



Domino's®

Domino's Pizza Group plc
Annual Report & Accounts 2021

DOMIN-OH-HOO-HOO



WE GOT
THIS 

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 the UK & Ireland 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 in the UK & Ireland, where we have a clear number one market share.



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

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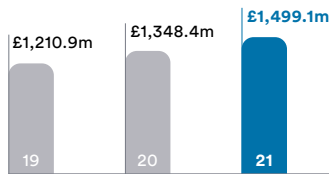
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2021 KEY FINANCIALS

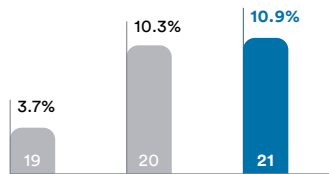
UK & Ireland system sales¹

£1,499.1m



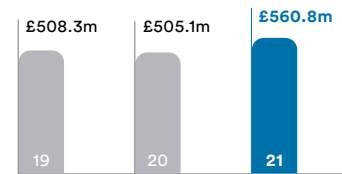
UK & Ireland like-for-like system sales growth²

10.9%



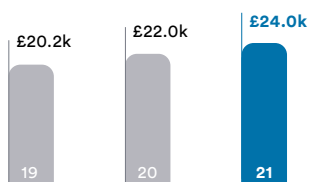
Reported revenue

11.0%



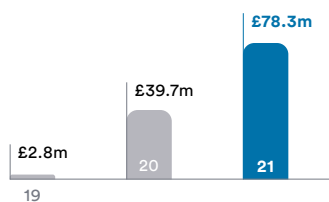
UK mature stores average weekly unit sales

£24.0k



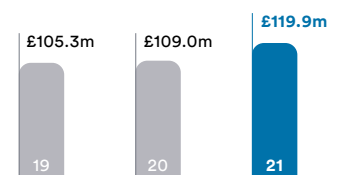
Statutory profit for the year

£78.3m



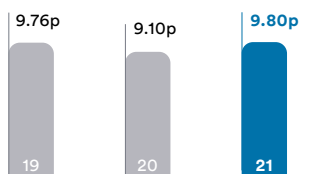
Underlying EBIT³

£119.9m



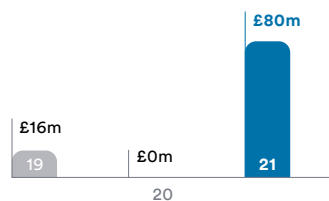
Dividends per share

9.80p



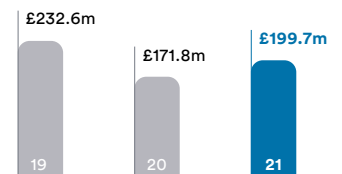
Share buybacks

£80m



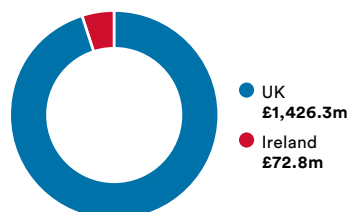
Net debt⁴

£199.7m

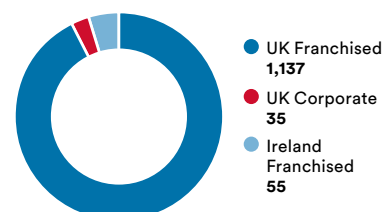


HIGHLIGHTS

System sales



UK & Ireland stores



1. System sales represent the sum of all sales made by both franchised and corporate stores in the UK & Ireland.
2. Like-for-like excluding splits system sales performance is calculated against a comparable 52 week period in the prior year for mature stores which were not in territories split in the year or comparable period. Mature stores are defined as those opened prior to 29 December 2019.
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 significant 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 160 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 143 and 153, and reconciliations to IFRS figures, where they have been adjusted, are on pages 154 to 156.

4. A breakdown of Net Debt is presented in note 25 on page 180.


WE ARE TRANSFORMING THE GROUP INTO A HIGH GROWTH, HIGH QUALITY, WORLD CLASS FRANCHISOR

We have a strong investment case, building on our core strengths:

WORLD CLASS BRAND

We strive to be the favourite food delivery and collection brand in the UK and Ireland, driven by investment in our national brand and social media campaigns, to drive sales, brand awareness and customer engagement. We are the leading pizza delivery brand in attractive and growing segments of the market in the UK.

See our market context

 See page 30

EXPERIENCED FRANCHISEES

Our network of franchisees have exceptionally strong operational expertise and experience and are passionate about our brand. We came together with our franchisees to manage the effects of Covid-19 and have demonstrated the strength of the Domino's system. We have reached a resolution with our franchisees which heralds a new era of collaboration and will now work together to accelerate the growth of the system.

See our S172 statement


 See page 34



EXCEPTIONAL SUPPLY CHAIN

Our world class supply chain is the backbone of the business, supplying fresh pizza dough and ingredients to all our UK & Ireland stores, with our purchasing scale and expertise benefiting franchisees. We are making further investment in our supply and production facilities to support our system sales growth with a relentless focus on product availability, quality and value.

See our business model

 See page 16


99.9%
availability



DYNAMIC AND RESPONSIVE BUSINESS MODEL

We operate a digitally driven and responsive business model, combining our Group-owned corporate stores with our franchisee stores network. We have accelerated our evolution to a truly digital business; adapting rapidly to meet the surge in online and app growth, reflecting the rapid change in consumer preference and engagement across the market. Our model is unique in that we offer delivery to our customers and are also focused on turbo-charging the growth of our collection business.

See our business model

 See page 16

96.4%
of UK delivery
sales made
online



HIGHLY CASH GENERATIVE

We are a highly cash generative business, prioritising re-investment of this cash into the core business to enhance returns and drive future growth. We have embedded a cash-focused framework throughout the Group, with a rigorous focus on improving our cash conversion and capital allocation to enhance returns to shareholders. In the first year of our capital allocation framework we returned £136m to shareholders through dividends and buybacks.

See the financial review

 See page 52

£104.6m
free cash flow



CHAIR'S STATEMENT



For Business model

 See page 16

For the introduction
to Governance

 See page 76



**I would like to thank our
colleagues and franchisees for
the outstanding results they
have delivered this year.**

Matt Shattock
Chair

OVERVIEW OF THE YEAR

I am pleased with the Company's progress in my first full year as Chair. Domino's is one of the world's leading consumer brands and there remains a significant opportunity to build on the strengths of the system to deliver sustainable long-term value for all of our stakeholders.

The business has operated throughout the year under various Covid-19 lockdown restrictions, demonstrating an ability to adapt to external market conditions and deliver an impressive operational and financial performance. The strength of our supply chain, the commercial acumen of our world-class franchisees and sheer dedication of our colleagues has once again shone through in a challenging year.

We have continued to consider carefully all our stakeholders in our decision making and ensuring that we are doing the right thing has been a key focus of the Board. As with last year, this has meant doing everything we can to take care of our people, working closely with our franchisee partners and supporting them, collaborating closely with suppliers, giving back to our communities and acting in shareholders' long-term interests.

LEADERSHIP CHANGES

Dominic has continued to strengthen the Executive Leadership team with new high calibre, experienced appointments including Sarah Barron, Chief Marketing Officer and Nicola Frampton, Operations Director. Our Executive Leadership team has been transformed under Dominic's leadership with enhanced skills, relevant experience and has been pivotal in delivering the first year of progress under the new strategy.

Neil Smith, Chief Financial Officer ('CFO'), left the Company in November. Neil made a strong contribution to the business, and I would like to personally thank him for his tenacity and hard work throughout the pandemic. The Board is undertaking a rigorous search for a new CFO, and we are delighted that David Surdeau, a highly experienced individual, joined us in November as our interim CFO.

At the Annual General Meeting in May, Colin Halpern will step down from the Board, having founded Domino's in the UK and Ireland in 1993. It is thanks to his vision that the Company is as strong as it is today, and he leaves us with the gratitude of all of us in the business. Kevin Higgins stepped down from the Board in September when his term expired, and I would like to thank him for his contribution.

Stella David was appointed as a non-executive Director in February and she is an excellent addition to the Board.

STRATEGIC PROGRESS, RESOLUTION WITH OUR FRANCHISEES AND CAPITAL ALLOCATION FRAMEWORK

The Board had three clear priorities for this year: firstly, to help support and guide the business and its key stakeholders through the unprecedented backdrop of Covid-19; secondly to support the Executive Leadership team as they sought to build a productive, mutually beneficial long-term relationship with our franchisee partners; and thirdly to work with Dominic and the leaders of the business in formulating the future growth strategy for the Group.

Delivering a better future through food people love is our purpose, with a vision to be the favourite food delivery and collection brand with pizza at our heart. Our purpose guides everything we do as a Company in the interests of all of our stakeholders. The business traded well through the unprecedented backdrop of Covid-19; and in March we launched our strategy with five core pillars which underpin what we do and how we do it. You can read more on how we operated and traded through Covid-19 and the strategic progress we have delivered in Dominic's report on page 8.

We finished the year with a resolution with our franchisee partners which heralds a new era of collaboration and allows us all to align and accelerate the growth of the system. I would like to personally thank our franchisee partners and Dominic and his team for the effort and professionalism which they displayed as we reached a resolution on an impasse which has held back the growth of the Domino's system in the UK. Importantly the resolution has enabled the business to increase its medium-term expectations, and we now expect to achieve at least the upper end of the previously announced targets of £1.6bn - £1.9bn of system sales and exceed the medium-term target of 200 new stores.

Our new capital allocation framework was introduced in the year, which seeks to amplify shareholder returns by our effective use of capital. This is a highly cash generative business, and our first priority for this cash is to reinvest back into the core business to enhance returns and enable future growth. Total capital investment in the business this year was £14.3m.

The second pillar of our capital allocation framework is a sustainable and progressive dividend with earnings-per-share cover of at least 2x. As a result, we are recommending a final dividend for the year of 6.8p which, combined with the interim dividend of 3.0p, gives a 9.8p full year dividend, an increase of 7.7% compared to the prior year. In addition, as part of our framework to return an annual allocation of surplus cash to our shareholders we returned £80m through share buybacks in the year. As a result of cash generated in FY21, we have announced a new share buyback programme of £46m, which will commence imminently.

We will continue to invest in the growth of the business, and together with returns to shareholders through both dividends and buybacks, we believe this will support our growth potential and maximise long-term returns for shareholders.

Throughout the year, we have continued the process of integrating sustainability in how we run our business, linked directly to our Purpose and Values. The Remuneration Committee has amended the Directors' Remuneration Policy so that part of the annual bonus relates to achieving targets linked to Sustainability. Last year we published a sustainability report which aligns with the Sustainability Accounting Standards Board's reporting standards, and we have enhanced our reporting against the requirements of the Task Force on Climate-Related Financial Disclosures.

You can read more about our approach to sustainability

 [See page 38](#)

We have also established science-based emission reduction targets which have been submitted to SBTi for formal validation. We have made good progress, but we recognise that we are on a journey. Further details are set out in our sustainability report on pages 38 to 51.

THE YEAR AHEAD

Having reached a resolution with our franchisee partners we are now well placed to accelerate the growth of the system. We have proved throughout the Covid-19 pandemic that when we are aligned and we collaborate, then all parties benefit. The last couple of years have shown we can adapt well to changes in our external environment and we look forward to the year ahead with confidence and a clear plan to achieve our medium-term targets.

Finally, I would like to offer once again a sincere thanks to all our hardworking colleagues, our franchisee partners, our suppliers, our customers and our shareholders, for your support throughout the year.

Matt Shattock
Chair
7 March 2022



SIGNIFICANT EVENTS FROM THE YEAR

- In March we launched our new strategy and capital allocation framework. In our first year we have made strong strategic progress and returned £136m to shareholders
- We completed the exit of all our directly operated international businesses, this now allows us to focus on the core UK and Ireland business
- The year finished with a resolution with our franchisees which heralds a new era of collaboration and aligns the whole system as we accelerate our growth strategy

STRATEGIC REPORT



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CHIEF EXECUTIVE OFFICER'S REVIEW



For Business model

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For the Financial review

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This was a transformational year for Domino's. Our performance continues to be strong, and we have made significant progress against our strategic plan.

Dominic Paul
Chief Executive
Officer

PERFORMANCE SUMMARY

I am pleased to report another year of accelerating system sales growth, increased profit, cash generation and shareholder returns especially given the challenging market conditions our colleagues and franchisees faced. The business has moved forward significantly, under a transformed leadership team, executing on a new strategy and reaching a resolution with our franchisees, fundamentally re-setting the relationship and aligning the system for future growth.

Trading in the year was strong with underlying profit before tax of £113.9m, up 12.5% from the prior year. This increase was driven by our teams and our franchisees as we continue to deliver great quality of service to our customers in a safe manner. In the year we also received a net benefit from lower Covid-19 related costs and VAT of £3.8m (FY20: net cost of £5.4m). Statutory profit after tax in the year was £78.3m, up £38.6m on last year, with growth in our core business and a significant reduction in costs and charges

from our discontinued international operations following the completion of the disposal of operations in Norway, Iceland, Sweden and Switzerland.

Free cash flow generated by the business was £104.6m, an increase from £99.0m last year reflecting the strong trading performance. Net debt increased by £27.9m from £171.8m at the start of the year to £199.7m, after distributing £136.0m to shareholders in the year. Net debt/Underlying EBITDA leverage increased from 1.46 at FY20 to 1.54 (excluding IFRS 16).

The continued strong cash performance of the business means that in line with our capital allocation framework we are declaring a final dividend of 6.8p, which when combined with the 3.0p interim dividend paid earlier in the year, results in a 7.7% increase compared to the prior year. We have also announced a new £46m share buyback, following on from the total £80m programme announced and completed in FY21.

RESOLUTION WITH FRANCHISEES

In December 2021, we announced a resolution with our franchisees to unlock the significant latent potential of the Domino's system and accelerate both near-term and long-term growth. The resolution unlocks an issue which had held us back and means we have begun a new era of collaboration in which the system can realise its full potential.

Under the resolution, and consistent with our growth plan, we will make strategic investments in the system to improve capabilities and drive system sales growth primarily through order count. Specifically, we have committed to:

- one-time capital investment of approximately £20m, spread over three years, in digital acceleration, personalisation, ecommerce app development and in-store innovation to enhance the customer experience and drive top-line growth;
- increased marketing investment to support new national campaigns and promotions;

- an enhanced food rebate mechanism for franchisees to encourage order growth, which is conditional on franchisees meeting new store opening targets and order count thresholds; and
- an improved new store incentive scheme to reward, encourage and accelerate new store openings.

In return for our investments, franchisees agreed to the following important commitments, which also aim to drive system sales growth through increased order count:

- a commitment to an enhanced schedule of new store openings, equating to at least 45 new stores to be opened per annum over the next three years, significantly ahead of levels achieved in previous years;
- a commitment to participate in new national promotional deals focused on both delivery and collection, in contrast to a lack of national advertising and promotions in recent years;
- an agreement to prioritise, test, and roll-out new technology and product innovation (such as GPS tracking) and to test new store formats, which would bring the Domino's Pizza Group ('DPG') system in line with peer companies; and
- support for changes by DPG aimed at driving efficiency across the system.

The resolution will run for an initial period of three years from 3 January 2022, and we were immediately able to launch our first national price promotional deal for several years on 6 January 2022 with a strong value message. The system is now aligned and working on accelerating our growth and so far, five stores have opened in FY22 compared to one store opening in the same period last year. We remain on track to open at least 45 new stores this year and have a strong pipeline building for next year.

FIRST YEAR OF OUR GROWTH STRATEGY

We launched our new growth strategy in March 2021 with a vision to be the favourite food delivery and collection brand, with pizza at its heart. Domino's is a brand which is loved by customers and pizza is the perfect delivery and collection food. Our market share in the growing and competitive UK takeaway market increased from 6.5% in Q4 FY20 to 6.8% in Q4 FY21. Our share of the UK collection market is small, and we believe that we have a significant opportunity to drive incremental sales through this channel.

Domino's made significant strategic progress in the year and following the resolution with our franchisees we were able to update our medium-term targets. We now expect to achieve at least the upper end of the previously announced targets of £1.6bn - £1.9bn of system sales and exceed the medium-term target of 200 new stores. Our strategy to achieve this is centred on five growth pillars.

1. Delivery: Nobody delivers like Domino's

Delivery is at the heart of our business and is what we are best known for – we have built a considerable following, with a brand that people love, enabling us to hold a leading position in the UK delivery market. Delivery sales performed well in the year whilst maintaining average delivery times of around 25 minutes.

Our scale and depth of vertical integration is a competitive advantage and in 2021 we were able to make excellent strategic progress.

We launched our new app, which features 'Group Ordering' functionality and 'Deal Wizard', and it has received excellent customer feedback. App sales are now 42% of system sales, a 2.2ppt improvement on 2020. This is important because app customers have a greater lifetime value and continue to provide a rich source of data for the business.

Our focus for 2022 will be on starting work on our next generation web platform which will provide a personalised experience for our customers. We will also focus on new technology such as an upgraded GPS tracking solution to improve the delivery experience and harnessing the use of data. Finally, we have plans for a step-change in the personalisation and automation of our CRM activity following the implementation of an omni-channel customer engagement programme 'Braze' in 2021.

Our aspiration is to raise the bar for the rest of the market, accelerating our like-for-like delivery orders, and reducing the average delivery time for our customers from the current figure of around 25 minutes.



We now have the right strategy and a strong senior team in place to continue to drive the business forward. We remain focused on accelerating the sustainable growth of our system together, to deliver a better future through food people love.



CHIEF EXECUTIVE OFFICER'S REVIEW CONTINUED

2. Collection: Turbocharge our collection business

Collection represents the most efficient labour channel, with delivery effectively outsourced to the customer. This is particularly important in an environment where there are pressures on labour availability and wage inflation. Covid-19 and the associated restrictions dampened the collection market significantly at the start of the year but, as restrictions eased, collection volumes recovered well. At the half year volumes had recovered to 78% of 2019 levels and by the end of the year they were 87%.

Another lever to drive incremental sales is 'In Car Collection' a service we launched this year and had been rolled out to 422 stores by the end of the year. We are aiming to roll it out to c.500 stores by the end of 2022. Customer feedback has been excellent, and we will continue to promote awareness of this new channel.

Our focus in 2022 will be on raising awareness of the collection channel, primarily through promotion in national campaigns. We continue to see a significant opportunity to drive an increase in collections to accelerate our growth.

Our aspiration is to grow our collection business faster than delivery and double our market share in the UK collection market over the medium term.

3. Product & value: Amplify our product quality and value

Our customers love our product, and we see a great opportunity to re-ignite product innovation further to stay ahead of our competitors. Our 'Value for money' scores improved in the year, giving clear evidence of better value for money being provided by franchisees to customers. We brought back old favourites like Double Decadence, relisted items like Gluten Free that had to be removed when we simplified the menu in lockdown and introduced a new festive pizza which received excellent customer feedback.

Under new marketing leadership, we launched a new media campaign at the end of May to demonstrate that 'Nobody delivers like Domino's' through a strong creative platform, targeted media and increased investment. The 'Domin-Oh-Hoo-Hoo' campaign was timed with the easing of lockdown restrictions in the UK and was centred on reunions between friends and family, cementing the Domino's brand as the perfect partner for these occasions. Importantly, this campaign was planned with our franchisees who gave great input throughout the process

and is further evidence that when the system is aligned, we all benefit. We were able to build on this momentum with the launch of our first ever festive TV advert.

Our focus in 2022 will be on amplifying our value message through national campaigns and continuing our menu innovation. We believe that this will be particularly important in a year when consumers will be experiencing cost of living increases. We aim to attract new customers through differentiated food innovation and to increase order frequency through innovation of our core menu. Our aspiration is to become the undisputed #1 delivery player in terms of Net Promoter Score, and make sure that our customers feel they are getting a good deal.

4. Performance: Uphold our industry-leading economics for both the Group and our franchisees

Our vertically integrated supply chain is a key differentiator compared to the wider market and brings us significant competitive advantages. We can leverage our scale to realise operational and procurement-led efficiencies to help mitigate inflationary pressures in the market. We continue to collaborate closely with key suppliers to ensure we have stock cover at optimal times and to minimise cost inflation where possible. We have expanded our number of suppliers to ensure we secure best value for money for our system, along with providing resilience across our supplier base.

Our world-class supply chain delivered another year of exceptional operational performance in a year of continued lockdown restrictions and well documented labour availability constraints. Across the year we maintained 99.9% availability and 99.8% accuracy which is testament to the skill and hard work of our colleagues in the supply chain. In line with our capital allocation framework, we will continue to invest in our supply chain to enhance capacity, drive efficiency and maintain availability for our customers. We were pleased to open our third UK supply chain centre in Cambuslang in Scotland, in the first half of the year, with the capacity to support 150 stores, and introduced efficiencies such as routing and driver performance software to maintain and improve our performance.

Our focus in 2022 will be on driving operational efficiencies to benefit our franchisees' profitability, rolling out cages & dollies across the system and continuing to innovate for the benefit of all stakeholders.

5. Franchisor: Model excellence as a franchisor

We strive to provide our franchisees with the tools they need to be as successful as possible. We have continued to invest in the business to drive organic growth by building capability across our data and insights team, transformation team and store operations, whilst at the same time upgrading our supply chain and IT infrastructure. We continue to see a range of opportunities to improve our performance here, particularly in data and insights. With over 1,200 stores and just under 70 franchisees we are now aligned and focused on accelerating our growth. We were pleased to open new concept stores giving customers an improved in-store experience and were delighted that our first 'Home Grown Hero' new franchisee opened a store at the end of 2021.

Our system rewards both franchisees and the Group and now we have the resolution, our interests are aligned to accelerate our growth strategy. A central part of the growth strategy is new store openings. In FY21 we replaced a complicated and outdated new store incentive scheme with a simplified scheme. Under the old scheme we only opened two stores in the first quarter of FY21 but after implementing the new scheme 29 stores were opened in the subsequent three quarters. The new scheme offers franchisees £100,000 in three annual instalments for new stores and £150,000 in three annual instalments for split stores, thereby delivering attractive returns for our franchisees and enabling the growth of the system.

Our focus in 2022 will be working collaboratively with our franchisees through the inflationary environment and embedding the commitments made in the resolution. We are also focused on delivering our target of at least 45 new stores, continuing to build the pipeline for future store openings and rolling out our new store design. We will help our franchisees grow in a profitable and sustainable way and will continue to embed the Franchise Performance Management framework, and roll out the Domino's Academy to drive their continued success.

CAPITAL ALLOCATION

We have a highly cash generative, asset-light business model and in March 2021 we launched a clear capital allocation framework. Our first priority is to invest in the business to drive long-term organic growth. We will continue to maximise shareholder returns through a sustainable and progressive dividend and operate a disciplined approach to assessing additional growth opportunities.

Finally, operating within a normalised leverage range of 1.5x – 2.5x net debt to Underlying EBITDA, we aim to maximise returns with an annual allocation of surplus cash to shareholders. In FY21 we returned £136m to shareholders, through £56m in dividends and £80m in share buybacks.

In the year we have generated £104.6m of free cash and in addition we have received net cash flows of £6.4m from our investment in Germany. We have invested £14.3m in capital investment in our core business and have proposed a final dividend of 6.8p, which when combined with the 3.0p interim dividend, represents a 7.7% increase compared to FY20. At the end of the year, we invested £6.6m in a 46% share of a group operating 22 stores in Northern Ireland, in line with our capital allocation framework of investing in additional growth opportunities. From the remaining surplus cash flow, we have announced a £46m share buyback programme, following the £80m programme announced and completed in 2021.

DELIVERING OUR SUSTAINABLE FUTURE

Our business is guided by our ambition to deliver a better future through food people love. This ambition means our focus is not just on financial strategy and performance but on doing the right thing by supporting our colleagues, our customers, the environment, and the communities we serve – all underpinned by a strong governance framework.

Alongside our strategic plan we are working to develop a more comprehensive sustainability strategy and improve our performance in this critical area. Considerable work has been done in the year to develop a more detailed understanding of the material issues for our business. An engagement exercise with our key internal and external stakeholders has allowed us to understand what they expect from Domino's and has enabled us to establish areas of focus for our programme: our food; our customers; our people; our supply chain; and the environment.

Across each area we have identified our current performance, and crucially, what we need to do to improve. This has enabled us to develop a formal sustainability strategy and agree how we will report on our progress in the future. Alongside this we established a new environmental management system and policy, setting objectives across our direct and indirect material impact areas.

We recognise that we still have more work to do across our key focus areas. During 2022 we will measure and externally validate our current performance to establish a base line of data. These benchmarks will enable us to set ourselves ambitious targets which we will report on, and for which our management team will be held accountable.

OPERATIONAL REVIEW

REPORTED REVENUE

£m	FY21	FY20	% change
Supply chain revenue	374.9	347.9	7.8%
Royalty, rental & other revenue	80.0	70.8	13.0%
Corporate stores revenue	35.6	32.2	10.6%
NAF & eCommerce	70.3	54.2	29.7%
Reported revenue	560.8	505.1	11.0%

Revenues from sales to external customers included within our income statement are summarised above. The most significant element of our revenue is derived from products sold through our supply chain to our franchisees which has grown by 7.8% in the year, driven by increased volumes.

Royalty, rental and other revenue is primarily the royalty revenue we receive from our franchised stores based upon a percentage of their system sales. This has grown during the year as a result of the increase in system sales. Corporate stores' revenue is the sales made by the stores we directly operate.

Revenue relating to the National Advertising Fund ('NAF') and eCommerce funds is recognised based on costs incurred and has increased by 29.7% due to the increased marketing and IT spend in the year, in particular relating to the new marketing campaign launch. NAF and eCommerce revenues have no impact on profit as they are recognised based on costs incurred.

SYSTEM SALES PERFORMANCE

System sales represent all sales made by both franchised and corporate stores to consumers. Like-for-like system sales across UK & Ireland grew by 10.9%, excluding split stores (9.8% including splits). The quarterly analysis of this performance is in the table below which shows strong like-for-like

FRANCHISEE PERFORMANCE IN 2021

Our franchisees have delivered another exceptional year which is testament to their expertise, professionalism and resilience. Based on the unaudited data submitted to us by franchisees, average store EBITDA for all UK stores for the year was approximately £287k, equivalent to a 23% EBITDA margin. This compares to £229k or 20% margin achieved in 2020.

growth in the first half, which was as a result of the reduction in the rate of VAT on hot takeaway food from 20% to 5% which was effective from 15 July 2020 in the UK and continued to apply until 1 October 2021. At that point the rate of VAT on hot takeaway food increased from 5% to 12.5% and, as guided, the system sales growth rate declined in the final half of the year. The rate of VAT on hot food is scheduled to return to 20% from 1 April 2022.

The VAT rate reduction is on hot takeaway food and therefore applicable to the system sales made by stores to consumers. If the sales price to the consumer were to have been unchanged then the VAT rate reduction would effectively deliver an increased system sales value, which flows through to like-for-like system sales growth. The benefit of the VAT rate reduction therefore primarily accrues to our franchisees. This helped them to continue to trade throughout the pandemic period and enabled them to drive growth and increase the level of discounts they can offer their consumers.

There is only a limited direct benefit to our profitability from the VAT rate reduction as the majority of our revenue is made by our supply chain upon which the rate of VAT has not changed. Our benefit is derived from a small increase in royalty on the system sales reported by our franchisees and the sales from our corporate stores, associates and joint venture.

	Q1 2021	Q2 2021	H1 2021	Q3 2021	Q4 2021	H2 2021	FY 2021
UK & Ireland							
LFL inc. splits	17.7%	19.2%	18.4%	8.3%	(3.5)%	2.1%	9.8%
LFL exc. splits	18.5%	20.0%	19.3%	8.8%	(2.3)%	3.3%	10.9%

CHIEF EXECUTIVE OFFICER'S REVIEW CONTINUED

UK & ROI	LFL Inc Splits (YOY Growth)			Total (All Stores)	
	Sales	Volume	Price	Orders (m)	YOY Order Growth
Total					
Q1	17.7%	3.5%	14.1%	16.6m	(5.2)%
Q2	19.2%	6.2%	13.0%	17.1m	13.5%
H1	18.4%	4.8%	13.6%	33.7m	3.5%
Q3	8.3%	4.8%	3.4%	17.2m	9.5%
Q4	(3.5)%	(0.5)%	(3.0)%	17.8m	5.7%
H2	2.1%	2.1%	0.0%	35.0m	7.5%
FY	9.8%	3.5%	6.3%	68.7m	5.5%
Delivery only					
Q1	24.7%	11.6%	13.1%	13.3m	6.8%
Q2	1.1%	(11.4)%	12.5%	13.1m	(8.7)%
H1	11.7%	(1.1)%	12.8%	26.4m	(1.5)%
Q3	3.0%	(1.2)%	4.2%	12.6m	1.5%
Q4	(8.6)%	(6.9)%	(1.7)%	12.9m	(3.5)%
H2	(3.0)%	(4.1)%	1.1%	25.5m	(1.1)%
FY	4.0%	(2.6)%	6.6%	51.9m	(1.3)%
Collection only					
Q1	(12.0)%	(24.1)%	12.1%	3.3m	(34.5)%
Q2	1391.5%	887.0%	504.5%	4.0m	494.7%
H1	77.8%	49.3%	28.6%	7.3m	27.1%
Q3	39.2%	35.6%	3.6%	4.6m	40.3%
Q4	26.5%	31.6%	(5.1)%	4.9m	40.4%
H2	32.6%	33.6%	(1.0)%	9.5m	40.3%
FY	49.9%	40.2%	9.6%	16.8m	34.3%

The sales and order count performance for the year is illustrated above. Like-for-like sales grew by 9.8%, with volume improvement of 3.5% supplemented by pricing growth, in part from the effect of the VAT rate reduction in the first half of the year.

Total order count in the year grew by 5.5% with continued strength in the second half of the year.

In the first quarter, total order count was down 5.2%, mainly due to collection being down 34.5% as the Covid-19 stay at-home guidance continued to materially impact the collection business.

In the second quarter, the order count returned to growth, up 13.5%, as collection was up nearly 500% as its recovery to normalised levels continued and because the collection business was closed for much of the comparative period. Delivery

orders were down 8.7% compared to the same quarter last year as Q2 last year was particularly strong (up 22%) as the first full lockdown of the country was implemented and many competitors closed for business

In the third quarter, total orders continued their positive trend and grew 9.5% in the period, driven by collection orders rising 40.3%. The delivery performance in the quarter was strong, as we continued to grow order count, despite the prior year comparative period benefiting from the effects of prolonged lockdown periods.

In the fourth quarter, order count continued its positive trajectory and grew 5.7% compared to the prior year. Delivery order count was lower as we cycled against a period when the UK was under lockdown restrictions, however Collections recovered better than expected, resulting in overall positive order count for the quarter.

DIGITAL

Domino's is now a truly digital business. Full year online sales in the UK grew 13%, to represent UK only: 91.9% of system sales, or 96.4% of total delivery sales. This improvement and digital transformation has been driven by new IT, digital and data teams and we are excited about further improvement opportunities.

We launched our new mobile app in 2021 and it has been a great success. During the year, sales generated through the app grew 17.5%, and the app accounted for 42% of system sales, an increase of 2.2pts on the prior year. Downloads are 21% higher than they were in 2020 and we have 2.6 million monthly active users compared to 2.1 million in 2020. The app is important because it is an easy channel for our customers to use through features such as 'Group Ordering' and it allows us to communicate easily and efficiently with customers. We were delighted that our app won 'Food & Drink App of the Year' at the UK App Awards in 2021.

DATA & INSIGHTS

Our Data & Insights team was created in March 2020 to harness the rich data which Domino's holds and to embed the use of data in business decisions throughout the Group. This approach has been particularly relevant across marketing, sales, operations and food innovation. In 2021 we have continued to build our capability and the team was central to decisions taken on the yodeling marketing and sales campaigns. We have integrated the new CRM platform, 'Braze' into our data warehouse, enabling personalisation of marketing campaigns and we have built a segmentation model to ensure CRM is personalised to our customer's life stage with Domino's.

BRAND

The Domino's brand is a significant asset for our business and 2021 has seen us reach new heights building on 'We Got This'. We were on target with our overall customer satisfaction score of 66%, despite significant volumes during the Euros football tournament.

We have remained cognisant of the external Covid-19 situation during 2021 and flexed our marketing in line with the various delays and reintroduction of restrictions throughout the year. The 'Domin-oh-hoo-hoo' creative platform launched in June 2021, a through-the-line campaign which increased customer engagement and ensured Domino's remained relevant when hospitality reopened.

We placed our digital innovation of 'Group Ordering' through the Domino's app at the heart of the campaign, demonstrating a tangible consumer benefit to ordering with Domino's for reunions over the summer. The yodeling call quickly became synonymous with group get-togethers and tapped into the sense of excitement felt across the nation.

The sense of reunion was further exemplified by the return of the much-loved Double Decadence crust and the Gluten Free range. These menu innovations gave consumers cause to celebrate during the summer, a period which is usually quieter for Domino's in terms of sales.

In the lead up to the peak Christmas trading period, we launched two festive products: 'The Festive One' and 'Cookies with AFTER EIGHT®' to set the tone for our commitment to the winter period. For the first time ever, we entered the festive advert marketing mix with a fully integrated through the line campaign. The new bold, attention-grabbing creative captured the spirit of festivities but with a yodelling twist. We ended the year on a high, coming first for positive brand sentiment in the Brand Ignite Covid-19 Tracker.

NEW STORE OPENINGS

During the year we opened 31 new stores, with 13 stores opened in the first half and 18 stores in the second half. All these store openings were franchised, operated by 11 different franchisees. In total the store estate at the end of the year stood at 1,227 (UK: 1,172; Ireland: 55).

CORPORATE STORES

We directly operate 35 stores in the London area. In the first half of the year our corporate stores were disproportionately affected by Covid-19 due to the greater impact of the restrictions seen in central London. However, as lockdown restrictions eased and as we lapped the closure of collection orders from Q2 2020 lockdown, performance recovered. A continued increase in footfall, along with some VAT benefit, has led corporate store revenue to increase by £3.4m to £35.6m, up 10.6% compared to the prior year. Like-for-like sales excluding splits were up 11.9%. The EBITDA of corporate stores was £3.2m, compared to £1.6m in FY20. Improvement in EBITDA was driven by higher order count as we lap the first peak of the Covid-19 pandemic, a recovery in collections and a material improvement in operating productivity.

INTERNATIONAL – GERMAN ASSOCIATE

Our share of post-tax underlying profits from our German associate was £5.0m (FY20: £4.7m). Performance has improved versus last year driven by strong same store sales growth over the period. Our investment in the German associate continues to be a valuable investment, which we hold on our balance sheet at an aggregate value of £28.9m.

We have a put option exercisable from 1 January 2021 to 31 December 2023. As the exercise price of the option is at fair value, there is no value of the put option recorded on our balance sheet, in accordance with the requirements of IFRS. In total we believe that exercising our put option and disposing of our interest in the associate could yield total cash receipts of £70-£100m depending on EBITDA performance of the associate and the timing of exercise, which will generate profit of between £40m-£70m. The majority shareholder, Domino's Pizza Enterprises Limited, has a call option exercisable from 1 January 2023 on the same valuation basis.

INTERNATIONAL – DISCONTINUED OPERATIONS

Following the decision by the Board to exit from the markets of Norway, Sweden, Switzerland and Iceland in October 2019, the trading results of these territories, together with international central costs, have been classified as discontinued operations and excluded from underlying results, consistent with the treatment in both 2020 and 2019.

We completed the exit from all our directly operated international businesses in 2021. In March 2021, we announced that we had agreed terms for the disposal of our discontinued businesses in Sweden, with a net cash payment to the purchaser of £2.8m, and in Iceland, for net consideration received of £12.9m, of which £0.6m cash payment is deferred to 2022. In August 2021, we announced that we had agreed terms for the disposal of our discontinued business in Switzerland, for a net cash payment of £1.3m, of which £0.8m cash payment is deferred to 2022. The Sweden transaction completed on 2 May 2021, Iceland on 31 May 2021 and Switzerland on 31 August 2021.

CURRENT TRADING AND OUTLOOK

As previously guided, we expect FY22 underlying EBITDA and EPS to be in line with current market expectations. Trading in the first quarter has started well, aided by our first national price campaign for several years, made possible because of the resolution with our franchisees. Overall order count and customer acquisition continues to be positive, despite being up against a comparative quarter last year when there were strict lockdown restrictions in the UK.

Our flexible and robust business model means we are well placed to adapt to changing market conditions and ongoing challenges related to inflation and recruitment. As such, we continue to expect an acceleration in underlying system sales growth (excluding the benefit of the reduced rate of VAT), largely driven by increased store openings and like-for-like growth due to the operating and capital investments associated with the franchisee resolution and continued implementation of our strategic plan.

Dominic Paul
Chief Executive Officer
7 March 2022



OUR VISION

**TO BE THE FAVOURITE FOOD
DELIVERY AND COLLECTION BRAND
WITH PIZZA AT OUR HEART**

OUR PURPOSE

DELIVERING A BETTER FUTURE THROUGH FOOD PEOPLE LOVE

Our ambition is to bring people together around food they love and, by doing so, have a positive impact on everyone who interacts with us: our customers, colleagues, franchisees, investors, and the communities we serve.

Our purpose is underpinned by an evolving sustainability strategy which ensures a better future; one where, among other things, our environmental impact is minimised, our workplaces are inclusive, and our products are responsibly-sourced.

Domino's is one of the best-loved brands in the world with a reputation for taste, quality, speed and service. While we are focused on delivering long-term sustainable growth, our corporate purpose ensures that we achieve this responsibly and in a way that truly delivers a better future for all our key stakeholders.

LIVING AND EMBEDDING OUR PURPOSE

CUSTOMERS

Our customers will benefit from an ever-increasing choice of great-tasting products that cater to their individual needs and contain ingredients that are responsibly-sourced.

COLLEAGUES

Colleagues will have the opportunity to grow, develop, and realise their potential in a workplace that respects and values their individual experiences and backgrounds.

FRANCHISEES

Franchisees will benefit from a collaborative relationship with an experienced team dedicated to helping them and their teams grow their businesses.

COMMUNITY

In the communities we are proud to serve, Domino's will remain a positive presence offering increased employment opportunities, keeping local areas litter-free, and supporting local causes.

INVESTORS

Investors should enjoy long-term sustainable returns from a business that is committed to building a stronger, more sustainable brand for future generations.

UNDERPINNED BY OUR VALUES

Our values guide what we do, the decisions we make and the way we respond to opportunities and challenges. When we bring them to life, every day, we grow our winning culture and deliver our purpose.



WE DO THE RIGHT THING

We care about our impact on our brand, our colleagues, our communities and the wider world. So we're proud to do the right thing and keep our promises.



WE ARE ONE TEAM

We respect and celebrate the whole team for who we are and the value we each bring. We grab the amazing opportunities to grow, succeed and live our best work-life.

IMPLEMENTING OUR PURPOSE

OUR CORPORATE PURPOSE IS THE GUIDING STAR FOR OUR BUSINESS

ROLLED OUT TO
90%
of support office
colleagues

ACHIEVED
72%
favourable score for
'I understand the
DPG values'

Our colleagues understand the importance of our corporate purpose, and how they can contribute towards it. In 2021, we embarked on a programme of activities which embedded our purpose into our culture. Highlights of how this was achieved can be seen below/opposite.



'All-Colleague
Meeting'
launch

Multimedia
interactive
workshop

Trained
50 Senior
Leadership Team
members



WE LOVE CUSTOMERS

Every decision and action we take has customers at the heart. We listen to customers and create great experiences to delight them and keep them coming back for more.



WE ARE BOLD

It takes courage and determination to lead the field. Dominoids are bold, entrepreneurial, we aren't afraid to innovate and learn fast to become better every day.

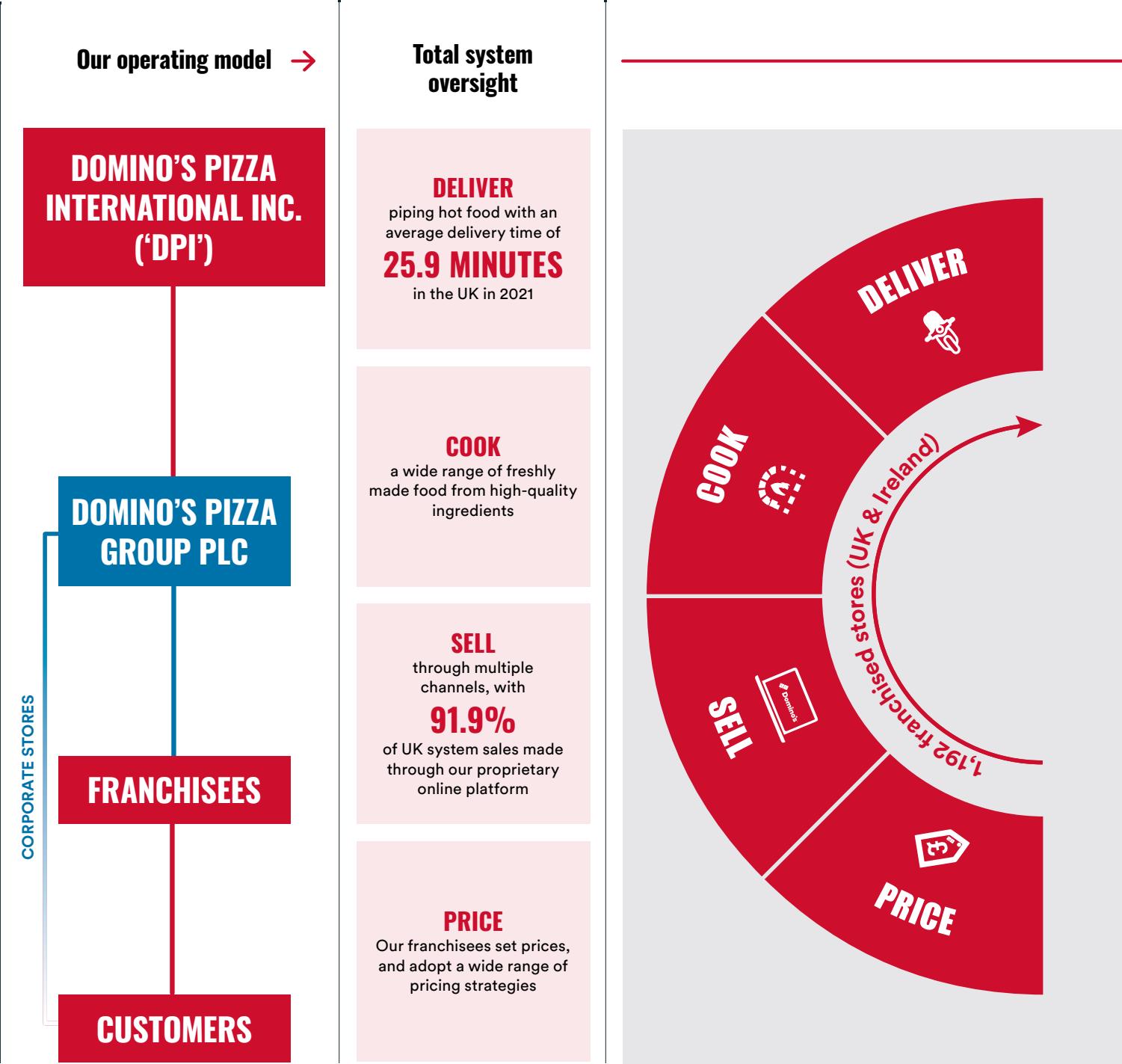


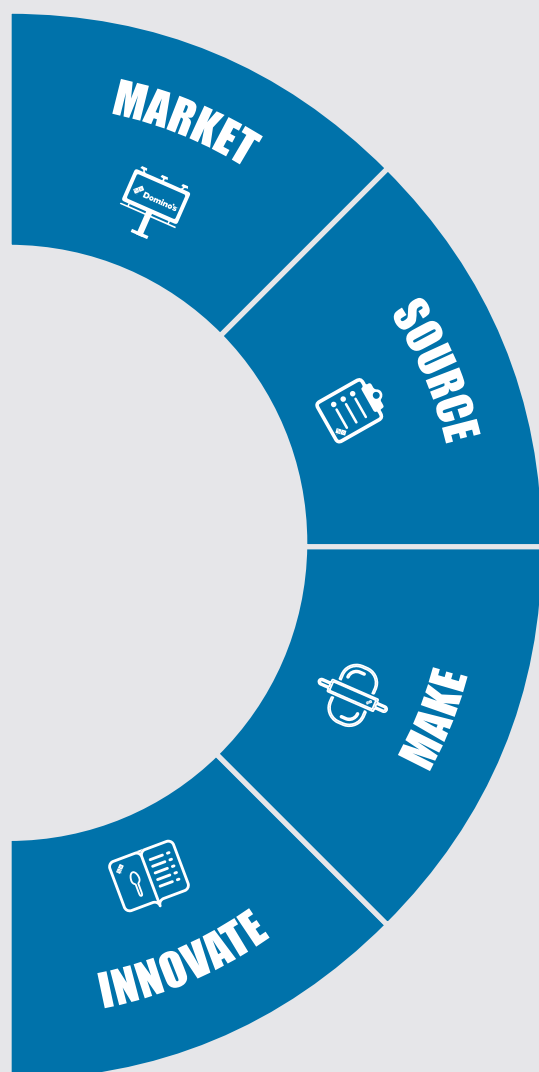
WE GROW AND WIN TOGETHER

No-one can beat us when we're working hard and playing hard together. We share big ambitions, have a growth mindset and enjoy success as one Domino's.

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.





Total system oversight

MARKET

through national price and brand building initiatives. These are complemented with local and tactical initiatives, and we are

#1

for pizza brand awareness in the UK

SOURCE

high-quality, fresh ingredients, spending

£210M

per year with our trusted suppliers

**MAKE
50m**

kilos of fresh dough in our UK & Ireland commissaries, and supply 35 million food and non-food items to our franchised and corporate stores through our in-house logistics fleet

INNOVATE

to keep our menus exciting, we regularly launch new products, including a new festive pizza in 2021 and After Eight® cookies



The value we create

Customers' overall satisfaction

66%

Down 3% pts year-on-year

Profitable franchisees: average 2021 UK franchisee store EBITDA was

£245k

Employees proud to work for Domino's:

75%

Down 6% pts on 2020

Rewarded investors: dividend per share

9.8p

Up 7.7% year-on-year

Trusted suppliers:

£210m

spent on raw materials

Remunerated master franchisee:

2.7%

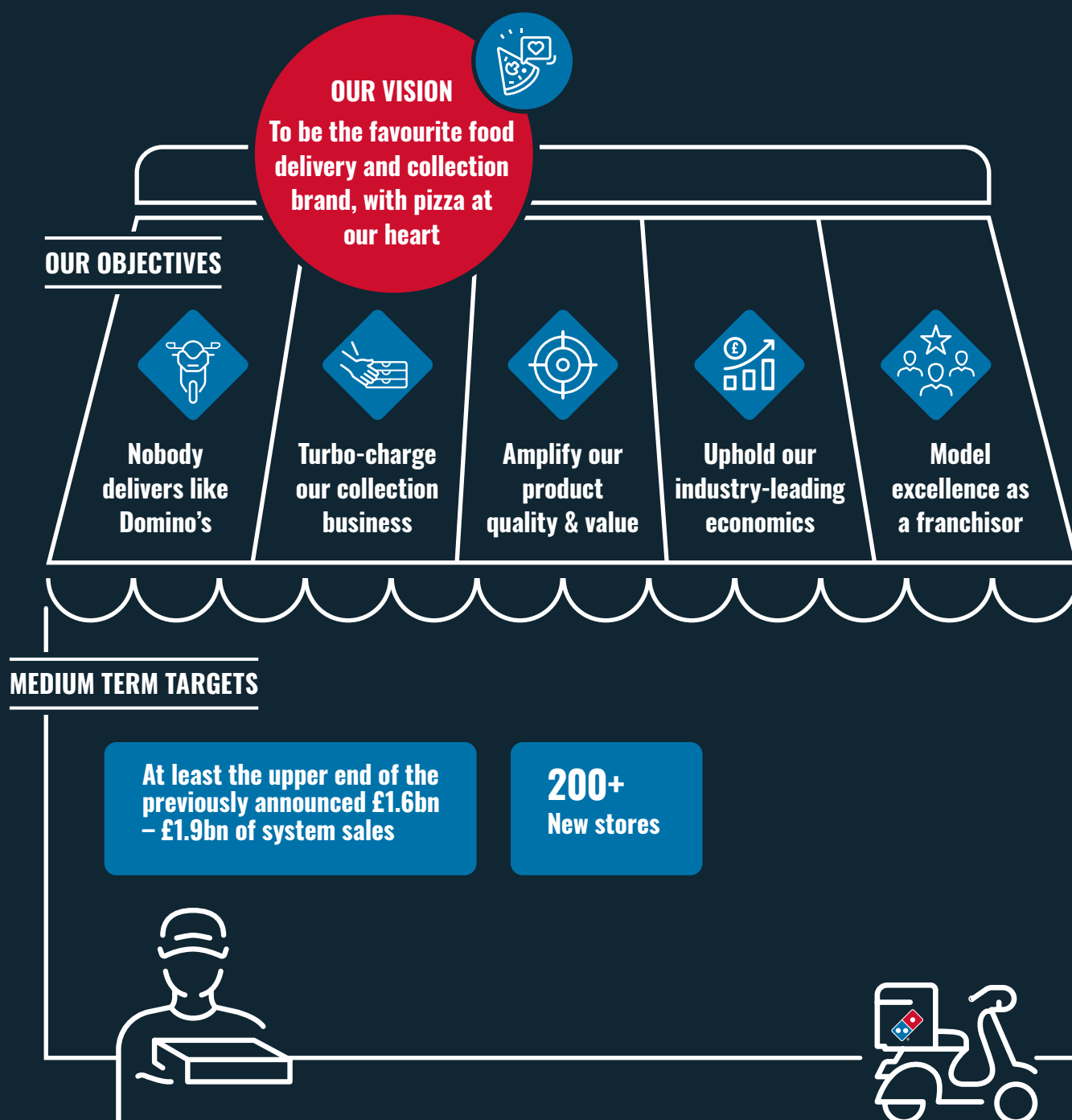
of UK & Ireland system sales paid to DPI in royalties

Charitable donations:

£1.2m

OUR STRATEGY FOR DELIVERING THE FUTURE

In March we launched our new strategic plan, focused on delivering sustainable growth centred on five key pillars for the business, aligned with our vision and purpose and underpinned by our values. We set medium-term targets, which were subsequently increased following the resolution with franchisees. As we execute our strategic plan we will report on progress against these five pillars and the corresponding medium-term targets.



