approach. We seek to inspire our customers through campaigns to promote healthy eating and ingredients, charitable giving and waste reduction while also engaging with them to ensure we are meeting their needs.

As part of our commitment to the health of our customers, our Health Steering Group ensures we are making progressive changes to our products to meet and exceed consumer expectations. We stay abreast of trends and opinions through frequent consumer research, as well as playing an active role in contributing to and shaping legislation around public health.

Promoting healthy eating

Our Health Steering Group plays a key role in informing our new product development strategy. In January 2019, we launched our Delight pizzas, developed to contain less than 650kcal per small pizza and around 100kcal per small slice.

Both the Delight Chicken and Delight Vegi options use Domino's signature fresh dough, hand-stretched to a thinner base and finished with a light scattering of reduced fat mozzarella. These pizzas are allowing customers to enjoy the great taste of Domino's pizza, while being mindful of their calorie consumption. Customers are also able to substitute mozzarella for our reduced-fat mozzarella on all pizzas.

We believe in promoting a balanced diet for our customers and remain committed to providing transparent nutritional information to enable an informed choice. We publish detailed nutritional profiles for more than 1,000 combinations of regular pizzas and those made with our Delight Cheese.

Measuring and improving customer engagement

To ensure we are measuring and improving the experience our consumers have with us, obtaining frequent feedback is vital for building strong relationships and supporting sustainable growth.

We measure consumer satisfaction through our Feed Us Back programme, in which our consumers who provide us with a valid email address are invited to complete a survey. In 2019 we had around 300,000 unique responses. The questionnaire focuses on six key measures and metrics relating to overall satisfaction, value, timeliness, taste, accuracy and appearance of food. In 2019, we were pleased to have improved our performance across five out of six of these areas. This in turn, boosted our Overall Satisfaction ('OSAT') score by 2%.

Beyond consumer satisfaction, we also increased efforts to understand what our stakeholders care about when it comes to our sustainability efforts. To achieve this, in 2019 we undertook consumer and stakeholder research to better understand stakeholder perceptions of our position on a range of ESG topics in the UK & Ireland. We engaged with multiple stakeholder groups including colleagues, MPs, suppliers and public health experts. The outputs of this have enabled us to streamline our approach through the creation of specific steering groups in four focus areas.

One of the immediate areas we were able to take action was in our commitment to remove all plastic carrier bags from our stores, which will come into effect in 2020. We also engaged with The Waste and Resources Action Programme (WRAP), The Local Authority Recycling Advisory Committee (LARAC) and the British Retail Consortium as part of continuous improvement of the recyclability of our packaging. The research will also be used to set future targets and establish clear work streams moving forward.

In-store giving and donations

Our Domino's customers made over 4.1 million micro-donations online via our partner Pennies, the digital charity box, through rounding up their pennies when they ordered through the website and app. They contributed a huge £2.8m in 2019, and £4.5m since 2010 for our supported charities.

Teenage Cancer Trust is also prominent in stores, with customers regularly contributing to local fundraising events (see page 34 for more).

What's next?

In 2019, we undertook a reputational audit to better understand stakeholder perceptions – including colleagues, MPs, suppliers and public health experts – of our position on a range of ESG topics. This has in turn enabled us to streamline our approach and has informed broader work on social purpose for 2020.

In the year ahead, we will look to refresh our ESG management process, creating wider ownership, accountability and transparency.

Fundraising franchisees

Domino's Shrewsbury and Shrewsbury – Battlefield helped raise just over £7,000 for Teenage Cancer Trust. Fundraising initiatives included a local raffle, in-store collections and a Domino's charity meal deal, which saw £1 from every order go to the charity. The £7,000 raised with the help of these generous customers could pay for more than 230 hours of specialist nursing care, 280 Youth Support Coordinator hours, or expert nursing across the whole charity for one day.

See more online at
https://corporate.dominos.co.uk/Corporate-Responsibility

Section 172 of the UK's Companies Act

Directors' duties

The Directors are required to act in a manner which complies with their duties as set out in the UK Companies Act 2006. These duties include a duty to promote the success of the Company, which is summarised below.

Section 172 of the UK's Companies Act

In summary, as required by section 172 of the UK's Companies Act, a Director of a company must act in the way he considers, in good faith, would most likely promote the success of the company for the benefit of its shareholders. In doing this, the Director must have regard, amongst other matters, to the:

- likely consequences of any decisions in the long term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- company's reputation for high standards of business conduct;
- need to act fairly between members of the company.

The following is an overview of how the Board has performed its duties during the year.

Shareholders

The Chairman, Chief Executive Officer, Chief Financial Officer and Senior Independent Director (and the chairs of the principal Board Committees where required) have regular contact with major shareholders. The Board receives regular updates on the views of shareholders which are taken into account when the Board makes decisions. Examples would include the Board's decision to exit markets outside of the UK & Ireland, decisions around Board succession and the appointment to the Board of a representative of Browning West LLP.

Employees

During the year the Board nominated Kevin Higgins as the designated non-executive Director for the purposes of workforce engagement. The Board receives regular updates on matters relating to its workforce including reports feedback from formal engagement surveys, health and safety matters and other reports on a variety of workforce engagement mechanisms. These views have been taken into account when the Board (or its Committees) have considered remuneration and reward and investments in the supply chain, including investment in the redesign of store delivery systems.

Customers

The Group's customer base primarily comprises its franchisees but also end consumers. The Chief Executive Office, Chief Financial Officer and other members of the Leadership team have regular contact with franchisees as the relationship is fundamental to our business model.

The Board receives updates on feedback from franchisees at every Board meeting. Feedback is taken into account in Board decisions which have included the Group's decision to invest in an additional supply chain centre in Scotland, incentive arrangements, marketing support for franchisees and the redesign of store delivery systems. As the operator of a global brand, the views of our end consumers are very important. The Group undertakes regular surveys to establish consumer views on product quality, product delivery and value for money perception.

Community and environment

We recognise that the business has a role in contributing to wider society.

The Board encourages the fund raising efforts of the Group and Franchisee community for Teenage Cancer Trust, Barretstown and the many other local initiatives supported by the Group.

The Board reviews its environmental policy annually and is our commitment to high standards of environmental management.

Strategic Report
Signed on behalf of the Board

David Wild

4 March 2020

Governance

Board of Directors

The Board of Directors are responsible for determining the overall strategy of the Group. The structure of the Board and the integrity of the individual Directors ensures that no single individual or group dominates the decision making process.

Ian Bull

Interim Chairman, Senior Independent Director

Appointed

Ian was appointed to the Board in April 2019 and was appointed as the Senior Independent Director on 9 September 2019. Ian accepted the role of Interim Chairman in December 2019.

Experience

Ian is a Fellow of the Chartered Institute of Management Accountants and has over 20 years' financial experience with a variety of businesses across a range of sectors. He was previously Group Finance Director of Greene King plc, Chief Financial Officer at Ladbrokes plc, and was most recently Chief Financial Officer of Parkdean Resorts Group. His finance career included Whitbread plc and BT Group, and he was formerly also a Non-executive Director of Paypoint Ltd.

Other appointments

Ian is currently Senior Independent Director of St. Modwen Properties plc and a non-executive Director of Dunelm Group plc.

Committees

Audit Committee (Chairman), Nomination Committee, Remuneration Committee

Colin Halpern

Non-executive Vice-Chairman

Appointed

Colin was appointed to the Board as non-executive Vice-Chairman in December 2007, prior to which he was the Executive Chairman from founding the Company.

Experience

Colin acquired the Domino's Pizza Master Franchise Agreement for the UK & Ireland in 1993 through International Franchise Systems Inc. In 1999, with Colin as Chairman, the Company was taken public and listed on AIM and subsequently moved to the Main Market in 2008.

Other appointments

Colin is the Managing Director of HS Real Company LLC and Dayenn Limited and non-executive Director of several other companies.

Committees

David Wild

Chief Executive Officer

Appointed

David was appointed to the Board as a non-executive Director in November 2013, became Interim Chief Executive Officer in January 2014 and was appointed as Chief Executive Officer on 30 April 2014.

Experience

David was previously Chief Executive Officer of Halfords Group plc and held senior roles within Walmart Stores Inc., Tesco Stores plc and RHM Foods Limited. He was also Senior Independent Director of Premier Foods and a non-executive Director of Practicology Limited and The Bankers Investment Trust.

Other appointments

David is currently Senior Independent Director of Ten Entertainment Group plc.

Committees

Kevin Higgins

Non-executive Director

Appointed

Kevin was appointed to the Board in September 2014 and was appointed as the Senior Independent Director on 9 September 2019.

Experience

Kevin's career spans more than 20 years in branded consumer foods in both Europe and the US. He has previously served as President of Burger King Europe, Middle East and Africa. Prior to his role with Burger King, Kevin served as General Manager of Yum! Brands (Pizza Hut, KFC and Taco Bell) Europe and Russia Franchise Business Unit based in Switzerland. Earlier in his career he held executive roles with PepsiCo and Mars.

Other appointments

Kevin is currently non-executive Chairman of Lunch Garden, a Belgian restaurant and catering chain.

Committees

Audit Committee, Nomination Committee, Remuneration Committee (Chairman)

Committee membership

Audit Committee
Nomination Committee
Remuneration Committee
Committee Chairman

Helen Keays

Non-executive Director

Appointed

Helen was appointed to the Board as a non-executive Director in September 2011.

Experience

Helen has over 20 years' experience in travel, retail, consumer markets and telecoms, having held a number of other non-executive directorships, including most recently at Majestic Wine and Communisis plc. The majority of her executive career was spent at GE Capital and Vodafone, where she held various senior marketing roles.

Other appointments

Helen is currently a non-executive Director of Nichols plc and a trustee of the Shakespeare Birthplace Trust.

Committees

Usman Nabi

Non-executive Director

Appointed

Usman was appointed to the Board in November 2019.

Experience

Usman is the Founder, Managing Partner and Chief Investment Officer of Browning West LP. Prior to founding Browning West, Usman held various roles at H Partners, Perry Capital, The Carlyle Group, and Lazard Freres. Usman has also been a Director of Six Flags Entertainment Corp. and Tempur Sealy International Inc.

Other appointments

Usman is currently the Managing Partner and Chief Investment Officer of Browning West LP.

Committees

Elias Diaz Sese

Non-executive Director

Appointed

Elias was appointed to the Board in October 2019.

Experience

Elias has over 20 years' experience in developing global consumer foods brands and teams all over the world (Europe, Middle East, Asia Pacific and North America). He most recently led the Kraft Heinz turnaround in UK, Ireland & Nordics as President for Northern Europe. Prior to that he spent 15 years with Restaurant Brands International in various roles, which included CEO Tim Hortons, President Asia Pacific for Burger King and SVP Franchise & Emerging Markets Europe, Middle East & Africa also for Burger King.

Other appointments

Elias does not currently hold any positions in other companies.

Committees

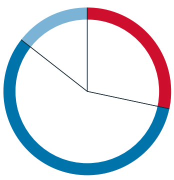
Our Corporate Governance at a glance

Board composition

The seven continuing members of the Board were drawn from a range of backgrounds and gained their experience in a range of relevant industry sectors:

Professional skills

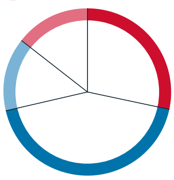
7



Finance/Accounting	2
Retail management	4
Marketing	1

Primary experience

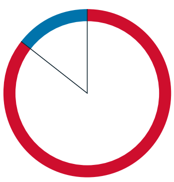
7



Consumer retail	2
Food retail	3
Professional services	1
Fund management	1

Gender balance

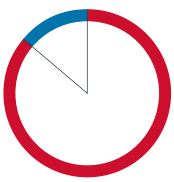
86:14



Male	6
Female	1

Ethnic diversity

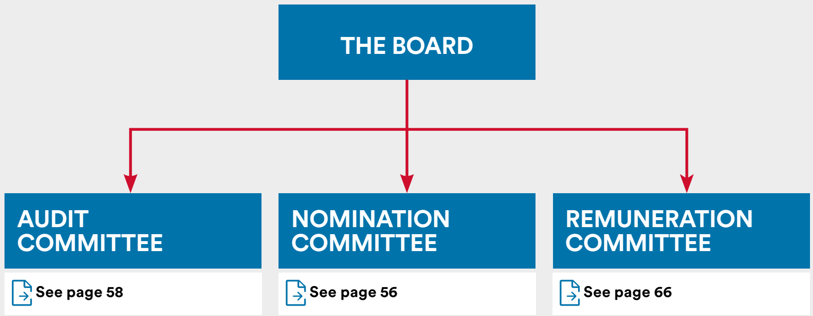
86:14



Non-ethnic minority	6
Ethnic minority	1

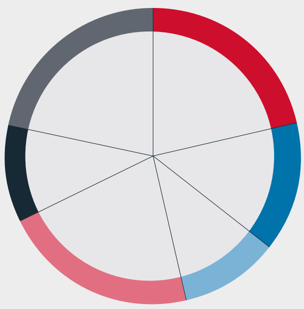
The Board is supported in its work by three Committees:

Terms of reference for these Committees, which are regularly reviewed by the Board, are available on the Company's investor relations website (https://investors.dominos.co.uk) as is the formal schedule of matters reserved for the Board's decision.



Board skills matrix

The Board of Directors is comprised of seven individuals with a wide range of skills, knowledge, background and experience. Details of the Directors' experience and history with Domino's can be found in the Directors' biographies, which are available on pages 40 and 41.



Retail	6
Franchising	4
Finance	3
Food	6
International	3
Listed Company	6

Board effectiveness:

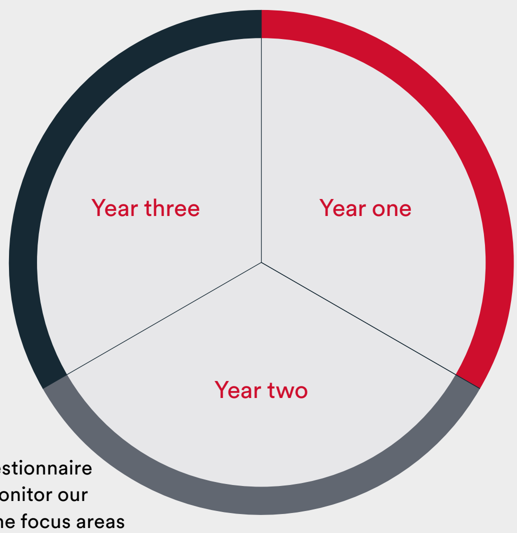
To ensure the Board provides effective leadership to the Group, we have a three-year evaluation cycle, using a mixture of internal and external evaluations.

Year three

An internal review using questionnaires and interviews with the Chair of the Board

Year one

An external Board effectiveness review produces an action plan for the areas of focus identified by the review



Year two

A follow-up questionnaire enables us to monitor our progress with the focus areas

Interim Chairman's introduction to Corporate Governance

> **The Board is clear on the direction that needs to be taken and to make substantial improvements in governance."**
>
> **Ian Bull**
> Interim Chairman

As Interim Chair, I am pleased to introduce the review of Corporate Governance for 2019 and to set the scene for 2020. There has been significant change to the Board in 2019 and the Board is in a transition phase. At present, I am performing multiple roles as Interim Chair, Senior Independent Director and Chair of the Audit Committee. Whilst this is far from perfect from a strict governance perspective, it is necessary for an interim period whilst we recruit a new Chair. The new Chair will then lead the process of refreshing the Board with a clear emphasis of creating a diverse Board with the appropriate balance of skills and experience to drive future growth.

The Board is clear on the direction that needs to be taken and to make substantial improvements in governance.

Effective corporate governance arrangements are critical in ensuring that the Board is able to:

- direct and control the Group;
- provide strategic leadership and effective oversight;
- promote a culture that supports the long-term success of the Company and its stakeholders;
- maintain a framework within which the executive leadership team can conduct its day-to-day operational management of the business.

As described in last year's report our culture places particular emphasis on enabling franchisees to be successful and having great pride in the Domino's brand and the values inherent in the brand. The purpose and values we have reported are those that apply to the Domino's brand world-wide and that we uphold as a master franchisee. We recognise that there is further work to be done to refine the description of our purpose and to ensure that our values are aligned. The newly constituted Board will bring a fresh perspective to defining our purpose and values.

Working at Domino's is a fast-paced environment and our culture encourages focus, agility and the ability to deliver results at pace. We promote open and honest communication within the business and provide support to enable our colleagues to develop, grow and achieve their potential. The Board continues to work with executive management to promote the Group's values and to monitor attitudes and behaviours to ensure that they are consistent with our culture. The Board (directly and through its principal Committees) monitors culture in a variety of ways, which include; reviewing the results of colleague engagement surveys and responding to feedback; dialogue and interaction with senior management and the workforce generally; reviewing reports raised through the Group's confidential whistle-blowing arrangements; receiving regular reports on training programme completion rates; interaction between management and the internal audit function; reports and presentations on health and safety management. We will continue to consider additional means of measuring our culture and the Board's approach will continue to evolve over time.

As ever, our aim is to maintain a sustainable business model which creates value for shareholders and benefits the Group's wider stakeholders. On page 47 we have described the Company's principal stakeholders and the way in which we engage with them and the Board's report on how stakeholders' views are taken into account when decisions are made is set out on page 37.

The Board receives regular updates on emerging trends and the changes in corporate governance best practice. The following report sets out the how the Board has applied the principles of good governance set out in the FRC's Corporate Governance Code which applied from 1 January 2019.

Ian Bull
Interim Chairman

4 March 2020

Our values

Our values are consistent with the Domino's world-wide brand values, which are:

- Be courageous.
- Handle the rush.
- Respect others.
- Make disciplined decisions.
- Champion our customers.
- Celebrate success.

Our purpose

- Our purpose is to feed the power of the possible.
- For our customers, this means transforming everyday moments into something more special. Whether it's relaxing at home or gaming with friends or brainstorming at work, Domino's makes the experience 11 out of 10.
- For ambitious team members who make and deliver our freshly handcrafted pizzas, it means creating opportunities enabling them to rise quickly into positions of responsibility, learning the skills required to lead and inspire a team.

Compliance with the UK Corporate Governance Code

Domino's Pizza Group plc ('the Company') is incorporated and has a premium listing in the UK. As a result, it is required to report on its compliance with the UK Corporate Governance Code (the 'Code') or explain why it has chosen not to comply. For the year ended 29 December 2019, the Board has voluntarily adopted the edition of the Code published by the Financial Reporting Council in July 2018, which is available from www.frc.org.uk.

The Company complied with the Code throughout the year with the following exceptions:

- Stephen Hemsley, who was Chairman until 29 December 2019, had been in post for more than nine years;
- the appointments of Elias Diaz Sese and Usman Nabi were not conducted via open advertising or an external search consultancy;
- since 29 December 2019, Ian Bull has been the Interim Chair whilst also being a member of, and chairing, the Audit Committee. These arrangements are not compliant with Provision 24 of the Code but the Board consider the arrangements to be acceptable whilst a new Chair is recruited.

The Code contains 18 main principles and 32 provisions. Together, these set out the key elements of effective Board practice, and we explain in this report how we have applied these during the year. Where appropriate, some explanations are contained in the Nomination Committee report, the Audit Committee report, the Directors' remuneration report and the Directors' report.

Within our delegation framework, the Board retains certain key decision-making responsibilities:

- setting and approving overall Group strategy;
- setting a risk appetite, within which management is required to operate;
- reviewing and approving business plans and budgets;
- reviewing and approving major business decisions;
- reviewing major risks and the implementation of mitigation strategies;
- reviewing the functioning of the internal control environment;
- monitoring operational and trading results against previously approved plans;
- reviewing and approving significant contractual and other commitments, including capital expenditure;
- reviewing corporate governance arrangements;
- reviewing succession plans for the Board and Executive Directors;
- exercising its control by an annual review of 'matters reserved' for the Board's decision.

As noted above, the Board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. It also retains oversight of the risk management and internal control systems with the aim that these are sound and protect shareholders' interests.

Board Leadership

Leadership and Company purpose

The Company is led by the Board, whose members are collectively responsible for the long-term success of the Company. Day-to-day management of the business is delegated to management, led by the Chief Executive Officer. The role of the Board can be summarised as follows:

Decide on the longer-term aims

- agree the Company's business model;
- agree an appetite for risk;
- set values and standards for the Company;
- provide entrepreneurial leadership;
- appoint the Executive Directors.

Decide on the short-term goals

- review and approve strategy, providing constructive challenge as necessary;
- ensure the necessary financial and human resources are in place;
- agree business plans and budgets;
- review the risk management process and internal control environment.

Monitor and manage performance

- monitor management's performance in delivering the strategy, and challenge or support as necessary;
- approve major expenditure and other commitments;
- monitor the risk environment in which the Company operates and review internal controls;
- determine the remuneration of Executive Directors and senior management;
- oversee the governance of the Company and Group to ensure shareholders' interests are protected.

Report to, and engage with, stakeholders

- monitor the integrity of financial information and the reporting of performance generally;
- report to shareholders on business performance;
- ensure other external obligations are met, including reporting to other stakeholders;
- understand shareholders' views and act as necessary.

Meetings of non-executive Directors

The non-executive Directors, led by the Chairman, meet without the Executive Directors being present. In addition, the independent non-executive Directors, led by the SID, meet during the year as needed, including to review the performance of the Chairman.

The Board is supported in its work by three Committees:

Terms of reference for these Committees, which are regularly reviewed by the Board, are available on the Company's investor relations website (https://investors.dominos.co.uk) as is the formal schedule of matters reserved for the Board's decision.

See more online at
https://investors.dominos.co.uk

THE BOARD

AUDIT COMMITTEE

Audit Committee Report

The Audit Committee assists the Board in discharging its responsibilities for the integrity of the financial statements, reviewing the internal control environment and risk management systems, managing the relationship with the external auditor and monitoring the effectiveness and objectivity of the external auditors.

NOMINATION COMMITTEE

Nomination Committee Report

The Nomination Committee oversees the recruitment of the Directors and advises on matters relating to the Board's membership and Committee appointments, including reviewing succession plans.
The Nomination Committee also regularly reviews and monitors the overall skills and experience of the Board.

REMUNERATION COMMITTEE

Remuneration Committee Report

The Remuneration Committee determines the terms and conditions of employment, remuneration and rewards of the Executive Directors, the Chairman and the leadership teams. The Remuneration Committee aims to offer an appropriate balance of fixed and performance-related, immediate and deferred remuneration, but without overpaying or creating the risk of rewards for failure.

Accountability to shareholders

The Board has established formal and transparent arrangements for considering how they apply the principles of sound corporate reporting, risk management and internal control and how the Company and Board maintain an appropriate relationship with the Company's auditor. These responsibilities are overseen by the Audit Committee and are explained in its report from pages 58 to 65.

The Board considers that the 2019 Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. Details of how we do this are also explained in the Audit Committee's report.

Relations with shareholders

We maintain an active dialogue with our shareholders and potential investors, which we intend to be based on a mutual understanding of objectives. During the year we hired a permanent Head of Investor Relations, demonstrating importance the Board places on interactions with our shareholders. The Head of Investor Relations, together with the Executive Directors, routinely engage with analysts, institutional and retail shareholders and potential investors, through results presentations, roadshows and one-off meetings and calls. The Chairman and Senior Independent Director are available for meetings with shareholders on request.

In years in which there is a significant change to the Executive remuneration policy or there is a binding vote on remuneration at the AGM, the Chairman, the Chair of the Remuneration Committee and the Company Secretary meet with major shareholders to discuss remuneration and any other governance issues.

Our aim is to ensure we build and maintain strong relationships, and that we communicate our strategy and performance against it in a clear and consistent way. In turn, we seek to understand the views of our investors through regular dialogue, and feedback is provided to the Board as a whole to give additional context for strategic decision making and capital allocation.

The regular finance report to the Board includes a detailed update on all investor relations matters, including movements in the share register, recent meetings with investors, summaries of analysts' reports and key discussion topics. In addition, our brokers are invited to provide an independent view on matters of strategic importance such as potential acquisitions, disposals and share buybacks.

Investor Relations

Key investor relations activities in 2019:

- maintained the new reporting programme to keep investors regularly informed and updated;
- continued to engage actively with institutional investors, through roadshows in the UK and North America, conferences and numerous one-off meetings and calls;
- implemented an IR CRM system, to ensure comprehensive records of investor interaction are held;
- implemented a more comprehensive sell-side consensus model.

Key topics discussed with shareholders in 2019:

- Board succession plans;
- franchisee relations and franchisee profitability;
- the performance of our International businesses;
- the competitive environment in the UK, including the role of online aggregators;
- the broader UK consumer environment and the value perception of Domino's Pizza's customers;
- our investments in our own stores and in supply chain capacity.

The Annual General Meeting ('AGM')

The AGM is treated as an opportunity to communicate with all of our shareholders, and their participation is encouraged. The Chairs of all Board Committees attend the AGM and are available to answer questions. An explanatory circular containing the notice of meeting is sent to shareholders at least 20 working days beforehand, with separate votes being offered on each substantive issue. All proxy votes received are counted with the balance for and against and any votes withheld announced at the meeting and published on the Company's investor relations website after the meeting. This website, https://investors.dominos.co.uk, also contains a host of up-to-date information on the Group.

Engaging with our Stakeholders and Workforce

Our stakeholders are integral to the long-term success of the business. To ensure we are taking their views into account, we engage with each of our key stakeholder groups throughout the year.

Our stakeholders	Why they matter	How we engage
Communities	We recognise that we have a responsibility to ensure we're a force for good within the neighbourhoods that we operate in by supporting local initiatives, being a good neighbour and providing employment.	Local and national charity fundraising – Teenage Cancer Trust, Barretstown. Local council engagement.
Consumers	With an ever-increasing competitor set and changing consumer tastes, understating the needs of our customers allows us to continually improve our service, products and experience.	Consumer taste panels, customer surveys, consumer research panels. We have engaged with Reading Scientific Services ('RSSL') to conduct an end-to-end review of our current allergen control procedures encompassing suppliers, manufacturing, store delivery and allergen management in store.
Employees	Our dedicated and experienced colleagues are a key asset of our business. We recognise the importance of creating and maintaining a positive working environment and providing opportunities for individuals to fulfill their potential.	Make a Difference survey expanded to all UK/Ireland business areas. Health & Safety Week. Health & Wellbeing Week. Designated non-executive Director attends Colleague Forums. All-Colleague Meetings. Celebratory Events: Domi-Fest, The Domi's.
Franchisees	We recognise the critical role that franchisees play in the long-term success of the business, by providing outstanding customer service; day-in, day-out. Franchisees are the custodian of the Domino's brand at store-level and it's the Company's role to provide franchisees with the support they need to operate efficient and profitable businesses and to maintain the highest brand standards.	Engagement with our franchisees community is integral to our business model. There is regular contact with franchisees by the Chief Executive Officer and the Leadership team, both formal and informal, and through dedicated business partners. The Company and franchisees operate a number of established forums to collaborate on marketing activity, technical matters and operations issues. Ahead of the roll out of DPI third-party food safety audits from January 2020, all franchisees and representatives of their businesses were invited to attend third party food safety training conducted by NSF, an independent organisation who provide audit and risk management solutions for public health and the environment.
Shareholders	Our shareholders have invested in the Company's shares and expect to see a return on their investment. Shareholders play an important role in the oversight of the Group's governance.	We maintain a constructive dialogue with shareholders and engage with them regularly to understand their perspectives and ensure these are considered in our decision-making.
Suppliers	An efficient supply chain is integral to the Group's business model and the relationship with our suppliers is a key element in achieving our operational goals.	At the end of 2019 we engaged with our suppliers on allergen management within the supply chain and have drafted an audit template to monitor supplier allergen management within their supply chain and production facilities. We have continued our work with Compassion in World Farming throughout 2019 and they have supported us with our annual policy updates and engagement with the Business Benchmark for Animal Welfare ('BBFAW').

For more information on how we consider stakeholder views at Board level to promote the long-term success of our business, see our section 172 statement on page 37.

Workforce engagement

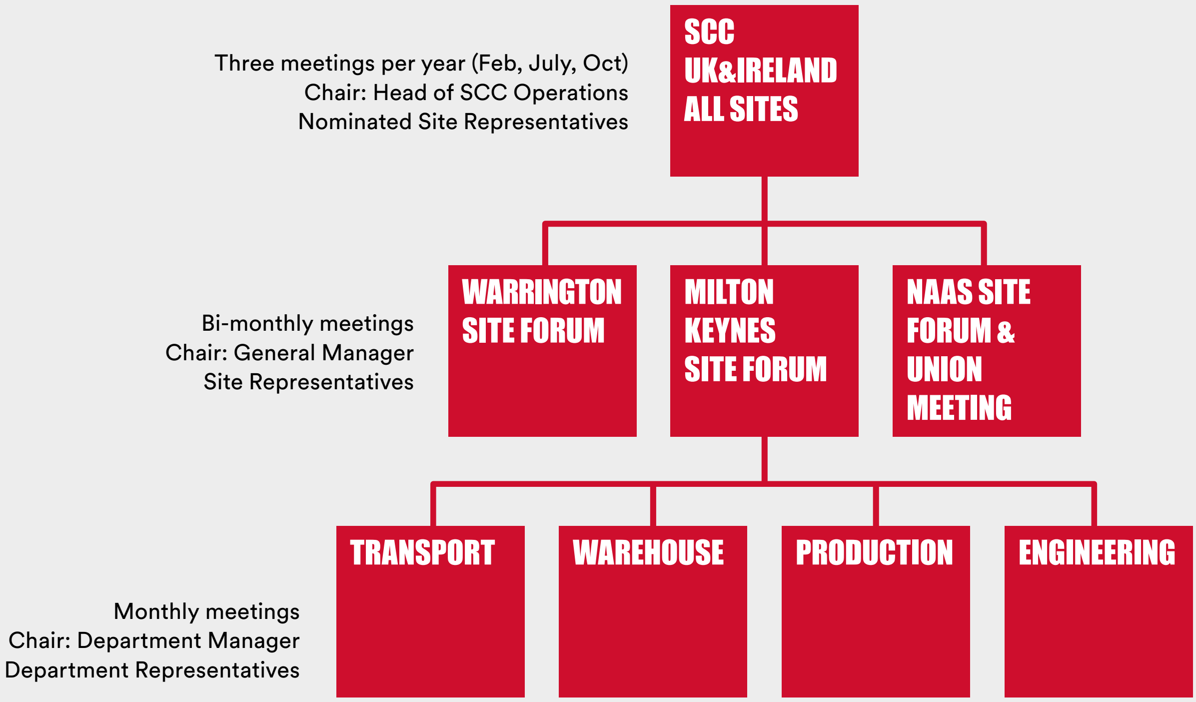
During the year the Company built on its existing workforce engagement mechanisms and integrated additional Board reporting as required by the UK Corporate Governance Code. Having regard to Provision 5 of the Code, the Board determined that engagement with the workforce would be via a designated non-executive Director and Kevin Higgins was appointed as the designated non-executive Director for this purpose. In January 2019 the Board received an update on the Group's People Plan detailing how the leadership team planned to embed engagement practices within the Group.

The key objectives of the engagement plan are to ensure that:

- all colleagues are engaged on business goals;
- we embed our values;
- we embed our culture;
- we drive business performance;
- we retain our talent.

Our engagement arrangements are comprised of various communication channels including formal engagement surveys conducted annually. All Colleague Meetings held every six weeks and formal Colleague Forums (Share a Voice Colleague Forums) which were introduced during the year. These new Share a Voice Colleague Forums were initially introduced to the Group's Supply Chain Centres ('SCCs') in 2019 and will be expanded to include the whole workforce in 2020. These forums facilitate the sharing of business information, provide colleagues with the opportunity to raise issues and provide colleagues the opportunity to provide input on key business issues. The types of issues raised by colleagues generally relate to workplace facilities and the working environment; job role related issues (shift patterns, operating procedures and targets) and pay, benefits and reward.

Planned 2020 expansion for UK & Ireland Colleague Forum structure



Kevin Higgins attended the first formal Share a Voice Colleague Forum held in September 2019 and receives regular reports on colleague engagement from the People Director. The Board receives reports on colleague engagement twice per year and there is an annual review of the Group's workforce engagement to ensure it remains effective.

Division of Responsibilities

Board roles and responsibilities

There is a clear separation between the roles of the Chairman and the Chief Executive Officer, which is recorded in a document approved by the Board in January 2020 and summarised below. In essence, the Chairman manages the Board and the Chief Executive Officer manages the business. Importantly, no one individual has unfettered powers of decision.

The Chairman meets with the Chief Executive Officer regularly, including visits to pizza stores, and they are in contact between these occasions as required. The Chairman also has separate discussions with the non-executive Directors.

Chairman

The role of the Chairman is:

- providing leadership to and ensuring the effectiveness of the Board in directing the Company;
- demonstrating objective judgement at all times;
- ensuring that the Board agendas emphasise strategic, rather than routine, issues;
- ensuring that the Directors receive accurate and clear information well ahead of the time when a decision is required;
- promoting a culture of openness and constructive debate, and facilitating an effective contribution by the non-executive Directors;
- arranging informal meetings of the Directors, including meetings of the non-executive Directors without the Executive Directors being present;
- ensuring effective communication by the Group with its shareholders;
- seeking regular engagements with major shareholders in order to understand their views on governance and performance against the strategy;
- ensuring the Board as a whole has a clear understanding of the views of shareholders;
- arranging for the Chairs of the Committees to be available to answer questions at the AGM and for all Directors to attend;
- taking the lead in providing a properly constructed, full, formal and tailored induction programme and ongoing development for new Directors;
- acting on the results of board evaluations by recognising the strengths and addressing any weaknesses of the Board.

Chief Executive Officer

The role of the Chief Executive Officer is:

- leading and managing the development of the Group's strategic direction and objectives;
- identifying and executing acquisitions and disposals and leading geographic diversification initiatives;
- reviewing the Group's organisational structure and recommending changes as appropriate;
- identifying and executing new business opportunities;
- overseeing risk management and internal control;
- managing the Group's risk profile, including the health and safety performance of the Group;
- implementing the decisions of the Board and its Committees;
- building and maintaining an effective Group leadership team;
- reporting to the Board on operating performance;
- encouraging the implementation of culture throughout the business;
- maintaining communication with key external stakeholders and maintaining relationships with the Government and trade bodies;
- ensuring the Chairman and the Board are alerted to forthcoming complex, contentious or sensitive issues affecting the Group.

Senior Independent Director ('SID')

The SID focuses on:

- meeting regularly with the independent non-executive Directors without the Chairman present;
- holding annual meetings with non-executive Directors without the Chairman present to appraise the Chairman's performance and other appropriate matters;
- providing a sounding board for the Chairman and acting as an intermediary for other Directors;
- chairing the Nomination Committee when it is considering succession to the role of the Chairman of the Board;
- being available to shareholders if they have concerns which contact through the normal channels of Chairman or Chief Executive Officer has failed to address or would be inappropriate;
- meeting with major shareholders regularly enough to gain a balanced view of their issues and concerns.

Non-executive Director

The role of a non-executive Director is:

- providing creative contribution to the Board by way of constructive criticism;
- bringing independence, impartiality, experience, specialist knowledge and a different perspective to the Board;
- providing guidance on matters of concern and strategy;
- overseeing risk management and internal control;
- protecting shareholder and stakeholder interests;
- constructively challenging the Executive Directors and monitoring Executive performance;
- supporting the Executive team in shaping and delivering the strategic goals of the business;
- optimising shareholder return and protection of shareholder assets;
- ensuring the Board is able to work together effectively and make maximum use of its time.

Each non-executive Director has committed to the Company that they are able to allocate sufficient time to the Company to discharge their responsibilities effectively. Any additional appointments they are contemplating taking on are discussed with the Chairman in advance, including the likely time commitment and whether these could in any way constitute a conflict of interest. These matters are formally reviewed by the Board on an annual basis.

Diversity

The Board's policy on diversity is explained in the Nomination Committee report on pages 56 to 57.

Board membership

The Board currently comprises the Interim Chairman, the Chief Executive Officer, a non-executive Vice-Chairman, three independent non-executive Directors and one non-executive Director which reflects the transitioning composition of the Board. The names and biographical details of the serving Directors, and the offices held by them, can be found on pages 40 and 41.

As we move forward the composition of the Board will need to be of a sufficient size and calibre that match the growth aspirations and requirements of the business whereby good governance can be met and normal succession challenges managed, but is not so large as to be unwieldy.

The current non-executive Directors' tenure reflects our approach of progressively refreshing the Board.

Board Committees

Membership of the three Board Committees during the year ended 29 December 2019 was as follows:

	Audit Committee	Nomination Committee	Remuneration Committee
Stephen Hemsley[1]		Chairman	
Steve Barber[1]	Chairman	Member	Member
Ian Bull	Chairman	Member	Member
Kevin Higgins	Member	Member	Chairman
Ebbe Jacobsen		Member	
Helen Keays	Member	Member	Member
Usman Nabi		Member	
Elias Diaz Sese		Member	Member

1. Steve Barber ceased to be a Director on 18 April 2019 and Stephen Hemsley ceased to be a member of the Nomination Committee on 9 December 2019.

Attendance at Board and Committee meetings

The Board is scheduled to meet seven times in each year. Additional meetings are arranged as necessary which do not necessarily require the full participation of all Directors. Committees meet as necessary to discharge their duties. Attendance of individual Directors at meetings of the Board and its Committees (including additional meetings) during the year ended 29 December 2019 was as follows:

	Board	Audit Committee	Nomination Committee	Remuneration Committee
Stephen Hemsley[1, 3]	9 of 14		9 of 11	
Colin Halpern	14 of 14			
David Wild	14 of 14			
David Bauernfeind	14 of 14			
Steve Barber[3]	3 of 3	3 of 3	2 of 2	2 of 2
Ian Bull[2]	11 of 11	3 of 3	10 of 10	4 of 4
Kevin Higgins	13 of 14	6 of 6	12 of 12	6 of 6
Ebbe Jacobsen	14 of 14		12 of 12	
Helen Keays	14 of 14	6 of 6	12 of 12	6 of 6
Usman Nabi[2]	3 of 3		2 of 2	
Elias Diaz Sese[2]	4 of 5		3 of 3	1 of 1

1. All Directors attended the scheduled Board meetings apart from Stephen Hemsley, who was unable to attend two scheduled meetings due to prior commitments. There were seven unscheduled Board meetings held during the year and some of the Directors were not available for these unscheduled meetings due to other diary commitments.
2. Ian Bull joined the Board on 18 April 2019. Elias Diaz Sese joined the Board on 17 October 2019. Usman Nabi joined the Board on 11 November 2019.
3. Steve Barber ceased to be a Director on 18 April 2019 and Stephen Hemsley ceased to be a member of the Nomination Committee on 9 December 2019.

Composition, Succession and Evaluation

Board composition

In terms of composition the Board is cognisant of its diversity policy and aims to make appointments in-line with that policy. The Board has a clear aim to have a composition that is appropriately diverse and balanced. The shape of the Board during this current transition will evolve towards this goal. Our preferred Board structure is to be led by a non-executive Chairman, to have high calibre Executive Directors to drive the performance of the business under the leadership of a Chief Executive Officer, and to have a number of non-executive Directors drawn from a range of backgrounds, whose role is to provide constructive challenge. Our aim is that the independent non-executive Directors always constitute at least half of the Board. This structure and the integrity of the individual Directors should ensure that no single individual or group dominates the decision-making process.

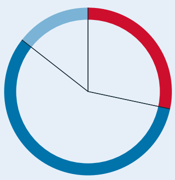
There is a common purpose of promoting the overall success of the Group with a unified vision of the definition of success, the core strategic principles, and the understanding, alignment and mitigation of risk.

Non-executive Directors are appointed for three-year terms (subject to annual re-election by shareholders) and the offer of any further term of appointment after year six would be weighed carefully by the Nomination Committee, which keeps the need for progressive refreshing of the Board (particularly to maintain an appropriate balance of skills and experience) and orderly succession to key appointments under continual review.

Board composition

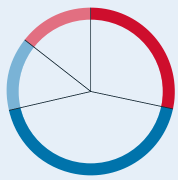
The seven continuing members of the Board on 29 December 2019 were drawn from a range of backgrounds and gained their experience in a range of relevant industry sectors:

7
Professional skills



Finance/Accounting	2
Retail management	4
Marketing	1

7
Primary Experience



Consumer retail	2
Food retail	3
Professional services	1
Fund management	1

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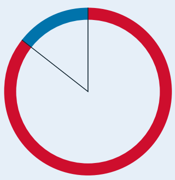
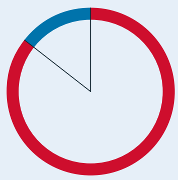
Gender balance



Male	6
Female	1

86:14
Ethnic Diversity



Male	6
Female	1

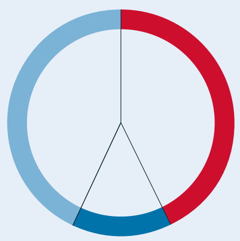
Independence

The Board reviews the independence of its non-executive Directors annually. In assessing the independence of each Director, the Board considers whether each is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement.

The Board has considered the independence of the current non-executive Directors, other than the Chairman. It does not believe that Colin Halpern is independent in view of his long service with the Company (including his former Executive responsibilities). It does not regard Usman Nabi as independent as Usman is Founder, Managing Partner and Chief Investment Officer of The Browning West Group LP, a significant shareholder of the Company.

Board balance

The Board composition creates a majority of independent non-executive Directors (excluding the Chairman), with the current position being:



Non-independent Directors (3)	43%
Chairman (1)	14%
Independent non-executive Directors (3)	43%

Board effectiveness

We believe that there are five key steps in creating an effective Board:

1. Recruit the right people

We have a formal, rigorous and transparent procedure for the appointment of new Directors to the Board, overseen by the Nomination Committee. For each appointment, we develop an objective brief summarising the role and the skills and experience required and use an appropriate head-hunting firm with proven expertise in the relevant field. As noted above, we take care to ensure that we recruit on merit, from the widest possible range of backgrounds, recognising the benefits of diversity, and the search firms we use are signatories to the Code of Conduct for executive search firms. Before confirming an appointment, we check whether the preferred individual can commit to the time expected including, in the case of an appointment to the chairmanship, the need to be available in the event of a crisis.

2. Make sure Directors have the right tools

All Directors go through a tailored, formal induction process on joining the Board, including the opportunity to meet major shareholders. The aim of this is to ensure that they understand the Company and its business model, our strategy, the drivers of value in the business and the key risks we face, and that they understand the legal and regulatory environment in which we operate and their own personal obligations. Directors are expected to update and refresh their skills and knowledge on an ongoing basis, and to continue to build their familiarity with the Company and its business throughout their tenure. The Company will provide the necessary resources for developing and updating its Directors' knowledge and capabilities, including access to our operations, staff and franchisees.

All Directors have access to the services of the Company Secretary, and the opportunity to seek independent professional advice at the Company's expense where they judge it necessary to discharge their responsibilities as Directors or as members of Board Committees. If Directors have concerns which cannot be resolved about the running of the Company or a proposed action, they can request that their concerns are recorded in the Board minutes, or provide a written statement to the Chairman, for circulation to the Board.

The Board is supplied with information in a form and of a quality appropriate to enable it to discharge its duties effectively. This is provided in good time ahead of all meetings and decisions, and non-executive Directors are encouraged to seek clarification from management whenever they feel appropriate.

3. Identify and manage any conflicts of interest

Directors have a statutory duty to avoid actual or potential conflicts of interest. However, the Company's Articles of Association allow the Board to 'authorise' conflicts, where felt appropriate. Any Director who becomes aware that he or she is in a situation which does or could create a conflict of interest, or has an interest in an existing or proposed transaction in which the Company also has an interest, is required to notify the Board in writing as soon as possible. The interests of new Directors are reviewed during the recruitment process and authorised (if appropriate) by the Board at the time of their appointment.

Executive Directors are permitted, and where felt appropriate even encouraged, to hold non-executive directorships outside the Group. However, the Board would not agree to a full-time Executive Director taking on more than one non-executive directorship in, nor the chairmanship of, a FTSE 250 company.

4. Formally check on effectiveness

The Board undertakes a formal and rigorous annual evaluation of its own performance each year. It also reviews the performance of the Board Committees and the Nomination Committee reviews the performance of individual Directors. Board and Committee evaluation considers the balance of skills, experience (including familiarity with the Company and its business) and independence of the Group taken as a whole, and also the diversity, including gender, of the Directors. The process also examines how the Directors work together as a unit, and explores other factors relevant to effectiveness. The Chairman acts on the results of the performance evaluations as necessary including, where appropriate, proposing new members be appointed to the Board or seeking the resignation of Directors.

