3 August 2021

DOMINO'S PIZZA GROUP PLC

Half Year results for the 26 weeks ended 27 June 2021

Strong first half trading performance reflecting good progress on strategic objectives

	26 wks ending 27 June 2021	26 wks ending 28 June 2020	Change
System sales[1]	£752.3m	£628.9m	19.6%
Like-for-Like system sales growth (exc.splits)[2]	+19.3%	+4.8%	n/a
Underlying EBIT[3]	£63.9m	£51.4m	24.3%
Underlying[3] profit before tax	£60.8m	£47.6m	27.7%
Underlying[3] basic EPS	10.7p	8.7p	23.0%
Net Debt[4]	£177.6m	£202.1m	(12.1)%
Statutory profit after tax	£41.3m	£19.0m	117.4%
Statutory basic EPS	8.9p	4.4p	102.3%

All commentary below is on an underlying basis unless otherwise stated

Financial highlights

- Strong UK & Ireland performance, with system sales of £752.3m, up 19.6%, with like-for-like system sales, excluding splits, up 19.3% (18.4% including splits) aided by the reduced rate of VAT. Excluding the benefit of the reduced rate of VAT, underlying like-for-like system sales, excluding splits, grew by 5.5%
- Underlying profit before tax of £60.8m, up 27.7%, driven by the strength of the core business and lower Covid-19 related costs
- Statutory profit after tax of £41.3m, up from £19.0m, benefitting from the successful disposal of all but one of the loss making international operations
- Strong free cash flow performance increasing by 9.3% to £51.3m (H1 20: £46.9m)
- Net Debt of £177.6m, (H1 20: £202.1m, FY 20: £171.8m) broadly in line with last year, 1.36x Net Debt/EBITDA on a continuing basis
- In line with our capital allocation philosophy and commitment to distribute surplus capital to shareholders we are announcing an additional £35m to the existing £45m share buyback programme and will pay an interim dividend of 3.0p per share on 24 September 2021
- In FY 21 we have announced £136m of surplus capital to be returned to shareholders via dividends and share buybacks

Operational highlights

- Strong sales performance boosted by our new integrated media campaign, 'Domin-Oh-Hoo-Hoo', targeting families and friends reuniting post lockdown and by the Euros group stage. The England vs Scotland match was our highest recorded trading day this calendar year
- Total orders returned to a positive trend, up 3.5% in the first half, driven by collection orders up 27.1%, as we lap the closure of the collection business for much of Q2 last year. Collection orders traded at 71% of 2019 levels during the half, and are currently trading at over 75%
- Impressive service standards with best in class average delivery time of less than 25 minutes
- Digital momentum continues, with UK online sales up 25%, representing 93% of UK system sales

- Excellent progress on disposal of discontinued international operations with Swedish and Icelandic disposals completed, leaving only the Switzerland business, where the disposal process is ongoing
- Constructive engagement with our franchisees continues as we work together to reset our relationship to drive growth of the system – implemented new incentives to accelerate new store openings

Strategic update

- We have made excellent progress in the first half on our strategic initiatives to deliver our medium-term ambition of total system sales of £1.6bn to £1.9bn
- A new store incentive mechanism has been successfully deployed with 13 new franchised stores opened in the first half (H1 20: 8). The stores are trading ahead of expectations and provide confidence in our target to open up to 30 new stores in the year as we accelerate toward our medium-term ambition of 200 new stores
- We continue to invest in the supply chain to support growth with the opening in April of a new supply chain centre in Cambuslang, Scotland
- Investment in technology to drive sales has increased with our new online ordering App which features new Group Ordering functionality and Deal Wizard
- Implemented an omni-channel customer engagement platform 'Braze', enabling a step-change in personalisation and automation of our CRM activity
- Launched our In Car Collection service which is now available in over 300 stores

Current trading and outlook

The second half has started well with strong total order count growth as we benefitted from our supercharged marketing campaign, and the extended involvement of the English football team in the Euros. Our vertically integrated system has worked effectively to deliver great service to customers as we dealt with unprecedented peaks in demand.

As the second half develops we will operate within a shifting and uncertain landscape as the nation is released from the restrictions imposed by the Covid-19 pandemic, and the country returns to a level of normality. We believe this will benefit our Collection business, which we expect to gradually recover toward order count levels more in line with 2019. Our delivery business will face more competition as the hospitality trade reopens but we believe the strength of our brand and our continued investment in developing our offer will enable the delivery business to maintain its performance.

We have now passed the anniversary of the lower VAT rate which was introduced in July 2020. As expected, as the scheduled VAT rate increases are implemented, our system sales growth will be lower in the second half. However, whilst changes in VAT impacts reported system sales growth it has limited flow-through to our profitability.

Our highly cash generative, flexible and robust business model is incredibly agile and can adapt quickly in changing market conditions. This has enabled us to increase our share buyback programme and provides us with confidence that we will continue to make progress in the remainder of this year.

Commenting on the results, Dominic Paul, Chief Executive Officer said:

"I am delighted with the performance of the business in the year to date. We've worked closely with our franchisees to maintain fantastic service levels to our customers, while continuing to prioritise the safety of our colleagues and customers. I'd like to thank everyone in the system for their incredible commitment through the pandemic.

We have continued to invest in the business as we focus on delivering our strategy with the opening of a new state of the art supply chain centre in Scotland, the launch of our redesigned mobile ordering App, and the roll out of our supercharged marketing campaign which has strengthened our brand and significantly boosted awareness levels.

The strong trading in the first half of the year provides us with the firm foundations for the delivery of our strategic growth objectives, which build upon our strengths in both delivery and collection. This will enable us to deliver strong system sales growth and increase our store numbers in the UK and Ireland.

Whilst the external landscape remains uncertain, the second half has started well. I believe our agile business model leaves us well placed to capitalise on the significant opportunities ahead while continuing to invest in our strategy, which will deliver benefits for franchisees and shareholders alike."

Notes

[1] System sales represent the sum of all sales made by both franchised and corporate stores to consumers in UK & Ireland
[2] Like-for-like excluding splits system sales performance is calculated for UK & Ireland against a comparable 26 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 29th December 2019.
[3] Underlying is defined as statutory performance excluding discontinued operations, and items classified as non-underlying which includes significant non-recurring items or items directly related to merger and acquisition activity and related instruments
[4] Net Debt is defined as the bank revolving facilities, cash and cash equivalents and other loans, including balances held in disposal groups held for sale

Contacts

For Domino's Pizza Group plc:
Investor Relations
Will MacLaren, Head of Investor Relations
Geoff Callow, Fiona O'Nolan – Equitory +44 (0) 7443 192 118

Media:
Tim Danaher, Samantha Chiene – Brunswick +44 (0) 207 404 5959

For photography, please visit the media centre at corporate.dominos.co.uk, contact the Domino's Press Office on +44 (0)1908 580757, or call Brunswick on +44 (0)207 404 5959

Results webcast

A results webcast and Q&A for investors and analysts will be held at 9.30 am today. The webcast and presentation can be accessed via the registration link and will also be available on the Results, Reports and Presentations page of our corporate website.

Financial calendar

Domino's Pizza Group plc will publish its Q3 trading update in October 2021.

Cautionary statement

Certain statements made in this announcement are forward-looking statements. Such statements are based on current expectations and assumptions and are subject to a number of risks and uncertainties that could cause actual events or results to differ materially from any expected future events or results expressed or implied in these forward-looking statements. Persons receiving this announcement should not place undue reliance on forward-looking statements. Unless otherwise required by applicable law, regulation or accounting standard, Domino's does not undertake to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

About Domino's Pizza Group

Domino's Pizza Group plc is the UK's leading pizza brand and a major player in the Irish market. We hold the master franchise agreement to own, operate and franchise Domino's stores in the UK, the Republic of Ireland, Switzerland, and has associate investments in Germany and Luxembourg. As at 27 June 2021, we had 1,212 stores in the UK and Ireland.

Strategic and operational review

Performance summary

Trading in the first half of the year has been strong with underlying profit before tax of £60.8m, up 27.7% from the prior half 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. We have managed to work hard to mitigate or remove the Covid-19 related costs and have benefited from a lower VAT rate on hot takeaway food in the first half. In the first half we incurred Covid-19 related costs of £1.5m (H1 20: £6.2m) and received an estimated VAT benefit of £3.7m (H1 20: nil). In addition our underlying business, our joint ventures, other investments and our corporate stores have continued to trade well and deliver good earnings growth.

As we move into the second half of the year, in line with the wider market, we are seeing some cost inflationary pressures and are monitoring closely labour availability, which is being affected by a combination of factors. However, at this time, we do not anticipate any impact from these issues to adversely affect our positive outlook for the financial year.

Statutory profit after tax in the first half was £41.3m, up £22.3m on last year as we have grown our core profitability and have significantly reduced costs and charges from our discontinued international operations as we have now completed the disposal of operations in Norway, Iceland and Sweden, leaving only our operations in Switzerland, which traded profitably in the first half, to be disposed.

Free cash flow generated by the business was £51.3m, an increase from £46.9m last year reflecting the strong trading performance. Net Debt increased by £5.8m from £171.8m at the start of the year to £177.6m with Net Debt/EBITDA leverage reducing from 1.75x at H1 20 to 1.36x (excluding IFRS 16).

The continued strong cash performance of the business means that in line with our capital allocation philosophy we are announcing an incremental £35m share buyback which is in addition to the previously announced share buyback programme of £45m of which we invested £28m in the first half of the year. In addition, we have announced an interim dividend of 3.0p (£13.8m).

Strategic delivery

We launched our new strategy in March 2021 with a vision to be the favourite food delivery and collection brand, with pizza at its heart. Our ambition is to deliver medium-term total system sales of £1.6bn to £1.9bn with a strategy centred on five growth pillars:

1. Nobody delivers like Domino's

   We start from a position of strength and have continued to build on the significant increase in delivery volume since the start of the pandemic. In the first half of the year we saw strong growth in delivery sales and have maintained average delivery times below 25 minutes from order. To support the growth of our delivery business we launched our new App which features new Group Ordering functionality and Deal Wizard. App traffic has increased by 34% since launch and we have received excellent customer feedback.

2. Turbo-charge our collection business

   We continue to see a significant opportunity to drive an increase in collections to accelerate our growth. The collection channel opportunity represents the most efficient labour channel, with delivery effectively outsourced to the customer, particularly important in an environment where there are pressures on labour availability and labour inflation. In addition, collection is recovering as the country emerges from lockdown and, for the first half was at 71% of 2019 order count levels, and we expect further improvements during the second half. We launched our In Car Collection service which is now available in 300 stores and has received great customer feedback.

3. Amplify our product quality and value

   Our 'Value for money' scores improved in the period, giving clear evidence of better value for money being provided by franchisees to their customers, which in turn has driven an increase in the frequency of purchase. In response to customer feedback, we have brought back old favourites like Double Decadence and relisted items like Gluten Free that had to be removed as we simplified the menu in lockdown.

   Under new Marketing leadership, and with great input from our franchisee partners, the team 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 is rooted in reunions between friends and family and cements the Domino's brand as the perfect partner for these occasions, capturing the opportunities as lockdown eased across the UK. The fully integrated 'supercharged' campaign saw a significant shift to higher performing digital channels and included TV, radio, social, digital video and outdoor media. Early data suggests that we have driven awareness and consideration, and we have seen a significant rise in brand perceptions since the campaign went live.

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

   We have made good progress with our new store openings with 13 in the period compared to 8 in the comparable period last year and these stores are trading ahead of our expectations. We plan to open up to 30 new stores by the end of the year. In our commitment to health and safety within our supply chain operations, we have rolled out Cages and Dollies, which are used on deliveries to over 200 stores, with further expansion planned in the second half.