Delivering the future.

PILLARS



Nobody delivers like Domino's

THE OPPORTUNITY

- Domino's is a leading QSR delivery brand
- Delivery market is accelerating
- We can leverage our vertical integration to strengthen our position

INITIATIVES

- Launch new digital platforms
 - personalise marketing / CRM
 - start work on web platform
- End-to-end supply chain
 - cages and dollies
 - scan and dispatch

MEASURING SUCCESS

- Delivery sales growth
- Delivery order count growth
- Average delivery time



Turbo-charge our collection business

THE OPPORTUNITY

- Collection market is sizeable and growing
- We are underpenetrated in collection
- We can extend our reach to different occasions and customer segments

INITIATIVES

- Enhance awareness of collections offers through national campaigns
- Continue roll out of 'In Car Collection'

MEASURING SUCCESS

- Collection sales growth
- Collection order count growth



Amplify our product quality and value

THE OPPORTUNITY

- Customers love our products
- We will excite existing customers and attract new customers
- Room to improve value for money perception

INITIATIVES

- Amplify value message through national campaigns
- Re-invigorate innovation in pizza and beyond (incl. healthy offerings)
- Use data and insight to improve marketing to reinforce our quality and value

MEASURING SUCCESS

- Customer OSAT score
- Brand consideration
- Market share



Uphold our industry-leading economics

THE OPPORTUNITY

- Consistently strong system performance relative to peers
- Invest to enhance efficiency
- Further enable the success of our franchisees

INITIATIVES

- Leverage scale to drive supply chain efficiencies
- Deploy in-store technology to support franchisee profitability

MEASURING SUCCESS

- EBITDA
- LFL order count growth
- New store openings



Model excellence as a franchisor

THE OPPORTUNITY

- We will bolster our internal capabilities
- We can continue to grow through our franchisees
- Seek to broaden our franchise base

INITIATIVES

- Stronger franchisee performance management framework
- Invest in key capabilities
 - data & insights
 - digital/technology
 - supply chain capacity
- Domino's Academy

MEASURING SUCCESS

- SCC delivered on time
- Sustainability
- eCommerce uptime
- Franchisee engagement
- Employee satisfaction

2.6m

Monthly app users

21%

increase in
app downloads

We launched our new mobile app in 2021 and it has been a great success. Downloads are 21% higher than they were in 2020 and we have 2.6 million monthly active users compared to 2.1 million in 2020. The app is important because it is an easy channel for our customers to use through features such as 'Group Ordering', it also allows

us to communicate easily and efficiently and app customers have a higher lifetime value. By adding new features, we are able to add incremental customers; since launch 30% of Group orders were from new customers. We were delighted that our app won 'Food & Drink App of the Year' at the UK App Awards in 2021.

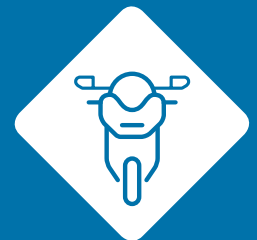
**WE GOT
THIS** 



STRATEGY IN ACTION

NOBODY DELIVERS LIKE DOMINO'S

During the year we have launched our new app with additional functionality which is driving customer engagement



STRATEGY IN ACTION

TURBO-CHARGE OUR COLLECTION BUSINESS

Collections recovered well in the year as lockdown restrictions eased and volumes grew every quarter



87%

Collections now at 87%
of 2019 levels

422

stores offering
in-car collection

Increasing collections is a central part of our strategy; and within this we have launched in-car collection. Where in-car collection has been rolled out, customers have two ways to take advantage of our collection-only deals. They can either, come into the store to safely collect their order directly, or now with in-car collection they can

wait outside in their car for a pizza drop-off from one of the Domino's team. By the end of 2021 we had 422 stores live and engaged. Not every Domino's store is suitable for this due to site location and parking constraints, but we believe that around 500 of our stores can adopt in-car collection.

**WE GOT
THIS** 



First festive offering

New Vegan PepperoNAY

Our customers love the Domino's experience, and our menu includes some much loved favourites like Pepperoni Passion and iconic Domino's cookies. To keep our customers coming back and to encourage them to spend more with us we are always looking for new ways to excite them. In 2021 we expanded our Vegan Pizza, The Chick'Aint which has been highly successful in bringing new customers in, and two new meaty pizzas, Absolute Banger and Meatball Marinara,

to appeal to our core customers. We rounded off the year with our first festive offering, The Festive One Pizza & Cookies with AFTER EIGHT®. As we head into 2022 we have kicked off the year with Vegan PepperoNAY, proving very popular with vegans and flexitarians. We have a strong pipeline of innovation for 2022, with new pizzas, sides and desserts designed to bring new flavours and experiences to tempt customers in.



STRATEGY IN ACTION

AMPLIFY OUR PRODUCT QUALITY & VALUE

Our customers love our product
and we see a great opportunity
to re-ignite product innovation



STRATEGY IN ACTION

UPHOLD OUR INDUSTRY- LEADING ECONOMICS

Our vertically integrated supply chain is a key differentiator compared to the wider market and brings significant competitive advantages



60%

of stores now have
cages & dollies

**Supply
chain
solution of
the year**

We are committed to maintaining the highest standards of health and safety and driving efficiencies across our supply chain. In 2020 we started rolling out Cages & Dollies and now 60% of our stores are being delivered to with Cages & Dollies, and we anticipate rolling out to the remaining stores in 2022.

The benefits which these deliver include improved health and safety, reduction in loading and delivery times and potential to further reduce cardboard being delivered into our stores. Again, we have been externally recognised, as the Domino's Dolly won the 'Supply Chain Solution of the Year' award at the 2021 UK Packaging Awards.

**WE GOT
THIS** 



TRY NOT TO DROOL AND DRIVE

31

new stores in 2021

Exciting new store formats

We had a target of opening up to 30 new stores in 2021 and we beat that by opening 31. Within this we opened new concept stores in Guisborough, Liverpool Belle Vale, Skelton and Newport. These new stores are a development of our existing stores and are focused on enhancing the customer experience.

The stores have a refreshed natural and robust palette which has been created to provide longevity, with the Domino's brand injected through new bold and confident graphic assets. We have also included a digital offering within the store environment, providing an enhanced customer experience and brand connection.

**WE GOT
THIS** 



STRATEGY IN ACTION

MODEL EXCELLENCE AS A FRANCHISOR

We strive to provide our franchisees with the tools they need to be as successful as possible



A growing delivered food market

The year presented considerable challenges for the restaurant and hospitality sector with the evolving nature of Covid-19 resulting in various levels of restrictions over the course of the year.

What this period has proved is that Domino's has a business model which can respond to the market backdrop and pivot to what consumers want and expect, offering both delivery and collection. In this section we discuss the longer-term trends in the market, and how we are responding to them to drive continued, sustainable growth in the business.

Delivery and collection are both growing markets

Both the delivery and collection market are in growth. Domino's Pizza Group has a clear strategy in both delivery and collection to accelerate its growth.

- The total UK takeaway market was worth £15.8bn in 2021
- This combines both the delivery market (£7.3bn) and the collection market (£8.5bn)
- Domino's market share of the UK takeaway market in Q4 FY21 (12 weeks ending December 26th) was 6.8%, an increase of 0.3ppts vs. Q4 FY20

The growth in the market has been driven by convenience, ease of ordering digitally, the presence of aggregators and the trend of entertaining and celebrating events at home.

Market and consumer behaviour has evolved as a result of Covid-19

- The delivered food and pizza market has demonstrated strong growth
- Collections contracted as restaurants were subject to restrictions and now recovering strongly
- More customers have now ordered takeaways than before the Covid-19 pandemic
- There has been an increasing propensity of consumers to order through digital channels
- Covid-19 has accelerated cash-less payment methods, we expect this trend to continue

What are we doing in response?

- We will continue to invest in Domino's market-leading brand and leverage its strength
- Our first strategic priority is 'Nobody delivers like Domino's' and we continue to invest in the core business, with investment in digital capabilities and the app to further improve the customer journey
- In 2021 we opened 31 new stores to broaden our reach and increase convenience for delivery and collection; we are targeting at least 45 new stores in 2022
- Our second strategic priority is to turbo charge our collection business; volumes have recovered to 87% of 2019 levels and we are focused on raising awareness of this channel in 2022

What are we doing in response?

- We already had a clear strategy to invest in our digital offering, but Covid-19 accelerated our transformation to a truly digital-first business. Our work in this area has been very successful with digital orders now accounting for 91.2% of our business
- In line with our capital allocation framework we will continue to invest in our digital offering to further enhance the customer experience
- Our insights show that value for money is the most important consideration for our customers. In 2022 we will be well placed to address this need through national price campaigns, which we can now do following the resolution with our franchisees
- Turbo-charging our collections business is one of our core objectives. We will also focus on raising awareness of the collection channel and continue to roll-out in-car collection
- Our Covid-19 measures led to the transition of our stores to become cashless, a trend which we expect to continue after the pandemic

Customer tastes and healthy eating trends

- There is a continued increase in the number of people looking for plant-based, meat-free and gluten-free alternatives
- Customers are prioritising health, wellness and fitness particularly as we emerge from two years of a pandemic where obesity was a co-morbidity factor
- There is a renewed government focus on obesity, particularly centred on marketing and promotions of high fat, sugar and salt food ('HFSS')

Cost inflation

This market trend impacts both our business model and, to a greater extent, that of our franchisees.

- The increase in demand for delivery drivers and the increases in National Living Wage all continue to cause labour cost inflation and challenges around labour availability
- Food costs can be negatively impacted by general cost price inflation, foreign exchange movements and other market pressures such as poor harvests

What are we doing in response?

- We take pride in the quality and consistency of our product
- Under new leadership, we are re-invigorating our food innovation for pizza and non-pizza products
- In 2021 we expanded our vegan-friendly pizza range, with the launch of The Chick'Aint and Vegan Nuggets which have been highly successful in acquiring new customers
- In 2022 we have kicked off the year with Vegan PepperonAY, proving very popular with vegans and flexitarians
- We are investigating the practicality of using plant-based alternatives to some of our meat-based toppings
- We continue to ensure we provide customers with clear nutritional information regarding our products to enable them to make informed choices
- We regularly engage with the UK Government to provide our views on the wider debates regarding obesity and the possible approaches to addressing the issue

What are we doing in response?

- We have significant scale and buying power through our SCC and work closely with our supplier base to ensure food prices are mitigated wherever possible. For the majority of the products we buy we have dual suppliers
- We will continue to work with franchisees and in our own corporate stores to improve labour efficiency and optimise pricing strategies
- Our focus on the collection market as a growth opportunity for the system also improves labour efficiency, as collection does not require a delivery driver to take the order to a customer's house
- Our store economics are better than most operators in the QSR sector, with low opening costs, high sales, flexibility in labour costs and low rents
- In 2022 we have a strong value message which will be communicated to consumers

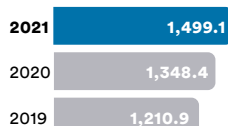
KEY PERFORMANCE INDICATORS

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

UK & Ireland system sales

£1,499.1m

2020: £1,348.4m



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. Following the resolution with franchisees, the Group has a new target of delivering at least £1.9bn of system sales in the medium-term.

Performance in 2021

+ 11.2%

LFL sales growth was driven, predominantly by price, as opposed to volume, continuing the trend seen in recent years. In the first half, the like-for-like figure was distorted by the lower VAT rate, which boosts the like-for-like but doesn't result in significantly higher profits for our business.

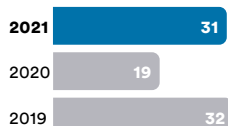
Link to Strategy



UK & Ireland new store openings

31

2020: 19



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. Following the resolution with franchisees, the Group has a new target of delivering in excess of 200 new store openings in the medium-term.

Performance in 2021

+ 31 stores

The Group was able to accelerate the pace of new store openings in 2021 as a result of the new store incentive scheme outlined in the Chief Executive Officer's report on page 9. As a result of the franchisee resolution, the Group is now targeting at least 45 new store openings per annum over the next three years.

Link to Strategy



UK & Ireland delivered on time

76.5%

2020: 79.5%



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 2021

- 300 bps

76.5% of pizzas delivered on time remains industry leading, our service in 2021 was impacted by significant demand pressures during the Covid-19 lockdown and also some labour availability issues in the second half of the year. We are resolutely focussed on improving our performance in 2022.

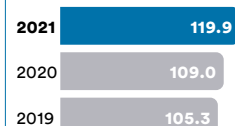
Link to Strategy



Underlying EBIT

£119.9m

2020: £109.0m



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, and includes the impact of IFRS 16 which increases EBIT by £1.0m in 2021.

Performance in 2021

+ 10.0%

During the year we recorded strong system sales growth and Covid-19 related costs were significantly lower compared to the prior year.

Link to Strategy



Strategy Key



Nobody delivers like Domino's



Turbo-charge our collection business



Amplify our product quality & value



Uphold our industry-leading economics

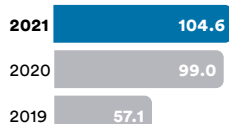


Model excellence as a franchisor

Free cash flow

£104.6m

2020: £99.0m



Description

Free cash flow is our main cash performance metric, and gives an indication of the cash generated from our trading activities. The comparative figures have been re-stated to exclude capital expenditure, which is now considered as a use of free cash flow in the current period.

Performance in 2021

+ £5.6m

The increase in free cash flow is driven by increased EBITDA and demonstrates our continued ability to convert earnings to strong cash generation. We then apply our capital allocation framework to cash generated in the year. See more details on page 10.

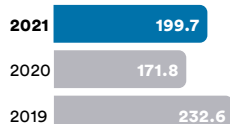
Link to Strategy



Net debt

£199.7m

2020: £171.8m



Description

Group net debt is a liquidity metric and is calculated by subtracting the cash and cash equivalents from our total debt. As discussed in the Financial Review review on page 55, our capital allocation framework aims for normalised Net Debt to Underlying EBITDA leverage of 1.5x–2.5x.

Performance in 2021

+ £27.9m

In line with our guidance, net debt increased by £27.9m during the year, as increased free cash flow was offset with increased returns to investors through increased dividend payments and the share buyback programme announced in March and August 2021.

Link to Strategy



Underlying diluted earnings per share

20.2p

2020: 18.1p



Description

Diluted underlying EPS represents the net profit attributable to each share, after taking into account tax and net finance costs, and the change in the number of shares from year to year. It excludes one-off or non-recurring items.

Performance in 2021

+ 2.1p

Continued growth in underlying diluted EPS given trading performance during the year.

Link to Strategy



Dividend per share

9.80p

2020: 9.10p



Description

Our asset-light business is highly cash generative, and in the current year we have developed a capital allocation framework to maximise shareholder returns.

Performance in 2021

+ 7.7%

Final dividend proposed of 9.8p, together with share buyback executed of £80m, representing the first year of our new capital allocation framework.

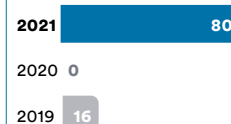
Link to Strategy



Share buybacks

£80m

2020: £0m



Description

Our asset-light business is highly cash generative. As part of the capital allocation framework we will return surplus cash to shareholders.

Performance in 2021

£80m returned

£80.0m shares repurchased in the year, representing 4.5% of the issued share capital.

Link to Strategy



SECTION 172 OF THE UK'S COMPANIES ACT

The Board continues to maintain high governance standards and make long-term decisions for the benefit of the Company and its stakeholders.

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/she 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; and
- the 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 Chair, 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 of relevant decisions taken include; approving the terms of the resolution reached with UK based franchisees; returning cash to shareholders through a combination of dividends and share buy-backs; appointments to the Board and changes to the composition of Board Committees.

EMPLOYEES

Stella David was appointed as the designated non-executive Director for the purposes of workforce engagement. Details of the Board workforce engagement programme are shown on page 85. The Board receives regular updates on matters relating to its workforce including reports, feedback from 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) considered; development of the Group's strategy and the relationship with the Group's franchisees; decisions regarding the development of the Group's purpose and values; the safety, wellbeing and ongoing support for colleagues during the Covid-19 pandemic in our Supply Chain Centres, Corporate Stores, Support Offices and those working remotely; and remuneration and reward including the structure of incentive arrangements.

CUSTOMERS

The Group's customer base primarily comprises its franchisees and consumers. The Chief Executive Officer, Chief Financial Officer and other members of the Executive Leadership team have regular contact with franchisees as this 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 decisions regarding strategic development; investment in eCommerce and information technology; the provision of additional support and guidance to enable franchisees to operate safely throughout the Covid-19 pandemic and to support their day-to-day operational issues.

As a consumer brand we welcome and reflect on the views of our end customers. The Group undertakes regular surveys to establish consumer views on brand perception, marketing campaigns, product development, product quality, service levels and perception of value for money. These views are reflected in decisions on the Group's strategy, the introduction of new product ranges and operational matters, to ensure that we have been able to serve customers safely during the Covid-19 pandemic.

COMMUNITY AND ENVIRONMENT

We recognise that the business has a role in contributing to wider society. The Board encourages the fundraising efforts of the Group and franchisee community for Teenage Cancer Trust, Barretstown and the many other local initiatives supported by the Group. In 2020, we launched the Domino's Partners Foundation, a charity focused on supporting our Group and franchisee colleagues across our operations in the UK and Ireland. During the year, the Board established a new Sustainability Committee to provide additional focus on the Group's approach to all aspects of sustainability. The Board reviews its Environmental Policy annually, which has been revised and updated to incorporate the Group's commitment to science-based carbon-reduction targets and to the Group to achieving Net Zero by 2050.

**WE GOT
THIS** 



ENGAGING WITH OUR STAKEHOLDERS AND WORKFORCE

Our stakeholders are integral to the long-term success of the business. We are committed to a process of continual improvement of our engagement processes.

	Our stakeholders	Communities	Consumers
	Why they matter	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.	With increasing numbers of competitors and changing consumer tastes, understanding the needs of our customers allows us to continually improve our service, products and experience.
	How we engage	Local and national charity fundraising and community initiatives. Local council engagement. Food bank donations. Digital platforms and social media used to share information.	We obtain customer feedback through a variety of channels to ensure we keep improving the customer experience and stay abreast of their expectations. Our Feed Us Back programme, in which customers who provide us with a valid email address are invited to complete a survey, remains our biggest customer satisfaction programme. The questionnaire focuses on six key measures and metrics, relating to overall satisfaction, value, timeliness, taste, accuracy and appearance of food. We also engage through consumer taste panels, bespoke surveys and research panels.
	Issues raised	Local communities expect the Company to operate safely and sustainably. We have been approached directly and via social media on the safety measures deployed in our supply chain centres to allow them to remain open and operate safely during Covid-19. We receive queries on our approach to maintaining animal welfare standards and tackling food poverty.	In 2021, consumers raised queries on our plans to extend the product range to include vegan-friendly options. We also had requests for product items that had temporarily been removed due to Covid-19 related operational requirements to be re-introduced to the menu and for the Company to consider adding product options for the Christmas festive period. During the period of Covid-19 restrictions, customers asked how we could offer collection facilities in a safe and secure manner.
	How we responded	We have engaged directly with members of the public and local MPs to explain the working practices in place during the Covid-19 pandemic. We have worked closely with our primary authority in Milton Keynes which has provided assured advice on the Covid-19 related safety measures to be implemented on our sites. Our management of environmental, social or governance ('ESG') and sustainability includes maintaining high animal welfare standards and partnering with Fareshare to help tackle food poverty.	The Company has expanded its product range to include vegan-friendly options and started the process of reintroducing menu options suspended during 2020. The Company also added festive product lines in November 2021. In-car collection was launched in 2021 to allow customers to collect from our stores safely and securely.

* For further details on our Colleague Forums, see page 85 on workforce engagement.

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 34.

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 fulfil their potential.

Our colleague engagement mechanisms comprise various communication channels including annual engagement surveys, All Colleague Meetings held every six weeks, and the 'Share a Voice' colleague forums. Further details on the forums can be found in the workforce engagement section on page 85.

As with 2020, ongoing communications with colleagues in 2021 was heavily weighted towards our working arrangements around the risks posed by Covid-19 and arrangements to return to the office. Colleagues also raised questions about pay and benefits and the Company's response to securing HGV drivers to meet operational needs in the latter part of 2021.

Management has maintained regular dialogue with colleagues on Covid-19 operational controls, which were adopted to maintain their safety and the operational efficiency of our supply chain centres. Office-based colleagues will return to the office in 2022 with hybrid working patterns being offered. Pay and conditions for colleagues were benchmarked to ensure that they remain fair and competitive and a range of benefits offered to secure additional HGV drivers.

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 custodians of the Domino's brand at store-level and it is 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 franchisee community is integral to our business model. There is regular contact with franchisees by the Chief Executive Officer and the Executive 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.

There is ongoing dialogue with franchisees on store level profitability and the support provided by the Company, including how to improve labour-efficiency and cost-management. Franchisees have engaged with management on strategic development, the ongoing franchisee/franchisor relationship, marketing activity, new product development and IT/eCommerce development. There has been close cooperation with franchisees on the operational standards required to maintain safe working arrangements throughout the Covid-19 pandemic.

The Company has engaged with the Domino's Franchise Association to develop a package of proposals that would create a collaborative and growth-oriented relationship between the Company and franchisees, and accelerate both near-term and long-term growth in the business. The proposals were overwhelmingly supported by the UK franchisees and announced on 16 December 2021. Further details are included on pages 8 to 9.

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.

During the year shareholders have questions about Directors' remuneration, the franchisee/franchisor dispute, the application of our capital allocation framework, the Group's response to climate change and approach to sustainability more generally, and a range of strategic and operational matters.

The Board considered, and took account of, shareholder views in reaching the resolution with franchisees in December 2021 and in the application of its capital allocation philosophy during the year. The Board has also increased its focus on climate change and sustainability, establishing a new Board committee to provide oversight of sustainability and introducing ESG measures into the remuneration policy. The Remuneration Committee consulted with shareholders on remuneration during 2021 and again in January 2022.

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.

Engagement with our suppliers is through a combination of organised events (e.g. annual supplier conference), periodic performance/commercial reviews conducted by our procurement teams and supplier assurance function.

The relationship with our suppliers is commercially focused and yet very collaborative. We have continued to work closely with our suppliers to maintain 100% availability of the products supplied to stores during a period of supply chain pressure faced by many businesses and an increasingly inflationary environment. Due to Covid-19, we have not been able to hold some of the organised events typically held in our annual calendar which would ordinarily provide suppliers the opportunity to meet management in person.

We are re-introducing our pattern of organised supplier events as soon as possible and plan to undertake a formal supplier engagement survey in early 2022.

**AS A BUSINESS THAT
STRIVES TO HAVE A
POSITIVE IMPACT
WHEREVER WE OPERATE,
OUR APPROACH
TO SUSTAINABILITY
CONTINUES TO GROW
AND EVOLVE**



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	<ul style="list-style-type: none"> • Environmental policy 	 See page 42
Employees	<ul style="list-style-type: none"> • 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 	 See pages 41 and 117
Social matters	<ul style="list-style-type: none"> • Charity guidelines • Matched-giving guidelines 	 See page 50
Respect for human rights	<ul style="list-style-type: none"> • Data Protection Policy • Modern Slavery Statement • Human Rights Policy • Supplier Technical Manual 	 See pages 47 and 48
Anti-corruption and bribery matters	<ul style="list-style-type: none"> • Anti-Bribery and Corruption Policy • Risk Management Policy • Criminal Finances Act Policy • Whistleblowing Policy 	 See page 40
Description of the business model		 See page 16
Principal risks and impact of business activity		 See pages 59 to 68
Non-financial key performance indicators		 See page 32

OUR MATERIAL SUSTAINABILITY ISSUES

CORPORATE GOVERNANCE

This comprises Board composition, remuneration, and the integration of sustainability criteria into decision-making.

OUR PEOPLE

How we attract, develop, and retain the best people from a diverse talent pool while maintaining high labour standards.

ENVIRONMENTAL PERFORMANCE

Particularly as it relates to waste minimisation, climate change, and carbon reduction.

RESPONSIBLE SUPPLY CHAIN MANAGEMENT

As it relates to social and environmental impacts in our up and downstream extended operations.

CUSTOMER WELFARE

Pertaining to product safety and quality as well as health and nutrition.

The five material issues above are far from our only responsible business priorities but they appear consistently at the top of the agenda when we engage with our internal and external stakeholders. As such, they form the foundation of our Group sustainability approach, which is subject to ongoing reviews and continuous development.

Our business model relies on long-term, trusted partnerships with franchisees, business partners, and suppliers, making our management of sustainability performance more complex than in many otherwise comparable organisations. Where we exercise partial or indirect control, for example with franchisees, we encourage sustainable behaviour by setting and promoting policies that create a strong foundation for action. These frameworks are implemented across our corporate stores and Supply Chain Centres ('SCC'), as well as by our franchisees and supply chain partners.

CORPORATE GOVERNANCE

The Board holds responsibility for embedding sustainable business practices across our operations.

The Board and its committees oversee our sustainability efforts, set strategic and financial objectives, implement robust risk management frameworks, and establish the ethical standards we abide by.

In recent years, we have created working groups in key sustainability areas, bringing together experts and those with functional responsibilities who meet regularly to identify key actions and develop our approach.

We ensure our commercial partners adhere to agreed standards through a programme of audits and other forms of assessments. While we provide guidance, support, and tools on key processes and policies for franchisees, they operate their teams independently and are responsible for their own policies and day-to-day business.

Our corporate governance structure and activities are described in more detail

→ See page 76

ANTI-BRIBERY AND CORRUPTION

Our Anti-Bribery and Corruption Policy is shared with all new suppliers and those undergoing a contract review. If any supplier were to act in contravention of the standards of this policy, their contracts with Domino's could be terminated immediately. 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.

WHISTLEBLOWING

In 2021, our Speak Up Policy was re-approved by the Board, following a re-launch in 2020 to remove references to the term 'whistleblowing'. The Speak Up Policy encourages colleagues and third parties to report any genuine concerns regarding ethical misconduct and malpractice. It also emphasises the Company's zero-tolerance

approach to detrimental treatment against anyone who does raise concerns. We remain committed to conducting business in an environment of openness and transparency with integrity engrained in everything we do. No reports relevant to the Speak Up Policy were received in 2021.

During 2021, all UK and Ireland employees were invited to anonymously share their views in relation to Speaking Up. The purpose of the survey was to assess colleagues' perceptions of the Speak Up procedures hotline facility and to determine if there are reasons for the Company receiving few whistleblowing reports. An area of focus for 2022 is to increase awareness of the Speak Up hotline within the workforce.

We continue to provide access to an independent, confidential reporting hotline available 24 hours, 7 days a week to ensure that any matters of ethical concern receive an independent investigation and appropriate follow-up action.

SUSTAINABILITY ACCOUNTING STANDARDS BOARD ('SASB')

In 2021 we made our first report against the SASB framework. The SASB framework helps businesses identify, manage and report on financial aspects of sustainability consistently and transparently.

CASE STUDY

SUSTAINABILITY GOVERNANCE STRUCTURE

In 2021, we developed our approach to sustainability governance. In addition to the working groups that had previously been established, a Sustainability Steering Group, chaired by the Chief Executive was created. Members of the Leadership Team with responsibility for sustainability matters are also members. Further to this, we are pleased to announce a Board Sustainability Committee has been established, giving additional oversight of the Group's material Sustainability matters.



OUR PEOPLE

We believe that when our colleagues thrive, we thrive. We promote open and honest communication within the business and provide support to enable our colleagues to develop, grow, and achieve their potential.

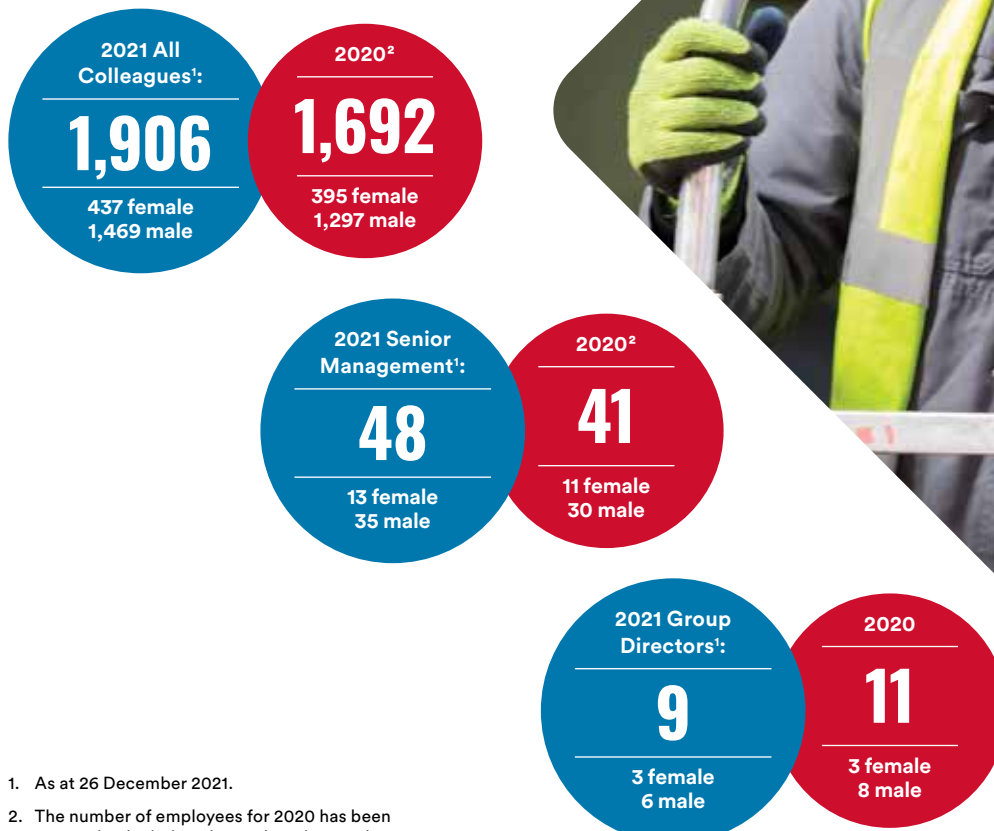
PROMOTING DIVERSITY AND INCLUSION

The business has a strong commitment to creating a diverse and inclusive working environment, and a culture where every colleague feels welcome and empowered. We believe in the benefits of bringing a wide range of skills, experience, and perspectives into our business. We do not condone any type of bullying, harassment, or discrimination in the workplace.

We made progress on our diversity targets in 2021, at both at Board level and within our senior management. In early 2021 we published diversity targets for the business which included a commitment to reach, and exceed, the targets set out in the Hampton-Alexander and Parker Reviews. We achieved our goal of 33% female Board representation during 2021 with a target to increase female Board presentation to 40% by the end of 2025. We will maintain at least one Board member from Black, Asian and Minority Ethnic ('BAME') backgrounds, increasing

to two Board members from BAME backgrounds by 2025. 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.

We also set targets to increase the diversity in our senior management team and are working towards 36% of senior roles being held by female executives by 2022, rising to 44% by 2025, and for 6% of senior roles to be held by BAME executives by 2022, rising to 12% by 2025. We are continuing to invest in our people through various career development initiatives including programmes such as 'Stepping into Leadership'.



1. As at 26 December 2021.

2. The number of employees for 2020 has been restated to include only continued operations.



ENVIRONMENTAL PERFORMANCE

We continue to develop oversight, analysis and initiatives to minimise the impact our operations have on the environment.



Climate change

We have set science-based emission-reduction targets ('SBT') to reduce our greenhouse gas ('GHG') emissions in line with the Paris Agreement to limit global warming to 1.5 °C. This target will cover our own emissions and those arising from our supply chain activities, as well as committing to Net Zero.



Food waste

Minimising waste from our SCCs and corporate stores, and providing franchisees with the tools to do so. Where it is not possible to avoid surplus food, we will ensure it is distributed to those who need it the most or is used in purposeful ways.



Packaging waste

Reviewing the upstream and downstream impacts of our packaging to ensure they are as low-impact as they can be across their lifecycle as well as minimising our single-use plastic footprint.



Partnerships

Ensuring we learn from others and share environmental lessons by joining sector collaborations and initiatives, and by disclosing our impacts more transparently. We are progressing our approach to reporting against the Task Force on Climate-Related Financial Disclosures ('TCFD') recommendations, as well as those of SASB.

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.

WASTE

As a business, we dedicate time and resource to reducing our waste footprint. We have a longstanding objective to achieve zero waste to landfill, operationalised in our commitment to minimise waste, increase the proportion of waste that is recycled or recovered, switching to more sustainable materials and helping customers recycle. We are continuously working to increase the quantity of recyclable materials that we use, whilst ensuring we maintain our food safety and quality standards.

In 2021, Domino's created 21,312 tonnes of packaging waste from our operations across the UK and Ireland, including both transit packaging and customer packaging. The packaging was made up of cardboard (92%) and plastic (7.5%), with minor uses of steel, aluminium and wood. Our pizza boxes are made from 70% recycled materials, with the remaining 30%

being Kraft, Forest Stewardship Council ('FSC') certified. They also remain 100% recyclable. The Kraft material is required for the food contact part of the box.

During the year, our five SCCs produced 6,303 tonnes of waste and the corporate stores a total of 345 tonnes. Out of the total 6,648 tonnes of waste, the vast majority was recycled (87.5%) with small proportions being recovered in different ways (10.5%) and even smaller proportions being sent to landfill (2%).

We believe in learning from our peers and working through partnerships, so we continue to engage with organisations and initiatives such as 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 and minimisation of our waste.

Domino's expects all suppliers to rethink use of single use plastics within their businesses to minimise and where possible eliminate their use. Domino's encourages all suppliers to adopt the REDUCE – REUSE – RECYCLE philosophy when identifying what packaging to utilise. In 2022 we will continue to work with our suppliers to remove as much packaging as possible before goods are delivered to our SCCs.

Within our own operations, in 2022 we are trialling using re-usable packaging for some of our key bulk-order product lines which we hope will further reduce the use of cardboard in our deliveries.



GREENHOUSE GAS EMISSIONS

GHG emissions are our most material environmental impact. They stem from the energy used in our SCCs, stores and support offices, the transportation we use within our operations (direct Scope 1 and 2 emissions) as well as waste, our agricultural supply chains, the transport and distribution of ingredients and products, and emissions from our franchisees (Scope 3 emissions). Together, they contribute to climate change which in turn represents one of the greatest challenges of our time. Solving the challenge is not only a moral imperative but also built into the expectations of what it means to be a responsible company. A growing list of stakeholders, including investors, regulators, and our employees, have made it clear that environmental sustainability must continue to be regarded as a priority.

2021 marks the ninth year of reporting on our GHG emissions and we have collected more actual data than ever before to better track and understand our emissions, as well as analysing the data to identify where we can make improvements. To ensure accurate year-on-year comparisons of our performance, we have restated

our 2020 balances in line with the restatement policy as outlined in our Greenhouse Gas Emissions Data Reporting Principles and Methodologies document ('Methodology Document'). The restatement was required as we made updates to our calculation methodology during the year.

In addition to our own internal processes and governance, Domino's Pizza Group has commissioned independent third-party assurance on selected metrics. PricewaterhouseCoopers LLP ('PwC') carried out a limited assurance engagement on selected GHG emissions data for the year ending 31 December 2021 in accordance with International Standard on Assurance Engagements 3000 (revised) and 3410, issued by the International Auditing and Assurance Standards Board. A copy of PwC's report and our Methodology Document is on our website <https://corporate.dominos.co.uk/Limited-emissions-assurance>. The figures that have been covered by this assurance process are indicated in the table below by the following symbol: ▲

GREENHOUSE GAS EMISSIONS SUMMARY FOR 2021¹

Our reporting period for GHG emissions reflects the 2021 calendar year, from 1 January to 31 December.

	Tonnes of CO ₂ e – All operations		Tonnes of CO ₂ e – UK only	
	2021	2020 ¹	2021	2020 ¹
Total CO ₂ e emissions (market-based)	17,044	N/A	15,888	N/A
Total CO ₂ e emissions (location-based)	16,753	15,188	15,257	13,922
Scope 1	12,948 ▲	11,344	11,792	10,319
Scope 2 (location-based)	3,805 ▲	3,844	3,465	3,603
Scope 2 (market-based)	4,096	N/A	4,096	N/A
tCO ₂ e per tonnes of dough produced (location-based)	0.34 ▲	0.34	0.33	0.33
Total energy consumption (MWh)	73,289	63,641	67,313	58,413

1. To ensure an accurate year-on-year comparison of our performance, we have restated our 2020 balances in line with the restatement policy as outlined in our Methodology Document. The restatement was required as we made updates to our calculation Methodology Document during the year.
2. We have adopted the operational control approach to calculating our emissions and have used a combination of Defra and SEA of Ireland emission factors to calculate our carbon emissions across our footprint. For specific details on how we report our GHG emissions please refer to our Methodology Document on the Domino's website <https://corporate.dominos.co.uk/Limited-emissions-assurance>.

Domino's Pizza Group has estimated its Scope 3 in accordance with the Greenhouse Gas Protocol Corporate Standard using a screening methodology. The screening methodology has reviewed all 15 potential categories as defined in Greenhouse Gas Protocol and has modelled seven categories (including category 1 – Purchased Goods & Services; and category 12 – End-of-Life Treatment of Sold Products) which are deemed to be the most material to the Group's operations. For 2021, the estimated Scope 3 emissions for all operations amounted to 510,253 tonnes of CO₂e.

ANALYSIS

Total location-based CO₂e emissions in the UK have risen by 9.6% compared to last year. The opening of the Cambuslang Supply Chain Centre, which started production in March 2021 accounts for the majority of the increase. Stores which are now being serviced by Cambuslang were previously serviced by a third-party for deliveries and would have therefore previously formed part of our Scope 3 emissions. The remaining proportion of the increase is largely due to increased volumes produced during the year, linked to increased sales. Total location-based CO₂e emissions across all operations have increased by 10.3% for the same reasons.

ENERGY REDUCTION MEASURES

Following successful pilot programmes, in 2021 we began fitting our trailers with upgraded fridge technology, running on electricity rather than independent diesel engines. 76% of our trailers will have this technology, which not only reduces GHG emissions but also noise levels. We are also considering other more energy-efficient ways to power our delivery fleet, including reviewing alternative fuel options and undertaking a trial of electric trailers and vans.

SUSTAINABILITY CONTINUED

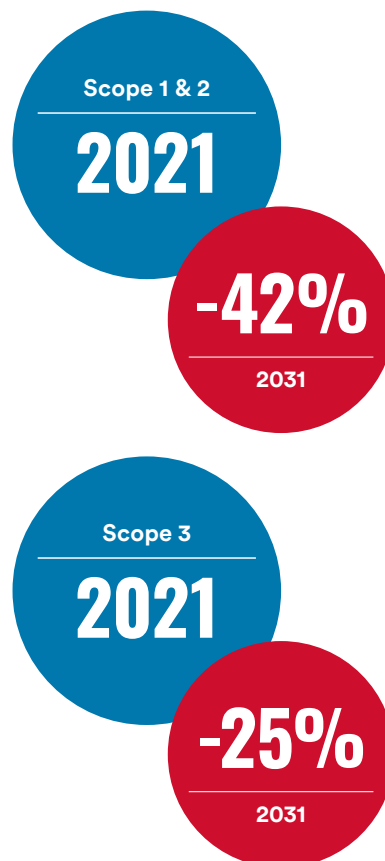
CDP

As with previous years, in 2021 we completed the CDP climate assessment, obtaining an overall score of C. The CDP questionnaire is a voluntary energy and carbon rating exercise, requested by investors and other financial stakeholders. The C score indicates a solid performance at the 'Awareness' level – in line with our industry peers, and maintained from 2020. With the increased focus on governance around climate change, commitments to SBT and the steps we will be taking to Net Zero, we anticipate that the Group climate change score will improve. In 2022, the Group will now be completing the CDP forest assessment.

SCIENCE-BASED TARGETS INITIATIVE ('SBTi')

In 2021, we committed to a set of science-based targets through the SBTi. This requires that carbon reduction plans are submitted for validation within 24 months of a commitment being made. Our formal submission to SBTi has been made and the validation process will begin in 2022. Our submission sets out the Company's planned approach to reduce Scope 1 and Scope 2 emissions by 42% by 2031, and Scope 3 emissions by 25% by 2031. The Company will report on progress against the targets on an annual basis.

SCIENCE-BASED EMISSIONS REDUCTION TARGETS



CASE STUDY

FOOD BASKET INITIATIVE

In 2021 we embedded the use of returnable food baskets for a number of products being delivered into stores and SCCs in the UK. The food basket initiative will vastly reduce the use of cardboard boxes in our supply chain. The table below shows the estimated benefit from using food baskets in 2021 across our UK sites:

Supply Chain Centre	Cardboard removed from supply chain (kg)	Cardboard recycled at SCCs and not sent to stores (kg)
Cambuslang	17,284	90,847
Milton Keynes	86,367	51,525
Warrington	49,668	169,105
Total	153,319	311,477

Within our own operations, in 2022 we are trialing using reusable packaging for some of our key bulk-order product lines which we hope will further reduce the use of cardboard in our deliveries.

TCFD

The Board is committed to full implementation of the reporting recommendations of the TCFD.

The Company is required to implement the reporting recommendations of TCFD (as set out in Listing Rule LR 9.8.6R) for the accounting period starting on 27 December 2021. The Company is opting to report earlier than required as our increased focus on climate change is consistent with our purpose and values and we are aiming to align with best practice as quickly as possible. We reported in last year's Annual Report that we would be implementing the reporting requirements of TCFD over a two-year period. We have chosen to adopt a phased approach as we are in a transition phase and are not yet in position to report fully against each of the TCFD recommended disclosures relating to strategy and metrics & targets. We are working towards completing the necessary analysis and modelling to enable full disclosure in the 2022 Annual Report. In the table below, we have set out details of our progress in implementing the TCFD reporting recommendations.

On page 46 we have summarised the Group's ongoing work programme, set against the core elements of the TCFD reporting guidelines. We are developing our plans to become Net Zero by 2050 and plan to share details of our pathway to Net Zero during 2022.

Governance	Strategy	Risk Management	Metric and Targets
Disclose the organisation's governance around climate related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	Disclose how the organisation identifies, assesses, and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.
Recommended Disclosures	Recommended Disclosures	Recommended Disclosures	Recommended Disclosures
a) Describe the Board's oversight of climate-related risks and opportunities. <i>Included in 2021 disclosure</i>	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term. <i>Included in 2021 disclosure</i>	a) Describe the organisation's processes for identifying and assessing climate-related risks. <i>Included in 2021 disclosure</i>	a) Disclose the metrics used by the organisation to assess climate related risks and opportunities in line with its strategy and risk management process. <i>To be developed and reported in the 2022 Annual Report</i>
b) Describe management's role in assessing and managing climate-related risks and opportunities. <i>Included in 2021 disclosure</i>	b) Describe the impact of climate related risks and opportunities on the organisation's businesses, strategy, and financial planning. <i>To be developed and reported in the 2022 Annual Report</i>	b) Describe the organisation's processes for managing climate-related risks. <i>Included in 2021 disclosure</i>	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. <i>Included in the 2021 Annual Report</i>
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. <i>To be developed and reported in the 2022 Annual Report</i>	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management. <i>Included in 2021 disclosure</i>	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets. <i>To be developed and reported in the 2022 Annual Report</i>

SUSTAINABILITY CONTINUED

GOVERNANCE

Disclose the organisation's governance around climate-related risks and opportunities

- In 2021 we established the Sustainability Committee, a principal committee of the Board, which oversees the Group's approach to managing climate-related risks and opportunities. Climate-related risks and opportunities are discussed at Board meetings, e.g. as they relate to supply chain impacts, and current and emerging regulation
- Day-to-day responsibility for running the business, including climate change issues, rests with the Chief Executive. The Chief Executive Officer chairs the Group's Sustainability Steering Group which comprises of executives across the Group with responsibility for managing the Group's sustainability initiatives, including climate-related initiatives
- The Supply Chain Director has responsibility for operational delivery of climate change initiatives, as the supply chain has the most impacted environmental matters, e.g. fleet and energy procurement. The Chief Marketing Officer is responsible for communication on these issues, and has overall responsibility for corporate communication and reputational management. Both of these positions report to the Chief Executive
- The Company Secretary briefs the Board on climate-related issues, and any issues raised are monitored via our risk assessment process
- Climate-related working groups, bringing together functional leads and experts from across the business, are working on initiatives linked to our SBT and pathway to Net Zero. This approach is similar to arrangements we have in place for other non-financial risks such as allergens and customer health. This approach will help us identify bottom-up risks and put in place actions

STRATEGY

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy, and financial planning where such information is material

- The Board monitors the impact of climate change risk and opportunities on the Group's strategy and business model. It considers the impact over the short (1-2 years), medium (2-5 years) and long (5-10 years) term, in line with other business planning horizons
- The physical risks associated with climate change are set out on page 66
- Policy and legal changes may impose costs on us, e.g. the introduction of a carbon tax or upgrading to low-carbon technologies across our fleet, SCCs and store estate. However, in the long run, we may benefit from operational cost savings as a result of electrification and reducing our overall energy bill
- Our plans for the future include continuing to identify climate-related risks whilst refining our regular risk management process as it relates to climate. In the year to come, we plan to develop our mechanisms to better identify and disclose climate-related opportunities. By 2023, we will have conducted and reported on potential future climate states and their likely impacts on our business

RISK MANAGEMENT

Disclose how the organisation identifies, assesses, and manages climate-related risks

- We review risks and opportunities on a quarterly basis as part of an extensive and well-established risk/opportunity management process. The results are reported to the Executive Leadership Team for review and action
- The Board is responsible for identifying the Group's principal risks and how they are being managed or mitigated. All risks are assessed using our bespoke 5 x 5 risk assessment matrix, which takes into account probability and likelihood and level of operational control. We have linked the risks to the pillars of our strategic plan and manage an active risk register. The risk register is reviewed by the Audit Committee on behalf of the Board which retains overall responsibility for risk management
- At a Company level, management considers the risks of climate change as they apply to DPG's stated strategy. This includes the potential costs and benefits of using lower carbon resources whether buildings, transport or otherwise
- At an asset level, each building owned, including the commissaries and the transportation method, is reviewed and considered in light of risks, including potential future regulatory risks. Opportunities for adopting best practice and the appropriateness for the business going forwards are also reviewed in order to be considered as leaders in the marketplace

METRICS & TARGETS

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material

- The Group manages and monitors its Scope 1 and Scope 2 GHG emissions and reports on these annually through the Streamlined Energy and Carbon Reporting ('SECR') requirements. We made public commitments to set a science-based emissions reduction target and to be Net Zero by 2050, which will set us on a path to reduce our emissions in line with the Paris Agreement goals
- As part of this commitment, we have expanded our reporting on Scope 3 emissions. Our science-based emissions-reduction targets have been submitted to SBTi for validation and details are set out on page 44

RESPONSIBLE SUPPLY CHAIN MANAGEMENT

We have a long history with our suppliers, with partnerships in some cases stretching back over 25 years. We work together to ensure that we are sourcing our products as safely and responsibly as we can.

Our supply chain partners and franchisees implement our approach; from delivering safe, legal and high-quality products, 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, as well as regular risk assessments and audits for existing suppliers and stores.

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, legal and high-quality production are met, all suppliers are vetted and frequently audited by our procurement and supplier assurance teams. Covid-19 travel restrictions meant we carried out physical audits where possible, and where travel was restricted, remote food safety audits were carried out. We audited 100% of food suppliers in 2021 through the new Supplier Assurance team. All members of the Supplier Assurance team completed additional training in ethical and responsible auditing, and further training is planned for 2022.