Individual evaluation aims to determine whether each Director continues to contribute effectively and to demonstrate commitment to the role (including commitment of time for Board and Committee meetings and any other duties).

Process

For 2019's Board evaluation we engaged Lintstock to facilitate an evaluation of the performance of the Board. Lintstock is a London-based advisory firm that specialises in Board effectiveness reviews and has no other connection with Domino's Pizza Group.

The review involved Lintstock representatives engaging with the Company Secretary to set the context for the evaluation and to tailor survey content to the specific circumstances of Domino's Pizza Group. Given the ongoing transition at Board level, the direction of enquiry was forward looking, and aimed at identifying priorities for the coming year to further improve the Board's effectiveness.

The surveys addressed core aspects of the Board's performance, with a particular focus on the following areas:

- the clarity of the Group's strategy, and the effectiveness with which the strategy is communicated externally and internally;
- the Board's oversight of the organisation's capacity to deliver the strategy, as well as the Group's processes for managing and developing talent;
- the Board's understanding of the technological opportunities and threats facing the business, and the Group's performance relative to its main competitors;
- the effectiveness with which the Board monitors the culture and behaviours throughout the Group, and understands of the views of key stakeholders, including investors, employees, and consumers;

- the Group's engagement and communication with franchisees, and the advantages and disadvantages of the Group's current franchising model;
- the atmosphere in the boardroom and the extent to which the Board provides effective support and constructive challenge to management;
- the appropriateness of the Board's composition, in the context of planned changes, including the balance of skills and expertise represented and the level of diversity among members – the Board's views were also canvassed on the key attributes that should be sought in the successors to the Chair, Chief Executive Officer and Chief Financial Officer.

The performance of the Chairman and the Committees of the Board were also evaluated, and Board members were invited to assess their own individual contribution to the Board. The anonymity of all responses was guaranteed throughout the process to promote open and honest feedback.

Lintstock subsequently analysed the survey results and delivered detailed reports on the performance of the Board and its Committees, the Chairman, and the individual Directors. A Lintstock Partner briefed the Company Secretary on the results of the review and provided further context concerning the output.

The Board has reviewed the reports and agreed detailed priority actions.

5. Ask shareholders to confirm appointments

Ultimately, the Directors' main responsibility is to promote the long-term success of the Company, acting in shareholders' best interests. All of our Directors submit themselves for re-election at each AGM and we provide shareholders with sufficient information in the meeting papers for them to decide whether their commitment and performance warrant a further year in office. At the 2019 AGM, each serving Director was re-elected, with votes in favour exceeding 92% of those cast in all cases.

Remuneration

There are formal and transparent procedures for developing policy on Executive remuneration and for fixing the remuneration packages of individual Directors, which are overseen by the Remuneration Committee and are explained in its report from pages 66 to 86. This report explains how Executive Directors' remuneration is designed to promote the long-term success of the Company and shows how the performance-related elements are transparent, stretching and rigorously applied.

Nomination Committee report

The process of refreshing the Board is underway but there is more work to be done."

Ian Bull

Interim Chairman

Committee Members

Kevin Higgins

Helen Keays

Usman Nabi

Elias Diaz Sese

Overview

Last year the Committee reported on its plan to focus on succession in 2019, specifically concerning the roles of Chair, Chief Executive Officer and Senior Independent Director. We have made some important changes in the last four months of the year and are clearly in transition, with more to come in 2020. Managing this transition is a key role for the Committee.

I joined the Board in April 2019 taking the role of Chair of the Audit Committee following the retirement of Steve Barber. In anticipation of Helen Keays approaching the end of her third term in office during 2020, part of the Committee's succession planning was to appoint a new Senior Independent Director and I was appointed Senior Independent Director in September 2019.

The process of refreshing the Board is underway but there is more work to be done. In October 2019 we welcomed Elias Diaz Sese to the Board, who has brought additional experience and expertise of operating franchising businesses in a number of different markets. Usman Nabi joined the Board in November 2019 and has a strong track-record of leadership on the boards of major consumer focused businesses and in assisting companies in recruiting high calibre leadership to Board positions.

In August 2019, David Wild announced his intention to retire during 2020. In December 2019 Stephen Hemsley announced his intention to step-down as Chairman with effect from our year-end on 29 December 2019, after 21 years with the business. Our search for a new Chair of the Board is ongoing and I agreed to act as the Board's Interim Chair until the recruitment process has been concluded.

The new Chair will lead the process for recruiting David's replacement and for reshaping the Board more generally and improving the Board's diversity, taking account of not only gender, but ethnicity, background and wider experience. The Board's policy on diversity is set out on page 57.

Following the tragic death of David Bauernfeind on 26 December 2019 a search for an Interim Chief Financial Officer is underway. The Interim Chief Financial Officer will lead the finance team and support the Board until a permanent appointment is made. The search of a permanent Chief Financial Officer will be led by the new Chair and new Chief Executive Officer.

In January 2020 we announced that Ebbe Jacobsen would be stepping down from the Board on 28 January 2020, having served two terms of three years.

How the Committee operates

The principal purpose of the Nomination Committee is to ensure that the Company has the right leadership, both on the Board and amongst senior management. This is a combination of continual review and monitoring of, and also responding to, specific situations as needed.

The Company Secretary attends meetings in his capacity as Secretary of the Nomination Committee and the Chief Executive Officer and People Director are expected to attend whenever necessary.

All of the independent non-executive Directors are members of the Committee and represent the majority of the Committee membership.

While the Chairman of the Board chairs the Nomination Committee in normal circumstances, he would abstain in matters relating to the appointment of a successor to the chairmanship.

The number of meetings held in the year and attendance at those meetings is shown on page 51.

Purpose

The Nomination Committee has four principal duties:

- to ensure that plans are in place for orderly succession for appointments to senior management and to the Board, taking account of the findings of the Board evaluation, so as to maintain an appropriate balance of skills and experience within the Company and to ensure progressive refreshing of the Board;
- to lead the process for Board and Committee appointments and make recommendations to the Board;
- where external recruitment is required, to evaluate the balance of skills, experience, independence and knowledge on the Board and, in light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. The Nomination Committee would then oversee the selection process with the aim of ensuring that this results in an appointment made on merit, against objective criteria and with due regard for the benefits of diversity on the Board, including gender and ethnicity;
- to undertake formal performance evaluation of non-executive Directors who are standing for annual re-election and to ascertain whether the individual's performance continues to be effective and they demonstrate sufficient commitment to the role.

The terms of reference of the Nomination Committee were updated in March 2020. These terms of reference are available on the Company's investor relations website (https://investors.dominos.co.uk).

Activities in 2019

During the year the Committee met to consider the following key matters:

- the review of the performance of all the non-executive Directors seeking re-election at the 2019 AGM;
- receiving reports from management on diversity and inclusion within the Group;
- succession planning for the roles of Chair and Chief Executive Officer and the sequencing of the recruitment process;
- recommending to the Board the appointment of Ian Bull as an additional independent non-executive Director and Chair of the Audit Committee; Mr Bull's subsequent appointment as Senior Independent Director and as Interim Chair of the Board following Stephen Hemsley's retirement on 29 December 2019;
- recommending to the Board the appointment of Elias Diaz Sese as an additional independent non-executive Director;
- recommending to the Board the appointment of Usman Nabi as an additional non-executive Director.

Policy on diversity

The Board recognises the importance of having Directors with the appropriate balance of skills, experience, independence and knowledge of the Company to enable them to discharge their respective duties and responsibilities effectively. They play a key governance role in protecting shareholders' interests by ensuring that the Board and management are challenged, constructively and effectively, and it is important that they do so from a range of perspectives.

An important factor in achieving this effectiveness is drawing members from a range of backgrounds, which has been shown to help avoid 'group think'. We are proud of the diversity in our business and we recruit and develop people regardless of their gender, race or any other characteristic. We are of the view that it is in the interests of the Company to recruit and develop the very best people, drawn from the widest pool of talent.

The policy of the Board on recruitment is always to seek to appoint the best candidate to each role. Our diversity policy incorporates the targets set out in the Hampton-Alexander review on gender diversity and Parker review on ethnicity. The Board's composition is in a period of transition. There will be a strong focus on diversity during the process of refreshing the Board.

A copy of the Board's Diversity Policy Statement is available on the Company's investor relations website (https://investors.dominos.co.uk).

Details of the Group-wide diversity data are shown on page 34.

Note of thanks

There has been significant change on the Board over a short period of time and I'd like to take this opportunity to thank my colleagues for their ongoing support whilst we move through this transition phase.

Ian Bull
Interim Chairman

4 March 2020

Audit Committee report

"I am pleased to introduce my first report as Chairman of the Audit Committee for 2019. The report provides insight into the Committee's activities during the year and sets out how we have performed our principal duties."

Ian Bull
Chairman

Committee Members

Kevin Higgins

Helen Keays

Chairman's summary statement

Dear shareholder,

Meetings of the Audit Committee have been attended by the Chairman of the Board, the Chief Executive Officer, the Chief Financial Officer, the external auditor, the Company Secretary (as Secretary to the Audit Committee) and other Directors and members of management by invitation. The number of meetings held in the year and attendance at those meetings is shown on below. In addition to the scheduled committee meetings, I have, together with other audit committee members, met regularly with the finance leadership team, KPMG in their role as internal auditors and with PwC as external auditor to discuss their reports and any issues highlighted. I regularly meet with both PwC and KPMG as part of our ongoing review of their effectiveness.

There have not been any significant changes to the duties and role of the Committee during the year. The Committee considered its Terms of Reference in November 2019 and determined no changes were required from those approved in February 2017.

As documented in previous years, the group's internal control environment has been informal and often undocumented. We recognise that this needs uprating and has started to improve during the course of the year, through recruitment of a higher capability finance team and the engagement of KPMG as outsourced Internal Audit. The Audit Committee remains focussed on achieving continued improvements.

The committee has met 6 times during the year, and has had another busy year in the context of the developments within the Group.

The Committee also continues to focus on those matters it considers to be important by nature of their size, complexity, level of judgement required or impact on the financial statements, including the development of the new eCommerce platform, fair valuations over the investments held in Shorecal and put options, provisions related to legal, regulatory and tax matters, and the appropriateness of costs relating to the eCommerce and NAF funds.

Both the external audits (PwC) and the internal auditors (KPMG) have been newly appointed in the year, and have been transitioning during the year and gaining a good understanding of the business. Effectiveness reviews over both functions have been planned for 2020. The Audit Committee, PwC and management are committed to ensuring that audit quality is delivered, and the Committee have reviewed presentations from the external auditors, assessed the overall scope and risk focus of the work performed, and ensured that an appropriate transition plan has been agreed with management. PwC have performed detailed file reviews of the previous auditors, Ernst & Young LLP, and have discussed findings as a result of the FRC Audit Quality Review of the 2018 audit. In relation to Audit Quality, AC has:

- observed an in-depth audit with deep questioning, including the use of subject matter experts where required;
- received an explanation of areas where management and judgements have been challenged along with the outcomes of those challenges.

The Audit Committee has direct access to members of management and the external and internal auditor. It is able to seek further professional advice at the Company's cost if deemed necessary. No such needs have arisen in the year.

I would like to thank my fellow Committee members for their support during my first year, and to thank Steve Barber for his previous leadership of the Committee. The whole of Domino's was deeply shocked and saddened by the news of David Bauernfeind's death, and I was pleased that the team were still able to meet the year end timetable in a quality way, acknowledging we had to prioritise this over internal control work.

Looking ahead, it is clear that there are a number of areas of strategic focus for the business. Last year we committed to implementing an internal audit function, which has been done, and there has been a commitment to an overall improvement in the control environment. The Committee has closely followed the developments and debate on audit reform in the UK, including the Kingman, CMA, BEIS and Brydon reviews. We will continue to monitor this areas and the Committee, together with management and the Board, will act in due course to accelerate its current corporate governance and control improvement agenda. This will be the key focus of the Committee as we head into 2020.

The Audit Committee has therefore agreed a clear set of objectives for the next two years covering the responsibilities and reviews outlined above, and has agreed a clear forward agenda for consideration of all of the responsibilities covered below, including the timetable for an audit committee effectiveness review.

I hope that the report provides a useful overview to the activities of the Committee during the year. I will be available at the AGM to answer any questions relating to the work of the Committee.

Ian Bull

Chairman of the
Audit Committee

Key activities in 2019

- assessment of the Group's accounting policies and applications to developments in the year, including classification of the International businesses as held for sale and discontinued operations, and impairment reviews over the Group's cash generating units including the International operations and London corporate stores;
- review of the Group's processes and progress in applying new accounting standards, including *IFRS 16: Leases*;
- review of the restatement to 2018 results as a result of the treatment of National Advertising Fund and eCommerce fund revenues;
- the appropriateness of the classification of non-underlying items within the Group financial statements;
- progress made on implementing improved internal controls across the Group, and the implementation of controls as a result of the findings from internal audit;
- monitoring and evaluating the Group's information security controls in conjunction with the Board as part of the overall risk assessment framework;
- a review of the Group risk profile to ensure this reflects key strategic developments of the Group and wider environment;
- reviewing and considering the response to letters received from the Financial Reporting Council (FRC) Corporate Review Reporting Team in relation to 2018 ARA and management's response as set out in the matters considered below, together with findings from the FRC Audit Quality Review team's review of Ernst & Young LLP's audit of the 2018 financial statements.

Composition

Committee member [1]	Member since	Meetings attended out of maximum possible
Ian Bull [3]	April 2019	3/3
Kevin Higgins	September 2014	6/6
Helen Keays	November 2011	6/6
Steve Barber [2]	August 2015	3/3

1. For full biographies of the Committee members see the Board biographies on pages 40 and 41
2. Chairman of audit committee up to April 2019
3. Chairman for the audit committee from April 2019

Committee membership, attendees, access and objectives

Ian Bull is a qualified accountant with extensive experience across a number of sectors, and the Board has determined that he has recent and relevant financial experience which qualifies him to chair the Audit Committee. He is a Fellow of the Chartered Institute of Management Accountants. Both Kevin Higgins and Helen Keays have considerable business experience which enables them to make a positive contribution to the Audit Committee. Steve Barber was a Fellow of the Institute of Chartered Accountants of England and Wales. The Board is satisfied that, as a whole, the Committee has competence relevant to the sector in which it operates.

Principal duties delegated to the Audit Committee

Financial Reporting – Monitoring the integrity of the financial statements of the Group, including its annual and half-yearly reports, and any other formal announcement relating to its financial performance, reviewing and reporting to the Board on significant financial reporting issues and judgements which they contain having regard to matters communicated to it by the auditor.

Narrative Reporting – Where requested by the Board, the Committee reviews the content of the Annual Report and Accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy, and recommends to the Board for approval accordingly.

Internal Controls and Risk Management Systems – Review and, where necessary, challenge management's reports on the adequacy and effectiveness of the Group's internal financial controls and internal control and risk management systems, and review and approve the statements to be included in the Annual Report concerning internal controls and risk management.

Compliance, Whistleblowing and Fraud – Review the adequacy and security of the Group's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action, review the Company's procedures for detecting fraud and review the Group's systems and controls for the prevention of bribery and receive reports on non-compliance.

Internal Audit – Assessing the remit of the internal audit function, setting the internal audit plan and monitoring the responsiveness of management to findings and recommendations.

External Audit – Overseeing the relationship with the external auditor, reviewing the result of quality reviews and effectiveness of the external audit, and assessing its independence and objectivity.

Terms of reference

The terms of reference for the Audit Committee were revised in February 2017 and further reviewed by the Committee during the year. The Committee's terms of reference are available on the Company's investor relations website.

Focus of the committee

The focus of the Committee during the year has been primarily devoted to significant accounting issues and the overall financial control environment. These are discussed in more detail below.

Significant judgements and financial issues

The Audit Committee's reviews of the half and full year financial statements focused on the following areas of significance:

Significant judgement or issue	Work undertaken by and conclusion of the Audit Committee
Classification of international operations as held for sale and related impairments During the year, the Group announced that it would dispose of its International operations in Iceland, Norway, Switzerland and Sweden. The businesses have been classified as held for sale and presented as discontinued operations, and overall impairments of £35.2m have been recorded over the intangible and tangible assets of the operations.	The Committee have reviewed the appropriateness of the classification of the International operations as disposal groups held for sale and discontinued operations under IFRS 5: *Non-current assets held for sale and discontinued operations*. This was reviewed based on the status of the overall disposal programme and based on review of the considerations by management of the likelihood and timeframe of the disposal programme. The Committee agreed with the assessment made by management. The Committee reviewed the disclosures made in the accounts and ensured that best practice and recent FRC thematic review recommendations have also been incorporated.
Impairment reviews of corporate stores Management performed an impairment review over the goodwill recorded on the acquisition of the London Corporate stores, and recorded and impairment of £18.7m.	The Committee received reports from management covering the key judgements, forecasts and valuation metrics supporting the impairment reviews of goodwill associated with the Corporate stores business. The Committee concurred with management's conclusion that the impairment should be recorded. The Committee challenged the forecasts used, the discount rate and other key assumptions plus any relevant comparable precedent transactions and were comfortable that this represented an appropriate valuation.

Significant judgement or issue	Work undertaken by and conclusion of the Audit Committee
Restatement of NAF and eCommerce revenues As set out in note 2, as announced at the Half Year the 2018 financial statements have been restated following a change in treatment of revenues and costs associated with the NAF and eCommerce funds.	The Committee reviewed reports from management and the conclusions of the external auditors in relation to the restatement. The committee focused on understanding and challenging management on their assessment of this change in treatment. The Committee were satisfied with the rationale for the change and the disclosures made by management both in the half year report and the annual report.
Contribution made to the eCommerce funds As set out in note 7 to the financial statements, the Group made an one-off contribution to the eCommerce fund of £6.0m during the year together with accelerated amortisation of £1.1m, which were treated as non-underlying costs.	The committee reviewed the treatment adopted by management around the contribution of £6.0m made in the year to the eCommerce fund, together with the £1.1m accelerated amortisation recorded in the year and the appropriateness of the related disclosure, together with the impact on the overall presentation of the funds. The committee were satisfied with the treatment adopted and the appropriateness of the presentation.
Valuation of put options An overall gain of £9.0m has been recognised in non-underlying income in relation the fair value movement of the put options over the minority shares in Norway and Sweden.	The committee reviewed the forecasts and assumptions used in determining the valuation of the put options over the minority shares in Norway and Sweden. The Committee considered the impact on the put option valuations of the announced Norway transaction. The Committee were satisfied on the treatment adopted and the basis of the valuation used which led to the gain in the year.
Revaluation of the Market Access Fee A loss of £2.1m has been recognised in relation to the Market Access Fee financial asset in relation to the German associate.	The Committee have reviewed the forecasts and assumptions used in determining the fair valuation based on the forecast earnings of the associate investment and are satisfied with the valuation determined by management.
The appropriateness, amount and disclosure of significant non-underlying items A total cost of £23.7m has been included in profit before tax and classified as non-underlying items.	The Committee have reviewed the appropriateness of the classification and disclosure of the costs and income classified as non-underlying by management and concur with management's assessment that these represent non-underlying costs in accordance with the Group accounting policy as set out in note 2 to the financial statements.

Other accounting matters considered	Work undertaken by and conclusion of the Audit Committee
Potential tax liability in respect of employee share schemes	As further explained in note 2, a provision of £11m was recorded in 2018 around historical employee share schemes. There has been no change to the advice received from the Group's external legal advisors during the year. There has been no significant change to the matters disclosed in last year's accounts and repeated in note 2 and it is likely that it will be some years before the matter is finally concluded.
Distributable reserves	The committee considered the level of distributable reserves at the Domino's Pizza Group PLC level throughout the year in order to confirm management's assessment that appropriate reserves were in place for dividend payments. The Committee reviewed management's dividend payments throughout the group and capital restructuring in subsidiary companies, including assessment of the amounts considered qualifying consideration in order to support the year end distributable reserves position.

Focus of the committee continued

Significant judgements and financial issues continued

Other accounting matters considered	Work undertaken by and conclusion of the Audit Committee
Impact of new accounting standards	The Committee considered the adoption of IFRS 16 and the impact assessment as set out in note 2 to the financial statements. The Committee noted the key assumptions around the treatment of the head leases and sub leases to franchisees in the UK, together with key estimates around discount rates and the treatment of current property balance sheet items. The Committee noted management's focus on the treatment of UK & Ireland property leases given the significance to the Group of this area, the progress made on assessment of the UK & Ireland equipment leases and the planned disposal of the International operations and were satisfied with the level of disclosure made.
Development and capitalisation of eCommerce platform	The Committee considered the costs capitalised in relation to the new eCommerce platform, as announced by the Group in 2018. The Committee reviewed the current status of the development of the asset and the impact of any changes in the development plan on the asset values recognised.
Compliance with articles of association	The Committee reviewed the issues highlighted as a result of the requirement to modify the articles of association of the Company for covenant compliance in the EGM, and ensured that appropriate procedures were put in place going forward.

The Committee reviewed and considered the response to letters received from the Financial Reporting Council ('FRC') Corporate Review Reporting Team in relation to certain areas of the 2018 Annual Report and Accounts as part of their thematic reviews. The review performed by the FRC is based on the Annual Report and Accounts and did not benefit from detailed knowledge of the business or underlying transactions entered into. The letter and findings provide no assurance that the 2018 ARA was correct in all material aspects however the role of the FRC is not to verify the information provided but to consider compliance with reporting requirements. The FRC accepts no liability for reliance on them by the Group or any third party.

Risk management and internal control

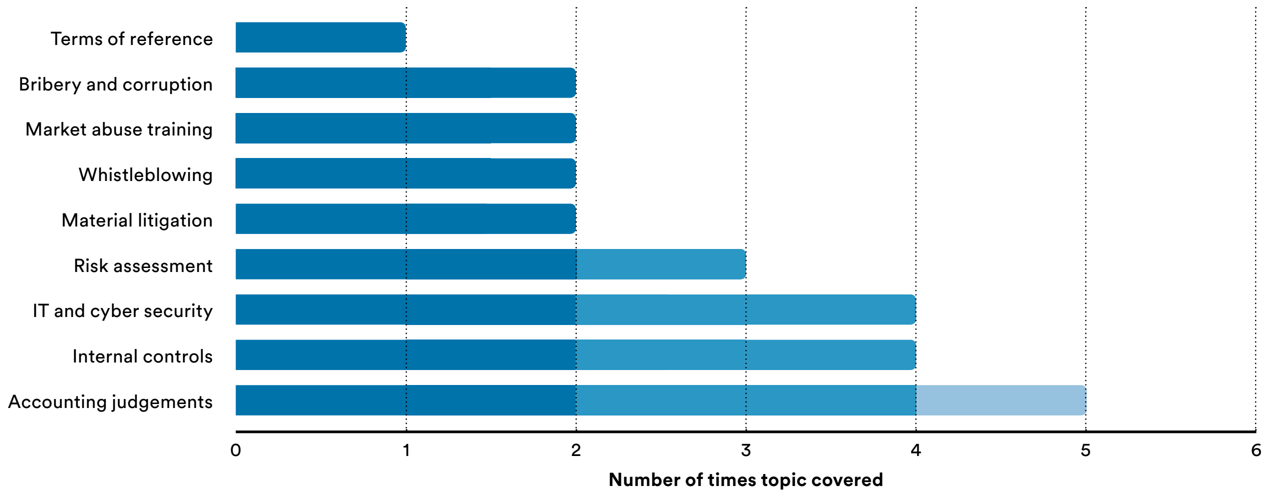
The Audit Committee is responsible for reviewing the Group's risk management and internal control systems. The Committee reviewed management's assessment of risk and internal control, results of work performed by internal audit, and the results and controls observations arising from the annual audit and interim review procedures performed by the external auditor. The Committee also ensured that all topics are appropriately covered, as defined by its Terms of Reference. In doing so, the Committee considered:

- the Group's principal risks and related assurance over risk areas;
- internal audit reports on key audit areas and any significant deficiencies in the control environment;
- management reports on the systems of internal controls and the progress made on control related projects;
- external audit reports from EY following the 2018 audit which highlighted key control findings;
- external audit reports from PwC during the year which included details of their audit risk assessment processes;
- actual and potential legal claims against the Group, including commercial disputes with key customers;
- the Group's approach to IT, information security and GDPR.

As reported in previous years, the Group's internal control environment has historically been informal and often undocumented. Progress has been made in this area in 2019, with the implementation of a formal internal audit function outsourced to KPMG. Developments have been made by the finance team and wider management on addressing control issues identified, however further significant work is required, especially in light of potential future corporate governance developments in the UK. This is a key priority for the AC into 2020 and will remain a regular agenda item.

The control environment in the international businesses of Norway, Switzerland and Sweden remains weak. There have been improvements in the control environment in Norway during 2018, however the local auditors have continued to commented that the books and records in Norway in relation to the 2018 statutory audit were initially inadequate. As a result of the disposal announced in February 2020, the Group continues to provide a guarantee over specific liabilities of the Norwegian subsidiary. Specific matters around risk assessment and the internal control environment considered by the committee, and the work undertaken by the Committee, are as follows:

Audit committee topics coverage



Risk management and internal control	Work undertaken by and conclusion of the Audit Committee
IT and cyber security	The Group's system sales and operations are highly dependent on its eCommerce IT systems. There can be no guarantee as to the resilience of the Group's systems to outside attack and the Committee commissioned a report on cyber security from Deloitte in the previous years which identified a number of areas requiring significant attention. The committee received presentations from the Head of IT security around emerging cyber security risks and the progress of control implementation across the eCommerce and other IT platforms, and challenged management's action plans around implementation of controls. This included an assessment of any security issues identified throughout the year.
Risk assessment	The Committee reviewed the risk profile of the Group as agreed by the Board and challenged the nature and impact of the Group's principal risks. The Committee as part of the 2019 year end also reviewed reports from Internal Audit over the assurance mapping performed by management over principal risks and assessed the appropriateness of those controls.
Whistleblowing	The Committee received updates from management of any whistleblowing cases identified and reviewed the operation and appropriateness of reporting procedures.
Anti-Bribery and corruption	The Committee reviewed the policy and training programme in place around anti-bribery and corruption.
Taxation	The Committee received reports from management around the tax position of the Group and update on emerging direct and indirect tax risks.
Brexit	The impact of Brexit has been reviewed again during the year. The committee discussed the controls and processes put in place for duties and customs, and management's assessment of the overall impact. Measures continue to be taken to protect the business from shortages of raw materials.

External auditors

Last year, we reported on the conclusion of the Audit tender, and PwC were appointed as our external auditors following the 2019 AGM. The change in auditors has led to fresh insight and perspective on the business. The Committee have engaged with PwC in reviewing the transition plan, scope of the audit and risks identified, and have regularly met with the lead engagement partner, Owen Mackney.

The Audit Committee has reviewed the independence, objectivity and effectiveness of the external auditor, PwC, and has concluded that PwC continues to possess the skills and experience to fulfil its duties effectively and efficiently.

PwC has confirmed that in its professional opinion it is independent within the meaning of regulatory and professional requirements and the objectivity of the audit engagement partner and audit staff are not impaired.

As we are in the first year of a new External Auditor, the review of the effectiveness of PwC as the external auditor was based on the interaction of the Audit Committee with PwC, discussions with the senior finance team, the robustness of the audit, the quality of reporting to the Audit Committee and the audit quality reports published by the FRC. The AC will conduct a more formal review of EA effectiveness in 2020.

The Audit Committee held meetings with the external auditor but without management following each Audit Committee meeting and the Audit Committee Chairman has a regular and frequent dialogue with the audit partner.

The Audit Committee agreed the fees for the external auditor and has strict policies regarding the provision of non-audit services by the external auditor which can be found on the Company's website. These include specific pre-approvals for proposed work and fees, a prohibition on certain services and a restriction on total non-audit fees as a percentage of the total audit and audit related services, except in exceptional circumstances. PWC also have clear policy on non-audit services.

No non-audit fees were charged in the period. The only significant audit-related fee was the interim review performed at half-year.

As the transaction for the disposal of Norway is a Class One transaction, PwC are likely to be engaged to perform reporting accountant services which is a permitted service under our policy and the ethical guidance.

During the year, the level of fees payable to PwC for 2019 are as set out below:

	£m
Total audit and audit-related fees	0.7
Non-audit fees	0.1
Total audit and non-audit services	0.8

The Company has complied throughout the year with the Statutory Order 2014 issued by the Competition and Markets Authority.

Internal audit

During the year, KPMG were formally appointed as internal auditors of the Group. During the year, KPMG have developed an initial internal audit plan in order to set the framework for a cyclical audit of each key business area during the year. The key objective is to provide independent and objective assurance that each business area implements and maintains effective controls.

The initial plan focusses on benchmarking across the business on a risk-based approach, informed by the business and the Committee. The plan covers the nature and timing of the audits in order to assist in improving the effectiveness of governance and key risk management and internal control processes. The internal auditors are also engaged in ad-hoc work based on identified risk areas.

The internal audit team have input into ensuring that adequate resources are made available and that the necessary support is provided by the business to accomplish the agreed work programme. The Committee Chairman meets with the lead KPMG partner regularly to discuss activities and the nature of any significant issues which may have arisen.

Internal audit has now been established as a regular agenda item at Committee meetings. Reports from KPMG usually include updates on audit and assurance activities, progress on the Group's internal audit plan and comment and tracking of the implementation of recommendations by management.

The Committee intends that no significant new areas of work will be allocated to KPMG to safeguard their independence and objectivity, with Committee approvals as necessary, should a conflict arise. There were none reported in the year. The Committee reviewed other engagements undertaken by KPMG for third parties over the Group and ensured that adequate safeguards to independence were in place.

Going concern and viability

On behalf of the Board, the Audit Committee reviewed the Group's projected cash flows, facilities and covenants as well as reviewing the assumptions underlying the viability statement (see page 29).

Net debt has increased substantially since last year to stand at £232.6m at the end of December, as a result of continued funding to the Group's International businesses, share buy-backs and dividends, together with working capital movements due to payment timings which will reverse next year. Throughout the year, the Group has maintained comfortable headroom within its facility and comfortably met banking covenant compliance.

Having reviewed these projections, including sensitised projections, which have been set out in more detail on page 29, and the ability of the Group to stop discretionary payments such as dividends, the Audit Committee has concluded that it could recommend to the Board that it should be able to make the relevant statements. The principal sensitivity would be a significant fall in underlying profitability and a disorderly international disposal which could impact on the debt covenants.

Fair balanced, understandable and comprehensive reporting

The Audit Committee has provided advice to the Board on whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's financial position and performance, business model and strategy.

Each Director was also asked to provide this confirmation. When doing so, both the Audit Committee and the individual Directors were provided by management with a formal assessment of the key messages included in the Annual Report and Accounts. This assessment was designed to test the quality of reporting and to enable the Directors to satisfy themselves that the levels of disclosure were appropriate.

Ian Bull

Chairman of the Audit Committee

4 March 2020

"The Group's underlying trading performance in 2019 demonstrates a solid performance from our core markets."

Kevin Higgins
Committee Chairman

Committee Members

Ian Bull

Helen Keays

Elias Diaz Sese

Chairman's summary statement

Dear shareholder,

I am pleased to present the Directors' remuneration report for the year ended 29 December 2019.

In this report, we review the Group's performance in the year and explain the pay which resulted for the Directors.

I also explain how our remuneration policy will be implemented in 2020.

Board changes

Details of Board changes occurring during the year are provided on pages 2 and 3. On 27 December 2019 the Company reported the tragic death of CFO David Bauernfeind. This report includes details of how the Committee has decided to exercise its discretion for long-term incentives relating to David Bauernfeind.

Performance and remuneration for 2019

The Group's underlying trading performance in 2019 demonstrates a solid performance from our core markets in the UK & Ireland reflecting the resilience of the brand and strong operational performance by the Group and our franchisees. There are challenges and tensions at present between ourselves and our franchisees, and this is affecting some of our working practices. The Board is focused on resolving this situation. The estate in our core markets grew by 32 new stores, which is a slower rate than previous years but ahead of our expectations at the start of the year. Our Supply Chain Centres continue to provide the highest level of support to the Domino's system and we are investing in an additional Supply Chain Centre in Scotland to increase capacity and enhance support for franchisees in Scotland and North East England. Operational difficulties in our international markets, noted in 2018, continued into 2019 leading the Board to conclude that the businesses in these markets would benefit from a change of ownership.

Reflecting on 2019's trading performance, the Group's adjusted underlying PBT for the year was below the threshold target level for profit-related annual bonuses to be paid to the CEO and CFO. Additionally, the 2019 annual bonus plan for the CEO and CFO requires that the Group's adjusted underlying PBT must be at or above the threshold target level to qualify for payment against individual performance objectives. Accordingly, no annual bonus payments will be awarded to the CEO or CFO for 2019. Details of the annual bonus outcomes are shown on page 81.

In 2016, David Wild received LTIP awards under the 2016 LTIP, which covered three annual grants from 2016 to 2018. Tranche 1 of the awards granted to David Wild under the 2016 LTIP became provisionally eligible to vest based on earnings per share growth and relative total shareholder performance to 30 December 2018. At that time the absolute TSR underpin associated with these awards had yet to be achieved. A re-test of the underpin at 30 December 2019 showed that absolute TSR had increased by 3.97% and 2,165 shares from Tranche 1 have vested. Neither the EPS targets nor the relative TSR targets for Tranche 2 have been met. Therefore, the shares from Tranche 2 will not vest and will lapse.

The Committee is satisfied that the remuneration outcomes and payments for the 2019 financial year are fair and reasonable, in light of the business performance during the year, and are in the best interests of the Company and shareholders.

LTIP granted during the year

The CFO received awards under 2012 LTIP of 125% of base salary during the year. 70% of the award is based on EPS targets and 30% is based on relative TSR, over the three-year performance period ending 26 December 2021. A two-year post-vesting holding period applies. Shareholders should note that EPS targets of 20% to 50% set by the Committee are lower than those described in the last Directors' Remuneration Report of 25% and 55% as being the intended targets at that time as explained on page 82.

Following David Bauernfeind's tragic death on 26 December 2019, the Committee has, in accordance with the rules of the long-term incentive plan, pro-rated David Bauernfeind's share awards from the date of the relevant grant to 26 December 2019. The pro-rata share awards will vest on the normal vesting dates subject to achievement of the performance conditions applying to each award. In accordance with the rules of the 2012 LTIP, the holding period will not apply.

The CEO did not receive any LTIP awards during the year.

Base salaries for 2020

In-line with salary increases for other colleagues, the CEO's salary will increase by 2% to £530,604, from 1 April 2020.

Pension arrangements

Under our current Policy, which was approved by shareholders at the 2019 AGM, Executive Directors can receive pension contribution or cash allowance of up to 10% of salary, reduced from 15% previously.

The Committee recognises the development in market practice and shareholder expectation to align pension levels for new executive appointments with the majority of the wider workforce, and to develop a credible plan to align incumbent Directors with the wider workforce over time.

During the year the Committee has reviewed further the pension arrangements for Executive Directors and has determined that pension contributions for new Executive Directors will be capped at 5% of salary. This contribution rate is in-line with that paid for office based colleagues. The contribution rate applicable to colleagues that participate in auto-enrolment pension arrangements, which make up the majority of colleagues, is 3%. The Committee acknowledges that the 5% contribution rate to be applied to new Executive Directors is above that available to the majority of the workforce but that it is a low contribution rate compared with other similar sized companies and other sectors. The Committee consider that a 5% contribution rate is appropriate to maintain competitiveness.

Shareholders' views

The Committee continues to take an active interest in shareholders' views and looks forward to maintaining an open and transparent dialogue in the future. We would like to thank you for your support in previous years, and we look forward to your support at the 2020 AGM.

Kevin Higgins

Chairman of the Remuneration Committee

4 March 2020

Introduction

This report sets out information on remuneration paid to Directors in the financial year ended 29 December 2019 and a summary of the Company's Directors' Remuneration Policy. The report complies with the requirements of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 ('the Regulations') and has been prepared in line with the recommendations of the Code and the UK Listing Authority Listing Rules ('the Listing Rules').

The report has been divided into two sections:

- **Directors' remuneration policy,** which was approved by shareholders at the 2019 AGM;
- **Annual report on remuneration –** this, together with the Chairman's annual statement, will be subject to a single advisory vote at the 2020 AGM. The report sets out the remuneration paid or payable in relation to the year ended 29 December 2019 and how we intend to implement the policy for the year ahead.

Those parts of the report which have been audited by PricewaterhouseCoopers LLP are clearly identified.

Remuneration policy report

This part of our Directors' remuneration report sets out for information the remuneration policy for the Company which was approved by shareholders at the AGM on 18 April 2019 and has been updated where appropriate to reflect the passage of time.

Executive Directors' remuneration policy table

	Purpose and link to strategy	Operation	Maximum	Performance targets
Base salary	• Reflects the responsibility level and complexity of the role • Reflects skills and experience over time • Provides an appropriate level of basic fixed income avoiding excessive risk arising from over-reliance on variable income	• Salaries will typically be reviewed annually • Set in the context of pay and employment conditions in the Group and internal relativities • Salary levels take periodic account of pay levels in companies with similar characteristics and sector comparators • Salaries will typically be targeted at or below the relevant market rate	• Salaries will typically be eligible for increases on an annual basis with the rate of increase (in percentage terms) typically linked to those of the wider workforce • If there are significant changes in responsibility, a change of scope in a role, a material sustained change in the size and/or complexity of the Company or very strong performance may merit base salary increases beyond those of the wider workforce • If pay is set at a discount to the Company's normal policy on appointment, it may be appropriate to phase an individual towards an appropriate rate using increases above those of the wider workforce based on performance and experience	n/a
Pension	• Provides market-competitive, yet cost-effective retirement benefits • Opportunity for Executives to contribute to their own retirement plan	• Defined contribution or cash supplement • HMRC-approved salary sacrifice arrangement (salary sacrifice for employee contribution)	• Employer contribution to a pension arrangement or payment of a cash allowance in lieu of a pension up to 10% of basic salary[1]	n/a
Other benefits	• Provides cost-effective insured benefits to support the individual and their family • Access to company car to facilitate effective travel	• Benefits are provided through third-party providers and include family level private medical and up to four times salary life insurance cover • Company cars or cash equivalents provided • Participation in an HMRC-registered savings-related share option scheme on the same terms as other UK based employees • The Committee may offer Executive Directors other benefits from time to time on broadly the same terms as provided to the wider workforce or, as appropriate, to enable them to effectively fulfil their duties. Relocation benefits may be offered if considered appropriate and reasonable • Any business-related expenses (including tax thereon) may be reimbursed	• There is no maximum limit specified but the Committee reviews the overall cost of the benefits on a periodic basis. The value of insured benefits will vary from year to year, based on the cost from third-party providers	n/a

1. As noted on page 67, since the remuneration policy was approved by shareholders on 18 April 2019, the Committee has reviewed its approach to pension provision for new Executive Directors' and reduced the contribution rate to 5% of base salary.

	Purpose and link to strategy	Operation	Maximum	Performance targets
Annual performance bonus	• Incentivise annual delivery of financial and operational goals linked to the Company's strategy	• Up to two-thirds of the annual bonus is paid in cash and one-third deferred into shares that will vest after two years and are subject to forfeiture • Dividend equivalents which accrue on vested shares may be payable • Not pensionable • Clawback and malus provisions apply • Stretching targets drive operational efficiency and influence the level of returns that should ultimately be delivered to shareholders through share price and dividends	• The maximum bonus opportunity is 150% of salary with the exception of the CFO who has a maximum bonus opportunity of 125% of salary	• Bonuses will be subject to a combination of financial and strategic targets that are set by the Committee on an annual basis • The majority of the bonus will be measured against financial metrics (e.g. underlying PBT) with a graduated scale set around the target • A minority of the bonus may be set based on strategic targets which are aligned to the key objectives from year to year • A minority of each element will be payable for achieving the threshold performance level. In relation to financial targets, 20% of this part of the bonus becomes payable for achieving the threshold performance target. In relation to any strategic or individual measures used, it is not always practicable to set a sliding scale for each objective. Where it is, a similar proportion of the bonus becomes payable for achieving the threshold performance level as for financial targets • Details of the bonus measures and targets operated each year will be included in the relevant Directors' remuneration report
2012 Long Term Incentive Plan ('2012 LTIP')	• Aligned to main strategic objectives of delivering sustained profitable growth • Aids retention of senior management • Creates alignment with shareholders and provides focus on increasing the Company's share price over the medium term	• Annual grant of performance shares which may be structured as conditional awards or nil cost options • Subject to performance conditions measured over three years. An additional two-year post-vesting holding period applies to awards granted to the Executive Directors • Clawback and malus provisions apply • Dividend equivalents which accrue during the vesting period and, where applicable, post-vesting holding period may be paid	• Maximum annual opportunity of 200% of salary in performance shares • The normal policy is to grant annual awards of performance shares at up to 175% of salary to each Executive Director	• Long-term incentive awards vest based on three-year performance against a challenging range of financial targets and relative TSR performance set and assessed by the Committee at its discretion • Different measures may be set for future awards but financial targets will determine vesting in relation to at least 50% of an award • A maximum of 15% of any award vests for achieving the threshold performance level with 100% of the awards being earned for maximum performance (there is graduated vesting between these points)
Share ownership guidelines	• To provide alignment between Executives and shareholders • To encourage a focus on sustainable long-term performance	• Executives are expected to retain shares from the vesting of options and awards (on an after-tax basis) to build and maintain a shareholding equivalent to the guideline multiple of salary within five years of joining • Share awards under the Company's LTIPs and Deferred Share Bonus Plan, granted in respect of performance periods starting in 2019 onwards, will on vesting be placed into a nominee account until the required share ownership guideline has been met. Shares will be released from the nominee account two years post-cessation	• At least 200% of salary holding for Executive Directors whilst in employment	n/a

Non-executive Director policy table

	Purpose and link to strategy	Operation	Maximum	Performance targets
Non-executive Director fees	• Reflects the value of the individual's skills and experience • Recognises expected time commitments and responsibilities	• Chairman's fees are set by the Remuneration Committee. Non-executive Directors' fees are set by the Board • Fees are reviewed periodically • Takes into account periodic external reviews against companies with similar characteristics and sector comparators • Set in the context of time commitments and responsibilities • A base fee is provided to all non-executive Directors with supplemental fees payable for chairing the sub-Committees, for holding the Senior Independent Director position or to reflect any additional responsibilities or duties they are required by the Board to undertake • Non-executive Directors do not participate in any annual bonus, share incentive plans or pension arrangements • Non-executive Directors shall be reimbursed for any expenses (on a gross of tax basis) incurred in the course of carrying out their role which are deemed to be taxable by HMRC (or equivalent body)	• The fee levels are reviewed on a periodic basis, with reference to the time commitment of the role and market levels in companies of comparable size and complexity • The fee levels will be eligible for increases during the three-year period that the remuneration policy operates from the effective date to ensure they appropriately recognise the time commitment of the role, increases to fee levels for non-in general and fee levels in companies of a similar size and complexity • Flexibility is retained to go over the above fee levels, if necessary to do so, to appoint a new Chairman or non-executive Director of an appropriate calibre	n/a

Operation of the annual bonus plan and LTIP policy

The Committee will operate the annual bonus plan, the 2012 LTIP and the 2016 LTIP scheme in accordance with their respective rules and in accordance with the Listing Rules and HMRC requirements where relevant.

Within these rules, the Remuneration Committee is required to retain a number of discretions to ensure an effective operation and administration of these plans. These discretions are consistent with standard market practice and include (but are not limited to):

- who participates in the plans;
- when awards are granted and/or paid;
- the size of an award and/or a payment (subject to the limits stated in the policy table above);
- how to determine the level of vesting;
- how to deal with a change of control or restructuring of the Group;
- how to determine a good/bad leaver for incentive plan purposes;
- how to determine any adjustments required in certain circumstances (e.g. rights issues, corporate restructuring, events and special dividends);
- reviewing the performance conditions (range of targets, measures and weightings) for the annual bonus plan and LTIP from year to year.

If certain events occur, such as a material acquisition or the divestment of a Group business, the original performance conditions may no longer be appropriate. Therefore, the Remuneration Committee retains the discretion to make adjustments to the targets and/or set different measures and alter weightings as they deem necessary to ensure the conditions achieve their original purpose, are appropriate in the revised circumstances and, in any event, are not materially less difficult to satisfy.