5. Model excellence as a franchisor

   We remain incredibly pleased with the operational performance of our world-class supply chain, which maintained 99.9.% availability and 99.8% accuracy in a half still coping with the unprecedented challenges of Covid-19 and Brexit. We continue to invest in our supply chain to enhance capacity and drive efficiency. Our new site at Cambuslang in Scotland opened in April 2021, with the capacity to support 150 stores, and is now fully operational and performing well.

Capital allocation

Our capital allocation philosophy is to use the free cash generated by the business to optimise long term shareholder returns, whilst operating a disciplined approach to assessing additional growth opportunities.

In the first half of the year, we have generated £51.3m of free cash, in addition we have received net cash flows of £11.6m from disposals and received £9.2m in relation to our investment in the German associate, giving a total of £72.1m of cash inflow. We have firstly invested £7.8m in capital investment in our core business to further enhance our supply chain and digital infrastructure leaving £64.3m of net cash generated in the period. This strong cash inflow enables us to announce an interim dividend of 3.0p, which amounts to £13.8m, set at approximately one-third of the value of the prior year total dividend. In addition, we are announcing an incremental £35m share buyback which will be returned to shareholders over the coming months.

As at 27 June 2021 the Net Debt/EBITDA ratio from continuing operations excluding IFRS 16 was 1.36x, which is below the lower end of our normalised range of leverage of 1.5x to 2.5x, largely as a result of the timing of the previously announced share buyback programme. If adjusted for the remaining obligation under the programme of £16.7m, the operating leverage would have been 1.49x.

Operational review

Our franchisees

We continue to have an open dialogue with franchisee representatives on how we can enable the whole system to align behind our strategic growth objectives to our mutual benefit. Some months ago, we provided the franchisee representatives with an offer that included an enhanced food rebate mechanism to encourage growth; new store incentives to accelerate store openings; capital investment from us to fund technology and digital enhancements; investment in our capabilities to enhance marketing through data & insights and an agreement from franchisees to participate in national deals.

Where appropriate, we are implementing components of the proposed offer which is delivering early results. In March 2021 we made the proposed new store incentive available to all franchisees. which resulted in new store openings increasing from two in the first quarter to 11 in the second quarter. The 13 new stores were franchised by six different franchisees, demonstrating that when our interests are aligned, our franchisees remain enthusiastic to invest in system growth. We have also recruited and invested in additional resource in Marketing and Data & Insights which has enhanced our capabilities and delivered improved returns.

Our franchisees continue to work tremendously hard in challenging and variable market conditions and their trading performance has maintained the strong momentum achieved in the second half of last year. Based on the unaudited data submitted to us by franchisees, average store EBITDA for all UK stores for the first half of the year was approximately £154k, equivalent to a 25% EBITDA margin. This compares to £85k or 16% margin achieved in the first half in 2020. In the second quarter of last year the franchisee profitability would have been significantly impacted by the effects of the Covid-19 pandemic, with significant extra costs incurred, disruption to operations and the closure of the collection business for a period. Conversely, whilst franchisees have passed on some of the benefit of the VAT rate cut through increased discounts to consumers, the net benefit of the VAT reduction has assisted franchisee profitability in the first half of this year.

Reported revenue

£m	**H1 21**	H1 20	% change
Supply chain revenue	183.1	170.8	7.2%
Royalty, rental & other revenue	40.8	33.2	22.9%
Corporate stores revenue	17.7	15.4	14.9%
NAF & eCommerce	36.2	27.5	31.6%
Reported revenue	**277.8**	**246.9**	**12.5%**

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 7.2% in the first half of 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 significantly in the first half as a result of the significant 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 31.6% due to the increased marketing and IT spend in the period, in particular relating to the new marketing campaign launch described above.

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 19.3%, excluding split stores (18.4% including splits). The quarterly analysis of this performance is in the table below which shows very strong like-for-like 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 has continued to apply throughout the first half of 2021.

UK & ROI	Q1 2020	Q2 2020	**H1 2020**	Q1 2021	Q2 2021	**H1 2021**
LFL inc. splits	2.2%	4.2%	**3.2%**	17.7%	19.2%	**18.4%**
LFL exc. splits	3.5%	5.2%	**4.3%**	18.5%	20.0%	**19.3%**

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 is unchanged then the VAT rate reduction effectively delivers 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 to help them to continue to trade throughout the pandemic period and enables 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 and joint ventures.

The rate of VAT on hot food takeaway is scheduled to increase from 5% to 12.5% from 1 October 2021 and return to 20% from 1 April 2022. From 15 July 2021, our reported like-for-like system sales has reduced as both the current year and the comparative include VAT rates of 5%. Assuming the VAT rate does increase as planned in October, then we would expect reported like-for-like system sales to lower further as the current year net sales would be based on a 12.5% VAT rate compared to a 5% rate in the comparative period.

The sales and order count performance for the first half is illustrated below. Like-for-like sales grew in the first half by 18.4% with a strong volume improvement of 4.8% supplemented by pricing growth which largely arises from the effect of the VAT rate reduction.

Total order count grew in the first half by 3.5% with very different reported performance in Q1 and Q2 largely driven by the effects of the Covid-19 pandemic on the business last 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, we have seen order count return to growth, up 13.5% as collection was up nearly 500% as its recovery to normalised levels continues 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,

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%
HY	18.4%	4.8%	13.6%	33.7m	3.5%
Delivery only					
Q1	24.7%	11.6%	13.1%	13.3m	6.8%
Q2	1.1%	(11.4)%	12.5%	13.1m	(8.7)%
HY	11.7%	(1.1)%	12.8%	26.4m	(1.5)%
Collection only					
Q1	(12.0)%	(24.1)%	12.1%	3.3m	(34.5)%
Q2	1391.5%	887.0%	504.5%	4.0m	494.7%
HY	77.8%	49.2%	28.6%	7.3m	27.1%

Digital, Data & Insights

Domino's is now a truly digital business, in our ways of working, our decision making and our customer engagement, and we continued to demonstrate our digital-first approach in the first half. Digital channels performed well, continuing the strong growth we saw in 2020 as customers increasingly order via our online channels. Half year online sales in the UK grew 25% to represent 93% of system sales, or 96% of total delivery sales and in Ireland the online sales grew to 80%, up from 78% in H120.

Our App continues to be the driving force of our digital progress. At the end of May we launched our new App for iOS and Android, with a new customer interface and including our new Deal Wizard functionality, which finds customers the best deals in their baskets, our new Group Ordering functionality, and In Car Collection, available at over 300 stores. During the half, the App accounted for 40.7% of system sales, or 43.8% of all online sales.

The Data & Insights team aims to ensure business decisions are being led by the rich customer data Domino's holds, particularly relevant across marketing, sales, operations and food innovation. A key initiative for 2021 is to build our capability to enable personalisation to support marketing and sales campaigns and roll out our new Digital functionality. 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.

Corporate stores

We directly operate 35 stores in the London area, with two store closures in the first half. Whilst our corporate stores have been disproportionately affected by Covid-19 due to the greater impact of the restrictions seen in central London, we have begun to see the benefit from easing of lockdown restrictions as we lap the closure of collection orders from Q2 2020 lockdown. An increase in footfall, along with some VAT benefit, has led corporate store revenue to increase by £2.2m to £17.7m, up 14.9%. Like-for-like sales excluding splits up 17.2%, with Q1 up 9.5% and Q2 up 25.7%. The EBITDA of corporate stores was £2.1m, compared to £0.3m in H1 20. Improvement in EBITDA is driven by higher order count as we lap the first peak of the Covid-19 pandemic, in addition to the reduction in the rate of VAT.

International - German associate (continuing activity included within underlying results)

Our share of post-tax underlying profits from our German associate was £2.2m (H1 20: £1.9m). Performance has improved versus last year driven by sustained 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 £40.7m. We have a put option exercisable from 1 January 2021 to 31 December 2023 which is not valued within 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 £80-£110m depending on EBITDA performance of the associate and the timing of exercise. The majority shareholders have 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.

In March 2021, we announced that we had agreed terms for the disposal of our discontinued businesses in Sweden, with a net cash payment due to the purchaser of £2.8m, of which £0.4m is deferred, and in Iceland, for net consideration of £13.5m. The Sweden transaction completed on 2 May 2021 and Iceland on 31 May 2021. The process of disposing of our interests in Switzerland is on-going.

Financial review

The results for the Group are summarised below

	26 weeks ending 27 June 2021 £m	26 weeks ending 28 June 2020 £m	52 weeks ending 27 December 2020 £m
Group revenue	**277.8**	**246.9**	**505.1**
UK & Ireland underlying EBIT before contribution of investments	**56.3**	**47.6**	**98.2**
Contribution of investments	5.4	1.9	6.1
UK & Ireland underlying EBIT	**61.7**	**49.5**	**104.3**
German associate contribution	2.2	1.9	4.7
Underlying EBIT	**63.9**	**51.4**	**109.0**
Underlying interest	(3.1)	(3.8)	(7.8)
Underlying profit before tax	**60.8**	**47.6**	**101.2**
Underlying tax charge	(11.0)	(7.7)	(16.9)
Underlying profit after tax	**49.8**	**39.9**	**84.3**
Non-underlying items	(0.9)	(1.6)	(2.1)
Profit after tax from continued operations	**48.9**	**38.3**	**82.2**
Loss from discontinued operations	(7.6)	(19.3)	(42.5)
Statutory profit after tax	**41.3**	**19.0**	**39.7**

Underlying performance

Group revenue increased by 12.5% to £277.8m driven by growth in food and royalty sales, together with increased revenue recognised for marketing contributions from franchisees, as discussed in the performance review section above.

UK and Ireland underlying EBIT was £61.7m, an increase of 24.6% from the prior year. The Group incurred a net benefit of £2.2m in relation to Covid-19 related costs, largely as a result of additional royalty, joint venture and investment contribution due to the VAT reduction offset with continued additional costs incurred. This compares to costs incurred in H1 20 of £6.2m. Adjusting for these costs, UK and Ireland EBIT increased by £3.8m, of which £2.1m relates to a gain to the fair valuation of our investment in Shorecal, with the remaining increase of £1.7m driven largely by higher sales volumes.

Our associate investment in Germany contributed £2.2m (H1 20: £1.9m), as a result of continued positive trading performance, which leads to an overall Group underlying EBIT of £63.9m, an increase of 24.3%.

Net underlying finance costs in the period were £3.1m, a decrease from £3.8m in H1 20 following the overall reduction in Net Debt. Overall underlying profit before tax was £60.8m, an increase from £47.6m in the prior period.

The underlying effective tax rate for 2021 was 18.1% (H1 20: 16.2%), which is lower than the UK statutory rate mainly due the contribution of the joint ventures.

Profit after tax and non-underlying items

Statutory profit after tax from continuing operations was £48.9m, up from £38.3m in the first half of 2020. This consists of the underlying profit after tax of £49.8m (H1 20: £39.9m), with net non-underlying items totalling a loss of £0.9m, compared to a loss of £1.6m in H1 20. These costs are itemised in full in note 5, and largely relate to £1.1m of professional fees associated with the establishment of our long-term strategy in the early part of the year and further marketing costs related to the disposal of our international operations.

Discontinued operations

In May 2021, the Group disposed of the operations of Sweden and Iceland, with the process of disposing Switzerland currently ongoing. The discontinued international operations contributed a total loss of £7.6m (H1 20: £19.3m), which consisted of a trading loss of £0.6m (H1 20: £8.5m) and loss on disposal of £7.0m (H1 20: £10.8m).

