

8 March 2022

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DOMINO'S PIZZA GROUP PLC

Full year results for the 52 weeks ended 26 December 2021

A transformational year: robust trading, excellent strategic progress, resolution with franchisees and significant returns to shareholders

	52 weeks ended 26 December 2021	52 weeks ended 27 December 2020	% change
System sales ¹	£1,499.1m	£1,348.4m	+11.2%
Like-for-Like system sales growth (exc.splits) ²	10.9%	10.3%	-
Group revenue	£560.8m	£505.1m	+11.0%
Underlying EBITDA ³	£136.4m	£125.5m	+8.7%
Underlying EBIT ³	£119.9m	£109.0m	+10.0%
Underlying profit before tax ³	£113.9m	£101.2m	+12.5%
Underlying basic EPS ³	20.3p	18.2p	+11.5%
Net debt ⁴	£199.7m	£171.8m	+16.2%
Statutory profit after tax	£78.3m	£39.7m	+97.2%
Statutory basic EPS	17.1p	8.9p	+92.1%
Full year dividend per share	9.8p	9.1p	+7.7%

Financial highlights

- Continued strong momentum, with system sales of £1,499.1m, up 11.2%. Like-for-like system sales, excluding splits, up 10.9% (9.8% including splits)
- Underlying like-for-like system sales (excluding the temporary benefit of VAT) grew by 5.5%, 150 basis points higher than last year's equivalent figure of +4.0%
- Underlying profit before tax of £113.9m, up £12.7m driven by strong underlying trading
- Statutory profit after tax of £78.3m, up £38.6m due to significantly reduced international losses
- Continued strong free cash flow of £104.6m (2020: £99.0m)
- Net debt of £199.7m, in-line with guidance, resulting in a net debt / underlying EBITDA leverage ratio of 1.54x
- Additional £6.6m investment in a new Northern Ireland Joint Venture
- £136m returned to shareholders in FY21 through dividends and share buybacks and £14.3m of capex to support store growth
- Proposed final dividend for FY21 of 6.8p per share to be paid on 10 May 2022, resulting in a total dividend for FY21 of 9.8p per share, +7.7% vs. FY20
- New £46m share buyback programme, effective imminently, in line with capital allocation framework and commitment to distribute surplus capital to shareholders

Operational and strategic highlights

- Good growth in total orders, up 5.5% in the year. Delivery performed well, and collections continued to recover, growing sequentially each quarter. Collections finished the year at 87% of 2019 levels
- Excellent service standards with average delivery times of around 25 minutes

- Now a truly digital-first business with 91.2% of sales through digital channels, new App launched which now accounts for 42% of system sales (+2.2pts vs. 2020)
- Opened 31 new stores in the year with new stores trading ahead of expectations. On track to open at least 45 new stores in FY22
- Reached resolution with our world-class franchisees heralding a new era of collaboration. First national price campaign for several years launched in January 2022, five new stores opened in FY22 vs. one in the same period in FY21
- With the franchisee resolution, increased our medium-term targets to at least the upper end of £1.6bn - £1.9bn system sales and to exceed 200 new stores
- New integrated media campaign, 'Domin-Oh-Hoo-Hoo', targeting families and friends reuniting post lockdown and followed by first ever festive TV ad campaign, which resulted in order count growth ahead of expectations
- Continue to strengthen the Leadership Team with appointment of a new Chief Marketing Officer and Operations Director. New People Director starting in March 2022
- Opened our third UK supply chain centre in Cambuslang, Scotland
- Completed exit from all directly operated international markets allowing us to focus on the core UK and Ireland markets

Current trading and outlook

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

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

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

"This was a transformational year for Domino's. Our performance continues to be strong, and we have made significant progress against our strategic plan, all while delivering on our ambition to return excess capital to shareholders. None of this would have been possible without the hard work of our franchisees and my fantastic colleagues.

"There were two major milestones in the year. First, the launch of our new strategy, which is already delivering outstanding results and a better experience for our customers. Secondly, the resolution with our franchisees which has unlocked further potential within the system. Our franchisees are world class operators and the whole team is already embracing a new era of collaboration, with the system working together more closely than ever before.