Any use of the above discretions would, where relevant, be explained in the Directors' remuneration report and may, where appropriate, be the subject of prior consultation with the Company's major shareholders.

To comply with the new UK Corporate Governance Code, for awards granted in 2019 and beyond, irrespective of whether any performance condition has been achieved the Committee will have discretion under the annual bonus plan and 2012 LTIP to scale back the level of pay-out or vesting that would otherwise result by reference to the formulaic outcome alone. Such discretion would only be used in exceptional circumstances and may be applied to take into account corporate and/or personal performance.

Share-settled incentive awards and any arrangements agreed prior to the effective date of this policy will remain eligible to vest or pay out based on their original award terms. This includes any awards granted under the Deferred Share Bonus Plan ('DSBP') or the 2012 LTIP scheme or the 2016 LTIP scheme. In addition, all arrangements previously disclosed in prior years' Directors' remuneration reports will remain eligible to vest or become payable on their original terms.

Clawback and malus provisions

The Company has the right to reduce the number of shares over which an award was granted under the DSBP or LTIP where it is discovered that the award was granted over too many shares as a result of a material misstatement in the Company's accounts, when there has been an error or reliance on misleading information when assessing the size of the award that was granted, and/or it is discovered that the participant could reasonably have been dismissed as a result of his/her misconduct. In addition, for performance periods beginning on or after 31 December 2018, the Company may also scale back an award where the Company suffers a material downturn in its operational or financial performance which is at least partly attributable to management failure; where the Company has suffered an instance of corporate failure; and/or where this is a material failure of risk management and/or regulatory non-compliance.

The Company may also clawback cash bonus awards or previously vested DSBP and LTIP awards in accordance with the principles set out above to ensure that the full value of any overpayment is recouped. In these circumstances the Committee may apply clawback within two years of the payment of the cash bonus or date of grant of a DSBP award or within three years of the vesting of an LTIP award.

Balance between fixed and variable pay

The performance-related elements of remuneration are dependent upon the achievement of outcomes that are important drivers of sustainable growth for the business and therefore the creation of value for shareholders.

Choice of performance metrics

The Company is a growth business, and our investments in supply chain, digital innovation and the customer experience are all designed to improve the profitability of the overall system, reach new customers and drive repeat business from existing customers. However, neither system sales nor statutory revenue are appropriate performance measures, because the former is significantly influenced by franchisees, and the latter is affected by the volatility of food costs. As a result, underlying profit before tax is used as the main performance metric in the annual bonus plan, as this captures both the growth and the efficiency of the business. A combination of relative TSR and growth in underlying EPS are used for the 2012 LTIP, as we believe these are the longer term performance metrics that are most relevant to shareholders.

Underlying EPS measures the Company's success in delivering long-term profit growth, a key contributor to the Company's valuation, and is considered by the Committee to be the most appropriate measure of long-term financial performance. It is also used by the Board to determine success in executing our strategy and our dividend policy.

Relative TSR helps align management's and shareholders' interests, since the Executives will only be rewarded to the extent that the Company delivers a return to shareholders above the median company of comparable size, with full vesting on this measure requiring top quartile performance.

All incentives are capped, other than for the impact of share price, in order that inappropriate risk taking is neither encouraged nor rewarded. For financial targets, a sliding scale is applied, with a very modest amount being payable for threshold levels of performance.

A number of the Company's non-financial strategic objectives have been incorporated into the annual bonus for Executive Directors and will be applied on an individual basis for a minority of the overall bonus opportunity.

These objectives will also be measured on a sliding scale of performance where possible.

The Committee will review the continued appropriateness of the annual bonus (and, if applicable, 2012 LTIP) performance conditions on an annual basis to ensure that they remain aligned to the Company's strategy. The Committee will make necessary changes to the weightings of measures and/or introduce new measures which they believe would provide a closer link to the business strategy within the confines of the policy detailed above. Shareholder dialogue would take place, as appropriate, should there be any material change of emphasis in relation to current practices.

How employees' pay is taken into account

Pay and conditions elsewhere in the Group were considered when finalising the current policy for the Executive Directors. In particular, the Committee is updated on salary increases for the general employee population, Company-wide benefit provisions, level of annual bonuses and staff participation in long-term incentive schemes, so it is aware of how the total remuneration of the Executive Directors compares with the average total remuneration of employees generally.

The Committee does not formally or directly consult with employees on Executive pay but does receive periodic updates from the Group People Director. The Committee is also informed of the results of colleague engagement surveys which do not contain any specific questions related to Executive Director remuneration. The most recent survey continues to show high levels of engagement with reward continuing to be an important attribute of their job. As reported last year, the Board decided that engagement with the workforce for the purposes of Principle 5 of the UK Corporate Governance Code, is best achieved through a designated non-executive Director. Details of colleague engagement can be found on page 34.

How the Executive Directors' remuneration policy relates to the Group

The remuneration policy described above provides an overview of the structure that operates for the most senior Executives in the Group, with a significant element of remuneration dependent on Company and individual performance.

A lower aggregate level of incentive payment applies below Executive Director level, driven by market comparatives, internal relativities and the potential impact of the role. The vast majority of the Group's employees participate in an annual bonus plan, with the limits and performance conditions varying according to job grade.

The Committee believes that broad-based employee share ownership provides a key element in retention and motivation in the wider workforce. Long-term incentives are provided through the Group's discretionary share schemes to selected Executives and managers. The Company also offers an HMRC-registered savings-related share option scheme for all UK-based employees with more than three months' service, including Executive Directors.

In the UK & Ireland, all newly appointed employees, including Executive Directors, are eligible to join a defined contribution pension plan. In other territories, pension provision varies and can be contributions to state schemes, occupational plans or personal pension arrangements in which the employing company makes contributions.

How is risk managed in relation to short and long-term incentives?

The Committee believes that the consideration and management of risk is important when formulating and then operating appropriate remuneration structures (notably the performance criteria) for senior management. The majority of the members of the Committee are also members of the Audit Committee, whose Chairman is also a member of the Remuneration Committee. The Remuneration Committee has a good understanding of the key risks facing the business and the relevance of these to the remuneration strategy, most particularly when setting targets for performance-related pay.

In line with the Investment Association's Guidelines on Responsible Investment Disclosure, the Remuneration Committee ensures that the incentive structure for Executive Directors and senior management will not raise environmental, social or governance ('ESG') risks by inadvertently motivating irresponsible behaviour and remuneration design can be flexed to address ESG issues when appropriate. The Committee has due regard to issues of general operational risk when structuring incentives.

The clawback provisions in respect of annual bonuses and long-term share plans also provide the Committee with a mechanism to recover monies in certain circumstances, for example, if a misstatement of results is identified. Share ownership guidelines and the design of the 2012 LTIP and 2016 LTIP help to ensure that the Executive Directors have a strong personal focus on long-term sustainable performance, heavily driven by the relative and absolute returns delivered to shareholders.

How shareholders' views are taken into account

The Committee considers shareholder feedback received around the AGM and analyses the votes cast on the relevant items of business. This feedback, plus views received during meetings with institutional shareholders and their representative bodies, is considered as part of the Company's annual review of remuneration policy. The Remuneration Committee also consults with its key shareholders whenever appropriate. A consultation exercise was undertaken during 2019 with shareholders' views being reflected in the current policy, which has been in effect since the 2019 AGM. The Committee values feedback from its shareholders and seeks to maintain a continued open dialogue. Investors who wish to discuss remuneration issues should contact the Company Secretary.

Service contracts and policy on exit

The Committee reviews the contractual terms for new Executive Directors to ensure that these reflect best practice.

Service contracts are normally entered into on a rolling basis, with notice periods given by the employing company limited to 12 months or less. Should notice be served by either party, the Executive can continue to receive basic salary, benefits and pension for the duration of their notice period, during which time the relevant group company may require the individual to continue to fulfil their current duties or may assign a period of garden leave. An Executive

Director's service contract may be terminated without notice and without any further payment or compensation, save for sums accrued up to the date of termination, on the occurrence of certain events of gross misconduct. If the Company terminates the employment of an Executive Director in breach of contract, compensation is limited to salary due for any unexpired notice period and any amount assessed by the Committee as representing the value of other contractual benefits which would have been received during the unexpired notice period.

David Wild, the Chief Executive Officer, has a rolling contract dated 30 April 2014. The Executive's contract is terminable on six months' notice from either party and include payment in lieu of notice provisions as per the policy detailed on page 74.

Payments in lieu of notice are not pensionable. In the event of a change of control of the Group, there is no enhancement to contractual terms.

In summary, the contractual provisions for any new Executive Directors are as follows:

Provision	Detailed terms
Notice period	12 months or less
Maximum termination payment	Base salary plus benefits and pension, subject to mitigation for new Directors
Remuneration entitlements	A pro rata bonus may also become payable for the period of active service along with vesting for outstanding share awards (in certain circumstances – see page 74) In all cases performance targets would apply
Change of control	As on termination

Any share-based entitlements granted to an Executive Director under the Company's LTIP schemes or bonus entitlement under the annual performance bonus will be determined based on the relevant plan rules.

Service contracts and policy on exit continued

With regard to the circumstances under which the Executive Directors might leave service, these are described below with a description of the anticipated payments:

<table>
<tr><th>Remuneration element</th><th>'Bad' leaver (e.g. resignation)</th><th>Departure on agreed terms (e.g. asked to leave due to revised skill sets required for role)</th><th>'Good' leaver (e.g. ill health, retirement)</th></tr>
<tr><td>Salary in lieu of notice period</td><td>Salary for proportion of notice period served</td><td rowspan="6">Treatment will normally fall between good leaver and bad leaver treatment, subject to the discretion of the Remuneration Committee and the terms of any termination agreement</td><td>Up to a maximum of 100% of salary</td></tr>
<tr><td>Pension and benefits</td><td>Provided for proportion of notice period served</td><td>Up to one year's worth of pension and benefits (e.g. redundancy)
Possible payment of pension and insured benefits triggered by the leaver event (this would be governed by the terms of the benefits provided)
Where appropriate, medical coverage may continue for a period post cessation</td></tr>
<tr><td>Bonus (in year)</td><td>If resigns, reduced pro rata to reflect proportion of bonus year employed (provided performance conditions met) at the discretion of the Remuneration Committee. If dismissed for cause, none payable</td><td>Reduced pro rata to reflect proportion of bonus year elapsed (provided performance conditions met)</td></tr>
<tr><td>Bonus (deferred shares)</td><td>Lapse</td><td>Will ordinarily vest on the normal vesting date (or date of cessation in respect of awards granted prior to April 2019)</td></tr>
<tr><td>Long-term incentive entitlements (2012 LTIP)</td><td>Lapse</td><td>Up to full vesting, based on performance tested over the full performance period (or to the date of cessation at the discretion of the Committee)
Where awards are granted as market value options, the award may also be reduced pro rata (at the discretion of the Committee) to reflect the proportion of the performance period elapsed to the date of cessation
Where awards are granted as performance shares, awards will be subject to a pro rata reduction unless the Committee determines otherwise</td></tr>
<tr><td>Long-term incentive entitlements (2016 LTIP)</td><td>Lapse</td><td>Awards will normally continue to be capable of vesting subject to performance measured at the normal calculation date (or until the absolute TSR condition has been satisfied prior to the award's expiry) and a pro rata reduction by reference to the proportion of the relevant three, four and five-year performance periods that have expired, unless the Remuneration Committee determines otherwise, on an exceptional basis</td></tr>
<tr><td>Other payments</td><td>None</td><td colspan="2">The Committee may pay reasonable outplacement and legal fees where considered appropriate. The Committee may also pay any statutory entitlements or settle or compromise claims in connection with a termination of employment, where considered in the best interests of the Company</td></tr>
</table>

Non-executive Director remuneration

The non-executive Directors are not employed under service contracts and have contracts for services with notice periods ranging from one to three months. Non-executive Directors do not receive compensation for loss of office. With the exception of Colin Halpern, who is nominated to the Board pursuant to a contractual agreement, each of the non-executive Directors is appointed for a fixed term of three years, renewable for a further three-year term if agreed and subject to annual re-election by shareholders.

The following table shows details of the terms of appointment for the non-executive Directors:

	Appointment date	Date most recent term commenced	Expected date of expiry of current term
Stephen Hemsley[1]	1 January 2008 (as Executive Chairman)	30 March 2016 (as non-executive Chairman)	Not applicable
Colin Halpern	15 November 1999	Rolling annual	Not applicable
Helen Keays	20 September 2011	20 September 2017	20 September 2020
Ebbe Jacobsen[2]	20 January 2014	20 January 2017	Not applicable
Kevin Higgins	8 September 2014	8 September 2017	8 September 2020
Steve Barber[3]	1 July 2015	1 July 2018	Not applicable
Elias Diaz Sese	17 October 2019	17 October 2019	17 October 2022
Ian Bull[4]	19 April 2019	19 April 2019	19 April 2022
Usman Nabi[5]	11 November 2019	11 November 2019	See note 5

1. Stephen Hemsley stood down from the Board on 29 December 2019.
2. Ebbe Jacobsen stood down from the Board on 20 January 2020.
3. Steve Barber stood down from the Board with effect from the 2019 AGM.
4. Ian Bull was appointed as the Senior Independent Director on 9 September 2019 and subsequently stepped into the role as Interim Board Chairman on 29 December 2019.
5. Usman Nabi is an appointee of Browning West LP. His term in office is governed by a Relationship agreement between the Company and Browning West, details of which can be found on the investor relations website https://investors.dominos.co.uk.

Recruitment and promotion policy

When facilitating an external recruitment or an internal promotion the Committee will apply the following principles:

Remuneration element	Policy
Base salary	Salary levels will be set based on the experience, knowledge and skills of the individual and in the context of market rates for equivalent roles in companies of a similar size and complexity. The Committee will also consider Group relativities when setting base salary levels. The Committee may set initial base salaries below the perceived market rate with the aim to make multi-year staged increases to achieve the desired market position over time. Where necessary these increases may be above those of the wider workforce, but will be subject to continued development in the role.
Benefits and pension	Will be as provided to current Executive Directors. The Committee will consider meeting the cost of certain reasonable relocation expenses and legal fees as necessary.
Annual bonus	The annual bonus would be operated in line with that set out in the policy table for current Executive Directors. For a new joiner, the bonus would be pro-rated for the period of service. Due to the timing or nature of the appointment, the Committee may determine it necessary to set different modified performance conditions for the first year of appointment.
Long-term incentives	Participation will be in accordance with the information set out in the policy table. Awards may be made shortly after an appointment, subject to prohibited periods. Different performance conditions may be set as appropriate. Any new appointment would be eligible to participate in the all-employee share option arrangements on the same terms as all other employees. For internal promotions, existing awards will continue over their original vesting period and remain subject to their terms as at the date of grant.
Additional incentives on appointment	The Committee will assess whether it is necessary to buy out remuneration which would be forfeited from a previous employer. The Committee will, where possible, seek to offer a direct replacement award taking into account the structure, quantum, time horizons and relevant performance conditions which would impact on the expected value of the remuneration to be forfeited. The Committee will use the existing remuneration plans where possible, although it may be necessary to grant outside of these schemes using exemptions permitted under the Listing Rules.

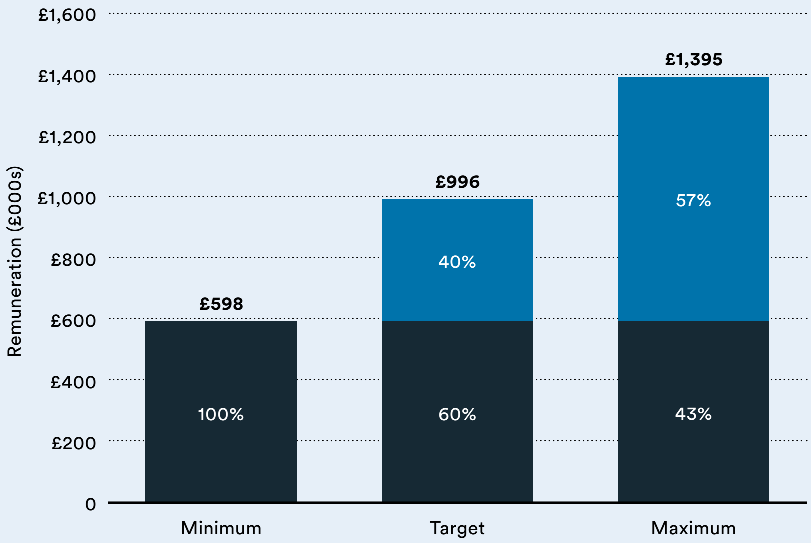
External appointments

The Committee recognises that Executive Directors may be invited to become non-executive Directors in other companies and that these appointments can enhance their knowledge and experience to the benefit of the Company Subject to pre-agreed conditions, and with prior approval of the Board, each Executive Director is permitted to accept one appointment as a non-executive Director in another listed company. The Executive Director is permitted to retain any fees paid for such service.

Illustration of remuneration scenarios

The chart below illustrates the total remuneration for the Chief Executive Officer based on the current Policy under three different scenarios – minimum, target and maximum.

Chief Executive Officer



Assumptions:

Minimum – comprises fixed pay being the value of 2020 base salary, 2019 benefits and a pension contribution in line with the approved Policy.

Target – minimum plus a bonus pay – out of 50% of the maximum.

Maximum – minimum plus maximum bonus.

No account has been taken of any prospective dividend equivalents to be paid on vested share awards.

Role and membership

The Committee is responsible for the Chairman's and the Executive Directors' remuneration and also oversees the remuneration packages of other senior executives. The remuneration and terms of appointment of the non-executive Directors are determined by the Board as a whole.

The Chairman and the Chief Executive Officer are consulted on proposals relating to the remuneration of relevant senior executives and, when appropriate, are invited by the Remuneration Committee to attend meetings but are not present when their own remuneration is considered. The Company Chairman and other non-executive Directors may also attend meetings by invitation.

The Company Secretary acts as Secretary to the Remuneration Committee.

The role of the Remuneration Committee is set out in its terms of reference, which are reviewed annually and can be found on the Group's website, https://investors.dominos.co.uk. The Remuneration Committee normally meets up to four times in each year and additionally as circumstances dictate.

During the year, the members of the Remuneration Committee and their attendance at the meetings were:

Name	Member since	Attendance
Kevin Higgins (Chairman)	22 September 2014	6 of 6
Helen Keays	22 September 2014	6 of 6
Steve Barber[1]	16 September 2015	4 of 4
Ian Bull[2]	19 April 2019	2 of 2
Elias Diaz Sese[3]	17 October 2019	1 of 1

1. Steve Barber stood down as a non-executive Director at the 2019 AGM.
2. Ian Bull joined the Committee with effect from 19 April 2019.
3. Elias Diaz Sese joined the Committee with effect from 17 October 2019.

External advisers

Wholly independent advice on executive remuneration and share schemes is received from the Executive Compensation practice of Aon plc. Aon is a member of the Remuneration Consultants' Group and is a signatory to its Code of Conduct. During the year, Aon did not provide any other services to the Company except in relation to senior management remuneration matters. Fees charged by Aon for advice provided to the Committee for 2019 amounted to £130,380 (excluding VAT) (2018: £69,485).

What has the Remuneration Committee done during the year?

The Remuneration Committee met six times during the year to consider and, where appropriate, approve key remuneration items including the following:

A) Management of individual remuneration

- reviewed and approved Executive Directors' and senior management base salaries and benefits;
- reviewed year end business performance and performance-linked rewards in order to determine annual bonus pay-outs and vesting of long-term incentives;
- approved long-term incentive awards made in 2019 under the 2012 LTIP;
- agreed changes to pension contributions for new Executive Directors.

B) Governance of the remuneration programme

- monitored guidance from institutional shareholder bodies on executive pay and considered the application of the revised UK Corporate Governance Code;
- reviewed the rules of the Group's share plans and approved changes consistent with the requirements of the revised UK Corporate Governance Code;
- reviewed the existing Directors' remuneration policy and devised the new policy to be put to shareholders at the 2019 AGM;
- engaged with major shareholders on the new remuneration policy;
- reviewed and approved the Directors' remuneration report;
- received presentations from management on gender pay reporting;
- received presentations from management on pay and benefits of the wider workforce.

Implementation of remuneration policy for 2020

Base salary

The base salary for the Chief Executive Officer will be increased by 2% to £530,604 per annum respectively from 1 April 2020. The rate of increase is in line with the average workforce increase.

Annual performance bonus ('APB')

The maximum bonus opportunity for the CEO for 2020 will be 150% of salary.

The APB provides a focus on the delivery of the stretching targets that are set by the Committee following consideration of the Company's annual operating plan by the Board each year.

The performance conditions for the APB for the 2020 financial year will be based both on achieving and exceeding the Group's underlying PBT growth targets set by the Board (70% of bonus for the CEO) and on achieving individual business objectives (30% of bonus for the CEO) which support the business plan. Reflecting the Group's particular circumstances of Board succession and transition, for 2020, payment for achievement of individual objectives will not be dependent on the level of Group underlying PBT exceeding the target threshold.

The underlying PBT measure is based on internally set targets and pays out 20% at threshold (95% of target) rising on a pro rata basis to 50% pay-out at target with full payment only due if we achieve 110% of target.

For 2020, strategic objectives will be set by the Committee linked to the Company's strategic goals. Where appropriate, individual objectives are also set on a sliding scale based around a target.

The Committee considers that the performance targets in relation to the APB are commercially sensitive and therefore will not be disclosed on a prospective basis, but intends that the targets and outcomes are disclosed in the Directors' remuneration report once they are no longer considered sensitive, as has been its practice in recent years.

Two-thirds of any bonus payments will be made in cash, with the remaining third deferred into Company shares, which will vest after two years during which time they remain subject to forfeiture.

Benefits and pension

Benefits in kind provided for Executive Directors are principally a Company car provision or an allowance in lieu of Company car, mobile telephone, life insurance cover and private health cover for Executive Directors and their family. David Wild receives a pension allowance equal to 10% of salary.

Non-executive Directors' fees

Non-executive Directors' fees are reviewed biennially and the last review was carried out in January 2018. A review of non-executive Directors' fees for 2020 has been deferred pending the appointment of a new chair of the Board.

Therefore, the fees below remain unchanged from last year's remuneration report. The fee structure for the Chairman and other non-executive Directors for 2020 is as follows:

- Chairman – £230,000;
- Non-executive Director base fee – £50,000;
- Audit Committee Chairman fee – £10,000;
- Remuneration Committee Chairman fee – £10,000;
- Nomination Committee Chairman fee – £5,000;
- Senior Independent Director fee – £10,000.

Statement of shareholder voting at AGM

The voting results for the last vote on the Directors' Remuneration Policy and the Annual Report on Remuneration (at the 2019 AGM) were as follows:

	Annual report on remuneration		Remuneration policy	
	Total number of votes	% of votes cast	Total number of votes	% of votes cast
For	351,746,771	93.18%	340,933,388	92.85%
Against	25,725,690	6.82%	26,251,715	7.15%
Total votes cast (for and against)	377,472,461	100%	367,185,103	100%
Votes withheld[1]	988,692	–	11,276,051	–
Total votes cast (including withheld votes)	378,461,153	–	378,461,154	–

1. A vote withheld is not a vote in law and is not counted in the calculation of the proportion of votes cast 'For' and 'Against' a resolution.

Audited information

The information presented from this section up until the unaudited information heading on page 84 represents the audited section of this report.

Single total remuneration figure for each Director

52 weeks ended 29 December 2019

£000	Fixed pay: Salary	Fixed pay: Benefits[1] and supplements	Fixed pay: Pension	Fixed pay: Subtotal	Performance-related pay: Bonus	Performance-related pay: LTIP Vesting[2]	Performance-related pay: DSBP vesting	Performance-related pay: Subtotal	Other	Total remuneration in 2019
Executives										
David Wild	517	14	52	583	–	111	–	111	–	694
David Bauernfeind	330	12	33	375	–	–	–	–	–	375
Non-executives										
Stephen Hemsley[3]	227	2	–	229	–	–	–	–	58	287
Colin Halpern[4]	140	31	–	171	–	–	–	–	–	171
Helen Keays	57	–	–	57	–	–	–	–	–	57
Ebbe Jacobsen	50	–	–	50	–	–	–	–	–	50
Kevin Higgins	60	–	–	60	–	–	–	–	–	60
Elias Diaz Sese[5]	9	–	–	9	–	–	–	–	–	9
Ian Bull[6]	59	–	–	59	–	–	–	–	–	59
Usman Nabi[7]	–	–	–	–	–	–	–	–	–	–
Steve Barber[11]	19	–	–	19	–	–	–	–	–	19
Total	1,468	59	85	1,612	-	111	–	111	58	1,781

Please see notes on page 80.

Single total remuneration figure for each Director continued

52 weeks ended 30 December 2018

£000	Fixed pay: Salary	Fixed pay: Benefits[1] and supplements	Fixed pay: Pension	Fixed pay: Subtotal	Performance-related pay: Bonus	Performance-related pay: LTIP Vesting[2,8]	Performance-related pay: DSBP vesting	Performance-related pay: Subtotal	Other[9]	Total remuneration in 2018
Executives										
David Wild	510	21	51	582	–	117	–	117	–	699
David Bauernfeind[10]	74	2	7	83	–	–	–	–	–	83
Former Executive										
Rachel Osborne[8,9]	238	16	35	289	–	17	–	17	93	399
Non-executives										
Stephen Hemsley	235	2	–	237	–	–	–	–	–	237
Colin Halpern[4]	140	31	–	171	–	–	–	–	–	171
Helen Keays	60	–	–	60	–	–	–	–	–	60
Ebbe Jacobsen	50	–	–	50	–	–	–	–	–	50
Kevin Higgins	60	–	–	60	–	–	–	–	–	60
Steve Barber [11]	60	–	–	60	–	–	–	–	–	60
Total	1,427	72	93	1,592	–	134	–	134	93	1,819

Notes:

1. The value of benefits relates primarily to the provision of a company car allowance and, if applicable, health cover. Where relevant, they also include the fair value of share awards made under the Savings Related Share Option Plan.
2. 2,165 shares have vested from Tranche 1 of the 2016 LTIP award granted to David Wild on 22 April 2016. The vested value of these shares was £6,848 using the mid-market share price on the vesting date of 316.4p. Of this figure £6,848 relates to the underlying award and £nil to share price growth. The vested shares from Tranche 1 attracted a dividend equivalent award of £693. The 2014 LTIP award to David Wild vested in 2017 and was exercised in December 2019. Under the terms of the 2012 LTIP, dividend equivalent awards continued to accrue until the award is exercised. Accordingly, a further dividend award equal to £103,675 has been included.
3. On 9 December 2019, Stephen Hemsley advised the Board that he would retire as Chairman and as a Director with effect from 29 December 2019 and as a member of the Nomination Committee with effect from 9 December 2019. Mr Hemsley was paid the balance of his annual fees up until 9 December 2019 and a lump-sum payment of £57,500 in lieu of three months' notice as provided in his contract for services.
4. Colin Halpern is not remunerated by the Company and for the 2019 financial year a management fee of £140,000 was paid to HS Real Company LLC in respect of his services. A further benefit of £31,000 relating to life insurance premiums was also paid to HS Real Company LLC during the year. For the 2018 financial year, a management fee of £140,000 was paid to HS Real Company LLC in respect of his services. A further benefit of £31,000 relating to life insurance premiums was also paid to HS Real Company LLC during 2018.
5. Elias Diaz Sese was appointed to the Board in October 2019.
6. Ian Bull was appointed to the Board in April 2019 as a non-executive Director. He was appointed as the Senior Independent Director in September 2019 and stepped into the role of Interim Board Chairman on 29 December 2019. In 2019 his fees included a one-off lump sum of £15,000 in recognition of additional duties he performed during the year. In 2020, Mr Bull will be paid a Director's fee of £230,000 per annum on a pro-rata basis during the period he acts as Interim Chair.
7. Usman Nabi was appointed to the Board in November 2019. Mr Nabi has waived his fees in accordance with the terms of his appointment letter.
8. Rachel Osborne received an award under the 2012 LTIP on 13 October 2016. The performance conditions applying to this award were partially met (details were set out on page 82 of the 2018 Annual Report). In the 2018 Directors' remuneration report, the vested element of the award was estimated to be £17,543 using the three month average share price to 30 December 2018 of 263.61p. The actual vested value was £17,396 using the mid-market share price on the vesting date of 261.4p. Of this figure £17,396 relates to the underlying award and £nil to share price growth.
9. Rachel Osborne stood down from the Board on 11 June 2018 and ceased employment with the Company, following a period of garden leave, on 11 September 2018. She received £93,437 (consisting of salary and pension allowance) as a payment in lieu of the remainder of her contractual notice period from 11 September to 11 December 2018, which has been shown in the 'Other' column. Full details of the remuneration arrangements associated with her departure are set out on page 85 of our 2018 Directors' Remuneration Report.
10. David Bauernfeind was appointed to the Board as Chief Financial Officer with effect from 9 October 2018 on an annual salary of £325,000 and was eligible to receive benefits and a pension and participate in the incentive plans in line with the prevailing remuneration policy.
11. Steve Barber stood down from the Board at the conclusion of the AGM in 2019.

Defined contribution pensions

Executive Directors receive pension contributions to a personal pension fund or in cash. In the year ended 29 December 2019 David Wild and David Bauernfeind received pension contributions of 10% of salary which totalled £51,745 and £32,975 respectively.

Details of variable pay earned in the year

Annual bonus plan

The incentive for the financial year ended 29 December 2019 was in the form of a bonus based on performance against a combination of financial targets, specifically a significant increase in the Group's underlying PBT, and non-financial targets, incentivising a number of the Company's strategic priorities.

David Wild ('CEO') and David Bauernfeind ('CFO') had bonus opportunities of up to 150% and 125% of salary, respectively, for the 2019 financial year. Of this opportunity, 70% in respect of the CEO and 80% in respect of the CFO was linked to Group underlying PBT and operated on a banded basis, commencing at 20% for threshold levels of profit performance, 50% of bonus at target, with the full 100% only payable at stretch performance levels, being materially in excess of budget.

Assessment of financial metrics

Performance hurdle	Targets[1] set for year (underlying PBT)	Actual performance achieved	Resulting bonus out-turn	Resulting bonus payable
Growth in underlying profit before tax of between 95% of target (20% pay-out) and 110% or more (full pay-out). Graduated scale operates between performance points	Threshold: £95m Target: £100m Maximum: £110m	Actual adjusted underlying PBT was £78.0m	nil% of maximum	CEO: £nil CFO: £nil

As reported above, the Group's adjusted PBT was below the bonus threshold of £95m. Adjusted PBT for bonus purposes was underlying PBT of £98.8m less trading results from discontinued operations of £20.8m so that comparison is on a like-for-like basis. No bonus is payable for personal performance during 2019. The Committee notes the importance of enabling shareholders to understand the basis of bonus outcomes and will provide expanded disclosure in respect of any bonuses paid against personal objectives in future years.

2016 LTIP

David Wild was granted an award under the 2016 LTIP on 22 April 2016. Tranche 1 (534,000 shares) was based on earnings per share and relative total shareholder performance to 30 December 2018, in addition an absolute TSR underpin applies. As reported in last year's report, approximately 10.214% of Tranche 1 (54,557 shares) became provisionally eligible to vest at the end of 2018. An underpin mechanism applies which only permits the release of the vested awards if TSR has increased in absolute terms, with awards released on a proportionate basis (e.g. if TSR has increased by 20%, 20% of the vested awards will be released). Awards will only be released in full if absolute TSR has increased by 100%. As at 30 December 2018, absolute TSR was -15% and therefore no part of the award was eligible to vest. On 30 June 2019 and 30 December 2019, absolute TSR was re-assessed and was -17.11% and 3.97% on these dates. As a result, 2,165 shares have vested to date for David Wild from Tranche 1.

Tranche 2 of the 2016 LTIP was based on the following performance conditions for performance period to 29 December 2019:

One third: Stretch EPS performance

Metric	Actual performance	EPS performance condition			Maximum	% of award provisionally eligible to vest
Three-year cumulative growth in earnings per share ('EPS')	19% growth	30% growth (10% vesting)	40% growth (45% vesting)	50% growth (80% vesting)	60% growth (100% vesting)	nil%

One third: Super-stretch EPS performance

Metric	Actual performance	EPS performance condition		Maximum	% of award provisionally eligible to vest
Three-year cumulative growth in earnings per share ('EPS')[1]	19% growth	60% growth (0% vesting)	70% growth (50% vesting)	80% growth (100% vesting)	nil%

1. For the purposes of assessing EPS growth over the performance period, the underlying fully diluted EPS for 2019 has been adjusted to take account of trading results from discontinued operations of £20.8m so that comparison is on a like-for-like basis.

One third: TSR performance

Metric	Actual performance[1]	Threshold	Maximum	% of award provisionally eligible to vest
Ranking of the Company's TSR against the constituents of the FTSE 250 Index (excluding investment trusts) over three financial years	122nd of 170	Median (15% vesting)	Upper quartile[1] (100% vesting)	nil%

1. Median ranking was 86 and upper quartile ranking was 43.

Share awards granted during the year

LTIP awards

Details of the grant made under the 2012 LTIP on 5 September 2019 to David Bauernfeind are summarised below:

Executive	Date of grant	Type of award	Number of awards granted	Face value of award*	Face value of award (as a % of salary)	Vesting % at threshold	Performance period	Performance conditions
David Bauernfeind	5 September 2019	Conditional award of shares	183,141	£436,791	125%	10–15%	Three financial years from 2019 to 2021	70%: EPS Growth 30%: TSR

* Based on the average of the mid-market price of the Company's shares on 3 September 2019 and 4 September 2019 being 237.1p and 239.9p respectively.

The awards for David Bauernfeind are based on the following:

70%: earnings per share growth

Three-year underlying EPS growth (over 2018 base year)	Vesting (% of EPS part of award)*
Below 20%	0%
20%	10%
50%	100%

* Straight-line vesting in between the performance points above.

The above underlying EPS targets are lower than those described in the last Directors' remuneration report of 25% and 55% as being the intended targets at that time. However the Committee considered these to be appropriately demanding given the quantum of the awards proposed, market expectations of the Company at the time the award was granted and internal long-term planning and that the proposed targets previously disclosed would have been unrealistically challenging.

30%: relative TSR performance

The remaining 30% of the award will vest in accordance with the following vesting schedule based on the Company's TSR performance against the constituents of the FTSE 250 Index, excluding investment trusts, over three financial years.

Ranking of the Company's TSR	Vesting (% of TSR part of award)*
Below median	0%
Median	15%
Upper quartile or higher	100%

* Straight-line vesting in between the performance points above.

In choosing underlying EPS and TSR as the metrics, the Committee has sought to provide a balance between incentivising delivery against our key measure of success in delivering profitable growth (underlying EPS) and aligning the CFO and senior management with shareholders through a TSR measure.

Awards held in the year

Details of options and conditional awards over shares held by Directors, and their connected persons, who served during the year are as follows:

Plan	Outstanding shares at 30 December 2018	Granted/ awarded in 2019 (number)	Exercised/ vested (number)	Lapsed (number)	Outstanding shares at 29 December 2019	Exercise price (pence)	Date of grant	Date from which exercisable/ capable of vesting
David Wild								
2012 LTIP	541,515	–	541,515	–	–	n/a	30/05/2014	30/05/2017
2012 LTIP (additional award)	406,137	–	406,137	–	–	n/a	30/05/2014	30/05/2017
2016 LTIP all tranches	1,602,000	–	–	1,013,443	588,557	n/a	22/04/2016	22/04/2023
DSBP	40,098	–	–	–	40,098	n/a	21/12/2015	27/02/2017
DSBP	67,239	–	–	–	67,239	n/a	11/03/2016	11/03/2018
Sharesave	6,923		–	–	6,923	260	26/04/2018	01/06/2021
David Bauernfeind								
2012 LTIP	95,121	–	–	58,115	37,006	n/a	25/10/2018	25/10/2021
2012 LTIP	–	183,141	–	164,576	18,565	n/a	05/09/2019	05/09/2022

Vesting of LTIP awards is subject to the achievement of performance conditions and the rules of the relevant plans. DSBP and Sharesave awards vest subject to continued employment only.

Directors' shareholdings

To reinforce the linkage between senior Executives and shareholders, the Company has adopted a shareholding policy that applies to Executive Directors under its long-term incentive arrangements. The Executive Directors are required to retain sufficient shares from the vesting of awards to build up and retain a personal shareholding worth an equivalent of a minimum of 200% of base salary. It is expected that the required shareholding will be built up over a maximum of five years. The Committee has discretion to waive the shareholding requirement in exceptional circumstances. Once attained, a subsequent fall below the required level may be taken into account by the Committee when determining the grant of future awards.

Directors' remuneration report continued

Details of variable pay earned in the year continued

Directors' shareholdings continued

The Committee has decided that vested but unexercised LTIP awards and awards made under the DSBP shall count (assuming the sale of sufficient shares to fund the employee's tax and NI obligations) towards this target.

	Legally owned shares at 29 December 2019 (or earlier date of cessation)	Legally owned shares at 30 December 2018 (or earlier date of cessation)	Conditional shares subject to performance conditions (2012 LTIP and 2016 LTIP)	Share options not or no longer subject to performance conditions (2012 LTIP/DSBP/ Sharesave)	Market value of shareholding as a % of salary[1]
Executive Directors					
David Wild	632,734	131,596	586,392	116,425	431.1%
David Bauernfeind	20,000	8,000	55,571	–	19.6%
Non-executive Directors					
Stephen Hemsley[2]	1,800,000	1,800,000	–	–	n/a
Colin Halpern[3]	1,673,700	1,673,700	–	–	n/a
Ian Bull	30,000	–	–	–	n/a
Helen Keays	–	–	–	–	n/a
Ebbe Jacobsen	–	–	–	–	n/a
Kevin Higgins	–	–	–	–	n/a
Usman Nabi[4]	36,573,653	–	–	–	n/a
Elias Diaz Sese	691,000	–	–	–	n/a

Notes:

1. Based on a share price of 325.2p prevailing at the end of the financial year and the number of shares in which the Director has a beneficial interest and calculated on the annual salary for the year.
2. 1,800,000 Ordinary shares (2018: 1,800,000) are held by The Stephen Hemsley No. 5 Trust, a discretionary trust of which Stephen Hemsley and his family are potential beneficiaries.
3. 1,673,700 Ordinary shares (2018: 1,673,700) are held by HS Real LLC. HS Real LLC is owned by a discretionary trust, the beneficiaries of which are the adult children of Colin and Gail Halpern.
4. Usman Nabi is deemed to be interested in shares held by the Browning West Group LP.
5. The interest in conditional shares subject to performance conditions shown for David Bauernfeind represent a pro-rata adjustment from the date of the award until his date of death.

There were no changes in the Directors' shareholdings between 29 December 2019 and 4 March 2020.

Unaudited information

Dilution limits

The Company operates within best practice guidelines published by the Investment Association. These broadly provide that where new issue shares are used to satisfy awards made under employee share schemes, the aggregate number of shares placed under award (disregarding any awards which have lapsed) across all such schemes operated by the Company should not exceed 10% of the Company's issued share capital in any ten-year rolling period.

External appointments

During the year, David Wild acted as Senior Independent Director at Ten Entertainment Group. David Wild retained fees from this external appointment which amounted to £50,000 (2018: £54,044). David Bauernfeind was an independent non-executive Director of Gooch and Housego plc and retained fees from this external appointment which amounted to £41,820 (2018: £10,389).

CEO remuneration

Year ended	Chief Executive Officer	Total remuneration £000	Annual bonus (% of max)	LTIP vesting (% of max)
29 December 2019	David Wild	694	0%	–
30 December 2018	David Wild	699	0%	–
31 December 2017	David Wild	1,394	50.91%	90.95%
25 December 2016[1]	David Wild	4,482	81%	100%
27 December 2015	David Wild	1,243	87.5%	–
28 December 2014	David Wild	864	58.6%	–
29 December 2013[2]	Lance Batchelor	532	0%	–
30 December 2012	Lance Batchelor	852	50%	–
25 December 2011	Lance Batchelor	256	60%	–
25 December 2011	Chris Moore	630	60%	100%

1. The first LTIP awards granted to the current CEO that become capable of vesting based on performance ending in FY16 were in 2014 and these have been included in the above table.
2. Lance Batchelor resigned as CEO on 16 March 2014. David Wild assumed the position of Interim CEO on 31 January 2014 and his appointment as the Group's CEO was formally confirmed on 30 April 2014. For comparative purposes the total remuneration shown for the year ended 28 December 2014 includes remuneration received in both roles.

CEO Pay Ratio

In the UK & Ireland, we are the clear number one pizza delivery business; delivering pizzas to customers through our stores, which are almost entirely operated through our franchisee partners (90%). Our UK & Ireland workforce is made up of our 450 colleagues in supply chain, where we manufacture dough and act as a scale and expert wholesaler of other food and non-food supplies to our franchisees; our 290 colleagues in Head Office & Support functions and 760 customer-facing colleagues in 36 wholly owned stores.

We apply the same reward principles for all – that overall remuneration should be competitive when compared to similar roles in other companies from where we recruit. For customer facing roles we benchmark with other quick service retailers and the wider retail market, and for colleagues in Supply Chain and Head Office we benchmark against the applicable market for that role. For our CEO, we benchmark against other FTSE 250 companies, taking into account their size, business complexity, scope and relative performance.

Employee involvement in the Group's performance is encouraged, with colleagues participating in discretionary bonus schemes relevant for their role, a Save-As-You-Earn Scheme is in operation for all UK-based employees with more than six months service and long-term incentives are provided through the Group's discretionary share schemes to selected executives and managers.

Given our workforce profile, all three of the CEO pay ratio reference points compare our CEO's remuneration with that of colleagues in either store or supply chain roles. Additionally, we know that year-to-year movements in the pay ratio will be driven largely by our CEO's variable pay outcomes. These movements will significantly outweigh any other changes in pay within the Company. Whatever the CEO pay ratio, we will continue to invest in competitive pay for all colleagues.

We have chosen to use Option C to calculate the CEO Pay Ratio. This utilises data required for the Gender Pay Gap reporting, which has been extended to include all UK colleagues in all our wholly owned stores; with colleagues at the three quartiles identified from this work and their respective single figure values calculated. This methodology was chosen given the complexity of obtaining information from multiple payrolls and with the variation in working hours and pay and benefit rules. We have used additional pay data and calculation methodologies to minimise the differences in pay definitions between the CEO single total remuneration figure and gender pay reporting data, and agreed these with Aon, who have been assisting with this work. To ensure the data accurately reflects individuals at the relevant quartiles, we have checked the colleagues immediately above and below.

The total pay and benefits of UK colleagues at the 25th, 50th and 75th percentile and the ratios between the CEO and these colleagues, using the CEO's single figure remuneration for 2020 of £694,484, are as follows:

	Method	25th percentile pay ratio	50th percentile pay ratio	75th percentile pay ratio
Total pay and benefits (FTE)		£16,264	£30,022	£45,553
CEO pay ratio	Option C	42:1	23:1	15:1

Total shareholder return

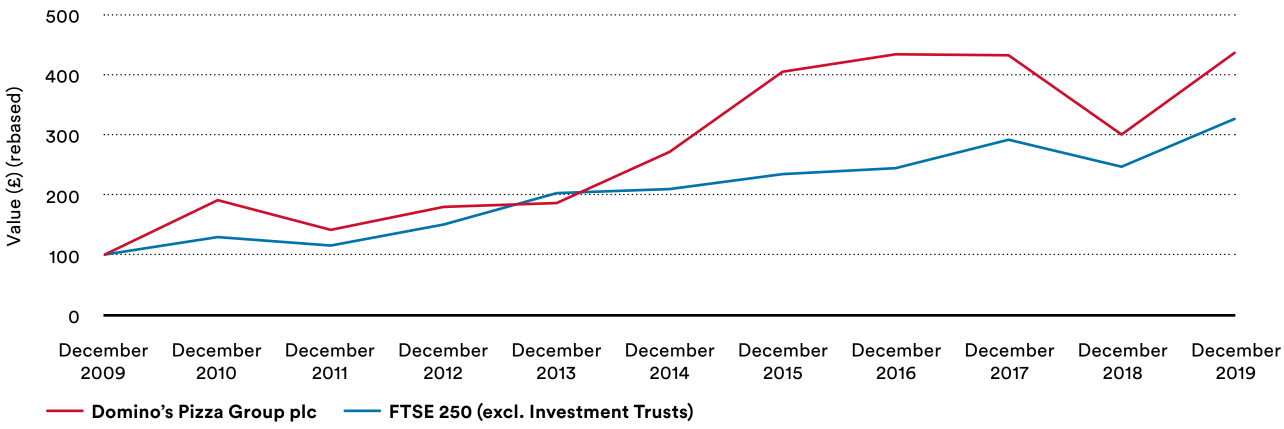
The graph on page 86 illustrates the Company's TSR performance over the ten financial years to 29 December 2019, plotted against the TSR performance of the FTSE 250 Index (excluding investment trusts) over the same period.