This is split by operation below:

	26 weeks ended 27 June 2021 £m	26 weeks ended 28 June 2020 £m	52 wks ending 27 December 2020 £m
	EBIT	**EBIT**	**EBIT**
Iceland	0.6	0.5	0.6
Norway	-	(3.3)	(3.3)
Switzerland	0.5	(1.4)	(1.5)
Sweden	(0.9)	(2.4)	(4.5)
Central costs	(0.8)	(0.7)	(1.4)
Trading result from discontinued operations	**(0.6)**	**(7.3)**	**(10.1)**
Finance costs and taxation	-	(1.2)	1.0
Loss on disposal of Norway	-	(10.8)	(10.8)
Loss on disposal of Sweden	(0.4)	-	-
Loss on disposal of Iceland	(6.6)	-	-
International impairments	-	-	(22.6)
Total charge from discontinued operations	**(7.6)**	**(19.3)**	**(42.5)**

The loss on disposal of Iceland relates to the total consideration on disposal of £13.5m, offset with the net assets disposed of £13.6m, professional fees of £0.4m and currency translation reserves recycled of £6.1m. The currency translation losses recycled 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 recycled from the currency translation reserve to the income statement and presented as part of the loss on disposal.

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, currency translation losses recycled of £0.5m offset with the net liabilities disposed of £3.3m.

Overall statutory profit after tax, after including the loss from discontinued operations, was £41.3m, up from £19.0m in the first half of 2020.

Earnings per share

Underlying basic EPS increased to 10.7p from 8.7p as a result of the increased underlying profit performance. Statutory EPS increased to 8.9p from 4.4p, due to both increased underlying performance and a reduced loss from discontinued operations.

Free cash flow and Net Debt

	26 weeks ended 27 June 2021 £m	26 weeks ended 28 June 2020 £m
Underlying EBITDA	71.7	59.5
Discontinued operations EBITDA	0.2	(4.3)
Add back non-cash items		
- Contribution from investments	(7.6)	(3.8)
- Other non-cash items	0.5	(0.4)
Working capital	3.5	17.2
IFRS 16 – net lease payments	(5.0)	(8.4)
Dividends received	2.6	1.5
Net interest	(2.2)	(1.2)
Corporation tax	(10.2)	(11.3)
Other	-	0.2
Free cash flow before non-underlying cash items	**53.5**	49.0
Non-underlying cash	(2.2)	(2.1)
Free cash flow	**51.3**	46.9
Capex	(7.8)	(7.1)
Funding to/from German associate	2.8	1.6
Receipt of Market Access Fee	6.4	-
Disposals	11.6	(6.4)
Dividends	(42.3)	-
Share purchases	(31.3)	0.4
Movement in Net Debt	**(9.3)**	35.4
Opening Net Debt	(171.8)	(232.6)
Forex on RCF	3.5	(4.9)
Closing Net Debt	**(177.6)**	(202.1)
Last 12 months Net Debt/EBITDA ratio from continuing operations (excl IFRS 16)	**1.36x**	1.75x
Last 12 months Net Debt/EBITDA ratio from continuing and discontinued operations (excl IFRS 16)	**1.39x**	2.03x

Free cash flow was an inflow of £51.3m (H1 20: £46.9m), of which £50.3m relates to the UK & Ireland business and £1.0m relates to the discontinued international business. Underlying EBITDA was £71.7m, with discontinued operations EBITDA contributing £0.2m.

Working capital movements resulted in a cash inflow of £3.5m in the period, largely as a result of timing of marketing payments. The significant working capital movement in H1 20 of £17.2m was due to the reversal of a change in payment timing from the previous year end.

Net lease payments decreased from £8.4m to £5.0m, largely driven by a change in lease payment timing in H1 20 which has now normalised. Dividends received of £2.6m relates to amounts received from our UK joint ventures of £1.0m, and from the Shorecal investment of £1.6m.

Non-underlying cash primarily relates to the payment of professional fees associated with the international disposals and establishment of the long-term strategy during the early half of the year.

Capital expenditure has remained relatively consistent year on year, with a total outflow of £7.8m, broadly in line with previous guidance. Funding from the German associate primarily relates to settlements of outstanding loans in place with the associate.

In March 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.

Net cash inflow on disposals of £11.6m consists of the net cash received on the disposal of Iceland of £13.5m and £0.5m deferred consideration receipt related to the previous disposal of the Shayban joint venture in 2018, offset with the net cash paid on disposal of Sweden of £2.4m.

Dividends paid of £42.3m relates to the FY 20 dividend, which was paid in May 2021. Due to the suspension of the FY 19 dividend, no dividend was paid in the 26 weeks ended 28 June 2020.

Share purchases of £31.3m outflow (H1 20: £0.4m inflow) relates to the cash paid to 27 June 2021 on the previously announced share buyback programme of £28.4m, together with £2.9m of share repurchases for the Employee Benefit Trust. The outflow in H1 20 of £0.4m relates to receipts relating to the Employee Benefit Trust. The remaining obligation under the announced share buyback scheme of £16.7m remains payable at 27 June 2021.

Capital employed and balance sheet

	At 27 June 2021 £m	At 27 December 2020 £m
Intangible assets	32.2	30.5
Property, plant and equipment	90.7	91.1
Right-of-use assets	21.5	20.1
Lease receivables	201.4	204.7
Investments, associates and joint ventures	56.1	51.7
Market Access Fee	8.7	15.3
Deferred consideration	4.7	5.7
Lease liabilities	(224.7)	(226.5)
Provisions	(13.4)	(13.5)
Working capital	(27.4)	(21.9)
Net Debt (continuing operations)	(180.6)	(180.2)
Share buyback obligation	(16.7)	-
Tax	(1.0)	(0.4)
Held within assets and liabilities held for sale	1.0	14.6
Net liabilities	**(47.5)**	**(8.8)**

Intangible assets have increased by £1.7m as a result of additional capital expenditure of £4.6m, largely relating to IT software development, offset with £2.9m amortisation. There have been no further impairments of intangible assets in the period.

Property, plant and equipment has decreased slightly by £0.4m, as a result of additions of £2.1m offset by depreciation of £2.5m.

Right-of-use assets have increased by £1.4m largely as a result of new fleet leases entered into relating to the distribution network. Lease receivables, which represent the amount due under the back-to-back leases held with franchisees, have decreased from £204.7m to £201.4m as capital receipts exceeded interest and additions of new leases.

Investments, associates and joint ventures represents our investment in the German associate and our investment in Full House Restaurant Holdings Limited and Domino's Pizza West Country Limited in the UK, which are treated as associates and joint ventures respectively, as well as our investment in Shorecal. The overall balance held has increased from £51.7m to £56.1m as a result of additional profit share or fair value gains in excess of dividends received in the period.

The Market Access Fee asset has decreased from £15.3m to £8.7m following receipt in March 2021 of the amount due for the 2020 calendar year. The remaining amount of £8.7m represents the current estimate of the amount payable for the 2021 calendar year, which is due to be received in early 2022.

Lease liabilities have decreased from £226.5m to £224.7m as a result of capital payments under the leases in excess of interest charged. There have been no significant changes to the lease portfolio held during the year.

Working capital has increased from negative £21.9m to negative £27.4m largely as a result of timing differences in creditor payments, as outlined in the cashflow section above.

The Net Debt above of £180.6m represents the balance held by continuing operations, and excludes the cash held in the remaining discontinued operations of £3.0m.

The share buyback obligation of £16.7m represents the remaining amounts committed under the £45m share buyback programme announced in March 2021.

The overall balance held within assets and liabilities held for sale has decreased from £14.6m to £1.0m as a result of the disposal of Iceland and Switzerland, and now represents the remaining assets held relating to Switzerland, largely consisting of cash of £3.0m and fixed assets of £0.2m offset with negative working capital of £2.2m.

Total equity has decreased from a net liability position of £8.8m to £47.5m, as the total profit for the period of £41.3m and other comprehensive income of £9.4m and other positive equity movement of £1.0m have been offset with dividend payments of £42.3m and the overall £45m share buyback obligation. 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 27 June 2021 were £55.6m

Treasury management

The Group holds an unsecured multi-currency revolving credit facility of £350m to December 2023. The total undrawn facility at 27 June 2021 was £131.5m. We ended the period with Net Debt of £177.6m, and last 12 months Net Debt/EBITDA ratio on a continuing basis decreased to 1.36x from 1.75x, as a result of increased EBITDA performance in the year and a lower Net Debt level. These figures exclude the impact of IFRS 16, which was adopted in the 2020 financial year, and therefore to provide comparatives for the last 12 month figures for each half year, the impact of adoption of the standard is excluded from the calculation.

FY 21 Guidance

For the current financial year we expect:

- Execution of new strategy to deliver further growth in earnings
- We expect to incur Covid-19 related costs of c. £2.5m in the year (FY 20: £9.0m). The VAT benefit for the full year is estimated at c. £6.0m (FY 20: £3.6m)
- Underlying depreciation & amortisation of between £16m to £18m
- Underlying interest (excluding foreign exchange movements) in the range of £4m to £6m
- Estimated underlying effective tax rate of c. 18% for the full year
- UK&I capital investment of c. £15m
- Net Debt at year-end around £200m.

Group income statement
26 weeks ended 27 June 2021

	Notes	26 weeks ended 27 June 2021 £m			26 weeks ended 28 June 2020 £m			52 weeks ended 27 December 2020 £m		
		Underlying	**Non-underlying**	**Total**	Underlying	Non-underlying	Total	Underlying	Non-underlying	Total
Revenue	3	277.8	-	277.8	246.9	-	246.9	505.1	-	505.1
Cost of sales		(143.2)	-	(143.2)	(131.7)	-	(131.7)	(268.6)	-	(268.6)
Gross profit		**134.6**	**-**	**134.6**	**115.2**	**-**	**115.2**	**236.5**	**-**	**236.5**
Distribution costs		(15.6)	-	(15.6)	(15.3)	-	(15.3)	(30.8)	-	(30.8)
Administrative costs		(62.7)	(1.6)	(64.3)	(52.3)	(1.4)	(53.7)	(107.5)	(4.6)	(112.1)
Other expenses		-	-	-	-	-	-	-	(4.6)	(4.6)
Share of post-tax profits of associates and joint ventures		5.5	-	5.5	3.8	(0.3)	3.5	9.5	(0.5)	9.0
Other income		2.1	-	2.1	-	-	-	1.3	7.1	8.4
Profit/(loss) before interest and taxation		**63.9**	**(1.6)**	**62.3**	**51.4**	**(1.7)**	**49.7**	**109.0**	**(2.6)**	**106.4**
Finance income		7.2	-	7.2	7.2	-	7.2	13.7	0.7	14.4
Finance costs		(10.3)	0.2	(10.1)	(11.0)	(0.1)	(11.1)	(21.5)	(0.4)	(21.9)
Profit/(loss) before taxation		**60.8**	**(1.4)**	**59.4**	**47.6**	**(1.8)**	**45.8**	**101.2**	**(2.3)**	**98.9**
Taxation	6	(11.0)	0.5	(10.5)	(7.7)	0.2	(7.5)	(16.9)	0.2	(16.7)
Profit/(loss) for the period from continuing operations		**49.8**	**(0.9)**	**48.9**	**39.9**	**(1.6)**	**38.3**	**84.3**	**(2.1)**	**82.2**
Loss from discontinued operations	4	-	(7.6)	(7.6)	-	(19.3)	(19.3)	-	(42.5)	(42.5)
Profit/(loss) for the period		**49.8**	**(8.5)**	**41.3**	**39.9**	**(20.9)**	**19.0**	**84.3**	**(44.6)**	**39.7**
Profit/(loss) attributable to:										
- Equity holders of the parent		49.8	(8.5)	41.3	39.9	(19.5)	20.4	84.3	(43.2)	41.1
- Non-controlling interests		-	-	-	-	(1.4)	(1.4)	-	(1.4)	(1.4)
Profit/(loss) for the period		**49.8**	**(8.5)**	**41.3**	**39.9**	**(20.9)**	**19.0**	**84.3**	**(44.6)**	**39.7**
Earnings per share										
From continuing operations										
– Basic (pence)	7	10.7		10.5	8.7		8.3	18.2		17.8
– Diluted (pence)	7	10.7		10.5	8.6		8.2	18.1		17.7
From continuing and discontinued operations (statutory)										
– Basic (pence)	7			8.9			4.4			8.9
– Diluted (pence)	7			8.8			4.4			8.8