All suppliers, including third-party labour agencies and service providers are required to comply with our Supplier Code of Practice. The Supplier Code of Practice includes our Code of Conduct and Supplier Technical Manual, which covers what we expect of our supply chain partners. The Supplier Code of Practice is based on international standards and good practice, and is an extended version of the Ethical Trade Initiative's ('ETI') Base Code, in alignment with the Sedex Members Ethical Trade Audit ('SMETA') scheme.

We expect our suppliers to apply the principles of the ETI and relevant International Labour Organisation ('ILO') Standards and Conventions. We recognise the value in completing routine ethical audits as an effort to improve standards with regards to the ETI base code. Domino's is SEDEX-registered and recognises audits by the SEDEX Members' SMETA scheme, or Business Social Compliance Initiative ('BSCI') standard as valid.

In 2021 we updated our Responsible Sourcing policy and our Supplier Code of Practice to make our approach more dynamic. The updated policies were rolled out to all existing suppliers in September 2021. In 2022, we will continue to undertake risk-based SMETA audits of our suppliers.



RESPONSIBLE SUPPLY CHAIN MANAGEMENT CONTINUED

WORKING WITH SAFE, RESPONSIBLE INGREDIENTS

Our customers expect top quality from us, so ensuring all our ingredients are safe and responsibly-sourced is imperative. In 2021, NSF, an independent organisation providing audit and risk management services for public health and the environment, conducted over 1,202 food safety evaluations in stores with an average overall score of 93.4%.

Our processes require all core ingredients, pizza toppings, sides and desserts to be regularly tested by our internal quality panel against specifications agreed with suppliers. All ingredients are also sent, according to a risk assessed schedule, to an accredited third-party laboratory for microbiological and chemical analysis against agreed protocols and specifications. The product surveillance programme ran bi-weekly at the start of 2021 due to Covid-19 restrictions. This increased to weekly reviews, where possible to cover all products. Any issues identified were raised with the relevant supplier and re-tested. In total, surveillance testing was undertaken on 100% of available food products and 89% of all products during 2021, due to menu simplification as a result of Covid-19.

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.

Following an end-to-end risk assessment of allergen and vegan controls, in 2021 we have developed our vegan-friendly surveillance testing and completed nearly 100 tests across the range of vegan-friendly pizzas to validate the controls used in-store to minimise risk of cross-contamination. We aim to have no meat traces at all in our vegan products and take a zero-tolerance approach to non-compliance with our suppliers. We will not hesitate to terminate contracts with suppliers failing to meet our standards.

Since the relaunch of Gluten Free in June 2021, we have undertaken mystery-shopper testing and have sampled a total of 200 pizzas from different stores across the network, with all results confirming the Gluten Free pizzas are within legal tolerance levels to be labelled as gluten-free.

All stores have access to our Food Safety Management System, 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, and are required to take refresher courses annually.

93.4%

Average overall food safety evaluation score

ANIMAL WELFARE

In 2020, we developed a new approach to animal welfare which builds on our mission to do the right thing when it comes to animals in our supply chain. As part of this, we established an internal Animal Welfare Working Group with Executive Leadership Team sponsorship from the Group's Supply Chain Director to ensure our animal welfare standards and performance continue to progress. Our focus is on the ingredients that go into the products our customers love the most – cheese, pork, beef and chicken. As part of this, we have continued to work closely with Compassion in World Farming ('CIWF') to create a credible approach that resonates with all stakeholders.

CIWF also supported us in our engagement with the Business Benchmark for Animal Welfare ('BBFAW'). As at 26 December 2021, we maintained our Tier 3 grading in BBFAW's annual review of the world's largest food companies.

We procure ingredients on a global basis and all suppliers, irrespective of location, must be fully compliant with the requirements of our animal welfare policy and be able to demonstrate continuous improvement. We will continue to engage with suppliers to ensure our commitments to animal welfare are upheld.

We published an updated Animal Welfare Policy in July 2021 which clarified our approach and commitments to achieving the best standards of animal welfare throughout our supply chain. As a minimum, we expect all our suppliers to meet the 'five basic freedoms' principle as proposed by the Farm Animal Welfare Council ('FAWC') and outlined in Council Directive 95/58/EC:

- Freedom from hunger and thirst
- Freedom from discomfort
- Freedom from pain, injury and disease
- Freedom from fear and distress
- Freedom to express normal behaviour

We are proud to say that we use:



100%

cage-free for broiler chicken



100%

cage-free for liquid egg products



100%

Red Tractor approved and tether-free for dairy cattle

CUSTOMER WELFARE

As a customer-focused business, excellent service and quality are at the centre of our offering. We seek to inspire our customers through campaigns to promote choice and high-quality ingredients, charitable-giving and waste reduction while also engaging with them to ensure we continue to meet their needs.

As part of our commitment to the health of our customers, our health working 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. This consumer research has been integral to our new product pipeline and new innovations including the Vegan PepperonAY pizza which launched in January 2022.

ALLERGEN MANAGEMENT

In 2021, new food manufacturing standards were rolled out to all suppliers, including focus on cross-contamination and control of allergens at suppliers' premises. 100% of food product suppliers were audited against the standards across the year. We are working to standardise the collection of data, investigation, and response to the allergen-related complaints process, including investigation by the Technical Manager for Stores, working with all relevant parties to manage the end-to-end process. All customer feedback on our social media channels and reported via customer care will be included in the scope of root-cause investigations.

Furthermore, we plan to further review the store Food Safety Management System, aided by a multi-disciplinary Hazard Analysis and Critical Control Points ('HACCP') team, and provide clearer advice to stores on what is mandatory and what is guidance or best practice. Priority will be given to aspects of food safety over quality parameters.

We undertook a full review of our store HACCP and updated the store Food Safety Management System during 2021. We have more explicitly defined roles and where responsibilities lie and have worked in partnership with our primary authority to make sure it meets the requirements for a robust food safety system. A distinction has been made between food safety aspects and quality parameters to distinguish between our brand standards and operational procedures, which focus on consistency of quality.

In October 2021 Natasha's Law came into effect. Natasha's Law requires food outlets to provide full ingredient lists with clear allergen labelling on Pre-Packed for Direct Sale foods. We worked closely with our franchise partners to ensure they had appropriate levels of knowledge and processes in place to comply. All stores and franchise partners were issued with a briefing document allowing them to easily identify scenarios where Natasha's Law would apply.

PROMOTING HEALTHY EATING

Healthy eating is an important element of our product development approach. We are actively working on sugar reduction activities in line with recommendations in the Childhood Obesity Strategy and have submitted our data to benchmark overall reductions as a nation.

We continue to work with our suppliers to reduce the overall sugar content in our products. For example, we previously took the step to discontinue two of our dessert options as we were unable to reformulate these to meet government guidelines. Similarly, we work with our suppliers to reduce the amount of salt across our product range, with several new products in the final stages of consumer approval.

We continue with our pledges to not develop any products with hydrogenated vegetable oils and we do not allow any added trans fats in any of our ingredients. We recognise the effect that some artificial colours have on the hyperactivity of children and therefore we do not allow the use of any artificial colours. We do not allow the use of artificial flavour enhancers such as monosodium glutamate and all other flavour enhancers.

100%

of our food suppliers
were audited against our
new food manufacturing
standards



CUSTOMER WELFARE CONTINUED

OUR VEGAN OFFERING

We are conscious of the rapid rise in the number of people looking for plant-based, meat-free, and gluten-free alternatives as well as increased public-health awareness. To this effect, we are developing our menu to suit changing tastes and growing our vegan offering.

We launched the Chick-Ain't pizza and Vegan Nuggets in January 2021 which both received very positive feedback from consumers and the media. As of June 2021, all Vegan Friendly pizza orders are identified with an eye-catching purple sticker to minimize the chance of cross-contamination.

Customers can also get a vegan-friendly version of the iconic Garlic & Herb Dip with their pizza to complete the Domino's experience. In January 2022, we launched the Vegan PepperONAY in partnership with Unilever's The Vegetarian Butcher, simultaneously expanding the Vegan Friendly range and improving our quality credentials to our ingredient range.

We know it is possible to include pizza in a balanced diet and we remain committed to providing transparent nutritional information to enable our customers to make informed choices. We publish nutritional profiles for more than 1,000 combinations of pizzas on our website. From June 2021, we have included a simplified version of this information on our printed menus as part of our commitment to provide customers with the information they want.

We regularly conduct consumer focus groups on health to support the efforts of our health working group. The overriding message from these sessions is that our consumers are looking for choice and do not wish to compromise on the taste from our most-loved core products. Customers are able to choose the crust type, the cheese type and most importantly the size of the pizza they want. Options such as Personal size pizzas and Delight cheese allow for the creation of pizzas which are less than 650 kcals.

While Covid-19 posed operational challenges resulting in reduced menu availability across our stores, we were able to return most menu items across the country including the listing of a new Gluten Free pizza range in partnership with Dr Schar.

We do not proactively target children with any of our advertising. In all digital advertising where we can add age targeting, this is firmly set at 18+. Likewise, we do not proactively target children with any of our menu items.

MAINTAINING HIGH HYGIENE STANDARDS

We take hygiene and cleanliness extremely seriously. Our England, Wales and Northern Ireland stores are subject to the Food Hygiene Rating Scheme ('FHRS'). Under the FHRS, food businesses are given one of six ratings on a numerical scale from '5' (very good hygiene standards) to '0' (urgent improvement required). Popularly referred to as 'Scores on the Doors', the average score awarded to Domino's stores in 2021 was 4.95, based on 268 inspections. Any stores receiving a score below 4 will be subject to investigation and guidance for improvements will be shared as soon as possible. The cumulative FHRS ratings for 2021 puts Domino's in fifth place of 20 quick service restaurants, and in first place amongst pizza brands. 660 stores also qualified for the Elite scheme, which is awarded if the last three Environmental Health Officer visits were a 5-star rating.

In Scotland a 'pass/fail' system operated by the Food Hygiene Information Scheme ('FHIS') exists. In 2021, limited visits took place due to disruption caused by Covid-19. 100% of stores that were assessed received a pass rating.

There is no equivalent scheme in Ireland, however, we are audited by local Environmental Health Officers, and we continue to enforce our internal standards for food safety and hygiene.

THE PARTNERS FOUNDATION

Established in April 2020 during the Covid-19 pandemic, The Domino's UK & Ireland Partners Foundation was created to support our colleagues in times of hardship, crisis, or tragedy. The Foundation is an independent entity and was granted charity status in November 2020, it is overseen by an eight-person Board of Trustees made up of franchisees and Domino's colleagues. The Charity provides immediate financial assistance in the form of grants to all eligible Domino's team members.

2021 saw us celebrate the milestone of one year since we issued our first grant through the Foundation. From inception to the end of 2021, we granted £83k and supported 31 team members and colleagues in need.

We launched Payroll Giving to allow our support office colleagues to make direct contributions to the Partner's Foundation from their salaries. We are planning to expand this to our team members in our SCCs and stores in 2022. This will provide the Foundation with a source of income, which will enable us to continue our role of supporting our teams in future years.

We will continue to promote awareness of the Partners Foundation across all teams and audiences to further increase grant applications, simplify and digitalise the grant application process, and provide ongoing training for the Trustees of the Partners Foundation to further develop their understanding of their role.

SUPPORTING GOOD CAUSES

Whatever we do, we try to ensure our charities, and those they support, feel a part of the Domino's family.

2021 was a turbulent year for teenagers and young adults in the UK diagnosed with cancer, with the additional uncertainty caused by the Covid-19 pandemic. Domino's customers, colleagues and franchisees continued to be an invaluable source of income to Teenage Cancer Trust, and in 2021 we went on to raise a further £1m, bringing our 6-year partnership total to over £5.5m.

The commitment of colleagues and franchisees was unwavering, with multiple fundraising and awareness-raising initiatives taking place during the year. This included two huge charity treks, in-store charity deals, engagement at our two company-wide virtual events, supporting Teenage Cancer Trust's #NotOK campaign, and new skills-based volunteering opportunities. Domino's also facilitated pizza deliveries on the hospital wards and for outreach teams in the local community, as well as two huge pizza giveaways over February and the August Summer Bank Holiday, providing a huge boost for young people and staff.

We also partner with Barretstown in Ireland who offer free, specially designed camps and programmes for children and their families living with a serious illness – supported behind the scenes by 24-hour on-site medical and nursing care. Almost 100 young people, their families, and Barretstown colleagues enjoyed a pizza party at the Barretstown centre to celebrate Domino's 30th Birthday campaign in Ireland.

Our customers kept up their generous giving, rounding up their orders online and in-app with our partner, Pennies, a charity specialising in facilitating micro-donations via digital channels. Giving was again very high, with over £1 million by our customers over the course of 2021 for our supported charities.

£90k

Granted by the Partner's
Foundation since inception



**WE GOT
THIS** 

In 2021,
we raised a total
of over £1.2 million
for charity,
including:

+£1m

for Teenage Cancer
Trust

+£78k

for Pennies

+£26k

for Northern Ireland
Children's Hospice

+€63k

for Barretstown





£113.9m

Underlying profit
before tax



We are pleased to have delivered another strong financial performance in the year, with underlying EBIT growth supported by continuing strong free cash flow generation, and significantly increased statutory profit after tax following the disposal of the international operations.

David Surdeau
Interim Chief
Financial Officer

FINANCIAL HIGHLIGHTS

- Underlying profit before tax of £113.9m, up £12.7m, with net benefit of VAT and reduced covid-19 related costs of £3.8m (2020: Net cost of £5.4m)
- Statutory profit after tax of £78.3m, up from £39.7m, largely as a result of reduced loss from discontinued operations, down to £12.4m from £42.5m, as the disposal of the international operations was completed during the year
 - Free cash flow increased by £5.6m to £104.6m (2020: £99.0m)
- Overall net debt increased by £27.9m, largely as a result of the share buybacks of £80.0m and dividends paid of £56.0m partially offset cash inflows from disposals of £12.6m and the free cash flow generated of £104.6m
- Acquisition of 46% share for £6.6m in an associate operating 22 stores in Northern Ireland, in line with capital allocation framework of investing in additional growth opportunities and continuing to support our franchisees' growth plans
 - £46m share buyback programme, to commence imminently, in line with our capital allocation framework and commitment to distribute surplus capital to shareholders through a rolling share buyback programme
 - Total dividend for FY21 of 9.8p per share, with final dividend of 6.8p proposed to be paid on 10 May 2022

2021 RESULTS

	At 26 December 2021 £m Reported	At 27 December 2020 £m Reported
Group Revenue	560.8	505.1
UK & Ireland underlying EBIT before contribution of investments	106.8	98.2
Contribution of investments	8.1	6.1
UK & Ireland underlying EBIT	114.9	104.3
German associate contribution	5.0	4.7
Underlying EBIT	119.9	109.0
Underlying interest	(6.0)	(7.8)
Underlying profit before tax	113.9	101.2
Underlying tax charge	(20.5)	(16.9)
Underlying profit after tax	93.4	84.3
Non-underlying items	(2.7)	(2.1)
Profit after tax from continued operations	90.7	82.2
Loss from discontinued operations	(12.4)	(42.5)
Statutory profit after tax	78.3	39.7

We are pleased to have delivered another strong financial performance in the year. Underlying profit before tax is £113.9m, up £12.7m on last year, as a result of strong underlying trading, reduced Covid-19 related costs and benefit of the VAT rate reduction, together with strong system sales growth driving increased EBIT return. Overall statutory profit after tax is £78.3m, an increase of £38.6m on last year, as we completed the disposal of the remaining three international businesses, with reduced losses and impairments in the year.

GROUP REVENUE

Our key metric for measuring the revenue performance of the Group is system sales, rather than our Group revenue. System sales are the total sales to end customers through our network of stores, for both franchisee and corporate stores. Our Group revenue consists of food and non-food sales to franchisees, royalties paid by franchisees, contributions into the NAF and eCommerce Funds, rental income and end-customer sales in our corporate stores. Within our Group revenue, the volatility of food wholesale prices, together with the combination of different revenue items, means that analysis of margin generated by the Group is less comparable than an analysis based on system sales. We consider that system sales provide a useful alternative analysis over time of the health and growth of the business.

Like-for-like system sales across UK & Ireland grew by 10.9%, excluding split stores (9.8% including splits). Group revenue, consisting of directly generated UK & Ireland revenues, increased by 11.0% to £560.8m. Sales to franchisees and royalties increased by £36.2m due to the increase in overall system sales. Revenue recognised relating to the NAF and eCommerce Funds increased by £16.1m due to increased advertising spend over the period.

UNDERLYING EARNINGS BEFORE INTEREST AND TAXATION

Underlying earnings before interest and taxation was £119.9m, an increase of £10.9m on the prior year reported earnings of £109.0m. The overall benefit of the VAT rate reduction is £6.2m, (2020: £3.6m) and we incurred Covid-19 related costs of £2.4m (2020: £9.0m). This resulted in a net benefit relating to VAT and Covid-19 of £3.8m (2020: net cost of £5.4m). Excluding the impact of VAT and Covid-19 related costs, underlying earnings before interest and taxation increased by £1.7m. Covid-19 costs in FY21 primarily relate to supply chain costs in the early half of the year as we continued to deliver safely to our franchisees.

The contribution from our UK joint venture, associates and Shorecal investment increased by £2.0m to £8.1m (2020: £6.1m), due to an increase in our share of profit recognised from joint ventures and associates of £1.2m, and an increase in the year-on-year fair valuation uplift relating to Shorecal of £0.8m.

Our associate investment in Germany contributed £5.0m (2020: £4.7m), as the business continued to trade strongly with additional new store openings.

INTEREST

Net underlying finance costs in the period were £6.0m, a £1.8m decrease year-on-year, largely as a result of the decrease in interest paid under the revolving credit facility due to lower levels of gross borrowings, as drawdowns made in 2020 over the Covid-19 period were repaid.

Statutory net finance costs were £5.4m (2020: £7.5m) after non-underlying interest and foreign exchange gains relating to the Market Access Fee of £0.6m (2020: £0.3m).

TAXATION

The underlying effective tax rate for 2021 was 18.0% (2020: 16.7%), which is lower than the UK statutory rate due to the one-off impact of adjustments to prior year and the contribution of joint ventures, associates and investments. The statutory effective tax rate excluding discontinued operations is 17.3% (2020: 16.9%) due to the treatment of non-underlying charges.

FINANCIAL REVIEW CONTINUED

PROFIT AFTER TAX AND NON-UNDERLYING ITEMS

Underlying profit after tax from continuing operations was £93.4m, an increase from £84.3m in 2020. Net non-underlying items were £2.7m (2020: £2.1m). These costs are itemised in full in note 7 and are summarised below:

	52 weeks ended 26 December 2021 £m	52 weeks ended 27 December 2020 £m
Reversionary scheme	(2.2)	—
Legal and professional fees	(1.2)	(3.5)
Amortisation of London corporate stores	(1.1)	(1.1)
Market Access Fee revaluations	(0.3)	7.1
eCommerce asset impairment	—	(4.6)
German associate store conversion costs	—	(0.5)
Non-underlying interest charges	0.6	0.3
Tax impact of non-underlying items	1.5	0.2
Total non-underlying items after interest and taxation	(2.7)	(2.1)

- **Reversionary scheme:** A charge of £2.2m has been recorded in relation to the historical reversionary share scheme, relating to the tax treatment of employee options which vested during 2013 following continued correspondence with HMRC around the treatment of the historical awards.
- **Legal and professional fees:** Professional fees of £1.2m have been incurred (2020: £3.5m), of which £0.9m relates to professional fees associated with the development of our long-term strategy in the early part of the year, and £0.3m relating to further marketing costs for the disposal of our international operations.
- **Amortisation of London corporate stores:** During the period, amortisation of acquired intangibles of £1.1m (2020: £1.1m) was incurred in relation to the Standard Franchise Agreement ('SFA') recognised on the acquisition of the London corporate stores in 2017 and Have More Fun (London) Limited in 2018.
- **Market Access Fee revaluations:** A loss of £0.3m has been recorded following changes in fair valuation of the Market Access Fee relating to the German associate (2020: gain of £7.1m). The final instalment of the Market Access Fee is now receivable and therefore no further movements are expected

to be recorded. Interest and foreign exchange gains of £0.6m (2020: £0.3m) have been recorded in relation to the Market Access Fee.

- **Costs recorded in prior periods:** No further costs or income have been recorded in 2021 relating to e-Commerce asset impairment or store conversion costs in the German associate.

From 2022 onwards, we currently expect none of the above items will be classified as non-underlying, subject to any material provision changes or items which are considered significant enough to require separate disclosure, such as material profit or loss from business acquisitions or disposals.

DISCONTINUED OPERATIONS

The total loss recorded from discontinued operations was £12.4m (2020: £42.5m). This consists of a trading loss of £1.5m, reduced from £10.1m in 2020, interest and tax charges of £1.1m and overall loss on disposals of the international operations of £9.8m. The total loss from discontinued operations is set out below.

		2021		2020	
	Date of disposal	System sales	EBIT	System sales	EBIT
Iceland	31 May 2021	12.7	0.7	29.2	0.6
Switzerland	31 August 2021	16.8	0.1	22.1	(1.5)
Sweden	2 May 2021	2.9	(0.9)	8.2	(4.5)
Norway	22 May 2020	—	—	9.3	(3.3)
Central costs			(1.4)		(1.4)
Trading result from discontinued operations		32.4	(1.5)	68.8	(10.1)
Finance costs and taxation			(1.1)		1.0
Loss on disposal of Sweden			(0.4)		—
Loss on disposal of Iceland			(7.3)		—
Loss on disposal of Switzerland			(2.1)		—
Loss on disposal of Norway			—		(10.8)
International impairments			—		(22.6)
Total charge from discontinued operations			(12.4)		(42.5)

The loss on disposal of Iceland of £7.3m relates to the total consideration received on disposal of £12.9m, offset with the net assets disposed of £13.6m, professional fees of £0.5m and foreign exchange losses of £6.1m.

The loss on disposal of Sweden of £0.4m consists of the consideration paid to the purchaser of £2.8m, professional fees incurred of £0.4m, foreign exchange losses of £0.5m offset with the net liabilities disposed of £3.3m.

The loss on disposal of Switzerland of £2.1m consists of the consideration paid to the purchaser of £1.3m, professional fees incurred of £0.5m, net liabilities disposed of £1.0m and foreign exchange losses of £1.3m.

The foreign exchange losses represent the historical gains and losses built up on retranslation of the assets and liabilities of the foreign operation on consolidation from local currency to pounds sterling, which were recognised within the currency translation reserve from acquisition to disposal and presented in other comprehensive income. On disposal, these amounts are transferred from the currency translation reserve to the income statement and presented as part of the loss on disposal. The disposal of the international operations is now complete.

After inclusion of the loss from discontinued operations, the overall statutory profit for the period was £78.3m (2020: £39.7m).

EARNINGS PER SHARE

Underlying basic EPS increased to 20.3p from 18.2p largely as a result of the underlying profit increase. Statutory basic EPS increased to 17.1p from 8.9p as a result of lower non-underlying charges and reduced loss from discontinued operations.

Excluding the impact of the share buyback programme, underlying basic EPS increased to 20.0p from 18.2p.



Our asset-light business model and strong free cash flow generation means that we can continue to invest in the business to drive long-term growth and return surplus cash to shareholders through dividends and our rolling share buyback programme

FREE CASH FLOW AND NET DEBT

	52 weeks ended 26 December 2021 £m	52 weeks ended 27 December 2020 £m
Underlying EBITDA	136.4	125.5
Discontinued operations EBITDA	(0.7)	(4.2)
Add back non-cash items		
– Contribution of investments	(13.1)	(10.8)
– Other non-cash items	0.7	(0.1)
Working capital	11.2	29.1
IFRS 16 – net lease payments	(8.4)	(11.0)
Dividends received	3.8	2.5
Net interest	(4.0)	(4.4)
Corporation tax	(18.0)	(23.1)
Free cash flow before non-underlying cash items	107.9	103.5
Non-underlying cash	(3.3)	(4.5)
Free cash flow	104.6	99.0
Capex	(14.3)	(19.4)
Repayment from German associate	4.9	4.6
Market Access fee proceeds	6.4	–
Acquisitions	(6.6)	–
Disposals	12.6	(6.4)
Dividends	(56.0)	(25.6)
Share transactions	(83.0)	0.5
Proceeds from issue of shares	–	12.9
Movement in net debt	(31.4)	65.6
Opening net debt	(171.8)	(232.6)
Forex on net debt	3.5	(4.8)
Closing net debt	(199.7)	(171.8)
Last 12 months net debt/Underlying EBITDA ratio from continuing operations (excl. IFRS 16)	1.54x	1.46x
Last 12 months net debt/Underlying EBITDA ratio from continuing and discontinued operations (excl. IFRS 16)	1.57x	1.57x

FINANCIAL REVIEW CONTINUED

Net debt increased by £27.9m during the year, as increased free cash flow of £104.6m was offset with increased returns to investors through increased dividend payments of £56.0m and the share buyback programme announced in March and August 2021 of £80.0m, as we continued our rolling share buyback programme in line with our capital allocation framework.

Free cash flow is an inflow of £104.6m, an increase of £5.6m from 2020. Underlying EBITDA was £136.4m, with an EBITDA loss contributed by discontinued operations of £0.7m.

The working capital inflow of £11.2m (2020: inflow of £29.1m) was largely as a result of the timing of cash receipts and payments for online sales following the strong trading performance in the final week of the year, and overall accrual increases across marketing and payroll.

Net IFRS 16 lease payments decreased in the period to £8.4m largely due to the timing of rental payments. Dividends received increased to £3.8m from £2.5m, benefitting from a dividend received from our investment in Shorecal of £1.6m.

Net interest payments of £4.0m reduced slightly from £4.4m in 2020 as a result of the timing of interest payments under the RCF.

The overall corporation tax payments of £18.0m decreased from £23.1m in the prior year, as one-off changes in timing of UK corporation tax payments in 2020 did not continue and payments during the year normalised.

Non-underlying cash primarily relates to the international disposal costs and the payment of costs associated with the establishment of the long-term growth strategy during the first half of the year, including cash payments of costs incurred during 2020.

Capital expenditure decreased to £14.3m, of which £13.6m relates to the UK & Ireland business (2020: £16.9m), and £0.7m relates to the disposed international operations (2020: £2.5m). The decrease in the UK & Ireland business is largely due to the timing of supply chain centre improvement projects which are now scheduled to commence in 2022.

In April 2021, the Group received the first instalment of the Market Access Fee of £6.4m, relating to the performance of the German associate in the 2020 financial year. The final payment under the Market Access Fee becomes receivable in 2022.

Acquisitions cash outflows of £6.6m relates to the purchase of our 46% investment in the Northern Ireland associate.

Disposals cash inflows of £12.6m relates to £10.2m relating to the disposals of our international operations, and £2.4m receipt of deferred consideration for the disposal of the DP Shayban Limited joint venture in 2018.

Of the £56.0m dividends paid in the year, £42.3m relates to the FY20 dividend, which was paid in May 2021, and £13.7m relates to the interim dividend paid in September 2021.

The Share transactions cash outflow of £83.0m relates primarily to the share buyback programmes of £45.0m announced in March 2021, and £35.0m announced in August 2021, together with £3.0m of share repurchases by the Employee Benefit Trust.



CAPITAL EMPLOYED AND BALANCE SHEET

	At 26 December 2021 £m	At 27 December 2020 £m
Intangible assets	32.1	30.5
Property, plant and equipment	90.3	91.1
Right-of-use assets	19.4	20.1
Lease receivables	201.2	204.7
Investments, associates and joint ventures	64.8	51.7
Market Access Fee	8.7	15.3
Deferred consideration	3.3	5.7
Lease liabilities	(222.6)	(226.5)
Provisions	(16.3)	(13.5)
Working capital	(37.1)	(21.9)
Net debt (continuing operations)	(199.7)	(180.2)
Tax	(2.7)	(0.4)
Held within assets and liabilities held for sale	–	14.6
Net liabilities	(58.6)	(8.8)

Intangible assets have increased by £1.6m as a result of increased spend on IT software relating to the eCommerce platform. Property, plant and equipment has decreased from £91.1m to £90.3m, primarily due to additions of £4.6m offset by depreciation of £5.0m.

Right of use assets of £19.4m represents the lease assets for our corporate stores, warehouses and equipment leases recognised under IFRS 16 in the current period. Lease receivables of £201.2m represents a financial receivable for the leases we hold with franchisees, where we are the lessor. This has decreased from £204.7m in 2020 as a result of repayments of leases exceeding new lease additions and interest charges.

Investments, associates and joint ventures represents our investment in the German associate and our investments in Full House, West Country and the Northern Ireland JV in the UK, which are treated as associates and joint ventures, as well as our investment in Shorecal. This has increased by £13.1m during the year, due to the acquisition of the Northern Ireland Joint Venture of £6.6m, the increase of the Shorecal investment of £2.1m net of dividend received of £1.6m, and the trading performance of the remaining associates and joint ventures in excess of dividends received.

The Market Access Fee asset, representing the fee receivable following our disposal of the German MFA ('Master Franchise Agreement'), has decreased from £15.3m to £8.7m, following receipt of the amount receivable for the 2020 financial year during 2021 of £6.4m and net fair value movements and foreign exchange gains of £0.2m.

Lease liabilities have decreased from £226.5m to £222.6m as a result of capital payments under the leases in excess of interest charged and new leases added. The overall net lease liability is £21.4m (2020: £21.8m). There have been no significant changes in the lease portfolio during the period.

The net working capital liability has increased from £21.9m to £37.1m as a result of the factors outlined in the cash flow section.

Total equity has decreased by £49.8m, to a net liability position of £58.6m, largely due to the dividend payments and share buybacks in excess of the profit generated in the year. There are sufficient distributable reserves in the standalone accounts of Domino's Pizza Group plc for the proposed dividend payment and announced share buyback. The reserves available for distribution of Domino's Pizza Group plc at 26 December 2021 were £83.2m.

TREASURY MANAGEMENT

The Group holds an unsecured multi-currency revolving credit facility of £350m to December 2023 with a syndicate of eight lenders. An option for the Group to extend the facility by a further 12 months to December 2024 was not exercised. The revolving facility agreement was amended and restated in December 2021, to amend the GBP interest base rate from LIBOR to SONIA. The facility's lower range remains at a margin of 75bps above SONIA rising to 185bps with increased leverage, plus a utilisation fee of between 0bps and 30bps 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.

The facility is available until December 2023 and the Group has commenced discussions with lender banks around the refinancing of the current RCF.

We ended the year with net debt of £199.7m, giving us a net debt / Underlying EBITDA leverage ratio of 1.54x from continuing operations, and 1.57x including the trading EBITDA of our International operations classified as discontinued.

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 Board continues to identify, evaluate and monitor material risks facing the Group. We made satisfying progress in 2021 against cyber security and franchisee relationships, challenges to our supply chain remain.

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 emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. The following tables summarise these principal risks and how they are being managed or mitigated.

The disclosed risks 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 19. We consider that the principal risks and uncertainties include all known material risks which represent a threat to the achievement of our strategic objectives.

We update our view of emerging risks on a quarterly basis via the Executive Risk Committee, the results of which are reported periodically to relevant Board Committees. Our latest horizon

scanning has identified no further strategic uncertainties that are not included within these principal risks. We do, however, face a number of short-term challenges, which we are closely monitoring and will consider within our planning and re-forecasting processes. These relate to: uncertainties in Ukraine, which is a leading global exporter of grain and oilseeds; a general risk of food commodity price inflation; and potential consequences on consumer behaviour resulting from a reduction in discretionary income due to cost-of-living increases.

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 Group faces. The risks disclosed in the 2020 annual report relating to Brexit and Covid-19 are no longer being separately disclosed; where still present, these risk factors are now discussed under the supply chain disruption and people-related risks.

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 Group'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 current and emerging 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 Executive 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.

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.



 See our Strategy on page 18

PRINCIPAL RISKS & UNCERTAINTIES

COMPETITIVE PRESSURES

Risk Summary

Risk profile:

This risk has the potential to compromise our future performance or, in an extreme scenario, even threaten the business model itself.

Change in risk severity from 2020:



Risk ownership:

Chief Marketing Officer

Residual risk:

High

This risk was considered in assessing long-term viability.

Linkage to strategy



Nobody delivers like Domino's



Turbo-charge our collection business



Amplify our product quality & value

We have a continual focus on product innovation and menu development to satisfy changes to consumer preference. Domino's market leading delivery times are recognised by customers as clear differentiation to aggregators – which our new advertising campaign 'We Got This' aims to reinforce.

We will deliver better perceived value to our customers whilst maintaining system profitability.

Description of risk factors

The business faces strong competition from a range of competitors, including those exploiting emerging technologies, food options, delivery models, or innovative locations and formats. Failure to stay relevant in the face of competition, through a lack of new products or inappropriate new products, may lead to the loss of customer and franchisee confidence. Additional risks may arise from the potential inflexibility of the existing operational platform to offer an enhanced product range. We may fail, through ineffective promotion or lack of personalised and tailored messaging, to communicate to customers the value from available deals and offers.

Whereas in the recent past, the lack of national advertising and promotions may have allowed our competition to target customers with aggressive pricing strategies, the franchisee resolution now enables us to better deliver our commercial strategy and offer a co-ordinated defence against national competitors. Given this development, alongside a backdrop of stable market share, this risk is deemed to remain High but stable.

Risk mitigations in place and planned

Management keeps consumers' purchasing preferences under continual review and adjusts menus in response to these. We have implemented a calendar of new product innovations to target core customers.

We work together with our franchisees to constantly change the mix of menu prices and local offers, supplemented by national price-pointed offers. We have developed an offer testing methodology to help determine the optimum national price promotions to maximise appeal and purchase intent.

We have developed a peer group framework to enable us to make more tailored recommendations to franchisees to optimise local pricing and promotions.

We continue to invest in and deploy new technology to improve our already class-leading delivery service and to maintain advantage over competitors. We have invested in a new CRM technology platform that will enable us to have a more personalised communication with customers to help prevent lapsing.

PRINCIPAL RISKS & UNCERTAINTIES CONTINUED

FRANCHISEE RELATIONSHIPS

Risk Summary

Risk profile:

These risks have the potential to affect our future performance.

Change in risk
severity from 2020:



Risk
ownership:

**Chief
Executive
Officer**

Residual
risk:

Medium

This risk was considered in assessing long-term viability.

Linkage to strategy



**Uphold our industry-
leading economics**

We aim to work collaboratively with franchisees and deliver best in class profitability across the system.

We set ourselves ambitious targets for store growth and like-for-like order count growth.

Description of risk factors

Having experienced a number of years of challenges in our relationship, we have been pleased to announce a resolution with franchisees. The resolution unlocks significant latent potential which we believe will lead to greater long-term growth, enhanced innovation and service for customers, and enhanced value creation for all stakeholders in the Domino's system.

The 2020 year-end principal risk disclosures described the key risks from these relationship challenges as relating to a failure to optimise growth opportunities; failing to counter aggressive competitor pricing through a lack of national deals; and a failure to incentivise investment (from all parties) through insufficiently attractive franchise economics. These issues, as noted across, are expected to be addressed by the resolution and the risk has consequently been reduced to a Medium risk from its rating of High last year.

Risk mitigations in place and planned

The resolution with franchisees delivers a mutually beneficial agreement to deliver enhanced long-term growth and strengthened innovation and service for customers.

In the resolution, Domino's has committed to make strategic investments in the system, including digital acceleration, ecommerce development, and in-store technology. Marketing investment will be increased, and a food rebate mechanism will encourage order growth. In return, franchisees have committed to an expanded schedule of store openings, participation in national deals, and support for enabling new technologies and product innovation.

Relationships with franchisees continue to be managed by the Chief Executive Officer, Chief Financial Officer, and wider Executive Leadership team of the Group. These relationships will continue to receive a high level of attention to avoid a recurrence of past difficulties, both during the term of this 3-year resolution and beyond.

SUPPLY CHAIN DISRUPTION

Risk Summary

Risk profile:

Disruption to raw material supplies – acute impact for a limited time.
Loss of SCC capacity – if prolonged, potentially significant impact on financial performance and resilience.
General risks – these risks could have some impact on future performance, for a limited time.

Change in risk
severity from 2020:



Risk
ownership:

**Supply
Chain
Director**

Residual
risk:

High

This risk was considered in assessing long-term viability.

Linkage to strategy



**Nobody delivers
like Domino's**

We seek to build resilience throughout our supply chain, ensuring the freshest ingredients are available and delivered to all stores on time.

Description of risk factors

Failure of a key raw material or equipment supplier to maintain deliveries leading to cessation of dough production or shortage of key ingredients.

The business relies on a number of third-party suppliers, some of whom represent the sole source of an ingredient. The Group would be vulnerable if a supplier decided to cease trading, suffered a major cyber security incident, had 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.

We source approximately 40% of our ingredients from overseas, mostly from the EU but also some products from the Far East. From 1 January 2022, the post-Brexit transitional concessions on customs procedures ceased, and full customs controls now apply. During 2022, various additional pre-notifications, checks and controls will be required for imports of regulated plant products, and meat products & dairy products from the EU. Additional administration can add friction to cross-border goods movements and impact lead times and/or supplier delivery performance.

Risk mitigations in place and planned

We aim to dual source our key ingredients and, for the small number where this is not practicable, mitigate risk by moving to multiple supply sites. Suppliers are selected through competitive tendering and appropriate due diligence processes. The economics and cyber security posture of their businesses are kept under regular review to identify adverse changes to supplier vulnerability. We audit supply chain resilience and supplier compliance with agreed standards, and hold buffer stock, where possible, in the supply chain to mitigate potential fluctuations in product availability and lead times.

PRINCIPAL RISKS & UNCERTAINTIES CONTINUED

SUPPLY CHAIN DISRUPTION CONTINUED

Risk Summary

Risk profile:

Disruption to raw material supplies – acute impact for a limited time.
Loss of SCC capacity – if prolonged, potentially significant impact on financial performance and resilience.
General risks – these risks could have some impact on future performance, for a limited time.

Change in risk
severity from 2020:



Risk
ownership:

Supply
Chain
Director

Residual
risk:

High

This risk was considered in assessing long-term viability.

Linkage to strategy



Nobody delivers
like Domino's

We seek to build resilience throughout our supply chain, ensuring the freshest ingredients are available and delivered to all stores on time.

Description of risk factors

Catastrophic failure of one or more of the Domino's SCCs leading to disruption to dough production.

We distribute both the pre-proved dough we manufacture ourselves and third-party pizza sauce, cheese, toppings, sides and boxes to our stores as well as other equipment and supplies. A loss of more than one dough production line or loss of an SCC, for example through a cyber security or major IT/OT incident, would require urgent contingency arrangements to be made wherever possible. The full commissioning of the Cambuslang SCC in early 2021 has helped mitigate this risk somewhat.

General risks associated with our supply chain operation

In common with many companies, we have experienced severe challenges in our supply chain during 2021. Imbalances in global sea freight capacity and demand has not only increased the costs of importing products, but also reduced certainty over supply. This risk of disruption is expected to persist in 2022.

As noted below in the discussion of people risk, the pandemic continues to place pressure on our supply chain operations due to the unavailability of colleagues to maintain our warehouse and transport activities when required to self-isolate. Further pressures have been experienced, widely reported across many sectors, due to the shortages of qualified large goods vehicle drivers. Despite these challenges, we have been able to maintain delivery performance to franchisee stores at pre-pandemic levels, albeit at a cost.

Risk mitigations in place and planned

Domino's currently operates three UK SCCs and one in Ireland. Each SCC operates efficiently, but at utilisation levels that provide capacity for the loss or unavailability of any single production line in the very short-term. Deliveries of ingredients, usually distributed to stores via our SCCs, would, in the event of loss of one or more SCC, require use of third-party cold storage facilities.

During the year, we have tactically increased stock holdings of critical products, where product shelf-life and availability has allowed, in a similar manner to the mitigating measures previously put in place for Brexit transition. We will continue to periodically evaluate the costs vs. the risk mitigation of this elevated stock holding.

FOOD SAFETY

Risk Summary

Risk profile:

If this risk materialised, it could have a significant short-term impact on performance and liquidity. Longer-term reputational impact could affect viability.

Change in risk
severity from 2020:



Risk
ownership:

**Supply
Chain
Director**

Residual
risk:

Medium

This risk was considered in assessing long-term viability.

Linkage to strategy



**Amplify our product
quality & value**

We strive to ensure the highest of operational standards are met consistently across the supply chain and in Domino's stores.

Description of risk factors

There is the risk of contamination in either the pre-proved dough we produce at the Group's SCCs, or in the pizza toppings and other ingredients we distribute to our stores. Any failures may impact the brand and our customers in the UK & Ireland. A decline in store standards leading to reduced food quality and customer satisfaction.

Risk mitigations in place and planned

The business has an established and rigorous regime of standards and food safety checks, with each of the SCCs accredited to the internationally recognised food safety standard FSSC 22000. Adherence to our constantly evolving standards, codes of practice, and food safety management systems in our SCCs is regularly audited by our technical team. Compliance with Domino's global standards is audited annually by DPI. Early warning systems are in place across the supply chain to log, review, investigate, and act upon issues which may impact food safety or quality. Stores operate to clearly defined standards and policies, periodically verified by operational evaluation processes and third-party food safety evaluations to audit areas such as food storage and handling, product quality, safety, and store condition. Franchisees are financially incentivised to maintain a minimum score on evaluations.

We increased the frequency and coverage of assurance over food safety management systems in the supply chain and in stores during 2021 and intend to maintain this level of testing in 2022.

PRINCIPAL RISKS & UNCERTAINTIES CONTINUED

ECOMMERCE AND MOBILE PLATFORM

Risk Summary

Risk profile:

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

Change in risk severity from 2020:



Risk ownership:

Director of Digital / Chief Information Officer

Residual risk:

Medium/High

This risk was considered in assessing long-term viability.

Linkage to strategy



Model excellence as a franchisor



Nobody delivers like Domino's

We strive to ensure that online web and App ordering offers our customers world class levels of availability and user experience.

This technology supports fast and efficient customer ordering to complement our class-leading delivery time performance.

Description of risk factors

Approximately 90% of system sales are now placed online through the website or mobile App. There is significant reliance on third-party data centres and IT teams for hosting the platform, and on both internal and third-party development resource for our applications.

Loss of platform or application availability or integrity would result in a short-term impact on commercial performance, including potential loss of customer confidence in the platform and/or mobile App. This loss of customer goodwill and revenue could have longer-term consequences for customer confidence in the Domino's brand. It may also negatively impact franchisee relationships if they lose confidence in the resilience and security of the platform.

Alongside third-party risks, application development, and infrastructure availability risks, there also exists a significant cyber security risk. As we become increasingly reliant on internet trade we also find ourselves operating in an ever increasing and sophisticated cyber threat landscape, where ransomware, data breaches and targeted advanced cyber attacks are becoming more commonplace.

Risk mitigations in place and planned

Strong controls at an IT level are in place to protect the platform availability, through data centre replication, clustering and other IT-reliant architecture methods. IT resilience is well developed and mature.

There exists a good level of controls with respect to PCI Data Security Standards, against which we have been compliant since 2015, however we are constantly reviewing the effectiveness of our controls and improving them wherever gaps are identified.

We are building a strategic, risk-based security management framework and will continue to invest appropriately in the further development of security controls to better protect the platform from both known and unknown threats. Whilst we are not complacent about the inevitable emergence of advanced, novel cyber attacks, we have increasing confidence that investment in our security controls framework has delivered enhanced and maturing threat preparedness. Consequently, the severity of this risk is now assessed as Medium/High, down from High last year.

We continue to invest in and deploy new technology to improve our already class-leading delivery service and to maintain this advantage over competitors.

Cyber-risk appears regularly on the Board and Audit Committee agendas and management reviews the performance of IT infrastructure on a continual basis.

LOSS OF PERSONAL DATA RELATING TO CUSTOMERS, EMPLOYEES OR OTHERS; LOSS OF CORPORATE DATA

Risk Summary

Risk profile:

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 in risk
severity from 2020:



Risk
ownership:

**Chief
Financial
Officer**

Residual
risk:

High

This risk was considered in assessing long-term viability.

Linkage to strategy



**Model excellence
as a franchisor**

We aim to implement and maintain world-class cyber security, internal control, and risk management frameworks.

Description of risk factors

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

We noted the case of Lloyd v Google in late 2021 and have reconsidered the financial impact of a potential loss of control of customer data leading to a privacy class action. In itself, the judgement in that case appears to limit the courts' willingness to accept awards for loss of control of data unless evidence of loss can be demonstrated, especially where damages suffered by claimants are individualised and are not uniform. Nevertheless, the risk of financial penalty for a data breach remains significant whether imposed by the regulator or awarded by the courts.

Despite the impact of Lloyd vs. Google, and the benefits of enhanced data governance and other mitigations noted across, we consider the net risk severity remains high given the backdrop of increasing cyber threat activity.

We do not hold customer payment card details on our systems.

Risk mitigations in place and planned

Cyber security, a key mitigation against data risk, appears on the Board and Audit Committee agendas on a regular basis and management keep the security of data under its ownership or control under continual review. The technical mitigations in place to protect our Group's systems from malicious attack are also relevant to this risk. A description of mitigations in place against that risk is included on page 64 of this report. We have assessed the net risk severity of a cyber breach affecting availability of our online systems and have rated this as Medium/High, reducing slightly from the prior year rating of High. These improvements in threat preparedness should also reduce the likelihood of a data breach affecting other corporate systems and associated data.

We have a robust compliance programme in place for GDPR and have launched refreshed training for employees in the year. Further actions have been taken to review data retention and document storage policies. We have re-confirmed the processes in place to regularly cleanse key customer and corporate data sets, to ensure ongoing compliance with these retention policies, and with any commitments made in our customer privacy notices. Franchisees are trained in their obligations in respect of personal data and are required to train their staff appropriately.

PRINCIPAL RISKS & UNCERTAINTIES CONTINUED

CLIMATE CHANGE

Risk Summary

Risk profile:

This risk has the potential to compromise our future performance or, in an extreme scenario, even threaten the business model itself.

Change in risk
severity from 2020:



Risk
ownership:

**Chief
Executive
Officer**

Residual
risk:

Medium

This risk was considered in assessing long-term viability.

Linkage to strategy



**Model excellence
as a franchisor**

We aim to improve our performance on climate change to exceed customer, franchisee and investor expectations.

We aim to meet all mandatory requirements for ethical and climate reporting.

Description of risk factors

Climate change poses commercial and operational risks which include possible impacts on the cost or availability of some of our ingredients which are high intensity in terms of land or water usage, or carbon footprint. Where sourced from geographic regions most vulnerable to chronic or acute climate effects, yield, productivity, or even crop viability may affect the availability of essential ingredients. We recognise that consumer preference may move increasingly away from meat and dairy products towards plant-based alternatives, both due to ethical and sustainability concerns from our customers. Operationally, the design of distribution networks and types of transport modes used by Domino's and our suppliers will need to adapt to lower carbon technologies expected to be mandated in the medium term by new regulatory requirements.

Opportunities arising from climate change include self-help initiatives to reduce our scope 1 and 2 emissions through energy efficiency, lower carbon energy mix, and micro-generation at our locations. We also see opportunities in our ability to adapt our core products to include meat-free alternatives, as demonstrated by the popular range of vegetarian and vegan menu choices already available to our customers.

Full disclosure of our response to climate challenges and our progress against TCFD reporting requirements is provided in the Sustainability section of the Strategic Report, on pages 45 to 46.

Risk mitigations in place and planned

We have established a climate risks and opportunities register which is embedded into our enterprise risk management processes and reviewed on a quarterly basis. These risk processes are regularly reviewed by the Audit Committee. Ownership of the mitigation and management of climate risks rests with the Board, overseen by the newly established Sustainability Committee, which will consider and review a range of climate change and other sustainability topics. A Sustainability Steering Group is chaired by the Chief Executive Officer, who retains day-to-day responsibility for managing climate issues.

Further progress is planned for 2022 and beyond to establish climate metrics, targets, and scenario modelling, as well as further integrating climate risks and opportunities into the Group's strategic planning.

PUBLIC HEALTH DEBATE

Risk Summary

Risk profile:

This risk has the potential to compromise our future performance or, in an extreme scenario, even threaten the business model itself.

Change in risk
severity from 2020:



Risk
ownership:

**Chief
Marketing
Officer**

Residual
risk:

Medium

This risk was considered in assessing long-term viability.

Linkage to strategy



**Amplify our product
quality & value**

We will aim to reinvigorate our food innovation to improve customer satisfaction and experience and exceed customer, franchisee and investor expectations, addressing the need for healthier and free-from choices.

Description of risk factors

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

Whilst we comply with existing transparency requirements to provide nutritional information and suggested serving sizes for over 1000 pizza and sides options, there is a risk that targets, guidelines, or disclosures on nutritional content could become more stringent or mandated. We have been working with suppliers to develop new products, and modifications to existing recipes, to respond to changing requirements. There is also a risk that the UK & Irish levies on sugar in soft drinks could be extended to apply to other products.

Following last year's consultation on restrictions to the online advertising of foods high in fat, salt, and sugar (HFSS), legislation to enact the outcomes of that consultation, The Health and Care Bill, is now at the Report stage in the House of Lords. As anticipated from the consultation, the Bill outlines that all paid-for online advertising will not be allowed to show HFSS products. In addition, there will also be a 9pm TV watershed for advertising featuring HFSS products. Paid-for advertising and marketing of brands that do not feature HFSS products are currently permitted in the draft Bill.