TSR reflects movements in the share price, adjusted for capital events and assuming all dividends are reinvested on the ex-dividend date. The FTSE 250 Index (excluding investment trusts) has been selected for this comparison because (i) this is the index in which the Company's shares have been quoted since admission to the Official List and (ii) it forms the comparator group for the TSR performance condition used in the Group's 2012 LTIP and 2016 LTIP.

This graph shows the value, by 29 December 2019, of £100 invested in Domino's Pizza Group plc on 27 December 2009, compared with the value of £100 invested in the FTSE 250 (excl. Investment Trusts) Index on. The other points plotted are the values at intervening financial year ends.

Details of variable pay earned in the year continued

Total shareholder return graph



Percentage increase in the remuneration of the Chief Executive Officer

	2018/19 %
Chief Executive Officer	
Salary	1.4%
Benefits	0.0%
Bonus	0.0%
Average employee (on a per capita basis)	
Salary	8.6%
Benefits	14.6%
Bonus	(35.7)%

The table above shows the percentage change in salary, benefits and annual bonus for the Chief Executive Officer between the current and previous financial year, and compares this to the equivalent year-on-year changes averaged across all Group employees and expressed on a per capita basis. Pay for Group employees includes material proportions paid in Group functional currencies, and the translation into pounds for the purposes of this year-on-year comparison includes exchange effects.

Relative importance of spend on pay

	2019	2018[2]	% change
Staff costs[1] (£m)	105.0	98.3	6.8%
of which Directors' pay (£m)	1.7	1.7	1.9%
Dividends and share buybacks (£m)	61.7	107.9	(42.8)%
Adjusted underlying PBT (£m)	78.0	93.4	(16.5)%

1. Excluding non-underlying items.
2. 2018 figures have been restated to reflect inclusion of the London corporate stores.
3. For a like-for-like comparison, stated Group underlying PBT for 2019 is after adjustment for the trading results of discontinued operations, which decreases the PBT by £20.8m in 2019.

Adjusted underlying PBT was chosen as a comparator as it reflects the profit generated by the Group's continuing operations, virtually the whole of which leads to cash generation. This therefore creates the opportunity for the Board to reinvest in the Group's business, or make distributions to shareholders, or both. It is the same comparator as used in prior years' remuneration reports.

On behalf of the Board

Kevin Higgins
Chairman of the Remuneration Committee

4 March 2020

Directors' report

The Directors have pleasure in presenting the statutory financial statements for the Group for the 52 weeks ended 29 December 2019.

The Company has chosen in accordance with section 414C(11) of the Companies Act 2006 to include the disclosure of likely future developments in the strategic report (on pages 8 to 37), which includes the following:

- the Chairman's statement on pages 2 and 3;
- a description of the market on page 14;
- a description of the business structure, model and strategy on pages 8 and 9, 20 and 21;
- the Chief Executive Officer's review on pages 10 to 13;
- the Financial review on pages 15 to 23;
- the key performance indicators on pages 22 and 23;
- the discussion of risk management, the table of principal risks and uncertainties and the longer-term viability statement on pages 24 to 29;
- the Sustainability report on pages 30 to 37.

Together, this information is intended to provide a fair, balanced and understandable analysis of the development and performance of the Group's business during the year, and its position at the end of the year, its strategy, likely developments and any principal risks and uncertainties associated with the Group's business.

The sections of the Annual Report dealing with corporate governance, the reports of the Nomination Committee and Audit Committee and the Directors' remuneration report set out on pages 40 to 91 inclusive are hereby incorporated by reference into this Directors' report.

For the purposes of compliance with DTR 4.1.5R(2) and DTR 4.1.8R, the required content of the 'management report' can be found in the strategic report and Directors' report including the sections of the Annual Report and Accounts incorporated by reference.

Group results

The Group profit for the period after taxation was £2.8m (2018: £43.9m). This is after a taxation charge of £15.8m (2018: £15.4m) representing an effective tax rate of 21.0% (2018: 17.7%) and loss from discontinued operations of £56.5m (2018: £27.8m). The financial statements setting out the results of the Group for the 52 weeks ended 29 December 2019 are shown on pages 94 to 173.

Dividends

The Directors recommend the payment of a final dividend of 5.56p per Ordinary share, to be paid on 27 April 2020 to members on the register at the close of business on 20 March 2020 (ex-dividend date 19 March 2020), subject to shareholder approval. Together with the interim dividend of 4.20p per Ordinary share paid on 7 October 2019, the total dividend in respect of the period will be 9.76p compared with 9.5p for the previous year, an increase of 2.7%.

Dividends are recognised in the accounts in the year in which they are paid or, in the case of the final dividend, when approved by shareholders. Therefore, the amount recognised in the 2019 accounts, as described in note 13 on page 140, comprises the 2018 final dividend and the 2019 interim dividend.

Share capital

As at 29 December 2019, there were 462,230,073 Ordinary shares in issue. All issued Ordinary shares are fully paid up. The Ordinary shares are listed on the London Stock Exchange and can be held in certificated or uncertificated form.

Holders of Ordinary shares are entitled to attend and speak at general meetings of the Company, to appoint one or more proxies and, if they are corporations, corporate representatives who are entitled to attend general meetings and to exercise voting rights.

On a show of hands at a general meeting of the Company every holder of Ordinary shares present in person or by proxy and entitled to vote shall have one vote, unless the proxy is appointed by more than one shareholder and has been instructed by one or more shareholders to vote for the resolution and by one or more shareholders to vote against the resolution, in which case the proxy has one vote for and one vote against. This reflects the position in the Shareholders' Rights Regulations 2009 which amended the Companies Act 2006. On a poll, every member present in person or by proxy and entitled to vote shall have one vote for every Ordinary share held. None of the Ordinary shares carry any special voting rights with regard to control of the Company. The Articles specify deadlines for exercising voting rights and appointing a proxy or proxies to vote in relation to resolutions to be passed at the AGM. The relevant proxy votes are counted and the number for, against or withheld in relation to each resolution are announced at the AGM and published on the Company's website after the meeting.

There are no restrictions on the transfer of Ordinary shares in the Company other than certain restrictions that may be imposed from time to time by the Articles, law or regulation and pursuant to the Listing Rules whereby certain Directors, officers and employees require approval to deal in Ordinary shares of the Company. The Group is not aware of any agreements between holders of securities that may result in restrictions on the transfer of Ordinary shares.

Shares held by employee share trusts

The Group has had an Employee Benefit Trust ('EBT') for a number of years, the trustee of which is Intertrust Fiduciary Services (Jersey) Limited. As at 29 December 2019, the EBT held 1,628,400 shares, which are used to satisfy awards under employee share schemes. The voting rights in relation to these shares are exercisable by the trustee; however, in accordance with best practice guidance, the trustee abstains from voting.

Dividend waivers

A dividend waiver is in force in relation to shares in the Company held by the EBT (see previous paragraph), which relates to a total of 1,628,400 shares.

Purchase of own shares

At the 2019 AGM, a special resolution was passed to authorise the Company to make purchases on the London Stock Exchange of up to 10% of its Ordinary shares for the year under review. The Company engages in share buybacks to create value for shareholders when cash flows permit and there is no immediate alternative investment use for the funds. Shareholders will be requested to renew this authority at the forthcoming AGM, to be held on 23 April 2020.

During the year the Company made purchases of 6,276,657 Ordinary shares with a nominal value of £32,690.92.

Directors and their interests

The Directors in service at 29 December 2019 were Ian Bull, Colin Halpern, David Wild, Helen Keays, Ebbe Jacobsen, Kevin Higgins, Elias Diaz Sese and Usman Nabi.

The biographical details of the present Directors are set out on pages 40 and 41 of this Annual Report.

The appointment and replacement of Directors is governed by the Articles of the Company, the UK Corporate Governance Code, the Companies Act 2006 and related legislation. Subject to the Articles of Association, the Companies Act 2006 and any directions given by special resolution, the business of the Company is managed by the Board, which may exercise all the powers of the Company.

The interests of Directors and their immediate families in the shares of the Company, along with details of options and awards held by Executive Directors, are contained in the Directors' remuneration report set out on pages 66 to 86. Should any Ordinary shares be required to satisfy awards over shares, these may be provided by the EBT.

There have not been any changes in the interests of the Directors, including share options and awards, in the share capital of the Company between the year end and 4 March 2020. None of the Directors have a beneficial interest in the shares of any subsidiary.

In line with the Companies Act 2006, the Board has clear procedures for Directors to formally disclose any actual or potential conflicts to the whole Board for authorisation as necessary. All new conflicts are required to be disclosed as and when they arise. There is an annual review of conflicts disclosed and authorisations given. The register of Directors' conflicts is maintained by the Company Secretary.

Substantial Shareholdings

As at 4 March 2020, the Company had been notified, in accordance with the FCA's Disclosure, Guidance and Transparency Rules (DTR 5.3.1R(1)), of the following holdings of voting rights attaching to the Company's shares:

	Number of shares	% of total voting rights as at 29 December 2019	% of total voting rights as at 4 March 2020
The Capital Group Companies, Inc	60,343,538	13.05	13.05
Browning West LP	36,573,653	7.91	7.91
Liontrust Investment Partners LLP	24,077,090	5.06	5.06
Troy Asset Management Limited	23,275,000	5.04	5.04
Southeastern Asset Management	23,126,141	5.00	5.00

No other notifications under DTR 5.3.1R(1) have been received since 29 December 2019.

The interest stated above for Browning West LP ('Browning West') are as disclosed by Browning West under the Market Abuse Regulations as a Person Closely Associated with Usman Nabi. Browning West's notified interest as at 29 December 2019 under DTR 5.3.1R(1) was 24,624,093 shares (5.33% of the Company's issued share capital).

Directors' indemnities

The Directors have the benefit of an indemnity provision contained in the Articles of Association. The provision, which is a qualifying third-party indemnity provision (as defined by section 234 of the Companies Act 2006), was in force during the year ended 29 December 2019 and remains in force and relates to certain losses and liabilities which the Directors may incur to third parties in the course of acting as Directors or employees of the Company.

The Group maintained a Directors' and Officers' liability insurance policy throughout the financial year, although no cover exists in the event that Directors or officers are found to have acted fraudulently or dishonestly. No indemnity is provided for the Group's auditor.

Employees

The Group employed 3,997 people as at 29 December 2019 (2018: 4,067).

Employment policies

The Group is committed to the principle of equal opportunity in employment. The Group recruits and selects applicants for employment based solely on a person's qualifications and suitability for the position, whilst bearing in mind equality and diversity. It is the Group's policy to recruit the most capable person available for each position. The Group recognises the need to treat all employees honestly and fairly. The Group is committed to ensuring that its employees feel respected and valued and are able to fulfil their potential and recognises that the success of the business relies on their skill and dedication.

The Group gives full and fair consideration to applications for employment from disabled persons, with regard to their particular aptitudes and abilities. Efforts are made to continue the employment of those who become disabled during their employment.

For more information on the Company's employment practices please see page 34.

General information

Annual General Meeting

The notice convening the AGM to be held at 12:00 noon on 23 April 2020 at the Domino's Pizza Supply Chain Centre, 1 Thornbury, West Ashland, Milton Keynes, MK6 4BB, is contained in a separate shareholder circular. Full details of all resolutions to be proposed are provided in that document. The Directors consider that all of the resolutions set out in the Notice of AGM are in the best interests of the Company and its shareholders as a whole. The Directors will be voting in favour of them and unanimously recommend that shareholders vote in favour of each of them.

Significant agreements and change of control provisions

The Group judges that the only significant agreements in relation to its business are the UK & Ireland Master Franchise Agreement, the Know How Licence Agreement and the Master Franchise Agreement's for Switzerland, Iceland, Norway and Sweden pursuant to which certain of the Group's companies are granted the right to franchise stores and operate commissaries in the territories by Domino's Pizza International Franchising Inc ('DPI').

Of the Group's significant agreements listed above, the Master Franchise Agreements for Switzerland, Norway and Sweden are, on a change of control, capable of termination by DPI unless the change of control had been approved by DPI. In the case of the Master Franchise Agreement for Switzerland, DPI's consent cannot be unreasonably withheld.

The Group does not have agreements with any Director or employee that would provide compensation for loss of office or employment resulting from a takeover except that provisions of the Group's employee share schemes may cause options and awards granted to employees, including Directors, to vest on a change of control. The Group's banking arrangements do contain change of control provisions which, if triggered, could limit future utilisations, require the repayment of existing utilisations or lead to a renegotiation of terms.

As discussed more fully on page 107 in note 2: Accounting policies in the section on key judgements and estimates, certain former Directors entered into indemnity contracts with the Group in connection with their participation in some historic share-based remuneration schemes. A provision for employment taxes amounting to £11.0m was recorded in the 2017 financial statements, of which the Company has estimated that £9m could be recoverable under the indemnities.

Articles of Association

On 1 July 2019, the Company's Articles of Association were amended by special resolution to amend the Company's borrowing powers.

Political donations

The Company made no political donations in the year (2018: £nil).

Key performance indicators ('KPIs')

Details of the Group's KPIs can be found on pages 22 and 23.

Auditor

PwC has signified its willingness to continue in office as auditor to the Company. The Group is satisfied that PwC is independent and there are adequate safeguards in place to project its objectivity. A resolution to reappoint PwC as the Company's auditor will be proposed at the 2020 AGM.

Directors' statement of disclosure of information to auditor

Having made the requisite enquiries, the Directors in office at the date of this Annual Report and Accounts have each confirmed that, so far as they are aware, there is no relevant audit information of which the Group's auditor is unaware and each Director has taken all the steps he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Greenhouse gas emissions:

The Board acknowledges that the Company is part of a wider community and recognises that it has a responsibility to act in ways that respects the environment and the social wellbeing of others. Details of the Group's approach to these issues are set out in the Sustainability Report on pages 32 to 33. Our reporting period for GHG emissions is 1 October 2018 to 30 September 2019. Details of GHG emissions for our UK & Ireland activities are set out below, as required by the Companies Act 2006 (Strategic and Directors' Reports) Regulations 2013:

		Tonnes of CO_2e[1]		
	Emissions source	**2017/2018**	**2018/2019**	**Vs. 2017/2018**
Scope 1: CO_2e from fuel combustion and operation of facilities.	Natural gas	1,523	1,681	+10%
	Other fuels[4]	1034	884	-15%
	Refrigerant	49	31	-36%
	Owned vehicles[5]	6,397	7,377	+15%
Scope 2: CO_2e from purchase of electricity, heat, steam or cooling by the Company.	Purchased electricity[6 7]	4,514	4,527	0%
	Scope 1 and 2 total[2]	13,517	14,500	+7%

Intensity ratio:

We continue to track GHG emissions intensity against the total volume of dough produced. Total emissions intensity for the reporting year 2018/19 is 0.27 tCO_2e per tonnes of dough produced. This is a 0.03% increase compared to our 2017/18 intensity ratio and a 48% reduction compared to our baseline emissions intensity.

1. We report all material GHG emissions, using 'tonnes of CO_2-equivalent' ('tCO_2e') as the unit, to account for all GHGs attributable to human activity, as defined in section 92 of the Climate Change Act 2008(a).
2. Total Scope 1 and Scope 2 emissions from our UK & Ireland activities are 14,500tCO_2e. Discontinued operations (Norway, Switzerland, Iceland and Sweden) account for an additional 1,074tCO_2e. Total Scope 1 and 2 emissions for 2018/19 amount to 15,574tCO_2e.
3. Total emissions for 2017/18 previously reporting 13,665 tCO_2e. Emissions were rebaselined to account for the acquisitions of SMP and HMF franchises, additional gas oil data used in the fleet which was not previously reported and to remove discontinued operations.
4. Includes kerosene, diesel and gas oil.
5. Includes fuel consumed (petrol and diesel) by our supply chain delivery fleet, company cars and corporate store delivery fleet.
6. This work is partially based on the country specific CO_2e emission factors developed by the International Energy Agency, © OECD/IEA 2019. The resulting work has been prepared by Carbon Smart Limited and does not necessarily reflect the views of the International Energy Agency.
7. Our Scope 2 emissions calculated using location-based emissions factors are 4,527 tCO_2e. Our Scope 2 market-based emissions for 2018/19 are 6,944 tCO_2e, calculated using supplier specific emission factors and country residual mix factors.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the strategic report on pages 8 to 29. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are described in the financial review on pages 15 to 23.

In addition, notes 25 and 26 to the Group financial statements include the Company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities and its exposures to credit risk and liquidity risk.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and have therefore continued to adopt the going concern basis in preparing the financial statements.

Cautionary statement

This Annual Report and Accounts contains forward-looking statements. These forward-looking statements are not guarantees of future performance; rather, they are based on current views and assumptions as at the date of this Annual Report and Accounts and are made by the Directors in good faith based on the information available to them at the time of their approval of this report. These statements should be treated with caution due to the inherent risks and uncertainties underlying any such forward-looking information. The Group undertakes no obligation to update these forward-looking statements.

Directors' Report
Signed on behalf of the Board

Adrian Bushnell
Company Secretary

4 March 2020

Statement of Directors' responsibilities

Directors' responsibility statement

The Directors are responsible for preparing the Annual Report and Accounts, the Directors' remuneration report and the financial statements (Group and Company) in accordance with applicable UK laws and regulations. UK company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS') and applicable UK law. Further, they have elected to prepare the Company financial statements in accordance with UK accounting standards ('UK GAAP') and applicable UK law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they are a true and fair view of the Group and Company and of the profit or loss of the Group for that period.

In preparing the Group financial statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) and then apply them consistently;
- present information, including accounting policies, in a manner which presents relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance;
- state that the Group has complied with IFRS, subject to any material departures disclosed and explained in the financial statements.

In preparing the Company financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the Annual Report and Accounts and financial statements comply with the Companies Act 2006 and, with regard to the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for the system of internal control for safeguarding the assets of the Company and the Group and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

A copy of the financial statements of the Company is posted on the Company's website. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the website. Information published on the Company's website is accessible in many countries with different legal requirements. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DTR 4.1 statement

Each of the Directors, the names and functions of whom are set out on pages 40 and 41, confirms that, to the best of their knowledge, they have complied with the above requirements in preparing the financial statements in accordance with applicable accounting standards and that the financial statements give a true and fair view of the assets, liabilities, financial position and profit of the Group and the Company and of the Group's income statement for that period. In addition, each of the Directors confirms that the strategic report represented by the Directors' report includes a fair review of the development and performance of the business and the position of the Company and Group, together with a description of the principal risks and uncertainties that it faces.

The Directors are responsible for preparing the Annual Report in accordance with applicable law and regulations. Having taken advice from the Audit Committee, the Board considers the Annual Report and Accounts, taken as a whole, to be fair, balanced and understandable and that it provides the information necessary for the shareholders to assess the Company's and Group's performance, business model and strategy.

Signed on behalf of the Board

David Wild
Chief Executive Officer

4 March 2020

Financial Statements

Independent Auditor's report

to the members of Domino's Pizza Group plc

Opinion

In our opinion:

- Domino's Pizza Group plc's group financial statements and company financial statements (the 'financial statements') give a true and fair view of the state of the group's and of the company's affairs as at 29 December 2019 and of the group's profit and cash flows for the 52 week period (the 'period') then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law);
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the Annual Report and Accounts (the 'Annual Report'), which comprise: the group and company balance sheets as at 29 December 2019; the group income statement and statement of comprehensive income, the group cash flow statement, and the group and company statements of changes in equity for the 52 week period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the company.

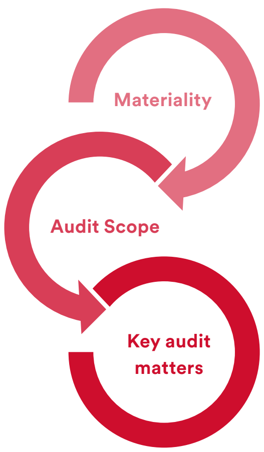
Other than those disclosed in note 6 to the financial statements, we have provided no non-audit services to the group or the company in the period from 31 December 2018 to 29 December 2019.

Our audit approach

Context

This is our first year as auditors of the group.

Overview



- Overall group materiality: £5.0m, based on 5% of underlying profit before tax.
- Overall company materiality: £1.5m, based on 1% of net assets.

- Audit of the complete financial information of two components, and specified procedures over nine components.
- Central audit procedures performed by the group audit team included auditing non-underlying items, assets held for sale and discontinued operations, goodwill and intangible asset impairment, taxation and group consolidation.
- Audit coverage over 88% of group revenue.

Key audit matters identified by our audit:

- Presentation and valuation of the International businesses as discontinued operations and assets held for sale (group only).
- Risk of impairment of goodwill and intangible assets of the UK corporate stores CGU (group only).
- Presentation of the National Advertising Fund and eCommerce fee expenditure in the group income statement, and recoverability of net and gross fund deficits (group only).
- Classification of non-underlying items (group only).
- Availability of distributable reserves (company only).
- Risk of impairment of investment in subsidiaries and receivables balances related to the International businesses (company only).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Listings Rules, UK tax legislation and breaches of health and safety including food safety, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries, and management bias in accounting estimates. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work, where relevant. Audit procedures performed by the group engagement team and/or component auditors included:

- discussions with management, KPMG in their role as internal auditor and the group's legal team, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- assessment of matters reported on the group's whistleblowing helpline and the results of management's investigation of such matters;
- challenging assumptions made by management in their significant accounting estimates, in particular in relation to impairment of intangible fixed assets and judgements formed in presentation of non-underlying items (see related key audit matter below);
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, journal entries crediting revenue, journal entries crediting cash and journal entries with specific defined descriptions.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Presentation of the International businesses as discontinued operations and its associated valuation as assets held for sale (group only). Refer to the Accounting policies set out in note 2 and note 4 of the Consolidated Financial Statements. **Disclosure** The group's International businesses of Norway, Sweden, Switzerland and Iceland have been presented as discontinued operations and assets held for sale. We focussed on this area as management judgement is required to assess if the businesses met the criteria set out in IFRS 5 for this presentation. **Valuation** Management estimation and judgment was required to determine the recoverable amount of the assets of the International businesses. This includes judgement around estimating the likely fair value of these businesses less the related costs to sell. The recoverable amounts were determined with reference to offers received (where applicable) and a discounted cash flow model which included forecasts, discount rates and long-term growth rates. We focussed on this area as valuations are highly subjective and susceptible to management bias.	**Disclosure** In order to assess the classification assets and liabilities of the International business as held for sale and the results of these businesses as discontinued operations we: • read Board minutes to verify that the decision had been made to exit the businesses prior to the period end and reviewed subsequent meeting minutes to verify that any decision had not been reversed; • read the group's announcement to the market confirming the intention to orderly exit the international markets prior to the period end; • reviewed the group's instruction to a third party to assist with the preparation of marketing information memorandums prior to the period end; • understood if there were any restrictions that meant the businesses were not available for immediate sale in their current condition. We identified and considered management's assessment of the following two areas: – there is a requirement for shareholder approval. This is a formality applicable to all public companies and there is no evidence to suggest that approval will be obtained; – approval from the master franchisor Domino's Pizza Inc. Historically there have been no issues on previous transactions. • we considered the Directors' assertion that it is highly probable that the businesses would be exited within 12 months. Based on the current interest received around the sale, we concurred with this assessment; • we tested the presentation of discontinued operations, including the prior year re-presentation, to ensure this was done accurately. We concluded that there is sufficient evidence to support the classification of the assets and liabilities of the International businesses as assets held for sale and the results of these businesses as discontinued operations as this group of components have a major effect on financial results. **Valuation** We performed the following work on assessing fair values and related impairments: • for valuations where fair value less costs to sell was determined with reference to offers received by the Board from third parties, we obtained written evidence of those offers and understood the Board's assessment of those offers through a review of Board meeting minutes and discussions with the Audit Committee; • for valuations where recoverable amount was determined with reference to a discounted cash flow model: – we obtained the cash flow model prepared by management and tested the arithmetical accuracy and ensured that they had been prepared in line with the guidance provided in IAS 36; – we used internal valuation experts to determine whether management's discount rate was appropriate; – we used internal valuation exerts to determine if long-term growth rates used in the impairment model were consistent with external sources of evidence; – we assessed the short-term forecasts used in the model. This included, but was not limited to, agreeing forecasts to Board approved plans where available, assessing the revenue growth rates by comparing to actual historical rates, assessing margin assumptions and capex forecasts; – we performed sensitivity analysis by reducing cash inflows and increasing the discount rate to understand the impact that reasonably possible changes could have. We concluded that the valuations determined, and the associated impairments recorded, were consistent with the available evidence for expected recoverable amounts of those CGUs. Where recoverable amount was determined with reference to a discounted cash flow model, we assessed the adequacy of the sensitivity disclosures made in the financial statements and concluded that the disclosures provided are appropriate.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>
Risk of impairment of goodwill and intangible assets of the UK corporate stores CGU (group only).
Refer to the Accounting policies set out in note 2 and note 14 of the Consolidated Financial Statements.
The group acquired their UK corporate stores in two transactions, in October 2017 and August 2018, resulting in total goodwill arising of £31.1m. In the second half of 2019, the Board prepared revised three year forecasts for this group of CGUs which reflected an updated view of like-for-like growth and the cumulative knowledge gained about the business since acquisition around areas such as store operating costs.
This revised forecast of cash flows was used to assess impairment resulting in an impairment of £18.7m against the goodwill of the UK corporate stores.
We focussed on this area as in order to determine the recoverable amount of the group of CGUs, the Directors are required to use judgement and therefore these amounts are susceptible to bias.
</td><td>
In order to audit the impairment assessment and underlying cash flow model:

we obtained the impairment analyses prepared by management and tested the technical and arithmetic accuracy to ensure that they had been prepared in line with the guidance provided in IAS 36;
we used internal valuation experts to determine whether management’s discount rate was appropriate and we challenged management on their use of discount rate. This was subsequently increased in line with our assessed acceptable range;
we used internal valuation exerts to determine if long-term growth rates used in the impairment model were consistent with external sources of evidence;
we assessed the short-term forecasts used in the model. This included, but was not limited to: agreeing forecasts to Board approved plans, assessing the revenue growth rates in terms of ticket and order count growth, assessing revenue growth rates with reference to the wider franchisee network and actual performance of the UK corporate stores in 2019, assessing margin assumptions, assessing wage growth assumptions and reviewing management’s historical accuracy of forecasting with reference to 2019. We challenged management on the revenue growth rate used in the model, and management then reduced the growth rate to reflect the average observed elsewhere in the franchise network;
to assess the achievability of the growth assumptions included in the cash flows, we compared the terminal value cash flows with the current average profitability of franchisee stores in the same market;
we performed sensitivity analysis, including reducing cash inflows, to understand the impact that reasonably possible changes could have;
we compared the recoverable amount to other recent transactions to provide corroborative evidence of the final valuation.

We also assessed the adequacy of the disclosures made in the financial statements.
We concluded that the impairment recorded was materially consistent with the available evidence, and that the sensitivity disclosures provided are appropriate.
</td></tr>
<tr><td>
Assessment of the historical accounting and presentation of the National Advertising Fund and eCommerce royalty income and related expenditure in the group income statement, and assessment of the recoverability of net and gross fund balances (group only).
Refer to the Accounting policies set out in note 2 and note 16 of the Consolidated Financial Statements.
Under the terms of the Standard Franchise Agreement (‘SFA’), franchisees pay contributions including:

amounts which are collected by the Group for specific use within the National Advertising Fund ‘NAF’). The NAF is utilised to pay for marketing and advertising;
an eCommerce fee which is collected by the Group to fund the costs and expenses of running the Domino’s online ordering platforms.

Assessment of the historical accounting and presentation
During the year, the Directors reconsidered the income statement presentation of the NAF and eCommerce arrangements and concluded that they were the principal in the arrangement rather than an agent. As such the Statement of Comprehensive Income was restated to reflect revenue recognition on a cost-plus basis where revenues are recognised in line with the costs incurred, resulting in a net nil impact to profit in any period.
Costs incurred relating to the NAF or eCommerce
The SFA sets out the overarching principles of the types of expenditure that the NAF and eCommerce fees cover, supplemented by more detail in the framework agreement. The imprecise description of activities to be charged against the NAF and eCommerce fee allows management judgement to be applied is accordingly susceptible to management bias.
Net balance sheet position
If cumulative aggregate royalties collected exceed the costs incurred, this is shown as a liability to reflect the fact that the group has the commitment to make future spend. If cumulative aggregate costs exceed the royalties collected, the excess costs are shown as an asset which represents amounts due from franchisees. While the Group tracks the income and expenditure of these two arrangements separately, they have presented them in the financial statements on a combined basis which is consistent with the custom and practice applied by the Group to these arrangements (and in reporting to franchisees) since inception.
</td><td>
Assessment of the historical accounting and presentation
We assessed the group’s adoption of IFRS 15 in the prior year, and challenged the judgement taken by the Directors regarding the agency treatment of the NAF and eCommerce fee.
We concluded with the Directors that a more appropriate treatment was that the group was the principal in these transactions and therefore the financial statements were restated to gross up royalty income and the costs incurred but with no overall impact on profit.
Costs incurred relating to the NAF or eCommerce

we read the SFA and the framework agreement and reviewed correspondence between the group and the franchisees including Marketing Advisory Council (‘MAC’) meeting minutes in order to understand the nature of approved costs being incurred;
we reviewed the results of the independent audit of the NAF and eCommerce fee performed by KPMG during the year and confirmed that there were no significant findings arising;
we performed testing to confirm that costs charged to the fund are in accordance with the SFA and framework agreement by selecting a sample of expenses and corroborating to supporting documentation. Where costs charged are judgemental, for example an allocation of salaries, we corroborated the employee’s role to employment contracts or other forms of evidence;
we substantively tested cash receipts into the NAF and eCommerce fund, and we performed a proof in total of receipts by applying the fixed percentage royalty to the total system sales;
we recomputed the surplus or deficit on the funds with reference to total cash receipts, total expenditure and the opening position.

We did not find any exceptions from our testing.
Net balance sheet position
We understood management’s assessment of the presentation of the funds on a net basis which included consideration of legal advice obtained, and historical presentation of information to franchisees through the MAC meetings.
At 29 December 2019 the net fund position is a £2.0m surplus.
We found no exceptions as a result of our testing.
</td></tr>
</table>

Key audit matter	How our audit addressed the key audit matter
Classification of non-underlying items (group only). Refer to the Accounting policies in note 2, and note 7 of the Consolidated Financial Statements. During the period, £21.8m (2018: £10.9m) of non-underlying items have been recorded. The Group's accounting policy is to present separately, as non-underlying items, income and expenses where such disclosure is considered useful to the users of the financial statements in helping them understand the underlying business performance. Non-underlying items are not defined by IFRS and therefore judgement is required in determining the appropriateness of such classification. Such judgement may be susceptible to management bias.	• we have examined the items classified as non-underlying to understand management's rationale for their separate presentation and assessed the appropriateness of their presentation by reference to the Group's accounting policies and the FRC guidance in this area; • we traced a sample of the individual amounts presented as non-underlying items to supporting evidence to assess their accuracy and occurrence. We assessed whether items classified within underlying operations, met the definition of 'non-underlying set out in the Group's accounting policies'; • we instructed component auditors to test a sample of non-underlying costs in the German associate to supporting evidence to assess the accuracy and occurrence; • we reviewed the disclosures regarding items classified as non-underlying, with a focus on whether there is a clear explanation setting out why they are excluded from underlying performance and whether they can be easily reconciled back to the equivalent statutory measure. We found no exceptions as a result of our testing.
Risk of impairment of investment in subsidiaries and receivables balances related to the International businesses (company only). Refer to the Accounting policies in note 2, note 4 and note 5 of the Company Financial Statements. Domino's Pizza plc has investments in subsidiaries in the international markets of Iceland, Norway, Sweden and Switzerland which has been impaired to £33.7m. It also has intercompany loans receivable which has been impaired to £4.3m. We focussed on this area as the announcement to orderly exit from these markets gives rise to the risk of impairment of the investments and the risk of expected credit losses on intercompany receivables. Theses balances were partially impaired in the prior year, and further impaired in the current year.	• we obtained the impairment analyses and expected credit loss analysis prepared by management and tested the technical and arithmetic accuracy to ensure that they had been prepared in line with IFRS; • we understood the basis of determining the impairment or expected credit loss, which is consistent with the work set out above in the key audit matters relating to impairment of the International businesses; • we also assessed the adequacy of the disclosures made in the financial statements.
Availability of distributable reserves (company only). Refer to Note 13 of the Company Financial Statements. During the period, £187m of distributable reserves have been passed up to Domino's Pizza plc, from its subsidiary company DPG Holdings Limited ('DPGHL'). Following receipt of this dividend in cash, £53m of the cash was loaned to a subsidiary. We focussed on this area as the process of loaning the cash to a subsidiary following receipt of a dividend could result in the dividend not classifying as qualifying consideration.	• we reviewed management's paper setting out the steps in the transaction; • we agreed the dividend received by Domino's Pizza plc from DPGHL to bank statements; • we challenged management on whether dividends received from subsidiaries are in the form of qualifying consideration. Management provided evidence in the form of a paper presented to the Board of Domino's Pizza plc regarding the eligibility of the dividend as qualifying consideration and we reviewed the Board minute confirming the actions that the Directors agreed to take to repay the intercompany loan in a reasonable period of time and the expectation this would take place within the next 12 months. Based on the available evidence, we have concluded that the subsidiary has the ability and intent to repay the intercompany loan within a reasonable period of time and as such, that the dividend payment to Domino's Pizza plc should be considered as distributable.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The group is structured according to geographical markets and the legal entity structure which is broadly reflective of the nature of business activity, for example franchisor activities, corporate stores, property and centralised functions, each of which is a reporting unit, or component. The group financial statements are a consolidation of reporting components.

In establishing the overall approach to the group audit, we determined the type of work that needed to be performed for each reporting component. We determined that there was one financially significant component: Domino's Pizza UK & Ireland Limited. Accordingly, we determined that this component, as well as Domino's Pizza Group plc parent company, required a full audit of their complete financial information in order to ensure that sufficient appropriate audit evidence was obtained. We identified one component of Norway that was considered to be a significant risk component due to issued identified by the local statutory auditors with regards to quality of accounting records. The Group audit team visited Norway to perform specified audit procedures on balances and transactions that we considered to be of heighted risk either due to magnitude or nature. We also identified certain large or material balances in other components where specified audit procedures were performed. These included: revenues recorded in Sheermans Limited, revenues and other income statement line items in Pizza Pizza EHF (Iceland), non-underlying items in Daytona JV Limited and DP Realty Ltd.

All audit work was performed by the group audit team, with the exception audit work performed on Daytona JV Limited which was performed by non-PwC component auditors, and Iceland which was performed by a PwC Network firm. These component auditors worked under our instruction. The group audit team was in contact, at each stage of the audit, with the component audit team through regular written communication alongside detailed instructions issues by the group audit team.

The group consolidation, financial statement disclosures and a number of centralised functions were audited by the group audit team at the head office. These included, but were not limited to, central procedures over non-underlying items, taxation, assets held for sale and discontinued operations and goodwill and intangible asset impairment assessments.

We also performed group level analytical procedures on all of the remaining out of scope reporting units to identify whether any further audit evidence was needed, which resulted in no extra testing.

This audit work resulted in coverage over 88% of group revenues.

The company was also subject to a full scope audit by the group audit team.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	£5.0m.	£1.5m.
How we determined it	5% of underlying profit before tax.	1% of net assets.
Rationale for benchmark applied	Based on the benchmarks used in the annual report, underlying profit before tax is a key measure used by the shareholders in assessing the performance of the group, and is a generally accepted auditing benchmark.	We believe that net assets is an appropriate benchmark for a non-trading company.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £0.3m and £3.8m. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £250,000 (Group audit) and £75,000 (Company audit) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Going concern

In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the group's and the company's ability to continue as a going concern over a period of at least 12 months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern. For example, the terms of the UK withdrawal from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.
We are required to report if the directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 29 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. (CA06)

The directors' assessment of the prospects of the group and of the principal risks that would threaten the solvency or liquidity of the group

We have nothing material to add or draw attention to regarding:

- the Directors' confirmation on page 24 of the Annual Report that they have carried out a robust assessment of the principal risks facing the group, including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated;
- the Directors' explanation on page 29 of the Annual Report as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal risks facing the group and statement in relation to the longer-term viability of the group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the 'Code'); and considering whether the statements are consistent with the knowledge and understanding of the group and company and their environment obtained in the course of the audit. (Listing Rules)

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- the statement given by the directors, on page 46, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position and performance, business model and strategy is materially inconsistent with our knowledge of the group and company obtained in the course of performing our audit;
- the section of the Annual Report on page 58 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee;
- the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited , set out on pages 79 to 84 has been properly prepared in accordance with the Companies Act 2006. (CA06)

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the audit committee, we were appointed by the members on 18 April 2019 to audit the financial statements for the year ended 29 December 2019 and subsequent financial periods. This is therefore our first year of uninterrupted engagement.

Owen Mackney (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford

4 March 2020

Group income statement

52 weeks ended 29 December 2019

	Notes	52 weeks ended 29 December 2019 £m			52 weeks ended 30 December 2018 (restated)* £m		
		Underlying	Non-underlying	Total	Underlying	Non-underlying	Total
Revenue	3	508.3	–	508.3	493.4	–	493.4
Cost of sales		(273.5)	–	(273.5)	(266.3)	–	(266.3)
Gross profit		234.8	–	234.8	227.1	–	227.1
Distribution costs		(30.9)	–	(30.9)	(30.3)	–	(30.3)
Administrative costs		(103.5)	(9.5)	(113.0)	(97.5)	(14.2)	(111.7)
Other expenses		–	(20.8)	(20.8)	–	(4.9)	(4.9)
Share of post-tax profit/(loss) of associates and joint ventures	17	4.9	(2.8)	2.1	4.2	(3.2)	1.0
Other income	7	–	9.2	9.2	–	8.2	8.2
Profit/(loss) before interest and taxation		105.3	(23.9)	81.4	103.5	(14.1)	89.4
Finance income	9	0.8	0.8	1.6	0.9	1.2	2.1
Finance costs	10	(7.3)	(0.6)	(7.9)	(4.4)	–	(4.4)
Profit/(loss) before taxation		98.8	(23.7)	75.1	100.0	(12.9)	87.1
Taxation	11	(17.7)	1.9	(15.8)	(17.4)	2.0	(15.4)
Profit/(loss) for the period from continuing operations		81.1	(21.8)	59.3	82.6	(10.9)	71.7
Loss from discontinued operations	4	–	(56.5)	(56.5)	–	(27.8)	(27.8)
Profit/(loss) for the period		81.1	(78.3)	2.8	82.6	(38.7)	43.9
Profit/(loss) attributable to:							
– Equity holders of the parent		81.1	(68.0)	13.1	82.6	(33.6)	49.0
– Non-controlling interests		–	(10.3)	(10.3)	–	(5.1)	(5.1)
Profit/(loss) for the period		81.1	(78.3)	2.8	82.6	(38.7)	43.9
Earnings per share							
From continuing operations							
– Basic (pence)	12	17.6		12.9	17.4		15.1
– Diluted (pence)	12	17.5		12.8	17.2		15.0
From continuing and discontinued operations (statutory)							
– Basic (pence)	12			2.8			10.3
– Diluted (pence)	12			2.8			10.2

* Results for the 52 weeks ended 30 December 2018 have been restated to reflect revenues recognised in relation to the NAF and eCommerce funds and the re-presentation of International operations as discontinued as set out in note 2 and 4.

The notes on pages 107 to 173 are an integral part of these consolidated financial statements.

Group statement of comprehensive income

52 weeks ended 29 December 2019

	52 weeks ended 29 December 2019 £m	52 weeks ended 30 December 2018 £m
Profit for the period	2.8	43.9
Other comprehensive expense:		
Items that may be subsequently reclassified to profit or loss:		
– Exchange loss on retranslation of foreign operations	(1.5)	(1.6)
Items that will not be subsequently reclassified to profit or loss:		
– Exchange differences recycled on deemed disposal of foreign operations	–	–
Other comprehensive expense for the period, net of tax	(1.5)	(1.6)
Total comprehensive income for the period	1.3	42.3
– attributable to equity holders of the parent	11.7	47.4
– attributable to the non-controlling interests	(10.4)	(5.1)

The notes on pages 107 to 173 are an integral part of these consolidated financial statements.

Group balance sheet

at 29 December 2019

	Notes	At 29 December 2019 £m	At 30 December 2018 £m
Non-current assets			
Intangible assets	14	34.5	106.7
Property, plant and equipment	15	84.8	107.6
Trade and other receivables	16	37.1	39.4
Other financial asset	26	7.1	8.9
Investments	26	10.5	11.1
Investments in associates and joint ventures	17	32.4	29.7
Deferred consideration	22	5.7	5.7
Deferred tax asset	11	–	0.6
		212.1	309.7
Current assets			
Inventories	18	13.0	8.4
Assets held for sale	4	55.7	–
Trade and other receivables	16	62.0	54.7
Deferred consideration	22	–	0.9
Cash and cash equivalents	19	11.1	24.8
		141.8	88.8
Total assets		353.9	398.5
Current liabilities			
Trade and other payables	20	(85.4)	(100.4)
Liabilities held for sale	4	(27.9)	–
Financial liabilities	21	(0.9)	(2.5)
Financial liabilities – share buyback obligation	21	–	(15.8)
Deferred and contingent consideration	22	(0.2)	–
Current tax liabilities		(5.8)	(5.9)
Provisions	24	(2.7)	(3.6)
		(122.9)	(128.2)
Non-current liabilities			
Trade and other payables	20	(10.1)	(10.7)
Financial liabilities	21	(248.3)	(237.4)
Deferred tax liabilities	11	(1.1)	(6.5)
Provisions	24	(12.8)	(13.2)
		(272.3)	(267.8)
Total liabilities		(395.2)	(396.0)
Net (liabilities)/assets		(41.3)	2.5
Shareholders' equity			
Called up share capital	27	2.4	2.4
Share premium account		36.7	36.7
Capital redemption reserve		0.5	0.5
Capital reserve – own shares		(4.5)	(6.4)
Currency translation reserve		(4.1)	(2.7)
Other reserves		(5.5)	(25.1)
Retained earnings		(55.1)	(2.6)
Total shareholders' equity		(29.6)	2.8
Non-controlling interests		(11.7)	(0.3)
Total equity		(41.3)	2.5

The notes on pages 107 to 173 are an integral part of these consolidated financial statements. The financial statements were approved by the Directors on 4 March 2020 and signed on their behalf by:

David Wild

Director
Registered number: 03853545

Group statement of changes in equity

52 weeks ended 29 December 2019

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Capital reserve – own shares £m	Currency translation reserve £m	Other reserves £m	Retained earnings £m	Total equity shareholders' funds £m	Non-controlling interests £m	Total £m
At 31 December 2017	2.5	36.7	0.5	(6.5)	(1.1)	(40.3)	52.0	43.8	20.7	64.5
Profit/(loss) for the period	–	–	–	–	–	–	49.0	49.0	(5.1)	43.9
Other comprehensive income – exchange differences	–	–	–	–	(1.6)	–	–	(1.6)	–	(1.6)
Total comprehensive income for the period	–	–	–	–	(1.6)	–	49.0	47.4	(5.1)	42.3
Proceeds from share issues	–	–	–	1.2	–	–	–	1.2	–	1.2
Impairment of share issues[1]	–	–	–	3.3	–	–	(3.3)	–	–	–
Share buybacks	(0.1)	–	–	(4.4)	–	–	(59.1)	(63.6)	–	(63.6)
Share buybacks obligation satisfied	–	–	–	–	–	–	18.3	18.3	–	18.3
Share buybacks obligation outstanding	–	–	–	–	–	–	(15.8)	(15.8)	–	(15.8)
Share options and LTIP charge	–	–	–	–	–	–	0.9	0.9	–	0.9
Tax on employee share options	–	–	–	–	–	–	(0.3)	(0.3)	–	(0.3)
Increase in ownership interest in subsidiary (note 28)	–	–	–	–	–	15.2	–	15.2	(15.7)	(0.5)
Transactions with non-controlling interest	–	–	–	–	–	–	–	–	(0.2)	(0.2)
Equity dividends paid	–	–	–	–	–	–	(44.3)	(44.3)	–	(44.3)
At 30 December 2018	2.4	36.7	0.5	(6.4)	(2.7)	(25.1)	(2.6)	2.8	(0.3)	2.5
Profit/(loss) for the period	–	–	–	–	–	–	13.1	13.1	(10.3)	2.8
Other comprehensive income – exchange differences	–	–	–	–	(1.4)	–	–	(1.4)	(0.1)	(1.5)
Total comprehensive income for the period	–	–	–	–	(1.4)	–	13.1	11.7	(10.4)	1.3
Impairment of share issues[1]	–	–	–	3.3	–	–	(3.3)	-	–	–
Share buybacks	–	–	–	(1.4)	–	–	(16.0)	(17.4)	–	(17.4)
Share buybacks obligation satisfied	–	–	–	–	–	–	15.8	15.8	–	15.8
Share options and LTIP charge	–	–	–	–	–	–	0.6	0.6	–	0.6
Tax on employee share options	–	–	–	–	–	–	0.7	0.7	–	0.7
Repurchase of equity from dividend equivalent employee share awards	–	–	–	–	–	–	(0.5)	(0.5)	–	(0.5)
Increase in ownership interest in subsidiary (note 28)	–	–	–	–	–	19.6	(18.6)	1.0	(1.0)	–
Equity dividends paid	–	–	–	–	–	–	(44.3)	(44.3)	–	(44.3)
At 29 December 2019	2.4	36.7	0.5	(4.5)	(4.1)	(5.5)	(55.1)	(29.6)	(11.7)	(41.3)

1. Impairment of share issues represents the difference between share allotments made pursuant to the Sharesave schemes and the Long Term Incentive Plan (note 29), and the original cost at which the shares were acquired as treasury shares into Capital reserve – own shares.