Group statement of comprehensive income

26 weeks ended 27 June 2021

	Notes	**26 weeks ended 27 June 2021 £m**	26 weeks ended 28 June 2020 £m	52 weeks ended 27 December 2020 £m
Profit for the period		**41.3**	**19.0**	**39.7**
Other comprehensive income/(expense):				
Items that may be subsequently reclassified to profit or loss:				
– Exchange gain/(loss) on retranslation of foreign operations		2.8	(3.9)	(3.3)
– Transferred to income statement on disposal	12	6.6	(1.9)	(1.9)
Other comprehensive income/(expense) for the period, net of tax		9.4	(5.8)	(5.2)
Total comprehensive income for the period		**50.7**	**13.2**	**34.5**
Total comprehensive income attributable to				
– Equity holders of the parent		50.7	14.2	35.5
– Non-controlling interests		-	(1.0)	(1.0)

Group balance sheet

At 27 June 2021

	Notes	**27 June 2021 £m**	28 June 2020 £m	27 December 2020 £m
Non-current assets				
Intangible assets		32.2	35.3	30.5
Property, plant and equipment	9	90.7	85.2	91.1
Right-of-use assets	10	21.5	19.7	20.1
Lease receivables	10	188.2	192.6	191.5
Trade and other receivables		17.2	21.4	21.2
Other financial asset	14	7.7	7.9	13.3
Investments	14	12.3	11.1	12.3
Investments in associates and joint ventures	11	43.8	33.5	39.4
Deferred consideration		1.5	5.7	5.7
		415.1	412.4	425.1
Current assets				
Lease receivables	10	13.2	13.3	13.2
Inventories		12.7	11.8	11.0
Assets held for sale		8.7	58.3	38.1
Trade and other receivables		36.8	44.5	36.2
Other financial asset	14	1.0	-	2.0
Current tax assets		1.9	-	3.2
Deferred consideration		3.6	-	-
Cash and cash equivalents	18	36.8	77.9	63.4
		114.7	205.8	167.1
Total assets		**529.8**	**618.2**	**592.2**
Current liabilities				
Lease liabilities	10	(20.2)	(17.6)	(17.8)
Trade and other payables		(93.8)	(79.8)	(90.0)
Liabilities held for sale		(7.7)	(27.7)	(23.5)
Financial liabilities	13	(16.7)	-	-
Deferred and contingent consideration		(0.4)	(0.2)	-
Current tax liabilities		-	(1.0)	-
Provisions		(0.2)	(2.5)	(0.4)
		(139.0)	(128.8)	(131.7)
Non-current liabilities				
Lease liabilities	10	(204.5)	(210.1)	(208.7)
Trade and other payables		(0.3)	(0.1)	(0.3)
Financial liabilities	13	(217.4)	(284.4)	(243.6)
Deferred tax liabilities		(2.9)	(1.2)	(3.6)
Provisions		(13.2)	(11.5)	(13.1)
		(438.3)	(507.3)	(469.3)
Total liabilities		**(577.3)**	**(636.1)**	**(601.0)**
Net liabilities		**(47.5)**	**(17.9)**	**(8.8)**
Shareholders' equity				
Called up share capital		2.4	2.4	2.4
Share premium account		49.6	36.7	49.6
Capital redemption reserve		0.5	0.5	0.5
Capital reserve – own shares		(6.3)	(3.6)	(3.4)
Currency translation reserve		(0.3)	(10.3)	(9.7)
Accumulated losses		(93.4)	(43.6)	(48.2)
Total equity		**(47.5)**	**(17.9)**	**(8.8)**

Group statement of changes in equity

26 weeks ended 27 June 2021

	Notes	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 29 December 2019		**2.4**	**36.7**	**0.5**	**(4.5)**	**(4.1)**	**(5.5)**	**(55.1)**	**(29.6)**	**(11.7)**	**(41.3)**
Change in accounting policy		-	-	-	-	-	-	(2.5)	(2.5)	-	(2.5)
Restated 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 for the period		-	-	-	-	-	-	20.4	20.4	(1.4)	19.0
Other comprehensive income/(expense) – exchange differences		-	-	-	-	(6.2)	-	-	(6.2)	0.4	(5.8)
Total comprehensive income for the period		-	-	-	-	(6.2)	-	20.4	14.2	(1.0)	13.2
Proceeds from share issues		-	-	-	0.4	-	-	-	0.4	-	0.4
Impairment of share issues		-	-	-	0.5	-	-	(0.5)	-	-	-
Share options and LTIP charge		-	-	-	-	-	-	0.5	0.5	-	0.5
Tax on employee share options		-	-	-	-	-	-	0.5	0.5	-	0.5
Increase in ownership interest in a subsidiary	12	-	-	-	-	-	2.4	(4.6)	(2.2)	2.2	-
Disposal of interest in a subsidiary	12	-	-	-	-	-	3.1	(2.3)	0.8	10.5	11.3
At 28 June 2020		**2.4**	**36.7**	**0.5**	**(3.6)**	**(10.3)**	**-**	**(43.6)**	**(17.9)**	**-**	**(17.9)**
Profit for the period		-	-	-	-	-	-	20.7	20.7	-	20.7
Other comprehensive income – exchange differences		-	-	-	-	0.6	-	-	0.6	-	0.6
Total comprehensive income for the period		-	-	-	-	0.6	-	20.7	21.3	-	21.3
Proceeds from share issues		-	12.9	-	0.2	-	-	-	13.1	-	13.1
Share options and LTIP charge		-	-	-	-	-	-	0.9	0.9	-	0.9
Tax on employee share options		-	-	-	-	-	-	(0.6)	(0.6)	-	(0.6)
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 for the period		-	-	-	-	-	-	41.3	41.3	-	41.3
Other comprehensive income – exchange differences		-	-	-	-	9.4	-	-	9.4	-	9.4
Total comprehensive income for the period		-	-	-	-	9.4	-	41.3	50.7	-	50.7
Impairment of share issues		-	-	-	0.1	-	-	-	0.1	-	0.1
Share buybacks		-	-	-	(3.0)	-	-	(28.3)	(31.3)	-	(31.3)
Share buyback obligation outstanding		-	-	-	-	-	-	(16.7)	(16.7)	-	(16.7)
Share options and LTIP charge		-	-	-	-	-	-	0.7	0.7	-	0.7
Tax on employee share options		-	-	-	-	-	-	0.1	0.1	-	0.1
Equity dividends paid		-	-	-	-	-	-	(42.3)	(42.3)	-	(42.3)
At 27 June 2021		**2.4**	**49.6**	**0.5**	**(6.3)**	**(0.3)**	**-**	**(93.4)**	**(47.5)**	**-**	**(47.5)**

Group cash flow statement

26 weeks ended 27 June 2021

	Notes	**26 weeks ended 27 June 2021 £m**	26 weeks ended 28 June 2020 £m	52 weeks ended 27 December 2020 £m
Cash flows from operating activities				
Profit before interest and taxation				
- from continuing operations		62.3	49.7	106.4
- from discontinued operations		(7.6)	(18.1)	(43.5)
Add back non-cash items:				
Amortisation and depreciation		8.3	9.7	20.0
Impairment		0.8	1.8	30.7
Loss on disposal of subsidiary		6.2	9.2	9.2
Share of post-tax profits of associates and joint ventures		(5.5)	(3.4)	(9.0)
Net gain on financial instruments at fair value through profit or loss		(2.1)	-	(8.4)
Share option and LTIP charge		0.8	0.5	1.4
Decrease in provisions		(0.3)	(1.0)	(1.6)
(Increase)/decrease in inventories		(1.6)	1.2	1.9
Decrease in receivables		2.4	26.6	20.9
Increase/(decrease) in payables		2.6	(9.9)	7.3
Cash generated from operations		**66.3**	**66.3**	**135.3**
UK corporation tax paid		(10.2)	(11.1)	(22.7)
Overseas corporation tax paid		-	(0.2)	(0.4)
Net cash generated by operating activities		**56.1**	**55.0**	**112.2**
Cash flows from investing activities				
Purchase of property, plant and equipment		(3.5)	(3.3)	(11.6)
Purchase of intangible assets		(4.3)	(3.8)	(7.8)
Net consideration received/(paid) on disposal of subsidiary	12	11.1	(6.4)	(6.4)
Consideration received on disposal of joint ventures	11	0.6	-	-
Investment in joint ventures and associates		(0.2)	0.8	0.8
Receipt from other financial assets	14	6.4	-	-
Interest received		0.1	0.4	1.0
Dividends received from investments		1.6	-	-
Dividends received from joint ventures		1.0	1.5	2.5
Decrease in loans to associates and joint ventures		3.0	0.9	3.7
Net cash used by investing activities		**15.8**	**(9.9)**	**(17.8)**
Cash inflow before financing		**71.9**	**45.1**	**94.4**
Cash flows from financing activities				
Interest paid		(2.3)	(1.7)	(5.3)
Issue of ordinary share capital		-	-	12.9
Share transactions	18	(31.3)	0.4	0.5
New bank loans and facilities drawn down		85.0	105.3	205.0
Repayment of borrowings		(107.4)	(74.1)	(215.1)
Receipts on lease receivables		13.0	8.7	25.6
Repayment of lease liabilities		(17.9)	(17.1)	(36.6)
Equity dividends paid		(42.3)	-	(25.6)
Net cash generated/(used) by financing activities		**(103.2)**	**21.5**	**(38.6)**
Net increase/(decrease) in cash and cash equivalents		**(31.3)**	**66.6**	**55.8**
Cash and cash equivalents at beginning of period		71.8	16.0	16.0
Foreign exchange gain on cash and cash equivalents		(0.7)	0.1	-
Cash and cash equivalents at end of period	18	**39.8**	**82.7**	**71.8**

Notes to the interim financial statements

26 weeks ended 27 June 2021

1. General information

Domino's Pizza Group plc ('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 London Stock Exchange. Further copies of the interim report and Annual Report and Accounts may be obtained from the address above.

2. Basis of preparation

The condensed consolidated interim financial statements (the 'interim financial statements') have been prepared in accordance with IAS 34 'Interim Financial Reporting'. The financial information contained in this interim report does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006.

The interim results for the 26 weeks ended 27 June 2021 and the comparatives to 28 June 2020 are unaudited but have been reviewed by the auditors. A copy of their review report has been included at the end of this report.

The financial information for the 52 weeks ended 27 December 2020 has been extracted from the Group financial statements for that period. These published financial statements were reported on by the auditors without qualification or an emphasis of matter reference and did not include a statement under section 498(2) or (3) of the Companies Act 2006 and have been delivered to the Registrar of Companies.

The interim financial information is presented in sterling and all values are rounded to the nearest tenth of million pounds (£0.1m), except when otherwise indicated. The financial statements are prepared using the historical cost basis with the exception of the derivative financial assets and contingent consideration which are measured at fair value in accordance with IFRS 13 Fair Value Measurement.

Going concern

The interim financial information has been prepared on the going concern basis. This is considered appropriate, given the financial resources of the Group including the current position of banking facilities, together with long-term contracts with its master franchisor, its franchisees and its key suppliers.