Risk mitigations in place and planned

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

We also work with suppliers to ensure new and existing product development is in line with new targets around fat, salt and sugar content, and are developing an updated food philosophy document which will be used to provide strategic direction on new and existing product development.

We are actively engaging with Lords and civil servants to propose a delay to the enforcement timetable, and to request that the brand exemption is specifically referenced in the Bill to ensure it cannot be removed in the future without appropriate Parliamentary process. Regardless of the outcome of these discussions, we are confident we can effectively market Domino's brands and products to our customers whilst remaining fully compliant with the requirements of the Bill, once passed into legislation. We will continue to invest in brand marketing, which has been successful to date. Given these factors, we consider that the severity of this risk remains Medium.

PEOPLE-RELATED RISKS

Risk Summary

Risk profile:

These risks could have some impact on future performance, for a limited time.

Change in risk
severity from 2020:



Risk
ownership:

**People
Director**

Residual
risk:

Medium

This risk was considered in assessing long-term viability.

Linkage to strategy



**Model excellence
as a franchisor**

We aim to make the Domino's Group a great place to work for all colleagues, enhancing our ability to attract and retain the right talent.

Description of risk factors

The business is dependent on key individuals (either at Executive level or in relation to specialist skills or volume of roles required), possibly exacerbated by a failure to always retain the skills and experienced people it needs.

A range of factors have contributed to labour challenges during 2021 and are expected to persist in the short-term. These include the migration of labour from the UK due to Brexit consequences; specific shortages in key roles and skills, such as qualified large goods vehicle drivers, but also specialist IT and digital marketing skills; and a general increase in competition for skilled labour from direct competitors, other sector participants, or online retailers. These effects have an impact upon both the Group and our franchisees, with some labour availability issues particularly affecting supply chain employees, in-store colleagues, and store delivery drivers. Absences arising from employees and store colleagues self-isolating due to Covid infection has exacerbated these challenges. Continuation of these effects will put further pressure on labour usage costs and wage rate inflation in 2022.

Despite the operational challenges noted above, risk at an Executive level is reducing as disruption to the continuity and composition of the Board and executives experienced in 2019 and early 2020 has now been addressed through the appointment of new Executive and non-executive Directors. These appointments are fully described on pages 86 to 87.

Risk mitigations in place and planned

The Board considers succession planning on a regular basis and has set the CEO a personal objective of developing multiple potential successors in key roles. Contingency plans are being developed which could be implemented on a short-term basis should we suddenly lose a key Executive.

There continues to be considerable work undertaken to improve the HR operating model to establish more robust processes for talent management and succession planning. People planning sessions are held at all levels within the organisation to utilise better the skills pool, drive performance and identify and develop successors for key roles.

We continue to work hard, both for ourselves and our franchisees, to promote Domino's as a great place to work and have enhanced recruitment advertising through all available channels. We continue to offer attractive reward packages to employees including, where necessary, specific retention incentives for individually critical employees. We offer a range of opportunities for colleagues to share in the success of the company through share ownership.

VIABILITY STATEMENT

THE GROUP'S CURRENT POSITION

The Group'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 Group's strategy and business model which is explained on pages 8 to 31, 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 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 26 December 2021, the Group has net debt of £199.7m and a committed £350m five-year multi-currency bank facility, which expires in December 2023 of which £106.7m was undrawn and has cash funds of £42.8m. An option to extend the facility by a further 12 months to December 2024 has not been exercised and the Group is currently engaged in negotiations regarding refinancing at a similar level of facility.

OUR STRATEGIC PLANNING PROCESS

The CEO, supported by the Executive 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. 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 Group.

LONG-TERM VIABILITY STATEMENT

In accordance with the UK Corporate Governance Code, the Directors have assessed the long-term viability of the Group over the period to December 2024. The strategic plan is prepared on a five-year basis, but both management and the Board are conscious that the Group operates in a fast-moving environment. The viability assessment is performed over a three year period as there is greater certainty of cash flows associated with the Group's performance-related revenue.

The assessment has been based on the Group'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 Directors of the Group have considered the future position based on current trading and a number of potential downside scenarios which may occur, either through further supply chain related impacts, general economic uncertainty or other risks. This assessment has considered the overall level of Group borrowings and covenant requirements, the flexibility of the Group to react to changing market conditions and ability to appropriately manage any business risks, as has been demonstrated by the Group's reaction to emerging supply chain related risks over the period.

In stress testing the Group'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 risks were modelled as part of the stress testing performed:

- a downside impact of economic uncertainty and other sales related risks over the forecast period, reflected in sales performance, with a c.5% reduction in LFL sales compared

to budget and the impact of a reduction of new store openings to half of their forecast levels. These impacts link to the risks highlighted on competitive pressures, Food safety and Franchisee relationships;

- a further reduction in sales of c.2.5%-3% from 2022 to account for the potential impact of the risks related to the public health debate;
- future potential disruptions to the supply chain of the Group, including IT and supply disruptions within our SCCs impacting our ability to supply stores or for our stores to trade at normal levels, as highlighted in the supply chain disruption and eCommerce and mobile platform risks;
- Impact of potential future ingredient pricing volatility as a result of indirect international supply chain pressures arising from global events;
- future significant unexpected increases in costs as a result of climate change; and
- future potential staff costs as a result of the fruition of people related risks.

Further scenario modelling was performed by considering the following additional 'severe but plausible' risks:

- a disruption to one of our key suppliers impacting our supply chain over a period of four weeks whilst alternative sourcing is secured; and
- the impacts of a potential wider data breach.

CONCLUSION

In each of the scenarios modelled, there remains significant cash headroom on the revolving credit facility. Under a scenario where all the risks, including the 'severe but plausible' risks, were to occur simultaneously, the Group would breach its leverage covenants. The Board has a mitigation action available in the form of a reduction of forecasted distributions to shareholders which would prevent a breach.

Reverse stress testing has also been performed, which is a materially worse scenario than the combinations described in the scenarios above, which concluded that the Group's currently agreed financing could only be breached if a highly unlikely combination of scenarios resulted in a material annual reduction in system sales greater than 27%, assuming no fixed cost reduction.

The Group'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 10 year period starting in 2016 and the Group is currently on track with those targets. It is considered highly improbable that the Group'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 2024.

The Directors also consider it appropriate to prepare the financial statements on the going concern basis as explained in the basis of preparation paragraph in note 2 to the financial statement.

STRATEGIC REPORT

Signed on behalf of the Board

Dominic Paul
Chief Executive Officer
7 March 2022

GOVERNANCE



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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.



Matt Shattock

Chair

Appointed

Matt was appointed to the Board as Chair on 16 March 2020.

Experience

Matt joined Beam, the world's third-largest premium spirits company, in March 2009 as President and CEO, and led the company's successful growth-strategy transformation and subsequent transition to become a standalone public company in 2011. He then led the integration of the Beam and Suntory spirits businesses following Beam's acquisition by Suntory in 2014. Matt served as non-executive Chairman of Beam Suntory Inc. until December 2020. Prior to joining Beam, he spent six years at Cadbury plc, where he led its businesses in The Americas and then in the Europe, Middle East and Africa region. Prior to Cadbury, he spent 16 years at Unilever in various leadership roles, culminating in his role as Chief Operating Officer of Unilever Best Foods North America. Matt is an experienced Chairman and has a demonstrable track record of strong leadership and of driving sustained value-creation through building innovative brands and operational excellence.

Other appointments

Matt is currently the Independent Chair of The Clorox Company and a non-executive director of VF Corporation.



Colin Halpern

Non-executive Vice-Chair

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 and ROI 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

None



Ian Bull

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.

Experience

Ian is a Fellow of the Chartered Institute of Management Accountants and has over 30 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 Ladbroke's plc, and was most recently Chief Financial Officer of Parkdean Resorts Group. His finance career included the Walt Disney Company, Whitbread plc and BT Group. He was formerly also a non-executive Director of Paypoint Ltd and Senior Independent Director and Audit Committee Chair of St. Modwen Properties plc.

Other appointments

Ian is currently a non-executive Director and Audit Committee Chair of Dunelm Group plc and Chair of Lookers plc.

Committee membership



Audit Committee



Nomination & Governance Committee



Remuneration Committee



Sustainability Committee



Committee Chair



Dominic Paul

Chief Executive Officer



Natalia Barsegijan

Non-executive Director



Stella David

Non-executive Director

Appointed

Dominic was appointed to the Board as Chief Executive Officer on 1 May 2020, having previously held the position of Chief Executive Officer (Designate) from 6 April 2020.

Appointed

Natalia joined the Board in September 2020 and was appointed as Chair of the Sustainability Committee on 30 November 2021.

Appointed

Stella was appointed to the Board on 23 February 2021, was appointed Chair of the Remuneration Committee on 2 August 2021 and became the designated Director for workforce engagement on 30 November 2021.

Experience

Dominic was previously Chief Executive Officer and Managing Director of Costa Coffee. He led the Costa brand from 2016 to 2019, overseeing its growth ahead of its £3.9b sale to Coca-Cola. Dominic strengthened Costa's position in the UK, grew new segments, accelerated its digital development and restructured and grew the international business. Prior to this, Dominic held senior positions with Royal Caribbean Cruise Line, easyJet and British Airways.

Experience

Prior to joining Domino's, Natalia spent 14 years at Yum! Brands, Inc. where she held various senior positions, including Chief Financial Officer at Taco Bell, Chief Commercial Officer of Yum! Brands and General Manager of Pizza Hut Europe. Natalia was born in Ukraine and has worked in a wide range of countries. She started her career at SFAT Transportation Services before progressing to roles at Unertek Engineering, Ford Motor Company and Rosinter Restaurants Holding.

Experience

Stella was the Chief Executive Officer of William Grant & Sons from 2009 until 2016 when she decided to focus on a non-executive portfolio. At Grant's she led the business to rapid growth, with a focus on building their premium brands, expansion into new markets, and numerous acquisitions and innovations. Prior to this she worked for Bacardi Ltd., where she held a variety of executive positions, including CEO of the UK and Global Chief Marketing Officer. Stella served as a non-executive Director of the Nationwide Building Society for seven years, where she was chair of its Remuneration Committee for five years, and as Chair of C&J Clark Limited.

Other appointments

None

Other appointments

Natalia is currently a non-executive Director of Mediclinic International plc and a member of their Audit and Risk Committees.


Other appointments


Stella is currently a non-executive Director of HomeServe plc, where she is Chair of the People Committee, having previously served as its Senior Independent Director and Chair of the Remuneration Committee. She is also a non-executive Director of Norwegian Cruise Line Holdings Ltd where she is the Chair of the Nominations & Governance Committee and the Senior Independent Director of Entain plc.


BOARD OF DIRECTORS CONTINUED


Committee membership

 Audit Committee

 Nomination & Governance Committee

 Remuneration Committee

 Sustainability Committee

 Committee Chair



Lynn Fordham

Non-executive Director

Appointed

Lynn was appointed to the Board in September 2020. Lynn was appointed as Chair of the Audit Committee on 30 November 2021.



Usman Nabi

Non-executive Director

Appointed

Usman was appointed to the Board in November 2019.



Elias Diaz Sese

Non-executive Director

Appointed

Elias was appointed to the Board in October 2019.

Experience

Lynn was most recently Managing Partner of private capital firm Larchpoint Capital LLP, a position she held between June 2017 and February 2021. Prior to joining Larchpoint, Lynn was CEO of SVG Capital plc for nine years and before that held senior finance, risk and strategy positions at Barratt Developments plc, BAA plc, Boots plc, ED&F Man plc, BAT Plc and Mobil Oil. Lynn spent seven years on the Board of brewer and pub operator Fuller, Smith & Turner plc where she also chaired the Audit Committee and was a member of the Remuneration and Nominations Committees. As a non-executive, she was until recently a Supervisory Board Member of Varo Energy BV and is currently Chair of RMA-The Royal Marines Charity.

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.

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 of Tim Hortons, President Asia Pacific for Burger King and SVP Franchise & Emerging Markets Europe, Middle East & Africa also for Burger King. Currently, Elias is a co-founder of Popeyes in the UK as well as an Investor and Director in brands like RB Iberia (Burger King, Popeyes and Tim Hortons in Spain and Portugal) and Honest Burgers.

Other appointments

Lynn is currently a non-executive Director of Caledonia Investments plc.

Other appointments

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

Other appointments

None



CHAIR'S INTRODUCTION TO CORPORATE GOVERNANCE



OUR VISION

**TO BE THE FAVOURITE FOOD
DELIVERY AND COLLECTION
BRAND, WITH PIZZA
AT OUR HEART**



**I am delighted with the
progress that has been
made this year.**

Matt Shattock
Chair

OUR PURPOSE

**DELIVERING A BETTER
FUTURE THROUGH
FOOD PEOPLE LOVE**

I am delighted to present my Corporate Governance review for the Group.

During the year the Board continued the process of transition it started in 2020, with greater diversity and a wider range of skills at the Board's disposal. Covid-19 related travel restrictions in place in 2021 meant that most of the Board's meetings were held virtually, but that has not had any adverse impact on the Board's overall effectiveness, agility and responsiveness. The first externally facilitated Board evaluation since I joined the Board was conducted in 2021 and the findings indicate a strong performance and an effective Board. Details of the Board evaluation process and the agreed areas of future focus are set out on page 84.

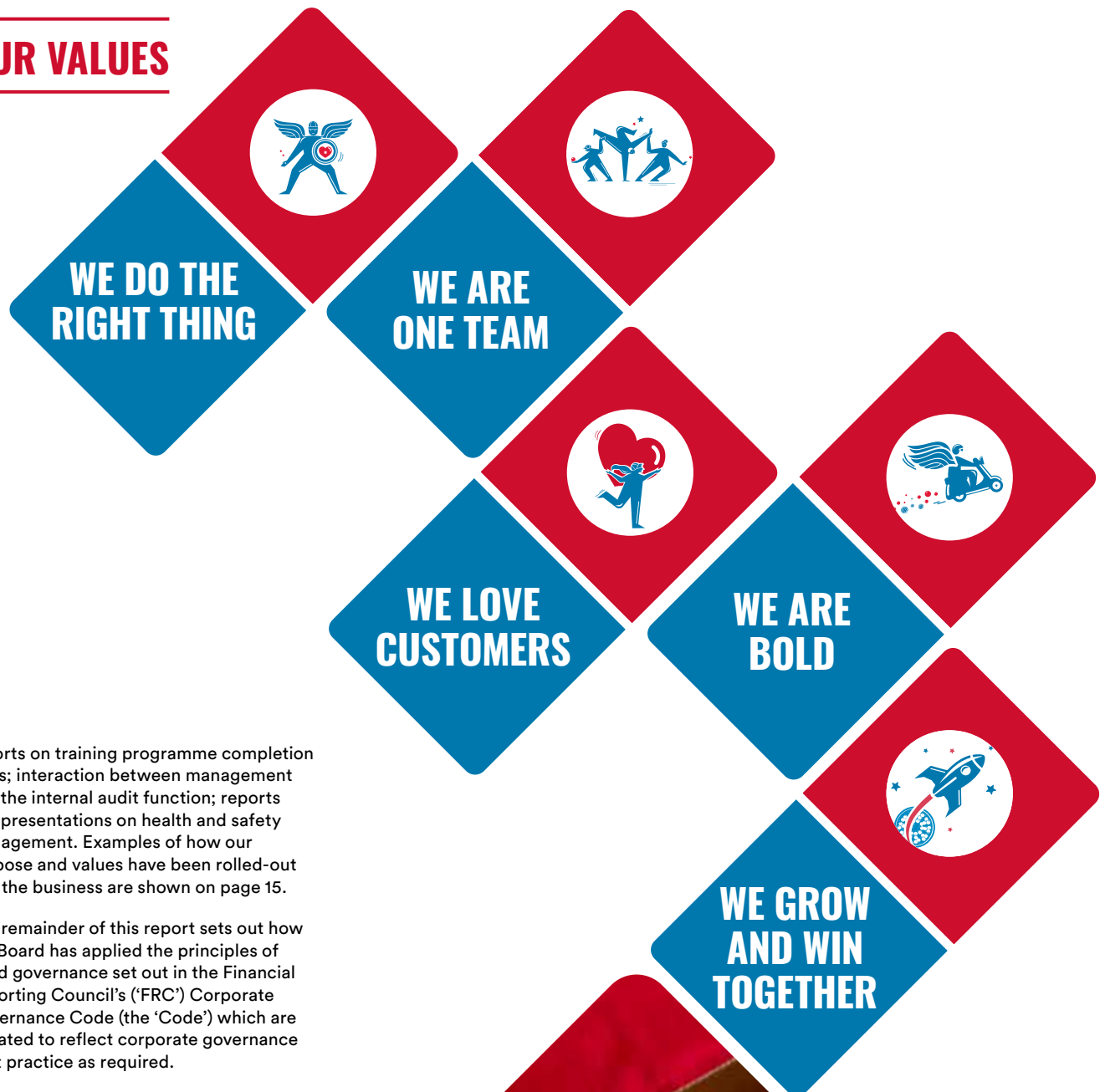
The governance framework has continued to evolve and be shaped by the collective experience around the Boardroom table. Our corporate governance arrangements are critical in ensuring that the Board is able to:

- 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; and
- maintain a framework within which the Executive Leadership team can conduct its day-to-day operational management of the business.

During the year we have revised the remit of the Nomination & Governance Committee to include oversight of the Group's governance arrangements. Further details are shown on page 86. We have also created a new Sustainability Committee which is charged with oversight of the Group's ESG initiatives and as part of our wider commitment to our stakeholder community. Details of engagement with our principal stakeholders are set out on page 36 to 37 and the Board's report on how stakeholders' views are taken into account when decisions are made is set out on page 34.

In 2020 we redefined the Company's purpose and agreed new value statements which underpin and promote a culture to deliver our strategic objectives and the long-term success of the business for the benefit of all our stakeholders. We recognise that the Board has a crucial role in establishing and maintaining the right culture and continues to work with the Executive Leadership Team to promote the Group's values and to monitor attitudes and behaviours to ensure that they are consistent with our culture. This is achieved 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 Speak Up arrangements; receiving regular

OUR VALUES

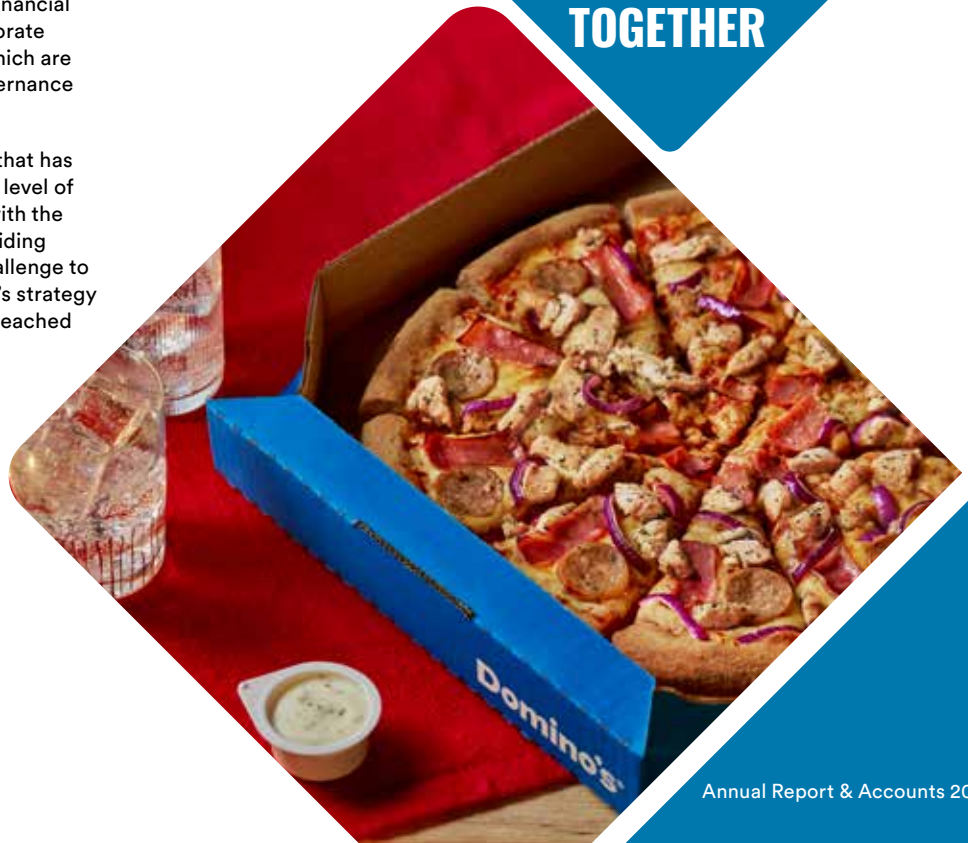


reports on training programme completion rates; interaction between management and the internal audit function; reports and presentations on health and safety management. Examples of how our purpose and values have been rolled-out into the business are shown on page 15.

The remainder of this report sets out how the Board has applied the principles of good governance set out in the Financial Reporting Council's ('FRC') Corporate Governance Code (the 'Code') which are updated to reflect corporate governance best practice as required.

I am delighted with the progress that has been made this year and with the level of engagement the Board has had with the Executive Leadership Team, providing support, guidance and robust challenge to assist in implementing the Group's strategy and to help frame the resolution reached with the UK franchisees.

Matt Shattock
Chair
7 March 2022



CORPORATE GOVERNANCE

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 26 December 2021, it was subject to the edition of the Code published by the FRC in July 2018, which is available from www.frc.org.uk. The Company complied with the Code throughout the year.

The Code's main principles and provisions set out the key elements of effective Board practice. We explain in this report how we have applied these during the year. Where appropriate, some explanations are contained in the Nomination & Governance 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 the Group's purpose and its values
- Setting and approving overall Group strategy
- Setting and approving the Group's capital structure and funding arrangements
- 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 stakeholders' interests.

BOARD 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 the 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 stakeholders' views and act as necessary

MEETINGS OF NON-EXECUTIVE DIRECTORS

The Non-executive Directors, led by the Chair, meet without the Executive Directors being present. In addition, the independent non-executive Directors, led by the Senior Independent Director ('SID'), meet during the year as needed, including to review the performance of the Chair.

THE BOARD IS SUPPORTED IN ITS WORK BY FOUR 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.



RELATIONS WITH SHAREHOLDERS AND OTHER STAKEHOLDERS

We maintain an active dialogue with our shareholders and potential investors, which we intend to be based on a mutual understanding of objectives. The Group's Investor Relations function, 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 Chair and SID 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 Chair, 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 provide an independent view on matters of strategic importance such as potential acquisitions, disposals and capital allocation philosophy.

A summary of the Board's stakeholder engagement, and compliance with its duties under section 172 of the Companies Act 2006 can be found on pages 34 to 37.

2021 Investor Relations

Key investor relations activities in 2021:

- Launched our strategy and capital allocation philosophy.
- Announced the resolution with our franchisees.
- Maintained regular reporting to keep investors regularly informed and updated.
- Continued to engage actively with institutional investors, through roadshows, conferences and numerous one-off meetings and calls, both physical and virtual.

Key topics discussed with shareholders in 2021:

- The competitive environment in the UK, including the role of online aggregators.
- Franchisee relations and the franchisee resolution.
- Capital allocation and shareholder returns.
- Strategic progress on digital, marketing, data and talent recruitment.
- The completion of our exit from International businesses.
- 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.

CORPORATE GOVERNANCE CONTINUED

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 votes for, against and withheld announced at the meeting and subsequently published on the Company's investor relations website. This website, <https://investors.dominos.co.uk>, also contains a host of up-to-date information on the Group.

Government issued Covid-19 restrictions remained in place at the time the 2021 AGM was held. Sadly, this meant that we had to hold the meeting with the minimum attendance to form a quorum. Ahead of the AGM, we published a presentation on the Company's website providing commentary on the Company's performance and invited shareholders to submit by email, any questions in connection with the business of the meeting, with a facility made available for replies to questions to be published on our website in advance of the proxy voting deadline, to allow shareholders to reflect on the answers provided before voting on the resolutions.

The 2022 AGM is scheduled to be held on 5 May 2022. Full details of the meeting venue will be included in the 2022 AGM circular and will be available on our website <https://investors.dominos.co.uk>.

DIVISION OF RESPONSIBILITIES

BOARD ROLES AND RESPONSIBILITIES

There is a clear separation between the roles of the Chair and the Chief Executive Officer, which is recorded in a document approved by the Board in January 2022 and summarised below. In essence, the Chair manages the Board and the Chief Executive Officer manages the business. Importantly, no one individual has unfettered powers of decision. All Directors have access to the advice of the Company Secretary on governance matters.

The Chair and Chief Executive Officer have regular meetings to discuss matters relating to strategic development, stakeholder views, operational matters and business performance. The Chair also has separate discussions with the Non-executive Directors.

CHAIR

The role of the Chair 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; and
- 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; and
- ensuring the Chair and the Board are alerted to forthcoming complex, contentious or sensitive issues affecting the Group.

DIVERSITY

The Board's policy on diversity is explained in the Nomination & Governance Committee report on pages 86 and 87.

BOARD MEMBERSHIP

The Board currently comprises the Chair, the Chief Executive Officer, and five independent Non-executive Directors and two Non-executive Directors. The names and biographical details of the serving Directors, and the offices held by them, can be found on pages 72 to 74.

The composition of the Board is of a sufficient size and calibre that match the growth aspirations and requirements of the business ensuring good governance is achieved and normal succession challenges managed, but is not so large as to be unwieldy.

The current Non-executive Directors' tenure reflects the refreshing of the Board in recent years.

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 Directors' judgement.

The Board has considered the independence of the current Non-executive Directors, other than the Chair. 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.

SENIOR INDEPENDENT DIRECTOR ('SID')

The SID focuses on:

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

CORPORATE GOVERNANCE CONTINUED

BOARD COMMITTEES

Membership of the four Board Committees during the year ended 26 December 2021 was as follows:

	Audit Committee	Nomination & Governance Committee	Remuneration Committee	Sustainability Committee ²
Matt Shattock		Chair	Member	
Ian Bull ¹	Member	Member	Member	
Natalia Barsegiyan	Member	Member	Member	Chair
Stella David ³		Member	Chair	Member
Kevin Higgins ³	Member	Member	Member	
Lynn Fordham ¹	Chair	Member	Member	
Usman Nabi		Member		
Dominic Paul				Member
Elias Diaz Sese ⁴	Member	Member	Member	Member

1. Ian Bull was Chair of the Audit Committee until 30 November 2021 and was then succeeded by Lynn Fordham.
2. The Board established a new Sustainability Committee with effect from 30 November 2021. Its first formal meeting was held in February 2022.
3. Stella David succeeded Kevin Higgins as Chair of the Remuneration Committee with effect from 2 August 2021. Kevin Higgins stepped-down from the Board on 8 September 2021.
4. Elias Diaz Sese joined the Audit Committee on 30 November 2021.

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 26 December 2021 was as follows:

	Board ¹	Audit Committee	Nomination & Governance Committee	Remuneration Committee
Matt Shattock	8 of 8		4 of 4	4 of 4
Colin Halpern	8 of 8			
Dominic Paul	8 of 8			
Neil Smith ²	6 of 6			
Ian Bull	8 of 8	4 of 4	4 of 4	4 of 4
Natalia Barsegiyan	8 of 8	4 of 4	4 of 4	4 of 4
Kevin Higgins ²	5 of 5	3 of 3	2 of 2	3 of 3
Stella David ²	7 of 7		3 of 3	3 of 3
Lynn Fordham	8 of 8	4 of 4	4 of 4	4 of 4
Usman Nabi	7 of 8		3 of 4	
Elias Diaz Sese	8 of 8		4 of 4	4 of 4

1. All Directors attended the scheduled Board meetings apart from Usman Nabi who was unable to attend one scheduled meeting due to prior commitments. There was one unscheduled Board meeting held during the year which all Directors attended.
2. Stella David joined the Board on 23 February 2021. Kevin Higgins left the Board on 8 September 2021. Neil Smith Left the Board on 26 November 2021.

COMPOSITION, SUCCESSION AND EVALUATION

BOARD COMPOSITION

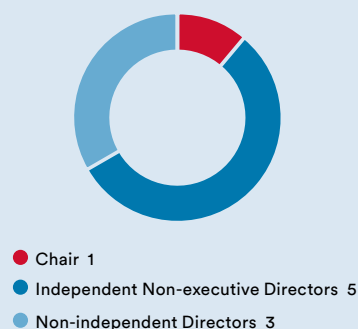
In terms of composition the Board is cognisant of its diversity policy and aims to make appointments in line with that policy. Our preferred Board structure is to be led by a Non-executive Chair, to have high calibre Executive Directors to drive the performance of the business under the leadership of 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, provide guidance in developing strategy, offer advice relating to their areas of specialism and, ultimately, to hold management to account. 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 & Governance 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 BALANCE

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

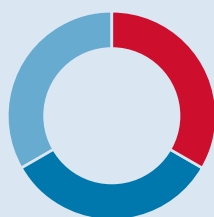


BOARD COMPOSITION

The members of the Board as at 7 March 2022 were drawn from a range of backgrounds and gained their experience in a range of relevant industry sectors:

3

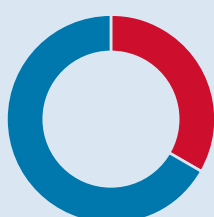
Professional skills



- Finance/accounting 3
- General management 3
- Retail management 3

6:3

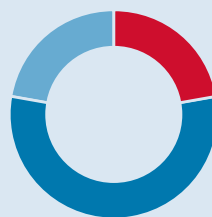
Gender balance



- Female 3
- Male 6

3

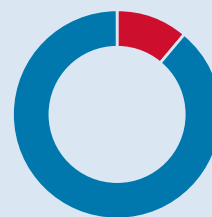
Primary experience



- Consumer retail 2
- Food retail 5
- Investment management 2

8:1

Ethnic diversity



- Ethnic minority 1
- Non-ethnic minority 8

CORPORATE GOVERNANCE CONTINUED

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 & Governance 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 Chairship, 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 Chair, 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 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 role of the Chair, of a FTSE 350 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 & Governance 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 and ethnicity, of the Directors. The process also examines how the Directors work together as a unit, and explores other factors relevant to effectiveness. The Chair 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). The performance evaluation of the Chair was led by the Senior Independent Director.

Process

For the Board evaluation in 2021 we engaged Manchester Square Partners ('MSP') to undertake an external Board review. MSP 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 one of MSP's partners interviewing each of the Directors and the Company Secretary and attending a Board meeting as an observer.

The topics covered by the review included the following areas:

- Strategy development and review and strategic priorities
- Operational challenges, perceived risks and risk management
- Relationship with stakeholders
- Talent management and succession planning
- Purpose, values and culture
- Board role and dynamics
- Composition, succession & engagement
- Board committees

A partner from MSP presented the review's findings to the Board and a summary of agreed actions was approved, which included:

- Refine the Board's forward agenda to ensure an appropriate balance of emphasis on short-term and longer-term topics;
- Increase the use of pre-briefing between Board meetings to create additional time in Board meetings for free-flowing debate;
- The Board is relatively new and Covid-19 travel restrictions have limited the amount of face-to-face meetings and interaction. The meeting schedule will be revised to cater for additional informal Board sessions, and Non-executive Director-only sessions, to enable the Board members to get to know each other better and help with the evolution of boardroom dynamics;
- Maintaining emphasis on providing quality Board papers with executive summaries crystallising key points;
- Continue to leverage Non-executive Director capabilities and experience; and
- Improve interaction with key stakeholders in person and/or virtually, particular customers and franchisees.

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.

AUDIT, RISK AND INTERNAL CONTROL

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 88 to 94.

The Board considers that the 2021 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.

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 96 to 118. This report explains how Executive Directors' remuneration is designed to promote the long-term success of the Company, taking into account views of shareholders, and shows how the performance-related elements are transparent, stretching and rigorously applied.

WORKFORCE ENGAGEMENT

COLLEAGUE FORUMS

Since the introduction of Colleague Forums within our SCC in 2018, and within our Support Office and Corporate Stores in 2020, we have continued to develop the framework. Throughout 2021 we made adaptations for Covid-19 related guidelines as we remained committed to understanding colleague concerns and providing an effective opportunity to update the workforce on relevant business matters. This framework included electing colleagues to represent our new Supply Chain Centre in Cambuslang which opened in March 2021.

QUARTERLY COLLEAGUE FORUMS

- Chair: Designated non-executive Director
- HR representative
- Nominated representatives

FUNCTIONAL FORUMS

- Forum chair
- HR representative
- Elected representatives

DEPARTMENTAL MEETINGS/HUDDLES

- Arranged locally within function, either as separate meetings, or as part of regular established meetings



KEY

SCC
Supply Chain Centres

SO
Support Offices

Stores
Corporates Stores

As per the UK Corporate Governance Code, throughout 2021, a designated non-executive Director for workforce engagement was in place, with Stella David succeeding Kevin Higgins from 30 November 2021. Kevin Higgins attended a Colleague Forum in February 2021. With Stella David now in place as the designated non-executive Director for workforce engagement, we will be reviewing our standard ways of working in 2022.

Whilst communications across all areas of the business have continued to be dominated by the Covid-19 pandemic and the associated guidelines and working arrangements, as per the Terms of Reference, the Forums have been utilised for collective consultations. Within our Supply Chain Centres, transport forum representatives were pivotal in securing legislative Work Force Agreements, as per the 2005 Working Time Road Transport Regulations, which enable greater flexibility for the operation by extending both the night working hours and reference period for the calculation of average working time for drivers across all sites. Within our Support Office, consultations are ongoing regarding proposed hybrid contractual working.

NOMINATION & GOVERNANCE COMMITTEE REPORT



...the Committee's objective of the Board comprising 33% female Board members during 2021 was achieved.

Matt Shattock
Chair

4

Meetings in
2021

100%

Meeting
attendance

OVERVIEW

This is my second report as Chair of the Nomination & Governance Committee and I'm pleased to report that we have continued to make good progress. Following the appointment of Stella David as an additional Non-executive Director in February 2021, the Board now has three high-calibre female Board members. On behalf of the Committee, Heidrick and Struggles undertook a search to recruit Stella David, with a mandate limited to female candidates against a clearly defined candidate brief. As at December 2021, the Board gender composition was compliant with the recommendations of the Hampton-Alexander review.

Kevin Higgins stepped down from the Board in September 2021 having served on the Board for seven years. On 1 December 2021, we announced that Colin Halpern had advised the Board of his intention to retire as a Director at the Company's Annual General Meeting 2022. Colin founded Domino's in the UK & Ireland when he acquired the MFA in 1993 and has been a pivotal figure in the development of the Company.

In November 2021, the Board decided to expand the Committee's remit to include oversight of the Company's corporate governance practices, policies and procedures. This change will allow the Board more time to focus on our key strategic topics and areas of business focus. The Committee's name and Terms of Reference were updated to reflect this wider remit.

Committee member	Member since	Meetings attended
Matt Shattock	2020	4/4
Ian Bull	2019	4/4
Natalia Barseguyan	2020	4/4
Kevin Higgins	2014	2/2
Stella David	2021	3/3
Lynn Fordham	2020	4/4
Elias Diaz Sese	2019	4/4
Usman Nabi	2019	3/4

For full biographies of the Committee members

See pages 72 to 74



BOARD EVALUATION 2021

Details of the Board evaluation process are set out on page 84. This was the first externally-facilitated evaluation of the Board since I joined in 2020 and I found the process particularly valuable. The reviewer found the Board to be effective, engaged and cohesive and with an open and collegiate style and of a high calibre, but with low ego. Given the amount of change on the Board in the last two years, I was delighted with the findings which show excellent foundations from which to develop an already effective team.

HOW THE COMMITTEE OPERATES

The principal objectives of the Nomination & Governance Committee are 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; and
- to keep the Board's corporate governance arrangements under review and to ensure that both the Company and the Board operate in a manner consistent with corporate governance best practice.

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

The Committee's membership is comprised of Non-executive Directors, the majority of which are independent.

ACTIVITIES IN 2021

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

- recommending to the Board the appointment of Stella David as an additional independent Non-executive Director;
- reviewing the performance of all the Non-executive Directors seeking re-election at the 2021 AGM;
- receiving reports from management on plans to improve diversity and inclusion within the Group;
- receiving reports from management on talent management within the Group;
- reviewing progress against the Board's policy on diversity and inclusion;
 - approving a revised Terms of Reference with an expanded terms of reference for the Committee;
 - reviewing the composition of the Board's Committee and making recommendations to the Board;
 - recommending to the Board the composition of the newly established Sustainability Committee.

While the Chair of the Board chairs the Nomination & Governance Committee in normal circumstances, he would abstain in matters relating to the appointment of a successor to the Chairship.

The number of meetings held in the year and attendance at those meetings is shown on page 86.

PURPOSE

The Nomination & Governance Committee has five 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 & Governance 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; and
- to review the Group's corporate governance arrangements, including ensuring appropriate policies and procedures are in place for key compliance areas and that the Board and subsidiaries process are consistent with best practice.

The terms of reference of the Nomination & Governance Committee were updated in November 2021. These terms of reference are available on the Company's investor relations website (<https://investors.dominos.co.uk>).

POLICY ON DIVERSITY

The Board recognises the importance and benefit 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 stakeholders' 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.

A key factor in achieving this effectiveness is drawing members from a range of backgrounds, which has been shown to help avoid 'group think'. We value diversity in our

business and we recruit and develop people regardless of their gender, race or any other characteristic. It is in the long-term interests of the Company and its stakeholders 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 defined goals to meet the targets set out in the Hampton-Alexander review on gender diversity and Parker review on ethnicity. On gender diversity, the Committee's objective of the Board comprising 33% female Board members during 2021 was achieved. We aim to increase the proportion of female Board membership to 40% by 2025. On ethnicity, we aim to maintain at least one Board member from the Black, Asian and Minority Ethnic (BAME) community and increasing this to two Board members from the BAME community by 2025.

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 41.

Matt Shattock
Chair
7 March 2022

AUDIT COMMITTEE REPORT



The Group has continued to progress on improving risk management and internal control as the new strategy is enacted and the Group emerges from the impacts of Covid-19.

Lynn Fordham
Chair

4

Meetings in
2021

100%

Meeting
attendance

CHAIR'S SUMMARY STATEMENT

Dear shareholder

I am pleased to present the Audit Committee report for the year ended 26 December 2021 to explain how we have discharged our responsibilities with an overview of our principal activities and their outcome.

Meetings of the Audit Committee have been attended by the Chair 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. We had four scheduled meetings in the year and attendance at those meetings is shown below. In addition to the scheduled Committee meetings, the past Audit Committee Chair and I have, together with other Audit Committee members, met regularly with the finance team and other members of the Executive Leadership team, KPMG in their role as internal auditors and with PwC as external auditor to discuss their reports and any issues highlighted. We continue to regularly meet with both PwC and KPMG as part of our ongoing review of the business and their effectiveness.

This has also been a year of significant change within the Committee. In September 2021, Kevin Higgins stepped down from the Board and Audit Committee, having been a member of the Audit Committee since 2014. I thank Kevin for the support and insight provided to the Group over those years. Having completed one term, and as part of Board evolution, Ian Bull has handed over the chair to me and I'm pleased that he remains a member of the committee. I thank Ian for his leadership of the committee.

In November 2021, Neil Smith left as CFO, and David Surdeau was appointed as Interim CFO. I look forward to working with David over the next year as the Group continues to focus on control improvements.

The Committee's terms of reference were updated in May 2021.

As has been discussed in previous years, the Group's internal control environment has historically been informal and often undocumented. Over the last two years, progress has been made in upgrading the overall control environment, including establishing a separate Internal Audit function who are now reporting with regularity on control maturity across the business. Whilst progress was impacted during the Covid-19 period, the Group has continued to improve the overall control environment. As we look forward, there is still significant progress to be made, and

Committee member	Member since	Meetings attended
Lynn Fordham	2020	4/4
Ian Bull	2019	4/4
Natalia Barsegiyan	2020	4/4
Elias Dias Seze	2021	0/0

For full biographies of the Committee members

➔ See pages 72 to 74

ACTIVITIES IN 2021

- assessment of the Group's accounting policies and applications to developments in the year, including continued classification of the International businesses as held for sale and discontinued operations during the year and the subsequent disposals, and impairment reviews over the Group's cash generating units including the London corporate stores;
- review of the Group's processes and progress in the ongoing application of IFRS 16 Leases;
- review of the appropriateness of the classification of non-underlying items within the Group financial statements;
- consideration of the progress made on implementing improved internal controls across the Group, and the implementation of controls as a result of the findings from internal audit;
- consideration of the findings of the Financial Reporting Council's (FRC) review into the 2020 Annual Report and reviewing and approving the Group's response, including the related restatements made to the cash flow statement as outlined on page 142;
- 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.

whilst the overall control environment has improved and is now assessed by regular Internal Audit reviews, in light of upcoming regulatory changes we will continue to make improvements to the processes and controls.

The Committee focuses 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 disposals of the international markets, the development of the new eCommerce platform, fair valuations over the investments held in Shorecal and the Market Access Fee, provisions related to legal, regulatory and tax matters, and the appropriateness of costs relating to the NAF and eCommerce funds.

Both the external auditors (PwC) and the internal auditors (KPMG) were appointed in 2019 and have become established in their roles and both have gained a good understanding of the business. Effectiveness reviews over the internal audit function were performed during 2021. The 2020 year end process with PwC was reviewed and actions implemented and noted with an external audit effectiveness review undertaken in 2021. 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 their audit plan continues to reflect the risks faced by the business. In relation to Audit Quality, the Audit Committee has:

- observed an in-depth audit with deep questioning and appropriate scepticism, including the use of subject matter experts where required;
- received an explanation of areas where management and judgements have been robustly challenged along with the outcomes of those challenges; and
- ensured that audit independence is maintained through review of additional services provided and consideration of any conflicts of interest.

In addition, during 2022 PwC will be reporting on a suite of key Audit Quality Indicators to the Committee which have been developed through 2021. The Audit Committee has direct access to members of management and the external and internal auditor. It can seek further professional advice at the Company's cost if deemed necessary, however no such needs have arisen in the year.

We have performed an Audit Committee effectiveness review during the year, inviting input from management and Committee members. No significant matters were raised.

There is also increasing focus from stakeholders in the area of audit reform in the UK, and changes in the regulatory market around internal controls. The Committee has closely followed these developments and, together with management and the Board, will act in due course to accelerate its current corporate governance and control improvement agenda.

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.

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 or any other time to answer any questions relating to the work of the Committee.

Lynn Fordham
Chair of the Audit Committee
7 March 2022

AUDIT COMMITTEE REPORT CONTINUED

COMMITTEE MEMBERSHIP, ATTENDEES, ACCESS AND OBJECTIVES

Lynn Fordham is a qualified accountant with extensive experience across several sectors, and the Board has determined that she has recent and relevant financial experience which qualifies her to chair the Audit Committee. She is a member of the Institute of Chartered Accountants of Scotland. Ian Bull is a chartered accountant with significant experience across a variety of sectors. Natalia Barseguyan has significant finance experience, including across the QSR sector. Elias Dias Seze who joined the Committee in November 2021 also has significant finance experience in the global food sector. All members are non-executive and are considered independent under the UK Corporate Governance Code. The Board is satisfied that 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 – The Committee reviews the content of the Annual Report and Accounts and advises 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 seeks to ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow-up action. Review of 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 and appropriateness 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 reviewed and revised in May 2021. 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 ongoing work to upgrade 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
Accounting for the disposal of the international operations The Group completed the disposal of the international operations during the period, with a total loss on disposals of £9.8m recognised in discontinued 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 during the year, including at the half year review. The disposal of the operations in Sweden, Iceland and Switzerland completed during the year, and the Committee considered the losses recognised on disposals, any remaining disposal provisions, and concurred with management's assessment and the recorded loss on disposal.
Impairment reviews of corporate stores Management performed an impairment review over the goodwill recorded on the acquisition of the London Corporate stores. No further impairments have been recorded in the current year.	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 no further impairment should be recorded, following the impairment to goodwill taken in 2019. The Committee challenged the forecasts used, the discount rate and other key assumptions including any comparable precedent transactions and were comfortable that this represented an appropriate valuation, and that sufficient headroom remained.

Significant judgement or issue	Work undertaken by and conclusion of the Audit Committee
Valuation of the Shorecal investment The Group recorded a £2.1m increase in valuation over the 15% investment in Shorecal Ltd, a franchisee group based in Ireland.	The Committee challenged the fair valuation model inputs and the basis of the resulting valuation, the increase of which was as a result of strong performance during the year and dividends received. The Committee considered the inputs into the valuation including judgmental areas around future growth. The Committee concurred with the valuation and the treatment of the movement as underlying income.
Revaluation of the Market Access Fee A loss of £0.3m was recorded over the Market Access Fee asset in relation to the Germany associate.	The Committee have reviewed the forecasts and assumptions used in determining the fair valuation based on the forecast earnings of the associate investment. The remaining payment has been calculated based on the trading figures for the calendar year 2021 from management, and therefore the valuation risk has decreased. The Committee have reviewed the remaining judgements over the valuation. Overall, the Committee are satisfied with the valuation in relation to the range of outcomes determined by management.
The appropriateness, amount and disclosure of significant non-underlying items A total cost of £2.7m has been included in profit after 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. It is anticipated that going forward there will be fewer non-underlying items.
Other accounting matters considered	Work undertaken by and conclusion of the Audit Committee
FRC review	In August 2021, the Group received a letter from the FRC requesting further information following a review by the FRC of the 2020 annual report and accounts. The questions raised primarily related to the treatment of receipts of lease income within the consolidated cash flow statement. The Audit Committee reviewed and approved the Group's responses to the FRC. The Group's correspondence with the FRC closed satisfactorily with agreement on a restatement to be made on the consolidated cash flow statement to reclassify lease receipts from financing to investing activities, as outlined in note 2 to the financial statements.
Potential tax liability in respect of employee share schemes	As further explained in note 2 to the Financial Statements, a provision of £11m was recorded in 2018 around historical employee share schemes. During the year, an additional £2.0m has been recorded relating to vesting of options made after 2011, following further correspondence with HMRC. There has been no change to the approach taken by HMRC nor the advice received from the Group's external legal advisors relating to the 'pre-2011' vesting. The committee reviewed the correspondence with HMRC and the calculation of the additional provision made by management during the year, and are satisfied with the valuation and approach adopted by management.
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 to facilitate distributions to shareholders. The Committee reviewed management's dividend payments throughout the Group and capital restructuring in a subsidiary company, including assessment of the amounts considered as qualifying consideration in order to support the adequacy of distributable reserves when distributions to shareholders are declared.

AUDIT COMMITTEE REPORT CONTINUED

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is ultimately responsible for risk management and internal controls and, on behalf of the Board, 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 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; and
- 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. Continued progress has been made in this area in 2021, including the introduction of a new Head of Internal Audit, Risk and Control to work alongside the co-sourced providers, KPMG. An Executive Risk Committee ('ERC') was established in 2020 and the operation of this Committee has continued to

mature during the year. Meeting quarterly, the ERC is composed of a broad representation of Senior Management and key risk owners and is tasked with ensuring business risks are regularly evaluated, monitored, responded to, and reported to the Board, including making recommendations to the Board over the principal risk and uncertainty disclosures. Key developments delivered by the ERC in 2021 include the establishment of a climate risk and opportunities register as well as the formalisation of a new fraud risk assessment matrix. These risk registers are now embedded into the enterprise risk management activities and are routinely monitored and reported on. The Head of Internal Audit, Risk and Control is responsible for facilitating six-monthly Management Assurance statements, the results of which are reported to the ERC and the Audit Committee. These statements both reinforce risk accountability and periodically formalise the assessment of risk and control to report to the Audit Committee.

Developments have been made by the finance team and wider management on addressing control issues identified, however further significant work is required, especially considering potential future corporate governance developments in the UK. This remains a key priority for the Committee going into 2022 and will remain a regular agenda item. It is expected that the planned upgrade from the current ERP system will help to accelerate control improvements through comprehensive control documentation, enhanced security and access, and a greater reliance on automated system controls.

Specific matters around risk assessment and the internal control environment considered by the Committee, and the work undertaken by the Committee, are as follows:



Risk management and internal control	Work undertaken by and conclusion of the Audit Committee
IT and cyber security	<p>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.</p> <p>The Committee noted the ongoing additional specialist resource now taken on by management and 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.</p>
Risk assessment	<p>The Committee reviewed the risk profile of the Group as agreed by the Board and the principal risks as set out on pages 58 to 68 and challenged the nature and impact of the Group's principal risks. During the year, there have been further developments in the risk profile of the Group and the Committee have reviewed the changes to principal risks, together with the underlying process of business risk assessment on which these are derived. The Risk Committee (established by management in 2020) has continued to re-assess the business risks with input from each risk owner across the business and the outcome of this review has been reflected in management's reported assessment.</p>
Whistleblowing	<p>The Committee received updates from management of any whistleblowing cases identified and reviewed the operation and appropriateness of reporting procedures. No significant items were reported.</p>
Fraud, Anti-Bribery and corruption	<p>The Committee reviewed the policy and training programme in place around anti-bribery and corruption.</p>
Taxation	<p>The Committee received reports from management around the tax position of the Group and were updated on emerging direct and indirect tax risks.</p>

EXTERNAL AUDITORS

PwC were appointed external auditors in 2019 and are now established in their role, giving fresh insight and perspective on the business. The Committee have engaged with PwC in reviewing the audit plan for 2021, scope of the audit and risks identified, and have regularly met with the lead engagement partner, Owen Mackney. The Audit Committee also held meetings with the external auditor without management present at each Audit Committee meeting, and the Audit Committee Chair has a regular and frequent dialogue with the lead engagement partner.