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

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 52-week period in the prior period for mature stores which were not in territories split in the current period 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 as set out in note 4 to the financial information

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 +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 by [clicking here](#) and will also be available on the Results, Reports and Presentations page of our corporate website.

Financial calendar

Domino's Pizza Group plc will hold its 2022 AGM on 5 May 2022. It will publish its half year results on 2 August 2022, followed by a Q3 trading update in October 2022.

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 and the Republic of Ireland, and have associate investments in Germany and Luxembourg. As of 26 December 2021, we had 1,227 stores in the UK and Ireland.

Chief Executive Officer's Strategic Review

Performance summary

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

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

Free cash flow generated by the business was £104.6m, an increase from £99.0m last year reflecting the strong trading performance. Net Debt increased by £27.9m from £171.8m at the start of the year to £199.7m after distributing £136.0m to shareholders in the year. Net debt/Underlying EBITDA leverage increased from 1.46 at FY 20 to 1.54 (excluding IFRS 16).

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

Resolution with franchisees

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

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

- One-time capital investment of approximately £20m, spread over three years, in digital acceleration, personalisation, ecommerce app development and in-store innovation to enhance the customer experience and drive top-line growth;
- Increased marketing investment to support new national campaigns and promotions;
- An enhanced food rebate mechanism for franchisees to encourage order growth, which is conditional on franchisees meeting new store opening targets and order count thresholds; and
- An improved new store incentive scheme to reward, encourage and accelerate new store openings.

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

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

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

First year of our growth strategy

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

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

1. Delivery: Nobody delivers like Domino's

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

Our scale and depth of vertical integration is a competitive advantage and in 2021 we were able to make excellent strategic progress. We launched our new app, which features 'Group Ordering' functionality and 'Deal Wizard', and it has received excellent customer feedback. App sales are now 42% of system sales, a 2.2ppt improvement on 2020. This is important because app customers have a greater lifetime value and continue to provide a rich source of data for the business.

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

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

2. Collection: Turbocharge our collection business

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

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

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

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

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

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

Under new marketing leadership, we launched a new media campaign at the end of May to demonstrate that 'Nobody delivers like Domino's' through a strong creative platform, targeted media and increased investment. The '*Domin-Oh-Hoo-Hoo*' campaign was timed with the easing of lockdown restrictions in the UK and was centred on reunions between friends and family, cementing the Domino's brand as the perfect partner for these occasions. Importantly, this campaign was planned with our franchisees who gave great input throughout the process and is further evidence that when the system is aligned, we all benefit. We were able to build on this momentum with the launch of our first ever festive TV advert.

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

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

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

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

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

5. Franchisor: Model excellence as a franchisor

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

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

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

Capital allocation

We have a highly cash generative, asset-light business model and in March 2021 we launched a clear capital allocation framework. Our first priority is to invest in the business to drive long-term organic growth. We will continue to maximise shareholder returns through a sustainable and progressive dividend and operate a disciplined approach to assessing additional growth opportunities. Finally, operating within a normalised leverage range of 1.5x – 2.5x net debt to Underlying EBITDA, we aim to maximise returns with an annual allocation of surplus cash to shareholders. In FY21 we returned £136m to shareholders, through £56m in dividends and £80m in share buybacks.

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

Delivering our sustainable future

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

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

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

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

Franchisee performance in 2021

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

Operational review

Reported revenue

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

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

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

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

System sales performance

System sales represent all sales made by both franchised and corporate stores to consumers. Like-for-like system sales across UK & Ireland grew by 10.9%, excluding split stores (9.8% including splits). The quarterly analysis of this performance is in the table below which shows strong like-for-like growth in the first half, which was as a result of the reduction in the rate of VAT on hot takeaway food from 20% to 5% which was effective from 15 July 2020 in the UK and continued to apply until 1 October 2021. At that point the rate of VAT on hot takeaway food increased from 5% to 12.5% and, as guided, the system sales growth rate declined in the final half of the year. The rate of VAT on hot food is scheduled to return to 20% from 1 April 2022.