The Directors of the Group have performed an assessment of the overall position and future forecasts for the purposes of going concern in light of the current environment. The overall Group has continued trading in the UK & Ireland, and international markets, throughout the Covid-19 period in the prior year and in the first half of 2021. In the UK & Ireland, sales growth has been strong during the first half of the year, as described further in the Finance Review section. Performance of the remaining international operation in Switzerland has been less strong, however given the relative size does not cause a significant risk to the ongoing position of the Group from a going concern and cash flow perspective.

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 Covid-19 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. The Group has a £350.0m multicurrency syndicated revolving credit facility which matures in December 2023, of which £131.5m was undrawn at 27 June 2021. The Group had cash funds of £39.8m as at 27 June 2021.

The scenarios modelled are based on our current forecast projections out to the end of 2022. The first scenario considers the downside impact of economic uncertainty and other sales risks over the forecast period, reflected in sales performance, with a c.5% reduction in LFL sales compared to forecast for a sustained period through the remainder of 2021 and into 2022. This scenario also includes the potential impact of residual Covid-19 related risks, including the potential impact of a local outbreak within our SCCs impacting our ability to supply stores for a period of two weeks and supply chain disruptions. This also includes the impacts of potential Brexit related tariffs in the future without any pass through in pricing. The second scenario, considered severe but plausible, includes these economic impacts and also includes the impacts of fines from a potential data breach in 2022 as well as impacts of temporary failure of our online sales platform over two 24-hour periods during peak trading. Under all scenarios there remains significant cash headroom on the revolving credit facility and under the covenant requirements of the facility without any mitigations required.

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.

Accounting policies and new standards

The consolidated accounts for the 52 weeks ended 27 December 2020 were prepared in accordance with International Financial Reporting Standards ('IFRS'), adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The accounting policies applied by the Group are consistent with those disclosed in the Group's Annual Report and Accounts for the 52 weeks ended 27 December 2020, except for the estimation of income tax. There were no new standards and interpretations effective for the first time for the reporting period that have a material impact on the Group financial statements. On adoption of IFRS 16 Leases, reserves at 29 December 2019 were restated by £2.5m. Details of the impact on the opening balance sheet at 30 December 2019 can be found in the accounting policy note in the 2020 Annual Report.

Notes to the interim financial statements (continued)
26 weeks ended 27 June 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 are at an earlier stage of development and which operate predominantly as corporate stores. The International segment includes Switzerland and Germany; Iceland and Sweden (to disposal date in 2021); and Norway (to disposal date in 2020). These are considered to be 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. Revenue included in each includes all sales made to franchise stores (royalties, sales to franchisees and rental income) and by corporate stores located in that segment.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit before interest and tax.

The International operations in Switzerland; Sweden and Iceland (up to disposal date in 2021); and Norway (up to disposal date in 2020) which are held 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 up to disposal and therefore are still considered an operating segment. The results of the German associate remain in continuing results and therefore are presented separately. Refer to note 12 for further information on disposals.

Unallocated assets include cash and cash equivalents and taxation assets. Unallocated liabilities include the bank revolving facility and taxation liabilities.

	At 27 June 2021 £m	At 28 June 2020 £m	At 27 December 2020 £m
Current tax assets	1.9	-	3.2
Cash and cash equivalents	39.8	77.9	71.8
Unallocated assets	**41.7**	**77.9**	**75.0**
Current tax liabilities	-	1.0	0.8
Deferred tax liabilities	2.9	1.2	6.0
Bank revolving facility	217.4	284.4	243.6
Unallocated liabilities	**220.3**	**286.6**	**250.4**

Segment assets and liabilities

	26 weeks ended 27 June 2021				26 weeks ended 28 June 2020				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	UK & Ireland £m	International -continuing £m	International - discontinued £m	Total £m
Segment assets												
Segment current assets	67.3	-	5.7	73.0	69.6	-	58.3	127.9	62.5	-	29.6	92.1
Segment non-current assets	359.0	-	-	359.0	367.8	-	-	367.8	373.4	-	-	373.4
Investment in associates and joint ventures	16.2	27.6	-	43.8	12.0	21.5	-	33.5	13.9	25.5	-	39.4
Investments	12.3	-	-	12.3	11.1	-	-	11.1	12.3	-	-	12.3
Unallocated assets				41.7				77.9				75.0
Total assets	**454.8**	**27.6**	**5.7**	**529.8**	**460.5**	**21.5**	**58.3**	**618.2**	**462.1**	**25.5**	**29.6**	**592.2**
Segment liabilities												
Liabilities	348.4	-	8.6	357.0	321.8	-	27.7	349.5	329.5	-	21.1	350.6
Unallocated liabilities				220.3				286.6				250.4
Total liabilities	**348.4**	**-**	**8.6**	**577.3**	**321.8**	**-**	**27.7**	**636.1**	**329.5**	**-**	**21.1**	**601.0**

Notes to the interim financial statements (continued)

26 weeks ended 27 June 2021

Segmental performance for the 26 weeks 27 June 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	277.8	-	**277.8**	-	**277.8**	28.8	**306.6**
Segment revenue	277.8	-	**277.8**	-	**277.8**	28.8	**306.6**
Results							
Underlying segment result before associates and joint ventures	56.3	-	**56.3**	-	**56.3**	(0.6)	**55.7**
Share of profit of associates and joint ventures	3.3	2.2	**5.5**	-	**5.5**	-	**5.5**
Segment result	**59.6**	**2.2**	**61.8**	**-**	**61.8**	**(0.6)**	**61.2**
Other non-underlying items	-	-	**-**	(1.6)	**(1.6)**	(7.0)	**(8.6)**
Other income	2.1	-	**2.1**	-	**2.1**	-	**2.1**
Profit/(loss) before interest and taxation	**61.7**	**2.2**	**63.9**	**(1.6)**	**62.3**	**(7.6)**	**54.7**
Net finance costs	(3.1)	-	**(3.1)**	0.2	**(2.9)**	(0.5)	**(3.4)**
Profit before taxation	**58.6**	**2.2**	**60.8**	**(1.4)**	**59.4**	**(8.1)**	**51.3**
Taxation	(11.0)	-	**(11.0)**	0.5	**(10.5)**	0.5	**(10.0)**
Profit/(loss) for the year	**47.6**	**2.2**	**49.8**	**(0.9)**	**48.9**	**(7.6)**	**41.3**
Effective tax rate	18.8%	-	**18.1%**	35.7%	**17.7%**	6.2%	**19.5%**
Other segment information							
Depreciation	5.6	-	**5.6**	-	**5.6**	-	**5.6**
Amortisation	2.2	-	**2.2**	0.5	**2.7**	-	**2.7**
Impairment	-	-	**-**	-	**-**	0.8	**0.8**
Total depreciation and amortisation	**7.8**	**-**	**7.8**	**0.5**	**8.3**	**0.8**	**9.1**
EBITDA	69.5	2.2	**71.7**	(1.1)	**70.6**	(6.8)	**63.8**
Underlying EBITDA	69.5	2.2	**71.7**	-	**71.7**	0.2	**71.9**
Capital expenditure	7.4	-	**7.4**	-	**7.4**	0.4	**7.8**
Share-based payment charge	0.7	-	**0.7**	-	**0.7**	-	**0.7**
Revenue disclosures							
Royalties, franchise fees and change of hands fees	40.4	-	40.4	-	40.4	-	40.4
Sales to franchisees	183.1	-	183.1	-	183.1	-	183.1
Corporate store income	17.7	-	17.7	-	17.7	28.8	46.5
Rental income on leasehold and freehold property	0.4	-	0.4	-	0.4	-	0.4
National Advertising and eCommerce income	36.2	-	36.2	-	36.2	-	36.2
Total segment revenue	**277.8**	**-**	**277.8**	**-**	**277.8**	**28.8**	**306.6**

Segmental performance for the 26 weeks ended 28 June 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	246.9	-	**246.9**	-	**246.9**	38.0	**284.9**
Segment revenue	**246.9**	**-**	**246.9**	**-**	**246.9**	**38.0**	**284.9**
Results							
Underlying segment result before associates and joint ventures	47.6	-	**47.6**	-	**47.6**	(7.3)	**40.3**
Share of profit of associates and joint ventures	1.9	1.9	**3.8**	-	**3.8**	-	**3.8**
Segment result	**49.5**	**1.9**	**51.4**	**-**	**51.4**	**(7.3)**	**44.1**
Other non-underlying items	-	-	**-**	(1.7)	**(1.7)**	(10.8)	**(12.5)**
Profit/(loss) before interest and taxation	**49.5**	**1.9**	**51.4**	**(1.7)**	**49.7**	**(18.1)**	**31.6**
Net finance costs	(3.8)	-	**(3.8)**	(0.1)	**(3.9)**	(0.4)	**(4.3)**
Profit before taxation	**45.7**	**1.9**	**47.6**	**(1.8)**	**45.8**	**(18.5)**	**27.3**
Taxation	(7.7)	-	**(7.7)**	0.2	**(7.5)**	(0.8)	**(8.3)**
Profit/(loss) for the year	**38.0**	**1.9**	**39.9**	**(1.6)**	**38.3**	**(19.3)**	**19.0**
Effective tax rate	16.9%	-	**16.2%**	11.1%	**16.4%**	4.3%	**30.4%**
Other segment information							
Depreciation	5.6	-	**5.6**	-	**5.6**	1.2	**6.8**
Amortisation	2.5	-	**2.5**	0.5	**3.0**	-	**3.0**
Impairment	-	-	**-**	-	**-**	1.8	**1.8**
Total depreciation and amortisation	**8.1**	**-**	**8.1**	**0.5**	**8.6**	**3.0**	**11.6**
EBITDA	57.6	1.9	**59.5**	(1.2)	**58.3**	(15.1)	**43.2**
Underlying EBITDA	57.6	1.9	**59.5**	-	**59.5**	(4.3)	**55.2**
Capital expenditure	6.1	-	**6.1**	-	**6.1**	1.0	**7.1**
Share-based payment charge	0.5	-	**0.5**	-	**0.5**	-	**0.5**
Revenue disclosures							
Royalties, franchise fees and change of hands fees	32.8	-	**32.8**	-	**32.8**	0.3	**33.1**
Sales to franchisees	170.8	-	**170.8**	-	**170.8**	1.2	**172.0**
Corporate store income	15.4	-	**15.4**	-	**15.4**	36.4	**51.8**
Rental income on leasehold and freehold property	0.4	-	**0.4**	-	**0.4**	-	**0.4**
National Advertising and eCommerce income	27.5	-	**27.5**	-	**27.5**	0.1	**27.6**
Total segment revenue	**246.9**	**-**	**246.9**	**-**	**246.9**	**38.0**	**284.9**

Notes to the interim financial statements (continued)
26 weeks ended 27 June 2021

Segmental performance for the 52 weeks ended 27 December 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 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 year	**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 and amortisation	**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**
Rental 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**

Notes to the interim financial statements (continued)

26 weeks ended 27 June 2021

4. Discontinued Operations

Discontinued operations consist of the International business disposal groups, consisting of the operations in Switzerland; Sweden and Iceland (to disposal date in 2021); and Norway (to disposal date in 2020). The operations have been classified based on the status of the disposals. The operations meet the criteria for discontinued operations under IFRS 5: Non-current assets held for sale and discontinued operations as they are classified as held-for-sale and represent a separate major line of business and part of a single co-ordinated plan to dispose.

International central costs have been included in the discontinued operations and relate to the costs incurred by the PLC Group in management activities and other services for the discontinued operations, which are not considered part of continuing costs for the Group.