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.

This is now the third year of PwC's engagement. Our review of the effectiveness of the external audit function was based on a review of the 2020 year end, 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 Committee remain satisfied as a result of the discussions and interaction with PwC, together with reviews of audit quality reports, that no significant issues were raised.

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 a clear internal policy on non-audit services.

The only significant non-audit fees charged in the period were in relation to the interim review, additional assurance work over ESG metrics, and a small piece of assurance work provided to the UK operations to support the final working capital adjustment for Iceland, which is considered a permissible non-audit service. The assurance over ESG metrics work commenced during the year, for a total fee of £45,000. The committee considered the appropriateness of appointing PwC in light of independence requirements and considered the work performed to be in line with independence requirements. The assurance work provided to Iceland for £4,000 was provided as part of the disposal transaction and is considered a permissible non-audit service. We are satisfied that both services are permissible under both our internal and PwC's policies and the ethical guidance. The only significant audit-related fee was the interim review performed at half-year of £58,000. The level of non-audit fees to audit fees is 13%.

AUDIT COMMITTEE REPORT CONTINUED

The level of fees payable to PwC for 2021 are as set out below:

	£m
Total audit and audit-related fees	0.8
Non-audit fees	0.1
Total audit and non-audit services	0.9

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

After assessing the level of non-audit fees, the review of effectiveness, and relevant audit quality reports, the Committee has no concerns over the objectivity, independence or effectiveness of the external auditors.

INTERNAL AUDIT

In 2019, KPMG were formally appointed as internal auditors of the Group. During 2021, KPMG have continued to contribute to the delivery of the internal audit plan as co-source providers, now working together with the Head of Internal Audit, Risk and Control 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 plan focuses on benchmarking across the business on a risk-based approach, informed by the business and the Committee. Audits are designed to address strategic and operational risks and seek to provide assurance over the processes and controls in place to ensure certainty over the delivery of the Group's strategic objectives. 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. During the year, Internal Audit have performed work and issued reports covering key risks including data protection, cyber security, SCC transport & logistics, and online-sales payment processing. Audits have also been undertaken to address key areas of compliance risk relating to VAT, Treasury activities, ERP security and access, and fraud risk management. KPMG have performed additional work assisting in the documentation of key financial and operational controls relating to all major transaction cycles. Recommendations arising from audits are followed up routinely to ensure management commitments are enacted on a timely basis and control improvements delivered. The Committee are satisfied that there is a clear improvement plan in place for internal controls.

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 Chair meets with the Head of Internal Audit, Risk and Control as well as the KPMG Partner and Director regularly to discuss activities and the nature of any significant issues which may have arisen.

A review of the effectiveness of the internal audit function took place during the year, including input from the Committee members and management involved in the internal audit process. No significant areas of concern were raised, with the key area for improvement being ongoing focus to further develop the internal audit scope of activity into a cyclical and risk focused approach following the relatively recent establishment of the function.

Internal audit is now a regular agenda item at Committee meetings. Reports from the internal audit team routinely include updates on audit and assurance activities, progress on the Group's internal audit plan and commentary and tracking

of the implementation of recommendations by management. Departmental objectives are set at the start of the year with reports on progress at all Audit Committee meetings.

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. 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 69).

Net debt has increased during the year to £199.7m, as a result of the increased shareholder returns during the period which exceeded the free cash flow generated, which remained strong over the year. Throughout the year, the Group has maintained comfortable headroom within its facility and comfortably met banking covenant compliance.

Having reviewed these projections, and the potential scenarios consisting of the Base Case, a sensitised scenario and a further stress test, which have been set out in more detail on page 69, and the ability of the Group to stop discretionary payments, the Audit Committee has concluded that it would 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 or a severe impact in the supply chain, which could impact on the debt covenants. Mitigations remain in the form of delaying or suspending capital distributions through dividends and share buybacks.

FAIR, BALANCED AND UNDERSTANDABLE

The Audit Committee has provided advice to the Board on whether the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide 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.

The Committee gave due consideration to the integrity of information provided in the Annual Report to ensure that this explains the Group's position and performance effectively. The Committee reviewed the use of Alternative Performance measures, including the use of non-underlying measures, in light of the guidelines issued by the European Securities and Markets Authority ('ESMA').

The Committee recommended to the Board that the disclosures in the Annual Report, taken as a whole, are fair, balanced and understandable, and provided the information necessary for our shareholders to assess the Company's position, performance, business model and strategy.

Lynn Fordham
Chair of the Audit Committee
7 March 2022



DIRECTORS' REMUNERATION REPORT



The Committee is satisfied that the remuneration outcomes and payments for 2021 are fair and reasonable.

Stella David
Chair

4

Meetings in
2021

100%

Meeting
attendance



Committee
Members

CHAIR'S SUMMARY STATEMENT

Dear shareholder

I am pleased to present the Directors' Remuneration Report for the period ended 26 December 2021.

This my first report as Chair of the Remuneration Committee having taken over the role from Kevin Higgins in August 2021.

In this report, we review the Group's performance in the year and explain the remuneration which resulted for the Directors. I also explain how our remuneration policy will be implemented in 2022.

The Remuneration Policy Report on pages 99 to 107 will be put to a shareholders' binding vote at the AGM to be held in May 2022. Our current policy was approved at the 2019 AGM, which received 92.85% votes in favour. However, we were disappointed that at the 2021 AGM, only 65.05% of the shareholders that voted supported the advisory vote on the Directors' Remuneration Report. As a result, we consulted with shareholders to understand their concerns and views on the implementation of our current policy.

The principal feedback from the consultation identified the following topics that influenced shareholder voting at last year's AGM:

- The level of fees paid to the new Chair
- The level of salary for the new Chief Executive Officer and Chief Financial Officer as compared to their predecessors
- The award of an LTIP at 200% of salary to the CEO taking advantage of the exceptional limit in both the Policy and the Rules of the LTIP

The Committee acknowledges the views expressed by shareholders but remains of the view that the decisions it took in respect of the matters noted above were appropriate for the Company and its shareholders given the challenges that the Company faced at that time. We believe that the agreement reached with the franchisees as announced on 16 December 2021 (the 'Resolution') heralds a new era of collaboration between the Company and franchisees to unlock the significant latent potential of the Domino's system and accelerate both near-term and long-term growth. The Resolution would not have been achieved without recruitment of new leadership of the Company which itself could not have been achieved without the Committee taking the decisions on remuneration noted above.

Committee member	Member since	Meetings attended
Matt Shattock	2020	4/4
Ian Bull	2019	4/4
Natalia Barsegiyan	2020	4/4
Stella David	2021	3/3
Lynn Fordham	2020	4/4
Elias Diaz Sese	2019	4/4

For full biographies of the Committee members

➔ See pages 72 to 74

Following the consultation, the Committee carried out a review of the policy and has decided to propose some amendments. These changes are being proposed largely to enhance alignment of our policy with best practice, while taking into consideration, to the extent feasible, the feedback we received during the shareholder consultation. Details of the proposed changes to the policy can be found on page 99. The Committee consulted with shareholders on the remuneration policy and received strong support for the proposed changes. Shareholders will also be asked at the AGM to approve a new Long-term Incentive Plan ('2022 LTIP') to replace the current 2012 LTIP which expires in March 2022. A summary of the key features of the 2022 LTIP will be included in the AGM circular.

PERFORMANCE AND REMUNERATION FOR 2021

The business has continued its operations throughout the Covid-19 pandemic and its various lockdowns, working together with our Franchisees for the benefit of all stakeholders and keeping our colleagues and customers safe. Throughout the Covid-19 pandemic the Group has not received any UK government loan assistance, and business rate rebates for the corporate store estate were repaid.

The Group's results for 2021 demonstrate a robust trading performance and strong momentum in our core markets in the UK and Ireland. The Group has made significant progress against its strategic plan and, as noted earlier, we concluded a resolution with our franchisees, which was a major milestone in resetting a relationship that is fundamental to our business, and addresses tensions that have held back the development of the system in recent years. During the year, the Group completed the exit from the remaining international markets allowing management to focus on the core UK and Ireland markets. Our Supply Chain Centres continued to provide the highest level of support to our franchisee partners and we opened a new UK supply chain centre in Cambuslang, Scotland.

The strong operational performance has been matched by a robust financial performance with the Group's adjusted underlying Profit Before Tax ('PBT') for the year above the threshold target level for profit-related annual bonuses to be paid to the CEO. Details of the annual bonus outcomes are shown on pages 112 and 113.

The Committee is satisfied that the remuneration outcomes and payments for the 2021 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

As agreed at the time of appointment, the CEO received an award under the 2012 LTIP of 200% of base salary during the year. The grant to the CEO at 200% was both in line with the agreement entered into with him on joining, and with the median award for CEOs in the FTSE 250. As this was above the normal maximum specified in our policy, the Committee made use of the exceptional limit allowed for by our policy to make this award. The Committee is proposing to amend the remuneration policy so that the annual LTIP award for the CEO is 200% of base salary. For the awards made in 2021, 70% of the awards are subject to performance conditions based on earnings per share ('EPS') targets and 30% are based on relative total shareholder return ('TSR'), over the three-year performance period ending December 2023. A two-year post-vesting holding period applies. Detailed performance targets for LTIP awards made in 2021 are shown on pages 114 and 115 and the performance targets for awards to be made in 2022 are shown on pages 109 and 110.

BASE SALARIES FOR 2021

On appointment, the CEO's base salary was £750,000 which was not increased in 2021. From April 2022, the CEO's base salary will increase by 2% to £765,000 per annum. This rate of increase is below the general rate of increase for the wider workforce which has been set at 3% for 2022.

PENSION ARRANGEMENTS

In last year's Directors' Remuneration Report we advised of our intention to extend pension contribution matching arrangements to all colleagues working in the stores which would have enabled all colleagues to receive a company pension contribution of 5%. The Committee reconsidered this planned approach, as it was concerned that in practice it was unlikely that many store-based colleagues would take up this offer given the typical age and expected length of service. The Committee decided not to introduce the proposed change, as a result of which the majority of our workforce remain entitled to a maximum contribution of 3%. Our CEO has voluntarily agreed to reduce his contribution in lieu of pension to 3% with effect from 1 January 2022 as a result of which the pension levels for all Executive Directors in the policy will be limited to 3% of base salary.

SHAREHOLDERS' VIEWS

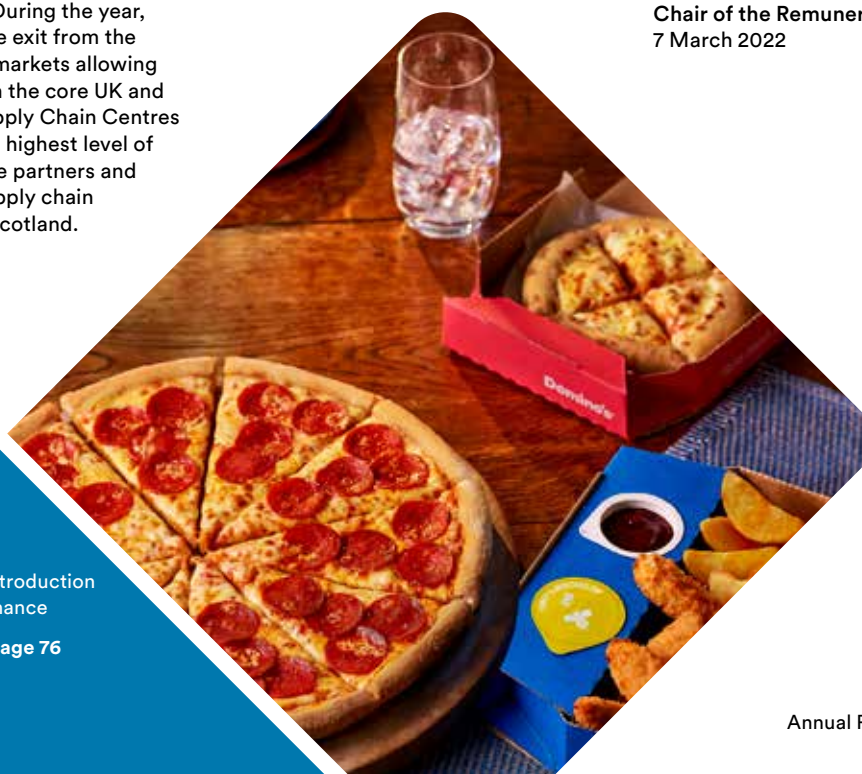
The Committee continues to take an active interest in shareholders' views and looks forward to maintaining an open and transparent dialogue in the future. We would like to thank you for your support in previous years, and we look forward to your support at the 2022 AGM.

Stella David

Chair of the Remuneration Committee
7 March 2022

For the introduction
to Governance

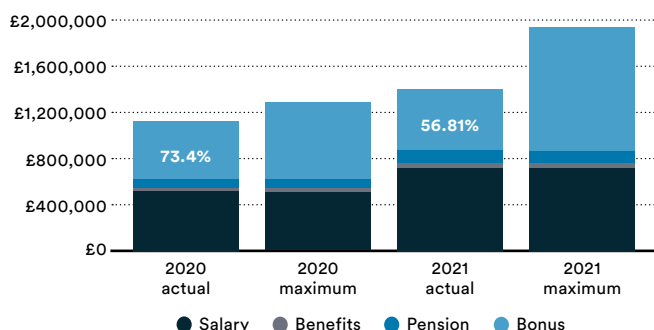
➔ See page 76



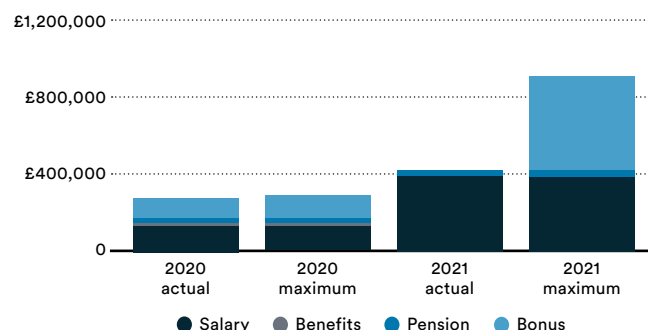
DIRECTORS' REMUNERATION REPORT CONTINUED

REMUNERATION AT A GLANCE

Chief Executive Officer



Chief Financial Officer



Notes:

The CEO joined the Company in 2020.

The CFO joined the Company in 2020 and left in 2021. The CFO was not entitled to a bonus for 2021, having left the Company during the year.

The percentages shown are the bonus payable as a percentage of maximum.

No LTIP awards were due to vest for the performance periods ending in 2020 and 2021, therefore LTIP is not included in the charts above.

ALIGNMENT OF PERFORMANCE AND REMUNERATION 2021

ANNUAL BONUS Incentivise annual delivery of financial and operational goals linked to the Company's strategy	PBT Linked to financial KPI	70%
	ORDER COUNT Linked to budgeted order count target	10%
	STRATEGIC PLAN Linked to business strategic plan	10%
	PEOPLE Linked to business strategic plan	5%
	DIGITAL & IT Linked to digital & IT agenda	5%
LTIP Aligned to main strategic objectives of delivering sustained profitable growth	EPS GROWTH Linked to financial KPI	70%
	RELATIVE TSR Linked to financial KPI	30%

PROPOSED APPLICATION OF THE NEW POLICY FOR 2022

Unchanged:

- Annual bonus quantum and % of bonus deferral
- LTIP quantum for the CEO and vesting/holding periods
- In- and post-employment shareholding requirements
- Core benefits

Key changes:

- CEO salary increased by 2% per annum with effect from April 2022
- Pension allowance for the Executive Directors reduced from 5% to 3%
- Bonus deferral period increased from two to three years
- ESG metrics introduced for 2022 annual bonus
- Maximum LTIP for the CFO of 175% with no exceptional limit
- Malus and clawback provisions further strengthened by including trigger events such as serious reputational damage and unreasonable failure to protect the interest of employees and customers
- Notice periods for new Directors reduced from 12 months to 6 months

REMUNERATION POLICY REPORT

This part of our Directors' Remuneration Report sets out the Directors' Remuneration Policy (the 'Policy') for the Company which, as required under the provisions of the Companies Act 2006 and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended ('the Regulations'), the Company will be submitting to shareholders for approval at the AGM on 5 May 2022. The Policy, once approved, will take effect from that date. The previous Policy was approved by shareholders at the AGM on 18 April 2019.

In most respects, the new Policy is consistent with that previously approved. The key changes proposed, to bring the Policy further in line with best practice, are as follows:

- To reduce pension allowance for Executive Directors (including the current CEO) from 5% to 3% to fully align with that available to the wider workforce;
- To increase the deferral period for annual bonus from two years to three years;
- To simplify the LTIP with a single maximum of 200% of salary for the CEO and 175% for the CFO and other Executive Directors (i.e. remove the previous normal maximum of 175% and exceptional maximum of 200%);
- To further strengthen the malus and clawback provisions under the annual bonus and LTIP to include trigger events of serious reputational damage and unreasonable failure to protect the interests of employees and customers; and
- To reduce the notice period for future Executive Directors from 12 months to six months, subject to Committee discretion to initially set the notice period at up to 12 months but then reducing to six months by no later than the end of the second year after joining.

OBJECTIVES OF THE POLICY

The proposed Policy, effective from the date of the 2022 AGM, continues to meet the following objectives:

- **Clarity:** maintain transparency, clear alignment with shareholder value and promotion of long-term, sustained performance;
- **Predictability:** ensure that performance targets for variable pay are stretching but achievable, specific and measurable, the quantum of reward reflects both Company and individual performance and there are appropriate award caps and Committee discretions in place;
- **Support for the Company's business strategy** by aligning the Executive Directors' incentives with the Company's growth objectives;
- **Simplicity:** ensure that the remuneration structures avoid unnecessary complexity and are easy to understand for participants;
- **Risk is appropriately managed:** variable pay should drive performance within the Company's risk appetite and encourage a prudent and balanced approach to the business;
- **Alignment to culture:** the remuneration arrangements encourage the behaviour from the Executive Directors that the Committee expects to see throughout the business; and
- **Proportionality:** the link between individual awards, the delivery of strategy and long-term performance of the Company is clear.

In setting the Policy for the Executive Directors, the Committee also takes into account a number of different factors:

- The Committee applies the principles set out in the Code and also takes into account best practice guidance issued by the major UK institutional investor bodies and other relevant organisations;
- When the Committee determines and reviews the Policy for the Executive Directors, it considers and compares it against the pay, policy and employment conditions of our employees to ensure that there is appropriate alignment between the two; and
- The Committee conducts periodic external comparisons to examine current market trends and practices and equivalent roles in similar companies, taking into account their size, business complexity, international scope and relative performance to inform its decisions. However, the Committee recognises that such data and information should be used as a guide only and that there may be a need to phase-in changes over a period of time.

DIRECTORS' REMUNERATION REPORT CONTINUED

EXECUTIVE DIRECTORS' REMUNERATION POLICY TABLE

	Purpose and link to strategy	Operation	Maximum	Performance targets
Base salary	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> n/a
Pension	<ul style="list-style-type: none"> Provides market-competitive, yet cost-effective retirement benefits Opportunity for Executives to contribute to their own retirement plan 	<ul style="list-style-type: none"> Defined contribution or cash supplement HMRC-approved salary sacrifice arrangement (salary sacrifice for employee contribution) 	<ul style="list-style-type: none"> Employer contribution to a pension arrangement or payment of a cash allowance in lieu of a pension up to 3% of basic salary. 	<ul style="list-style-type: none"> n/a
Other benefits	<ul style="list-style-type: none"> Provides cost-effective insured benefits to support the individual and their family Access to company car to facilitate effective travel 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> n/a

	Purpose and link to strategy	Operation	Maximum	Performance targets
Annual performance bonus	<ul style="list-style-type: none"> Incentivise annual delivery of financial and operational goals linked to the Company's strategy 	<ul style="list-style-type: none"> Up to two-thirds of the annual bonus is paid in cash and one-third deferred into shares that will vest after three years and are subject to risk of 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 	<ul style="list-style-type: none"> The maximum bonus opportunity is 150% of salary for the CEO and 125% of salary for the CFO and other Executive Directors 	<ul style="list-style-type: none"> Bonuses will be subject to a combination of financial and non-financial 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 non-financial targets which are aligned to the key business 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 non-financial 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
2022 Long Term Incentive Plan ('2022 LTIP')	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Maximum annual opportunity of 200% of salary for the CEO and 175% for the CFO and other Executive Directors 	<ul style="list-style-type: none"> Long-term incentive awards vest based on three-year performance against one or more challenging 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

DIRECTORS' REMUNERATION REPORT CONTINUED

	Purpose and link to strategy	Operation	Maximum	Performance targets
In-employment share ownership requirement	<ul style="list-style-type: none"> To provide alignment between Executives and shareholders To encourage a focus on sustainable long-term performance 	<ul style="list-style-type: none"> Executives are required to retain shares from the vesting of options and awards (on an after-tax basis) to build and maintain a shareholding equivalent to the required multiple of salary within five years of joining 50% of any shares received on vesting/exercise of awards under the Company's LTIPs and Deferred Share Bonus Plan (net of tax), granted in respect of performance periods starting in 2019 onwards, will be placed into a nominee account until the required share ownership requirement has been met 	<ul style="list-style-type: none"> At least 200% of salary holding for Executive Directors whilst in employment 	<ul style="list-style-type: none"> n/a
Post-employment share ownership requirement	<ul style="list-style-type: none"> To further strengthen the alignment between Executives and shareholders 	<ul style="list-style-type: none"> Upon cessation of employment, Executives are required to maintain a shareholding for two years thereafter 	<ul style="list-style-type: none"> A level equal to the lower of the in-employment requirement and the number of shares beneficially held at cessation 	<ul style="list-style-type: none"> n/a

NON-EXECUTIVE DIRECTORS' REMUNERATION POLICY TABLE

	Purpose and link to strategy	Operation	Maximum	Performance targets
Non-executive Director fees	<ul style="list-style-type: none"> Reflects the value of the individual's skills and experience Recognises expected time commitments and responsibilities 	<ul style="list-style-type: none"> Chair'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) 	<ul style="list-style-type: none"> 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-executive Directors 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 Chair or Non-executive Director of an appropriate calibre 	<ul style="list-style-type: none"> n/a
Shareholding guideline	<ul style="list-style-type: none"> To provide alignment between Non-executive Directors and shareholders 	<ul style="list-style-type: none"> Non-executive Directors are encouraged, but not required, to own shares in the Company To facilitate this, Non-executive Directors can enter into arrangements under which a percentage of their after-tax fees can be applied to purchase shares 	<ul style="list-style-type: none"> n/a 	<ul style="list-style-type: none"> n/a

OPERATION OF THE ANNUAL BONUS PLAN, THE DEFERRED SHARE BONUS PLAN AND LTIP POLICY

The Committee will operate the annual bonus plan, the deferred share bonus plan ('DSBP'), the 2012 LTIP and the 2022 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); and
- 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 UK Corporate Governance Code published in 2018, 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, the 2012 LTIP and 2022 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 DSBP, 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. 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. For performance periods beginning on or after 31 December 2021, the Company may also scale back an award where the Company suffers a serious reputational damage as a result of management failure and/or where there is unreasonable failure to protect the interests of employees and customers.

The Company may also claw back cash bonus awards or previously vested Deferred Share Bonus Plan ('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.

DIRECTORS' REMUNERATION REPORT CONTINUED

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. ESG measures linked to business strategy and objectives are introduced for annual bonus awards in 2022.

A combination of relative TSR and growth in underlying EPS have been used for LTIP awards in previous years. The underlying EPS measures the Company's success in delivering long-term profit growth, a key contributor to the Company's valuation, and was 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 that of 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, 2022 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's 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 previously reported, 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 who will gather views from the workforce on executive remuneration in 2022. Details of colleague engagement can be found on pages 36 and 85.

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.

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 Chair 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 (see page 103) in respect of annual bonuses and long-term share plans also provide the Committee with a mechanism to recover monies in certain circumstances. Share ownership requirements and the design of the 2012 LTIP and 2022 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. A consultation process was also undertaken during 2021 and early 2022 with shareholders' views being reflected in the proposed changes to the Policy, which is being put to shareholders for approval at the 2022 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 normally limited to six months or less. The Committee has discretion to determine a longer notice period (up to 12 months) for new Executive Directors, which will be reduced to six months by no later than the end of the second year after joining. 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.

Notice provisions in the service contract for Dominic Paul, the Chief Executive Officer, requires six months' notice of termination to be given by the Company or the Executive. His contract includes payment in lieu of notice provisions as per the policy detailed on page 106.

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	Normally six months or less. Subject to Committee discretion, up to 12 months may be offered initially but will be reduced to six months no later than the end of the second year after joining
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 106) 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.

DIRECTORS' REMUNERATION REPORT 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:

Remuneration element	'Bad' leaver (e.g. resignation and dismiss for cause)	'Good' leaver (e.g. death, ill health, retirement, redundancy and any other reason if the Committee so decides)
Salary in lieu of notice period	Salary for proportion of notice period served	Up to a maximum of 100% of salary
Pension and benefits	Provided for proportion of notice period served	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
Bonus (in year)	Immediately forfeited on the date of cessation	Normally reduced pro rata to reflect proportion of performance period elapsed (provided performance conditions met), unless the Committee decides that no reduction (or a smaller reduction) is appropriate in any particular case
Bonus (deferred shares)	Immediately lapse on the date of cessation	Awards shall vest on the normal vesting date, unless the Committee otherwise determines that the award shall vest on the date of cessation (or such later date as the Committee specifies), an in either case to such extent as the Committee determines
Long-term incentive entitlements (2012 LTIP and 2022 LTIP)	Immediately lapse on the date of cessation	Will ordinarily vest on the normal vesting date based on performance tested over the full performance period and time pro rata based on the period of time after the grant date and ending on the date of cessation, unless the Committee determines otherwise (i.e. early vesting on cessation, or such other later date as the Committee specifies, or the Committee decides time proration is inappropriate in any particular case and shall increase the number of vested shares)
Other payments	None	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.

NON-EXECUTIVE DIRECTOR REMUNERATION

The Non-executive Directors are not employed under service contracts and have contracts for services with a notice period of one month. Non-executive Directors do not receive compensation for loss of office. 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
Colin Halpern ¹	15 November 1999	Rolling annual	5 May 2022
Elias Diaz Sese	17 October 2019	17 October 2019	17 October 2022
Ian Bull ¹	19 April 2019	19 April 2019	19 April 2022
Usman Nabi ²	11 November 2019	11 November 2019	See note 2
Matt Shattock	16 March 2020	16 March 2020	16 March 2023
Natalia Barsegiyan	16 September 2020	16 September 2020	16 September 2023
Lynn Fordham	16 September 2020	16 September 2020	16 September 2023
Stella David	23 February 2021	23 February 2021	23 February 2024

1. On 1 December 2021, the Company announced that Colin Halpern would step down from the Board at the AGM in 2022.

2. 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	<p>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.</p> <p>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.</p>
Benefits and pension	<p>Will be as provided to current Executive Directors.</p> <p>The Committee will consider meeting the cost of certain reasonable relocation expenses and legal fees as necessary.</p>
Annual bonus	<p>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 during the financial year of their appointment.</p> <p>Due to the timing or nature of the appointment, the Committee may determine it necessary to set different or modified performance conditions for the first year of appointment.</p>
Long-term incentives	<p>Participation will be in accordance with the information set out in the policy table.</p> <p>Awards may be made on or shortly after an appointment, subject to prohibited periods.</p> <p>Different performance conditions may be set as appropriate.</p> <p>Any new appointment would be eligible to participate in the all-employee share option arrangements on the same terms as all other employees.</p> <p>For internal promotions, existing awards will continue over their original vesting period and remain subject to their terms as at the date of grant.</p>
Additional incentives on appointment	<p>The Committee will assess whether it is necessary to buy-out remuneration which would be forfeited from a previous employer on termination.</p> <p>The Committee will, where possible, seek to offer a 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.</p> <p>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.</p>

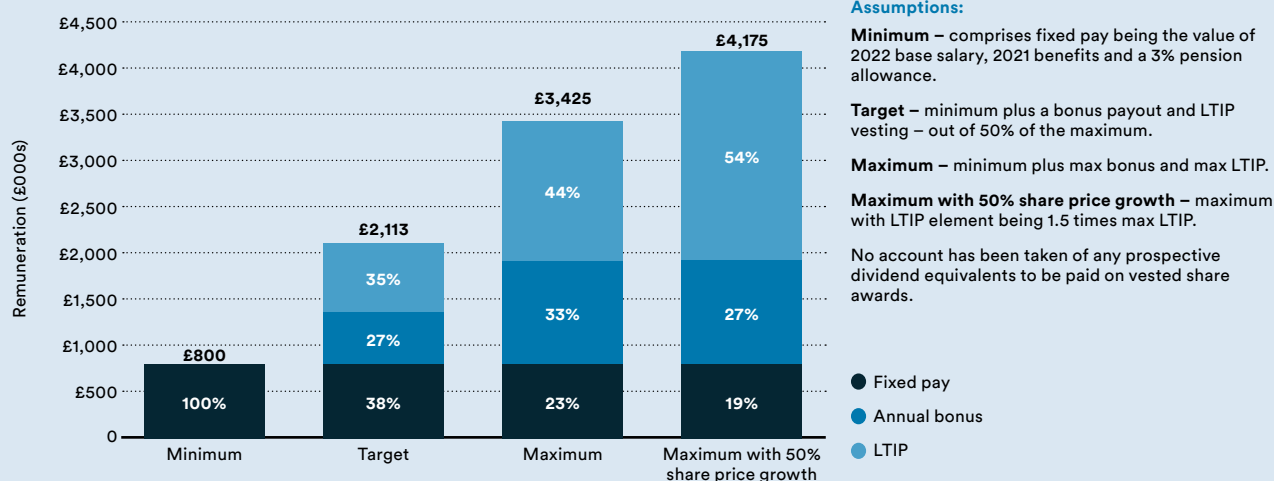
EXTERNAL APPOINTMENTS

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 proposed new Policy under four different scenarios – minimum, target, maximum and maximum with a 50% share price growth.

Chief Executive Officer



DIRECTORS' REMUNERATION REPORT CONTINUED

IMPLEMENTATION OF REMUNERATION POLICY

ROLE AND MEMBERSHIP

The Committee is responsible for the Chair'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 Chair 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. 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
Stella David (Chair) ¹	23 February 2021	3 of 3
Kevin Higgins ¹	22 September 2014	3 of 3
Matt Shattock	16 March 2020	4 of 4
Ian Bull	19 April 2019	4 of 4
Elias Diaz Sese	17 October 2019	4 of 4
Natalia Barsegiyan	16 September 2020	4 of 4
Lynn Fordham	16 September 2020	4 of 4

1. Stella David joined the Committee with effect from 23 February 2021 and became Chair of the Committee on 2 August 2021. Kevin Higgins stood down from the Board on 8 September 2021.

EXTERNAL ADVISER

Advice on executive remuneration and share schemes is received from the executive compensation practice of Alvarez & Marsal ('A&M') who were appointed based on their experience and expertise. A&M is a member of the Remuneration Consultants' Group and is a signatory to its Code of Conduct, requiring the advice they provide to be objective and impartial. During the year, A&M did not provide any other services to the Company except in relation to senior management remuneration matters and therefore the Committee is comfortable that the advice provided was independent. Fees charged by A&M for advice provided to the Committee for the relevant periods during the year amounted to £98,617 (excluding VAT) (2020: £46,815) charged predominantly on a time and materials basis.

WHAT HAS THE REMUNERATION COMMITTEE DONE DURING THE YEAR?

The Remuneration Committee met four 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 2021 under the 2012 LTIP;
- approved the performance conditions for the LTIP awards in 2021 and to be made in 2022;
- considered feedback from shareholders on their reasons for voting against the remuneration report at the AGM in 2021; and
- reviewed the Directors' Remuneration Policy and proposed changes to be considered by shareholders at the 2022 AGM.

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 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
- considered feedback from shareholders on their reasons for voting against the remuneration report at the AGM in 2021; and
- reviewed the Directors' Remuneration Policy and proposed changes to be considered by shareholders at the 2022 AGM.

IMPLEMENTATION OF REMUNERATION POLICY FOR 2022

BASE SALARY

The base salary for the CEO will be increased by 2% to £765,000 per annum with effect from April 2022. This is below the pay increase applied to the wider workforce which has been set at 3% for 2022.

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 families. Executive Directors will receive cash in lieu of pension allowance of 3% of base salary.

ANNUAL PERFORMANCE BONUS ('APB')

The maximum bonus opportunity for the CEO and CFO for 2022 will be 150% and 125% of salary, respectively.

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 and there is a threshold level of performance below which no award is paid.

The performance conditions for the APB for the 2022 financial year will be based both on achieving and exceeding the Group's underlying PBT growth targets set by the Board (65% of bonus for the CEO and CFO) and on achieving individual business objectives (35% of bonus for the CEO and CFO) which support the business plan. Included within the 35% of bonus attributed to business objectives, 10% is allocated to ESG/sustainability targets.

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 2022, 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 three years, during which time they remain subject to risk of forfeiture.

LONG TERM INCENTIVE PLAN ('LTIP')

The resolution with UK franchisees announced in December 2021 was a pivotal development for the Company. It is consistent with the Company's growth strategy and includes the Company committing to strategic investments in the short-term to enhance the growth potential of the system to the benefit of all stakeholders. The Committee has considered how the resolution should be reflected in Long-term Incentive Plans so that the performance conditions strike a balance between ensuring that they are robust and challenging while they are seen by management as being realistic and incentivising. Our aim is to set targets that are directly related to strategy and align management and shareholders' interests.

In recent years, the Committee set targets for the EPS part of the LTIP by setting a simple threshold and maximum absolute growth in EPS to be achieved over the three-year performance period with 25% of the EPS part vesting for threshold growth and 100% vesting for maximum growth. Reflecting on the impact on EPS over the next three years of a) strategic investments flowing from the franchisee resolution and b) EPS over the performance period absorbing the rate of corporation tax rising from 19% to 25% in 2023, it became clear to the Committee that the previous relatively simplistic approach was no longer appropriate. For the periods covered by the 2021 award and the 2022 award (not yet granted), the Company has set itself a demanding plan even though this is not expected to generate substantial growth in EPS over this period with the growth expected over the following years.

For awards made in 2021 and 2022, the Committee has set specific EPS targets linked to the strategy with a vesting threshold set at 97.5% of target and stretch at 115% of target. Details of the LTIP performance conditions for the awards made in 2021 are set out on page 115.

It is intended that the CEO will receive an LTIP award in 2022 with a face value of 200% of base salary. Awards will vest after three years, subject to two independent performance metrics.

70%: EPS growth

	EPS Targets (pence per share for the 2024 financial year)	Vesting (% of EPS part of award)
Threshold	23.2	10%
Target	23.8	50%
Stretch	27.4	100%

Straight-line vesting in between the performance points above.

DIRECTORS' REMUNERATION REPORT CONTINUED

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.

NON-EXECUTIVE DIRECTORS' FEES

Non-executive Directors' fees are reviewed biennially and were last increased with effect from January 2020, or the date of appointment if later.

The fee structure for the Chair and other Non-executive Directors for 2022 is as follows:

- Chair – £480,000
- Non-executive Director base fee – £65,000
- Audit Committee Chair fee – £15,000
- Remuneration Committee Chair fee – £15,000
- Nomination & Governance Committee Chair fee (Committee established on 30 November 2021) – £ nil
- Sustainability Committee Chair fee – £12,000
- Senior Independent Director fee – £15,000
- Workforce nominated NED fee – £10,000 (previously £nil)

Non-executive Directors' fees reflect the level of experience and time commitment required for their roles.

STATEMENT OF SHAREHOLDER VOTING AT AGM

The voting results for the last vote on the Directors' remuneration policy (at the 2019 AGM) and the Annual Report on Remuneration (at the 2021 AGM) were as follows:

	Annual report on remuneration (2021 AGM)		Remuneration policy (2019 AGM)	
	Total number of votes	% of votes cast	Total number of votes	% of votes cast
For	240,486,741	65.05%	340,933,388	92.85%
Against	129,216,222	34.95%	26,251,715	7.15%
Total votes cast (for and against)	369,702,963	100%	367,185,103	100%
Votes withheld ¹	46,077	—	11,276,051	—
Total votes cast (including withheld votes)	369,749,040	—	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 116 represents the audited section of this report.

SINGLE TOTAL REMUNERATION FIGURE FOR EACH DIRECTOR

52 weeks ended 26 December 2021

£000	Salary	Benefits ¹⁵ and supplements	Bonus	LTIP Vesting	Pension	Total Remuneration in 2021	Total fixed	Total variable
Executives								
Dominic Paul	750	14	639	—	37	1,440	801	639
Former Executives								
Neil Smith ²	397	11	—	—	20	428	428	—
David Wild ¹³	—	—	—	138	—	138	—	138
David Bauernfiend	—	—	—	36	—	36	—	36
Non-executives								
Matt Shattock	480	—	—	—	—	480	480	—
Colin Halpern ⁶	140	31	—	—	—	171	171	—
Stella David ¹⁴	62	—	—	—	—	62	62	—
Kevin Higgins ⁹	54	—	—	—	—	54	54	—
Elias Diaz Sese	65	—	—	—	—	65	65	—
Ian Bull	94	—	—	—	—	94	94	—
Usman Nabi ¹¹	—	—	—	—	—	—	—	—
Natalia Barsegiyan	65	—	—	—	—	65	65	—
Lynn Fordham	66	—	—	—	—	66	66	—
Total	2,173	56	639	174	57	3,099	2,286	813

Please see notes on page 112.

52 weeks ended 27 December 2020

£000	Salary	Benefits ¹⁵ and supplements	Bonus	LTIP Vesting	Pension	Total Remuneration in 2020	Total fixed	Total variable
Executives								
Dominic Paul ¹	493	10	553	—	25	1,081	528	553
Neil Smith ²	121	3	123	—	6	253	130	123
Former Executives								
David Wild ³	179	5	211	37	18	450	202	248
David Bauernfiend ⁴	—	—	—	57	—	57	—	57
Non-executives								
Matt Shattock ⁵	382	—	—	—	—	382	382	—
Colin Halpern ⁶	140	31	—	—	—	171	171	—
Helen Keays ⁷	24	—	—	—	—	24	24	—
Ebbe Jacobsen ⁸	4	—	—	—	—	4	4	—
Kevin Higgins	80	—	—	—	—	80	80	—
Elias Diaz Sese	65	—	—	—	—	65	65	—
Ian Bull ¹⁰	124	—	—	—	—	124	124	—
Usman Nabi ¹¹	—	—	—	—	—	—	—	—
Natalia Barsegiyan ¹²	18	—	—	—	—	18	18	—
Lynn Fordham ¹²	18	—	—	—	—	18	18	—
Total	1,648	49	887	94	49	2,727	1,746	981

Please see notes on page 112.

DIRECTORS' REMUNERATION REPORT CONTINUED

1. Dominic Paul joined the Company as Chief Executive (Designate) on 6 April 2020 and joined the Board on 1 May 2020 as the CEO. The numbers in the table relate to the period he worked as a Board Director during 2020.
2. Neil Smith joined the Company as the Interim CFO on 15 April 2020. He subsequently became permanent CFO on 1 September 2020 and joined the Board on 16 September 2020. The numbers in the table for the year ended 27 December 2020 relate to the period he worked as a Board Director during 2020. Neil Smith resigned from the Board with effect from 26 November 2021.
3. Salary, benefits, pension and bonus are stated for the period to 1 May 2020 when David Wild ceased to be a Director. An additional 4,070 shares vested on 30 June 2020 from Tranche 1 of the 2016 LTIP award granted to David Wild on 22 April 2016. The vested value of these shares was £12,625 using the mid-market share price on the vesting date of 310.2p. Of this figure £12,625 relates to the underlying award and £nil to share price growth. The additional vested shares from Tranche 1 attracted a dividend equivalent award of £1,689. 6,306 shares vested on 27 December 2020 from Tranche 3 of the 2016 LTIP award granted to David Wild on 22 April 2016. The vested value of these shares was £20,722 using the mid-market share price on the 24 December 2020 of 328.6p. Of this figure £19,675 relates to the underlying award and £1,047 to share price growth. The vested shares from Tranche 3 attracted a dividend equivalent award of £2,410.
4. Following David Bauernfeind's tragic death on 26 December 2019, the Committee determined, in accordance with the rules of the long-term incentive plan, to pro-rata his outstanding share award from the date of grant to 26 December 2019. David Bauernfeind received an award under the 2012 LTIP on 25 October 2018 which vested on 25 October 2021. The performance conditions applying to the 2018 LTIP award were partially met (details are set out on page 120 of the 2020 Annual Report). The value of the vested element of the 2018 LTIP award was £57,468 using the mid-market share price on the vesting date of 379.6 p. Of this figure £38,771 relates to the underlying award and £18,697 to share price growth. David Bauernfeind also received an award under the 2012 LTIP on 5 September 2019. The performance conditions applying to the 2019 LTIP award were partially met (details are set out on page 114 of this report). The value of the vested element of the 2019 award is estimated to be £35,584 using the three-month average share price to 24 December 2021 of 384.2 p. Of this figure £22,090 relates to the underlying award and £13,494 to share price growth.
5. Matt Shattock was appointed to the Board on 16 March 2020.
6. Colin Halpern is not remunerated by the Company and for the 2021 financial year a management fee of £140,000 (2020: £140,000) was paid to HS Real Company LLC in respect of his services. A further benefit of £31,000 (2021: £31,000) relating to life insurance premiums was also paid to HS Real Company LLC during the year.
7. Helen Keays stood down from the Board in June 2020.
8. Ebbe Jacobsen stood down from the Board in January 2020.
9. Kevin Higgins stood down from the Board on 8 September 2021.
10. In 2020 Ian Bull was paid a Director's fee of £230,000 per annum on a pro-rata basis during the period he acted as Interim Chair.
11. Usman Nabi waived his fees in accordance with the terms of his appointment letter.
12. Natalia Barseguyan and Lynn Fordham were appointed to the Board in September 2020.
13. Of the 2016 LTIP award granted to David Wild on 22 April 2016: From Tranche 1, an additional 11,850 shares vested in June 2021 and an additional 4,441 shares vested in December 2021; From Tranche 3, an additional 12,701 shares vested in June 2021 and an additional 3,144 shares vested in December 2021. The vested value of these shares was £129,753 using the mid-market share price on 30 June 2021 of 388.6p and 30 December 2021 of 465.2p for Tranche 1; and the mid-market share price on 25 June 2021 of 383.4p and 24 December 2021 of 456.4p for Tranche 3. Of the vested value of these shares £100,264 relates to the underlying award and £29,489 to share price growth. The vested shares from Tranche 1 and Tranche 3 attracted a dividend equivalent award of £7,767 during the year.
14. Stella David joined the Board on 23 February 2021.
15. 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.

DEFINED CONTRIBUTION PENSIONS

Executive Directors receive pension contributions to a personal pension fund or in cash. In the year ended 26 December 2021, Dominic Paul and Neil Smith each received a pension allowance of 5% of salary which totalled £36,923 and £19,639, respectively.

DETAILS OF VARIABLE PAY EARNED IN THE YEAR

Annual bonus plan

The incentive for the financial year ended 26 December 2021 was in the form of a bonus based on performance against a combination of financial targets (Group underlying PBT), and non-financial targets, incentivising a number of the Company's strategic priorities.

Dominic Paul ('CEO') had a bonus opportunity of 150% of salary for the 2021 financial year. Of this opportunity, 70% 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 set for year (underlying PBT)	Actual performance achieved	Resulting bonus out-turn
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: £106.3m Target: £111.9m Maximum: £123.1m	Actual adjusted ¹ underlying PBT was £112.0m	50.45% of maximum financial element

1. The profit before tax of £112.0m used in the calculation is the reported underlying profit before tax from continuing operations of £113.9, less the fair value gain of £2.1m relating to the Shorecal Ltd investment plus the impact of IFRS 16 of £0.2m, which were not included in the original bonus targets.

Assessment of non-financial targets

Dominic Paul

Criteria	Weighting	Key metrics/targets	Performance commentary	Year-end assessment
Order Count	10%	<ul style="list-style-type: none"> Deliver budgeted order count target of 3% for 2021 	Overall rating: Achieved <ul style="list-style-type: none"> Order count increased by 5% which is in excess 	10%
Strategic Plan	10%	<ul style="list-style-type: none"> Open 30 new stores in 2021 and pipeline of 40 stores for 2022 Average delivery time less than 25 minutes Carry-out acceleration plan in place and in-car collection rolled out to 450 stores Improve overall brand awareness to 85% and brand consideration to 58% 	Overall rating: Partially achieved <ul style="list-style-type: none"> Franchisee Resolution successfully announced 16 December 2021 31 new stores opened in 2021 (Achieved) Carry-out acceleration plan in place, with dedicated resource and defined target customer and media plan developed. In-car store collection was rolled-out to 422 stores Brand awareness at 81% versus target, was not achieved. Brand consideration at 54% versus target, was not achieved 	6%
Our People	5%	<ul style="list-style-type: none"> Roll out new strategy centred on purpose, mission and values throughout the organisation Achieve employee engagement of 80% (77% in 2019) Launch Diversity & Inclusion strategy 	Overall rating: Partially achieved <ul style="list-style-type: none"> The new strategy, purpose, mission and values and People Plan have been extensively communicated throughout organisation and built into appraisals, reviews and recruitment process Employee engagement result was 68%. Not achieved The launch of a Diversity & Inclusion strategy was partially achieved, with targets set, sponsorship established within senior management and gender balanced shortlists introduced 	2.5%
Digital & IT	5%	<ul style="list-style-type: none"> Lead the development of advancement of the digital and IT agenda, specifically: Ensure stability and security of IT systems – achieve 99.9% or better IT security plan signed off by Audit Committee New platform and data commercialisation strategies agreed by the Board with clear costs and benefits Consumer digital KPI targets <ol style="list-style-type: none"> Online penetration of 90% or higher Successful launch of new app with deal wizard and group-ordering functionality. Success measured by app penetration of 47% or higher/2.5m active users 	Overall rating: Partially achieved <ul style="list-style-type: none"> IT system stability was maintained at 99.99% An IT security plan was approved by the Audit Committee during the year Outline details of new eCommerce platform agreed with the Board. Data commercialisation strategy yet to be agreed Online penetration was 91.9% for the year Award Winning new App launched May 2021 with deal wizard and group ordering functionality. App penetration of 47.1% was achieved, with 2.5m active users (up 18% versus 2020) 	3%
Total	30%			21.5%

Annual bonus plan – summary

	Financial target bonus	Non-financial objective bonus	Total 2021	Percentage of maximum bonus
Dominic Paul	£397,270	£241,875	£639,145	56.81%

In line with the policy, two-thirds of the bonus will be payable in cash and one-third will be deferred into shares that vest after three years.

DIRECTORS' REMUNERATION REPORT CONTINUED

2012 LTIP

David Bauernfeind received an award under the 2012 LTIP on 5 September 2019. Following Mr Bauernfeind's tragic death on 26 December 2019 the Committee determined, in accordance with the LTIP rules, to pro-rata his outstanding share award from the date of grant to 26 December 2019. The award, which will vest on 5 September 2022, was based on performance over the three-year period ending on 26 December 2021 as follows:

70%: EPS performance

70% of the award vests subject to growth in the Company's adjusted EPS on the following basis:

Metric	Actual performance	EPS performance condition	Maximum	% of award vesting
Three-year adjusted earnings per share ('EPS')	27.04% growth	20% growth (10% vesting)	50% growth (100% vesting)	31.12%

Straight-line vesting occurs in between these points.

30%: TSR performance

The remaining 30% of the award vests based on the following vesting schedule based on the Company's TSR performance measures against the constituents of the FTSE 250 Index (excluding investment trusts) over three financial years:

Metric	Actual ¹ performance	Threshold	Maximum	% of award vesting
Ranking of the Company's TSR	44 of 162	Median (15% vesting)	Upper quartile ¹ (100% vesting)	93.7%

1. Median ranking was 81.5 and upper quartile ranking was 41.

Straight-line vesting occurs in between these points.

Based on the vesting criteria noted above, 9,262 shares will vest from the 2019 LTIP award granted to David Bauernfeind. The value of the vested shares is £35,585. For reporting purposes the awards were valued using the three-month average share price to 24 December 2021 of 384.2p.