The notes on pages 107 to 173 are an integral part of these consolidated financial statements.

Group cash flow statement

52 weeks ended 29 December 2019

	Notes	52 weeks ended 29 December 2019 £m	52 weeks ended 30 December 2018 £m
Cash flows from operating activities			
Profit before interest and taxation			
– from continuing operations	3	81.4	89.4
– from discontinued operations	3	(56.2)	(25.2)
Amortisation and depreciation	5	18.8	16.8
Impairment	5	54.6	20.7
Profit on disposal of non-current assets		(0.5)	–
Share of post-tax (profits) of associates and joint ventures	17	(2.1)	(1.0)
Profit on disposal of joint venture	17	–	(8.2)
Net loss on financial instruments at fair value through profit or loss		2.1	1.0
Increase/(decrease) in provisions		3.9	(1.0)
Share option and LTIP charge		0.6	0.9
Revaluation of put option liability	7	(9.0)	3.7
(Increase) in inventories		(7.3)	–
(Increase) in receivables		(14.3)	(9.5)
Increase in payables		2.3	12.7
Cash generated from operations		74.3	100.3
UK corporation tax paid		(13.1)	(13.0)
Overseas corporation tax paid		(1.0)	(1.5)
Net cash generated by operating activities		60.2	85.8
Cash flows from investing activities			
Purchase of property, plant and equipment		(14.1)	(21.4)
Purchase of intangible assets		(9.3)	(7.5)
Proceeds from sale of property, plant and equipment		1.6	–
Acquisition of subsidiaries, net of cash received	28	–	(10.8)
Investment in joint ventures and associates	17	(1.5)	(5.8)
Proceeds on disposal of joint ventures		–	5.3
Investments		–	(10.8)
Interest received		0.6	0.5
Other	30	0.2	(3.3)
Net cash used by investing activities		(22.5)	(53.8)
Cash inflow before financing		37.7	32.0
Cash flows from financing activities			
Interest paid		(6.3)	(3.6)
Issue of Ordinary share capital		–	1.2
Purchase of own shares	30	(17.4)	(63.6)
Repurchase of equity from dividend equivalent employee share awards		(0.5)	–
New bank loans and facilities draw down		186.0	239.1
Repayment of borrowings		(160.9)	(132.4)
Increase in ownership interest in a subsidiary		(2.7)	(32.7)
Equity dividends paid	13	(44.3)	(44.3)
Net cash used by financing activities		(46.1)	(36.3)
Net increase/(decrease) in cash and cash equivalents		(8.4)	(4.3)
Cash and cash equivalents at beginning of period		24.8	29.0
Foreign exchange (loss)/gain on cash and cash equivalents		(0.4)	0.1
Cash and cash equivalents at end of period		16.0	24.8

The cashflow statement has been prepared on a consolidated basis including continuing and discontinued operations. The cash split between continuing and discontinued operations is shown in note 19. The notes on pages 107 to 173 are an integral part of these consolidated financial statements.

Notes to the Group financial statements
52 weeks ended 29 December 2019

1. Authorisation of financial statements and statement of compliance with IFRS

The financial statements of the Group for the 52 weeks ended 29 December 2019 were authorised for issue by the Board of Directors on 4 March 2020 and the balance sheet was signed on the Board's behalf by David Wild. The Company is a public limited company incorporated in the United Kingdom under the Companies Act 2006 (registration number 03853545). The Company is domiciled in the United Kingdom and its registered address is 1 Thornbury, West Ashland, Milton Keynes, MK6 4BB. The Company's Ordinary shares are listed on the Official List of the FCA and traded on the Main Market of the LSE.

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union as they apply to the financial statements of the Group for the 52 week period ended 29 December 2019 and applied in accordance with the Companies Act 2006.

As permitted by section 408 of the Companies Act 2006, the income statement and the statement of comprehensive income of the parent company have not been separately presented in these financial statements.

The principal accounting policies adopted by the Group are set out in note 2.

2. Accounting policies

a) Basis of preparation

The material accounting policies which follow set out those policies which apply in preparing the financial statements for the 52 weeks ended 29 December 2019.

The Group financial statements are presented in sterling and are prepared using the historical cost basis with the exception of the other financial assets, investments held at fair value through profit or loss and contingent consideration which are measured at fair value in accordance with IFRS 13 Fair Value Measurement.

The Group has net liabilities of £41.3m (2018: £2.5m net assets). The Group financial statements have been prepared on a going concern basis as the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Please refer to the Directors' report for further details.

b) Judgements

The following judgements have had the most significant effect on amounts recognised in the financial statements:

- stores within the Domino's Pizza system contribute into a National Advertising Fund ('NAF') and eCommerce fund (together 'the Funds') designed to build store sales through increased public recognition of the Domino's brand and the development of the eCommerce platform. The Funds are managed with the objective of driving revenues for the stores and are planned to operate at break-even with any surplus or deficit carried in the Group balance sheet (for details please see note 16);
  - whilst commercially and through past practice, the use of the Funds are directed by franchisees through the operation of the Marketing Advisory Committee ('MAC'), the terms of the Standard Franchise Agreement ('SFA') allow the Group to control the Funds. The Group monitors and communicates the assets and liabilities on a separate basis, however from a legal perspective under the franchise agreement these assets and liabilities are not legally separated;
  - as a result, for the purposes of accounting we consider that we are principal over the operation of the Funds. For this reason, contributions by franchisees into the Funds are treated as revenue, and expenses which are incurred under the Funds are treated as administrative expenses by the Group. This results in an increase to statutory revenue and administrative expenses of the Group. Revenue and cost of sales related to intercompany transactions from our corporate stores in the UK are eliminated in the Group result;
  - the Funds are presented on a net basis in the balance sheet. The presentation of the Funds on this basis represents substance over legal form of the Funds and the cash flows relating to the Funds are included within 'Cash generated from operations' in the Group statement of cash flows due to the close interrelationship between the Funds and the trading operations of the Group;
  - the treatment of the Funds has been restated in the current period as set below in note 2 (d).
- Domino's Pizza Group plc ('DPG') has made a number of acquisitions in the current and prior periods, with acquisition costs, conversion costs and other associated income and expense items incurred. Significant impairments and one-off provisions have also been incurred. These items have been considered by management to meet the definition of non-underlying items as defined by our accounting policy and are therefore shown separately within the financial statements. Judgement is required to determine that items are suitably classified as non-underlying and the values assigned are appropriate (as included in our non-GAAP performance measures policy). For details see note 7;

2. Accounting policies continued

b) Judgements continued

- Master Franchise Agreements are held by the Group for the UK, Ireland, Switzerland, Iceland, Norway and Sweden. Management have treated these intangible assets as having indefinite lives due to the likelihood of renewal with Domino's Pizza Inc. ('DPI') beyond the current terms without significant cost which represents a significant judgement;
- certain of the Group's historical share-based compensation arrangements dating from 2003-2010 involve a degree of estimation and judgement in respect of their employment tax treatment. HMRC issued protective assessments in respect of potential employment tax relating to these historical schemes but the Group received advice from its tax advisors reconfirming the support for the non-taxable accounting treatment. During 2017 the Group updated its legal advice following recent decisions by the Supreme Court concerning the taxation of historical remuneration structures. This was received in January 2018. As a result of this advice, which includes estimates of the Group's potential employment tax liabilities, a provision was recorded in the financial statements for the 53 weeks ended 31 December 2017 amounting to £11.0m, comprising £2.6m employers' national insurance contributions ('NIC'), and £8.4m employees' NIC and PAYE, including interest. These amounts are unchanged at 29 December 2019.

  There are numerous uncertainties involved in the calculation of the provision and until the matter has been agreed with HMRC and the beneficiaries, the net impact to the Group may differ materially from the current estimate. In calculating the quantum of the provision a number of significant assumptions were made as follows:

  - while the Company has not been approached by HMRC with a demand to pay any potential tax liabilities in respect of these historical schemes, HMRC have served protective assessments for £36.5m covering employer's NIC, employees' NIC and PAYE. Our latest legal advice suggests that the full amount covered by the protective assessments is unlikely to be payable as the amounts protected appear to have been determined by calculating tax both on the grant and vesting of the awards received by beneficiaries of the schemes;
  - no further employment tax is due in respect of awards granted to beneficiaries in periods that have not been protected by HMRC and for which the period in which HMRC is entitled to raise an enquiry has expired;
  - the beneficiaries of the arrangements, which among others include the former Chairman and certain former Directors and employees, have provided the Group with indemnities to repay to the Group an amount equivalent to their share of future tax liabilities should they crystallise and become payable by the Group to HMRC together with related interest. Based on the amount of employment tax currently provided, the amount estimated to be demanded from the beneficiaries under the terms of their indemnities equates to the £8.4m employees NIC and PAYE, calculated at the prevailing tax rates at the time, and related interest. Details in respect of the former Chairman's interest in this matter are disclosed within the Directors' Report on page 87. Details in respect of amounts relating to the former Chairman, certain former Directors and Key Management Personnel are included within note 34. As the tax liability has not crystallised, the Group is not yet entitled to seek recovery of the amounts due under the indemnities. In view of the probable time scale and potential uncertainty of recovery of the amounts under indemnities from the beneficiaries, no contingent asset has been recognised in the financial statements.

  We are working with advisors to determine an agreed course of action. In due course the Company will engage with the beneficiaries with a view to recovering monies under the indemnities.

c) Key sources of estimation and assumption uncertainty

It is necessary for management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. The nature of estimation means that actual outcomes could differ from those estimates.

The following estimates are dependent upon assumptions which could change in the next financial year and have a significant risk of a material effect on the current carrying amounts of assets and liabilities recognised over the next financial year:

- management tests annually whether goodwill and indefinite life intangible assets have suffered any impairment through estimating the value in use or recoverable amount of the cash generating units to which they have been allocated. Key estimates and sensitivities for impairment of goodwill and indefinite life intangible assets are disclosed in note 14;

- estimation is required in determining the fair value of certain financial instrument assets and liabilities. In note 26, financial instruments are categorised in to three levels of a fair value hierarchy, as defined under IFRS 13. The instruments in Level 3 of the hierarchy are more reliant on management assumptions than observable market data. The Market Access Fee asset due from Domino's Pizza Enterprises Limited and the investment in Shorecal Limited have been categorised in Level 3 of the fair value hierarchy because their fair values are dependent on management assumptions. In addition, the valuation of the put-options held by non-controlling interests are valued based on the present value of the redemption amount, which is a judgemental assessment. Further detail on the sources of estimation and assumption uncertainty regarding these instruments is provided in note 26;
- the estimation of share-based payment costs requires the selection of an appropriate valuation model, consideration as to the inputs necessary for the valuation model chosen and the estimation of the number of awards that will ultimately vest, inputs which arise from judgements relating to the probability of meeting non-market performance conditions and the continuing participation of employees, as detailed in note 29.

d) Restatement of full year 2018 results

NAF and eCommerce income

During the period, the Group has changed the accounting policy around the treatment of the Funds.

Stores within the Domino's Pizza system contribute into the Funds which are designed to build store sales through increased public recognition of the Domino's brand and the development of the eCommerce platform on which customers place orders. The Funds are managed with an objective of operating to a break-even position.

In the 52 weeks ended 30 December 2018, following the implementation of IFRS 15, the Group considered the treatment of the Funds. All Fund income is designated for specific purposes therefore the Group was considered to act as agent for the Funds. All the income and expenses of the Funds were not included in the Group income statement. Any short-term timing surplus or deficit of the Funds was carried in the Group balance sheet.

During the period, the Group has reconsidered the contractual arrangements around the operation of the Funds in conjunction with the new auditors of the Group. Whilst commercially and through past practice, the use of the Funds are directed by franchisees through the operation of the MAC, the terms of the SFA allow the Group to control the Funds. The Group monitors and communicates the assets and liabilities on a separate basis, however from a legal perspective under the franchise agreement these assets and liabilities are not legally separated.

As a result, for the purposes of accounting under IFRS 15 we consider that we are the principal over the operation of the Funds. For this reason, contributions by franchisees into the Funds will be treated as revenue, and expenses which are incurred under the Funds will be treated as administrative expenses by the Group. This results in an increase to statutory revenue and administrative expenses of the Group. Revenue and cost of sales related to intercompany transactions from our corporate stores in the UK are eliminated in the Group result.

Total NAF and eCommerce revenues recognised in the 52 weeks ended 30 December 2018 were £53.9m, and therefore revenue in the comparative periods has been increased by these amounts. Cost of sales has been decreased by £1.1m and administrative costs has increased by £55.0m. There is no impact on earnings before interest and tax, profit before interest and taxation or on cash flows.

The revenues, cost of sales and administrative expenses are recognised in underlying results.

Discontinued operations

As set out in note 4, the International operations have been classified as discontinued operations, which has also led to a re-presentation of the 2018 income statement.

2. Accounting policies continued

d) Restatement of full year 2018 results continued

Restatement of income statement

The impact of the restatements on the Group income statement in the 52 weeks ended 30 December 2018 has been set out below:

	52 weeks ended 30 December 2018 £m			
	As previously reported	Restatement of NAF and eCommerce revenues	Removal of discontinued operations	As restated
Revenue	534.3	53.9	(94.8)	493.4
Cost of sales	(311.1)	1.1	43.7	(266.3)
Gross profit	223.2	55.0	(51.1)	227.1
Distribution costs	(31.6)	–	1.3	(30.3)
Administrative costs	(117.6)	(55.0)	60.9	(111.7)
Other expenses	(19.0)	–	14.1	(4.9)
Share of post-tax profits of associates and joint ventures	1.0	–	–	1.0
Net gain on step acquisition of foreign operations	–	–	–	–
Other income	8.2	–	–	8.2
Profit before interest and taxation	64.2	–	25.2	89.4
Net finance costs	(2.3)	–	–	(2.3)
Profit before taxation	61.9	–	25.2	87.1
Taxation	(18.0)	–	2.6	(15.4)
Profit for the year	43.9	–	27.8	71.7

Segmental reporting

The NAF and eCommerce restatement relates solely to UK & Ireland, and therefore the impact has been allocated to the appropriate segment. If the change in accounting policy was not applied, the segmental revenue for UK & Ireland for the current period would be £454.9m. The restatement of segmental results for the 52 weeks ended 30 December 2018 is set out below:

	52 weeks ended 30 December 2018								
	As previously reported			Restatement impact			As restated		
	International £m	UK & Ireland £m	Total £m	International £m	UK & Ireland £m	Total £m	International £m	UK & Ireland £m	Total £m
Revenue									
Sales to external customers	94.8	439.5	534.3	–	53.9	53.9	94.8	493.4	588.2
Segment revenue	94.8	439.5	534.3	–	53.9	53.9	94.8	493.4	588.2

There are no changes to segmental result as a result of the NAF and eCommerce restatement.

Other disclosures

In accordance with the policy as set out above, there have been no restatements made to the Group balance sheet, Group statement of comprehensive income, Group statement of changes in equity or Group cash flow statement.

e) Basis of consolidation

The consolidated financial statements incorporate the results and net assets of the Company and its subsidiary undertakings drawn up on a 52 or 53 week basis to the Sunday on or before 31 December. The financial years presented ending 30 December 2018 and 29 December 2019 are both 52 week periods.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee;
- the ability to use its power over the investee to affect its returns.

Profit or loss and each component of Other Comprehensive Income ('OCI') are attributed to the equity holders of the parent of the Group and to the non-controlling interests, if this results in the non-controlling interests having a deficit balance, an assessment of recoverability is made. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

f) Interests in associates and joint ventures

The Group's interests in its associates, being those entities over which it has significant influence and which are neither subsidiaries nor joint ventures, are accounted for using the equity method of accounting. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group has also entered into a number of contractual arrangements with other parties which represent joint ventures. These take the form of agreements to share control over other entities and share of rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The considerations made in determining significant influence on joint control are similar to those necessary to determine control over subsidiaries. Where the joint venture is established through an interest in a company, the Group recognises its interest in the entities' assets and liabilities using the equity method of accounting.

g) Foreign currencies

The functional currency of each company in the Group is that of the primary economic environment in which the entity operates. Transactions in other currencies are initially recorded in the functional currency by applying spot exchange rates prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange prevailing on the same date. Non-monetary items that are measured in terms of historic cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on translation are taken to the income statement, except for exchange differences arising on monetary assets and liabilities that form part of the Group's net investment in a foreign operation. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

On consolidation, the assets and liabilities of the Group's overseas operations are translated into sterling at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and are taken directly to a translation reserve. Such translation differences are recognised as income or expense in the period in which the operation is disposed. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2. Accounting policies continued

h) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition-date fair value, and the amount of any non-controlling interest in the acquiree. Acquisition costs incurred are expensed and included in administrative expenses. The measurement of non-controlling interest is at the proportionate share of the acquiree's net identifiable assets.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments is measured at fair value with the changes in fair value recognised in the income statement in accordance with IFRS 9.

Goodwill is initially measured at cost, being the excess of the aggregate of the acquisition-date fair value of the consideration transferred and the amount recognised for the non-controlling interest (where the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree) over the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination.

i) Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Master franchise fees

Master franchise fees are fees paid towards or recognised at fair value on acquisition of the master franchise for the markets in which the Group operates. These are carried at cost less impairment and are treated as having indefinite useful lives.

Standard franchise fees

Standard franchise fees are recognised at fair value on acquisition of the standard franchise for the area in which corporate stores operate. As reacquired rights the fees are amortised over the remaining contractual term over a period of five to ten years and are carried at amortised cost. Such franchise fees are recognised only on acquisition of businesses.

Computer software

Computer software is carried at cost less accumulated amortisation and any impairment loss. Externally acquired computer software and software licences are capitalised at the cost incurred to acquire and bring into use the specific software. Internally developed computer software programs are capitalised to the extent that costs can be separately identified and attributed to particular software programs, measured reliably, and that the asset developed can be shown to generate future economic benefits. These assets are considered to have finite useful lives and are amortised on a straight-line basis over the estimated useful economic lives of each of the assets, considered to be between three and ten years.

Capitalised loan discounts

The Group provides interest-free loans to assist franchisees in the opening of new stores. The difference between the present value of loans recognised and the cash advanced has been capitalised as an intangible asset in recognition of the future value that will be generated via the royalty income and supply chain centre sales that will be generated. These assets are amortised over the life of a new franchise agreement which is 10 years.

The carrying value of intangible assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable.

j) Property, plant and equipment

Assets under construction are stated at cost, net of accumulated impairment losses, if any. Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred.

Depreciation is calculated to write down the cost of the assets to their residual values, on a straight-line method on the following bases:

• Freehold land	Not depreciated
• Freehold buildings	50 years
• Assets under construction	Not depreciated
• Leasehold improvements	Over the lower of the life of the lease or the life of the asset
• Fixtures and fittings	Over 5 to 10 years
• supply chain centre equipment	Over 3 to 30 years
• Store equipment	Over 5 years

The assets' residual values, useful lives and methods of depreciation are reviewed and adjusted, if appropriate, on an annual basis. The majority of assets within supply chain centre equipment are being depreciated over 10 years or more.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year that the asset is derecognised.

All items of property, plant and equipment are reviewed for impairment in accordance with IAS 36 Impairment of Assets when there are indications that the carrying value may not be recoverable.

k) Prepaid operating lease charges

Prepaid short leasehold property costs are classified as current and non-current prepayments and are depreciated on a straight-line basis over the length of the lease.

l) Fair value measurement

The Group measures certain financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2. Accounting policies continued

l) Fair value measurement continued

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as unquoted financial assets, and significant liabilities, such as contingent consideration dependent on the complexity of the calculation. Involvement of external valuers is determined annually by management after discussion with and approval by the Group's Audit Committee.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

Management, in conjunction with the Group's external valuers as necessary, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

m) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

m (i) Financial assets

Initial recognition and measurement

At initial recognition financial assets are measured at amortised cost, fair value through OCI, and fair value through the income statement.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in revenue recognition.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ('SPPI')' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest rate ('EIR') method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, deferred consideration and loans to franchisees.

Trade receivables, which generally have seven to 28-day terms, are recognised and carried at their original invoiced value net of an impairment provision of expected credit losses calculated on historic default rates. Balances are written off when the probability of recovery is considered remote.

The Group provides interest-free loans to assist franchisees in the opening of new stores. These are initially recorded at fair value, with the difference to the cash advanced capitalised as an intangible asset.

Financial assets at fair value through profit or loss

The Market Access Fee is classified as an other financial asset, initially recognised and subsequently measured at fair value, with changes in fair value recognised in the income statement as other income. Associated foreign exchange gains and losses and the interest income are recognised in the income statement as finance income or expense.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (removed from the Group's consolidated balance sheet) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  - the Group has transferred substantially all the risks and rewards of the asset, or
  - the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2. Accounting policies continued

m) Financial instruments – initial recognition and subsequent measurement continued

Impairment of financial assets

The Group recognises an allowance for expected credit losses ('ECLs') for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historic credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

m (ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, and payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and other financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

Gains or losses on liabilities held for trading are recognised in the income statement

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through the income statement.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the income statement.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to note 21.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

Borrowing costs

Borrowing costs are generally expensed as incurred. Borrowing costs that are directly attributable to the acquisition or construction of an asset are capitalised while the asset is being constructed as part of the cost of that asset. Borrowing costs consist of interest and other finance costs that the Group incurs.

n) Leases

Group as lessee

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the Group. All other leases are currently classified as operating leases.

Assets held as finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments during the lease term at the inception of the lease. Lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement so as to achieve a constant rate of interest in the remaining balance of the liability. Assets held under finance leases are depreciated over the shorter of the estimated useful life of the assets and the lease term.

Assets leased under operating leases are not currently recorded on the balance sheet. Rental payments are charged directly to the income statement on a straight-line basis over the lease term. Lease incentives, primarily up-front cash payments or rent-free periods, are capitalised and spread over the period of the lease term. Payments made to acquire operating leases are treated as prepaid lease expenses and amortised over the life of the lease.

Group as lessor

Rental income, including the effect of lease incentives and rent free periods, are recognised on a straight-line basis over the lease term. Plant and equipment leased out under operating leases are included in property, plant and equipment and depreciated over their useful lives.

Where the Group transfers substantially all the risks and benefits of ownership of the asset, the arrangement is classified as a finance lease and a receivable is recognised for the initial direct costs of the lease and the present value of the minimum lease payments. Finance income is recognised in the income statement so as to achieve a constant rate of return on the remaining net investment in the lease.

2. Accounting policies continued

o) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

p) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first in, first out basis. Net realisable value is based on estimated selling price less any further costs expected to be incurred to disposal.

q) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash as defined above.

r) Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is recognised using the liability method, providing for temporary differences between the tax bases and the accounting bases of assets and liabilities. Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax liabilities are recognised for all temporary differences, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or losses can be utilised, with the following exceptions:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Tax is charged or credited to the income statement, except when it relates to items charged or credited directly to other comprehensive income or to equity, in which case the income tax is also dealt with in other comprehensive income or equity respectively.

Deferred tax assets and liabilities are offset against each other when the Group has a legally enforceable right to set off current tax assets and liabilities and the deferred tax relates to income taxes levied by the same tax jurisdiction on either the same taxable entity, or on different taxable entities which intend to settle current tax assets and liabilities on a net basis or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities are expected to be settled or recovered.

s) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events for which it is probable that an outflow of economic benefit will be required to settle the obligation and where the amount of the obligation can be reliably measured. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, considering the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows if the impact of discounting at a pre-tax rate is material.

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Present obligations arising under onerous lease contracts are recognised and measured as provisions. An onerous contract is considered to exist when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

t) Pensions

The Group contributes to the personal pension plans of certain staff with defined contribution schemes. The contributions are charged as an expense as they fall due. Any contributions unpaid at the balance sheet date are included as an accrual at that date. The Group has no further payment obligations once the contributions have been paid.

u) Capital reserve – own shares

DPG shares held by the Company and its Employee Benefit Trust (‘EBT’) are classified in shareholders’ equity as ‘Capital reserve – own shares’ and are recognised at cost. No gain or loss is recognised in the income statement on the purchase or sale of such shares.

v) Revenue

The Group’s revenue arises from the sale of products and services to franchisees, the charging of royalties, fees and rent to franchisees, and from the sale of goods to consumers from corporate stores.

Royalties, franchise fees and sales to franchisees

Contracts with customers for the sale of products include one performance obligation, being the delivery of products to the end customer. The Group has concluded that revenue from the sale of products should be recognised at a point in time when control of the goods are transferred to the franchisee, generally on delivery. Revenue is recognised at the invoiced price less any estimated rebates.

The performance obligation relating to royalties is the use of the Domino’s brand. This represents a sales-based royalty with revenue recognised at the point the franchisee makes a sale to an end consumer.

Franchise fees comprise revenue for initial services associated with allocating franchisees allotted address counts or a ‘Change of Hands’ fee when the Group grants consent to a franchisee to sell stores to a third party. They are non-refundable, and no element of the franchise fee relates to subsequent services. Revenue from franchisee fees is recognised when a franchisee opens a store for trading or on completion of sale of one or more stores to a third party, as this is the point at which all performance obligations have been satisfied.

2. Accounting policies continued

v) Revenue continued

In addition to royalties and franchise fees, franchisees contribute a percentage of their system sales to the NAF and eCommerce Fund managed by the Group. The purpose of these Funds is to build both system and store sales through increased public recognition of the Domino's Pizza brand and the development of eCommerce platforms. In assessing the nature of these contributions received by the Groups, the performance obligations stated under franchise agreements with franchisees have been considered. For the NAF contributions received, the Group is obliged to provide national advertising and marketing services. For eCommerce contributions received, the Group is obliged to develop and maintain eCommerce platforms, and provide other ancillary services to franchisees, such as merchant credit card services. These performance obligations are considered to constitute a revenue stream, and the contributions received by the Group are therefore recognised as revenue. Revenue recognition is measured on an input basis as the costs of providing the obliged services are incurred. The Group is obliged to provide the services on a break-even basis, such that the Funds do not retain a long-term surplus or deficit. As such, the level of revenue and costs recognised in respect of fulfilling NAF and eCommerce performance obligations are equal. Any timing differences between contributions received and costs incurred are held as a contract asset or liability on the balance sheet. As both the NAF and eCommerce arrangements fall under the same franchise agreement with franchisees, the Funds are not separated and are held on a net basis, either within trade and other receivables or trade and other payables.

Corporate store sales

Contracts with customers for the sale of products to end consumers include one performance obligation. The Group has concluded that revenue from the sale of products should be recognised at a point in time when control of the goods are transferred to the consumer, which is the point of delivery or collection. Revenue is measured at the menu price less any discounts offered.

Rental income on leasehold and freehold property

Rental income arising from leasehold properties is recognised on a straight-line basis in accordance with the lease terms. Deferred income comprises lease premiums and rental payments. Lease premiums are recognised on a straight-line basis over the term of the lease. Rental payments are deferred and recognised on a straight-line basis over the period which it relates.

w) Share-based payments

The Group provides benefits to employees (including Executive Directors) in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of the equity-settled transactions is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair values of employee share option plans are calculated using a Stochastic model for awards with TSR-related performance conditions and a Black-Scholes model for SAYE awards and other awards with EPS-related performance conditions. In valuing equity-settled transactions, no account is taken of any service and performance (vesting conditions), other than performance conditions linked to the price of the shares of the Company (market conditions). Any other conditions which are required to be met in order for an employee to become fully entitled to an award are considered to be non-vesting conditions. Like market performance conditions, non-vesting conditions are taken into account in determining the grant date fair value.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance conditions and/or service conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and the Directors' best estimate of the number of equity instruments that will ultimately vest on achievement or otherwise of non-market conditions or, in the case of an instrument subject to a market condition, be treated as vested as described above.

The movement in the cumulative expense since the previous balance sheet date is recognised in the income statement, with the corresponding increase in equity.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. This includes where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally.

Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

x) Discontinued operations and assets held for sale

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly separated from the rest of the Group and which represents a separate major line of business or geographic operation, is part of a single co-ordinated plan to dispose of a separate major line of business or operations or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs at the earlier of the date of disposal or when the operation meets the criteria to be classified as held for sale. Comparatives are re-presented accordingly.

Non-current assets or disposal groups are classified as held for sale if it is highly probable that they will be recovered through sale as opposed to continuing use. These are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses are recognised in profit or loss.

y) Non-GAAP performance measures

In the reporting of financial information, the Group uses certain measures that are not required under IFRS. The Group believes that these additional measures, which are used internally, are useful to the users of the financial statements in helping them understand the underlying business performance, as defined in the key performance indicators section of the Strategic Report.

The principal non-GAAP measures the Group uses are underlying profit before interest and tax, underlying profit before tax, underlying profit, underlying earnings per share and system sales. Underlying measures remove the impact of non-underlying items from earnings and are reconciled to statutory measures; system sales measure the performance of the overall business, as defined in the key performance indicators section of the strategic report.

These measures are used internally in setting performance-related remuneration and used by the Board in assessing performance and strategic direction using a comparable basis.

While the disclosure of non-underlying items and system sales is not required by IFRS, these items are separately disclosed either as memorandum information on the face of the income statement and in the segmental analysis, or in the notes to the financial statements as appropriate. Non-underlying items include significant non-recurring items or items directly related to merger and acquisition activity and related instruments. These items are not considered to be underlying by management due to quantum and nature. Factors considered include items that are non-recurring, not part of the ordinary course of business or reduce understandability of business performance. For a detailed description of items see note 7.

System sales represent the sum of all sales made by both franchisee and corporate stores in the UK, Ireland, Norway, Iceland, Sweden and Switzerland to consumers.

2. Accounting policies continued

z) New standards and interpretations not applied

At the date of authorisation of these financial statements, the following standards and interpretations that are relevant to the Group, which have not been applied in these financial statements, were in issue but not yet effective.

	Effective for periods beginning on or after:
International Financial Reporting Standards ('IFRSs')	
AIP 2015-2017 Cycle: IFRS 3 Business Combinations – Previously held interests in a joint operation	1 January 2019
AIP 2015-2017 Cycle: IFRS 11 Joint Arrangements – Previously held interest in a joint operation	1 January 2019
Amendments to IFRS 9 – Prepayment Features with Negative Compensation	1 January 2019
IFRS 16 Leases	1 January 2019
International Accounting Standards ('IAS')	
IFRIC 23 Uncertainty over Income Tax Treatments	1 January 2019
AIP 2015-2017 Cycle: IAS 12 Income Taxes – Income tax consequences of payments on financial instruments classified as equity	1 January 2019
AIP 2015-2017 Cycle: IAS 23 Borrowing Costs – Borrowing costs eligible for capitalisation	1 January 2019
Amendments to IAS 28 – Long term Interests in Associates and Joint Ventures	1 January 2019

Other than IFRS 16 Leases, for which further information is provided below, none of the above standards are expected to have a material impact on the Group financial statements on application.

aa) IFRS 16 Leases (not yet adopted)

IFRS 16, replacing IAS 17, introduces a single lease accounting model. For leases where the Group is lessee, IFRS 16 eliminates the classification of leases as either operating leases or finance leases. Right-of-use assets and lease liabilities need to be recognised, with the depreciation of right-of-use assets presented separately from the unwinding of discount on lease liabilities. For leases where the Group is lessor and the freehold is also held within the Group, rental income continues to be recognised as before.

The Group operates as an intermediate between landlords and franchisees for the majority of Domino's sites in the UK & Ireland. In the majority of cases terms agreed with landlords are mirrored in terms agreed with franchisees in a 'back to back' lease arrangement, but in certain cases the terms of sub-lets with franchisees do not mirror the head-lease with landlords. Where the sub-lease covers substantially all of the right-of-use head-lease, the right of use asset as lessee is derecognised and replaced by a lease receivable, with interest income recognised in the income statement and depreciation of a right-of-use asset as lessee no longer recorded. This results in a lease receivable for the Group as lessor and a lease liability for the Group as lessee, with interest income and expense recognised separately. This same treatment is applied where the current sub-lease does not cover substantially all of the right-of-use head-lease, if management judges that it is reasonably certain the sub-lease will be renewed to cover substantially all of the right-of-use head-lease. The contractual extension periods are within the SFA which each of the stores enter into, which relates solely to the property address. As the sub-lease and the SFA are entered into at the same time, the contracts have been linked for the purposes of assessing the extension periods.

The standard has an effective date of 1 January 2019. With the current financial period starting on 31 December 2018, the first period in which the standard will be effective will be the 52 weeks ending 27 December 2020.

The Group has performed an initial impact assessment of adopting IFRS 16, which involved collating information on lease obligations and contractual arrangements across the Group. This data was then used to compare the impact of the new standard under its different transitional options.

The Group has decided to select the modified retrospective approach to transition. The Group has also elected to apply the transition exemptions proposed by IFRS 16 for leases with terms ending within 12 months of the date of initial application and for leases of low value assets.

Under the modified retrospective approach, comparative information is not restated and the impact of adopting IFRS 16 will be presented as an opening retained earnings adjustment as at 29 December 2019. There are two options for measuring right-of-use assets under the modified retrospective approach: by measuring the asset as if IFRS 16 had been applied since lease commencement; or by measuring the asset at an amount equal to the lease liability on the date of transition, adjusted by the amount of any prepaid or accrued lease payments. The Group has elected to measure the asset at an amount equal to the lease liability on the date of transition.

A methodology for determining incremental borrowing rates has been developed in order to calculate lease liabilities under IFRS 16. This methodology incorporates three key elements: risk-free rate (reflecting specific country and currency), credit spread (reflecting the specific risk for each subsidiary within the Group) and an asset class adjustment (reflecting the variation risk between asset categories). The discount rates determined are between 4.9% and 7.9% dependent on the property location and nature.

The Group's initial impact assessment has thus far been limited to assessing the impact in the UK & Ireland property portfolio, which is the most material area of leasing for the Group for our continuing results, given the classification of the International operations as discontinued.

The disclosures below relate solely to UK & Ireland property. The property portfolio in UK & Ireland consists of five main categories:

- franchisee leased stores, where the Group holds the head-lease and the sub-lease to the franchisee. These agreements are treated as 'back to back' where appropriate. A lease receivable and lease payable is recognised on the balance sheet, which are primarily equal and opposite but differ in some instances due to timing of payments. In certain instances the contractual term remaining on the lease is less than 12 months in which case both the head-lease and sub-lease are treated as short-term leases and no asset or liability is recognised. The interest income and expense from unwind of the obligations will be recognised in finance costs;
- franchisee freehold stores, where the Group holds the freehold interest in the property and franchisees lease them from the Group. These will be treated the same as current accounting standards, with the gross rental income recognised in the income statement;
- corporate stores, where the Group holds the head-lease with the landlord. These will be recognised as a right-of-use asset and liability and depreciated on the income statement on a straight-line basis over the term of the lease, and interest expense recognised in net finance costs;
- warehouses and other leases, which will follow the same treatment as corporate stores;
- onerous leases, where the Group holds a head-lease with an unoccupied store.

Previous balance sheet assets and liabilities held in relation to straight-lining adjustments of leases, incentives, onerous lease provisions and lease premiums will be released on transition.

The estimated impact on the balance sheet (increase/(decrease)) as at 29 December 2019 for these categories is as follows:

	Franchisee leased stores £m	Corporate stores £m	Warehouses and other leased property £m	Onerous leases £m	Total £m
Assets					
Lease receivables	207.4	–	–	–	207.4
Right-of-use assets	–	9.0	1.7	–	10.7
Liabilities					
Lease liabilities	(207.8)	(9.0)	(2.0)	(0.8)	(219.6)
Net assets/(liabilities) recognised	(0.4)	–	(0.3)	(0.8)	(1.5)
Previously held balance sheet items released to equity on transition	(1.7)	–	–	0.5	(1.2)
Net increase/(decrease) in equity	(2.1)	–	(0.3)	(0.3)	(2.7)

We do not expect a material impact on profit before tax for the 2020 financial period from the above UK & Ireland leases.

The Group will provide further detail on the impact of equipment leases and the leases in our discontinued operations at a later date, however these are not expected to have a significant impact on the overall profit before tax of the Group.

3. Segmental information

For management purposes, the Group is organised into two geographical business units based on the operating models of the regions: the UK & Ireland operating more mature markets with a franchise model and limited corporate stores, and International whose markets are at an earlier stage of development and which operate predominantly as corporate stores. The International segment includes Switzerland, Germany, Iceland, Norway and Sweden. These are considered to be the Group's operating segments as the information provided to the chief operating decision makers, who are considered to be the Executive Directors of the Board, is based on these territories. Revenue included in each includes all sales made to franchise stores (royalties, sales to franchisees and rental income) and by corporate stores located in that segment.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit before interest and tax.

Following the presentation of the International operations in Norway, Sweden, Switzerland and Iceland as discontinued under IFRS 5: Non-current assets held for sale and discontinued operations, the presentation of the segments has been modified accordingly and prior periods re-presented. During the year, the Board continued to monitor the trading performance of the businesses and therefore are still considered an operating segment. The results of the German associate remain in continuing results and therefore have been separated.

Unallocated assets include cash and cash equivalents and taxation assets. Unallocated liabilities include the share buyback obligation, bank revolving facility and taxation liabilities.

	At 29 December 2019 £m	At 30 December 2018 £m
Deferred tax asset	–	0.6
Cash and cash equivalents	11.1	24.8
Unallocated assets	11.1	25.4
Current tax liabilities	5.8	5.9
Deferred tax liabilities	1.1	6.5
Bank revolving facility	248.1	224.5
Share buyback obligation	–	15.8
Unallocated liabilities	255.0	252.7

Segment assets and liabilities

	52 weeks ended 29 December 2019				52 weeks ended 30 December 2018			
	UK & Ireland £m	International – continuing £m	International – discontinued £m	Total £m	UK & Ireland £m	International – continuing £m	International – discontinued £m	Total £m
Segment assets								
Segment current assets	75.0	–	55.7	130.7	52.0	–	12.0	64.0
Segment non-current assets	169.2	–	–	169.2	189.5	–	78.8	268.3
Investment in associates and joint ventures	11.5	20.9	–	32.4	10.5	–	19.2	29.7
Investments	10.5	–	–	10.5	11.1	–	–	11.1
Unallocated assets				11.1				25.4
Total assets	266.2	20.9	55.7	353.9	263.1	–	110.0	398.5
Segment liabilities								
Liabilities	112.3	–	27.9	140.2	118.6	–	24.7	143.3
Unallocated liabilities				255.0				252.7
Total liabilities	112.3	–	27.9	395.2	118.6	–	24.7	396.0

Non-current assets, current assets and liabilities in the International segment in 2019 include the assets and liabilities of the disposal groups held for sale.

Segmental performance 2019

	UK & Ireland £m	International – continuing £m	Total underlying £m	Non-underlying £m	Total reported £m	International – discontinued £m	Total including discontinued operations £m
Revenue							
Sales to external customers	508.3	–	**508.3**	–	**508.3**	92.5	**600.8**
Segment revenue	508.3	–	**508.3**	–	**508.3**	92.5	**600.8**
Results							
Underlying segment result before associates and joint ventures	100.4	–	**100.4**	–	**100.4**	(20.8)	**79.6**
Share of profit of associates and joint ventures	2.0	2.9	**4.9**	–	**4.9**	–	**4.9**
Segment result	102.4	2.9	**105.3**	–	**105.3**	(20.8)	**84.5**
Other non-underlying items	–	–	**–**	(33.1)	**(33.1)**	(35.4)	**(68.5)**
Other income	–	–	**–**	9.2	**9.2**	–	**9.2**
Profit/(loss) before interest and taxation	102.4	2.9	**105.3**	(23.9)	**81.4**	(56.2)	**25.2**
Net finance costs	(6.5)	–	**(6.5)**	0.2	**(6.3)**	–	**(6.3)**
Profit/(loss) before taxation	95.9	2.9	**98.8**	(23.7)	**75.1**	(56.2)	**18.9**
Taxation	(17.7)	–	**(17.7)**	1.9	**(15.8)**	(0.3)	**(16.1)**
Profit/(loss) for the year	78.2	2.9	**81.1**	(21.8)	**59.3**	(56.5)	**2.8**
Effective tax rate	18.5%	–	**17.9%**	8.0%	**21.0%**	(0.5)%	**85.2%**
Other segment information							
– Depreciation	5.2	–	**5.2**	–	**5.2**	5.6	**10.8**
– Amortisation	5.8	–	**5.8**	2.2	**8.0**	–	**8.0**
– Impairment	0.7	–	**0.7**	18.7	**19.4**	35.2	**54.6**
Total depreciation and amortisation	11.7	–	**11.7**	20.9	**32.6**	40.8	**73.4**
EBITDA*	114.1	2.9	**117.0**	(3.0)	**114.0**	(15.4)	**98.6**
Capital expenditure	15.0	–	**15.0**	–	**15.0**	8.4	**23.4**
Share-based payment charge	0.6	–	**0.6**	–	**0.6**	–	**0.6**
Revenue disclosures							
Royalties, franchise fees and change of hands fees	63.0	–	**63.0**	–	**63.0**	0.5	**63.5**
Sales to franchisees	333.3	–	**333.3**	–	**333.3**	1.4	**334.7**
Corporate store income	32.1	–	**32.1**	–	**32.1**	90.4	**122.5**
Rental income on leasehold and freehold property	25.1	–	**25.1**	–	**25.1**	–	**25.1**
National Advertising and eCommerce income	54.8	–	**54.8**	–	**54.8**	0.2	**55.0**
Total segment revenue	508.3	–	**508.3**	–	**508.3**	92.5	**600.8**

Major customers and revenue by destination

Revenue from two franchisees individually totalled £99.5m (2018: £81.0m) and £91.2m (2018: £74.1m), within sales reported in the UK & Ireland segment.

Analysed by origin, revenue from the UK was £480.6m (2018: £414.8m), with other significant countries being Ireland with revenue of £27.7m (2018: £26.2m), Norway with revenue of £30.1m (2018: £31.4m), Iceland with revenue of £36.6m (2018: £40.3m), Sweden with revenue of £5.2m (2018: £3.3m) and Switzerland with revenue of £20.6m (2018: £19.8m).