The result of the disposal groups classified as discontinued operations are as follows:

			26 weeks ended 27 June 2021			26 weeks ended 28 June 2020			52 weeks ended 27 December 2020
	Total trading result	**Non-underlying costs**	**Total result from discontinued operations**	Total trading result	Non-underlying costs	Total result from discontinued operations	Total trading result	Non-underlying costs	Total result from discontinued operations
				£m	**£m**	**£m**	£m	£m	£m
Revenue	28.8	-	28.8	38.0	-	38.0	69.9	-	69.9
Cost of sales	(21.7)	-	(21.7)	(30.3)	-	(30.3)	(55.5)	-	(55.5)
Gross profit	**7.1**	**-**	**7.1**	**7.7**	**-**	**7.7**	**14.4**	**-**	**14.4**
Distribution costs	(0.5)	-	(0.5)	(0.4)	-	(0.4)	(0.8)	-	(0.8)
Administrative costs	(7.2)	-	(7.2)	(14.6)	-	(14.6)	(23.7)	(22.6)	(46.3)
Loss before interest and taxation	**(0.6)**	**-**	**(0.6)**	**(7.3)**	**-**	**(7.3)**	**(10.1)**	**(22.6)**	**(32.7)**
Net Finance Expense	(0.5)	-	(0.5)	(0.4)	-	(0.4)	(0.7)	-	(0.7)
Loss before taxation	**(1.1)**	**-**	**(1.1)**	**(7.7)**	**-**	**(7.7)**	**(10.8)**	**(22.6)**	**(33.4)**
Taxation	0.5	-	0.5	(0.8)	-	(0.8)	(0.7)	2.4	1.7
Loss for the period	**(0.6)**	**-**	**(0.6)**	**(8.5)**	**-**	**(8.5)**	**(11.5)**	**(20.2)**	**(31.7)**
Loss on disposal	-	(7.0)	(7.0)	-	(10.8)	(10.8)	-	(10.8)	(10.8)
Result from discontinued operations	**(0.6)**	**(7.0)**	**(7.6)**	**(8.5)**	**(10.8)**	**(19.3)**	**(11.5)**	**(31.0)**	**(42.5)**

Segmental result by country

Profit/(loss) before interest and tax	Iceland	Switzerland	Norway	Sweden	International central costs	Total trading result
	£m	£m	£m	£m	£m	£m
26 weeks ended 27 June 2021	**0.6**	**0.5**	**-**	**(0.9)**	**(0.8)**	**(0.6)**
26 weeks ended 28 June 2020	0.5	(1.4)	(3.3)	(2.4)	(0.7)	(7.3)
52 weeks ended 27 December 2020	0.6	(1.5)	(3.3)	(4.5)	(1.4)	(10.1)

Non-underlying costs presented in discontinued operations

In the 26 weeks ended 27 June 2021, non-underlying costs presented in discontinued operations relate to the disposal of Sweden and Iceland. For Sweden there was £0.4m loss on disposal, after accounting for the net assets disposed and foreign exchange recycled, and consideration paid. This primarily consisted of professional fees associated with the disposal. For Iceland this consisted of £6.6m loss on disposal, after accounting for the net assets disposed and foreign exchange recycled, and consideration received. The loss on Iceland includes £0.4m of professional fees associated with the disposal. Details relating to the disposals are set out in Note 12.

In the 26 weeks ended 28 June 2020 non-underlying costs presented in discontinued operations relate to the disposal of Norway. This consisted of £10.8m loss on disposal, after accounting for the net assets disposed, minority interest, and foreign exchange recycled and consideration paid, as set out in Note 12. The loss includes £1.6m of professional fees associated with the disposal of Norway.

In the 52 weeks ended 27 December 2020, non-underlying costs presented in discontinued operations relate to the disposal of Norway as well as impairments of International operations of £22.6m in 2020, 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 1.6p (H1 20: 3.9p; FY 20: 8.9p) and a diluted loss per share of 1.7p (H1 20: 3.8p; FY 20: 8.9p).

Cash flows from (used in) discontinued operations

The cash flows from discontinued operations have been presented combined with the cash flows from continuing operations on the Group cash flow statement. The cash flows related to discontinued operations are as follows:

	26 weeks ended 27 June 2021 £m	26 weeks ended 28 June 2020 £m	52 weeks ended 27 December 2020 £m
Net cash from operating activities	2.4	(3.3)	(4.1)
Net cash from investing activities	(1.2)	(1.1)	(5.8)
Net cash from financing activities	(6.1)	7.6	13.4
Net cash flows for the year	**(4.9)**	**3.2**	**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:

	26 weeks ended 27 June 2021	**26 weeks ended 28 June 2020**	52 weeks ended 27 December 2020
	£m	**£m**	£m
Goodwill and Intangible assets	-	30.1	10.5
Property, plant and equipment	0.2	7.3	5.7
Lease receivables	-	-	0.2
Right-of-use asset	4.5	11.7	7.6
Trade and other receivables	0.2	2.5	3.8
Inventories	0.8	1.9	1.9
Cash and cash equivalents	3.0	4.8	8.4
Assets held for sale	**8.7**	**58.3**	**38.1**
Lease liabilities	4.5	12.5	10.5
Trade and other payables	3.2	8.5	9.8
Financial liabilities	-	0.4	-
Current tax liabilities	-	1.4	0.8
Deferred tax liabilities	-	4.9	2.4
Liabilities held for sale	**7.7**	**27.7**	**23.5**

5. Items excluded from non-GAAP measures

	Note	**26 weeks ended 27 June 2021 £m**	26 weeks ended 28 June 2020 £m	52 weeks ended 27 December 2020 £m
Included in administrative costs:				
Legal and professional fees	(a)	(1.1)	(0.8)	(3.5)
Amortisation of London corporate stores	(b)	(0.5)	(0.6)	(1.1)
		(1.6)	(1.4)	(4.6)
Included in other expenses:				
eCommerce asset impairment	(c)	-	-	(4.6)
		-	-	(4.6)
Included in share of post-tax profits of associates and joint ventures				
German associate store conversion costs	(d)	-	(0.3)	(0.5)
		-	(0.3)	(0.5)
Included in other income				
Market Access Fee	(e)	-	-	7.1
		-	-	7.1
Included in profit before interest and taxation		**(1.6)**	**(1.7)**	**(2.6)**
Included within net finance cost				
Market Access Fee	(e)	0.2	(0.1)	0.3
Included in profit before taxation		**(1.4)**	**(1.8)**	**(2.3)**
Taxation	(f)	0.5	0.2	0.2
Included in profit for the period from continuing operations		**(0.9)**	**(1.6)**	**(2.1)**
Loss for the year from discontinued operations	(g)	(7.6)	(19.3)	(42.5)
Included in profit/(loss) for the year		**(8.5)**	**(20.9)**	**(44.6)**

a) Legal and professional fees

Legal and professional fees of £1.1m (H1 20: £0.8m, FY 20: £3.5m) have been incurred of which £0.9m (H1 20: £0.2m, FY 20: £2.4m) relates to the establishment of our long-term strategic plan in the early part of the period which was announced in March 2021 and has now been completed. An additional £0.2m (H1 20: £0.6m, FY 20: £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 is 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 £0.5m (H1 20: £0.6m, FY 20: £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) eCommerce asset impairment

No charge has been recorded in relation to the eCommerce asset during the 26 weeks ended 27 June 2021.

During the 52 weeks ended 27 December 2020, 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.

d) German associate store conversion costs

During the period, no further costs have been recorded in relation to the German associate store conversion costs.

Costs incurred in H1 20 of £0.3m and FY 20 of £0.5m related 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 Dolly Dimple's stores in Norway.

e) Market Access Fee

During the period, no gain or loss has been recorded in relation to the Market Access Fee relating to the German associate.

During the 52 weeks ended 27 December 2020, a gain of £7.1m was recorded. The increase in valuation was following the strong performance of the associate during 2020, and the increased expectations of trading performance into 2021, the performance of which determines the level of income received under the instrument.

The amount recorded in net finance costs of £0.2m (H1 20: £0.1m gain, FY 20: £0.3m cost) 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.

f) Taxation

The tax credit of £0.5m (H1 20: credit of £0.2m, FY 20: credit of £0.2m) relates to the tax impact of the non-underlying net loss before taxation of £1.4m (H1 20: £1.8m, FY 20: £2.3m). The effective tax rate of 35.7% on these items (H1 20: 11.1%, FY 20: 8.7%) is higher than the statutory rate of 19.0% (H1 20: 19.0%, FY 20: 19.0%) mainly due to the revaluation of non-underlying deferred tax assets and liabilities, that are expected to unwind after April 2023, at a tax rate of 25%. Not all of the non-underlying costs will qualify for tax relief.

The loss on disposals of the Swedish and Icelandic businesses are not allowable deductions due to the implications of the UK tax exemption covering subsidiary disposals.

Taxation on the items considered to be exceptional is treated as non-underlying where it can be identified in order to ensure consistency of treatment with the item to which it relates. The creation and revaluation of deferred tax assets are treated consistently with the treatment adopted when the asset was created.

g) *Loss on discontinued operations*

The loss of £7.6m (H1 20: £19.3m, FY 20: £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 £0.6m (H1 20: £7.3m, FY 20: £10.1m), interest costs of £0.5m (H1 20: £0.4m, FY 20: £0.7m), loss on disposal of international operations, primarily consisting of foreign exchange losses recycled and professional fees, of £7.0m (H1 20: £10.8m loss on disposal, FY 20: £33.4m loss on disposal and impairments) and a tax credit of £0.5m (H1 20: charge of £0.8m, FY 20: credit of £1.7m). The result and rationale for classification is set out in note 4 and detail of the disposals is set out in note 12.

Notes to the interim financial statements (continued)

26 weeks ended 27 June 2021

6. Taxation

Tax on profit from continuing activities

	26 weeks ended 27 June 2021 £m	26 weeks ended 28 June 2020 £m	52 weeks ended 27 December 2020 £m
Tax charged in the income statement			
Current income tax:			
UK corporation tax:			
– current period	10.8	7.8	14.4
– adjustment in respect of prior periods	(0.1)	(1.4)	(1.3)
	10.7	6.4	13.1
Income tax on overseas operations	0.1	0.2	0.7
Total current income tax charge	10.8	6.6	13.8
Deferred tax:			
Origination and reversal of temporary differences	(0.9)	0.4	2.5
Effect of change in tax rate	0.6	0.2	0.2
Adjustment in respect of prior periods	-	0.3	0.2
Total deferred tax charge/(credit)	(0.3)	0.9	2.9
Tax charge in the income statement	**10.5**	**7.5**	**16.7**
The tax charge in the income statement is disclosed as follows:			
Income tax charge	10.5	7.5	16.7
Tax relating to items (charged)/credited to equity			
Origination and reversal of temporary differences in relation to unexercised share options	-	0.4	(0.2)
Rate change differences in relation to deferred tax on unexercised share options	0.1	0.1	0.1
Tax (charge)/credit in the Group statement of changes in equity	**0.1**	**0.5**	**(0.1)**

There is no tax impact in relation to the foreign exchange differences in the statement of comprehensive income.

The total effective tax rate is 17.7% (H1 20: 16.4%; FY 20: 16.9%) as a result of the impact of non-underlying items. On an underlying basis, the effective tax rate is 18.1%.

Tax charged within the 26 weeks ended 27 June 2021 has been calculated by applying the effective rate of tax per jurisdiction to the underlying profit which is expected to apply to the Group for the period ending 26 December 2021 using rates substantively enacted by 27 June 2021 as required by IAS 34 ‘Interim Financial Reporting’. Items of a non-underlying nature have been assessed independently.

As announced in the UK Spring Budget 2021, the rate of UK corporation tax will increase from 19% to 25% from 1 April 2023. The deferred tax assets and liabilities have been revalued to reflect the rate to be 25% in the 26 weeks ended 27 June 2021 to the extent the balances are expected to unwind after April 2023. The impact of this change in rate is £0.6m to the income statement and (£0.1m) to equity.