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

The VAT rate reduction is on hot takeaway food and therefore applicable to the system sales made by stores to consumers. If the sales price to the consumer were to have been unchanged then the VAT rate reduction would effectively deliver an increased system sales value, which flows through to like-for-like system sales growth. The benefit of the VAT rate reduction therefore primarily accrues to our franchisees.

This helped them to continue to trade throughout the pandemic period and enabled them to drive growth and increase the level of discounts they could offer their customers.

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

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

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

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

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

In the second quarter, order count returned to growth, up 13.5%, as collection was up nearly 500% as its recovery to normalised levels continued and because the collection business was closed for much of the comparative period. Delivery orders were down 8.7% compared to the same quarter last year as Q2 last year was particularly strong (up 22%) as the first full lockdown of the country was implemented and many competitors closed for business.

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

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

Digital

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

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

Data & Insights

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

Brand

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

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

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

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

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

New store openings

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

Corporate stores

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

International – German associate

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

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

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

Financial Review

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

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

Financial highlights

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

- Total dividend for FY21 of 9.8p per share, with final dividend of 6.8p proposed to be paid on 10 May 2022. The ex-dividend date is 7 April 2022, and the record date is 8 April 2022.

Group revenue

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

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

Underlying earnings before interest and taxation

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

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

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

Interest

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

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

Taxation

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

Profit after tax and non-underlying items

Underlying profit after tax from continuing operations was £93.4m, an increase from £84.3m in 2020. Net non-underlying items were £2.7m (2020: £2.1m). These costs are itemised in full in note 4 and are summarised below:

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

- **Reversionary scheme:** A charge of £2.2m has been recorded in relation to the historical reversionary share scheme, relating to the tax treatment of employee options which vested during 2013 following continued correspondence with HMRC around the treatment of the historical awards
- **Legal and professional fees:** Professional fees of £1.2m have been incurred (2020: £3.5m), of which £0.9m relates to professional fees associated with the development of our long-term strategy in the early part of the year, and £0.3m relating to further marketing costs for the disposal of our international operations
- **Amortisation of London corporate stores:** During the period, amortisation of acquired intangibles of £1.1m (2020: £1.1m) was incurred in relation to the Standard Franchise Agreement ('SFA') recognised on the acquisition of the London corporate stores in 2017 and Have More Fun (London) Limited in 2018
- **Market Access Fee revaluations:** A loss of £0.3m has been recorded following changes in fair valuation of the Market Access Fee relating to the German associate (2020: gain of £7.1m). The final instalment of the Market Access Fee is now receivable and therefore no further movements are expected to be recorded. Interest and foreign exchange gains of £0.6m (2020: £0.3m) have been recorded in relation to the Market Access Fee
- **Costs recorded in prior periods:** No further costs or income have been recorded in 2021 relating to e-Commerce asset impairment or store conversion costs in the German associate.

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

Discontinued operations

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

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

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

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

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

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

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

Earnings per share

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

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

Free cash flow and net debt

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Capital employed and balance sheet

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

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

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

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

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

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

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

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

Treasury management

The Group holds an unsecured multi-currency revolving credit facility of £350m to December 2023 with a syndicate of eight lenders. An option for the Group to extend the facility by a further 12 months to December 2024 was not exercised. The revolving facility agreement was amended and restated in December 2021, to amend the GBP interest base rate from LIBOR to SONIA. The facility's lower range remains at a margin of 75bps above SONIA rising to 185bps with increased leverage, plus a utilisation fee of between 0bps and 30bps of the aggregate amount of the outstanding loans. A commitment fee in the base currency computed at 35% of the margin is payable for the undrawn loan amount. The Group monitors its overall level of financial gearing on a regular basis to ensure that it remains well within its targets and banking covenants. The Group monitors its cash resources centrally through short, medium and long-term cash forecasting. Surplus cash in the UK is swept into interest bearing accounts or placed on short-term money market deposits.