2016 LTIP

David Wild was granted an award under the 2016 LTIP on 22 April 2016, comprising three separate tranches of 534,000 shares each. Provisional vesting of share awards over the performance period for each tranche was dependent on achieving earnings per share targets and relative TSR targets. An underpin mechanism applies which only permits the release of the provisionally 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). As at 27 December 2020: of Tranche 1, 54,557 shares had provisionally vested of which 10.94% had actually vested; of Tranche 3, 58,773 shares had provisionally vested of which 10.73% had actually vested. Absolute TSR for Tranche 1 and Tranche 3 was re-assessed in June 2021 and December 2021. Absolute TSR for Tranche 1 was 33.15% at 30 June 2021 and 41.29% at 30 December 2021. Absolute TSR for Tranche 3 was 32.34% at 27 June 2021 and 37.69% at 27 December 2021. As a result, an additional 16,291 shares have vested from Tranche 1 and an additional 15,845 shares from Tranche 3.

Share awards granted during the year

LTIP awards

Details of the grant made under the 2012 LTIP on 9 September 2021 to Dominic Paul are summarised below:

Executive	Date of grant	Type of award	Number of awards granted	Face value of award ¹	Face value of award (as a % of salary)	Vesting % at threshold	Performance period	Performance conditions
Dominic Paul	9 September 2021	Conditional award of shares	368,912	£1,500,000	200%	10–15%	Three financial years from 2021 to 2023	70%: EPS Growth 30%: relative TSR

1. Based on the average of the mid-market price of the Company's shares on 8 September 2021 being 406.6p.

The awards are subject to the following performance conditions:

70%: EPS growth

	EPS targets (pence per share for the 2023 financial year)	Vesting (% of EPS part of award)
Threshold	19.5	10%
Target	20.0	50%
Stretch	23.0	100%

Straight-line vesting in between the performance points above.

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) ¹
Below median	0%
Median	15%
Upper quartile or higher	100%

1. 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 Executive Directors 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 27 December 2020	Granted/ awarded in 2020 (number)	Exercised/ vested (number)	Lapsed (number)	Outstanding shares at 26 December 2021	Exercise price (pence)	Date of grant	Date from which exercisable/ capable of vesting
Dominic Paul								
2020 LTIP	434,191	—	—	—	434,191	n/a	09/09/2020	09/09/2023
2021 LTIP	—	368,912	—	—	368,912	n/a	09/09/2021	09/09/2024
Neil Smith								
2020 LTIP	186,702	—	—	186,702	—	n/a	09/09/2020	n/a

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.

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.

DIRECTORS' REMUNERATION REPORT CONTINUED

Executive Directors	Legally-owned shares at 26 December 2021 (or earlier date of cessation)	Legally-owned shares at 27 December 2020 (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
Dominic Paul	78,000	64,000	803,103	55,901	65.5%
Neil Smith	—	—	—	—	0%
Non-executive Directors					
Matt Shattock	500,000	500,000	—	—	n/a
Colin Halpern ²	1,673,700	1,673,700	—	—	n/a
Ian Bull	62,000	60,000	—	—	n/a
Stella David	30,003	—	—	—	n/a
Usman Nabi ³	44,737,059	44,737,059	—	—	n/a
Elias Diaz Sese	691,000	691,000	—	—	n/a
Natalia Barsegiyan	20,000	20,000	—	—	n/a
Lynn Fordham	60,000	60,000	—	—	n/a

- Based on a share price of 456.4p 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. Shares held in the Deferred Share Bonus Plan are accounted for net of tax and national insurance contributions.
- 1,673,700 Ordinary shares (2019: 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.
- Usman Nabi is deemed to be interested in shares held by the Browning West Group LP.

There were no changes in the Directors' shareholdings between 26 December 2021 and 7 March 2022.

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. The Company currently satisfies vesting share awards by using market purchased shares and there is no current intention to issue shares to satisfy future awards. The proposed 2022 Long-term Incentive Plan, which is being submitted for shareholder approval at the AGM on 5 May 2022, provides that discretionary shares awards shall not exceed 5% of issued share capital over a ten-year period.

CEO REMUNERATION

Year ended	Chief Executive Officer	Total remuneration £000	Annual bonus (% of max)	LTIP vesting (% of max)
26 December 2021	Dominic Paul	1,440	56.81%	—
27 December 2020 ¹	Dominic Paul	1,081	73.4%	—
27 December 2020 ¹	David Wild	450	80.1%	11.55%
29 December 2019	David Wild	694	0%	—
30 December 2018	David Wild	699	0%	10.21% ⁴
31 December 2017	David Wild	1,394	50.91%	90.95%
25 December 2016 ²	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 ³	Lance Batchelor	532	0%	—
30 December 2012	Lance Batchelor	852	50%	—

- David Wild was the CEO for the first four months of 2020 and was succeeded by Dominic Paul on 1 May 2020.
- The first LTIP awards granted to David Wild that become capable of vesting based on performance ending in FY16 were in 2014 and these have been included in the above table.
- 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.
- LTIP vesting for David Wild for the years ending 30 December 2018 and 27 December 2020 represent the percentage of provisionally vested shares. The number of shares that will actually vest is determined by achievement of an absolute TSR underpin.

CEO PAY RATIO

In the UK and 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 and Ireland workforce is made up of our 592 colleagues in our SCCs, where we manufacture dough and act as a scale and expert wholesaler of other food and non-food supplies to our franchisees; our 327 colleagues in our support office functions and 987 customer-facing colleagues in 35 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 our SCCs and support 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 three 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 SCC 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. The Committee believes that the median pay ratio is consistent with the Group's pay philosophy and progression policies.

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 Alvarez & Marsal, 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 2021 of £1,440,626, are as follows:

Year	Method	25th percentile pay ratio	50th percentile pay ratio	75th percentile pay ratio
2021	Option C	80:1	44:1	26:1
2020	Option C	72:1	42:1	28:1
2019	Option C	43:1	23:1	15:1

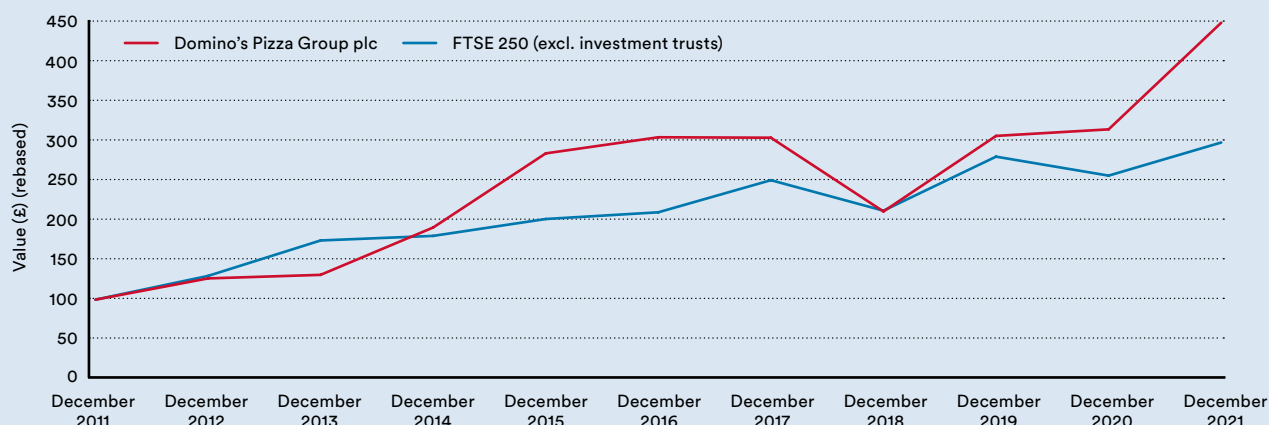
	25th percentile pay ratio	50th percentile pay ratio	75th percentile pay ratio
Total pay and benefits (FTE)	£17,913	£32,657	£55,456
Total salary (FTE)	£17,573	£30,117	£49,970

TOTAL SHAREHOLDER RETURN

The graph on page 118 illustrates the Company's TSR performance over the 10 financial years to 26 December 2021, 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.

DIRECTORS' REMUNERATION REPORT CONTINUED



This graph shows the value, by 26 December 2021, of £100 invested in Domino's Pizza Group plc on 25 December 2011, compared with the value of £100 invested in the FTSE 250 (excl. investment trusts) Index on the same date. The other points plotted are the values at intervening financial year ends.

PERCENTAGE CHANGE IN THE REMUNERATION OF THE BOARD DIRECTORS

	2020/2021			2019/2020		
	Salary/fees	Taxable benefits	Annual bonus	Salary/fees	Taxable benefits	Annual bonus
Executive Directors						
Dominic Paul	0%	0%	(22.6%)	n/a	n/a	n/a
Neil Smith	0%	0%	(100%)	n/a	n/a	n/a
Non-executive Directors						
Matt Shattock	0%	n/a	n/a	n/a	n/a	n/a
Colin Halpern	0%	n/a	n/a	0%	0%	n/a
Natalia Barsegiyan	1.5%	n/a	n/a	n/a	n/a	n/a
Ian Bull ²	(24.2%)	n/a	n/a	45.8%	n/a	n/a
Lynn Fordham	1.5%	n/a	n/a	n/a	n/a	n/a
Kevin Higgins	(7.8%)	n/a	n/a	33.3%	n/a	n/a
Elias Diaz Sese	0%	n/a	n/a	30%	n/a	n/a
Usman Nabi ³	n/a	n/a	n/a	n/a	n/a	n/a
Group employees average⁴	5.9%	(1.6%)	4.9%	6.1%	4.1%	119.7%

1. Salaries, fees, taxable benefits and bonus payments have been annualised where Directors have joined or left the Board in any relevant reporting period.

2. During 2020, Ian Bull received additional fees for acting as Interim Chair until 16 March 2020.

3. Usman Nabi does not receive a Director's fee.

4. Group employees excludes employees of the International businesses classified as discontinued.

The table above shows the percentage change in salary, benefits and annual bonus for each of the Board Directors who worked part or all of both 2020 and 2021. These are compared with the equivalent year-on-year changes averaged across Group employees and expressed on a per capita basis. Group employees consists of the continuing UK and Ireland business, and excludes the discontinued international operations in order to assist comparability.

RELATIVE IMPORTANCE OF SPEND ON PAY

	2021	2020	% change
Staff costs (£m)	69.1	60.6	14%
of which Directors' pay (£m)	2.9	2.7	7%
Dividends and share buybacks (£m)	136.0	25.6	431%
Underlying PBT (£m)	113.9	101.2	13%

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

Stella David

Chair of the Remuneration Committee

7 March 2022

DIRECTORS' REPORT

The Directors have pleasure in presenting the statutory financial statements for the Group for the 52 weeks ended 26 December 2021.

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 08 to 69), which includes the following:

- Chief Executive Officer's review pages 8 to 13
- Purpose, vision and values on pages 14 to 15
- Business model on pages 16 to 17
- Strategy on pages 18 to 29
- Market context pages 30 to 31
- Key performance indicators pages 32 and 33
- Section 172 statement on page 34
- Description of how we engage with our stakeholders and workforce pages 36 to 37
- Sustainability report pages 38 to 51
- Financial review pages 52 to 57
- Risk management, principal risks and uncertainties and viability statement pages 58 to 69

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 & Governance Committee and Audit Committee and the Directors' remuneration report set out on pages 72 to 118 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 £78.3m (2020: £39.7m). This is after a taxation charge of £19.0m (2020: £16.7m) and loss from discontinued operations of £12.4m (2020: £42.5m). The financial statements setting out the results of the Group for the 52 weeks ended 26 December 2021 are shown on pages 126 to 199.

DIVIDENDS

The Directors recommend the payment of a final dividend of 6.8p per Ordinary share, to be paid on 10 May 2022 to members on the register at the close of business on 8 April 2022 (ex-dividend date 7 April 2022), subject to shareholder approval. The total dividend in respect of the period will be 9.8p compared with 9.1p for the previous year, an increase of 7.7%.

SHARE CAPITAL

As at 26 December 2021, there were 448,023,791 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.

DIRECTORS' REPORT CONTINUED

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 26 December 2021, the EBT held 1,517,868 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 1,517,868 shares.

Purchase of own shares

At the 2021 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 may engage 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 5 May 2022.

During the year the Company made purchases of 20,956,282 Ordinary shares with a nominal value of £109,147.

DIRECTORS AND THEIR INTERESTS

The Directors in service at 26 December 2021 were Matt Shattock, Colin Halpern, Ian Bull, Dominic Paul, Stella David, Elias Diaz Sese, Usman Nabi, Natalia Barsegiyan and Lynn Fordham.

The biographical details of the present Directors are set out on pages 72 to 74 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 96 to 118. 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 7 March 2022. 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 7 March 2022, 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 shares¹:

	Number of shares	% of total voting rights as at 26 December 2021	% of total voting rights as at 7 March 2022
The Capital Group Companies, Inc	60,343,538	13.47%	13.47%
Browning West LP	44,737,059	9.99%	9.99%
Fundsmith LLP	24,229,119	5.41%	5.41%
Liontrust Investment Partners LLP	24,077,090	5.37%	5.37%
Troy Asset Management Limited	23,275,000	5.20%	5.20%

1. % of total voting rights have been calculated using the current issued share capital, 448,023,791, and therefore percentages may be different to those disclosed to the Company at the time of the holdings.

No other notifications under DTR 5.3.1R(1) have been received since 26 December 2021.

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 26 December 2021 under DTR 5.3.1R(1) was 24,624,093 shares (5.5% 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 26 December 2021 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 1,906 people as at 26 December 2021 (2020: 1,692). The number of employees for 2020 has been restated to remove the international businesses in Sweden, Switzerland and Iceland that were disposed of during 2021, and regarded as discontinued operations in 2020 for comparison purposes.

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 41.

GENERAL INFORMATION

Annual General Meeting

The notice convening the AGM is contained in a separate shareholder circular. The 2022 AGM is scheduled to be held at 10:00 am on 5 May 2022 at etc.venues St. Pauls, 200 Aldersgate, London, EC1A 4HD. Full details of the meeting venue will be included in the 2022 AGM circular and will be available on our website <https://investors.dominos.co.uk>. Any updates to the position will be communicated via a regulatory news service and published on the Company's website.

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 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').

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 143 in note 2: Accounting policies, in the section on judgements, 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, with an additional £2.0m being recorded in 2021. Of the £13.0m, the Company has estimated that £9m could be recoverable under the indemnities.

Articles of Association

On 22 April 2021, the Company's Articles of Association were amended by special resolution to amend the to allow for online voting at general meetings.

Political donations

The Company made no political donations in the year (2020: £nil).

Key performance indicators ('KPIs')

Details of the Group's KPIs can be found on pages 32 and 33.

DIRECTORS' REPORT CONTINUED

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 protect its objectivity. A resolution to reappoint PwC as the Company's Auditor will be proposed at the 2022 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.

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 69. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 52 to 57.

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. Details of this assessment can be found in note 2 of 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.

By order of the Board

Adrian Bushnell

Company Secretary
7 March 2022

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 accounting standards in conformity with the requirements of the Companies Act 2006 and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law). Additionally, the Financial Conduct Authority's Disclosure Guidance and Transparency Rules require the Directors to prepare the Group financial statements in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

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 state of affairs of the Group and Company and of the profit or loss of the Group for that period.

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

- select suitable accounting policies and then apply them consistently;
- state whether international accounting standards in conformity with the requirements of the Companies Act 2006 and, for the Group, international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.
- 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.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

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 72 to 74, confirms that, to the best of their knowledge,

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the information in 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 Group and Company, together with a description of the principal risks and uncertainties that it faces.

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.

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

Signed on behalf of the Board

Dominic Paul
Chief Executive Officer
7 March 2022

FINANCIAL STATEMENTS



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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DOMINO'S PIZZA GROUP PLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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 26 December 2021 and of the Group's profit and the Group's cash flows for the 52 week period then ended;
- the Group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- 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); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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 26 December 2021; the Group income statement and the Group statement of comprehensive income, the Group cash flow statement, and the Group and Company statements of changes in equity for the 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.

SEPARATE OPINION IN RELATION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ADOPTED PURSUANT TO REGULATION (EC) NO 1606/2002 AS IT APPLIES IN THE EUROPEAN UNION

As explained in note 1 to the financial statements, the Group, in addition to applying International Accounting Standards in conformity with the requirements of the Companies Act 2006, has also applied International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In our opinion, the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

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.

Other than those disclosed in note 6, we have provided no non-audit services to the Company and Group in the period under audit.

OUR AUDIT APPROACH

Context

There were no significant changes to the Group's operations during the year, other than the disposal of the discontinued operations in line with the strategic plan. However, various Covid-19 challenges and restrictions remained in place for much of the period, which the Group managed through, both operationally and financially.

There are a number of changes to our key audit matters this year as explained later in the report. This year we have also specifically set out our consideration of the impact of climate change on the audit which is further explained below.

Climate change risk is expected to have a significant impact on the food industry. As explained in the Sustainability section of the Strategic Report, the Group is mindful of its impact on the environment and focussed on ways to reduce climate related impacts as they continue to develop their plans towards their Net Zero pathway to 2050.

In planning and executing our audit we considered the Group's climate risk assessment process. This, together with discussions with our own climate change experts, provided us with a good understanding of the potential impact of climate change on the financial statements. The key financial statement line items and estimates which are more likely to be materially impacted by climate risks are those associated with future cash flows, given the more notable impacts of climate change on the business are expected to arise in the medium to long term. The Board monitors the impact of climate change risk and opportunities on the Group's strategy and business model. It considers the impact over the short term (1-2 years), medium term (2-5 years) and long term (5-10 years), in line with other business planning horizons. This includes the impairment assessment of goodwill for Corporate Stores and our related key audit matter further explains how we evaluated the impact of climate change.

Whilst the Group is targeting net zero carbon emissions by 2050, they are continuing to work on their pathway towards this. The Group has started to quantify some of the impacts that may arise on this pathway; the future financial impacts are clearly uncertain given the medium to long term time horizon. We discussed with management and the Audit Committee that the estimated financial impacts of climate change will need to be frequently reassessed and our expectation that climate change disclosures will continue to evolve as greater understanding of the actual and potential impacts on the Group's future operations are obtained.

Overview

Audit scope

- Audit of the complete financial information of two components, and specified procedures over six components that form the continuing operations of the Group. This work was conducted by the PwC Group team with the exception of two components where specified procedures were undertaken by non-PwC component auditors. In addition, we instructed two PwC Network firms to perform specified procedures on the discontinued operations prior to their disposal to support our work on the discontinued operations disclosures, although we do not consider these to be components as the businesses were sold prior to the period end.
- In addition to the work performed over components outlined above, the PwC Group team also performed audit procedures for transactions and balances that arise as part of the Group's consolidation process. This included auditing non-underlying items, the disposal of assets held for sale, the treatment and disclosure of discontinued operations, goodwill and intangible asset impairment, IFRS 16 accounting, taxation and the group consolidation.
- Audit coverage from full scope audits over 78% of group revenue.
- Audit coverage from full scope audits over 81% of group underlying profit before tax.

Key audit matters

- Risk of impairment of goodwill and intangible assets of the UK corporate stores CGU (Group).
- Risk of impairment in receivables balance (Company).

Materiality

- Overall Group materiality: £5,700,000 (2020: £5,100,000) based on 5% of underlying profit before tax.
- Overall Company materiality: £5,400,000 (2020: £1,700,000) based on 1% of net assets.
- Performance materiality: £4,300,000 (2020: £3,800,000) (Group) and £4,100,000 (2020: £1,300,000) (Company).

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.

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.

The valuation of assets held for sale and their presentation/disclosure including discontinued operations (Group only), adoption of IFRS 16 (Group only), classification of non-underlying items (Group only), impact of Covid-19 (Group and Company) and Valuation of the Market Access Fee receivable (Company only), which were key audit matters last year, are no longer included because the risks are not being assessed as significant in the current year. The matters in the prior year where there was valuation uncertainty have been resolved either through the disposal of the assets held for sale or in the case of the Market Access Fee confirmation of the actual financial results on which the valuation is determined. In addition, the assessment of non-underlying items has reduced from a significant risk as the amounts recognised in the current year are not material to the Group. Last year was the first year of adoption of IFRS 16 and the impact of Covid-19 has been assessed as less significant in the current year. Finally the risk for the Company has been amended from impairment and recoverability of receivable balances, with the international business that have now been disposed of, to the risk of impairment in the receivables balance that exists at the period end. Otherwise, the key audit matters below are consistent with last year.

INDEPENDENT AUDITORS' REPORT CONTINUED

TO THE MEMBERS OF DOMINO'S PIZZA GROUP PLC

OUR AUDIT APPROACH CONTINUED

Key audit matters continued

Key audit matter	How our audit addressed the key audit matter
<p>Risk of impairment of goodwill and intangible assets of the UK corporate stores CGU (Group)</p> <p>Refer to the Accounting policies set out in note 2 and note 14 of the Consolidated Financial Statements.</p> <p>In 2019, goodwill relating to the UK corporate stores was impaired by £18.7m; there was no impairment noted in 2020. In the current year management has again prepared a value in use discounted cash flow model to assess the risk of impairment and concluded that no further impairment is required. We focused on this area, as the estimation of future discounted cash flows is inherently subjective and involves judgement including the assessment of the potential impact of climate change. Given the judgements involved, this estimate is susceptible to management bias.</p>	<p>As part of our audit of management's impairment assessment and underlying discounted cash flow model:</p> <ul style="list-style-type: none"> • we assessed the control procedures that relate to the preparation, review and approval of the estimate; • we challenged management on their grouping of cash generating units (CGUs) and concurred that this is the level at which goodwill is monitored; • 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 concluded it was within an acceptable range; • we used internal valuation experts to determine if the long-term growth rate used in the impairment model of 2% was appropriate based on available information and concluded this was reasonable; • we challenged the basis for the short-term forecasts used in the model. This included, but was not limited to: <ul style="list-style-type: none"> – agreeing forecasts to Board approved plans; – challenging the revenue growth rates with reference to the historical growth rate of corporate stores, wider franchisee network's profitability within the London region and third party evidence of expected growth in the quick service restaurant industry; – challenging management on the food and labour cost inflation assumption, which we considered to be too low although with no significant impact on the model. Management agreed to add additional sensitivity disclosure in this regard; – assessing the food inflation assumption that these increased costs would be passed through via menu pricing by assessing historical outcomes; – agreeing central cost allocations to prior year actuals and understanding the rationale for any changes; – challenging management on capital expenditure assumptions into perpetuity; – reviewing management's historical accuracy of forecasting; and – obtaining management's paper on the assessment of climate change risk impacting the corporate stores, and how the additional costs to address this risk have been factored into the model. We obtained evidence to support the costs identified by management. Management's paper also identified potential costs that have not been factored into the model that represent their view of the worst case scenario impact to costs and management demonstrated that these would have an immaterial impact to headroom if they were included. We obtained supporting evidence on the calculation of these costs. We validated the sensitivity of the model, by including these costs and confirming they did not have a material impact to headroom. We challenged the completeness of these costs from our wider knowledge of the operations and expectations for a business in this industry, confirming no other significant areas of exposure. • we performed sensitivity analysis, including reducing cash inflows, to understand the impact that reasonably possible changes could have; • we considered the implications of management's strategy on the cash flows; • we compared the recoverable amount to other recent transactions to assess the extent to which any contradictory evidence existed; • we assessed the adequacy of the disclosures made in the financial statements. <p>After our challenges were addressed we concurred with management's assessment that no impairment was required in the current year. We ensured that appropriate disclosures on the sensitivities of the key assumptions have been provided as is required under IAS 36.</p>

Key audit matter	How our audit addressed the key audit matter
<p>Risk of impairment in receivables balance (Company)</p> <p>Refer to notes 2 and 5 of the Company Financial Statements.</p> <p>During the current period a £1,100m dividend was received by the parent from its direct subsidiary, DPG Holdings Limited and an increase to the loan receivable balance recognised. This is the largest transaction and balance in the Company and as a result has been the principal focus of our audit effort in the current year.</p> <p>Any potential impairment expected credit loss on the loan receivable could be material to the Company. This assessment is based on future cash flows that are susceptible to management bias.</p>	<p>In order to address the identified risk;</p> <ul style="list-style-type: none"> • we obtained management's expected credit loss assessment which considered the accounting for the loan, the market value of the Group and the forecast cash flows (based on the five year plan approved by the Board); • we compared the cash flows in the paper to those audited as part of the going concern assessment and confirmed they were aligned; • we audited the recoverability of the balance under IFRS 9 impairment requirements for inter-company loans. We looked at the recovery strategy indicated in management's paper confirming that the Company would fully recover the outstanding balance of the loan. We have considered the strategies available to the Company and agree there is no impairment loss to recognise; • we assessed the adequacy of the disclosures made in the financial statements. <p>We found no exceptions as a result of our testing and the balances recognised are considered materially appropriate.</p>

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 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 also identified certain large or material balances in other components where specified audit procedures were performed. These included: revenues recorded in Sheermans Limited and DP Pizza Limited, revenues and expenses in the National Advertising Fund, other balance sheet line items in DPG Holdings Limited, DP Pizza Limited and National Advertising Fund, and specified procedures over two associates, Daytona JV Limited and Full House Limited. Additional specific procedures were performed on the international trading of Pizza Pizza EHF and Domino's Pizza GmbH prior to disposal to provide appropriate audit evidence for the discontinued operations disclosures.

All audit work was performed by the Group audit team, with the exception of audit work performed on Daytona JV Limited and Full House Restaurants Holdings Limited which were performed by non-PwC component auditors, and Pizza Pizza EHF and Dominos Pizza GmbH additional procedures which were performed by PwC Network firms. These auditors worked under our instruction. The Group audit team was in contact, at each stage of the audit, with the component audit teams through regular written communication including detailed instructions issued by the group audit team and video conferencing at the planning, execution and completion phases.

The Group consolidation, financial statement disclosures and a number of centralised functions were audited by the Group audit team. These included, but were not limited to, central procedures over non-underlying items, taxation, IFRS 16 accounting, disposals 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 components to identify whether any further audit evidence was needed, which resulted in no extra testing. Our audit work resulted in coverage over 78% of group revenues. The Company was also subject to a full scope audit by the Group audit team.

INDEPENDENT AUDITORS' REPORT CONTINUED

TO THE MEMBERS OF DOMINO'S PIZZA GROUP PLC

OUR AUDIT APPROACH CONTINUED

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:

	Financial statements – Group	Financial statements – Company
Overall materiality	£5,700,000 (2020: £5,100,000).	£5,400,000 (2020: £1,700,000).
How we determined it	Based on 5% of underlying profit before tax.	Based on 1% of net assets.
Rationale for benchmark applied	Underlying profit before tax is a key measure used by stakeholders in assessing the performance of the Group, and is a generally accepted auditing benchmark.	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 £0.2m and £5.4m. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2020: 75%) of overall materiality, amounting to £4,300,000 (2020: £3,800,000) for the Group financial statements and £4,100,000 (2020: £1,300,000) for the Company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £280,000 (Group audit) (2020: £240,000) and £270,000 (Company audit) (2020: £85,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

CONCLUSIONS RELATING TO GOING CONCERN

Our evaluation of the directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- We obtained management's paper that supports the Board's assessment and conclusions with respect to the disclosures provided around going concern;
- We discussed with management the assumptions applied in the going concern review so we could understand and challenge the rationale for those assumptions, using our knowledge of the business;
- We reviewed monthly trading results to February 2022, and compared to management's previous budget, and considered the impact of these actual results on the future forecast period;
- We reviewed management's sensitivity scenarios including their severe but plausible downside. This includes potential mitigating actions available to the Group that are achievable and within management's control. We then assessed the availability of liquid resources under the different scenarios and the associated covenant tests applicable;
- We have assessed additional downside sensitivities and considered the impact on covenants and liquidity headroom; and
- We have assessed the disclosures and consider these appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this 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, which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. 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 our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

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 26 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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.

Directors' Remuneration

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

CORPORATE GOVERNANCE STATEMENT

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the Group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

INDEPENDENT AUDITORS' REPORT CONTINUED

TO THE MEMBERS OF DOMINO'S PIZZA GROUP PLC

CORPORATE GOVERNANCE STATEMENT CONTINUED

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when 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.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to other food regulations, waste regulations, health and safety regulations and non-compliance with employment regulations, 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 financial statements such as the Listing Rules, the Companies Act 2006 and tax legislation. 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 inappropriate journal entries, either in the underlying books and records or as part of the consolidation process, 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. Audit procedures performed by the group engagement team and/or component auditors included:

- Discussions with the directors, internal audit and the Group's legal team, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Challenging assumptions and judgements made by management in its significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We focused on the risk of impairment of goodwill and intangible assets of the corporate stores CGU (see related key audit matters above);
- We also specifically assessed the provisions held in respect of reversionary shares, valuation of receivables including the Market Access Fee, the valuation of the Shorecal investment, assessing the existence of management bias and performing look back assessments of the accuracy of prior year estimates;
- Consideration of recent correspondence with the tax authorities and the Financial Reporting Council;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
- Testing all material consolidation adjustments to ensure these were appropriate in nature and magnitude.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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 obtained 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 period ended 29 December 2019 and subsequent financial periods. The period of total uninterrupted engagement is three years, covering the periods ended 29 December 2019 to 26 December 2021.

Owen Mackney (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford

7 March 2022

GROUP INCOME STATEMENT

52 WEEKS ENDED 26 DECEMBER 2021

	Notes	52 weeks ended 26 December 2021 £m			52 weeks ended 27 December 2020 £m		
		Underlying	Non-underlying*	Total	Underlying	Non-underlying*	Total
Revenue	3	560.8	–	560.8	505.1	–	505.1
Cost of sales		(292.2)	–	(292.2)	(268.6)	–	(268.6)
Gross profit		268.6	–	268.6	236.5	–	236.5
Distribution costs		(36.4)	–	(36.4)	(30.8)	–	(30.8)
Administrative costs		(125.4)	(4.5)	(129.9)	(107.5)	(4.6)	(112.1)
Other expenses		–	(0.3)	(0.3)	–	(4.6)	(4.6)
Share of post-tax profit/(loss) of associates and joint ventures	18	11.0	–	11.0	9.5	(0.5)	9.0
Other income	26	2.1	–	2.1	1.3	7.1	8.4
Profit/(loss) before interest and taxation	5	119.9	(4.8)	115.1	109.0	(2.6)	106.4
Finance income	9	13.1	1.0	14.1	13.7	0.7	14.4
Finance costs	10	(19.1)	(0.4)	(19.5)	(21.5)	(0.4)	(21.9)
Profit/(loss) before taxation		113.9	(4.2)	109.7	101.2	(2.3)	98.9
Taxation	11	(20.5)	1.5	(19.0)	(16.9)	0.2	(16.7)
Profit/(loss) for the period from continuing operations		93.4	(2.7)	90.7	84.3	(2.1)	82.2
Loss from discontinued operations	4	–	(12.4)	(12.4)	–	(42.5)	(42.5)
Profit/(loss) for the period		93.4	(15.1)	78.3	84.3	(44.6)	39.7
Profit/(loss) attributable to:							
– Equity holders of the parent		93.4	(15.1)	78.3	84.3	(43.2)	41.1
– Non-controlling interests		–	–	–	–	(1.4)	(1.4)
Profit/(loss) for the period		93.4	(15.1)	78.3	84.3	(44.6)	39.7
Earnings per share							
From continuing operations							
– Basic (pence)	12	20.3		19.8	18.2		17.8
– Diluted (pence)	12	20.2		19.6	18.1		17.7
From continuing and discontinued operations (statutory)							
– Basic (pence)	12			17.1			8.9
– Diluted (pence)	12			17.0			8.8

* Non-underlying items are disclosed in note 7.

The notes on pages 141 to 190 are an integral part of these consolidated financial statements.

GROUP STATEMENT OF COMPREHENSIVE INCOME

52 WEEKS ENDED 26 DECEMBER 2021

	Notes	52 weeks ended 26 December 2021 £m	52 weeks ended 27 December 2020 £m
Profit for the period		78.3	39.7
Other comprehensive income/(expense):			
Items that may be subsequently reclassified to profit or loss:			
– Exchange gain/(loss) on retranslation of foreign operations		0.8	(3.3)
– Transferred to income statement on disposal	28	7.9	(1.9)
Other comprehensive income/(expense) for the period, net of tax		8.7	(5.2)
Total comprehensive income for the period		87.0	34.5
– attributable to equity holders of the parent		87.0	35.5
– attributable to the non-controlling interests		–	(1.0)

The notes on pages 141 to 190 are an integral part of these consolidated financial statements.

GROUP BALANCE SHEET

AT 26 DECEMBER 2021

	Notes	At 26 December 2021 £m	At 27 December 2020 £m
Non-current assets			
Intangible assets	14	32.1	30.5
Property, plant and equipment	15	90.3	91.1
Right-of-use assets	16	19.4	20.1
Lease receivables	16	187.5	191.5
Trade and other receivables	17	14.0	21.2
Other financial asset	26	6.8	13.3
Investments	26	12.1	12.3
Investments in associates and joint ventures	18	52.7	39.4
Deferred consideration receivable	23	–	5.7
		414.9	425.1
Current assets			
Lease receivables	16	13.7	13.2
Inventories	19	10.9	11.0
Assets held for sale	4	–	38.1
Trade and other receivables	17	34.3	36.2
Other financial asset	26	1.9	2.0
Deferred consideration receivable	23	3.3	–
Current tax assets		0.2	3.2
Cash and cash equivalents	20	42.8	63.4
		107.1	167.1
Total assets		522.0	592.2
Current liabilities			
Lease liabilities	16	(19.3)	(17.8)
Trade and other payables	21	(96.1)	(90.0)
Liabilities held for sale	4	–	(23.5)
Deferred tax liabilities	11	(0.4)	–
Provisions	24	(2.0)	(0.4)
		(117.8)	(131.7)
Non-current liabilities			
Lease liabilities	16	(203.3)	(208.7)
Trade and other payables	21	(0.2)	(0.3)
Financial liabilities	22	(242.5)	(243.6)
Deferred tax liabilities	11	(2.5)	(3.6)
Provisions	24	(14.3)	(13.1)
		(462.8)	(469.3)
Total liabilities		(580.6)	(601.0)
Net liabilities		(58.6)	(8.8)

	Notes	At 26 December 2021 £m	At 27 December 2020 £m
Shareholders' equity			
Called up share capital	27	2.3	2.4
Share premium account		49.6	49.6
Capital redemption reserve		0.5	0.5
Capital reserve – own shares		(4.6)	(3.4)
Currency translation reserve		(1.0)	(9.7)
Accumulated losses		(105.4)	(48.2)
Total equity		(58.6)	(8.8)

The notes on pages 141 to 190 are an integral part of these consolidated financial statements. The financial statements were approved by the Directors on 7 March 2022 and signed on their behalf by:

Dominic Paul

Director

7 March 2022

Registered number: 03853545

GROUP STATEMENT OF CHANGES IN EQUITY

52 WEEKS ENDED 26 DECEMBER 2021

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Capital reserve – own shares £m	Currency translation reserve £m	Other reserves £m	Accumulated losses £m	Total equity shareholders' funds £m	Non- controlling interests £m	Total £m
At 30 December 2019	2.4	36.7	0.5	(4.5)	(4.1)	(5.5)	(57.6)	(32.1)	(11.7)	(43.8)
Profit/(loss) for the period	–	–	–	–	–	–	41.1	41.1	(1.4)	39.7
Other comprehensive (expense)/income – exchange differences	–	–	–	–	(5.6)	–	–	(5.6)	0.4	(5.2)
Total comprehensive (expense)/income for the period	–	–	–	–	(5.6)	–	41.1	35.5	(1.0)	34.5
Proceeds from share issues	–	12.9	–	0.6	–	–	–	13.5	–	13.5
Impairment of share issues ¹	–	–	–	0.5	–	–	(0.5)	–	–	–
Share options and LTIP charge	–	–	–	–	–	–	1.4	1.4	–	1.4
Tax on employee share options	–	–	–	–	–	–	(0.1)	(0.1)	–	(0.1)
Increase in ownership interest in subsidiary (note 28)	–	–	–	–	–	2.4	(4.6)	(2.2)	2.2	–
Disposal of interest in a subsidiary (note 28)	–	–	–	–	–	3.1	(2.3)	0.8	10.5	11.3
Equity dividends paid	–	–	–	–	–	–	(25.6)	(25.6)	–	(25.6)
At 27 December 2020	2.4	49.6	0.5	(3.4)	(9.7)	–	(48.2)	(8.8)	–	(8.8)
Profit/(loss) for the period	–	–	–	–	–	–	78.3	78.3	–	78.3
Other comprehensive income – exchange differences	–	–	–	–	8.7	–	–	8.7	–	8.7
Total comprehensive income for the period	–	–	–	–	8.7	–	78.3	87.0	–	87.0
Proceeds from share issues	–	–	–	0.4	–	–	–	0.4	–	0.4
Impairment of share issues ¹	–	–	–	1.3	–	–	(1.3)	–	–	–
Share buybacks	(0.1)	–	–	(2.9)	–	–	(80.4)	(83.4)	–	(83.4)
Share options and LTIP charge	–	–	–	–	–	–	1.7	1.7	–	1.7
Tax on employee share options	–	–	–	–	–	–	0.5	0.5	–	0.5
Equity dividends paid	–	–	–	–	–	–	(56.0)	(56.0)	–	(56.0)
At 26 December 2021	2.3	49.6	0.5	(4.6)	(1.0)	–	(105.4)	(58.6)	–	(58.6)

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 141 to 190 are an integral part of these consolidated financial statements.

GROUP CASH FLOW STATEMENT

52 WEEKS ENDED 26 DECEMBER 2021

	Notes	52 weeks ended 26 December 2021 £m	52 weeks ended 27 December 2020 Restated* £m
Cash flows from operating activities			
Profit/(loss) before interest and taxation			
– from continuing operations	3	115.1	106.4
– from discontinued operations	3	(11.3)	(43.5)
Amortisation and depreciation	5	17.4	20.0
Impairment	5	1.0	30.7
Share of post-tax profits of associates and joint ventures	18	(11.0)	(9.0)
Loss on disposal of subsidiary	28	8.4	9.2
Net gain on financial instruments at fair value through profit or loss		(1.8)	(8.4)
Increase/decrease in provisions		1.0	(1.6)
Share option and LTIP charge		1.7	1.4
Decrease in inventories		0.3	1.9
Decrease in receivables		6.7	20.9
Increase in payables		4.4	7.3
Cash generated from operations		131.9	135.3
UK corporation tax paid		(18.0)	(22.7)
Overseas corporation tax paid		–	(0.4)
Net cash generated by operating activities		113.9	112.2
Cash flows from investing activities			
Purchase of property, plant and equipment		(5.8)	(11.6)
Purchase of intangible assets		(8.5)	(7.8)
Net consideration received/(paid) on disposal of subsidiaries	28	10.2	(6.4)
Consideration received on disposal of joint ventures	23	2.4	–
Investment in associates	18	(6.6)	0.8
Receipt from other financial assets	26	6.4	–
Receipts on lease receivables		25.7	25.6
Interest received		0.3	1.0
Other	30	8.7	6.2
Net cash used by investing activities		32.8	7.8
Cash inflow before financing		146.7	120.0

* The Group cash flow statement for the 52 weeks ended 27 December 2020 has been restated to reclassify receipts on lease receivables from financing activities to investing activities, as set out in note 2 (b).

GROUP CASH FLOW STATEMENT CONTINUED

52 WEEKS ENDED 26 DECEMBER 2021

	Notes	52 weeks ended 26 December 2021 £m	52 weeks ended 27 December 2020 Restated* £m
Cash flows from financing activities			
Interest paid		(4.3)	(5.3)
Issue of Ordinary share capital		–	12.9
Share transactions	30	(83.0)	0.5
New bank loans and facilities draw down		150.0	205.0
Repayment of borrowings		(147.3)	(215.1)
Repayment of lease liabilities		(34.1)	(36.6)
Equity dividends paid	13	(56.0)	(25.6)
Net cash used by financing activities		(174.7)	(64.2)
Net (decrease)/increase in cash and cash equivalents		(28.0)	55.8
Cash and cash equivalents at beginning of period		71.8	16.0
Foreign exchange loss on cash and cash equivalents		(1.0)	–
Cash and cash equivalents at end of period		42.8	71.8

* The Group cash flow statement for the 52 weeks ended 27 December 2020 has been restated to reclassify receipts on lease receivables from financing activities to investing activities, as set out in note 2 (b).

The cash flow statement has been prepared on a consolidated basis including continuing and discontinued operations. A breakdown of the cash flow for discontinued operations is shown in note 4. The notes on pages 141 to 190 are an integral part of these consolidated financial statements.

NOTES TO THE GROUP FINANCIAL STATEMENTS

52 WEEKS ENDED 26 DECEMBER 2021

1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH IFRS

The financial statements of the Group for the 52 weeks ended 26 December 2021 were authorised for issue by the Board of Directors on 7 March 2022 and the balance sheet was signed on the Board's behalf by Dominic Paul. 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'), adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, as they apply to the financial statements of the Group for the 52 week period ended 26 December 2021 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 26 December 2021. These accounting policies have been applied consistently, other than where new policies have been adopted.

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 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.

The Directors of the Group have performed an assessment of the overall position and future forecasts (including the 12 month period from the date of this report) for the purposes of going concern in light of the current environment. The overall Group has continued to trade strongly throughout the year in the UK and Ireland, and sales growth has been strong, despite Covid-19 and supply chain labour disruptions. Sales growth has benefitted from the VAT rate reduction together with a strong underlying performance. Benefits from sales growth have been partially offset with additional costs incurred in ensuring the Group continued to trade safely and without disruptions to supply. The International operations have all been disposed of and did not have a significant impact on trading performance or cash flows. In line with the capital distribution policy the Group has distributed excess cash to shareholders during the period which has resulted in an increase net liability position of the Group on a consolidated basis, which has increased to £58.6m from £8.8m.

The Directors of the Group have considered the future position based on current trading and a number of potential downside scenarios which may occur, either through reduced consumer spending, reduced store growth, further supply chain disruptions, general economic uncertainty and other risks, in line with the analysis performed for the viability statement as outlined in the Directors' report. This assessment has considered the overall level of Group borrowings and covenant requirements, the flexibility of the Group to react to changing market conditions and ability to appropriately manage any business risks. The Group has a £350.0m multicurrency syndicated revolving credit facility which matures in December 2023, and a net debt position of £199.7m. The facility has leverage and interest cover covenants, with which the Group have complied, as set out in note 25.

The scenarios modelled are based on our current forecast projections and in the first scenario have taken account of the following risks:

- A downside impact of economic uncertainty and other sales related risks over the forecast period, reflected in sales performance, with a c.5.0% reduction in LFL sales compared to budget.
- The impact of a reduction of new store openings to half of their forecast level.
- A further reduction of between 2.5%-3.0% in sales to account for the potential impact of the public health debate.
- Future potential disruptions to supply chain through loss of one of our supply chain centres impacting our ability to supply stores for a period of two weeks.
- Additional costs as a result of labour shortages.
- The impact of a temporary loss of availability of our eCommerce platform during peak trading periods.
- The impact of potential future ingredient pricing volatility as a result of indirect international supply chain pressures arising from global events.
- A significant unexpected increase in the impact of climate change on costs related to our supply chain.

We have also considered a second 'severe but plausible' scenario, which in addition to the above mentioned risks, also includes the risks of:

- A disruption to one of our key suppliers impacting our supply chain over a period of four weeks whilst alternate sourcing is secured.
- The impact of fines from a potential wider data breach in 2022.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

52 WEEKS ENDED 26 DECEMBER 2021

2. ACCOUNTING POLICIES CONTINUED

a) Basis of preparation continued

In each of the scenarios modelled, there remains significant headroom on the revolving credit facility. Under the first scenario there remains sufficient headroom under the covenant requirements of the facility. If all the risks under the first scenario were to occur simultaneously with the additional risks in the second scenario, before any mitigating actions, the Group would breach its leverage covenants. The Board has a mitigating action available in the form of delays of distributions to shareholders which would prevent a breach of leverage covenants. Based on this assessment, the Directors have formed a judgement that there is a reasonable expectation the Group will have adequate resources to continue in operational existence for the foreseeable future.

Reverse stress testing has been performed separately based on our main profitability driver, system sales, which is a materially worse scenario than the combinations described in the scenarios above. This test concluded that the Group's currently agreed financing could only be breached if a highly unlikely combination of scenarios resulted in a material annual reduction in system sales greater than 27%.

b) Restatement of comparatives in the Group Cash Flow Statement

Following a review of the Group's 2020 Annual Report by the Directors subsequent to the receipt of a letter from the Financial Reporting Council ('FRC'), the Group has changed the classification of receipts on lease receivables in the Group cash flow statement from financing activities to investing activities. As further explained in note 2(k), the Group holds both a head lease with the landlord, and a sub-lease with a franchisee in a 'back-to-back' arrangement for the majority of Domino's sites in the UK & Ireland. The Group accounts for the head-lease and sub-lease separately as two separate contracts.

The Group previously presented both the lease payments on the head lease and the lease receipts on the sub-lease on a gross basis within financing activities, as this was considered to best reflect the substance of the back-to-back nature of the lease cash receipts and payments. Following the review performed, the Group have reconsidered the treatment and consider that the lease receipts should be classified as investing activities in accordance with IAS 7 as, whilst lease receipts largely mirror the payments on the head lease, they do not meet the definition of a financing activity, which are "activities that result in changes in the size and contribution of the contributed equity and borrowings of the entity". Comparative figures for the 2020 financial year have been restated. The restatement for the 52 weeks ended 27 December 2020 decreases net cash used by investing activities from £17.8m to net cash generated from investing activities of £7.8m, and increases net cash used by financing activities from £38.6m to £64.2m.

	As previously stated £m	Reclassification of receipts on lease receivables £m	Restated £m
Net cash generated from/(used by) investing activities	(17.8)	25.6	7.8
Net cash used by financing activities	(38.6)	(25.6)	(64.2)

These back-to-back lease receipts continue to be classified as a net lease payable within the Free Cash Flow non-GAAP alternative performance measure presented within the Financial Review, which is reconciled to the Group Cash Flow in note 30.

The scope of the review performed by the FRC was to consider the Group's compliance with the UK reporting requirements, it did not verify all the information provided. The review by the FRC was based solely on the 2020 Annual Report and Accounts and does not benefit from a detailed understanding of underlying transactions, and provides no assurance that the Annual Report and Accounts are correct in all material respects. Following the review, no further material financial reporting changes were required to the Group Income Statement, Group Balance Sheet, Group Statement of Changes in Equity or underlying accounting treatments.

c) Judgements

The following judgements have had the most significant effect on amounts recognised in the financial statements:

Treatment of National Advertising Fund

- 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 21);
- 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; and
- 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.

Non-underlying items

- 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). Non-underlying items relate to significant, in nature or amount, one-off costs, significant impairments of assets, together with fair value movements and other costs associated with acquisitions or disposals. 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. For details see note 7.

Treatment of master franchise agreements

- Master Franchise Agreements are held by the Group for the UK and Ireland. 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.

Treatment of head leases and sub leases

- As set out in note 2(k), the Group holds both a head lease with the landlord, and a sub lease with a franchisee, for the majority of Domino's sites in the UK and Ireland. In the majority of cases terms agreed with landlords are mirrored in terms agreed with franchisees in a 'back to back' sub-lease arrangement, but in certain cases the terms of sub-leases with franchisees do not mirror the head-lease with landlords. 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 extension periods. This is considered a significant judgement as if the lease terms were not considered extended on the sub lease, the classification of the sub lease would be treated as an operating lease under IFRS 16 and therefore would alter the classification of amounts recognised under the lease.

Historical share-based compensation arrangements

- Certain of the Group's historical share-based compensation arrangements with grant dates 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 initially 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.
- An additional £2.0m provision has been recorded in the year ended 26 December 2021 for additional potential tax liabilities following further correspondence with HMRC around the tax treatment of options with vesting dates from 2012 through 2014, which comprises an additional £1.5m relating to employees' NIC and PAYE and £0.5m employers' national insurance contributions.
- 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 judgements were made as follows:
 - a) 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 £37.1m covering employer's NIC, employees' NIC and PAYE. The 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;
 - b) 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; and
 - c) the beneficiaries of the arrangements, which among others include the former Chair 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 £9.3m employees NIC and PAYE, calculated at the prevailing tax rates at the time, and related interest. 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 continuing to work with advisors around the agreed course of action, and to engage in dialogue with HMRC. When appropriate, the Company will engage with the beneficiaries with a view to recovering monies under the indemnities.