7. 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

			26 weeks ended 27 June 2021 £m			26 weeks ended 28 June 2020 £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	Profit/ (loss) after tax for the period	Adjust for non-controlling interest	Attributable to equity holders of the parent
Continuing and discontinuing operations	41.3	-	41.3	19.0	1.4	20.4	39.7	1.4	41.1
Less discontinued operations	7.6	-	7.6	19.3	(1.4)	17.9	42.5	(1.4)	41.1
Continuing operations	**48.9**	**-**	**48.9**	**38.3**	**-**	**38.3**	**82.2**	**-**	**82.2**
Adjustments for underlying earnings per share									
Continuing operations	48.9	-	48.9	38.3	-	38.3	82.2	-	82.2
-Included in profit after tax – other non-underlying items	0.9	-	0.9	1.6	-	1.6	2.1	-	2.1
Underlying profit attributable to owners of the parent	**49.8**	**-**	**49.8**	**39.9**	**-**	**39.9**	**84.3**	**-**	**84.3**

Weighted average number of shares

	At 27 June 2021 Number	At 28 June 2020 Number	At 27 December 2020 Number
Basic weighted average number of shares (excluding treasury shares)	464,841,300	460,634,859	461,992,362
Dilutive effect of share options and awards	2,323,012	5,448,764	3,391,802
Diluted weighted average number of shares	**467,164,312**	**466,083,623**	**465,384,164**

The performance conditions relating to share options granted over 2,457,788 shares (27 December 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).

During FY 20 the Company issued a total of 6,750,000 Ordinary shares. The shares were issued following the exercise of an option, granted by the Company in 2014. 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 has been included in the calculation of dilutive earnings per share in the prior periods.

Notes to the interim financial statements (continued)
26 weeks ended 27 June 2021

Earnings per share

	26 weeks ended 27 June 2021	26 weeks ended 28 June 2020	52 weeks ended 27 December 2020
Continuing operations			
Basic earnings per share	10.5p	8.3p	17.8p
Diluted earnings per share	10.5p	8.2p	17.7p
Underlying earnings per share:			
Basic earnings per share	10.7p	8.7p	18.2p
Diluted earnings per share	10.7p	8.6p	18.1p
Continuing and discontinued operations			
Basic earnings per share	8.9p	4.4p	8.9p
Diluted earnings per share	8.8p	4.4p	8.8p

8. Dividends

	26 weeks ended 27 June 2021 £m	26 weeks ended 28 June 2020 £m	52 weeks ended 27 December 2020 £m
Declared and paid during the period:			
Final dividend for 2020: 9.1p (2019: 0p)	42.3	-	-
Interim dividend for 2020: 0p (2019: 4.2p)	-	-	25.6
Dividends declared and paid	**42.3**	**-**	**25.6**

The Directors have declared an interim dividend of 3.0p per share. This dividend will be paid on 24 September 2021 to those members on the register at the close of business on 13 August 2021.

The final dividend for 2019 was announced in the Annual Report for the year ended 29 December 2019, however it was subsequently suspended and not tabled at the AGM.

9. Property, plant and equipment

During the 26 weeks ended 27 June 2021, the Group acquired assets with a cost of £7.8m (cash outflow of £7.8m), of which £7.4m relates to UK and Ireland and £0.4m related to International. There were no material disposals in the period.

During the 26 weeks ended 28 June 2020, the Group acquired assets with a cost of £7.1m (cash outflow of £7.1m), of which £6.1m relates to UK and Ireland and £1.0m related to International. There were no material disposals in the period.

10. Right-of-use assets, lease receivables and lease liabilities

Right-of-use assets

	26 weeks ended 27 June 2021 £m	26 weeks ended 28 June 2020 £m	52 weeks ended 27 December 2020 £m
Property	12.2	13.1	12.8
Equipment	9.3	6.6	7.3
	21.5	**19.7**	**20.1**

Amounts recognised in the income statement

	26 weeks ended 27 June 2021 £m	26 weeks ended 28 June 2020 £m	52 weeks ended 27 December 2020 £m
Depreciation – Property	0.5	0.5	1.1
Depreciation – Equipment	2.6	2.4	5.1

Lease receivables

	26 weeks ended 27 June 2021 £m	26 weeks ended 28 June 2020 £m	52 weeks ended 27 December 2020 £m
Property	201.4	205.9	204.7
	201.4	**205.9**	**204.7**

Lease liabilities

	26 weeks ended 27 June 2021 £m	26 weeks ended 28 June 2020 £m	52 weeks ended 27 December 2020 £m
Property	215.6	220.9	219.4
Equipment	9.1	6.8	7.1
	224.7	**227.7**	**226.5**

11. Investment in associates and joint ventures

	26 weeks ended 27 June 2021 £m	26 weeks ended 28 June 2020 £m	52 weeks ended 27 December 2020 £m
Investments in associates	39.1	30.0	35.3
Investments in joint ventures	4.7	3.5	4.1
Total investments in associates and joint ventures	**43.8**	**33.5**	**39.4**

During the period, the German associate contributed profits of €2.6m (£2.2m). The associate, Full House Restaurants, contributed profits of £2.7m, along with paying a dividend of £1.0m.

The joint venture, West Country, contributed profits of £0.6m.

On 18 December 2018, the Group disposed of its 50% holding in DP Shayban Limited resulting in £5.7m in deferred consideration. This deferred consideration is now being settled in instalments of £0.3m per month, £0.6m has been received during the period.

12. Business combinations and disposals

PPS Foods AB

On 2 May 2021, the Group disposed of its 100% interest in PPS Foods AB, the business in Sweden, with consideration paid to the buyers of £2.4m. In July 2021, an additional £0.4m consideration was paid as a result of completion of the working capital statement, and remains payable at the balance sheet date. The loss on disposal of the Group's interest in Sweden is analysed as follows:

	£m
Cash paid on disposal	(2.3)
Cash disposed	(0.1)
Net cash paid on disposal	**(2.4)**
Deferred consideration	(0.4)
Total consideration on disposal	**(2.8)**
Net liabilities disposed excluding cash (see below)	3.3
Currency translation losses transferred from translation reserve	(0.5)
Exceptional loss on disposal	**-**
Non-underlying professional fees related to the disposal	(0.4)
Total costs of disposal	**(0.4)**

Inventories, trade and other receivables/(payables)	0.7
Lease liabilities	2.4
Deferred tax liabilities	0.2
Net liabilities disposed excluding cash	**3.3**

Pizza Pizza EHF

On 31 May 2021, the Group disposed of its 100% interest in Pizza Pizza EHF, the business in Iceland, with consideration received of £13.5m. 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**
Net assets disposed excluding cash (see below)	(13.6)
Currency translation losses transferred from translation reserve	(6.1)
Exceptional loss on disposal	**(6.2)**
Non-underlying professional fees related to the disposal	(0.4)
Total costs of disposal	**(6.6)**

Property, plant and equipment	(16.8)
Inventories, trade and other receivables/(payables)	(2.7)
Lease liabilities	3.4
Deferred tax liabilities	2.5
Net assets disposed excluding cash	**(13.6)**

In line with the sale and purchase agreement there is a deferred consideration mechanism relating to the completion accounts which remains under discussion however further payment or receipt is not expected to be significant.

Notes to the interim financial statements (continued)

26 weeks ended 27 June 2021

Currency translation losses transferred from translation reserve 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 and presented in other comprehensive income. On disposal, these amounts are recycled from the currency translation reserve to the income statement and presented as part of the loss on disposal.

DP Norway AS

On 22 May 2020, the Group disposed of its 71% interest in DP Norway SA, the business in Norway, with consideration paid to the buyers 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
Exceptional loss on disposal	**(9.2)**
Non-underlying professional fees related to the disposal	(1.6)
Total costs of disposal	**(10.8)**

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 was recycled through the income statement by a £10.5m debit.

13. Financial liabilities

Banking facilities

At 27 June 2021 the Group had a total of £350.0m (27 December 2020: £350.0m) of banking facilities, of which £131.5m (H1 20: £63.7m; FY 20: £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 which following a one-year extension arranged in November 2018 has been extended to 12 December 2023. Fees of £0.5m were paid for this extension. Arrangement fees of £1.2m (H1 20: £1.9m; FY 20: £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.

Interest charged on the revolving credit facility ranges from 0.75% per annum above LIBOR (or equivalent) when the Group's leverage is less than 1:1 up to 1.85% per annum above LIBOR for leverage above 2.5:1. A further utilisation fee is charged if over one-third is utilised at 0.15% which rises to 0.30% of the outstanding loans 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 is in place with Barclays Bank Plc for £10.0m covering the Company, Domino's Pizza UK and Ireland Limited, DPG Holdings Limited, and DP Pizza Limited. An ancillary overdraft is in place with Barclays Bank Plc for €5.0m for Domino's Pizza UK and Ireland Limited. Interest is charged for both overdrafts at the same margin as applicable to the revolving credit facility above LIBOR (or equivalent).

Share buyback obligation

On 9 March 2021 the Group entered into an irrevocable non-discretionary programme with Numis Securities Limited to purchase up to a maximum of £45.0m of shares from 12 March 2021. During the period 7,825,174 shares for consideration of £28.8m (£28.m paid) were purchased. The remaining share buybacks outstanding at 27 June 2021 is recognised as a financial liability of £16.7m.

14. Financial instruments

Other financial asset

Other financial asset relates to a contingent consideration (referred to as the 'Market Access Fee') of up to €25.0m (£22.5m) (2020: €25.0m (£21.3m)) 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 fair value of the Market Access Fee is calculated by reviewing past EBITDA and estimating future EBITDA levels of the divested German business, deriving from this a schedule of expected instalments receivable by the Group and discounting these expected cash flows using a discount rate that reflects the time value of money and the risks specific to the German business for which future EBITDA estimates have not been risk adjusted.

The Market Access Fee is at Level 3 of the fair value hierarchy because determining its fair value requires an estimate of future EBITDA levels of the divested German business, which is an unobservable fair value input.

Changes in fair value between reporting dates reflect changes in estimation of future instalments receivable, which are recorded as other income or expense. The unwinding of time value discounting is recorded in finance costs, and foreign exchange movements are recorded in finance costs or income.

The calendar year ended 31 December 2020 is the first year that triggered consideration to become due. The total discounted payments received in March 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 will result in total discounted payments of €10.1m (£8.7m).

The key estimate that has been applied in the valuation of the future payments receivable is the forecasted EBITDA for the calendar year ending 31 December 2021. All forecasts are prepared by the management team of Daytona JV Limited. The management forecasts are adjusted to reflect recent performance. No fair value gain or loss has been recognised in the period, as the current forecasts have remained consistent with that previously forecast in the year ended 27 December 2020.

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 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 recorded against the investment with any fair value gains recognised in other income or losses recognised in other expenses. 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, we received dividends of €1.8m (£1.6m) which have been credited to the investment value, and the investment fair value has increased by €2.4m (£2.1m) (H1 20: €nil (£nil); FY 20: €1.4m (£1.3m)), which is recognised as a credit in the income statement, bringing the total valuation to €14.3m (£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 2020 and increased expected future performance of the company over the medium term.

15. Share-based payments

The expense recognised for share-based payments in respect of employee services received during the 26 weeks ended 27 June 2021 was £0.7m (26 weeks ended 28 June 2020: £0.5m; 52 weeks ended 27 December 2020: £1.4m). This all arises on equity-settled share-based payment transactions.