3. Segmental information continued

Segmental performance 2018

	UK & Ireland £m	International – continuing £m	Total underlying £m	Non-underlying £m	Total reported £m	International – Discontinued £m	Total including discontinued operations £m
Revenue							
Sales to external customers	493.4	–	493.4	–	493.4	94.8	588.2
Segment revenue	493.4	–	493.4	–	493.4	94.8	588.2
Results							
Underlying segment result before associates and joint ventures	99.3	–	99.3	–	99.3	(6.6)	92.7
Share of profit of associates and joint ventures	1.7	2.5	4.2	–	4.2	–	4.2
Segment result	101.0	2.5	103.5	–	103.5	(6.6)	96.9
Other non-underlying items	–	–	–	(22.3)	(22.3)	(18.6)	(40.9)
Other income	–	–	–	8.2	8.2	–	8.2
Profit/(loss) before interest and taxation	101.0	2.5	103.5	(14.1)	89.4	(25.2)	64.2
Net finance costs	(3.5)	–	(3.5)	1.2	(2.3)	–	(2.3)
Profit/(loss) before taxation	97.5	2.5	100.0	(12.9)	87.1	(25.2)	61.9
Taxation	(17.4)	–	(17.4)	2.0	(15.4)	(2.6)	(18.0)
Profit/(loss) for the year	80.1	2.5	82.6	(10.9)	71.7	(27.8)	43.9
Effective tax rate	17.8%	–	17.4%	15.5%	17.7%	(10.3)%	29.1%
Other segment information							
– Depreciation	4.8	–	4.8	–	4.8	3.6	8.4
– Amortisation	4.4	–	4.4	3.9	8.3	0.1	8.4
– Impairment	–	–	–	6.4	6.4	14.3	20.7
Total depreciation and amortisation	9.2	–	9.2	10.3	19.5	18.0	37.5
EBITDA*	110.2	2.5	112.7	(3.8)	108.9	(7.2)	101.7
Capital expenditure	18.2	–	18.2	–	18.2	10.7	28.9
Share-based payment charge	0.8	–	0.8	–	0.8	0.1	0.9
Revenue disclosures							
Royalties, franchise fees and change of hands fees	62.1	–	62.1	–	62.1	0.6	62.7
Sales to franchisees	325.7	–	325.7	–	325.7	1.4	327.1
Corporate store income	27.1	–	27.1	–	27.1	92.8	119.9
Rental income on leasehold and freehold property	24.6	–	24.6	–	24.6	–	24.6
National Advertising and eCommerce income	53.9	–	53.9	–	53.9	–	53.9
Total segment revenue	493.4	–	493.4	–	493.4	94.8	588.2

* Included in Discontinued operations EBITDA for IFRS 8 segmental reporting are costs associated with the legacy German business of £0.2m (2018: £nil) and non-underlying Dolly Dimples integration costs of £nil (2018: £4.3m), which are excluded from Discontinued operations EBITDA for non-GAAP free cash flow purposes.

4. Discontinued operations

Discontinued operations consist of the International business disposal groups, consisting of the operations in Norway, Sweden, Switzerland and Iceland. The operations have each been classified based on the current status of the disposals. The operations meet the criteria for discontinued operations under IFRS 5: Non-current assets held for sale and discontinued operations as they are classified as held-for-sale and represent a separate major line of business and part of a single co-ordinated plan to dispose.

All operations were previously treated within underlying results for the 52 weeks ended 30 December 2018 and have been re-presented accordingly. Items related to these businesses which were previously treated as non-underlying have reclassified to discontinued operations, except for the movements in equity put options of Norway and Sweden which are considered to be a Group liability and intercompany finance costs which offset against UK intercompany finance income.

International central costs have been included in the discontinued operations and relate to the costs incurred by the PLC Group in management activities and other services for the discontinued operations, which are not considered to be continuing costs for the Group.

The result of the disposal groups classified as discontinued operations are as follows:

	52 weeks ended 29 December 2019			52 weeks ended 30 December 2018		
	Total trading result £m	Non-underlying costs £m	Total result from discontinued operations £m	Total trading result £m	Non-underlying costs £m	Total result from discontinued operations £m
Revenue	92.5	–	92.5	94.8	–	94.8
Cost of sales	(71.7)	–	(71.7)	(43.7)	–	(43.7)
Gross profit	20.8	–	20.8	51.1	–	51.1
Distribution costs	(0.8)	–	(0.8)	(1.3)	–	(1.3)
Administrative costs	(40.8)	–	(40.8)	(56.4)	(4.5)	(60.9)
Other expenses	–	(35.4)	(35.4)	–	(14.1)	(14.1)
Profit before taxation	(20.8)	(35.4)	(56.2)	(6.6)	(18.6)	(25.2)
Taxation	(0.3)	–	(0.3)	(2.6)	–	(2.6)
Loss for the period	(21.1)	(35.4)	(56.5)	(9.2)	(18.6)	(27.8)

Segmental result by country

Segmental result	Iceland £m	Switzerland £m	Norway £m	Sweden £m	International central costs £m	Total trading result £m
52 weeks ended 29 December 2019	1.7	(5.4)	(11.3)	(4.0)	(1.8)	(20.8)
52 weeks ended 30 December 2018	4.1	(2.5)	(6.6)	(1.6)	–	(6.6)

4. Discontinued operations continued

Non-underlying costs presented in discontinued operations

Non-underlying costs presented in discontinued operations relate to impairments of International operations recorded in other expenses of £35.2m in 2019 and £14.1m in 2018, Dolly Dimples integration costs in 2018 of £4.5m and £0.2m of costs associated with disposal of the legacy Germany operations in 2019. These costs are explained as follows:

Impairments – 2019: £35.2m, 2018: £14.1m

In 2019, a total impairment of £35.2m has been recorded over the Group's International operations, on a fair value less cost to dispose basis following classification as disposal groups held for sale. This consists of an impairment of the Norway operations of £13.4m, Iceland of £2.5m, Sweden of £8.4m and Switzerland of £10.9m.

In Norway, the impairment of £13.4m reduces the asset base of the operations to £nil as a result of the announced transaction, and has been recorded over intangible assets of £7.9m and tangible assets of £5.5m. In Iceland, the impairment of £2.5m has been recorded over the goodwill held, and the impairment review has been performed based on forecast cashflow projections from the entity, taking account of current macro-economic conditions and expectations of fair value. In Sweden, an impairment of £8.4m has been recorded to reduce the asset base to the likely value to be realised through any disposal transaction, and has been recorded against goodwill £0.7m, intangible assets £5.1m and tangible assets £2.6m. In Switzerland, the impairment recorded of £10.9m reduces the asset base of the operations to £nil. Whilst we consider value may be realised through sale, the recent performance of the business, in particular during the second half of the year, and the uncertainty around future cashflows means that we have taken a cautious approach to the impairment calculation. The impairment has been recorded against intangible assets £2.7m and tangible fixed assets £8.2m.

In 2018, a total impairment of £14.1m was recorded over the Group's operations in Norway £10.2m, Switzerland £1.2m and Sweden £2.7m. For Norway, this consisted of an impairment of goodwill of £5.3m, intangible assets of £2.7m and tangible assets of £2.2m. For Switzerland, a net impairment was recorded of £1.2m over the tangible assets and goodwill held. For Sweden, this represented an impairment of goodwill of £2.7m.

For further details over the impairments recorded see note 14.

Dolly Dimple's integration costs – 2019: £nil, 2018: £4.5m

In 2018, costs of £4.5m were recognised in relation to the Dolly Dimple's stores in Norway, which are being converted to Domino's. A number of stores have already rebranded to Domino's stores and the amount represents costs incurred with both the conversion of the stores into Domino's, dilapidations and onerous leases on remaining stores which will not be converted, together with integration costs associated with the acquisition. No further costs have been incurred in 2019.

Earnings per share

The discontinued operations contributed a basic loss per share of 10.1p (2018: 4.8p) and a diluted loss per share of 10.0p (2018: 4.8p).

Cashflows from (used in) discontinued operations

The cashflows from discontinued operations have been presented combined with the cashflows from continuing operations on the Group cashflow statement. The cashflows related to discontinued operations are as follows:

	52 weeks ended 29 December 2019 £m	52 weeks ended 30 December 2018 £m
Net cash from operating activities	(10.7)	(11.1)
Net cash from investing activities	(8.3)	(10.4)
Net cash from financing activities	19.4	19.1
Net cash flows for the year	0.4	(2.4)

Disposal groups held for sale

The International operations represent disposal groups held for sale at the balance sheet date and have been classified accordingly in the Group balance sheet, with a single line representing the assets of the disposal group held for sale and a single line representing the liabilities of the disposal groups held for sale. Included in these amounts are the following:

	52 weeks ended 29 December 2019 £m
Goodwill and Intangible assets	31.9
Property, plant and equipment	8.0
Trade and other receivables	8.4
Inventories	2.5
Cash and cash equivalents	4.9
Assets held for sale	55.7
Trade and other payables	16.7
Financial liabilities	0.2
Current tax liabilities	0.9
Deferred tax liabilities	5.1
Provisions	5.0
Liabilities held for sale	27.9

Tax on discontinued operations

	52 weeks ended 29 December 2019 £m	52 weeks ended 30 December 2018 £m
Tax charged in the income statement		
Current income tax:		
UK corporation tax:		
– current period	–	0.3
– adjustment in respect of prior periods	–	(0.1)
	–	0.2
Income tax on overseas operations	1.5	0.8
Total current income tax charge/(credit)	1.5	1.0
Deferred tax:		
Origination and reversal of temporary differences	(1.7)	0.2
Effect of change in tax rate	–	0.5
Adjustment in respect of prior periods	0.5	0.9
Total deferred tax	(1.2)	1.6
Tax charge in relation to discontinued operations	0.3	2.6
The tax charge in relation to discontinued operations disclosed as follows:		
Income tax charge	0.3	2.6

4. Discontinued operations continued

The tax charge in relation to discontinued operations for the 52 weeks ended 29 December 2019 is lower (2018: lower) than the statutory corporation tax rate of 19.0% (2018: 19.0%). The differences are reconciled as follows:

	52 weeks ended 29 December 2019 £m	52 weeks ended 30 December 2018 £m
Profit before taxation	(56.2)	(25.2)
Accounting profit multiplied by the UK statutory rate of corporation tax of 19.0% (2018: 19.0%)	(10.7)	(4.8)
Expenses not deductible for tax purposes	5.1	3.1
Adjustments relating to prior years	0.7	0.8
Overseas losses carried forward not recognised	5.3	2.8
Other	(0.1)	0.2
Tax rate differences	–	0.5
Total tax charge reported in the income statement	0.3	2.6
Effective tax rate (%)	(0.5%)	(10.3%)

5. Group profit before interest and tax

This is stated after charging (for both continuing and discontinued operations):

	52 weeks ended 29 December 2019 £m	52 weeks ended 30 December 2018 £m
Depreciation of property, plant and equipment	10.8	8.4
Amortisation of prepaid lease charges	0.5	0.3
Amortisation of intangible assets	7.5	8.1
Total depreciation and amortisation expense	18.8	16.8
Operating lease payments (minimum lease payments)		
– Land and buildings	33.4	31.1
– Plant, machinery and vehicles	5.1	5.1
Total operating lease payments recognised in the income statement	38.5	36.2
Impairment loss recognised on property, plant and equipment	15.1	7.5
Impairment loss recognised on intangible assets	39.5	13.2
Total impairment loss recognised	54.6	20.7
Net foreign currency gain/(loss)	–	0.4
Cost of inventories recognised as an expense	208.6	206.7
Changes in fair value of financial instruments	(4.5)	4.8
Loss/(gain) on disposal of non-current assets	(0.2)	–

6. Auditor's remuneration

The Group paid the following amounts to its auditor in respect of the audit of the financial statements and for other services provided to the Group:

	52 weeks ended 29 December 2019 £m	52 weeks ended 30 December 2018 £m
Fees payable to the Group's auditor for the audit of the Group and Company annual accounts*	0.5	0.6
Fees payable to the Company's auditor and its associates for other services:		
Audit of the accounts of subsidiaries	0.2	0.2
Total audit fees	0.7	0.8
Other services	0.1	0.2
Total audit and non-audit fees	0.8	1.0

* Of which £25,000 (2018: £13,000) relates to the Company.

7. Items excluded from non-GAAP measures

		52 weeks ended 29 December 2019 £m	52 weeks ended 30 December 2018 (re-presented) £m
Included in Administrative Costs			
– Contribution to eCommerce fund	(a)	(7.1)	(2.9)
– Amortisation of London corporate stores	(b)	(1.0)	(1.0)
– International business transaction costs	(c)	(0.5)	–
– Legal and advisory costs	(d)	(0.9)	(0.2)
– UK supply chain transformation	(e)	–	(9.5)
– Acquisition costs	(f)	–	(0.6)
		(9.5)	(14.2)
Included in other expenses:			
– Market access fee	(g)	(2.1)	(1.2)
– Corporate stores impairment	(h)	(18.7)	–
– Put option revaluations	(i)	–	(3.7)
		(20.8)	(4.9)
Included in share of post-tax profits of associates and joint ventures			
– German associate store conversion costs	(j)	(2.8)	(3.2)
		(2.8)	(3.2)
Included in other income			
– Put option revaluations	(i)	9.0	–
– UK supply chain transformation	(e)	0.2	–
– Profit on disposal of joint venture	(k)	–	8.2
Included in profit before interest and taxation		(23.9)	(14.1)
Included within net finance cost			
– Market access fee	(g)	1.0	0.9
– Put option revaluation	(i)	(0.8)	0.3
Included in profit before taxation		(23.7)	(12.9)
– Taxation	(l)	1.9	2.0
Included in profit for the period from continuing operations		(21.8)	(10.9)
Loss for the year from discontinued operations	(m)	(56.5)	(27.8)
Included in profit/(loss) for the year		(78.3)	(38.7)

7. Items excluded from non-GAAP measures continued

a) Contribution to eCommerce fund

In 2018, the Group announced a significant investment in upgrading its mobile and web platforms. These costs are ordinarily charged into the eCommerce fund and borne by franchisees. As a result of the planned upgrade, the amortisation of the legacy platform was accelerated. In 2018, the Group decided to not charge this accelerated amortisation to the Fund and this was included as a non-underlying item as the cost was borne by the Group (2018: £2.9m).

In April 2019, the Group announced to franchisees that the Group would be making a further immediate contribution of £7.1m into the eCommerce fund. This contribution represents further accelerated amortisation on the legacy platform of £1.1m and an additional one-off contribution of £6.0m to forgive part of the Fund deficit, in recognition of the increased cost of the new platform. This, together with the £2.9m contribution in 2018, completes the Group's overall investment in the eCommerce fund of £10.0m.

All costs of the development of the eCommerce platform are ordinarily borne by the franchisees, and as such we consider our material and non-contractual support to the franchisees should be highlighted as a non-underlying item.

b) Amortisation of London corporate stores

During the period amortisation of acquired intangibles of £1.0m (2018: £1.0m) was incurred in relation to the SFA recognised on the acquisition of the London corporate stores and Have More Fun (London) Limited. This is considered to be non-underlying as the Group has a policy of franchise agreements having an indefinite life, however the SFA is deemed to be a re-acquired right under IFRS 3 which requires such rights to be amortised.

c) International business transaction costs

Total costs of £0.5m were incurred in the year ended 29 December 2019 in relation to the disposal of International operations, consisting mainly of professional fees paid to advisors directly relating to the disposal.

d) Legal and advisory costs

During the period costs of £0.9m were incurred in relation to one-off advisory fees in relation to corporate structuring. Legal costs of £0.2m recorded in 2018 represent primarily costs associated with legal advice on the reversionary share plan.

e) UK supply chain transformation

In April 2018 the Group opened a new Supply Chain Centre in Warrington as part of a transformation of production and distribution in the UK & Ireland. In the 52 weeks ended 30 December 2018, the costs of £9.5m included £6.4m of impairment charges for former manufacturing facilities, £1.9m of ramp up costs associated with the new facility and £1.2m of restructuring and exit costs.

In the year ended 29 December 2019, income of £0.2m has been recorded in other income, being the net of additional expenses incurred in disposal of £0.3m offset by income of £0.5m following sale of the Penrith facility.

The impairment and restructuring costs of the facilities and associated people costs are considered non-underlying because they have been driven solely as a consequence of the establishment of the new Warrington facility, making the Kingston and Penrith facilities redundant. The costs have been incurred over a short time frame and are directly related to the Warrington investment. The ramp up costs have been calculated based on an assessment of normal efficiency levels for the business. If these costs were not separately identified, these operational costs would be distorting the financial performance of the supply chain, which is the key driver of profit for the business. The separate treatment of ramp up costs has only been adopted during the commissioning period rather than during the whole of the period to achieving full capacity.

f) Acquisition costs

Acquisition costs in the 52 weeks ended 30 December 2018 of £0.6m represent costs associated with the acquisition of Shorecal Limited and the acquisition of Have More Fun (London) Limited. The group's accounting policy is to treat acquisition costs as non-underlying, so as not to distort annual operational performance with unevenly incurred transactional fees.

g) Market Access Fee

During 2019, a loss of £2.1m has been recorded following changes in fair valuation of the Market Access Fee relating to the German associate (2018: loss of £1.2m). The decrease is as a result of the phasing of costs associated with the Hallo Pizza conversion and the forward projections of the German associate, together with changes in the discount rate used in the calculation. The amount recorded in net finance costs of £1.0m (2018: £0.9m) represents the unwind of the discount of the fair value. The impact of revaluations of the Market Access Fee are not considered to be ordinary trading for the Group. In the event that we receive any material capital sum for a Market Access Fee on any business it would equally be treated as non-underlying.

h) Corporate stores impairment

In the year an impairment of £18.7m has been recorded over the goodwill acquired from the acquisition of Sell More Pizza Limited in 2017 and Have More Fun (London) Limited in 2018. The operations have been valued based on a Value in Use model, using forecast cashflow projections. Due to the poor performance of the operations in the second half of 2019, management have reassessed the future profitability of the operations.

This impairment was the result of the weaker performance of corporate stores in the second half, an updated view of the operating cost base, together with our forecasts for future cash flows and an increase in the discount rate. This is against the backdrop of very limited headroom in the prior year calculation. The five-year forecast period used in calculating the impairment is also shorter than our expected payback for store splits.

i) Put option revaluations

A net income of £8.2m (2018: cost of £3.4m) has been recorded in relation to put options granted to minority interests over their remaining shareholdings in Norway and Sweden. This represents £9.0m income (2018: cost of £3.7m) of valuation movement recorded in other income and £0.8m cost (2018: income of £0.3m) presented in net finance costs representing the unwind of the discounting of the options and foreign exchange movements. The significant decrease in the value of the options in the period is due to the decreased forecast performance of the businesses to which the options relate. The revaluations are treated as non-underlying because they are non-trading in nature and consistent with the other equity related revaluations, disposals and impairments in the business as above.

j) German associate store conversion costs

Included in the share of post-tax profits/losses of associates and joint ventures are acquisition and store network conversion costs of £2.8m (2018: £3.2m) which relate to the conversion of the Hallo Pizza stores acquired in Germany which were acquired by the German associate in January 2018. The costs incurred by our German associate on converting Hallo Pizza stores have been reported to us as non-underlying. We consider the treatment to be consistent with the treatment we have adopted for Dolly Dimple's stores in Norway.

k) Profit on disposal of joint venture

As set out in note 17, on 18 December 2018, the Group disposed of its 50% holding in DP Shayban Limited for the consideration of £11.4m, resulting in a gain on disposal of joint ventures and associates of £8.2m which has been presented in other income. The profit on disposal of the investment in DP Shayban Limited has been treated as non-underlying as the gain is material and the trading of stores is not considered to be part of our ordinary course of business. This contrasts with 'Change of Hands' fees, which we consider to be ordinary income receivable to us as an intermediary when franchisees buy and sell stores.

l) Taxation

The tax credit of £1.9m (2018: £2.0m) relates to the non-underlying net loss before taxation of £23.7m (2018: 12.9m) and the effective tax rate of 8.0% is less than the statutory rate of 19.0% (2018: 19.0%) as not all of these costs will qualify for tax relief. Taxation on the items considered to be exceptional is treated as non-underlying where it can be identified in order to ensure consistency of treatment with the item to which it relates. The creation and revaluation of deferred tax assets are treated consistently with the treatment adopted when the asset was created.

m) Loss for the year from discontinued operations

The loss of £56.5m (2018: £27.8m) represents the post-tax result of the International operations of Norway, Switzerland, Sweden and Iceland, consisting of a trading loss of £20.8m (2018: £6.6m), impairments and other restructuring costs of £35.4m (2018: £18.6m) and a tax charge of £0.3m (2018: £2.6m). The result and rationale for classification is set out in note 4, with further detail on the impairments included in note 14.

8. Employee benefits and Directors' remuneration

(a) Employee benefits expense

	52 weeks ended 29 December 2019 £m	52 weeks ended 30 December 2018 £m (restated)
Wages and salaries	93.1	86.5
Social security costs	7.7	8.4
Other pension costs	4.2	3.4
Share-based payment charge	0.6	1.0
Total (including discontinued operations)	105.6	99.3

For details of amounts relating to current and former Directors', refer to the Directors' remuneration report on page 79.

The average monthly number of employees during the year of the Group including subsidiaries and excluding associates and joint ventures was made up as follows:

	52 weeks ended 29 December 2019	52 weeks ended 30 December 2018 (restated)
Administration	392	390
Production and distribution	564	540
Corporate stores	2,939	2,912
Total (including discontinued operations)	3,895	3,842

The employee benefit expense and average monthly number of employees for the prior period have been restated to include previously omitted staff employed in UK corporate stores.

(b) Directors' remuneration

	52 weeks ended 29 December 2019 £m	52 weeks ended 30 December 2018 £m
Directors' remuneration	1.7	1.6
Aggregate contributions to defined contribution pension schemes	–	0.1
Number of Directors accruing benefits under:		
– defined contribution schemes	–	1

Additional information regarding Directors' remuneration is included in the Directors' remuneration report on pages 66 to 86.

9. Finance income

	52 weeks ended 29 December 2019 £m	52 weeks ended 30 December 2018 £m
Other interest receivable	0.3	0.3
Interest on loans to associates and joint ventures	0.5	0.4
Discount unwind	0.8	0.9
Foreign exchange	–	0.5
Total finance income	1.6	2.1

The discount unwind relates to the unwind of the fair value of the Market Access Fee as described in note 26.

10. Finance costs

	52 weeks ended 29 December 2019 £m	52 weeks ended 30 December 2018 £m
Bank revolving credit facility interest payable	6.4	4.2
Other interest payable	0.3	0.2
Discount unwind	1.2	–
Total finance costs	7.9	4.4

Finance costs relate to financial liabilities at amortised cost.

11. Taxation

(a) Tax on profit from continuing operations

	52 weeks ended 29 December 2019 £m	52 weeks ended 30 December 2018 (re-presented) £m
Tax charged in the income statement		
Current income tax:		
UK corporation tax:		
– current period	15.1	11.3
– adjustment in respect of prior periods	(2.0)	(0.5)
	13.1	10.8
Income tax on overseas operations	0.8	1.1
Total current income tax charge	13.9	11.9
Deferred tax:		
Origination and reversal of temporary differences	0.3	3.7
Effect of change in tax rate	(0.6)	(0.4)
Adjustment in respect of prior periods	2.2	0.2
Total deferred tax	1.9	3.5
Tax charge in the income statement	15.8	15.4
The tax charge in the income statement is disclosed as follows:		
Income tax charge	15.8	15.4
Tax relating to items credited/(charged) to equity		
Reduction in current tax liability as a result of the exercise of share options	0.2	0.4
Origination and reversal of temporary differences in relation to unexercised share options	0.5	(0.7)
Tax credit/(charge) in the Group statement of changes in equity	0.7	(0.3)

In 2016 the Group recognised a current tax liability in respect of the deferred consideration, Market Access Fee, it expected to receive from Domino's Pizza Enterprises Limited in relation to its former German business. As the exact timing for payment of this liability is not known, the Group has made a deferred tax provision of £1.7m for this liability and released its current tax liability of £1.7m. The net impact to the income statement is £nil in relation to the reallocation.

The current period income tax charge for the UK of £15.1m is net of a £1.7m credit noted above. In 2018 the UK tax charge of £11.3m is net of a £4.1m credit relating to additional tax relief from Domino's Leasing Limited reducing the Group's cash tax payments in 2018 and 2019.

The deferred tax charge of £1.9m includes the £1.7m noted above together with a further charge of £0.6m arising from the write-off of deferred tax assets previously recognised for tax losses in Sweden. The deferred tax charge in 2018 of £3.5m included a £4.1m charge arising from the write-off of a deferred tax asset previously recognised in relation to the Group's leasing subsidiary, Domino's Leasing Limited and a £3.1m charge arising from the write-off of deferred tax assets previously recognised for tax losses in Norway (£2.0m) and Switzerland (£1.1m).

There is no tax impact in relation to the foreign exchange differences in the statement of comprehensive income.

(b) Reconciliation of the total tax charged to continuing operations

The tax charge in the income statement for the 52 weeks ended 29 December 2019 is higher (2018: higher) than the statutory corporation tax rate of 19.0% (2018: 19.0%). The differences are reconciled below:

	52 weeks ended 29 December 2019 £m	52 weeks ended 30 December 2018 (re-presented) £m
Profit before taxation	75.1	87.1
Accounting profit multiplied by the UK statutory rate of corporation tax of 19.0% (2018: 19.0%)	14.3	16.5
Expenses not deductible for tax purposes	3.0	–
Gain on joint venture sale/income not taxable	–	(1.8)
Share of joint venture and associates' results not taxable	(0.4)	(0.3)
Accounting depreciation not eligible for tax purposes	0.4	1.3
Adjustments relating to prior years	(0.2)	(0.5)
Overseas losses carried forward not recognised	–	1.4
Other	(0.4)	(0.8)
Tax rate differences	(0.9)	(0.4)
Total tax charge reported in the income statement	15.8	15.4
Effective tax rate (%)	21.0	17.7
Underlying effective tax rate (%)	17.9	17.4

The derecognition of deferred tax assets previously recognised in relation to tax losses arising in 2018 for Norway and Switzerland and in 2019 for Sweden has increased the Group's tax charge and its effective tax rate in 2018 and 2019 respectively.

The Finance (No. 2) Act 2015 introduced legislation reducing the rate of corporation tax to 19% from 1 April 2017 and to 18% from 1 April 2020. The Finance Act 2016, which received Royal Assent on 15 September 2016 further reduced the corporation tax rate to 17% from 1 April 2020. These rates, including the further reduction in the future from 19% to 17%, have been used in the calculation of deferred tax assets and liabilities for the period ended 29 December 2019 and the prior year.

(c) Temporary differences associated with Group investments

At 29 December 2019, there was no recognised deferred tax liability (2018: £nil) for taxes that would be payable on the unremitted earnings of the Group's subsidiaries, or its associates, as there are no corporation tax consequences of the Group's UK, Irish or overseas subsidiaries or associates paying dividends to their parent companies. There are also no income tax consequences for the Group attaching to the payment of dividends by the Group to its shareholders.

(d) Deferred tax

The deferred tax included in the balance sheet is as follows:

	At 29 December 2019 £m	At 30 December 2018 £m
Deferred tax arising in the UK on non-capital items	(0.2)	1.4
Deferred tax arising in the UK & Ireland on capital gains	–	(0.1)
Deferred tax arising on other overseas subsidiaries	(0.3)	(0.1)
Deferred tax arising on overseas losses	–	0.6
Deferred tax arising on business combinations and acquired assets	(5.7)	(7.7)
Deferred tax	(6.2)	(5.9)
Represented as:		
Deferred tax asset	–	0.6
Deferred tax asset within assets held for sale	–	–
Deferred tax liabilities	(1.1)	(6.5)
Deferred tax liabilities within liabilities held for sale	(5.1)	–
	(6.2)	(5.9)

11. Taxation continued

(d) Deferred tax continued

	At 29 December 2019 £m	At 30 December 2018 £m
Gross movement in the deferred income tax account		
Opening balance	(5.9)	0.5
Liability at acquisition of subsidiaries	–	(0.6)
Tax credit/(charge) to equity	0.5	(0.7)
Income statement credit/(charge)	(1.6)	(5.1)
Foreign exchange on translation	0.8	–
Asset held for sale	5.1	–
Closing balance	(1.1)	(5.9)

As noted above, the deferred tax charge of £5.1m in 2018 includes £4.1m relating to the cessation of trade for the Group's leasing subsidiary Domino's Leasing Limited.

Deferred tax arising in the UK on non-capital items

	Share-based payments £m	Accelerated capital allowances £m	Lease inducements £m	Provisions £m	Reversionary interests £m	Total £m
At 31 December 2017	2.1	1.6	0.1	0.5	1.9	6.2
Liability at acquisition of subsidiaries	–	(0.1)	–	–	–	(0.1)
Charge to equity	(0.7)	–	–	–	–	(0.7)
Credit/(charge) to income	0.1	(4.0)	–	(0.1)	–	(4.0)
At 30 December 2018	1.5	(2.5)	0.1	0.4	1.9	1.4
Charge to equity	(0.5)	–	–	–	–	(0.5)
Credit/(charge) to income	0.6	(0.2)	(0.1)	(1.4)	–	(1.1)
At 29 December 2019	1.6	(2.7)	–	(1.0)	1.9	(0.2)

A deferred tax asset of £nil (2018: £1.4m) has been recognised to the extent that future taxable profits are expected to be in excess of the profits arising from the reversal of existing taxable temporary differences.

The Group has trading tax losses of £20.4m (2018: £14.3m) which arose in relation to its Swiss business which are available to carry forward to offset against future taxable profits in Switzerland. No deferred tax asset has been recognised in relation to these trading losses in Switzerland on the basis they may not be recovered in the foreseeable future.

The Group has tax losses of £32.3m (2018: £19.9m) which arose in relation to its Norwegian business which are available to carry forward to offset against future taxable profits in Norway. No deferred tax asset has been recognised in relation to these trading losses in Norway on the basis they may not be recovered in the foreseeable future.

The Group has tax losses of £6.5m (2018: £2.8m) which arose in relation to its Swedish business which are available to carry forward to offset against future taxable profits in Sweden. No deferred tax asset has been recognised in relation to these trading losses in Sweden on the basis they may not be recovered in the foreseeable future. In 2018 a deferred tax asset of £0.6m was recognised in respect of Swedish trading losses and as noted above the write-off of this asset has resulted in a prior year deferred tax charge of £0.6m.

12. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the parent by the weighted average number of Ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of Ordinary shares outstanding during the year plus the weighted average number of Ordinary shares that would have been issued on the conversion of all dilutive potential Ordinary shares into Ordinary shares.

Earnings

	52 weeks ended 29 December 2019 £m			52 weeks ended 30 December 2018 (re-presented) £m		
	Profit/(loss) after tax for the period	Adjust for non-controlling interest	Attributable to equity holders of the parent	Profit/(loss) after tax for the period	Adjust for non-controlling interest	Attributable to equity holders of the parent
Continuing and discontinued operations	2.8	10.3	13.1	43.9	5.1	49.0
Discontinued operations	56.5	(10.3)	46.2	27.8	(5.1)	22.7
Continuing operations	59.3	–	59.3	71.7	–	71.7
Adjustments for underlying earnings per share						
Continuing operations	59.3	–	59.3	71.7	–	71.7
– Included in profit after tax – other non-underlying items	21.8	–	21.8	10.9	–	10.9
Underlying profit attributable to owners of the parent	81.1	–	81.1	82.6	–	82.6

Weighted average number of shares

	At 29 December 2019 Number	At 30 December 2018 Number
Basic weighted average number of shares (excluding treasury shares)	460,355,785	474,381,014
Dilutive effect of share options and awards	3,081,964	4,930,504
Diluted weighted average number of shares	463,437,749	479,311,518

The performance conditions relating to share options granted over 5,258,208 shares (2018: 3,955,660) have not been met in the current financial period and therefore the dilutive effect of the number of shares which would have been issued at the period end has not been included in the diluted earnings per share calculation.

There are no share options excluded from the diluted earnings per share calculation because they would be antidilutive (2018: nil). See note 2 for further information on reversionary interests and share options.

12. Earnings per share continued

Earnings per share

	52 weeks ended 29 December 2019	52 weeks ended 30 December 2018 (re-presented)
Continuing operations		
Basic earnings per share	12.9p	15.1p
Diluted earnings per share	12.8p	15.0p
Underlying earnings per share:		
Basic earnings per share	17.6p	17.4p
Diluted earnings per share	17.5p	17.2p
Continuing and discontinued operations		
Basic earnings per share	2.8p	10.3p
Diluted earnings per share	2.8p	10.2p

Re-presentation of EPS

	52 weeks ended 30 December 2018 £m
Profit attributable to owners of the parent	49.0
Non-underlying pre-tax items as previously presented	31.5
Non-underlying tax charge as previously presented	(1.7)
Attributable to non-controlling interests	(2.4)
Underlying profit attributable to owners of the parent as previously presented	76.4
Discontinued operations segment result	6.6
Discontinued operations tax charge	2.3
Attributable to non-controlling interests	(2.7)
Underlying profit attributable to owners of the parent re-presented	82.6
Impact of re-presentation on basic underlying earnings per share	1.3p
Impact of re-presentation on diluted underlying earnings per share	1.3p

Underlying earnings per share for the prior period has been re-presented as a result of the classification of International businesses as disposal groups held for sale and discontinued operations, as set out in note 4. The prior period trading loss for these businesses was £6.6m, on which a tax charge of £2.3m was incurred. £6.2m of this net after tax loss of £8.9m is attributable to owners of the parent and has now been excluded from underlying earnings, which increases both basic and diluted underlying earnings per share by 1.3p from the amounts presented in the prior period.

13. Dividends paid and proposed

	52 weeks ended 29 December 2019 £m	52 weeks ended 30 December 2018 £m
Declared and paid during the year:		
Equity dividends on Ordinary shares:		
Final dividend for 2018: 5.45p (2017: 5.25p)	25.0	25.2
Interim dividend for 2019: 4.20p (2018: 4.05p)	19.3	19.1
Dividends paid	44.3	44.3
Proposed for approval by shareholders at the AGM (not recognised as a liability at 29 December 2019 or 30 December 2018)		
Final dividend for 2019: 5.56p (2018: 5.45p)	26.1	25.0

14. Intangible assets

	Goodwill £m	Franchise fees £m	Software £m	Other £m	Total £m
Cost or valuation					
At 31 December 2017	49.7	49.5	30.7	2.7	132.6
Additions	–	–	7.3	0.2	7.5
Acquisitions	4.6	2.8	–	–	7.4
Foreign exchange on translation	(0.3)	(0.9)	0.1	–	(1.1)
At 30 December 2018	54.0	51.4	38.1	2.9	146.4
Additions	–	0.7	8.2	–	8.9
Acquisitions	0.8	–	–	–	0.8
Disposals	–	–	–	–	–
Foreign exchange on translation	(1.3)	(1.8)	(0.1)	(0.7)	(3.9)
Transferred to assets held for sale	(21.6)	(42.0)	(1.2)	(1.4)	(66.2)
At 29 December 2019	31.9	8.3	45.0	0.8	86.0
Accumulated amortisation and impairment					
At 31 December 2017	–	1.8	16.0	0.6	18.4
Provided during the year	–	0.9	7.0	0.2	8.1
Impairment	10.0	2.4	–	0.8	13.2
Disposals	–	–	–	–	–
Foreign exchange on translation	–	–	–	–	–
At 30 December 2018	10.0	5.1	23.0	1.6	39.7
Provided during the year	–	1.1	6.4	–	7.5
Impairment	21.9	15.2	1.2	–	38.3
Disposals	–	–	–	–	–
Foreign exchange on translation	–	0.3	–	–	0.3
Transferred to assets held for sale	(13.3)	(18.5)	(1.2)	(1.3)	(34.3)
At 29 December 2019	18.6	3.2	29.4	0.3	51.5
Net book value at 29 December 2019	13.3	5.1	15.6	0.5	34.5
Net book value at 30 December 2018	44.0	46.3	15.1	1.3	106.7

14. Intangible assets continued

During prior periods, the Group made a number of acquisitions, recognising intangible assets at fair value and goodwill at cost. Intangible assets recognised include the Master Franchise Agreements for Iceland, Norway and Sweden and the Standard Franchise Agreement for the London corporate stores.

At 29 December 2019 the net book value of internally generated intangibles included within software was £6.2m (2018: £4.5m). Internally generated intangibles included within software additions during the year was £4.2m (2018: £2.9m).

The carrying amount of goodwill and indefinite life intangibles has been allocated as follows:

	At 29 December 2019 £m	At 30 December 2018 £m
Goodwill		
Switzerland	–	–
Norway	–	–
Sweden	–	0.8
Iceland*	8.3	12.1
UK corporate stores	13.3	31.1
	21.6	44.0
Indefinite life intangibles		
Switzerland	–	2.7
Norway	–	7.8
Sweden*	3.9	9.4
Iceland*	19.6	21.1
	23.5	41.0
	45.1	85.0

* Included within assets held for sale.

Impairment Review

The Group is obliged to test goodwill and indefinite life intangibles annually for impairment, or more frequently if there are indications that goodwill and indefinite life intangibles might be impaired.

In performing these impairment tests, management is required to compare the carrying value of the assets of a Cash Generating Unit ('CGU'), including goodwill and indefinite life intangibles, with their recoverable amount. The recoverable amounts of an asset being the higher of its fair value less costs to sell and value in use. Management consider the different nature of the Group's operations to determine the appropriate methods for assessing the recoverable amounts of the assets of a CGU. When testing goodwill for impairment, it is allocated to the CGU or group of CGUs that were expected to benefit from the synergies of the business combination from which it first arose.

UK Corporate stores

An impairment review has been performed over the goodwill and intangible assets attributable to the Group's UK corporate store business, within the UK & Ireland operating segment. The impairment review has been based on the value in use of the overall UK corporate store group of cash generating units, which comprises the businesses acquired with Sell More Pizza in 2017 and Have More Fun in 2018. In assessing value in use, the impairment review draws on the Group's five year plan. Key assumptions in the cash flow projections of the plan are those regarding revenue growth and those regarding EBITDA margins, which include food cost inflation, labour inflation and expected productivity gains. In accordance with IAS 36, future new store openings are only included in the projections for impairment purposes if they are committed to at the point of carrying out the review.

The key assumptions in deriving value in use from cash flow projections are the sales growth, EBITDA margins, discount rate applied and the long-term expected growth rates for the business. Long-term growth rates are set no higher than the long-term economic growth projections of the countries in which the businesses operate. Management apply pre-tax discount rates in value in use estimation that reflect current market assessments of the time value of money and the risks specific to the CGUs and businesses under review. The discount rates and long-term growth rates applied in the annual impairment reviews conducted in the current and prior year, are as follows:

	Long-term growth rate		Discount rate	
	At 29 December 2019	At 30 December 2018	At 29 December 2019	At 30 December 2018
UK corporate stores	2.0%	2.0%	9.0%	8.5%

An impairment charge of £18.7m has been recognised against the goodwill allocated to the corporate stores (2018: £nil). The impairment reduces the carrying amount of the group of CGUs to £22.0m.

The business has not been performing as well as anticipated and the Group's latest five year plan has taken this in to consideration. Investments in splits have been made to improve sales volume growth in target territories through increased capacity. These investments have a payback period that exceeds the five year plan period considered for impairment purposes.

The following reasonably possible changes in key value in use estimation assumptions would impact the impairment charge as follows:

- a 100bps decrease in the discount rate would reduce the impairment by £4.0m;
- a 50bps increase in the long-term growth rate would reduce the impairment by £1.3m;
- a 100bps increase in the five year revenue growth rate would reduce the impairment by £2.7m;
- a 100bps increase in the EBITDA margin throughout the forecast period would reduce the impairment by £5.3m, with rates of food cost inflation, labour inflation, pricing increases and productivity gains underlying factors.

The like-for-like revenue growth rate (excluding splits) assumed in the five year period is 4% and EBITDA margin assumed in the forecast period ranges from 4.1% to 6.1%. Management have taken into consideration the weaker performance of the business in the second half of the period in setting these assumptions. Revenue growth rates and EBITDA margins assumed in previous impairment reviews were higher, and the discount rate was marginally lower.

Disposal groups held for sale

The International operations have been classified as disposal groups held for sale at the balance sheet date and have been presented accordingly in the Group balance sheet. IFRS 5 requires a business classified as a disposal group held for sale to be valued at its expected fair value less costs of disposal, with its long-term value in use disregarded in light of the decision to dispose of the business.

Iceland and Switzerland

Fair value less costs of disposal of the goodwill, intangible assets and property, plant and equipment attributable to the Iceland and Switzerland disposal groups have been estimated using discounted future expected cash flow analyses. This fair value method is at Level 3 of the fair value hierarchy, as defined under IFRS 13, because it relies on significant unobservable inputs. The future expected revenue growth, EBITDA margins and capital reinvestment requirements of the businesses are key inputs, which draws on the Group's five year plan. Discount rates and long-term growth rates are also key. The discount rate used for fair value less costs of disposal purposes is set so as to reflect potential buyers' pricing of the time value of money and risk.

The discount rate applied in estimating the fair value less costs of disposal for the Iceland business was 10.1% (2018: 11.4%) and for the Switzerland business was 9.9%. The discount rate used in Iceland has decreased in the current period due to decreases in risk premium as the macro-economic risk is reflected in the cashflow forecasts used. The long-term growth rate applied in valuing both businesses was 2.0%.

14. Intangible assets continued

Management have been cautious in assessing the future cash flow potential of the Switzerland business, due to historical performance against forecasts and uncertainty of the value to be realised. An impairment charge of £10.9m has been recognised in respect of the Switzerland disposal group, £2.7m recorded against intangible assets and £8.2m recorded against property, plant and equipment. This reduces the carrying value of these assets to £nil.

An impairment charge of £2.5m has been recognised against the goodwill allocated to the Iceland disposal group, reducing its carrying value to £8.4m. This modest impairment results from a mix of lower expected revenue growth and lower expected EBITDA margins in the fair value assessment done in this period relative to the impairment assessments done in prior periods under IAS 36, as a result of the lower performance of the business in 2019, the combination of which were not reasonably possible to predict previously.

The following reasonably possible changes in key fair value estimation assumptions would impact the impairment charge for the Iceland business as follows:

- a 50bps decrease in the discount rate would eliminate the impairment charge of £2.5m entirely;
- a 50bps decrease in the long-term growth rate would increase the impairment charge by £1.4m;
- a 50bps decrease in revenue growth during the forecast period would increase the impairment by £2.1m;
- a 50bps decrease in EBITDA margin throughout the forecast period would increase the impairment charge by £2.5m, with rates of food cost inflation, labour inflation, pricing increases and productivity gains underlying factors.

Norway and Sweden

Fair value less costs of disposal of the goodwill, intangible assets and property, plant and equipment attributable to the Norway and Sweden disposal groups have been estimated based on either offers received for the businesses or expectations based on initial marketing. The Norway value is based on the sale and purchase agreement announced in February 2020. This fair value measurement is categorised at Level 3 of the fair value hierarchy, as defined under IFRS 13.

An impairment charge of £13.4m has been recognised in respect of the Norway disposal group, £7.9m recorded against intangible assets and £5.5m recorded against property, plant and equipment. This reduces the carrying value of these assets to £nil.

An impairment charge of £8.4m has been recognised in respect of the Sweden disposal group, £0.7m recorded against goodwill, £5.1m recorded against intangible assets and £2.6m recorded against property, plant and equipment. This reduces the carrying value of these assets to £6.0m.

Given the advanced stage of the disposal process in Norway, a material change in fair value is not considered reasonably probable, nor is a material change in the fair value of the Sweden disposal group considered reasonably probable.

Master franchise fees

Master franchise fees consist of costs relating to the MFA for UK, Ireland, Switzerland, Iceland, Norway and Sweden. Each MFA is treated as having an indefinite life. They are tested annually for impairment in accordance with IAS 36. The Swiss, Norwegian, Swedish and Icelandic MFAs have been tested for impairment in tandem with the goodwill and other intangible assets attributable to these businesses, as described above. The assumptions underlying the tests on the UK & Ireland MFAs are not disclosed as the carrying value is not material.

Standard Franchise Agreements

The SFAs were recognised at fair value on acquisition of the UK corporate store portfolio in 2017 and 2018 and, as reacquired assets, are being amortised over their remaining contractual life. The net book value of SFAs at 29 December 2019 is £5.1m (2018: £6.2m). The SFAs attributable to the UK corporate stores business are tested for impairment in tandem with the goodwill and other intangible assets attributable to that business, as described above.

The amortisation of intangible assets is included within administration expenses in the income statement.