Treatment of put and call option over German associate

- The Group has a 33.3% investment in Daytona JV Limited ('Daytona'), a UK incorporated company which owns the MFA for Domino's Germany. As set out in note 18, the book value of the investment in associate is £28.9m and the group report a loan receivable of £10.8m. The Group's interest is subject to a put and call option. The put option is exercisable from 1 January 2021, and the call option is exercisable from 1 January 2023. Based on current available forecasts of EBITDA, we expect the exercise price of the option to be between £70m to £100m dependent on the timing of exercise. No value is recognised on the balance sheet of the Group or Company in relation to the options, as the exercise price, based on a price/earnings multiple, is considered to be at fair value, which has been assessed based on comparison to recent comparable transactions and multiples.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

52 WEEKS ENDED 26 DECEMBER 2021

2. ACCOUNTING POLICIES CONTINUED

- This is considered a significant accounting judgement as if the option exercise price was considered to be different to a fair value, an asset or liability would be recognised representing the value of the exercise price compared to the fair value. As the investment does not have a quoted or observable market price, this requires the exercise of judgement in assessing whether the multiple applied appropriately represents a fair value exercise price. In making this assessment, the directors have considered comparable price/earnings multiples and have concluded that the multiple used is consistent with the option being priced at fair value.
- If the fair value were to differ from the exercise price by 10%, this would lead to an option value being recognised on the balance sheet (until the option is exercised) of between £7m-£10m, which would be treated as fair value through profit or loss.

d) 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;
- the treatment of disposal groups held for sale, in the prior period, required valuation at the lower of carrying amount and fair value less costs to sell. Impairment reviews were therefore performed to assess the fair value less costs to sell of the disposal groups, which included an estimation of potential sale proceeds. Key estimates associated with those valuations are disclosed in note 4;
- 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. Further detail on the sources of estimation and assumption uncertainty regarding these instruments is provided in note 26; and
- 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.

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 27 December 2020 and 26 December 2021 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; and
- 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.

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 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. In considering the capitalization of any externally acquired or internally developed costs in relation to customisation and configuration costs, the control of the underlying software asset is considered in order to ensure that an intangible asset can be generated, in particular in a software-as-a-service (SaaS) arrangement. 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 10 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.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

52 WEEKS ENDED 26 DECEMBER 2021

2. ACCOUNTING POLICIES CONTINUED

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 3 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 (including upcoming risks and regulatory changes). The majority of assets within supply chain centre equipment are being depreciated over 10 years or more and fixtures and fittings between five to 10 years.

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) Leases

Leasing operations of the Group

The Group is a lessee for a majority of Domino's Pizza stores in the UK and Ireland occupied by franchisees, our corporate stores together with certain warehouses and head office properties, and various equipment and vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The Group as a Lessee

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- amounts expected to be payable by the group under residual value guarantees; and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The methodology for calculating the discount rate 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 for property leases are between 4.9% and 7.9%, and for equipment leases are between 3.0% and 6.0%, dependent on the asset location and nature.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The Group has chosen not to revalue the right-of-use land and buildings within the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

The Group as Lessor

The Group holds both a head lease with the landlord, and a sub-lease with a franchisee, for the majority of Domino's sites in the UK and Ireland. The Group accounts for the head-lease and the sub-leases separately as two separate contracts. The sublease is classified either as a long term lease or short term lease by reference to the right of use asset arising from the head-lease. For leases to franchisees over freehold property held by the Group, these are recorded as short term leases.

In the majority of cases terms agreed with landlords are mirrored in terms agreed with franchisees in a 'back to back' sub-lease arrangement, but in certain cases the terms of sub-leases 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 the Group would recognise as lessee is derecognised and replaced by a lease receivable from the franchisee sub-lease, 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, 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 extension periods.

Modifications to leases

The Group remeasures the lease liability and lease receivable whenever:

- the lease term has changed; or
- there is a significant event or change in circumstances in relation to the treatment of extension options; or
- a lease contract is modified to alter future cash flows and the lease modification is not accounted for as a separate lease.

Both the lease liability and lease receivable are remeasured following such changes, and where relevant, a corresponding adjustment is made to the related right-of-use asset.

1) 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.

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; and

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.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

52 WEEKS ENDED 26 DECEMBER 2021

2. ACCOUNTING POLICIES CONTINUED

l) Fair value measurement continued

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, other relevant documents or estimates determined by management.

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.

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.

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.

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, contract assets and lease receivables, 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 historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

52 WEEKS ENDED 26 DECEMBER 2021

2. ACCOUNTING POLICIES CONTINUED

m) Financial instruments – initial recognition and subsequent measurement continued

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 22.

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) 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.

o) 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.

p) 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.

q) 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; and
- 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; and
- 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.

r) 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.

s) 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.

t) 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.

u) 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.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

52 WEEKS ENDED 26 DECEMBER 2021

2. ACCOUNTING POLICIES CONTINUED

u) 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 short term leasehold and freehold property

Rental income arising from leases treated as short term and freehold properties are recognised on a straight-line basis in accordance with the lease terms. Deferred income comprises lease premiums and rental payments. Rental payments are deferred and recognised on a straight-line basis over the period which it relates.

v) 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.

w) 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 the income statement.

x) 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. In the current year no costs associated with Covid-19 or Brexit have been included in non-underlying measures.

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, disposal activity 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 or 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.

y) New standards interest rate benchmark reform

The Group has elected to early adopt amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 as issued in August 2020. In accordance with the transition provisions, the amendments have been adopted retrospectively to hedging relationships and financial instruments. Comparative amounts have not been restated, and there was no impact on the current period opening reserves amounts on adoption. Phase 2 of the amendments requires that, for financial instruments measured using amortised cost measurement (that is, financial instruments classified as amortised cost and debt financial assets classified as FVOCI), changes to the basis for determining the contractual cash flows required by interest rate benchmark reform are reflected by adjusting their effective interest rate. No immediate gain or loss has been recognised. These expedients are only applicable to changes that are required by interest rate benchmark reform, which is the case if, and only if, the change is necessary as a direct consequence of interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis (that is, the basis immediately preceding the change). For more details see note 22.

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')	
Covid-19 related Rent Concessions – Amendments to IFRS 16	1 April 2021
International Accounting Standards ('IAS')	
Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16	1 January 2022
Reference to the Conceptual Framework – Amendments to IFRS 3	1 January 2022
Classification of Liabilities as Current or Non-Current – Amendments to IAS 1	1 January 2023
Disclosure of Accounting Policies – Amendments to IAS 1	1 January 2023
Definition of Accounting Estimates – Amendments to IAS 1	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a single transaction – Amendments to IAS 12	1 January 2023

None of the above standards are expected to have a material impact on the Group financial statements on application.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

52 WEEKS ENDED 26 DECEMBER 2021

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, limited corporate stores and investments held in our franchisees, compared to International whose markets were at an earlier stage of development and which operated predominantly as corporate stores. The International segment includes the legacy Germany and Switzerland holding companies; as well as Iceland, Sweden and Switzerland operational entities up to their disposal date in 2021. The Norway operational entity was included to disposal date in 2020. These are considered the Group's operating segments as the information provided to the Executive Directors of the Board, who are considered to be the chief operating decision makers, is based on these territories. The chief operating decision makers review the segmental underlying EBIT results and the non-underlying items separately for the purpose of making decisions about resource allocation and performance assessment. Revenue included in each segment includes all sales made to franchise stores (royalties, sales to franchisees and rental income) and by corporate stores located in that segment.

The International operations in Sweden, Switzerland, Iceland and Norway which were held, up to disposal date, as discontinued under IFRS 5: Non-current assets held for sale and discontinued operations, are presented as a separate segment. 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 are presented separately.

Unallocated assets include cash and cash equivalents and taxation assets. Unallocated liabilities include the bank revolving facility and taxation liabilities.

	At 26 December 2021 £m	At 27 December 2020 £m
Current tax assets	0.2	3.2
Cash and cash equivalents	42.8	71.8
Unallocated assets	43.0	75.0
Current tax liabilities	–	0.8
Deferred tax liabilities	2.9	6.0
Bank revolving facility	242.5	243.6
Unallocated liabilities	245.4	250.4

Segment assets and liabilities

	52 weeks ended 26 December 2021				52 weeks ended 27 December 2020			
	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	64.1	–	–	64.1	62.5	–	29.6	92.1
Segment non-current assets	350.1	–	–	350.1	373.4	–	–	373.4
Investment in associates and joint ventures	23.8	28.9	–	52.7	13.9	25.5	–	39.4
Investments	12.1	–	–	12.1	12.3	–	–	12.3
Unallocated assets				43.0				75.0
Total assets				522.0				592.2
Segment liabilities								
Liabilities	333.9	–	1.3	335.2	329.5	–	21.1	350.6
Unallocated liabilities				245.4				250.4
Total liabilities				580.6				601.0

Current assets and liabilities in the International segment include the assets and liabilities of the legacy Germany and Switzerland holding companies including disposal groups held for sale as they relate to 2020.

Segmental performance 2021

	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	560.8	–	560.8	–	560.8	32.4	593.2
Segment revenue	560.8	–	560.8	–	560.8	32.4	593.2
Results							
Underlying segment result before associates and joint ventures	106.8	–	106.8	–	106.8	(1.5)	105.3
Share of profit of associates and joint ventures	6.0	5.0	11.0	–	11.0	–	11.0
Segment result	112.8	5.0	117.8	–	117.8	(1.5)	116.3
Other non-underlying items	–	–	–	(4.8)	(4.8)	(9.8)	(14.6)
Other income	2.1	–	2.1	–	2.1	–	2.1
Profit/(loss) before interest and taxation	114.9	5.0	119.9	(4.8)	115.1	(11.3)	103.8
Net finance costs	(6.0)	–	(6.0)	0.6	(5.4)	(0.5)	(5.9)
Profit/(loss) before taxation	108.9	5.0	113.9	(4.2)	109.7	(11.8)	97.9
Taxation	(20.5)	–	(20.5)	1.5	(19.0)	(0.6)	(19.6)
Profit/(loss) for the period	88.4	5.0	93.4	(2.7)	90.7	(12.4)	78.3
Effective tax rate	18.8%	–	18.0%	35.7%	17.3%	5.1%	20.0%
Other segment information							
– Depreciation	11.5	–	11.5	–	11.5	–	11.5
– Amortisation	4.8	–	4.8	1.1	5.9	–	5.9
– Impairment	0.2	–	0.2	–	0.2	0.8	1.0
Total depreciation, amortization and impairment	16.5	–	16.5	1.1	17.6	0.8	18.4
EBITDA	131.4	5.0	136.4	(3.7)	132.7	(10.5)	122.2
Underlying EBITDA	131.4	5.0	136.4	–	136.4	(0.7)	135.7
Capital expenditure	13.6	–	13.6	–	13.6	0.7	14.3
Share-based payment charge	1.7	–	1.7	–	1.7	–	1.7
Revenue disclosures							
Royalties, franchise fees and change of hands fees	79.4	–	79.4	–	79.4	–	79.4
Sales to franchisees	374.9	–	374.9	–	374.9	–	374.9
Corporate store income	35.6	–	35.6	–	35.6	32.4	68.0
Property income on leasehold and freehold property	0.6	–	0.6	–	0.6	–	0.6
National Advertising and eCommerce income	70.3	–	70.3	–	70.3	–	70.3
Total segment revenue	560.8	–	560.8	–	560.8	32.4	593.2

Major customers and revenue by destination

Revenue from two franchisees individually totalled £105.1m (2020: £95.9m) and £99.9m (2020: £83.7m), within sales reported in the UK & Ireland segment.

Analysed by origin, revenue from the UK was £532.8m (2020: £478.3m), with other significant countries being Ireland with revenue of £28.0m (2020: £26.8m), Iceland with revenue of £12.7m (2020: £30.5m), Sweden with revenue of £2.9m (2020: £7.8m), Switzerland with revenue of £16.8m (2020: £22.2m), and Norway with revenue of £nil (2020: £9.4m).

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

52 WEEKS ENDED 26 DECEMBER 2021

3. SEGMENTAL INFORMATION CONTINUED

Segmental performance 2020

	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	505.1	–	505.1	–	505.1	69.9	575.0
Segment revenue	505.1	–	505.1	–	505.1	69.9	575.0
Results							
Underlying segment result before associates and joint ventures	98.2	–	98.2	–	98.2	(10.1)	88.1
Share of profit of associates and joint ventures	4.8	4.7	9.5	–	9.5	–	9.5
Segment result	103.0	4.7	107.7	–	107.7	(10.1)	97.6
Other non-underlying items	–	–	–	(9.7)	(9.7)	(33.4)	(43.1)
Other income	1.3	–	1.3	7.1	8.4	–	8.4
Profit/(loss) before interest and taxation	104.3	4.7	109.0	(2.6)	106.4	(43.5)	62.9
Net finance costs	(7.8)	–	(7.8)	0.3	(7.5)	(0.7)	(8.2)
Profit/(loss) before taxation	96.5	4.7	101.2	(2.3)	98.9	(44.2)	54.7
Taxation	(16.9)	–	(16.9)	0.2	(16.7)	1.7	(15.0)
Profit/(loss) for the period	79.6	4.7	84.3	(2.1)	82.2	(42.5)	39.7
Effective tax rate	17.5%	–	16.7%	8.7%	16.9%	3.8%	27.4%
Other segment information							
– Depreciation	11.5	–	11.5	–	11.5	2.9	14.4
– Amortisation	4.5	–	4.5	1.1	5.6	–	5.6
– Impairment	0.5	–	0.5	4.6	5.1	25.6	30.7
Total depreciation, amortization and impairment	16.5	–	16.5	5.7	22.2	28.5	50.7
EBITDA	120.8	4.7	125.5	3.1	128.6	(15.0)	113.6
Underlying EBITDA	120.8	4.7	125.5	–	125.5	(4.2)	121.3
Capital expenditure	16.9	–	16.9	–	16.9	2.5	19.4
Share-based payment charge	1.4	–	1.4	–	1.4	–	1.4
Revenue disclosures							
Royalties, franchise fees and change of hands fees	70.2	–	70.2	–	70.2	0.3	70.5
Sales to franchisees	347.9	–	347.9	–	347.9	1.2	349.1
Corporate store income	32.2	–	32.2	–	32.2	68.3	100.5
Property income on leasehold and freehold property	0.6	–	0.6	–	0.6	–	0.6
National Advertising and eCommerce income	54.2	–	54.2	–	54.2	0.1	54.3
Total segment revenue	505.1	–	505.1	–	505.1	69.9	575.0

4. DISCONTINUED OPERATIONS

Discontinued operations consists of the legacy Germany and Switzerland holding companies and also consisted of the International business disposal groups up to the date of disposal.

The disposal groups represented the operations in Sweden, Iceland, Switzerland and Norway. The operation in Norway was disposed in the prior period, with the remaining entities disposed of in the current period, see note 28. These entities are included in the Group result for the period up to disposal date. The operations met the criteria in IFRS 5: Non-current assets held for sale and discontinued operations to be classified as assets held-for-sale. The operations additionally met the criteria for discontinued operations under the standard. They were classified as held-for-sale and represented a separate major line of business and part of a single co-ordinated plan to dispose.

Items related to these businesses are classified in discontinued operations, except for the movements in equity put options of Norway and Sweden in the prior period, which were 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 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 26 December 2021			52 weeks ended 27 December 2020		
	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	32.4	–	32.4	69.9	–	69.9
Cost of sales	(24.4)	–	(24.4)	(55.5)	–	(55.5)
Gross profit	8.0	–	8.0	14.4	–	14.4
Distribution costs	(0.5)	–	(0.5)	(0.8)	–	(0.8)
Administrative costs	(9.0)	(1.4)	(10.4)	(23.7)	(24.2)	(47.9)
Loss on disposals before professional fees	–	(8.4)	(8.4)	–	(9.2)	(9.2)
Loss before interest and taxation	(1.5)	(9.8)	(11.3)	(10.1)	(33.4)	(43.5)
Finance costs	(0.5)	–	(0.5)	(0.7)	–	(0.7)
Loss before taxation	(2.0)	(9.8)	(11.8)	(10.8)	(33.4)	(44.2)
Taxation	(0.6)	–	(0.6)	(0.7)	2.4	1.7
Loss for the period	(2.6)	(9.8)	(12.4)	(11.5)	(31.0)	(42.5)

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 26 December 2021	0.7	0.1	–	(0.9)	(1.4)	(1.5)
52 weeks ended 27 December 2020	0.6	(1.5)	(3.3)	(4.5)	(1.4)	(10.1)

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

52 WEEKS ENDED 26 DECEMBER 2021

4. DISCONTINUED OPERATIONS CONTINUED

Non-underlying costs presented in discontinued operations

In the 52 weeks ended 26 December 2021, non-underlying costs presented in discontinued operations relate to the disposal of Sweden, Iceland and Switzerland. For Sweden there was £0.4m loss on disposal, after accounting for the net assets disposed and foreign exchange recycled, and consideration paid. The loss primarily consisted of professional fees associated with the disposal. For Iceland this consisted of £7.3m loss on disposal, after accounting for the net assets disposed and foreign exchange recycled, and consideration received. The loss on Iceland includes £0.5m of professional fees associated with the disposal. For Switzerland this consisted of £2.1m loss on disposal, after accounting for the net assets disposed and foreign exchange recycled, and consideration paid. The loss on Switzerland includes £0.5m of professional fees associated with the disposal. Details relating to the disposals are set out in note 28.

In the 52 weeks ended 27 December 2020, non-underlying costs presented in discontinued operations relate to the disposal of Norway (£10.8m loss on disposal) and impairments of International operations of £22.6m, as explained below.

Impairments – 2021: £nil, 2020: £22.6m

In 2020, a total impairment of £22.6m was recorded over the Group's International operations, on a fair value less cost to dispose basis. This consisted of an impairment of the Sweden operations of £8.1m and Iceland of £14.5m. In Sweden, an impairment of £8.1m was recorded to reduce the asset base and was recorded against intangible assets £4.2m, tangible assets £1.2m and right of use assets of £2.7m. In Iceland, an impairment of £14.5m was recorded to reduce the asset base and was recorded against goodwill £7.4m and intangible assets £7.1m.

Earnings per share

The discontinued operations contributed a basic loss per share of 2.7p (2020: 8.9p) and a diluted loss per share of 2.6p (2020: 8.9p).

Cash flows generated from/(used in) discontinued operations

The cash flows from discontinued operations have been presented in combination with the cash flows from continuing operations on the Group cash flow statement. The cash flows related to discontinued operations are as follows:

	52 weeks ended 26 December 2021 £m	52 weeks ended 27 December 2020 £m
Net cash from operating activities	1.2	(4.1)
Net cash from investing activities	(2.0)	(5.8)
Net cash from financing activities	(5.8)	13.4
Net cash flows for the period	(6.6)	3.5

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 26 December 2021 £m	52 weeks ended 27 December 2020 £m
Goodwill and Intangible assets	–	10.5
Property, plant and equipment	–	5.7
Lease receivables	–	0.2
Right-of-use asset	–	7.6
Trade and other receivables	–	3.8
Inventories	–	1.9
Cash and cash equivalents	–	8.4
Assets held for sale	–	38.1
Trade and other payables	–	9.8
Lease liabilities	–	10.5
Current tax liabilities	–	0.8
Deferred tax liabilities	–	2.4
Liabilities held for sale	–	23.5

Tax on discontinued operations

	52 weeks ended 26 December 2021 £m	52 weeks ended 27 December 2020 £m
Tax charged/(credited) in the income statement		
Current income tax:		
Adjustments in respect of prior periods	0.5	–
Income tax on overseas operations	0.1	0.7
Total current income tax charge	0.6	0.7
Deferred tax:		
Origination and reversal of temporary differences	–	(2.4)
Total deferred tax	–	(2.4)
Tax charge/(credit) in relation to discontinued operations	0.6	(1.7)
The tax charge/(credit) in relation to discontinued operations disclosed as follows:		
Income tax charge/(credit)	0.6	(1.7)

The tax charge in relation to discontinued operations for the 52 weeks ended 26 December 2021 is lower (2020: lower) than the statutory corporation tax rate of 19.0% (2020: 19.0%). The differences are reconciled as follows:

	52 weeks ended 26 December 2021 £m	52 weeks ended 27 December 2020 £m
Loss before taxation	(11.8)	(44.2)
Accounting loss multiplied by the UK statutory rate of corporation tax of 19.0% (2020: 19.0%)	(2.2)	(8.4)
Expenses not deductible for tax purposes	2.2	4.0
Adjustments relating to prior periods	0.5	0.3
Overseas losses carried forward not recognised	0.1	2.6
Other	–	(0.1)
Tax rate differences	–	(0.1)
Total tax charge/(credit) reported in the income statement	0.6	(1.7)
Effective tax rate (%)	(5.1%)	3.8%

5. GROUP PROFIT BEFORE INTEREST AND TAX

This is stated after charging/(crediting) (for both continuing and discontinued operations):

	52 weeks ended 26 December 2021 £m	52 weeks ended 27 December 2020 £m
Depreciation of property, plant and equipment	5.0	8.2
Amortisation of intangible assets	5.9	5.6
Depreciation on right-of-use assets	6.5	6.2
Total depreciation and amortisation expense	17.4	20.0
Impairment loss recognised on property, plant and equipment	0.8	0.2
Impairment loss recognised on intangible assets	0.2	30.5
Total impairment loss recognised	1.0	30.7
Net foreign currency gain	(0.5)	(0.7)
Cost of inventories recognised as an expense	215.7	211.6
Gain on changes in fair value of financial instruments	(1.8)	(8.4)

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

52 WEEKS ENDED 26 DECEMBER 2021

6. AUDITORS' 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 26 December 2021 £m	52 weeks ended 27 December 2020 £m
Fees payable to the Group's auditors' for the audit of the Group and Company annual accounts*	0.5	0.5
Fees payable to the Company's auditors' and its associates for other services:		
Audit of the accounts of subsidiaries	0.3	0.3
Total audit fees	0.8	0.8
Other services	0.1	0.2
Total audit and non-audit fees	0.9	1.0

* Of which £25,000 (2020: £25,000) relates to the Company.

Other services in the period relate to the interim review performed at half year of £58k, assurance over ESG metrics of £45k and other assurance services provided by PwC Iceland of £4k. The level of non-audit fees to audit fees is 13%.

7. RECONCILIATION OF NON-GAAP MEASURES

	52 weeks ended 26 December 2021 £m	52 weeks ended 27 December 2020 £m
Underlying profit for the period	93.4	84.3
Non-underlying loss for the period from continuing operations	(2.7)	(2.1)
Loss from discontinued operations	(12.4)	(42.5)
Profit for the period	78.3	39.7

Non-underlying items

		52 weeks ended 26 December 2021 £m	52 weeks ended 27 December 2020 £m
Included in administrative costs:			
– Legal and professional fees	a)	(1.2)	(3.5)
– Amortisation of London corporate stores	b)	(1.1)	(1.1)
– Reversionary share scheme	c)	(2.2)	–
		(4.5)	(4.6)
Included in other expenses:			
– eCommerce asset impairment	d)	–	(4.6)
– Market Access Fee	f)	(0.3)	–
		(0.3)	(4.6)
Included in share of post-tax profits of associates and joint ventures			
– German associate store conversion costs	e)	–	(0.5)
		–	(0.5)
Included in other income:			
– Market Access Fee	f)	–	7.1
		–	7.1
Included in profit before interest and taxation		(4.8)	(2.6)
Included within net finance cost:			
– Market Access Fee	f)	0.6	0.3
Included in profit before taxation		(4.2)	(2.3)
– Taxation	g)	1.5	0.2
Included in profit for the period from continuing operations		(2.7)	(2.1)
Loss for the period from discontinued operations	h)	(12.4)	(42.5)
Included in profit/(loss) for the period		(15.1)	(44.6)

a) Legal and professional fees

Legal and professional fees of £1.2m (2020: £3.5m) have been incurred of which £0.9m (2020: £2.4m) relates to the establishment of our long-term strategic plan in the early part of the year which was announced in March 2021 and has now been completed. An additional £0.3m (2020: £1.3m) relates to the disposal of the International operations. The costs recognised in relation to the disposal of international operations relate to professional fees for the marketing of the operations up to the point at which an agreement was reached, at which point remaining costs with the disposal are recognised as part of the loss on disposal in discontinued operations.

b) Amortisation of London corporate stores

During the period amortisation of acquired intangibles of £1.1m (2020: £1.1m) 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) Reversionary share scheme

A cost of £2.2m (2020: £nil) has been recorded in the period in relation to the reversionary share scheme. Of this amount, £2.0m relates to an increase in the provision previously recorded in 2017, and £0.2m relates to professional fees. The provision has increased as a result of potential exposures around the tax treatment of employee options which vested during 2013 following continued correspondence with HMRC around the treatment of the historical awards.

d) eCommerce asset impairment

No charge has been recorded in non-underlying results relation to the eCommerce asset during the current period.

In the prior period, an impairment of £4.6m was recorded in relation to assets capitalised during the development of the new eCommerce platform, following an impairment review performed. Commencing in 2018 and through early 2020, the Group began development of a replacement to the current eCommerce platform and capitalised a total of £4.6m of development costs, both in internal staff costs and external development costs. Following a review in 2020, a decision was made to change the strategic direction of the platform development, and due to the nature of the new direction, the development work performed up until 2020 was no longer considered viable and has therefore been impaired. We consider this to be a non-underlying charge given the significance of the cost and the impairment being one-off in nature.

e) German associate store conversion costs

During the period, no further costs have been recorded in relation to the German associate store conversion costs.

Costs of £0.5m were incurred in the prior period relating to the conversion of the Hallo Pizza stores acquired in Germany which were acquired by the German associate in January 2018. These conversion costs have been reported to us as non-underlying and we consider the treatment to be consistent with the approach we previously adopted for the conversion of acquired stores.

f) Market Access Fee

A loss of £0.3m has been recorded following changes in fair valuation of the Market Access Fee relating to the German associate (2020: gain of £7.1m). The decrease in valuation is following the trading performance in 2021, which determines the level of income received under the instrument. The Market Access Fee is now receivable and no further movements are expected to be recorded.

The amount recorded in net finance costs of £0.6m (2020: £0.3m) represents the unwind of the discount of the fair value and foreign exchange movements. The impact of revaluation of the Market Access Fee is not considered to be ordinary trading for the Group. In the event that we receive any material capital sum for deferred consideration on any business, it would equally be treated as non-underlying.

g) Taxation

The tax charge of £1.5m (2020: £0.2m) relates to the non-underlying net loss before taxation of £4.2m (2020: £2.3m) and the effective tax rate of 35.7% (2020: 8.7%) is higher than the statutory rate of 19.0% (2020: 19.0%). The effective tax rate may differ from the statutory tax rate due to the tax treatment of certain fair value gains and the treatment of disallowed items. Taxation on the items considered to be non-underlying is also 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.

h) Loss for the period from discontinued operations

The loss of £12.4m (2020: £42.5m) represents the post-tax result of the International operations of Switzerland, Sweden and Iceland (including Norway in 2020), consisting of a trading loss of £1.5m (2020: £10.1m), interest costs of £0.5m (2020: £0.7m), loss on disposal of international operations, primarily consisting of foreign exchange losses recycled and professional fees, of £9.8m (2020: £33.4m loss on disposal and impairments) and a tax charge of £0.6m (2020: credit of £1.7m). The detail of the disposals is set out in note 28 and the rationale for the prior year impairments is set out in note 4.

From 2022 onwards, we currently expect none of the above items will be classified as non-underlying, subject to any material provision reversals or changes which are considered significant enough to consider separate disclosure, such as material profit or loss from business acquisitions or disposals.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

52 WEEKS ENDED 26 DECEMBER 2021

8. EMPLOYEE BENEFITS AND DIRECTORS' REMUNERATION

a) Employee benefits expense

	Continuing operations £m	Discontinued operations £m	52 weeks ended 26 December 2021 £m
Wages and salaries	61.5	13.2	74.7
Social security costs	6.4	1.3	7.7
Other pension costs	1.2	0.9	2.1
Share-based payment charge	1.7	–	1.7
Total	70.8	15.4	86.2

	Continuing operations £m	Discontinued operations £m	52 weeks ended 27 December 2020 £m
Wages and salaries	54.4	31.2	85.6
Social security costs	4.7	2.4	7.1
Other pension costs	1.5	2.1	3.6
Share-based payment charge	1.4	–	1.4
Total	62.0	35.7	97.7

For details of amounts relating to current and former Directors', refer to the Directors' remuneration report on pages 96 to 118.

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 26 December 2021 Number	52 weeks ended 27 December 2020 Number
Administration	378	370
Production and distribution	561	538
Corporate stores	1,308	2,403
Total (including discontinued operations)	2,247	3,311
Continuing operations	1,559	1,541
Discontinued operations	688	1,770
Total	2,247	3,311

b) Directors' remuneration

	52 weeks ended 26 December 2021 £m	52 weeks ended 27 December 2020 £m
Directors' remuneration	2.9	2.7
Aggregate contributions to defined contribution pension schemes	–	–
Number of Directors accruing benefits under:		
– defined contribution schemes	1	1

Additional information regarding Directors' remuneration is included in the Directors' remuneration report on pages 96 to 118.

9. FINANCE INCOME

	Underlying £m	Non-underlying £m	52 weeks ended 26 December 2021 £m
Other interest receivable	0.1	–	0.1
Interest on loans to associates and joint ventures	0.4	–	0.4
Discount unwind	–	1.0	1.0
Interest receivable on leases	12.6	–	12.6
Total finance income	13.1	1.0	14.1

	Underlying £m	Non-underlying £m	52 weeks ended 27 December 2020 £m
Other interest receivable	0.4	–	0.4
Interest on loans to associates and joint ventures	0.5	–	0.5
Discount unwind	–	0.7	0.7
Interest receivable on leases	12.8	–	12.8
Total finance income	13.7	0.7	14.4

The discount unwind relates to the unwind of the fair value of the Market Access Fee as described in note 26.

10. FINANCE COSTS

	Underlying £m	Non-underlying £m	52 weeks ended 26 December 2021 £m
Bank revolving credit facility interest payable	4.8	–	4.8
Discount unwind	0.1	–	0.1
Interest payable on leases	13.9	–	13.9
Foreign exchange	0.3	0.4	0.7
Total finance costs	19.1	0.4	19.5

	Underlying £m	Non-underlying £m	52 weeks ended 27 December 2020 £m
Bank revolving credit facility interest payable	6.7	–	6.7
Other interest payable	0.1	–	0.1
Discount unwind	–	0.1	0.1
Interest payable on leases	14.3	–	14.3
Foreign exchange	0.4	0.3	0.7
Total finance costs	21.5	0.4	21.9

Finance costs relate to financial liabilities at amortised cost.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

52 WEEKS ENDED 26 DECEMBER 2021

11. TAXATION

a) Tax on profit from continuing operations

	52 weeks ended 26 December 2021 £m	52 weeks ended 27 December 2020 £m
Tax charged in the income statement		
Current income tax:		
UK corporation tax:		
– current period	18.6	14.4
– adjustment in respect of prior periods	–	(1.3)
	18.6	13.1
Income tax on overseas operations	0.7	0.7
Total current income tax charge	19.3	13.8
Deferred tax:		
Origination and reversal of temporary differences	(0.9)	2.5
Effect of change in tax rate	0.8	0.2
Adjustment in respect of prior periods	(0.2)	0.2
Total deferred tax	(0.3)	2.9
Tax charge in the income statement	19.0	16.7
The tax charge in the income statement is disclosed as follows:		
Income tax charge	19.0	16.7
Tax relating to items credited/(charged) to equity		
Reduction in current tax liability as a result of the exercise of share options	0.2	–
Rate change differences in relation to deferred tax on unexercised share options	0.1	0.1
Origination and reversal of temporary differences in relation to unexercised share options	0.2	(0.2)
Tax credit/(charge) in the Group statement of changes in equity	0.5	(0.1)

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 26 December 2021 is lower (2020: lower) than the statutory corporation tax rate of 19.0% (2020: 19.0%). The differences are reconciled below:

	52 weeks ended 26 December 2021 £m	52 weeks ended 27 December 2020 £m
Profit before taxation	109.7	98.9
Accounting profit before taxation multiplied by the UK statutory rate of corporation tax of 19.0% (2020: 19.0%)	20.8	18.8
Expenses not deductible for tax purposes	0.3	0.5
Income not taxable	(0.4)	–
Share of joint venture and associates' results not taxable	(2.1)	(1.7)
Accounting depreciation not eligible for tax purposes	0.4	0.4
Adjustments relating to prior periods	(0.2)	(1.1)
Other	(0.2)	–
Tax rate differences	0.4	(0.2)
Total tax charge reported in the income statement	19.0	16.7
Effective tax rate (%)	17.3%	16.9%
Underlying effective tax rate (%)	18.0%	16.7%

The Finance Act 2021, which received Royal Assent on 10 June 2021, increased the corporation tax rate from 19% to 25% from 1 April 2023. Where deferred tax assets and liabilities are expected to unwind after 1 April 2023, they have been revalued to reflect the rate change.

c) Temporary differences associated with Group investments

At 26 December 2021, there was no recognised deferred tax liability (2020: £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 26 December 2021 £m	At 27 December 2020 £m
Deferred tax arising in the UK on non-capital items	(2.2)	(2.8)
Deferred tax arising on other overseas subsidiaries	–	(0.3)
Deferred tax arising on business combinations and acquired assets	(0.7)	(2.9)
Deferred tax	(2.9)	(6.0)
Represented as:		
Deferred tax liabilities – Non-current	(2.5)	(3.6)
Deferred tax liabilities – Current	(0.4)	–
Deferred tax liabilities within liabilities held for sale	–	(2.4)
	(2.9)	(6.0)

	At 26 December 2021 £m	At 27 December 2020 £m
Gross movement in the deferred income tax account		
Opening balance	(3.6)	(0.6)
Tax credit/(charge) to equity	0.4	(0.1)
Income statement credit/(charge)	0.3	(2.9)
Closing balance	(2.9)	(3.6)

Deferred tax arising in the UK on non-capital items

	Share-based payments £m	Accelerated capital allowances £m	Provisions £m	Reversionary interests £m	Total £m
At 29 December 2019	1.6	(2.7)	(0.5)	1.9	0.3
Charge to equity	0.2	–	–	–	0.2
(Charge)/credit to income	(0.4)	(1.4)	(1.7)	0.2	(3.3)
At 27 December 2020	1.4	(4.1)	(2.2)	2.1	(2.8)
Credit to equity	0.3	–	–	–	0.3
(Charge)/credit to income	0.3	(2.7)	1.5	1.2	0.3
At 26 December 2021	2.0	(6.8)	(0.7)	3.3	(2.2)

In the prior period, the Group had trading tax losses of £25.5m which arose in relation to its Swiss business which were available to carry forward to offset against future taxable profits in Switzerland. No deferred tax asset was recognised in relation to these trading losses in Switzerland on the basis they were not considered to be recovered in the foreseeable future.

In the prior period, the Group had tax losses of £11.7m which arose in relation to its Swedish business which were available to carry forward to offset against future taxable profits in Sweden. No deferred tax asset was recognised in relation to these trading losses in Sweden on the basis they were not considered to be recovered in the foreseeable future.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

52 WEEKS ENDED 26 DECEMBER 2021

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 26 December 2021 £m			52 weeks ended 27 December 2020 £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	78.3	–	78.3	39.7	1.4	41.1
Discontinued operations	12.4	–	12.4	42.5	(1.4)	41.1
Continuing operations	90.7	–	90.7	82.2	–	82.2
Adjustments for underlying earnings per share:						
Continuing operations	90.7	–	90.7	82.2	–	82.2
– Included in profit after tax – other non-underlying items	2.7	–	2.7	2.1	–	2.1
Underlying profit after tax attributable to owners of the parent	93.4	–	93.4	84.3	–	84.3

Weighted average number of shares

	At 26 December 2021 Number	At 27 December 2020 Number
Basic weighted average number of shares (excluding treasury shares)	459,234,086	461,992,362
Dilutive effect of share options and awards	2,434,861	3,391,802
Diluted weighted average number of shares	461,668,947	465,384,164

The performance conditions relating to share options granted over 1,486,022 shares (2020: 3,672,670) 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 (2020: nil). See note 2 for further information on reversionary interests and share options.

Earnings per share

	52 weeks ended 26 December 2021	52 weeks ended 27 December 2020
Continuing operations		
Basic earnings per share	19.8p	17.8p
Diluted earnings per share	19.6p	17.7p
Underlying earnings per share:		
Basic earnings per share	20.3p	18.2p
Diluted earnings per share	20.2p	18.1p
Continuing and discontinued operations		
Basic earnings per share	17.1p	8.9p
Diluted earnings per share	17.0p	8.8p

13. DIVIDENDS PAID AND PROPOSED

	52 weeks ended 26 December 2021 £m	52 weeks ended 27 December 2020 £m
Declared and paid during the period:		
Equity dividends on Ordinary shares:		
Final dividend for 2020: 9.10p (2019: nil)	42.3	–
Interim dividend for 2021: 3.0p (2020: 5.56p)	13.7	25.6
Dividends paid	56.0	25.6
Proposed for approval by shareholders at the AGM (not recognised as a liability at 26 December 2021 or 27 December 2020)		
Final dividend for 2021: 6.8p (2020: 9.10p)	30.4	42.6

The proposed final dividend for 2019 was suspended and not tabled at the AGM. The 2019 final dividend was deferred until September 2020. The interim dividend payment made in September 2020 of 5.56p is consistent with the original value announced, but not paid, for the final dividend for 2019. The proposed final dividend for the period is 6.8p per share, if approved, the total dividend for the full financial year will be 9.8p per share.

14. INTANGIBLE ASSETS

	Goodwill £m	Franchise fees £m	Software £m	Other £m	Total £m
Cost or valuation					
At 29 December 2019	31.9	8.3	45.0	0.8	86.0
Additions	–	–	6.5	–	6.5
At 27 December 2020	31.9	8.3	51.5	0.8	92.5
Additions	–	–	7.7	–	7.7
At 26 December 2021	31.9	8.3	59.2	0.8	100.2
Accumulated amortisation and impairment					
At 29 December 2019	18.6	3.2	29.4	0.3	51.5
Provided during the year	–	1.1	4.5	–	5.6
Impairment	–	–	4.9	–	4.9
At 27 December 2020	18.6	4.3	38.8	0.3	62.0
Provided during the year	–	1.1	4.7	0.1	5.9
Impairment	–	–	0.2	–	0.2
At 26 December 2021	18.6	5.4	43.7	0.4	68.1
Net book value at 26 December 2021	13.3	2.9	15.5	0.4	32.1
Net book value at 27 December 2020	13.3	4.0	12.7	0.5	30.5

During prior periods, the Group made a number of acquisitions, recognising intangible assets at fair value and goodwill at cost. This included the MFAs for Iceland, Norway, and Sweden and the SFA for the London corporate stores. During the current and prior period the MFAs for Iceland, Sweden and Norway were disposed of.

At 26 December 2021 the net book value of internally generated intangibles included within software was £7.2m (2020: £5.3m). Internally generated intangibles included within software additions during the year was £4.5m (2020: £5.0m).

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

52 WEEKS ENDED 26 DECEMBER 2021

14. INTANGIBLE ASSETS CONTINUED

The carrying amount of goodwill and indefinite life intangibles has been allocated as follows:

	At 26 December 2021 £m	At 27 December 2020 £m
Goodwill		
UK corporate stores	13.3	13.3
	13.3	13.3
Indefinite life intangibles		
Iceland*	–	8.2
	–	8.2
	13.3	21.5

* Included within assets held for sale.

Impairment reviews

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 estimated 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, the goodwill 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. The corporate store business performed broadly in line with the budgeted EBITDA performance in 2021. This is forecast to decrease in 2022 due to the impact of price related changes as a result of VAT rate changes, which has been included in the impairment review. Other key assumptions in the cash flow projections are those regarding revenue growth and 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. Capital expenditure is forecast in the projections for store refits and other capital expenditure outside of store openings. This considers the impact of any necessary changes to make the business model more sustainable including, eBikes and energy efficiency measures.

Long-term growth rates are set no higher than the long-term economic growth projections of the UK, which is where the business operates. Management applies pre-tax discount rates in the 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 26 December 2021	At 27 December 2020	At 26 December 2021	At 27 December 2020
UK corporate stores	2.0%	2.0%	9.3%	8.9%

For the year ended 26 December 2021 no impairment has been recognised against the goodwill allocated to the corporate stores (2020: £nil).

The forecast for the London corporate stores assumes no store openings over the forecast period and includes an initial revenue decrease in 2022 due to pricing of 4%, followed by revenue growth assumptions between 2% and 3% over the remaining term of the five-year period. All revenue growth is on a like for like basis. Growth in future years is based on the long-term growth rate of 2.0%. The key assumptions within the forecast is a decrease in revenue in 2022 due to VAT rate changes; as well as the ability to drive down costs through operational efficiencies and tighter control over operating costs. The valuation based on the current five-year plan results in a recoverable amount of £28.8m, with the asset base being £18.7m, headroom of £10.1m is available. Sensitivity analysis has been performed to highlight the impact of assumptions and key sensitivities in isolation and in combination:

- A 100bps decrease in revenue growth would reduce the headroom to £7.9m.
- A 100bps increase in food cost percentage would reduce the headroom to £5.2m.
- A 100bps increase in the forecast food cost and a 100bps increase in the forecast labour cost would reduce the headroom to £7.0m.
- A 100bps increase in the discount rate reduces headroom to £6.6m.

Given the maturity of the business and the improvements in cost control and operational efficiencies we have seen since acquisition we believe the further cost control and efficiencies are achievable. Based on the forecast revenue, EBITDA margins would have to decrease from 6.73%, by more than 205bps, to 4.68% throughout the forecast to trigger an impairment.

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 MFAs relating to Switzerland, Iceland, Sweden and Norway have been disposed of in the current and prior period. 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 26 December 2021 is £2.9m (2020: £4.0m). 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 29 December 2019	53.3	0.3	0.7	4.7	51.8	5.2	116.0
Additions	–	8.9	–	0.4	1.4	0.9	11.6
Foreign exchange on translation	0.1	–	–	–	0.1	–	0.2
Transfer between classes of asset	5.2	–	–	–	(5.2)	–	–
At 27 December 2020	58.6	9.2	0.7	5.1	48.1	6.1	127.8
Additions	–	2.0	–	0.6	1.7	0.3	4.6
Foreign exchange on translation	(0.1)	–	–	–	(0.1)	–	(0.2)
Transfer between classes of asset	6.1	(7.8)	–	0.4	1.3	–	–
At 26 December 2021	64.6	3.4	0.7	6.1	51.0	6.4	132.2
Depreciation and impairment							
At 29 December 2019	9.0	–	0.1	1.9	18.1	2.1	31.2
Provided during the year	0.8	–	0.1	0.8	2.4	1.2	5.3
Impairment	–	–	–	–	–	0.2	0.2
Transfer between classes of asset	1.1	–	–	–	(1.1)	–	–
At 27 December 2020	10.9	–	0.2	2.7	19.4	3.5	36.7
Provided during the year	1.0	–	0.1	0.9	2.3	0.7	5.0
Foreign exchange on translation	0.1	–	–	–	0.1	–	0.2
At 26 December 2021	12.0	–	0.3	3.6	21.8	4.2	41.9
Net book value at 26 December 2021	52.6	3.4	0.4	2.5	29.2	2.2	90.3
Net book value at 27 December 2020	47.7	9.2	0.5	2.4	28.7	2.6	91.1

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

52 WEEKS ENDED 26 DECEMBER 2021

15. PROPERTY, PLANT AND EQUIPMENT CONTINUED

During the current period, assets under construction of £3.4m relate to cages and dollies, the expansion of the Naas Commissary and supply chain equipment.

During the prior period, assets under construction amounting £9.2m related to the new Cambuslang site, the expansion of the Naas Commissary, supply chain equipment and the Head Office refurbishment.

In the prior period, assets related to improvements to the supply chain centre building have been reclassified from supply chain centre equipment to freehold land and buildings as this more accurately reflects the nature of these assets.

Freehold land and buildings

Included within freehold land and buildings is an amount of £6.0m (2020: £6.0m) in respect of land which is not depreciated.

Capitalised financing costs

There were no borrowing costs capitalised during the period ended 26 December 2021 (2020: £nil).

16. RIGHT-OF-USE ASSETS, LEASE RECEIVABLES AND LEASE LIABILITIES

Right-of-use assets

The net book value of right-of use assets as at 26 December 2021 were as follows:

	At 26 December 2021 £m	At 27 December 2020 £m
Property	11.8	12.8
Equipment	7.6	7.3
	19.4	20.1

Additions to right-of-use assets during 2021 were £5.9m (2020: £6.4m).

Depreciation recognised on right-of-use assets was as follows:

	At 26 December 2021 £m	At 27 December 2020 £m
Property	1.1	1.1
Equipment	5.4	5.1
	6.5	6.2

Lease receivables

The below table shows the maturity analysis of lease receivables on an undiscounted basis, and the impact of discounting:

	At 26 December 2021 £m	At 27 December 2020 £m
Undiscounted amounts due under finance leases:		
Year 1	26.3	25.9
Year 2	25.6	25.6
Year 3	24.9	24.7
Year 4	24.2	23.9
Year 5	23.2	23.2
Onwards	170.7	180.3
Total undiscounted lease receivables	294.9	303.6
Less present value discount	(93.7)	(98.9)
Lease receivables included in the balance sheet	201.2	204.7
Presented as:		
Current	13.7	13.2
Non-current	187.5	191.5
	201.2	204.7

The lease receivable has decreased from £204.7m to £201.2m due to additions of new leases of £10.7m and interest receivable of £12.6m, offset with receipts of £26.2m and foreign exchange losses of £0.6m. The Group applies the simplified model in accordance with IFRS 9 to recognise lifetime expected credit losses on lease receivables. The value of the expected credit losses on lease receivables is not material, based on the strong business model for franchisees and their underlying profitability.

Lease liabilities

The below table shows the maturity analysis of lease liabilities on an undiscounted basis, and the impact of discounting:

	At 26 December 2021 £m	At 27 December 2020 £m
Undiscounted amounts due under finance leases:		
Year 1	32.3	32.3
Year 2	28.9	29.6
Year 3	27.5	26.6
Year 4	26.8	25.4
Year 5	25.0	24.7
Onwards	181.8	193.2
Total undiscounted lease liabilities	322.3	331.8
Less present value discount	(99.7)	(105.3)
Lease liabilities included in the balance sheet	222.6	226.5
Presented as:		
Current	19.3	17.8
Non-current	203.3	208.7
	222.6	226.5

The lease liability has decreased from £226.5m to £222.6m due to additions of £16.8m and interest charges of £13.9m, offset with repayments of £33.8m and foreign exchange losses of £0.6m. The overall net lease liability has decreased from £21.8m to £22.0m, as the level of repayments of lease liabilities and receipts on lease receivables for our back-to-back property leases has remained consistent, and lease payments on our properties and equipment leases were offset with additions and interest charges.

Amounts recognised in the income statement

	52 weeks ended 26 December 2021 £m	52 weeks ended 27 December 2020 £m
Interest received on lease receivables	12.6	12.8
Interest paid on lease liabilities	(13.9)	(14.3)
Income relating to short term leases	0.5	0.6
Expenses relating to short term leases – property	(0.3)	(0.3)
Expenses relating to short term leases – equipment	(3.3)	(2.6)

17. TRADE AND OTHER RECEIVABLES

Included in non-current assets:

	At 26 December 2021 £m	At 27 December 2020 £m
Amounts owed by associates and joint ventures*	10.8	16.8
Loans to franchisees*	2.0	3.1
Other receivables*	1.2	1.3
	14.0	21.2

* Financial assets at amortised cost.

Included in current assets:

	At 26 December 2021 £m	At 27 December 2020 £m
Trade receivables*	10.7	12.4
Amounts owed by associates and joint ventures*	1.7	0.6
Loans to franchisees*	0.5	–
Other receivables*	1.8	1.2
Prepayments	4.6	2.6
Accrued income	15.0	19.4
	34.3	36.2

* Financial assets at amortised cost.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

52 WEEKS ENDED 26 DECEMBER 2021

17. TRADE AND OTHER RECEIVABLES CONTINUED

Included in current other receivables are balances due from franchisees for development of new stores and refurbishment of existing stores of £0.8m (2020: £0.7m).

The increase in prepayments during the current year primarily relates to cash timing differences year-on-year. The decrease in accrued income is due to a timing difference in relation to eCommerce cash receipts from our payment providers which resulted from the timing of public holidays around the balance sheet date.

Trade receivables

Trade receivables are denominated in the following currencies:

	At 26 December 2021 £m	At 27 December 2020 £m
Sterling	10.0	11.8
Euro	0.7	0.6
	10.7	12.4

Trade receivables are non-interest bearing and are generally on seven to 28 day terms. As at 26 December 2021, there was a provision of £0.8m against trade receivables (2020: £0.7m).

The ageing analysis of trade receivables is as follows:

	Total £m	Not past due £m	Past due	
			<30 days £m	>30 days £m
At 26 December 2021	10.7	10.4	0.2	0.1
At 27 December 2020	12.4	12.0	0.3	0.1

Loans to franchisees

Loans to franchisees are repayable within one to 10 years. The loans are either interest free or bear interest on a quarterly basis at an average of 3.0% above the base rate and are repaid in monthly or quarterly instalments.

Amounts owed by associates and joint ventures

	At 26 December 2021 £m	At 27 December 2020 £m
Amounts owed by associates	11.8	17.1
Amounts owed by joint ventures	0.7	0.3
	12.5	17.4

Included within the balance due from joint ventures and associates is a loan balance of £10.8m (2020: £16.8m) due from Daytona JV Limited, trading balances of £1.0m (2020: £0.3m) due from Full House Restaurants Holdings Limited and £0.7m due from Domino's Pizza West Country Limited (2020: £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 29 December 2019	1.2	19.5	20.7
Movement in trading balance	(0.6)	–	(0.6)
Movement in loan balance	–	(2.7)	(2.7)
At 27 December 2020	0.6	16.8	17.4
Movement in trading balance	1.1	–	1.1
Movement in loan balance	–	(6.0)	(6.0)
At 26 December 2021	1.7	10.8	12.5

The movement in the trading balance is included within the 'increase in receivables' in 'cash generated from operations' in the cash flow statement. The movement in the loan balance is included within 'other' in 'cash flows from investing activities' in the cash flow statement, which includes foreign exchange movements.

18. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	Joint ventures £m	Associates £m
Balance at 29 December 2019	3.9	28.5
Underlying profit for the period	0.7	8.8
Non-underlying expense for the period	–	(0.5)
Dividends received	(0.5)	(2.0)
Repayments of capital	–	(0.8)
Foreign exchange movement	–	1.3
Balance at 27 December 2020	4.1	35.3
Underlying profit for the period	1.1	9.9
Dividends received	(0.5)	(2.2)
Acquisitions	–	6.6
Foreign exchange movement	–	(1.6)
Balance at 26 December 2021	4.7	48.0

	At 26 December 2021 £m	At 27 December 2020 £m
Share of post-tax profits of associates		
Full House Restaurant Holdings Limited	4.9	4.1
Daytona JV Limited	5.0	4.2
	9.9	8.3
Share of post-tax profits of joint ventures		
Domino's Pizza West Country Limited	1.1	0.7
	11.0	9.0

Details of joint ventures and associates are given in note 32.

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 MFA for Domino's Germany. The Group's interest is subject to a put and call option. The put option is exercisable from 1 January 2021, and the call option is exercisable from 1 January 2023. No value is recognised on the balance sheet of the Group or Company in relation to the options, as the exercise price, based on a price/earnings multiple, is considered to be at fair value. We currently expect, based on the forecast earnings of the investment, the value generated to be between £70m to £100m dependent on the timing of exercise. This would lead to a profit on disposal of the joint venture of between £40-£70m based on current book values.

Acquisition of 46% interest in Northern Ireland associate

On 20 December 2021, the Group completed the acquisition of a 46% interest in Victa DP Ltd (Victa) for cash consideration of £6.6m. The investment in associate was entered into with an existing franchisee of 5 stores in Northern Ireland and, through the acquisition funds and additional debt funding raised by Victa DP Ltd, an additional 17 stores were purchased. The associate holds 22 active stores in the Northern Ireland market.

The investment has been treated as an associate as the Group holds significant influence through the voting rights gained through the equity investment, and representation on the Board. The investment is treated as an associate under IAS 28, however is referred to as the 'Northern Ireland Joint Venture' or 'NI JV' through the report as is considered commercially to be a joint venture.

Due to the materiality and timing of the acquisition no share of profit has been recorded by the Group for the period ended 26 December 2021. The carrying value of the investment at 26 December 2021 is £6.6m.

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52 WEEKS ENDED 26 DECEMBER 2021

18. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES CONTINUED

a) Investment in associates continued

A summary of financial information of the associates is set out below:

	Full House		Daytona		Victa	
	At 26 December 2021 £m	At 27 December 2020 £m	At 26 December 2021 £m	At 27 December 2020 £m	At 26 December 2021 £m	At 27 December 2020 £m
Non-current assets	23.9	23.4	159.5	164.7	48.3	–
Current assets	11.7	8.3	23.4	26.3	3.0	–
Current liabilities	(8.0)	(6.6)	(24.5)	(27.6)	(5.6)	–
Non-current liabilities	(6.9)	(9.9)	(77.7)	(93.6)	(31.3)	–
Net assets	20.7	15.2	80.7	69.8	14.4	–
The Group's share of interest in associate undertaking's net assets	10.2	7.5	26.9	23.3	6.6	–
Goodwill and transaction costs	2.3	2.3	2.0	2.2	–	–
Group's carrying amount of the investment	12.5	9.8	28.9	25.5	6.6	–
Revenue	64.9	60.9	119.8	112.1	–	–
Profit for the period	9.9	8.6	14.8	12.9	–	–
Total comprehensive income for the year	9.9	8.6	14.8	12.9	–	–
Group's share of underlying profit for the period	4.9	4.1	5.0	4.7	–	–
Group's share of non-underlying loss for the period	–	–	–	(0.5)	–	–
Group's share of profit for the period	4.9	4.1	5.0	4.2	–	–
Dividends received	2.2	2.0	–	–	–	–

The associates had no contingent liabilities or capital commitments at 26 December 2021 or at 27 December 2020. The associates require the controlling party's decision 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.

A summary of financial information of the joint venture is set out below:

	At 26 December 2021	At 27 December 2020
	West Country £m	West Country £m
Summary of joint ventures' balance sheets		
Current assets	6.2	3.8
Non-current assets	5.7	6.3
Current liabilities	(2.1)	(1.2)
Non-current liabilities	(1.3)	(1.4)
Net assets	8.5	7.5
Group's share of interest in joint ventures' net assets	4.3	3.7
Goodwill and transaction costs	0.4	0.4
Group's carrying amount of the investment	4.7	4.1
Within joint ventures' balance sheets:		
Cash and cash equivalents	5.5	3.1

	52 weeks ended 26 December 2021	52 weeks ended 27 December 2020
	West Country £m	West Country £m
Summary of joint ventures' income statement		
Revenue	15.4	13.6
Profit after tax for the year	2.2	1.4
Total comprehensive income for the year	2.2	1.4
Group's share of profit for the year	1.1	0.7
Dividends received	0.5	0.5
Profit after tax for the year includes:		
Depreciation and amortisation	0.5	0.5
Income tax expense	0.6	0.3

West Country had no contingent liabilities or capital commitments as at 26 December 2021 and 27 December 2020. West Country cannot distribute their profits without the consent from both the joint venture partners.

19. INVENTORIES

	At 26 December 2021 £m	At 27 December 2020 £m
Raw materials	0.5	0.3
Finished goods and goods for sale	10.4	10.7
Total inventories at lower of cost or estimated net realisable value	10.9	11.0

Provisions against inventories were £1.0m (2020: £1.8m) and amounts were written off against cost of sales of £1.0m (2020: £1.4m).

20. CASH AND CASH EQUIVALENTS

	At 26 December 2021 £m	At 27 December 2020 £m
Cash at bank and in hand	42.8	63.4
Cash at bank and in hand included in disposal groups held for sale	–	8.4
Total cash at bank and in hand	42.8	71.8

Cash and cash equivalents comprise cash in hand and on-call deposits held with banks. The fair value of cash and cash equivalents is £42.8m (2020: £71.8m).

Cash is denominated in the following currencies:

	At 26 December 2021 £m	At 27 December 2020 £m
Sterling	28.0	51.5
Euro	13.7	14.4
Icelandic Krona	–	0.1
Swiss Franc	1.1	4.0
Swedish Krone	–	1.4
Danish Krone	–	0.4
	42.8	71.8

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52 WEEKS ENDED 26 DECEMBER 2021

21. TRADE AND OTHER PAYABLES

	At 26 December 2021 £m	At 27 December 2020 £m
Included in current liabilities:		
Trade payables*	21.3	19.3
Other taxes and social security costs	5.4	4.8
Other payables*	29.6	28.8
Accruals*	35.4	31.2
NAF and eCommerce creditor*	4.1	5.6
Deferred income	0.3	0.3
	96.1	90.0
Included in non-current liabilities:		
Deferred income	0.2	0.3
	0.2	0.3

* 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; and
- 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 £7.9m (2020: £7.3m), together with trading accruals, head office cost accruals, payroll accruals and royalty accruals throughout the Group.

NAF and eCommerce funds

The gross amounts of the NAF and eCommerce fund were as follows:

	At 26 December 2021 £m	At 27 December 2020 £m
NAF surplus	22.5	23.4
eCommerce fund deficit	(18.4)	(17.8)
Net NAF and eCommerce creditor	4.1	5.6

The opening net NAF and eCommerce creditor on 27 December 2020 was £5.6m, which consisted of a NAF surplus of £23.4m and an eCommerce fund deficit of £17.8m. Total contributions made to the NAF and eCommerce fund during the 52 weeks ended 26 December 2021 were £70.4m (2020: £57.7m), with expenditure of £71.9m (2020: £54.2m). The amount recognised as revenue of £70.3m (2020: £52.8m) includes the elimination of intercompany revenue of £1.6m (2020: £1.4m).

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 26 December 2021 was a net surplus of £4.1m (2020: £5.6m) and is therefore presented within trade and other payables.

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 key judgements and policies related to the NAF and eCommerce income is described in note 2.

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 spend by 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.

22. FINANCIAL LIABILITIES

	At 26 December 2021 £m	At 27 December 2020 £m
Non-current		
Bank revolving facility	242.5	243.6
	242.5	243.6

Banking facilities

At 26 December 2021 the Group had a total of £350.0m (2020: £350.0m) of banking facilities, of which £106.7m (2020: £104.8m) was undrawn.

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 was an option for a second extension to extend for a further year by August 2021 but this was not utilised. Arrangement fees of £0.8m (2020: £1.6m) 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.

The revolving facility agreement was amended and restated in December 2021, to amend the GBP interest base rate from LIBOR to SONIA. Interest charged on the revolving credit facility ranges from 0.75% per annum above SONIA (or equivalent), when the Group's leverage is less than 1:1, up to 1.85% per annum above SONIA (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 Realty Limited, DP Pizza Limited, Sell More Pizza Limited, Sheermans SS Limited and Sheermans Limited.

An ancillary overdraft and pooling arrangement are 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 (£4.2m) 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 SONIA (or equivalent).

23. DEFERRED CONSIDERATION RECEIVABLE

	At 26 December 2021 £m	At 27 December 2020 £m
Current	3.3	–
Non-current	–	5.7
	3.3	5.7

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 was receivable of £5.7m in 2023. This is not contingent on performance conditions. Accelerated payment terms were agreed in May 2021 and the purchaser has repaid £2.4m during the year. The remaining balance attracts interest at a 1.62%.

24. PROVISIONS

	Reversionary share plan provisions £m	Dilapidations provisions £m	Onerous contract provisions £m	Other provisions £m	Total £m
At 29 December 2019	11.0	1.0	0.8	1.1	13.9
Arising during the period	–	–	–	0.2	0.2
Utilised during the period	–	–	(0.4)	(0.2)	(0.6)
At 27 December 2020	11.0	1.0	0.4	1.1	13.5
Arising during the period	2.0	–	–	1.6	3.6
Utilised during the period	–	–	(0.4)	–	(0.4)
Reclassified to other creditors	–	–	–	(0.4)	(0.4)
At 26 December 2021	13.0	1.0	–	2.3	16.3

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

52 WEEKS ENDED 26 DECEMBER 2021

24. PROVISIONS CONTINUED

	At 26 December 2021 £m	At 27 December 2020 £m
Current	2.0	0.4
Non-current	14.3	13.1
	16.3	13.5

Reversionary share plan provisions

As discussed more fully in note 2 of the consolidated financial statements, the employment tax provision relates to certain of the Group's historical share-based compensation arrangements with grant dates dating from 2003 to 2010. As a result of the legal advice received a provision was recorded in 2017 of £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.

An additional £2.0m provision has been recorded in the year ended 26 December 2021 for additional potential tax liabilities following further correspondence with HMRC around the tax treatment of options with vesting dates from 2012 through 2014, which comprises an additional £1.5m relating to employees' NIC and PAYE, and £0.5m employers' NIC.

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 London corporate stores, the Group acquired dilapidations provisions which were recognised at fair value. During the period, none of these provisions were released or utilised (2020: £nil).

Onerous contract provision

The onerous contract provisions of £0.4m in the prior period related to onerous contracts for IT equipment, this provision was utilised during the current period.

Other provisions

Other provisions include £0.4m (2020: £0.8m) for closure costs of Domino's Pizza Germany Limited, £0.2m (2020: £0.2m) for legal claims arising on the acquisition of London corporate stores, and a further £1.7m for potential liabilities relating to the disposal of the international operations.

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's treasury policy allows it to trade in derivatives to manage interest rate, commodity and foreign exchange risk.

Foreign currency risk

The Group has investments in operations in Ireland and also buys and sells goods and services in currencies other than sterling. The Group has also invested in an associate in Germany and one 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, 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
2021	+25%	(5.3)	(5.8)
	-25%	8.8	9.6
2020	+25%	(6.5)	(5.1)
	-25%	10.8	8.5

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 and net investment in finance leases 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 (2020 £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 (2020: £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 (2020: £nil).

Credit risk is factored into 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 meet 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 its 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. The Group also has access to sterling and euro overdrafts which were undrawn at 26 December 2021 and 27 December 2020. The tables below summarise the maturity profile of the Group's financial liabilities at 26 December 2021 and 27 December 2020 based on their contractual undiscounted payments:

	On demand £m	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	More than 5 years £m	Interest £m	Total £m
At 26 December 2021							
<i>Fixed rate borrowings</i>							
Lease liabilities	–	8.1	24.2	108.2	181.8	(99.7)	222.6
<i>Floating rate borrowings</i>							
Bank revolving facility	–	–	–	242.5	–	–	242.5
<i>Non-interest bearing</i>							
Trade and other payables	0.2	85.4	4.1	0.7	–	–	90.4
	0.2	93.5	28.3	351.4	181.8	(99.7)	555.5

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

52 WEEKS ENDED 26 DECEMBER 2021

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

	On demand £m	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	More than 5 years £m	Interest £m	Total £m
At 27 December 2020							
<i>Fixed rate borrowings</i>							
Lease Liabilities	–	8.1	24.2	106.3	193.2	(105.3)	226.5
<i>Floating rate borrowings</i>							
Bank revolving facility	–	–	–	243.6	–	–	243.6
<i>Non-interest bearing</i>							
Trade and other payables	0.2	78.5	5.8	0.3	–	–	84.8
	0.2	86.6	30.0	350.2	193.2	(105.3)	554.9

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 26 December 2021 would increase/decrease by £1.2m (2020: increase/decrease by £1.1m). 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 through the effective use of cash and debt resources. 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. During the period ended 26 December 2021 the Board announced the introduction of a new capital allocation framework. The new framework seeks to sustain the growth of our core business through capital investment and assessing growth opportunities. It further introduced an annual allocation of surplus cash to shareholders through a combination of dividends and other forms of returns and a targeted debt to underlying EBITDA leverage ratio of 1.5x-2.0x. No changes were made in the objectives, policies or processes during the period ended 27 December 2020. Special resolutions were passed at the 2020 and 2021 AGMs, held on 17 June 2020 and 22 April 2021 respectively to authorise the Company to make purchases on the London Stock Exchange of up to 10% of its Ordinary shares. This authorisation was satisfied by the 2021 share buyback programme.

	At 26 December 2021 £m	At 27 December 2020 £m
Bank revolving facilities	242.5	243.6
Less: cash and cash equivalents	(42.8)	(71.8)
Net debt	199.7	171.8
Underlying EBIT	119.9	109.0
Underlying depreciation, amortisation and impairment	16.5	16.5
Underlying EBITDA	136.4	125.5
Adjusted gearing ratio	1.46	1.37
Underlying EBITDA	136.4	125.5
Less EBITDA impact of IFRS 16	(7.0)	(7.9)
Adjusted underlying EBITDA	129.4	117.6
Adjusted gearing ratio (excluding IFRS 16)	1.54	1.46

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 interest cover covenant under the terms of the RCF cannot be less than 1.5:1, and leverage ratio can not be more than 3:1. The Group has complied with all of these covenants.

For the assessment of leverage covenants under the Group's financing, certain adjustments are made to the EBITDA figures used above, including the removal of significant one-off items, gains relating to investments, share of profits of joint ventures and associates, and the inclusion of cash dividends received from investments. In addition, debt is adjusted to remove cash balances held in entities which are not guarantors under the agreement.

For further commentary on cash flow, net debt and gearing see the Strategic Report.

26. FINANCIAL INSTRUMENTS

Set out below is a comparison by classification of all the Group's financial instruments in the financial statements:

	Fair value 2021 £m	Amortised Cost 2021 £m	Carrying value 2021 £m	Fair value 2020 £m	Amortised Cost 2020 £m	Carrying value 2020 £m
Financial assets						
Trade receivables	–	10.7	10.7	–	12.4	12.4
Other receivables	–	3.0	3.0	–	2.5	2.5
Loans to franchisees	–	2.5	2.5	–	3.1	3.1
Cash and cash equivalents	–	42.8	42.8	–	63.4	63.4
Lease receivables	–	201.2	201.2	–	204.7	204.7
Deferred consideration receivable	–	3.3	3.3	–	5.7	5.7
Amounts owed by associates and joint ventures	–	12.5	12.5	–	17.4	17.4
Other financial asset	8.7	–	8.7	15.3	–	15.3
Investments	12.1	–	12.1	12.3	–	12.3
Financial liabilities						
Trade payables	–	21.3	21.3	–	19.3	19.3
Other payables	–	29.6	29.6	–	28.8	28.8
Accruals	–	35.4	35.4	–	31.2	31.2
NAF and eCommerce	–	4.1	4.1	–	5.6	5.6
Bank revolving facilities	–	242.5	242.5	–	243.6	243.6
Lease liabilities	–	222.6	222.6	–	226.5	226.5

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

	At 26 December 2021 £m	At 27 December 2020 £m
Current asset	1.9	2.0
Non-current asset	6.8	13.3
	8.7	15.3

Other financial asset relates to a contingent consideration (referred to as the 'Market Access Fee') of up to €25.0m (£21.1m) (2020: €25.0m (£22.5m)) 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 in the calendar years 2020 and 2021.

The calendar year ended 31 December 2020 is the first year that triggered consideration to become due. The total discounted payments received in April 2021 in relation to the 2020 financial year was €7.5m (£6.4m).

The current forecast EBITDA for the calendar year ended 31 December 2021 is forecast to result in payments of €10.3m (£8.7m).

The Market Access Fee is at Level 3 of the fair value hierarchy because determining its fair value required an estimate of future EBITDA levels of the divested German business, which is an unobservable fair value input.

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52 WEEKS ENDED 26 DECEMBER 2021

26. FINANCIAL INSTRUMENTS CONTINUED

The valuation has been based on the actual reported EBITDA of the operation for the 2021 financial year, prepared by the management team of Daytona JV Limited. The remaining key estimate remaining in relation to the valuation is the treatment of adjustments to the EBITDA required under the Joint Venture agreement. We do not consider that these items will lead to a material adjustment to the fair value reported.

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 (£11.0m). 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.

During the period, the investment fair value has increased by €2.4m (£2.1m) (2020: €1.4m (£1.3m)), and dividends of €1.8m (£1.6m) have been received against the investment value, together with foreign exchange movements of £0.7m, bringing the total valuation to €14.3m (£12.1m) (2020: €13.7m, £12.3m). The fair valuation has been performed based on current and expected forecast performance of the investment on a probability weighted expected return approach. This considers the potential future performance and potential dividend returns together with assessments of likelihood of various exit arrangements as structured under the shareholder agreement. The increase in the period is as a result of strong performance during 2021 and expected future performance of the company over the medium term.

The key assumptions in the model are the scenario probabilities applied, the 2022 budgeted EBITDA and the discount rate applied. The post-tax discount rate applied is 5.04%. Sensitivity analysis has been performed to highlight the impact of movements within the key judgemental areas:

- A 10% decrease in 2022 EBITDA would lead to a €1.5m (£1.3m) reduction in the valuation.
- A 10% increase in 2022 EBITDA would lead to a €2.1m (£1.7m) increase in the valuation.
- A 100bps increase in the discount rate would lead to a €1.3m (£1.1m) decrease in the valuation.
- A 100bps decrease in the discount rate would lead to a €3.5m (£3.0m) increase in the valuation.

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 creditor relates to an excess of royalties received from franchisees over NAF and eCommerce services provided. Given the strong payment history 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 deferred consideration is receivable. Given the strong payment history of the counterparties to this transaction, and securities in place, the carrying value is considered to reasonably approximate fair value.

27. SHARE CAPITAL AND RESERVES

Allotted, called up and fully paid share capital of 25/48p per share

	At 26 December 2021		At 27 December 2020	
	Number	£	Number	£
At 27 December 2020 and 29 December 2019	468,980,073	2,442,605	462,230,073	2,407,449
Share issues	–	–	6,750,000	35,156
Share buybacks	(20,956,282)	(109,147)	–	–
At 26 December 2021 and 27 December 2020	448,023,791	2,333,458	468,980,073	2,442,605

During the period the Company bought back a total of 20,956,282 Ordinary shares of 25/48p each for a total of £80.5m including costs of £0.5m. The average price paid for these repurchased shares were 381.75p. These repurchased shares were then cancelled in the same period.

In the prior period the Company issued a total of 6,750,000 Ordinary shares of 25/48p each for a total value of £13.0m including costs of £0.1m. The shares were issued following the exercise of an option, granted by the Company in 2014 with an exercise price of 192.5p per share. The option was granted as part consideration for an acquisition of minority interests in Germany which was announced on 27 February 2014. The dilutive impact of these share options were included in the calculation of dilutive earnings per share.

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 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 800,000 shares at a cost of £2.9m (2020: nil at a cost of £nil) in the Company and disposed of 567,678 shares in the Company (2020: 342,854). The EBT held 1,517,868 shares (2020: 1,285,549) at the end of the period, which have a historic cost of £4.6m (2020: £3.4m). 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 AND DISPOSALS

PPS Foods AB (Sweden)

On 2 May 2021, the Group disposed of its 100% interest in PPS Foods AB, the business in Sweden, with net consideration paid to the buyers of £2.8m. The loss on disposal of the Group's interest in Sweden is analysed as follows:

	£m
Cash paid on disposal	(2.7)
Cash disposed	(0.1)
Net cash paid on disposal	(2.8)
Net liabilities disposed excluding cash (see below)	3.3
Currency translation losses transferred from translation reserve	(0.5)
Loss on disposal before professional fees	–
Non-underlying professional fees related to the disposal	(0.4)
Total loss on disposal	(0.4)
Inventories, trade and other receivables/(payables)	(0.9)
Lease liabilities	(2.4)
Net liabilities disposed excluding cash	(3.3)

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

52 WEEKS ENDED 26 DECEMBER 2021

28. BUSINESS COMBINATIONS AND DISPOSALS CONTINUED

Pizza Pizza EHF (Iceland)

On 31 May 2021, the Group disposed of its 100% interest in Pizza Pizza EHF, the business in Iceland, with net consideration received of £13.5m. The final working capital adjustment has been finalised post period end, and an additional £0.6m is payable to the purchaser. The loss on disposal of the Group's interest in Iceland is analysed as follows:

	£m
Cash received on disposal	14.1
Cash disposed	(0.6)
Net cash received on disposal	13.5
Consideration payable post disposal	(0.6)
Net assets disposed excluding cash (see below)	(13.6)
Currency translation losses transferred from translation reserve	(6.1)
Loss on disposal before professional fees	(6.8)
Non-underlying professional fees related to the disposal	(0.5)
Total loss on disposal	(7.3)
Property, plant and equipment	16.8
Inventories, trade and other receivables/(payables)	(0.6)
Right-of-use assets	3.3
Lease liabilities	(3.4)
Deferred tax liabilities	(2.5)
Net assets disposed excluding cash	13.6

Domino's Pizza GmbH (Switzerland)

On 31 August 2021, the Group disposed of its 100% interest in Domino's Pizza GmbH, the business in Switzerland, with net consideration paid of £0.5m. The final working capital adjustment has been finalised post period end, and an additional £0.5m is payable to the purchaser, and £0.3m has been provided in respect of indemnities under the agreement. The loss on disposal of the Group's interest in Switzerland is analysed as follows:

	£m
Cash received on disposal	0.5
Cash disposed	(1.0)
Net cash paid on disposal	(0.5)
Consideration payable post disposal	(0.8)
Net liabilities disposed excluding cash (see below)	1.0
Currency translation losses transferred from translation reserve	(1.3)
Loss on disposal before professional fees	(1.6)
Non-underlying professional fees related to the disposal	(0.5)
Total loss on disposal	(2.1)
Property, plant and equipment	0.4
Inventories, trade and other receivables/(payables)	(1.4)
Right-of-use assets	4.5
Lease liabilities	(4.5)
Net liabilities disposed excluding cash	(1.0)

DP Norway AS (Norway)

On 22 May 2020, the Group disposed of its 71% interest in DP Norway AS, the business in Norway, with net consideration paid of £6.4m.

The loss on disposal of the Group's controlling 71% interest in Norway is analysed as follows:

	£m
Cash paid on disposal	(3.0)
Cash disposed	(3.4)
Net cash paid on disposal	(6.4)
Net liabilities disposed excluding cash (see below)	5.8
Non-controlling interest disposed	(10.5)
Currency translation gains transferred from translation reserve	1.9
Loss on disposal before professional fees	(9.2)
Non-underlying professional fees related to the disposal	(1.6)
Total loss on disposal	(10.8)
Property, plant and equipment	–
Inventories, trade and other receivables/(payables)	0.9
Provisions	(3.5)
Deferred tax liabilities	(3.2)
Net liabilities disposed excluding cash	(5.8)

As a result of this transaction the £0.8m put option liability was derecognised. Other reserves, which related to the initially recognised put options, were reduced with a corresponding debit through retained earnings of £3.1m. The non-controlling interest of £10.5m was transferred from equity and included in the determination of the loss on disposal.

29. SHARE-BASED PAYMENTS

The expense recognised for share-based payments in respect of employee services received during the 52 weeks ended 26 December 2021 was £1.7m (2020: £1.4m).

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. 356,744 shares were exercised during the period (2020: nil). The weighted average share price for options exercised during 2021 was 409p (2020: nil).

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 37,092 shares exercised during the period (2020: 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. No DSBP awards were exercised in the period. The weighted average share price for DSBP awards exercised during 2020 was 308p.

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 113 to 115 of the Directors' remuneration report. £20k of cash payments (2020: £nil) were made during the 52 weeks ended 26 December 2021 settling dividend equivalent awards, recorded as a repurchase of equity as shown in the statement of changes in equity.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

52 WEEKS ENDED 26 DECEMBER 2021

29. SHARE-BASED PAYMENTS CONTINUED

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 395p (2020: 287p).

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 372p (2020: 350p).

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 26 December 2021, together with the fair values calculated by those models:

	52 weeks ended 26 December 2021	52 weeks ended 27 December 2020
Weighted average fair value	274.25p	261.2p
Weighted average share price at grant	395.87p	347.38p
Weighted average exercise price	73.93p	62.62p
Weighted average expected term	3 years	3 years
Expected dividend yield	2.91%	2.09%
Risk-free rates	0.24%	0%
Expected volatility	29.85%	30.26%

Share options and awards outstanding

As at 26 December 2021, the following share options and awards were outstanding:

Scheme	Exercise price	Outstanding at 27 December 2020 Number	Granted during the period Number	Exercised during the period Number	Forfeited during the period Number	Outstanding at 26 December 2021 Number	Weighted average remaining life Years	Exercisable at 26 December 2021 Number
2012 LTIP	–	3,850,414	1,097,519	(356,744)	(1,075,482)	3,515,707	1.69	539
2016 LTIP	–	113,330	–	(37,092)	–	76,238	–	7,585
DSBP	–	–	92,377	–	(17,253)	75,124	1.00	–
CSOP (Unapproved)	143.87p	26,958	–	(14,388)	–	12,570	–	12,570
CSOP (Approved)	143.87p	23,577	–	(15,732)	–	7,845	–	7,845
Sharesave Scheme	193p to 292p	1,584,670	346,343	(146,387)	(228,494)	1,556,132	1.15	–
		5,598,949	1,536,239	(570,343)	(1,321,229)	5,243,616		28,539
Weighted average exercise price		59.53p	65.83p	73.93p	43.07p	69.35p		102.92p

As at 27 December 2020, the following share options and awards were outstanding:

Scheme	Exercise price	Outstanding at 29 December 2019 Number	Granted during the period Number	Exercised during the period Number	Forfeited during the period Number	Outstanding at 27 December 2020 Number	Weighted average remaining life Years	Exercisable at 27 December 2020 Number
2012 LTIP	0.00p to 43.16p	3,711,037	1,697,962	–	(1,558,585)	3,850,414	1.52	288
2016 LTIP	–	588,525	–	–	(475,195)	113,330	0.16	12,541
DSBP	–	107,337	–	(107,337)	–	–	–	–
CSOP (Unapproved)	113.67p to 160.80p	44,079	–	(17,121)	–	26,958	–	26,958
CSOP (Approved)	68.50p to 160.80p	59,651	–	(23,795)	(12,279)	23,577	–	23,577
Sharesave Scheme	143.33p to 275.33p	1,407,842	480,236	(183,051)	(120,357)	1,584,670	1.73	–
		5,918,471	2,178,198	(331,304)	(2,166,416)	5,598,949		63,364
Weighted average exercise price		52.06p	59.97p	150.08p	16.21p	59.53p		150.99p

30. ADDITIONAL CASH FLOW INFORMATION

Other cash flows from investing activities

	Notes	52 weeks ended 26 December 2021 £m	52 weeks ended 27 December 2020 £m
Cash flows from investing activities			
Dividends received from investments	26	1.6	–
Dividends received from associates and joint ventures	18	2.2	2.5
Decrease in loans to associates and joint ventures	18	4.9	3.7
Other		8.7	6.2

Reconciliation of financing activities

	At 27 December 2020 £m	Disposal of international £m	Cash flow £m	Exchange differences £m	Non-cash movements £m	At 26 December 2021 £m
Bank revolving facility	(243.6)	–	(2.7)	4.5	(0.7)	(242.5)
Lease liabilities	(236.9)	10.3	34.1	0.9	(31.0)	(222.6)
	(480.5)	10.3	31.4	5.4	(31.7)	(465.1)

	At 29 December 2019 £m	Cash flow £m	Exchange differences £m	Non-cash movements £m	At 27 December 2020 £m
Bank revolving facility	(248.1)	9.9	(4.8)	(0.6)	(243.6)
Other loans	(0.2)	0.2	–	–	–
Lease liabilities	(241.5)	36.6	0.2	(32.2)	(236.9)
Other	(0.9)	–	–	0.9	–
	(490.7)	46.7	(4.6)	(31.9)	(480.5)

The non-cash movements in lease liabilities primarily relate to additions and interest charges as set out in Note 16.

Share transactions in cash flows from financing activities

	Notes	52 weeks ended 26 December 2021 £m	52 weeks ended 27 December 2020 £m
Purchase of own shares – share buyback	27	(80.5)	–
Purchase of own shares – employee benefit trust	27	(2.9)	–
Consideration received on exercise of share options – employee benefit trust	27	0.4	0.5
Share transactions		(83.0)	0.5

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

52 WEEKS ENDED 26 DECEMBER 2021

Reconciliation to free cash flow

	52 weeks ended 26 December 2021 £m	52 weeks ended 27 December 2020 £m
Cash generated from operating activities	113.9	112.2
Net interest paid	(4.0)	(4.3)
Receipts on lease receivables	25.7	25.6
Repayment of lease liabilities	(34.1)	(36.6)
Dividends	3.8	2.5
Other	(0.7)	(0.4)
	104.6	99.0

31. CAPITAL COMMITMENTS

At 26 December 2021, amounts contracted for but not provided for in the financial statements for the acquisition of property, plant and equipment amounted to £1.3m (2020: £0.9m) for the Group.

32. 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 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
Indirectly held subsidiary undertakings			
D.P. Newcastle Limited	England	100% Ordinary	1 Thornbury, West Ashland, Milton Keynes, MK6 4BB, United Kingdom
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	1 Thornbury, West Ashland, Milton Keynes, MK6 4BB, United Kingdom
DP Pizza Limited	Republic of Ireland	100% Ordinary	Unit 1B Toughers Business Park, Newhall, Naas Co. Kildare, Ireland
Domino's Pizza UK & Ireland 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
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
Direct associate undertakings			
Daytona JV Limited	England	33% Ordinary	3rd Floor, 1 Ashley Road, Altrincham, Cheshire WA14 2DT, United Kingdom

Name of Company	Country of incorporation	Proportion of voting rights and share capital	Registered office
Indirectly held associate undertakings			
Full House Restaurants Holdings Ltd	England	49% Ordinary	Centrum House, 36 Station Road, Egham, Surrey, TW20 9LF, United Kingdom
Victa DP Ltd	England	46% Ordinary	Unit 10, Evolution Wynyard Business Park, Wynyard, TS22 5TB United Kingdom
Indirectly held subsidiaries of associate undertakings			
ABD Pizzas Limited	Northern Ireland	46% Ordinary	Office At Unit E6 Ronan Valley Business Park, 58/60 Ballyronan Road, Magherafelt, Derry, BT45 6EW, Northern Ireland
Borealis DP Ltd	England	46% Ordinary	Unit 10, Evolution Wynyard Business Park, Wynyard, TS22 5TB United Kingdom
Classic Crust Limited	England	49% Ordinary	Centrum House, 36 Station Road, Egham, Surrey, TW20 9LF, 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
DP Dungannon Limited	Northern Ireland	46% Ordinary	Office At Unit E6 Ronan Valley Business Park, 58/60 Ballyronan Road, Magherafelt, Derry, BT45 6EW, Northern Ireland
DPNI Limited	England	46% Ordinary	Unit 10, Evolution Wynyard Business Park, Wynyard, TS22 5TB United Kingdom
Elite Pizzas Limited	Northern Ireland	46% Ordinary	Office At Unit E6 Ronan Valley Business Park, 58/60 Ballyronan Road, Magherafelt, Derry, BT45 6EW, Northern Ireland
Full House Restaurants Limited	England	49% Ordinary	Centrum House, 36 Station Road, Egham, Surrey, TW20 9LF, United Kingdom
Hallo Pizza GmbH	Germany	33% Ordinary	Hans-Böckler-Strasse 48, 40764 Langenfeld, Germany
House Special Limited	England	49% Ordinary	Centrum House, 36 Station Road, Egham, Surrey, TW20 9LF, United Kingdom
Sherston Limited	England	49% Ordinary	Centrum House, 36 Station Road, Egham, Surrey, TW20 9LF, United Kingdom
Shorecal Limited	Republic of Ireland	15% Ordinary	4 Haddington Terrace, Dun Laoghaire, Co. Dublin, Ireland
Sunmead Limited	England	49% Ordinary	Centrum House, 36 Station Road, Egham, Surrey, TW20 9LF, United Kingdom
Surrey Pizzas Limited	England	49% Ordinary	Centrum House, 36 Station Road, Egham, Surrey, TW20 9LF, United Kingdom
The Woodpecker Inn Ltd	England	49% Ordinary	Centrum House, 36 Station Road, Egham, Surrey, TW20 9LF, United Kingdom
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

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

52 WEEKS ENDED 26 DECEMBER 2021

32. RELATED PARTY TRANSACTIONS CONTINUED

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 18. Transactions entered into, and trading balances outstanding with related parties, are as follows:

Related party	Sales to related party £m	Amounts owed by related party £m
Associates and joint ventures		
26 December 2021	30.0	1.7
27 December 2020	27.2	0.6

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 26 December 2021 £m	52 weeks ended 27 December 2020 £m
Short-term employee benefits	5.6	4.2
Post-employment benefits	0.2	0.1
Share-based payment	0.7	3.7
	6.5	8.0

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.

COMPANY BALANCE SHEET

AT 26 DECEMBER 2021

	Notes	At 26 December 2021 £m	At 27 December 2020 £m
Fixed assets			
Investment in subsidiary undertakings	4	10.0	23.8
Investment in associates and joint ventures	4	23.3	23.3
		33.3	47.1
Assets			
Deferred consideration receivable: falling due after one year	6	–	5.7
Deferred consideration receivable: falling due within one year	6	3.3	–
Other financial asset: falling due after one year	3	6.8	13.3
Other financial asset: falling due within one year	3	1.9	2.0
Other receivables: falling due after one year	5	988.8	18.4
Other receivables: falling due within one year	5	108.1	112.2
Cash and cash equivalents		4.3	2.0
Deferred tax asset	9	3.2	2.1
		1,116.4	155.7
Liabilities: amounts falling due within one year			
Other payables	7	(10.7)	(16.4)
Deferred tax liabilities	9	(0.4)	–
Provisions	10	(0.9)	(0.1)
		(12.0)	(16.5)
Liabilities: amounts falling due after one year			
Deferred tax liabilities	9	(1.2)	(2.9)
Provisions	10	(13.0)	(11.0)
Total liabilities		(26.2)	(30.4)
Net assets		1,123.5	172.4
Shareholders' equity			
Called up share capital	11	2.3	2.4
Share premium account		49.6	49.6
Capital redemption reserve		0.5	0.5
Capital reserve – own shares		(4.6)	(3.4)
Retained earnings		1,075.7	123.3
Total equity shareholders' funds		1,123.5	172.4

The profit for the 52 week period ended 26 December 2021 of the Company is £1,088.4m (2020: £30.3m). The notes on pages 193 to 198 are an integral part of these company financial statements. The financial statements were approved by the Directors on 7 March 2022 and signed on their behalf by:

Dominic Paul

Director

7 March 2022

Registered number: 03853545

COMPANY STATEMENT OF CHANGES IN EQUITY

52 WEEKS ENDED 26 DECEMBER 2021

	Notes	Share capital £m	Share premium account £m	Capital redemption reserve £m	Capital reserve – own shares £m	Retained Earnings £m	Equity shareholders' funds £m
At 29 December 2019		2.4	36.7	0.5	(4.5)	117.7	152.8
Profit for the period		–	–	–	–	30.3	30.3
Proceeds from share issues		–	12.9	–	0.6	–	13.5
Impairment of share issues		–	–	–	0.5	(0.5)	–
Share options and LTIP charge	12	–	–	–	–	1.4	1.4
Equity dividends paid	13	–	–	–	–	(25.6)	(25.6)
At 27 December 2020		2.4	49.6	0.5	(3.4)	123.3	172.4
Profit for the period		–	–	–	–	1,088.4	1 088.4
Proceeds from share issues		–	–	–	0.4	–	0.4
Impairment of share issues		–	–	–	1.3	(1.3)	–
Share buybacks		(0.1)	–	–	(2.9)	(80.4)	(83.4)
Share options and LTIP charge	12	–	–	–	–	1.7	1.7
Equity dividends paid	13	–	–	–	–	(56.0)	(56.0)
At 26 December 2021		2.3	49.6	0.5	(4.6)	1,075.7	1,123.5

NOTES TO THE COMPANY FINANCIAL STATEMENTS

52 WEEKS ENDED 26 DECEMBER 2021

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 only asset recognised at fair value is the other financial asset which is disclosed in note 3. Refer to note 2 of the Group financial statements for disclosures related to going concern assessment.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the 52 weeks ended 26 December 2021 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; and
- 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.

Judgements

Refer to note 2 of the Group financial statements for significant judgements related to the reversionary share plan and note 26 for disclosure on the valuation of the Market Access Fee.

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.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

52 WEEKS ENDED 26 DECEMBER 2021

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.

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 was been recorded. 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 for the 52 week period ended 26 December 2021 of the Company is £1,088.4m (2020: £30.3m).

The increase in profit is as a result of a dividend received of £1.1bn from DPG Holdings Limited. The dividend was received following a capital reduction performed in DPG Holdings. The amount received has been held as an amount due from Group undertakings, and repayments over this amount have been received during the year. The amount considered recoverable in 1 year at 26 December 2021 is £105.0m, which is redeemable on demand or before 3 July 2022, and the remaining £977.0m remains due after more than one year.

Dominic Paul and Neil Smith (Resigned 16 November 2021) are the only Executive Directors employed by the Company. They are, together with David Surdeau (Appointed 17 November 2021), who is not a director, the only employees of the Company. Information regarding Directors' remuneration is included in the Directors' remuneration report on pages 96 to 118.

For details of audit fees see note 6 of the Group financial statements.

3. OTHER FINANCIAL ASSETS

	At 26 December 2021 £m	At 27 December 2020 £m
Current asset	1.9	2.0
Non-current asset	6.8	13.3
	8.7	15.3

Other financial assets relates to a contingent consideration (referred to as the 'Market Access Fee') of up to €25.0m (2020: €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. In the period we received €7.5m (£6.4m) (2020: £nil) related to the Market Access Fee with the remainder receivable in 2022. 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 29 December 2019	43.7	24.0	67.7
Return of investment funding	–	(0.8)	(0.8)
Impairment	(19.9)	–	(19.9)
Foreign exchange	–	0.1	0.1
At 27 December 2020	23.8	23.3	47.1
Disposals	(13.8)	–	(13.8)
At 26 December 2021	10.0	23.3	33.3

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 32 of the Group financial statements and further details on the additions to investments in associates and joint ventures can be found in note 18 of the Group financial statements.

During the period the Company disposed of its investment in Pizza Pizza EHF with consideration received from the buyers of £13.5m. The final working capital adjustment for Pizza Pizza EHF was finalised after year end and an additional amount of £0.6m was paid to the purchaser.

In the prior period, the Company disposed of its investment in DP Norway AS with consideration paid to the buyers of £6.4m.

Further information around each disposal is set out in note 28 of the Group financial statements.

During the prior period the investment in Pizza Pizza EHF (Iceland) was impaired by £19.9m. These impairments were recorded in administrative expenses.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

52 WEEKS ENDED 26 DECEMBER 2021

5. OTHER RECEIVABLES

Falling due after one year

	At 26 December 2021 £m	At 27 December 2020 £m
Amounts owed by Group undertakings	977.0	–
Amounts owed by associates	11.0	16.8
Other asset	0.8	1.6
	988.8	18.4

Falling due within one year

	At 26 December 2021 £m	At 27 December 2020 £m
Amounts owed by Group undertakings	107.5	112.0
Amounts owed by joint ventures	0.6	0.2
	108.1	112.2

The group has a 33.3% investment in Daytona JV Limited, a UK incorporated company which owns the MFA for Domino's in Germany.

Amounts owed by associates of £11.0m relates to the loan owed by Daytona JV Limited. Under the terms of the loan agreement, the loan 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. During the period Daytona JV Limited repaid £5.1m (2020: £3.8m) of the loan.

Amounts owed by Group undertakings are repayable on demand. This receivable is classified as non-current as the parent has no intention to call on repayment in the next 12 months.

The other asset of £0.8m (2020: £1.6m) relates to bank facility fees paid in previous years which will be recovered through recharging to subsidiary companies based on usage of the facility.

6. DEFERRED CONSIDERATION

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 was receivable of £5.7m in 2023. This is not contingent on performance conditions. Accelerated payment terms were agreed in May 2021 and the purchaser has repaid £2.4m during the year. The remaining balance attracts interest at a 1.62%.

7. OTHER PAYABLES

	At 26 December 2021 £m	At 27 December 2020 £m
Amounts owed to Group undertakings	10.3	15.4
Other creditors	0.2	0.6
Accruals and deferred income	0.2	0.4
	10.7	16.4

8. FINANCIAL LIABILITIES

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 was an option for a second extension to extend for a further year by August 2021 but this was not actioned. Arrangement fees of £0.8m (2020: £1.6m) 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.

The revolving facility agreement was amended and restated in December 2021, to amend the GBP interest base rate from LIBOR to SONIA. Interest charged on the revolving credit facility ranges from 0.75% per annum above SONIA (or equivalent), when the Group's adjusted leverage ratio is less than 1:1, up to 1.85% per annum above SONIA (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 Realty Limited, DP Pizza Limited, Sell More Pizza Limited, Sheermans SS Limited and Sheermans Limited.

9. DEFERRED TAX (LIABILITY)/ASSET

	At 26 December 2021 £m	At 27 December 2020 £m
Deferred tax asset	3.2	2.1
Deferred tax liability	(1.6)	(2.9)
	1.6	(0.8)

The deferred tax asset of £3.2m (2020: £2.1m) relates to the reversionary share plan referred to in note 2 of the Group financial statements. The deferred tax liability of £1.6m (2020: £2.9m) relates to the deferred tax on the Market Access Fee of which £0.4m is current.

10. PROVISIONS

	Reversionary share plan provisions £m	Other £m	Total £m
At 27 December 2020	11.0	0.1	11.1
Arising during the period	2.0	0.8	2.8
At 26 December 2021	13.0	0.9	13.9

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 with grant dates dating from 2003 to 2010. As a result of the legal advice received a provision was recorded in 2017 of £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.

An additional £2.0m provision has been recorded in the year ended 26 December 2021 for additional potential tax liabilities following further correspondence with HMRC around the tax treatment of options with vesting dates from 2012 through 2014, which comprises and additional £1.5m relating to employees' NIC and PAYE and £0.5m employers' NIC.

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 of 25/48p per share

	At 26 December 2021		At 27 December 2020	
	Number	£	Number	£
At 27 December 2020 and 29 December 2019	468,980,073	2,442,605	462,230,073	2,407,449
Share issues	–	–	6,750,000	35,156
Share buybacks	(20,956,282)	(109,148)	–	–
At 26 December 2021 and 27 December 2020	448,023,791	2,333,457	468,980,073	2,442,605

During the period the Company bought back a total of 20,956,282 Ordinary shares of 25/48p each for a total of £80.5m including costs of £0.5m. The average price paid for these repurchased shares were 381.75p. These repurchased shares were then cancelled in the same period.

In the prior period the Company issued a total of 6,750,000 Ordinary shares of 25/48p each for a total value of £13.0m including costs of £0.1m.

12. SHARE-BASED PAYMENTS

The total charge recognised for share-based payments in respect of employee services received during the 52 weeks ended 26 December 2021 was £1.7m (2020: £1.4m). This arises solely on equity-settled share-based payment transactions. Of this total, a charge of £0.3m (2020: £0.2m) relates to employees of the Company and a charge of £1.4m (2020: £1.2m) 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.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

52 WEEKS ENDED 26 DECEMBER 2021

13. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

2021

On 4 May 2021 a final 2020 dividend of £42.3m was paid to shareholders.

On 24 September 2021 an interim 2021 dividend of £13.7m was paid to shareholders.

2020

On 18 September 2020 an interim 2020 dividend of £25.6m was paid to shareholders.

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 800,000 shares at a cost of £2.9m (2020: nil at a cost of £nil) in the Company and disposed of 567,681 shares in the Company (2020: 342,854). The EBT held 1,517,868 shares (2020: 1,285,549) at the end of the period, which have a historic cost of £4.6m (2020: £3.4m). The EBT waived its entitlement to dividends in the current and prior period.

14. 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. The liabilities of DP Pizza Limited were £3.5m at 26 December 2021.

FIVE-YEAR FINANCIAL SUMMARY

	26 December 2021 ¹	27 December 2020 ¹	29 December 2019 ¹	30 December 2018 ¹	31 December 2017
Trading weeks	52	52	52	52	53
System sales (£m)	1,499.1	1,348.4	1,210.9	1,155.4	1,179.6
Group revenue (£m)	560.8	505.1	508.3	493.4	474.6
Underlying profit before tax (£m)	113.9	101.2	98.8	100.0	96.2
Statutory profit before tax (£m)	109.7	98.9	75.1	87.1	81.2
Basic earnings per share (pence)					
– Statutory	17.1	8.9	2.8	10.3	13.8
– Underlying	20.3	18.2	17.6	17.4	16.0
Diluted earnings per share (pence)					
– Statutory	17.0	8.8	2.8	10.2	13.7
– Underlying	20.2	18.1	17.5	17.2	15.8
Dividends per share (pence)	9.80	9.10	9.76 ²	9.50	9.00
Underlying earnings before interest, taxation, depreciation and amortisation (£m)	136.4	125.5	117.0	112.7	97.7
Adjusted net (debt)/cash (£m)	(199.7)	(171.8)	(232.6)	(203.3)	(89.2)
Adjusted gearing ratio	1.46	1.37	1.99	1.80	0.8
Stores at start of year	1,258	1,298	1,261	1,192	1,013
Stores opened	31	22	43	71	112
Stores acquired	–	–	–	–	67
Stores closed	(5)	(6)	(6)	(2)	–
Stores disposed ³	(57)	(56)	–	–	–
Stores at year end	1,227	1,258	1,298	1,261	1,192
Corporate stores at year end	35	94	129	124	108
UK like-for-like sales growth (%)	11.2%	10.9%	3.7%	4.6%	4.8%

1. Excludes discontinued operations, now refers to UK & Ireland. Store totals are presented on a Group basis including International operations.

2. The final dividend for 2019 was suspended and not tabled at the AGM. A dividend of an equivalent amount was paid as an interim dividend in 2020, and the table above remains consistent with that presented in the 2019 Annual Report.

3. Stores disposed relate to the sale of the Sweden, Switzerland and Iceland operations (Including Norway in the prior period).

SHAREHOLDER INFORMATION

ADVISERS AND PRINCIPAL SERVICE PROVIDERS

Registered office

1 Thornbury
West Ashland
Milton Keynes
MK6 4BB

01908 580000

Investor website:
investors.dominos.co.uk

Auditor

PricewaterhouseCoopers LLP
40 Clarendon Road
Watford
WD17 1JJ

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
3rd Floor
28 George Street
Luton
LU1 3US

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 on 0371 384 2895

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 ScamSmart Website

www.fca.org.uk/scamsmart

The Group's commitment to environmental issues is reflected in this Annual Report which has been printed on Symbol freelifa 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

1 Thornbury, West Ashland,
Milton Keynes MK6 4BB





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1 Thornbury, West Ashland,
Milton Keynes MK6 4BB

<https://corporate.dominos.co.uk>