16. Related party transactions

During the period the Group entered into transactions, in the ordinary course of business, with related parties. Transactions entered into, and trading balances outstanding with related parties, are as follows:

	26 weeks ended 27 June 2021 £m	26 weeks ended 28 June 2020 £m	52 weeks ended 27 December 2020 £m
Associates and Joint ventures			
Sales to related parties	13.8	22.7	27.2
Amounts owed by related parties	0.6	0.2	0.6
Loans owed by related parties	13.3	20.2	16.8

17. Analysis of Net Debt

	At 27 June 2021 £m	At 28 June 2020 £m	As at 27 December 2020 £m
Cash and cash equivalents	39.8	82.7	71.8
Bank revolving facility	(217.4)	(284.4)	(243.6)
Other loans	-	(0.4)	-
Net Debt	**(177.6)**	**(202.1)**	**(171.8)**

The above table represents the Net Debt of the Group and includes Net Debt of continued operations of (£180.6m) and discontinued operations of £3.0m.

The Group's lease liabilities are not included in the Group's definition of Net Debt. Lease liabilities are measured at the present value of future lease payments, including variable lease payments and the exercise price of purchase options where it is reasonably certain that the option will be exercised, discounted using the interest rate implicit in the lease, if readily determinable, or alternatively the Group's incremental borrowing rate as a lessee.

18. Additional cash flow information

Other

	26 weeks ended 27 June 2021 £m	26 weeks ended 28 June 2020 £m	52 weeks ended 27 December 2020 £m
Cash flows from investing activities			
Dividends received from associates and joint ventures	1.0	1.5	2.5
Dividends received from investments	1.6	-	-
Decrease in loans to associates and joint ventures	3.0	0.9	3.7
	5.6	**2.4**	**6.2**

Share transactions

	26 weeks ended 27 June 2021 £m	26 weeks ended 28 June 2020 £m	26 weeks ended 27 December 2020 £m
Purchase of own shares – share buyback	(28.4)	-	-
Purchase of own shares – employee benefit trust	(2.9)	-	-
Consideration received on exercise of share options – employee benefit trust	-	0.4	0.5
	(31.3)	**0.4**	**0.5**

Notes to the interim financial statements (continued)
26 weeks ended 27 June 2021

Cash and cash equivalents

	26 weeks ended 27 June 2021 £m	26 weeks ended 28 June 2020 £m	52 weeks ended 27 December 2020 £m
Cash at bank and in hand	36.8	77.9	63.4
Cash at bank and in hand included in disposal groups held for sale	3.0	4.8	8.4
Total cash at bank and in hand	**39.8**	**82.7**	**71.8**

Reconciliation of financing activities

	At 27 December 2020 £m	**Disposal of international £m**	**Cash flow £m**	**Exchange differences £m**	**Non-cash movements £m**	**At 27 June 2021 £m**
Bank revolving facility	(243.6)	-	22.5	4.1	(0.4)	(217.4)
Lease liabilities	(236.9)	5.8	17.9	0.8	(16.9)	(229.3)
	(480.5)	**5.8**	**40.4**	**4.9**	**(17.3)**	**(446.7)**

	At 29 December 2019 £m	**Adoption of IFRS 16 £m**	**Cash flow £m**	**Exchange differences £m**	**Non-cash movements £m**	**At 28 June 2020 £m**
Bank revolving facility	(248.1)	-	(31.0)	(5.0)	(0.3)	(284.4)
Bank loans	(0.2)	-	(0.2)	-	-	(0.4)
Lease liabilities	(0.3)	(241.2)	17.0	-	(15.3)	(239.8)
Other	(0.9)	-	-	-	0.9	-
	(249.5)	**(241.2)**	**(14.2)**	**(5.0)**	**(14.7)**	**(524.6)**

	At 29 December 2019 £m	**Adoption of IFRS 16 £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)
Bank loans	(0.2)	-	0.2	-	-	-
Lease liabilities	(0.3)	(241.2)	36.6	0.2	(32.2)	(236.9)
Other	(0.9)	-	-	-	0.9	-
	(249.5)	**(241.2)**	**(46.7)**	**(4.6)**	**(31.9)**	**(480.5)**

19. Principal risks and uncertainties

We continue to operate an effective risk monitoring process conducted via the Executive Risk Committee, which reports to the Audit Committee on a quarterly basis. Details of the principal risks and uncertainties facing the Group, with the potential to materially impact the successful delivery of our strategy, were set out on pages 57 to 66 of the Domino's Pizza Group plc Annual Report and Accounts 2020. The Directors believe that the principal risks being faced over the remainder of the financial year, summarised as follows, are not substantially different to those disclosed in the 2020 Annual Report: competitive pressures; franchisee relationships; Brexit and Covid-19 related risks; supply chain disruption; food safety; eCommerce and mobile platform; loss of personal and corporate data; climate change; public health debate; and people-related risks. We are monitoring the following emerging uncertainties, already included within our principal risks, to determine whether they may result in a change to risk severity over the next six months:

- In setting out its agenda for the new parliamentary session, the Government confirmed its intention to introduce measures, as previously consulted, to tackle childhood obesity. These include further restrictions to the advertising of high fat, salt, or sugar (HFSS) foods. Any product within our range which is classified as HFSS, as defined by existing nutrient profiling guidelines, will be affected by these restrictions. The consultation response and subsequent draft Bill outlined 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. As such, we will continue to invest in brand marketing, which has been successful to date.
- As has been widely reported, the UK labour market is facing constrained availability of labour, with observers highlighting the hospitality, manufacturing and logistics sectors as being particularly affected. We have not experienced widespread material operational impacts, but are monitoring the situation closely to understand what effect Brexit-related labour migration, persistent candidate uncertainty, self-isolation of co-worker close contacts, and the unwinding of furlough will have on labour supply over the following months. We remain confident that Domino's is seen as a high-profile and attractive employer of choice.

Alternative Performance Measures and Glossary (continued)

The performance of the Group is assessed using a number of Alternative Performance Measures ('APMs').The Group's results are presented both before and after non-underlying items. Underlying profitability measures are presented excluding non-underlying items as we believe this provides both management and investors with useful additional information about the Group's performance and aids a more effective comparison of the Group's trading performance from one period to the next and with similar businesses. Underlying profitability measures are reconciled to unadjusted IFRS results on the face of the income statement with details of non-underlying items provided in note 5.

In addition, the Group's results are described using certain other measures that are not defined under IFRS and are therefore considered to be APMs. These measures are used by management to monitor on-going business performance against both shorter term budgets and forecast but also against the Group's longer term strategic plans. The definition of each APM presented in this report and, also, where a reconciliation to the nearest measure prepared in accordance with IFRS can be found is shown below:

Item	Definition	Location of reconciliation to GAAP measure
Overall terminology		
Non-underlying items	Items that are material in size, unusual or infrequent in nature or discontinued operations and are disclosed separately as non-underlying items in the notes to the accounts.	Group income statement, note 5
Profit measures		
Group operating profit before tax excluding non-underlying items	Group operating profit before tax excluding non-underlying items	Group income statement, note 3
Net interest before non-underlying items	Group finance costs excluding non-underlying items	Group income statement, note 3
Underlying profit before taxation	Group profit before tax excluding non-underlying items	Group income statement, note 3
Underlying profit for the period	Group profit after taxation excluding non-underlying items	Group income statement
Earnings before Interest and Tax (EBIT)	EBIT is directly comparable to underlying operating profit	Not applicable
Non-underlying items	Items that are material in size, unusual or infrequent in nature, and are disclosed separately as non-underlying items in the notes to the accounts.	Group income statement, note 5
Underlying basic EPS	Group EPS excluding non-underlying items	Note 7
Last 12 months (LTM) EBITDA	LTM EBITDA for the period from 29 June 2020 to 27 June 2021 based on underlying activities including share of profits from associates and joint ventures.	Not applicable
Revenue measures		
System sales	System sales represent the sum of all sales made by both franchised and corporate stores to consumers.	Not applicable
Like-for-like (LFL) sales growth excluding splits	LFL sales performance is calculated against a comparable 26 week period in the prior year for mature stores opened which were not in territories split in the year or comparable period. Mature stores are defined as those open prior to 29th December 2019.	Not applicable
Like-for-like (LFL) sales growth including splits	LFL sales including splits performance is calculated based on mature store growth and includes the impact in like for like results of those stores which have been impacted by donating territory to a new store.	Not applicable
Cash flow measures		
Net Debt	Group cash less bank revolving credit facility and other	Note 17
Free cash flow	Free cash flow comprises cash generated from operations less dividends received, net interest cash flows and corporation tax. Free cash flow before non-underlying cash items represents the free cash flow before the inclusion of the cash impact of items recognised as non-underlying.	Not applicable

Alternative Performance Measures and Glossary (continued)

Other non-financial definitions

Item	Definition
AWUS	Average Weekly Unit Sales
ASPA	Average Sales Per Address
eCommerce fund	The fund used to recharge costs for the development and maintenance of our eCommerce platform with franchisees
German associate	Represents our 33% associate investment in the trading operations of Domino's Pizza Germany (also referred to as Daytona JV)
HFSS	High fat, salt, or sugar
International	Represents our former businesses in Norway, Sweden, and Iceland, the business in Switzerland and our share of the German associate.
London corporate stores	Relates to the corporate stores held following the acquisition of Sell More Pizza Limited and Have More Fun (London) Limited and subsequent corporate store openings and closures
NAF	National Advertising Fund
Shorecal	Represents our 15% interest in the trading operations of Shorecal Limited, a franchisee group which operates stores in the Republic of Ireland and Northern Ireland.

Responsibility statement

Each of the Directors, whose names and functions appear below, confirm to the best of their knowledge that the condensed interim financial statements have been prepared in accordance with IAS 34, ‘Interim Financial Reporting’, as issued by the IASB and adopted by the European Union and that the interim management report herein includes a fair review of the information required by the Disclosure and Transparency Rules (“DTR”), namely:

- DTR 4.2.7 (R): an indication of important events that have occurred during the 26 week period ended 27 June 2021 and their impact on the condensed interim financial statements, and a description of the principal risks and uncertainties for the remaining 26 weeks of the financial year; and

- DTR 4.2.8 (R): any related party transactions in the 26 week period ended 27 June 2021 that have materially affected, and any changes in the related party transactions described in the Annual Report and Accounts 2020 that could materially affect the financial position or performance of the enterprise during that period.

The Directors of Domino’s Pizza Group plc as at the date of this announcement are as set out below:

Matthew Shattock*, Chairman
Ian Bull*, Senior Independent Director
Colin Halpern*, Vice-Chairman
Dominic Paul, Chief Executive Officer
Neil Smith, Chief Financial Officer
Usman Nabi*
Kevin Higgins*
Elias Dias Sese*
Natalia Barsegiyan*
Stella David*
Lynn Fordham*

*Non-executive Directors

A list of the current Directors is maintained on the Domino’s Pizza Group plc website at: corporate.dominos.co.uk.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from the legislation in other jurisdictions.

This responsibility statement was approved by the Board of Directors on 2 August 2021 and is signed on its behalf by Dominic Paul, Chief Executive Officer.

By order of the Board

Dominic Paul
Chief Executive Officer

2 August 2021

Independent review report to Domino's Pizza Group plc
Report on the condensed consolidated interim financial statements

Our conclusion
We have reviewed Domino's Pizza Group plc's condensed consolidated interim financial statements (the "interim financial statements") in the interim report of Domino's Pizza Group plc for the 26 week period ended 27 June 2021 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed
The interim financial statements comprise:

- the Group balance sheet as at 27 June 2021;
- the Group income statement and Group statement of comprehensive income for the period then ended;
- the Group cash flow statement for the period then ended;
- the Group statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the interim report of Domino's Pizza Group plc have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors
The interim report, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the interim report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, 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.

What a review of interim financial statements involves
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
Watford

2 August 2021