15. Property, plant and equipment

	Freehold land and buildings £m	Assets under construction £m	Leasehold improvements £m	Fixtures and fittings £m	Supply Chain Centre equipment £m	Store equipment £m	Total £m
Cost or valuation							
At 31 December 2017	34.5	36.3	7.5	4.9	32.8	15.7	131.7
Acquisition of subsidiaries (note 28)	–	–	0.1	–	–	0.6	0.7
Additions	0.1	4.6	2.0	2.2	1.5	6.4	16.8
Disposals	–	–	(0.2)	(0.2)	–	–	(0.4)
Transfer between classes of asset	20.6	(37.6)	–	0.4	16.6	–	–
Foreign exchange on translation	–	–	0.6	–	–	(0.1)	0.5
At 30 December 2018	55.2	3.3	10.0	7.3	50.9	22.6	149.3
Additions	0.1	0.3	0.8	3.5	2.6	7.5	14.8
Disposals	(2.7)	–	–	–	–	(0.1)	(2.8)
Transfer between classes of asset	0.7	(0.5)	–	–	(0.7)	0.5	–
Foreign exchange on translation	–	(0.1)	–	–	–	0.2	0.1
Transferred to assets held for sale	–	(2.7)	(10.1)	(6.1)	(1.0)	(25.5)	(45.4)
At 29 December 2019	53.3	0.3	0.7	4.7	51.8	5.2	116.0
Depreciation and impairment							
At 31 December 2017	6.8	–	2.9	2.8	9.0	4.3	25.8
Provided during the year	0.7	–	0.9	2.0	2.8	2.0	8.4
Impairment	1.5	–	(0.8)	–	4.7	2.1	7.5
Disposals	–	–	(0.1)	(0.2)	–	–	(0.3)
Transfer between classes of asset	–	–	–	–	–	–	–
Foreign exchange on translation	–	–	0.2	0.1	–	–	0.3
At 30 December 2018	9.0	–	3.1	4.7	16.5	8.4	41.7
Provided during the year	0.8	–	0.2	1.7	2.6	5.5	10.8
Impairment	–	1.7	4.4	1.0	0.5	8.7	16.3
Disposals	(1.5)	–	–	–	–	(0.1)	(1.6)
Transfer between classes of asset	0.7	–	–	–	(0.7)	–	–
Foreign exchange on translation	–	0.2	0.4	0.1	–	0.7	1.4
Transferred to assets held for sale	–	(1.9)	(8.0)	(5.6)	(0.8)	(21.1)	(37.4)
At 29 December 2019	9.0	–	0.1	1.9	18.1	2.1	31.2
Net book value at 29 December 2019	44.3	0.3	0.6	2.8	33.7	3.1	84.8
Net book value at 30 December 2018	46.2	3.3	6.9	2.6	34.4	14.2	107.6

15. Property, plant and equipment continued

During the prior period the Group acquired a number of UK corporate stores, recognising assets at fair value mainly comprising store fixtures and fittings. During the current period, assets under construction amounting £2.1m related to the new Cambuslang site, the expansion of the Naas Commissary, and new corporate stores within the Nordic markets.

Additions in the current period relate most significantly to the purchase of equipment for use in new stores and refitting existing stores, in the UK corporate stores business and in the Nordic markets.

Freehold land and buildings

Included within freehold land and buildings is an amount of £7.2m (2018: £7.2m) in respect of land which is not depreciated.

Capitalised financing costs

The amount of borrowing costs capitalised during the period ended 29 December 2019 was £0.1m (2018: £0.1m). The rate used to determine the amount of borrowing costs eligible for capitalisation was 1.0%.

For details of property, plant and equipment pledged as security for liabilities see note 21.

16. Trade and other receivables

Included in non-current assets:

	At 29 December 2019 £m	At 30 December 2018 £m
Amounts owed by associates and joint ventures*	19.5	19.3
Loans to franchisees*	3.7	3.7
Prepaid operating lease charges	5.8	5.5
Net investment in finance leases*	0.1	0.3
Other receivables*	8.0	10.6
	37.1	39.4

* Financial assets at amortised cost.

Included in non-current other receivables are rent-free balances provided to franchises of £8.0m (2018: £9.4m).

Included in current assets:

	At 29 December 2019 £m	At 30 December 2018 £m
Trade receivables*	11.5	18.3
Amounts owed by associates and joint ventures*	1.2	1.3
Loans to franchisees*	–	0.3
Other receivables*	3.8	5.2
Prepayments	29.6	9.7
Accrued income	15.5	12.8
NAF and eCommerce debtor*	–	6.2
Net investment in finance leases*	0.4	0.9
	62.0	54.7

* Financial assets at amortised cost.

Included in current other receivables are balances due from franchisees for development of new stores and refurbishment of existing stores of £1.2m (2018: £2.0m).

The increase in prepayments during the current year primarily relates to cash timing differences year-on-year.

NAF and eCommerce funds

The NAF and eCommerce fund balance comprises the net of balances relating to: the NAF, which is a fund into which the franchisees contribute for purposes of marketing, advertising and other promotion; and an eCommerce fund into which the franchisees contribute to cover the research, development and operating costs of the Domino's website and mobile apps, as well as related credit card costs, such as merchant data handling costs and chargebacks. The balance of the Funds at 29 December 2019 was a net surplus of £2.0m and is therefore presented within trade and other payables (2018: £6.2m deficit disclosed in trade and other receivables).

The timing difference, being the difference between the amounts received under the contract and expenditure incurred, is held on the balance sheet and presented in trade and other receivables or trade and other payables on a net basis across both funds. As the relevant performance obligations are under the same contract with the customer, it is appropriate to present the contract assets or liabilities on a net basis.

The legal form defined by the SFAs is that the two funds are separate with no right of offset if there is a deficit. Franchisees are presented with data which shows the respective surplus or deficit of each fund separately. The Group has the right to increase the charges for either fund to recover any deficits on a prospective basis, and for that reason there is no concern over the recoverability of amounts. The Group also has the ability to recover any deficit through decreased future charges into the fund. Surpluses or deficits naturally arise because of timing differences between cash flows of the NAF and eCommerce expenditure and contributions received from the franchisees.

The commercial practice has been to combine the NAF and eCommerce fund and present any surplus or deficit on a net basis and this is the principle accepted by all parties because of the broad crossover between marketing and the website in promoting the Domino's brand.

As at 29 December 2019, the gross amounts of the NAF and eCommerce fund were as follows:

	At 29 December 2019 £m	At 30 December 2018 £m
NAF surplus	(16.8)	(14.1)
eCommerce fund deficit	14.8	20.3
Net NAF and eCommerce (creditor)/debtor	(2.0)	6.2

The opening Net NAF and eCommerce debtor on 1 January 2018 was £3.9m, which consisted of a NAF surplus of £11.8m and an eCommerce fund deficit of £15.7m. Total contributions made to the NAF and eCommerce fund during the 52 weeks ended 29 December 2019 were £55.9m (2018: £50.0m).

Trade receivables

Trade receivables are denominated in the following currencies:

	At 29 December 2019 £m	At 30 December 2018 £m
Sterling	10.4	10.5
Euro	1.1	0.6
Swiss Franc	–	–
Icelandic Krona	–	0.6
Norwegian Krone	–	6.6
Swedish Krona	–	–
	11.5	18.3

Trade receivables are non-interest bearing and are generally on seven to 28 day terms. As at 29 December 2019, there was a provision of £0.5m against trade receivables (2018: £0.8m).

16. Trade and other receivables continued

The ageing analysis of trade receivables is as follows:

	Total £m	Neither past due nor impaired £m	Past due but not impaired <30 days £m	Past due but not impaired >30 days £m
At 29 December 2019	11.5	10.6	–	0.9
At 30 December 2018	18.3	14.7	2.8	0.8

Loans to franchisees

Loans to franchisees are repayable within one to ten years. The loans are either interest free or bear interest on a quarterly basis at an average of 3.0% above LIBOR and are repaid in monthly or quarterly instalments.

Amounts owed by associates and joint ventures

	At 29 December 2019 £m	At 30 December 2018 £m
Amounts owed by associates	20.5	20.3
Amounts owed by joint ventures	0.2	0.3
	20.7	20.6

Included within the balance due from joint ventures and associates is a loan balance of £19.5m (2018: £19.3m) due from Daytona JV Limited, trading balances of £1.0m (2018: £1.0m) due from Full House Restaurants Holdings Limited and £0.2m due from Domino's Pizza West Country Limited (2018: £0.3m).

Under the terms of the loan agreement, the loan to Daytona JV Limited accrues interest at between 2.7% and 3.0% per annum and is payable quarterly in arrears. The loan is repayable on 18 October 2025 or when the Group ceases to own shares in the associate.

An analysis is provided below of the movement in trading and loan balances with associates and joint ventures:

	Trading balance £m	Loan balance £m	Total £m
At 31 December 2017	1.9	13.1	15.0
Movement in trading balance	(0.6)	–	(0.6)
Movement in loan balance	–	6.2	6.2
At 30 December 2018	1.3	19.3	20.6
Movement in trading balance	(0.1)	–	(0.1)
Movement in loan balance	–	0.2	0.2
At 29 December 2019	1.2	19.5	20.7

The movement in the trading balance is included within the 'increase in receivables' in 'cash generated from operations' in the cash flow statement.

Prepaid operating lease charges

	At 29 December 2019 £m	At 30 December 2018 £m
Balance at the beginning of the period	5.5	3.5
Additions	0.8	2.3
Amortisation	(0.5)	(0.3)
Balance at the end of the period	5.8	5.5
Analysed as follows:		
Non-current assets	5.8	5.5
	5.8	5.5

Net investment in finance leases

The balance shown in franchisee leasing consists of leases over store equipment granted to franchisees on terms of between one and five years bearing interest at fixed rates of an average of 1.0% (2018: 1.0%).

Future minimum payments receivable:

	At 29 December 2019 £m	At 30 December 2018 £m
Not later than one year	0.4	0.9
After one year but not more than five years	0.1	0.3
	0.5	1.2

17. Investments in associates and joint ventures

	Joint ventures £m	Associates £m
Balance at 31 December 2017	6.5	20.8
Reclassification	0.4	(0.4)
Underlying profit for the period	0.2	4.0
Non-underlying expense for the period	–	(3.2)
Dividends received	(0.6)	(1.0)
Investments in the period	–	5.8
Disposals in the period	(2.8)	–
Balance at 30 December 2018	3.7	26.0
Underlying profit for the period	0.2	4.7
Non-underlying expense for the period	–	(2.8)
Dividends received	–	(1.0)
Investments in the period	–	1.5
Foreign exchange movements	–	0.1
Balance at 29 December 2019	3.9	28.5

17. Investments in associates and joint ventures continued

	At 29 December 2019 £m	At 30 December 2018 £m
Share of post-tax profits/(losses) of associates		
Full House Restaurant Holdings Limited	1.8	1.5
Daytona JV Limited	0.1	(0.7)
	1.9	0.8
Share of post-tax profits of joint ventures		
DP Shayban Limited	–	0.1
Domino's Pizza West Country Limited	0.2	0.1
	0.2	0.2
	2.1	1.0

Details of joint ventures and associates are given in note 34.

(a) Investment in associates

The Group has a 49% interest in Full House Restaurant Holdings Limited ('Full House'), a private company that manages pizza delivery stores in the UK.

The Group has a 33.3% investment in Daytona JV Limited ('Daytona'), a UK incorporated company which owns the Master Franchise Agreement for Domino's Germany. The Group's interest is subject to a put and call option.

Included in the consolidated financial statements are the following items that represent the Group's share of the assets, liabilities and profit of associates based in the UK:

	Full House		Daytona	
	At 29 December 2019 £m	At 30 December 2018 £m	At 29 December 2019 £m	At 30 December 2018 £m
Non-current assets	16.9	16.5	128.1	130.9
Current assets	3.1	3.1	18.6	12.8
Current liabilities	(4.6)	(4.2)	(13.1)	(11.1)
Non-current liabilities	(4.6)	(6.2)	(77.1)	(80.9)
Net assets	10.8	9.2	56.5	51.7
The Group's share of interest in associate undertaking's net assets	5.3	4.5	18.8	17.1
Goodwill and transaction costs	2.3	2.3	2.1	2.1
Group's carrying amount of the investment	7.6	6.8	20.9	19.2
Revenue	50.8	46.7	77.5	67.6
Profit for the period	3.7	3.0	0.1	(2.1)
Group's share of underlying profit for the period	1.8	1.5	2.9	2.5
Group's share of non-underlying loss for the period	–	–	(2.8)	(3.2)
Group's share of profit for the period	1.8	1.5	0.1	(0.7)

The associates had no contingent liabilities or capital commitments at 29 December 2019 or at 30 December 2018. The associates require the parent's consent to distribute its profits.

(b) Investment in joint ventures

During the year the Group held a 50% UK joint venture in Domino's Pizza West Country Limited ('West Country'). West Country is accounted for as a joint venture using the equity method in the consolidated financial statements as the Group has joint control through voting rights and share ownership as well as being party to a joint venture agreement, which ensures that strategic, financial and operational decisions relating to the joint venture activities require the unanimous consent of the two joint venture partners. On 18 December 2018, the Group disposed of its 50% holding in DP Shayban for the consideration of £11.4m.

A summary financial information of the joint venture is set out below:

	At 29 December 2019	At 30 December 2018
	West Country £m	West Country £m
Summary of joint ventures' balance sheets		
Current assets	3.0	3.0
Non-current assets	5.3	5.0
Current liabilities	(1.4)	(1.3)
Non-current liabilities	–	–
Net assets	6.9	6.7
Group's share of interest in joint ventures' net assets	3.5	3.3
Goodwill and transaction costs	0.4	0.4
Group's carrying amount of the investment	3.9	3.7
Within gross balance sheets:		
Cash and cash equivalents	2.2	2.3
Current financial liabilities	–	–
Non-current financial liabilities	–	–

	52 weeks ended 29 December 2019	52 weeks ended 30 December 2018		
	West Country £m	DP Shayban* £m	West Country £m	Total £m
Summary of joint ventures' income statement				
Revenue	11.8	18.7	11.8	30.5
Profit after tax for the year	0.4	0.2	0.2	0.4
Total comprehensive income for the year	0.4	0.2	0.2	0.4
Group's share of profit for the year	0.2	0.1	0.1	0.2
Dividends received	–	–	0.6	0.6
Profit after tax for the year includes:				
Depreciation and amortisation	0.5	0.7	0.5	1.2
Interest income	–	–	–	–
Interest expense	–	–	–	–
Income tax expense	0.1	–	0.1	0.1

* Represents results up until the date of disposal on 18 December 2018.

West Country had no contingent liabilities or capital commitments as at 29 December 2019 and 30 December 2018. West Country cannot distribute their profits without the consent from the two venture partners.

18. Inventories

	At 29 December 2019 £m	At 30 December 2018 £m
Raw materials	0.3	2.4
Finished goods and goods for sale	12.7	6.0
Total inventories at lower of cost or estimated net realisable value	13.0	8.4

Provisions against inventories were £0.4m (2018: £0.8m) and amounts were written off against cost of sales of £1.1m (2018: £2.1m).

19. Cash and cash equivalents

	At 29 December 2019 £m	At 30 December 2018 £m
Cash at bank and in hand	11.1	24.8
Cash at bank and in hand included in disposal groups held for sale	4.9	–
Total cash at bank and in hand	16.0	24.8

Cash at bank earns interest at floating rates based on daily deposit rates. The fair value of cash and cash equivalents is £16.0m (2018: £24.8m).

Cash is denominated in the following currencies:

	At 29 December 2019 £m	At 30 December 2018 £m
Sterling	8.4	15.3
Euro	2.7	4.4
Icelandic Krona	0.1	0.1
Norwegian Krone	3.3	3.3
Swedish Krone	–	–
Swiss Franc	1.5	1.7
	16.0	24.8

20. Trade and other payables

	At 29 December 2019 £m	At 30 December 2018 £m
Included in current liabilities:		
Trade payables*	23.5	36.3
Other taxes and social security costs	6.8	8.1
Other payables*	21.6	23.3
Accruals*	24.3	25.9
NAF and eCommerce creditor*	2.0	–
Deferred income	7.2	6.8
	85.4	100.4
Included in non-current liabilities:		
Deferred income	10.0	10.0
Other payables*	0.1	0.7
	10.1	10.7

* Financial liabilities at amortised cost.

Terms and conditions of the above financial liabilities are:

- trade payables are non-interest bearing and are normally settled on seven to 30-day terms;
- other payables are non-interest bearing and have an average term of six months.

Included within accruals are amounts relating to goods received and not yet invoiced of £7.8m (2018: £8.4m), together with trading accruals, Head Office cost accruals, payroll accruals and royalty accruals throughout the Group.

The NAF and eCommerce creditor represents the net position of the NAF and eCommerce funds. The nature of the Funds is such that a timing difference exists between the amounts received under the contract and the expenditure incurred. The net position is held on the balance sheet and presented in trade and other receivables or trade and other payables. The net position at 29 December 2019 was a surplus of £2.0m and is therefore presented within the trade and other payables (2018: £6.2m deficit, presented in trade and other receivables). Further disclosure is presented in note 16.

Included within other payables are amounts owed to franchisees in relation to web sales of £18.1m (2018 £15.7m), which were previously included within accruals.

21. Financial liabilities

	At 29 December 2019 £m	At 30 December 2018 £m
Current		
Current instalments due on other loans	–	0.7
Current instalments due on finance leases	–	0.4
	–	1.1
Put option liabilities	0.9	1.4
	0.9	2.5
Share buyback obligation	–	15.8
	0.9	18.3
Non-current		
Bank revolving facility	248.1	224.5
Non-current instalments due on other loans	–	2.5
Non-current instalments due on finance leases	0.2	–
Put option liabilities	–	10.4
	248.3	237.4

The table above includes continuing and discontinued operations, within discontinued operations is a non-current finance lease liability of £0.1m and a current overdraft of £0.2m.

Banking facilities

At 29 December 2019 the Group had a total of £364.3m (2018: £359.5m) of banking facilities, of which £113.9m (2018: £131.7m) was undrawn.

21. Financial liabilities continued

Bank revolving facility

The Group has a £350.0m multicurrency syndicated revolving credit facility with an original term of five years to 13 December 2022 with the option of submitting two extension notices to extend the facility twice, each by a period of 12 months. The first extension was arranged in November 2018 and extended the facility to 12 December 2023 with fees of £0.5m paid for this extension. There is an option for a second extension to extend for a further year in September 2020. Arrangement fees of £2.3m (2018: £3.0m) directly incurred in relation to the facility are included in the carrying values of the facility and are being amortised over the extended term of the facility.

Interest charged on the revolving credit facility ranges from 0.75% per annum above LIBOR (or equivalent), when the Group's leverage is less than 1:1, up to 1.85% per annum above LIBOR (or equivalent), for leverage above 2.5:1. A further utilisation fee of 0.15% is charged if over one-third utilised, which rises to 0.30% if over two-thirds is drawn. In addition, a commitment fee is calculated on undrawn amounts based on 35% of the current applicable margin.

The facility is secured by an unlimited cross guarantee between Domino's Pizza Group plc, DPG Holdings Limited, Domino's Pizza UK & Ireland Limited, DP Group Developments Limited, DP Realty Limited, DP Pizza Limited, Pizza Pizza EHF, DP Cyco Switzerland Limited, Domino's Pizza GmbH, Sell More Pizza Limited, Sheermans Limited, Sheermans Harrow Limited and WAP Partners Limited.

An ancillary overdraft and pooling arrangement is in place with Barclays Bank Plc for £10.0m covering the Company, Domino's Pizza UK & Ireland Limited, DPG Holdings Limited, and DP Pizza Limited. An ancillary overdraft is in place with Barclays Bank Plc for €5.0m (£4.3m) for Domino's Pizza UK & Ireland Limited. Interest is charged for both overdrafts at the same margin as applicable to the revolving credit facility above LIBOR (or equivalent).

Other loans

The five year amortising loan facility provided by Nordea Bank AB to DP Norway AS for NOK 50.0m maturing in November 2022 was repaid during 2019. The facility was repayable in three quarterly instalments of NOK 2.1m (£0.2m) followed by a final bullet payment of NOK 21.4m (£1.8m). Interest was charged at 1.35% above three month NIBOR with quarterly commission of 0.15%. At 30 December 2018 NOK 35.4m (£3.2m) was drawn down.

The NOK 4.0m (£0.3m) overdraft facility provided by Nordea Bank AB to DP Norway AS was cancelled in the year.

Both the overdraft and loan facility were previously guaranteed by the Company.

Share buyback obligation

As at 29 December 2019, there is no obligation to buy back shares. On 15 October 2018 the Group entered into an irrevocable non-discretionary programme with Numis Securities Limited to purchase up to a maximum of £25.0m of shares from 18 October 2018. The remaining share buybacks outstanding at 30 December 2018 were recognised as a financial liability of £15.8m. The share buyback obligation was fully satisfied by 27 February 2019.

On 14 December 2017 the Group entered into an irrevocable non-discretionary programme with Numis Securities Limited to purchase up to a maximum of £20.0m of shares from 18 December 2017. The remaining share buybacks outstanding at 31 December 2017 were recognised as a financial liability of £18.3m. The share buyback obligation was fully satisfied by 5 February 2018.

Put option liabilities

The Group granted put options to non-controlling interests over their remaining shareholdings in PPS Foods AB, DP Norway AS, Pizza Pizza EHF and Sell More Pizza Limited. These put option liabilities were initially recognised at the present value of the expected redemption amount and are subsequently measured based on changes to the expected redemption amount at amortised cost. The expected redemption amount of the put options are derived by reference to an estimate of the equity value of the relevant entities. As all of the entities are unquoted, the estimate of equity value is derived by estimating enterprise value, via a discounted future cashflow model, and deducting net debt. A sales multiple collar exists in the determination of enterprise value for the put options over PPS Foods AB, DP Norway AS and Pizza Pizza EHF. Changes in carrying value between reporting dates reflect changes in estimation of the equity value of the relevant entities, which are recorded as an other income or other expense, the unwinding of time value discounting of the liabilities, recorded in finance costs, and foreign exchange movements, recorded in finance costs or income.

The put options over PPS Foods AB, DP Norway AS and Pizza Pizza EHF are exercisable from 1 July 2019 to 30 June 2023. The put options over Sell More Pizza Limited were exercisable from six to 12 months after the Group's acquisition of this entity on 5 October 2017. During the prior period, put options over 44.3% of Pizza Pizza EHF lapsed as the shares were purchased by the Group. As a result of this acquisition, £26.3m of put option liabilities were derecognised during the prior period. During the prior period, put options over Sell More Pizza Limited were exercised and settled in full. The carrying value of outstanding put option liabilities at 29 December 2019 was £0.9m (2018: £11.8m).

A net income of £8.2m was recognised in the income statement in the period (2018: net cost of £3.4m), made up of £9.0m of other income (2018: £3.7m of other expense) from changes in estimation of the equity value of the relevant entities based on latest forecasts and following the poor performance of the entities in the period, and £0.8m of net finance costs (2018: £0.3m of net finance income) from unwinding the time value discounting of the liabilities and foreign exchange movements.

22. Deferred and contingent consideration

(a) Assets

	Deferred £m	Contingent £m	Total £m
At 31 December 2017	6.6	–	6.6
At 30 December 2018	6.6	–	6.6
Transfer to liabilities	(0.9)	–	(0.9)
At 29 December 2019	5.7	–	5.7

(b) Liabilities

	Deferred £m	Contingent £m	Total £m
At 31 December 2017	3.6	–	3.6
Paid during the period	(3.6)	–	(3.6)
At 30 December 2018	–	–	–
Transfer from assets	0.9	–	0.9
Recognised in relation to prior acquisition of subsidiary	(1.1)	–	(1.1)
At 29 December 2019	(0.2)	–	(0.2)

	At 29 December 2019 £m	At 30 December 2018 £m
Current (liability)/asset	(0.2)	0.9
Non-current asset	5.7	5.7
	5.5	6.6

On 5 October 2017, the Group acquired a controlling interest in Sheermans SS Limited, Sheermans Limited, Sheermans Harrow Limited and WAP Partners Limited on which deferred consideration was payable of £3.6m at 31 December 2017, and was subsequently paid in 2018.

On 6 August 2018, the Group acquired 100% of the share capital of Hamandi Investments Limited (now called Have More Fun (London) Limited), a franchisee that operates six Domino's stores in London. At 30 December 2018 the Group held a £0.9m receivable balance, which was the net of a retention and a provisional working capital adjustment. At 29 December 2019 the Group holds a £0.2m payable balance, being the net of a retention and an updated provisional working capital adjustment.

On 18 December 2018, the Group disposed of its 50% holding of share capital in its joint venture DP Shayban Limited, on which deferred consideration is receivable of £5.7m in 2023. This is not contingent on performance conditions.

23. Obligations under leases and hire purchase contracts

For the stores in the UK & Ireland franchisee system, the Group has entered into commercial leases, taking the head-lease and then subletting the properties to the franchisees. These head-leases have an average duration of between 10 and 25 years. Under the terms of the franchise agreement the franchisee is granted an initial period of 10 years to operate a Domino's Pizza delivery store under the Domino's system. Under the agreement, the franchisee also has the option to renew for a further 10 years at the end of the initial period provided at the time of the renewal the franchisee is not in default of any material provision of the franchise agreement. The franchise agreements contain an option for renewal, with such options being exercisable three months before the expiry of the lease term at rentals based on market prices at the time of exercise. During the current period, 100% of SFAs which reached the end of the initial 10 year period were renewed.

In addition the Group has entered into commercial leases on motor vehicles and items of plant, machinery and equipment. These leases have an average duration of between three and five years.

Operating lease commitments where the Group is lessee

Future minimum rentals payable under non-cancellable operating leases are as follows:

	At 29 December 2019 £m	At 30 December 2018 £m
Not later than one year	33.9	29.8
After one year but not more than five years	122.0	105.0
After five years	205.0	202.0
	360.9	336.8

Operating lease rentals where the Group is lessor

Future minimum rentals receivable under non-cancellable operating leases are as follows:

	At 29 December 2019 £m	At 30 December 2018 £m
Not later than one year	23.0	22.0
After one year but not more than five years	75.5	72.7
After five years	136.3	126.5
	234.8	221.2

All amounts shown above include continuing and discontinued operations.

24. Provisions

	Reversionary share plan provisions £m	Dilapidations provisions £m	Onerous lease provisions £m	Other provisions £m	Total £m
At 30 December 2018	11.0	1.5	2.5	1.8	16.8
Arising during the period	–	–	6.2	1.5	7.7
Utilised during the period	–	–	(0.3)	–	(0.3)
Released during the period	–	–	(2.7)	(1.1)	(3.8)
Impact of discounting	–	–	0.1	–	0.1
Foreign exchange on translation	–	–	(0.1)	–	(0.1)
Transferred to liabilities held for sale	–	(0.5)	(3.3)	(1.1)	(4.9)
At 29 December 2019	11.0	1.0	2.4	1.1	15.5

	At 29 December 2019 £m	At 30 December 2018 £m
Current	2.7	3.6
Non-current	12.8	13.2
	15.5	16.8

Reversionary share plan provisions

As discussed more fully in note 2, the employment tax provision relates to certain of the Group's historical share-based compensation arrangements dating from 2003 to 2010. As a result of the updated legal advice received a provision was recorded during the period ended 31 December 2017 amounting to £11.0m, comprising £2.6m employer's NIC, and £8.4m employee's NIC and PAYE at that date. Within this an estimate of interest on overdue tax of £3.0m was provided. These provisions have been maintained as at 30 December 2018 and 29 December 2019 pending agreement with the tax authorities.

No contingent asset has been recognised in the financial statements in relation to the indemnities provided by the beneficiaries of the arrangements. As the tax liability has not crystallised, the Group is not yet entitled to seek recovery of the amounts due under the indemnities.

The timing of the utilisation of the provision is uncertain, as discussed more fully in note 2.

Dilapidations provisions

On acquisition of the Nordic entities and the London corporate stores, the Group acquired dilapidations provisions which were recognised at fair value. During the period, £nil (2018: £0.7m) of these provisions were released as the store conversion programme continued.

Onerous lease provision

The onerous lease provision of £2.4m relates to both outstanding rent obligation for properties in the UK & Ireland as well as the outstanding obligation on the onerous contract for store equipment. The outstanding rent obligations include sublets to commercial tenants, properties for which a lease has been signed but no franchisee has been identified to operate the store such that the lease obligation has become onerous, along with stores for which the tenant is paying reduced rent and the Group expects to make a loss in relation to the lease. The contract for store equipment has been signed for a fixed term but at present the equipment is not being utilised. The provision will be utilised over the remaining lease term on the properties identified which range between one and 23 years.

Other provisions

Other provisions include £0.9m (2018: £0.7m) for commercial disputes in the Nordics and a further £0.8m (2018: £0.6m) for closure costs of Domino's Pizza Germany Limited.

25. Financial risk management objectives and policies

The Group's financial risk management objectives consist of identifying and monitoring risks which might have an adverse impact on the value of the Group's financial assets and liabilities, reported profitability or cash flows.

The main risks are foreign currency risk, credit risk, liquidity risk and interest rate risk. The Board reviews and agrees policies for managing each of these risks, which are summarised below.

The Group has various financial assets such as trade receivables and cash, which arise directly from its operations. The Group's principal financial liabilities comprise bank revolving facilities, other loans and finance leases.

The Group has not entered into any derivative transactions such as interest rate swaps or foreign currency contracts. The Group's treasury policy allows it to trade in derivatives to manage interest rate, commodity and foreign exchange risk.

Foreign currency risk

The Group has invested in operations in Iceland, Norway, Ireland, Sweden and Switzerland and also buys and sells goods and services in currencies other than sterling. The Group has also invested in an associate in Germany and an investment in Ireland. As a result, the value of the Group's non-functional currency revenues, purchases, financial assets and liabilities and cash flows can be affected by movements in exchange rates. The Group seeks to mitigate the effect of its currency exposures by agreeing fixed currency contracts with franchisees and suppliers wherever possible.

The Group does not currently use derivatives to hedge balance sheet and income statement translation exposures arising on the consolidation of overseas subsidiaries.

The following table demonstrates the sensitivity to a reasonably possible change in sterling against the euro, Icelandic Krona, Norwegian Krone and Swedish Krona exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the carrying value of currency-denominated assets in subsidiaries with a sterling functional currency and sterling-denominated assets in subsidiaries with a non-sterling functional currency. The impact on the Group's pre-tax equity is due to changes in carrying value of investments in joint ventures and associates. The Group's exposure to foreign currency changes for all other currencies is immaterial.

	Change in EUR rate	Effect on profit before tax £m	Effect on pre-tax equity £m
2019	+25%	(3.5)	(4.2)
	-25%	5.9	7.0
2018	+25%	(5.1)	(3.8)
	-25%	8.6	6.4

	Change in NOK rate	Effect on profit before tax £m	Effect on pre-tax equity £m
2019	+25%	0.4	–
	-25%	(0.7)	–
2018	+25%	1.3	–
	-25%	(2.1)	–

	Change in SEK rate	Effect on profit before tax £m	Effect on pre-tax equity £m
2019	+25%	0.3	–
	-25%	(0.4)	–
2018	+25%	0.7	–
	-25%	(1.1)	–

	Change in ISK rate	Effect on profit before tax £m	Effect on pre-tax equity £m
2019	+25%	–	–
	-25%	–	–
2018	+25%	0.4	–
	-25%	(0.7)	–

Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial asset or liability fails to meet its contractual obligations.

The counterparties to the Group's trade and other receivables, net investment in finance leases and NAF and eCommerce debtor are predominantly franchisees. Franchisees are subject to a robust selection and verification process, and on time payment of balances owing is a condition of the franchise agreements on which a franchisee's business model depends. No expected credit loss impairment has been recognised (2018: £nil) in respect of balances due from franchisees in light of the very low historic incidence of franchisee related credit losses.

Credit risk relating to cash and cash equivalents is controlled by limiting counterparties to those that have been Board approved and have high credit ratings. The long-term credit rating of the Group's cash and cash equivalents counterparties is A or higher. As such, no expected credit loss impairment has been recognised in respect of cash and cash equivalents (2018: £nil).

Specific credit reviews of the counterparties to the other financial assets held at amortised cost, being deferred and contingent consideration and amounts owed by associates and joint ventures, have not revealed any significant risk of credit loss (2018: nil).

Credit risk is factored in to the measurement approach for all financial assets held at fair value, such that their carrying value includes any expected credit loss impairment.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meets its obligations as they fall due.

To manage liquidity risk, each operating area prepares short-term, medium-term and long-term cash flow forecasts which are regularly reviewed and challenged. These forecasts are consolidated centrally to ensure the Group has sufficient liquidity to meet it liabilities when due, under both normal and stressed conditions without risking damage to the Group's reputation.

All major investment decisions are considered by the Board as part of the project appraisal and approval process.

The Group has access to a £350.0m syndicated revolving credit facility which matures in December 2023 with an option of a further one-year extension. The Group also has access to sterling and euro overdrafts which were undrawn at 29 December 2019 and 30 December 2018.

25. Financial risk management objectives and policies continued

Liquidity risk continued

The tables below summarise the maturity profile of the Group's financial liabilities at 29 December 2019 and 30 December 2018 based on their contractual undiscounted payments:

	On demand £m	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	Total £m
At 29 December 2019					
Floating rate borrowings					
Bank revolving facility	–	–	–	248.1	248.1
Other loans	–	–	–	–	–
Fixed rate borrowings					
Finance leases	–	–	–	0.2	0.2
Non-interest bearing					
Trade and other payables	–	76.1	0.2	0.1	76.4
Contingent consideration	–	–	–	–	–
Put option liabilities	–	–	0.9	–	0.9
Share buyback obligation	–	–	–	–	–
	–	76.1	1.1	248.4	325.6

	On demand £m	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	Total £m
At 30 December 2018					
Floating rate borrowings					
Bank revolving facility	–	–	–	224.5	224.5
Other loans	–	0.1	0.6	2.5	3.2
Fixed rate borrowings					
Finance leases	–	–	–	0.4	0.4
Non-interest bearing					
Trade and other payables	–	93.5	0.1	0.7	94.3
Contingent consideration	–	–	–	–	–
Put option liabilities	–	–	2.4	14.6	17.0
Share buyback obligation	–	15.8	–	–	15.8
	–	109.4	3.1	242.7	355.2

Interest rate risk

Interest rate risk is the risk that movement in the interbank offered rates increase causing finance costs to increase. The Group's interest rate risk arises predominately from its revolving credit facility.

The sensitivity analyses below have been determined based on the exposure to interest rates at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year.

The Group undertakes sensitivity analysis prepared on a basis of constant net debt.

If interest rates had been 0.5% higher/lower and all other variables were held constant, the Group's profit for the 52 week period ended 29 December 2019 would increase/decrease by £1.1m (2018: increase/decrease by £1.0m). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings. There would be no impact on other comprehensive income.

Capital management

The primary objective of the Group's capital management is to ensure that it retains a strong credit rating and healthy capital ratios to support its business and maximise shareholder value. The Group seeks to maintain a ratio of debt to equity that balances risks and returns and also complies with lending covenants.

The Group manages its capital structure and adjusts it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the periods ended 29 December 2019 and 30 December 2018. At the AGM on 19 April 2018, a special resolution was passed to authorise the Company to make purchases on the London Stock Exchange of up to 10% of its Ordinary shares. This authorisation was partially satisfied by the buyback programme in 2018 which completed in 2019.

The Group's financing is subject to financial covenants. These covenants relate to measurement of adjusted EBITDAR against consolidated net finance charges (interest cover) and adjusted EBITDA (leverage ratio) measured semi-annually on a trailing 12 month basis at half year and year end. The Group has complied with all these covenants.

	At 29 December 2019 £m	At 30 December 2018 (re-presented) £m
Other loans	0.2	3.2
Finance leases	0.3	0.4
Bank revolving facilities	248.1	224.5
Less: cash and cash equivalents	(16.0)	(24.8)
Net debt	232.6	203.3
Underlying EBIT	105.3	103.5
Underlying depreciation and amortisation	11.7	9.2
Underlying EBITDA	117.0	112.7
Adjusted gearing ratio	1.99	1.80

For further commentary on cash flow, net debt and gearing see the strategic report. Underlying EBITDA for 2018 has been re-presented as a result of classifying International businesses as disposal groups held for sale and discontinued operations as set out in note 4.

26. Financial instruments

Set out below is a comparison by classification of all the Group's financial instruments in the financial statements:

	Fair value 2019 £m	Amortised Cost 2019 £m	Carrying value 2019 £m	Fair value 2018 £m	Amortised Cost 2018 £m	Carrying value 2018 £m
Financial assets						
Trade receivables	–	11.5	11.5	–	18.3	18.3
Other receivables	–	11.8	11.8	–	15.8	15.8
Loans to franchisees	–	3.7	3.7	–	4.0	4.0
Cash and cash equivalents	–	11.1	11.1	–	24.8	24.8
Net investment in finance leases	–	0.5	0.5	–	1.2	1.2
NAF and eCommerce	–	–	–	–	6.2	6.2
Deferred and contingent consideration	–	5.7	5.7	–	6.6	6.6
Amounts owed by associates and joint ventures	–	20.7	20.7	–	20.6	20.6
Other financial asset	7.1	–	7.1	8.9	–	8.9
Investments	10.5	–	10.5	11.1	–	11.1
Financial liabilities						
Trade payables	–	23.5	23.5	–	36.3	36.3
Other payables	–	21.8	21.8	–	24.0	24.0
Accruals	–	24.3	24.3	–	25.9	25.9
NAF and eCommerce	–	2.0	2.0	–	–	–
Bank revolving facilities	–	248.1	248.1	–	224.5	224.5
Other loans	–	–	–	–	3.2	3.2
Deferred and contingent consideration	–	0.2	0.2	–	–	–
Share buyback obligations	–	–	–	–	15.8	15.8
Finance lease liabilities	–	0.2	0.2	–	0.4	0.4
Put option liabilities	–	0.9	0.9	–	11.8	11.8

Prepayments, accrued income, deferred income and other tax and social security payables are not financial assets or liabilities and are therefore excluded from the above analysis.

Financial instruments measured at fair value

Other financial assets and investments are measured at fair value and have been categorised at Level 3 of the fair value hierarchy, as defined under IFRS 13, because their fair value is determined by reference to significant unobservable inputs.

Other financial asset

Other financial asset relates to a contingent consideration (referred to as the 'Market Access Fee') of up to €25.0m (£21.3m) (2018: €25.0m (£22.6m)) payable by Domino's Pizza Enterprises Limited to the Group for divesting of its interests in operating Domino's Pizza stores in Germany and its exclusive access to the German market. This Market Access Fee is payable in instalments from 2017, the payment of each instalment being contingent on the divested German business achieving defined levels of EBITDA. As at 29 December 2019, no Market Access Fee payments have been made or are due.

The fair value of the Market Access Fee is calculated by estimating future EBITDA levels of the divested German business, deriving from this a schedule of expected instalments receivable by the Group and discounting these expected cashflows using a discount rate that reflects the time value of money and the risks specific to the German business for which future EBITDA estimates have not been risk adjusted.

The Market Access Fee is at Level 3 of the fair value hierarchy because determining its fair value requires an estimate of future EBITDA levels of the divested German business, which is an unobservable fair value input.

Changes in fair value between reporting dates reflect changes in estimation of future instalments receivable, which are recorded as an other income or expense. The unwinding of time value discounting is recorded in finance costs, and foreign exchange movements are recorded in finance costs or income. A net cost of £1.8m was recognised in the income statement in the period (2018: £nil), made up of £2.1m (2018: £0.8m) of other expense from changes in estimation of future instalments receivable and £0.3m of net finance income (2018: £0.8m of net finance income) from unwinding time value discounting and foreign exchange movements.

Investments

In November 2018, the Group acquired 15% of the issued share capital of Shorecal Limited, a private company registered in the Republic of Ireland that operates 27 Domino's franchise stores in Ireland. The Group's shareholding in Shorecal Limited is in preference shares, acquired for an original cost of investment of €12.2m (£10.5m) (2018: €12.2m (£11.1m)). As a preference shareholder, the Group has enhanced rights to dividend distributions and enhanced rights over Shorecal Limited's equity value in the event of a liquidation or onward share sale. The Group also has 'drag and tag' rights to participate in an onward share sale arranged by Shorecal Limited's other shareholders.

The investment in Shorecal Limited has been designated as a fair value through profit and loss equity instrument, whereby dividends received by the Group are recognised in profit and loss together with any fair value gains or losses. The fair value of the investment is calculated by discounting the future shareholder returns the Group expects to receive from the investment, being proceeds from a liquidation or onward share sale and dividends received up to that point. A probability weighted expected return method has been applied in performing this fair value calculation, whereby multiple future outcomes for Shorecal Limited are simulated with a probability assigned to each scenario.

The investment in Shorecal Limited is at Level 3 of the fair value hierarchy because determining its fair value requires a probability weighted estimate of future shareholder returns, which is an unobservable fair value input.

There has been no change in the fair value of the investment in Shorecal Limited in either the current or prior period.

Financial instruments measured at amortised cost

All other financial instruments are measured at amortised cost. Trade and other receivables, trade and other payables and share buyback obligations have short terms to maturity. For this reason their carrying values are considered to reasonably approximate their fair values. The bank revolving facilities and other loans incur interest at floating rates. Given this and the Group's strong liquidity management, their carrying values are also considered to reasonably approximate their fair values. Net investment in finance leases relates to equipment leased to franchisees on terms of between one and five years. The NAF and eCommerce debtor relates to an excess of royalties received from franchisees over NAF and eCommerce services provided. Given the strong credit profile of franchisees, the carrying value of these balances with franchisees is considered to reasonably approximate fair value. Deferred and contingent consideration relates to the sale of the Group's 50% shareholding in DP Shayban Limited, where a deferred consideration of £5.7m is receivable in 2023, and the Group's Have More Fun acquisition, where £0.2m is due to the vendor as the net of a retention and a working capital adjustment. Given the strong credit profile of the counterparties to these transactions, carrying value is considered to reasonably approximate fair value. The carrying value of put option liabilities, further detailed in note 21, is considered to reasonably approximate fair value.

27. Share capital and reserves

Allotted, called up and fully paid share capital

	At 29 December 2019		At 30 December 2018	
	Number	£	Number	£
At 30 December 2018 and 31 December 2017	468,506,730	2,440,134	486,834,530	2,535,591
Issued on exercise of share options	–	–	–	–
Share buybacks	(6,276,657)	(32,685)	(18,327,800)	(95,457)
Share cancellations	–	–	–	–
At 29 December 2019 and 30 December 2018	462,230,073	2,407,449	468,506,730	2,440,134

During the period the Company bought back a total of 6,276,657 Ordinary shares of 25/48p each for a total value of £16.0m including costs of £0.1m. The average price paid for these repurchased shares was 253.3p. These repurchased shares were then cancelled in the period.

In the prior period the Company bought back a total of 18,327,800 Ordinary shares of 25/48p each for a total value of £59.2m including costs of £0.4m. The average price paid for these repurchased shares was 320.8p. These repurchased shares were then cancelled in the same period.

Nature and purpose of reserves

Share capital

Share capital comprises the nominal value of the Company's Ordinary shares of 25/48p each.

Share premium

The share premium reserve is the premium paid on the Company's 25/48p Ordinary shares.

Capital redemption reserve

The capital redemption reserve included the nominal value of shares bought back by the Company.

Capital reserve – own shares

This reserve relates to shares in the Company held by an independently managed Employee Benefit Trust ('EBT') and shares in the Company held by the Company as 'treasury shares'.

All shares in the Company purchased by the Company as treasury shares in the current and prior period were done so as part of announced buy back programmes, and were then cancelled in the same year. There were no shares held in treasury at the end of the current or prior period.

Shares in the Company held by the EBT are purchased in order to satisfy employee shares options and potential awards under employee share incentive schemes. During the period, the EBT purchased 602,460 shares (2018: 1,350,000) in the Company at a cost of £1.4m (2018: £4.4m) and disposed of 1,101,140 shares in the Company (2018: 1,337,470). The EBT held 1,628,400 shares (2018: 2,127,080) at the end of the period, which have a historic cost of £4.5m (2018: £6.3m). The EBT waived its entitlement to dividends in the current and prior period.

Currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of the Group's foreign subsidiaries.

Other reserves

The other reserves relate to the gross liability for put options held by non-controlling interests that the Group is contractually obliged to meet when exercised.

28. Business combinations

Pizza Pizza EHF

On 15 January 2018, the Group acquired a further 44.3% of Pizza Pizza EHF, the business in Iceland, for consideration of ISK3.7bn (£26.8m), increasing the proportion of voting rights and share capital to 95.3%. As a result of this acquisition, £26.3m of put option liabilities were derecognised. The non-controlling interest in Pizza Pizza EHF was adjusted by a £10.0m debit and the Other reserves relating to the initially recognised put options was adjusted by a £9.5m credit. The £0.5m variance between these amounts relates to foreign exchange movements on the initial liability previously recognised in the income statement.

On 3 July 2019, the Group received a put option exercise notice in relation to the remaining 4.7% minority interest of Pizza Pizza EHF. On 14 August 2019, the Group paid a consideration of €2.9m (£2.7m) to acquire the remaining 4.7% of Pizza Pizza EHF, at which point the subsidiary became wholly owned by the Group. The non-controlling interest in Pizza Pizza EHF was adjusted by a £0.9m debit and the other reserve relating to the initially recognised put option was adjusted by a £19.6m credit.

Acquisition of Have More Fun (London) Limited (formerly Hamandi Investments Limited)

On 6 August 2018, the Group acquired 100% of the share capital of Hamandi Investments Limited, a franchisee operating six Domino's stores in London. Subsequent to acquisition, the company was renamed Have More Fun (London) Limited ('Have More Fun').

The Group acquired Have More Fun for a cash consideration of £7.2m and a deferred consideration, comprising a retention and working capital adjustment. A provisional working capital adjustment was estimated on acquisition, and this has since been updated in the current period. The acquisition balance sheet was adjusted to reflect the provisional fair value adjustments. During 2019 negotiations with the seller have continued and as a result the latest position will lead to an additional payment of £0.2m, taking the total consideration to £7.4m. Discussions are continuing into 2020.

On acquisition the assets and liabilities of the business acquired were provisionally adjusted to reflect their fair values to the Group. The assets acquired included a reacquired SFA. The SFA was valued using a multi-period excess earnings approach, in which future expected revenue growth, EBITDA margin and discount rate assumptions are key factors. As a reacquired asset, the SFA is being amortised over its remaining contractual life.

The excess of total consideration over the fair value of assets and liabilities acquired is recognised as goodwill. This goodwill recognised includes certain intangible assets that cannot be separately identified and measured due to their nature, such as control over the acquired business, the skills and experience of the assembled workforce and the strategic future growth opportunities for the Group that are hoped to be achieved through the acquisition. The goodwill recognised is not deductible for tax purposes.

Have More Fun contributed £0.1m to profit before interest and tax for the 52 weeks ended 29 December 2019. A £0.1m loss was contributed to the profit before interest and tax from the acquisition date to 30 December 2018.

28. Business combinations continued

Acquisition of Have More Fun (London) Limited (formerly Hamandi Investments Limited) continued

	Have More Fun Recognised in 2018 £m	Have More Fun 2019 Adjustments £m	Have More Fun 2019 Total £m
Consideration transferred			
Cash	7.2	–	7.2
Deferred consideration	(0.9)	1.1	0.2
Total	6.3	1.1	7.4
Fair value of net assets acquired (provisional)			
Property, plant and equipment	0.7	–	0.7
Intangible assets	2.8	–	2.8
Inventories	–	–	–
Trade and other receivables	0.1	–	0.1
Total assets acquired	3.6	–	3.6
Trade and other payables	(1.0)	0.3	(0.7)
Loans	(0.3)	–	(0.3)
Provisions	–	–	–
Deferred tax liabilities	(0.6)	–	(0.6)
Total liabilities acquired	(1.9)	0.3	(1.6)
Net identifiable assets acquired at fair value	1.7	0.3	2.0
Goodwill arising on acquisition			
Consideration transferred	6.3	1.1	7.4
Fair value of net assets acquired (provisional)	(1.7)	(0.3)	(2.0)
Goodwill	4.6	0.8	5.4

29. Share-based payments

The expense recognised for share-based payments in respect of employee services received during the 52 weeks ended 29 December 2019 was £0.6m (2018: £0.9m).

2012 Long Term Incentive Plan ('2012 LTIP')

At the 2012 AGM, shareholders approved the adoption of LTIP rules which allow for either the grant of market value options or performance shares. Awards are approved and granted at the discretion of the Remuneration Committee to Senior Executives and other employees. All awards are capable of vesting within a three-year period should certain performance targets be achieved by the Group. For certain Senior Executives, awards that vest are subject to a further two year holding period. The weighted average share price for options exercised during the period was 319p (2018: 275p).

2016 Long Term Incentive Plan ('2016 LTIP')

At the 2016 AGM, shareholders approved the adoption of new LTIP rules which allow for either the grant of market value options or performance shares. Awards are approved and granted at the discretion of the Remuneration Committee to Senior Executives and other employees. All awards are capable of vesting within a three to five-year period should certain performance targets be achieved by the Group. For certain Senior Executives, awards that vest are subject to a further two-year holding period. There were no options exercised during the period (2018: nil).

Deferred Share Bonus Plan ('DSBP')

Under the terms of annual bonus arrangements with Senior Executives, bonus payments can be settled partially in cash and partially in shares of the Company, with the shares element typically deferred for a two or three year period and lapsing in certain circumstances connected with leaving the Company. The weighted average share price for DSBP awards exercised during the period was £nil (2018: 287p).

All of the Company's DSBP, 2012 LTIP and 2016 LTIP awards are accounted for as equity settled. A small number of the LTIP and all of the DSBP awards include entitlement to the equivalent dividends that would have been paid on vested shares in the period between grant date and the dividend equivalent end date. These dividend entitlements, referred to as dividend equivalent awards, can be equity settled or cash settled at the discretion of the Remuneration Committee. Equity settled accounting treatment was elected at the point of granting all dividend equivalent awards. Where dividend equivalent awards are subsequently settled in cash, the settling cash payment is accounted for as a repurchase of an equity interest.

Further information on the DSBP, the 2012 LTIP and 2016 LTIP awards is given in the Executive Director policy table on pages 68 and 69 of the Directors' remuneration report. Cash payments totalling £0.5m (2018: £nil) were made during the 52 weeks ended 29 December 2019 settling dividend equivalent awards, recorded as a repurchase of equity as shown in the statement of changes in equity.

Company Share Option Plan ('CSOP')

In May 2009, the Group established a CSOP, with approved and unapproved sections. Employees are eligible for grants at the discretion of the Remuneration Committee. All awards are capable of vesting within a three year period should certain performance targets be achieved and are equity settled. The options lapse after 10 years or in certain other circumstances connected with leaving the Company. The weighted average share price for options exercised during the period was 252p (2018: 352p).

Employee Share Option Scheme ('ESOS')

On 23 March 2004, the Group established an employee share option scheme. No options were granted during the period ended 29 December 2019 (2018: nil) and all remaining options were either exercised or forfeited during the prior period ended 30 December 2018.

29. Share-based payments continued

Sharesave Scheme

During 2009 the Group introduced a Sharesave scheme giving employees the option to acquire shares in the Company at a 20% discount. Employees have the option to save an amount per month up to a maximum of £500 and at the end of three years they have the option to purchase shares in the Company or to take their savings in cash. The contractual life of the scheme is three years. The weighted average share price for options exercised during the period was 325p (2018: 345p).

Estimating fair value

The fair value of awards granted is estimated at the date of grant using Stochastic and Black-Scholes models, taking into account the terms and conditions upon which they were granted. Total Shareholder Return ('TSR') is generated for the Company and the comparator group at the end of the three-year performance period. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome. The following table summarises the inputs used in the fair value models for grants made in the period ended 29 December 2019, together with the fair values calculated by those models:

	52 weeks ended 29 December 2019
Weighted average fair value	133.95p
Weighted average share price at grant	247.61p
Weighted average exercise price	77.11p
Weighted average expected term	3 years
Expected dividend yield	3.88%
Risk-free rates	0.57%
Expected volatility	29.35%

Share options and awards outstanding

As at 29 December 2019, the following share options and awards were outstanding:

Scheme	Exercise price	Outstanding at 30 December 2018 Number	Granted during the period Number	Exercised during the period Number	Forfeited during the period Number	Outstanding at 29 December 2019 Number	Weighted average remaining life Years	Exercisable at 29 December 2019 Number
2012 LTIP	0.00p to 43.16p	4,054,251	1,720,007	(1,037,690)	(1,025,531)	3,711,037	1.84	288
2016 LTIP	–	1,602,000	–	–	(1,013,475)	588,525	1.19	–
DSBP	–	107,337	–	–	–	107,337	–	107,337
CSOP (Unapproved)	113.67p to 160.80p	44,079	–	–	–	44,079	–	44,079
CSOP (Approved)	68.50p to 160.80p	112,355	–	(52,674)	(30)	59,651	–	59,651
Sharesave Scheme	143.33p to 275.33p	1,137,594	1,144,397	(10,776)	(863,373)	1,407,842	2.00	–
		7,057,616	2,864,404	(1,101,140)	(2,902,409)	5,981,471		211,355
Weighted average exercise price		44.90p	77.11p	6.56p	74.98p	52.06p		67.35p

As at 30 December 2018, the following share options and awards were outstanding:

Scheme	Exercise price	Outstanding at 31 December 2017 Number	Granted during the period Number	Exercised during the period Number	Forfeited during the period Number	Outstanding at 30 December 2018 Number	Weighted average remaining life Years	Exercisable at 30 December 2018 Number
2012 LTIP	0.00p to 43.16p	4,072,373	1,225,628	(924,643)	(319,107)	4,054,251	1.34	1,057,109
2016 LTIP	–	1,602,000	–	–	–	1,602,000	1.31	–
DSBP	–	114,116	–	(6,779)	–	107,337	0.12	40,098
ESOS	69.67p to 70.0p	28,779	–	(26,418)	(2,361)	–	–	–
CSOP (Unapproved)	113.67p to 160.80p	47,613	–	(3,534)	–	44,079	–	44,079
CSOP (Approved)	68.50p to 160.80p	129,789	–	(17,434)	–	112,355	–	112,355
Sharesave Scheme	143.33p to 275.33p	1,142,384	609,350	(365,286)	(248,854)	1,137,594	1.65	–
		7,137,054	1,834,978	(1,344,094)	(570,322)	7,057,616		1,253,641
Weighted average exercise price		48.35p	86.34p	92.61p	110.84p	44.90p		15.19p

Share options outstanding at 30 December 2018, 31 December 2017 and exercised during the prior period have been restated to include the DSBP awards, which were previously omitted. The ESOS was referred to as the Domino's Pizza (Unapproved) Scheme in the period.

30. Additional cash flow information

	Notes	52 weeks ended 29 December 2019 £m	52 weeks ended 30 December 2018 £m
Cash flows from investing activities			
Dividends received from associates and joint ventures	17	1.0	1.6
(Increase) in loans to associates and joint ventures	17	(1.5)	(5.8)
(Increase) in loans to franchisees		(0.2)	(0.3)
Receipts from repayment of franchisee leases		0.9	1.2
Other		0.2	(3.3)

Reconciliation of financing activities

	At 30 December 2018 £m	Cash flow £m	Exchange differences £m	Non-cash movements £m	At 29 December 2019 £m
Bank revolving facility	(224.5)	(27.9)	5.0	(0.7)	(248.1)
Other loans	(3.2)	2.9	0.1	–	(0.2)
Finance leases	(0.4)	0.1	–	–	(0.3)
Other	(27.6)	71.0	(0.4)	(43.9)	(0.9)
	(255.7)	46.1	4.7	(44.6)	(249.5)

30. Additional cash flow information continued

Reconciliation of financing activities continued

	At 31 December 2017 £m	Cash flow £m	Exchange differences £m	Non-cash movements £m	At 30 December 2018 £m
Bank revolving facility	(113.9)	(108.0)	(2.6)	–	(224.5)
Other loans	(3.9)	0.7	–	–	(3.2)
Finance leases	(0.4)	–	–	–	(0.4)
Other	(58.6)	96.2	(0.3)	(64.9)	(27.6)
	(176.8)	(11.1)	(2.9)	(64.9)	(255.7)

Included within Other are gross put option liabilities of £0.9m (2018: £11.8m) and share buyback liabilities of £nil (2018: £15.8m).

Purchase of own shares

	Notes	52 weeks ended 29 December 2019 £m	52 weeks ended 30 December 2018 £m
Purchase of own shares – share buyback	27	16.0	59.2
Purchase of own shares – employee benefit trust	27	1.4	4.4
		17.4	63.6

31. Capital commitments

At 29 December 2019, amounts contracted for but not provided for in the financial statements for the acquisition of property, plant and equipment amounted to £1.1m (2018: £nil) for the Group.

32. Contingent liabilities

Pursuant to the relevant regulation of the European Communities (Companies: Group Accounts) Regulations 1992 the Company has guaranteed the liabilities of the Irish subsidiary, DP Pizza Limited, and as a result the Irish Company has been exempted from the filing provisions in section 7, Companies (Amendment) Act 1986 of the ROI.

33. Post balance sheet events

On 13 February 2020, the Group announced, conditional on shareholder approval, it has agreed to sell its entire shareholding in DP Norway AS ('Domino's Norway' or 'DPN') to Pizza Holding AS and EYJA Fjarfestingafelag III EHF, the existing minority shareholders ('Minority Shareholders') in Domino's Norway. The transaction provides a complete exit for the Group from Norway for a cash outlay of up to £7.0m, in addition to funding DPN's losses to completion. This also facilitates an orderly exit from PPS Foods AB ('Domino's Sweden' or 'DPS') in due course through the transfer of minority shareholdings in DPS to the Group as part of the transaction.

34. Related party transactions

The financial statements include the financial statements of Domino's Pizza Group plc and the subsidiary and associated undertakings listed below.

Name of Company	Country of incorporation	Proportion of voting rights and share capital	Registered office
Directly held subsidiary undertakings			
DP Norway AS	Norway	71% Ordinary	Kabelgata 8, Oslo, 0580, Norway
DP Capital Limited	England	100% Ordinary	1 Thornbury, West Ashland, Milton Keynes MK6 4BB United Kingdom
DP Cyco Limited	Cyprus	100% Ordinary	Rigas, 4, Omega Court, Floor 1, Limassol, 3095, Cyprus
DP Cyco Switzerland Limited	Cyprus	100% Ordinary	Rigas, 4, Omega Court, Floor 1, Limassol, 3095, Cyprus
DP Group Developments Limited	England	100% Ordinary	1 Thornbury, West Ashland, Milton Keynes MK6 4BB United Kingdom
DP Realty Limited	England	100% Ordinary	1 Thornbury, West Ashland, Milton Keynes MK6 4BB United Kingdom
DPG Holdings Limited	England	100% Ordinary	1 Thornbury, West Ashland, Milton Keynes MK6 4BB United Kingdom
Pizza Pizza EHF[1]	Iceland	100% Ordinary	Louholar 2-6, 111 Reykjavik, Iceland
PPS Foods AB	Sweden	71% Ordinary	Hanögatan 9, 211 24 Malmö, Skåne Län
Indirectly held subsidiary undertakings			
D.P. Newcastle Limited	England	100% Ordinary	1 Thornbury, West Ashland, Milton Keynes, MK6 4BB United Kingdom
Deutsche Dominoid GmbH[2]	Germany	100% Ordinary	c/o Cormoran GmbH, Am Zirkus 2, 10117, Berlin, Germany
Dolly Dimple's Norge AS	Norway	71% Ordinary	Kabelgata 8, Oslo, 0580, Norway
Domino's Pizza Germany GmbH[2]	Germany	100% Ordinary	c/o Cormoran GmbH, Am Zirkus 2, 10117, Berlin, Germany
Domino's Leasing Limited	England	100% Ordinary	1 Thornbury, West Ashland, Milton Keynes, MK6 4BB United Kingdom
Domino's Pizza (Isle of Man) Limited	Isle of Man	100% Ordinary	First Floor, Jubilee Buildings, Victoria Street, Douglas, IM1 2SH, Isle of Man
Domino's Pizza Germany (Holdings) Limited	England	100% Ordinary	1 Thornbury, West Ashland, Milton Keynes, MK6 4BB United Kingdom
Domino's Pizza Germany Limited	England	100% Ordinary	c/o Cormoran GmbH, Am Zirkus 2, 10117, Berlin, Germany
Domino's Pizza GmbH	Switzerland	100% Ordinary	Europastrasse 19, 8152, Glattbrugg, Switzerland
Domino's Pizza UK & Ireland Limited	England	100% Ordinary	1 Thornbury, West Ashland, Milton Keynes, MK6 4BB United Kingdom
DP Operations AS	Norway	71% Ordinary	Kabelgata 8, Oslo, 0580, Norway
DP Pizza Limited	Republic of Ireland	100% Ordinary	Unit 1B Toughers Business Park, Newhall, Naas Co. Kildare, Ireland
DP Production AS	Norway	71% Ordinary	Nesveien 13, Haslum, 1344, Norway
DP Realty Deutschland GbmH[2]	Germany	100% Ordinary	c/o Cormoran GmbH, Am Zirkus 2, 10117, Berlin, Germany
HJS Pizza Deutschland GmbH[2]	Germany	100% Ordinary	c/o Cormoran GmbH, Am Zirkus 2, 10117, Berlin, Germany
Sell More Pizza Limited	England	100% Ordinary	1 Thornbury, West Ashland, Milton Keynes, MK6 4BB United Kingdom
Sheermans Harrow Limited	England	100% Ordinary	1 Thornbury, West Ashland, Milton Keynes, MK6 4BB United Kingdom
Sheermans Limited	England	100% Ordinary	1 Thornbury, West Ashland, Milton Keynes, MK6 4BB United Kingdom
Sheermans SS Limited	England	100% Ordinary	1 Thornbury, West Ashland, Milton Keynes, MK6 4BB United Kingdom
WAP Partners Limited	England	100% Ordinary	1 Thornbury, West Ashland, Milton Keynes, MK6 4BB United Kingdom
Have More Fun (London) Limited	England	100% Ordinary	1 Thornbury, West Ashland, Milton Keynes, MK6 4BB United Kingdom
Direct Associate undertakings			
Daytona JV Limited	England	33.3% Ordinary	3rd Floor, 1 Ashley Road, Altrincham, Cheshire WA14 2DT, United Kingdom
Full House Restaurants Holdings Limited	England	49% Ordinary	34 Anyards Road, Cobham, Surrey KT11 2LA, United Kingdom

34. Related party transactions continued

Name of Company	Country of incorporation	Proportion of voting rights and share capital	Registered office
Indirectly held subsidiaries of associate undertakings			
B N Sandy (Newcastle) Limited	England	49% Ordinary	34 Anyards Road, Cobham, Surrey KT11 2LA, United Kingdom
B N Sandy (Cannock) Limited	England	49% Ordinary	34 Anyards Road, Cobham, Surrey KT11 2LA, United Kingdom
Bristol Curry Limited	England	49% Ordinary	34 Anyards Road, Cobham, Surrey KT11 2LA, United Kingdom
Classic Crust Limited	England	49% Ordinary	34 Anyards Road, Cobham, Surrey KT11 2LA, United Kingdom
Dancing Tiger Limited	England	49% Ordinary	34 Anyards Road, Cobham, Surrey KT11 2LA, United Kingdom
Freshname 845 Limited	England	49% Ordinary	34 Anyards Road, Cobham, Surrey KT11 2LA, United Kingdom
Full House Restaurants Limited	England	49% Ordinary	34 Anyards Road, Cobham, Surrey KT11 2LA, United Kingdom
Hallo Pizza GmbH	Germany	33.3% Ordinary	Hans-Böckler-Strasse 48, 40764 Langenfeld, Germany
House Special Limited	England	49% Ordinary	34 Anyards Road, Cobham, Surrey KT11 2LA, United Kingdom
J M R Foster (Winsford) Limited	England	49% Ordinary	34 Anyards Road, Cobham, Surrey KT11 2LA, United Kingdom
Sherston Limited	England	49% Ordinary	34 Anyards Road, Cobham, Surrey KT11 2LA, United Kingdom
Sunmead Limited	England	49% Ordinary	34 Anyards Road, Cobham, Surrey KT11 2LA, United Kingdom
Surrey Pizzas Limited	England	49% Ordinary	34 Anyards Road, Cobham, Surrey KT11 2LA, United Kingdom
The Woodpecker Inn Ltd	England	49% Ordinary	34 Anyards Road, Cobham, Surrey KT11 2LA, United Kingdom
Daytona Germany GmbH	Germany	33% Ordinary	Am Sandtorkai 75-77 (Eingang Haus Nr. 77) 20457 Hamburg, Germany
Domino's Pizza Deutschland GmbH	Germany	33% Ordinary	Am Sandtorkai 75-77 (Eingang Haus Nr. 77) 20457 Hamburg, Germany
Direct Joint venture undertakings			
Domino's Pizza West Country Limited	England	50% Ordinary	1 Thornbury, West Ashland, Milton Keynes MK6 4BB United Kingdom
Indirectly held subsidiaries of joint venture undertakings			
DA Hall Trading Limited	England	50% Ordinary	1 Thornbury, West Ashland, Milton Keynes, MK6 4BB United Kingdom
DAHT Limited	England	50% Ordinary	1 Thornbury, West Ashland, Milton Keynes, MK6 4BB United Kingdom
MLS Limited	England	50% Ordinary	Aldreth, Pearcroft Road, Stonehouse, Gloucestershire GL10 2JY, United Kingdom
Investment undertakings			
Shorecal Limited	Republic of Ireland	15% Ordinary	4 Haddington Terrace, Dun Laoghaire, Co. Dublin, A96DX80, Ireland

1. The Group acquired the remaining 4.7% of Pizza Pizza EHF in July 2019.
2. In liquidation.

During the period the Group entered into transactions, in the ordinary course of business, with related parties. For details of loan balances due from associates please refer to note 16. Transactions entered into, and trading balances outstanding with related parties, are as follows:

	Sales to related party £m	Amounts owed by related party £m
Related party		
Associates and joint ventures		
29 December 2019	43.6	1.2
30 December 2018	41.1	1.3

Terms and conditions of transactions with related parties

Sales and purchases between related parties are made at normal market prices. Outstanding balances with entities are unsecured and interest free and cash settlement is expected within seven days of invoice. The Group has not provided for or benefited from any guarantees for any related party receivables or payables.

Compensation of key management personnel (including Directors)

	52 weeks ended 29 December 2019 £m	52 weeks ended 30 December 2018 £m
Short-term employee benefits	4.0	4.4
Post-employment benefits	0.3	0.2
Share-based payment	0.1	0.4
	4.4	5.0

The table above includes the remuneration costs of the Executive Directors of the Company, the Directors of Domino's Pizza UK & Ireland Limited and other key management personnel of the Group.

A provision for employment taxes has been recorded in 2017 (see note 2). The related expense was been included in the compensation to current and former Directors and members of the senior management team in 2017. The amount pertaining to current Directors is included in the Directors' remuneration report. The amounts are presented gross and do not reflect future recoveries of the expense from certain members of the senior management team and Directors.

Company balance sheet

At 29 December 2019

	Notes	At 29 December 2019 £m	At 30 December 2018 £m
Fixed assets			
Investment in subsidiary undertakings	4	43.7	69.8
Investment in associates and joint ventures	4	24.0	22.6
		67.7	92.4
Assets			
Other financial asset	3	7.1	8.9
Other receivables: falling due after one year	5	21.7	19.3
Other receivables: falling due within one year	5	66.9	37.0
Deferred consideration: falling due after one year	6	5.7	5.7
Current tax asset		0.1	–
Cash and cash equivalents		0.4	1.0
Deferred tax asset	9	0.6	1.9
		102.5	73.8
Liabilities: amounts falling due within one year			
Other payables	7	(3.1)	(3.0)
Current tax liabilities		–	(1.6)
Financial liabilities	8	–	(15.8)
		(3.1)	(20.4)
Liabilities: amounts falling due after one year			
Financial liabilities	8	(3.3)	(59.8)
Provisions	10	(11.0)	(11.0)
Total liabilities		(17.4)	(91.2)
Net assets		152.8	75.0
Shareholders' equity			
Called up share capital	11	2.4	2.4
Share premium account		36.7	36.7
Capital redemption reserve		0.5	0.5
Capital reserve – own shares		(4.5)	(6.4)
Retained earnings		117.7	41.8
Total equity shareholders' funds		152.8	75.0

The profit for the 52 week period ended 29 December 2019 of the Company is £122.9m (2018: £66.5m). The financial statements were approved by the Directors on 4 March 2020 and signed on their behalf by:

David Wild

Director

Registered number: 03853545

Company statement of changes in equity

52 weeks ended 29 December 2019

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Capital reserve – own shares £m	Retained Earnings £m	Equity shareholders' funds £m
At 31 December 2017	2.5	36.7	0.5	(6.5)	78.9	112.1
Proceeds from share issues	–	–	–	1.2	–	1.2
Share buybacks	(0.1)	–	–	(4.4)	(59.1)	(63.6)
Share buybacks obligation satisfied	–	–	–	–	18.3	18.3
Share buybacks obligation outstanding	–	–	–	–	(15.8)	(15.8)
Impairment of share issues	–	–	–	3.3	(3.3)	–
Profit for the period	–	–	–	–	66.5	66.5
Tax on employee share options	–	–	–	–	(0.3)	(0.3)
Share options and LTIP charge	–	–	–	–	0.9	0.9
Equity dividends paid	–	–	–	–	(44.3)	(44.3)
At 30 December 2018	2.4	36.7	0.5	(6.4)	41.8	75.0
Share buybacks	–	–	–	(1.4)	(16.0)	(17.4)
Share buybacks obligation satisfied	–	–	–	–	15.8	15.8
Impairment of share issues	–	–	–	3.3	(3.3)	–
Profit for the period	–	–	–	–	122.9	122.9
Tax on employee share options	–	–	–	–	0.7	0.7
Share options and LTIP charge	–	–	–	–	0.6	0.6
Repurchase of equity from dividend equivalent employee share awards	–	–	–	–	(0.5)	(0.5)
Equity dividends paid	–	–	–	–	(44.3)	(44.3)
At 29 December 2019	2.4	36.7	0.5	(4.5)	117.7	152.8

Notes to the Company financial statements

52 weeks ended 29 December 2019

1. Accounting policies

General information

Domino's Pizza Group plc ('the Company') is a limited company incorporated and domiciled in the United Kingdom. The address of its registered office and principal place of business is disclosed in the Directors' report.

The Company's financial statements are presented in pounds sterling (£), which is also the Company's functional currency.

The Company's financial statements are individual entity financial statements.

As permitted by section 408 of the Companies Act 2006, the income statement and the statement of comprehensive income of the parent company have not been separately presented in these financial statements.

Basis of preparation

These financial statements were prepared in accordance with FRS 101 Reduced Disclosure Framework and the Companies Act 2006. The financial statements are prepared on a going concern basis under the historical cost convention except for certain financial assets and liabilities measured at fair value.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the 52 weeks ended 29 December 2019 and have been applied consistently to all years presented.

The Company has taken advantage of the following disclosure exemptions under FRS 101 in respect of:

(a) the requirements of IFRS 2 Share Based Payments;

(b) the requirements of IFRS 7 Financial Instruments: Disclosures;

(c) the requirements of IFRS 13 Fair Value Measurement;

(d) the requirement IAS 1 Presentation of Financial Statements to present certain comparative information and objectives, policies and processes for managing capital;

(e) the requirements of IAS 7 Statement of Cash Flows;

(f) the requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to disclose IFRSs issued but not effective;

(g) the requirements of IAS 24 Related Party Disclosures to present key management personnel compensation and intra-group transactions including wholly owned subsidiaries;

(h) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

The basis for all of the above exemptions is because equivalent disclosures are included in the consolidated financial statements of the Group in which the entity is consolidated.

Investments

Investments held in subsidiaries are stated at cost less provision for impairment.

The Company assesses these investments for impairment wherever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of the recoverable amount. If the recoverable amount is less than the value of the investment, the investment is considered to be impaired and is written down to its recoverable amount. An impairment loss is recognised immediately in the income statement.

Interests in associates and joint ventures

Investments in associates and joint ventures are stated at cost less provision for impairment.

Capital reserve – own shares

Treasury shares held by the Employee Benefit Trust are classified in capital and reserves as 'Capital reserve – own shares' and recognised at cost. No gain or loss is recognised on the purchase or sale of such shares.

Share-based payment transactions

Directors of the Company receive an element of remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments.

The awards vest when certain performance and/or service conditions are met; see the Directors' Remuneration Report for the individual vesting conditions for the various schemes.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by an external value using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether the market condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired, management's best estimate of the achievement or otherwise of non-market conditions and the number of equity instruments that will ultimately vest or, in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in the cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry into equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

The Company recharges the cost of equity-settled transactions to the respective employing entity, with a corresponding increase in equity and investment in subsidiary undertakings booked with Domino's Pizza Group plc.

Other financial assets

The Market Access Fee is classified as a non-current other financial asset and is measured at fair value. Changes in fair value are recognised in the income statement.

Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash as defined above.

1. Accounting policies continued

Provisions for liabilities

A provision is recognised where the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Reversionary share plan

Certain of the Group's historical share-based compensation arrangements dating from 2003-2010 involve a degree of estimation and judgement in respect of their employment tax treatment. HMRC issued protective assessments in respect of potential employment tax relating to these historical schemes and as a result of further advice received in January 2018 a provision has been recorded in the prior year for the 53 weeks ended 31 December 2017. For details see note 2 of the Group financial statements.

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at fair value less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

2. Profit attributable to members of the parent Company

The profit or the 52 week period ended 29 December 2019 of the Company is £124.7m (2018: £66.5m).

For details of audit fees see note 6 of the Group financial statements.

3. Other financial assets

Other financial assets relates to a contingent consideration (referred to as the 'Market Access Fee') of up to €25.0m (2018: €25.0m) payable by Domino's Pizza Enterprises Limited to the Group for divesting of its interests in operating Domino's Pizza stores in Germany and its exclusive access to the German market. This Market Access Fee is payable in instalments from 2017, the payment of each instalment being contingent on the divested German business achieving defined levels of EBITDA. As at 29 December 2019, no Market Access Fee payments have been made or are due. For details of the fair value considerations see note 26 of the Group financial statements.

4. Investments

	Subsidiary undertakings £m	Associates and joint ventures £m	Total £m
Cost or valuation			
At 31 December 2017	64.9	18.5	83.4
Additions	31.8	5.8	37.6
Disposals	–	(1.7)	(1.7)
Impairment	(26.9)	–	(26.9)
At 30 December 2018	69.8	22.6	92.4
Additions	2.7	1.5	4.2
Impairment	(28.8)	–	(28.8)
Foreign exchange	–	(0.1)	(0.1)
At 29 December 2019	43.7	24.0	67.7

Details of the investments in which the Company holds 20% or more of the nominal value of any class of share capital are detailed in note 34 of the Group financial statements and further details on the additions to investments in associates and joint ventures can be found in note 17 of the Group financial statements.

During the period the Company made an additional investment of £2.7m (2018: £26.8m) into Pizza Pizza EHF (Iceland). During 2018 the Company contributed £5.0m to DP Cyco Limited.

The disposals in 2018 of £1.7m represent a sale of DP Shayban Limited, details of the disposal can be found in note 17 of the Group financial statements.

During the period the investment in PPS Foods AB was impaired by £3.6m (2018: £4.3m), the investment in DP Cyco Limited was impaired by £5.0m (2018: £5.1m), and the investment in Pizza Pizza EHF (Iceland) was impaired by £20.2m (2018: £nil). These impairments were recorded in administrative expenses. The impairments were recorded following reclassification of the operations as assets held for sale on the Group financial statements. Further information around the valuation methodology used, sensitivities and events and circumstances which led to the impairment are set out in note 14 to the Group financial statements.

In 2018, the investment in DP Norway AS was impaired by £17.5m.

5. Other receivables

Falling due after one year

	At 29 December 2019 £m	At 30 December 2018 £m
Amounts owed by associates	19.4	19.3
Other asset	2.3	–
	21.7	19.3

Falling due within one year

	At 29 December 2019 £m	At 30 December 2018 £m
Amounts owed by Group undertakings	66.7	36.8
Amounts owed by associates	0.2	0.2
	66.9	37.0

The other asset of £2.3m relates to bank facility fees paid in previous years which will be recovered through recharging to subsidiary companies based on usage of the facility.

During the period, a provision was recorded over the amounts owed by DP Norway AS of £20.4m (2018: £9.7m) and PPS Foods AB of £7.7m (2018: £nil).

6. Deferred consideration

On 18 December 2018, the Company disposed of its 50% holding of share capital in its joint venture DP Shayban Limited, on which deferred consideration is receivable of £5.7m at 29 December 2019 (2018: £5.7m).

7. Other payables

	At 29 December 2019 £m	At 30 December 2018 £m
Amounts owed to Group undertakings	2.5	1.3
Other creditors	0.1	–
Accruals and deferred income	0.5	1.7
	3.1	3.0

8. Financial liabilities

	At 29 December 2019 £m	At 30 December 2018 £m
Current		
Share buyback obligation	–	15.8
Contingent consideration	–	–
	–	15.8
Non-current		
Bank revolving facility	–	56.5
Put Option liabilities	3.3	3.3
	3.3	59.8

Bank revolving facility

The Group has a £350.0m multicurrency syndicated revolving credit facility with an original term of five years to 13 December 2022 with the option of submitting two extension notices to extend the Facility twice, each by a period of 12 months. The first extension was arranged in November 2018 and extended the facility to 12 December 2023 with fees of £0.5m paid for this extension. There is an option for a second extension to extend for a further year in September 2020. Arrangement fees of £2.3m (2018: £3.0m) directly incurred in relation to the facility are included in the carrying values of the facility and are being amortised over the extended term of the facility.

Interest charged on the revolving credit facility ranges from 0.75% per annum above LIBOR (or equivalent), when the Group's leverage is less than 1:1, up to 1.85% per annum above LIBOR (or equivalent), for leverage above 2.5:1. A further utilisation fee of 0.15% is charged if over one-third utilised, which rises to 0.30% if over two-thirds is drawn. In addition, a commitment fee is calculated on undrawn amounts based on 35% of the current applicable margin.

The facility is secured by an unlimited cross guarantee between Domino's Pizza Group plc, Domino's Pizza UK & Ireland Limited, DPG Holdings Limited, DP Realty Limited, DP Pizza Limited, DP Group Developments Limited, DP Cyco Switzerland Limited and Domino's Pizza GmbH, Pizza Pizza EHF, Sell More Pizza Limited, Sheermans Limited, Sheermans Harrow Limited and WAP Partners Limited.

Share buyback obligation

On 15 October 2018 the Group entered into an irrevocable non-discretionary programme with Numis Securities Limited to purchase up to a maximum of £25.0m of shares from 18 October 2018 to 27 February 2019. The outstanding commitment to purchase share buybacks was recognised as a financial liability of £15.8m as at 30 December 2018. No outstanding commitment remained as at 29 December 2019.

9. Deferred tax asset

	At 29 December 2019 £m	At 30 December 2018 £m
Deferred tax asset	0.6	1.9

The deferred tax asset of £0.6m includes £1.9m in relation to the reversionary share plan referred to in note 2 of the Group financial statements. The deferred tax asset also includes a balance of (£1.3)m in relation to the deferred tax on the Market Access Fee, previously held as a current tax liability (2018: £1.6m).

10. Provisions

	Reversionary share plan provisions £m
At 30 December 2018	11.0
Arising during the period	–
At 29 December 2019	11.0

Reversionary share plan provisions

As discussed more fully in note 2 of the Group financial statements, the employment tax provision relates to certain of the Group's historical share-based compensation arrangements dating from 2003 to 2010. As a result of the legal advice received a provision has been recorded amounting to £11.0m, comprising £2.6m employer's NIC, and £8.4m employee's NIC and PAYE. Within this an estimate of interest on overdue tax of £3.0m has been provided for.

No contingent asset has been recognised in the financial statements in relation to the indemnities provided by the beneficiaries of the arrangements. As the tax liability has not crystallised, the Group is not yet entitled to seek recovery of the amounts due under the indemnities.

The timing of the utilisation of the provision is uncertain, as discussed more fully in note 2 of the Group financial statements.

11. Authorised and issued share capital

Allotted, called up and fully paid share capital

	At 29 December 2019		At 30 December 2018	
	Number	£	Number	£
At 31 December 2018 and 1 January 2018	468,506,730	2,440,134	486,834,530	2,535,591
Issued on exercise of share options	–	–	–	–
Share buybacks	(6,276,657)	(32,685)	(18,327,800)	(95,457)
Share cancellations	–	–	–	–
At 29 December 2019 and 30 December 2018	462,230,073	2,407,449	468,506,730	2,440,134

During the period the Company bought back a total of 6,276,657 Ordinary shares of 25/48p each for a total value of £16.0m including costs of £0.1m. The average price paid for these repurchased shares was 253.3p. These repurchased shares were then cancelled in the period.

In the prior period the Company bought back a total of 18,327,800 Ordinary shares of 25/48p each for a total value of £59.2m including costs of £0.4m. The average price paid for these repurchased shares was 320.8p. These repurchased shares were then cancelled in the same period.

12. Share-based payments

The total charge recognised for share-based payments in respect of employee services received during the 52 weeks ended 29 December 2019 was £0.6m (2018: £0.9m). This arises solely on equity-settled share-based payment transactions. Of this total, a credit of £0.1m (2018: charge of £0.1m) relates to employees of the Company and a charge of £0.7m (2018: £0.8m) relates to share options granted to employees of subsidiaries. For full disclosures relating to the total charge for the period including grants to both employees of the Company and its subsidiaries please refer to note 29 of the Group financial statements.

13. Reconciliation of shareholders' funds and movements on reserves

2019

On 25 April 2019 the 2018 final dividend of £25.0m was paid to shareholders, and on 7 October 2019 an interim 2019 dividend of £19.3m was paid to shareholders.

The reserves available for distribution at 29 December 2019 were £99.7m.

2018

On 23 April 2018 the 2017 final dividend of £25.2m was paid to shareholders, and on 13 September 2018 an interim 2018 dividend of £19.1m was paid to shareholders.

In addition, the Company announced £57.0m of share buybacks during the period, of which an irrevocable liability of £15.8m remained at 30 December 2018. The buybacks were completed on 27 February 2019.

Capital reserve – own shares

This reserve relates to shares in the Company held by an independently managed EBT and shares in the Company held by the Company as treasury shares.

All shares in the Company purchased by the Company as treasury shares in the current and prior period were done so as part of announced buy back programmes, and were then cancelled in the same year. There were no shares held in treasury at the end of the current or prior period.

Shares in the Company held by the EBT are purchased in order to satisfy employee shares options and potential awards under employee share incentive schemes. During the period, the EBT purchased 602,460 shares (2018: 1,350,000) in the Company at a cost of £1.4m (2018: £4.4m) and disposed of 1,101,140 shares in the Company (2018: 1,337,470). The EBT held 1,628,400 shares (2018: 2,127,080) at the end of the period, which have a historic cost of £4.5m (2018: £6.3m). The EBT waived its entitlement to dividends in the current and prior period.

14. Contingent Liabilities

The Company has guaranteed the liabilities of the Norwegian subsidiary. Pursuant to the relevant regulation of the European Communities (Companies: Group Accounts) Regulations 1992 the Company has guaranteed the liabilities of the Irish subsidiary, DP Pizza Limited, and as a result the Irish Company has been exempted from the filing provisions in section 7, Companies (Amendment) Act 1986 of the ROI.

Five-year financial summary

52 weeks ended 29 December 2019

	29 December 2019[1]	30 December 2018[2]	31 December 2017[3]	25 December 2016[3]	27 December 2015[3]
Trading weeks	52	52	53	52	52
System sales (£m)	1,210.9	1,155.4	1,179.6	1,004.2	877.2
Group revenue (£m)	508.3	493.4	474.6	360.6	316.8
Underlying profit before tax (£m)	98.8	100.0	96.2	85.7	73.2
Statutory profit before tax (£m)	75.1	87.1	81.2	82.5	73.2
Basic earnings per share (pence)					
– Statutory	2.8	10.3	13.8	13.1	11.9
– Underlying	17.6	17.4	16.0	13.8	11.9
Diluted earnings per share (pence)					
– Statutory	2.8	10.2	13.7	12.9	11.8
– Underlying	17.5	17.2	15.8	13.6	11.8
Dividends per share (pence)	9.76	9.50	9.00	8.00	6.92
Underlying earnings before interest, taxation, depreciation and amortisation (£m)	117.0	112.7	97.7	93.8	79.9
Adjusted net (debt)/cash (£m)	232.6	203.3	(89.2)	(34.6)	40.4
Adjusted gearing ratio	1.99	1.80	0.8	0.4	(0.5)
Stores at start of year	1,261	1,192	1,013	931	872
Stores opened	43	71	112	82	65
Stores acquired	–	–	67	–	–
Stores closed	(6)	(2)	–	–	(6)
Stores at year end	1,298	1,261	1,192	1,013	931
Corporate stores at year end	129	124	108	16	15
UK like-for-like sales growth (%)[4]	3.7%	4.6%	4.8%	9.8%	13.4%

1. Excludes discontinued operations, now refers to UK & Ireland. Store totals are presented on a Group basis including International operations.
2. Re-presented to exclude discontinued operations, now refers to UK & and ROI only. Store totals are presented on a Group basis including International operations.
3. Includes continued and discontinued operations, refer to note 4 of the Group financial statements for more information on discontinued operations.
4. Calculated on a 52 week basis to reflect growth on a comparable period. Like-for-like definition restated to exclude split territories.

Shareholder information

Advisers and principal service providers

Registered office

1 Thornbury
West Ashland
Milton Keynes
MK6 4BB

01908 580000

Investor website:
corporate.dominos.co.uk

Auditor

PricewaterhouseCoopers LLP
54 Clarendon Road
Watford
WD17 1DU

Broker and corporate finance advisers

Numis Securities Limited
The London Stock Exchange
10 Paternoster Square
London
EC4M 7LT

Goldman Sachs
Plumtree Court
25 Shoe Lane
London
EC4A 4AU

Solicitors

Slaughter and May

1 Bunhill Row
London
EC1Y 8YY

Bankers

Barclays Bank plc
Ashton House
497 Silbury Boulevard
Milton Keynes
MK9 2LD

Registrars

Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

If you hold your shares direct and not through a Savings Scheme or ISA and have queries relating to your shareholding, please contact the registrars:

- Callers in the UK: 0371 384 2895
- Callers from outside the UK: +44 121 415 0926

Lines are open from 8.30a.m. to 5.30p.m. Monday to Friday (excluding UK bank holidays).

Shareholders can also access details of their holding and other information on the registrars' website, www.shareview.co.uk.

The registrars provide an online share dealing service for those who are not seeking advice on buying or selling, available at www.selftrade.co.uk.

The registrars also offer a range of other dealing and investment services, which are explained on their website, www.shareview.co.uk

Handle with care...

Shareholders tell us that they sometimes receive unsolicited approaches, normally by telephone, inviting them to undertake a transaction in shares they own.

If you do not know the source of the call, check the details against the FCA website below and, if you have any specific information, report it to the FCA using the Consumer Helpline or the Online Reporting Form.

If you have any concerns whatsoever, do not take any action and do not part with any money without being certain that:

- you fully understand the transaction;
- you know who you are dealing with and that they are registered with and authorised by the FCA; and
- you have consulted a financial adviser if you have any doubts. Remember, if it sounds too good to be true, it almost certainly is. You run the risk of losing any money you part with.

If you are worried that you may already have been a victim of fraud, report the facts immediately using the Action Fraud Helpline. Should you want any more information about 'boiler room' and other investment-based fraud, this can be found on two websites:

Action Fraud Helpline
0300 123 2040

Action Fraud Website
www.actionfraud.police.uk

FCA Consumer Helpline
0800 111 6768

FCA Scams & Swindles Website
www.fca.org.uk/scams

The Group's commitment to environmental issues is reflected in this Annual Report which has been printed on Symbol freelife satin which is made from a FSC® certified and PCF (Process Chlorine Free) material. Printed in the UK by Pureprint Group using their environmental printing technology, and vegetable inks were used throughout. Pureprint Group is a CarbonNeutral® Company. Both manufacturing mill and the printer are registered to the Environmental Management System ISO14001 and are Forest Stewardship Council® (FSC) chain-of-custody certified.

Domino's Pizza Group plc

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