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

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

Underpinning treasury management is a robust Treasury Policy and Strategy that aims to minimise financial risk. Foreign exchange movement arising from transactional activity is reduced by either agreeing fixed currency rates with suppliers or pre-purchasing the currency spend.

FY22 Guidance

For the current financial year, we expect:

- EBITDA and EPS to be in-line with current market expectations
- Underlying depreciation and amortisation of £18m to £20m
- Underlying interest (excluding foreign exchange movements) of £6m to £8m
- Underlying effective tax rate of c.17% for the full year
- Capital expenditure of c.£24m
- Net debt at FY22 year-end around £220m

Group income statement

52 weeks ended 26 December 2021

	Notes	52 weeks ended 26 December 2021 £m			52 weeks ended 27 December 2020 £m		
		Underlying	Non-underlying*	Total	Underlying	Non-underlying*	Total
Revenue	2	560.8	-	560.8	505.1	-	505.1
Cost of sales		(292.2)	-	(292.2)	(268.6)	-	(268.6)
Gross profit		268.6	-	268.6	236.5	-	236.5
Distribution costs		(36.4)	-	(36.4)	(30.8)	-	(30.8)
Administrative costs		(125.4)	(4.5)	(129.9)	(107.5)	(4.6)	(112.1)
Other expenses		-	(0.3)	(0.3)	-	(4.6)	(4.6)
Share of post-tax profits/(loss) of associates and joint ventures		11.0	-	11.0	9.5	(0.5)	9.0
Other income		2.1	-	2.1	1.3	7.1	8.4
Profit/(loss) before interest and taxation		119.9	(4.8)	115.1	109.0	(2.6)	106.4
Finance income		13.1	1.0	14.1	13.7	0.7	14.4
Finance costs		(19.1)	(0.4)	(19.5)	(21.5)	(0.4)	(21.9)
Profit/(loss) before taxation		113.9	(4.2)	109.7	101.2	(2.3)	98.9
Taxation	5	(20.5)	1.5	(19.0)	(16.9)	0.2	(16.7)
Profit/(loss) for the period from continuing operations		93.4	(2.7)	90.7	84.3	(2.1)	82.2
Loss from discontinued operations	3	-	(12.4)	(12.4)	-	(42.5)	(42.5)
Profit/(loss) for the period		93.4	(15.1)	78.3	84.3	(44.6)	39.7
Profit/(loss) attributable to:							
- Equity holders of the parent		93.4	(15.1)	78.3	84.3	(43.2)	41.1
- Non-controlling interests		-	-	-	-	(1.4)	(1.4)
Profit/(loss) for the period		93.4	(15.1)	78.3	84.3	(44.6)	39.7

* Non-underlying items are disclosed in note 4

Earnings per share

From continuing operations

- Basic (pence) 6 20.3 19.8 18.2 17.8

- Diluted (pence) 6 20.2 19.6 18.1 17.7

From continuing and discontinued operations (statutory)

- Basic (pence) 6 17.1 8.9

- Diluted (pence) 6 17.0 8.8

Group statement of comprehensive income

52 weeks ended 26 December 2021

	52 weeks ended 26 December 2021 £m	52 weeks ended 27 December 2020 £m
Profit for the period	78.3	39.7
Other comprehensive income/(expense):		
Items that may be subsequently reclassified to profit or loss:		
- Exchange gain/(loss) on retranslation of foreign operations	0.8	(3.3)
- Transferred to income statement on disposal	11 7.9	(1.9)
Other comprehensive expense for the period, net of tax	8.7	(5.2)
Total comprehensive income for the period	87.0	34.5
- attributable to equity holders of the parent	87.0	35.5
- attributable to the non-controlling interests	-	(1.0)

Group balance sheet

As at 26 December 2021

	Notes	At 26 December 2021 £m	At 27 December 2020 £m
Non-current assets			
Intangible assets	8	32.1	30.5
Property, plant and equipment		90.3	91.1
Right-of-use assets		19.4	20.1
Lease receivables		187.5	191.5
Trade and other receivables		14.0	21.2
Other financial asset		6.8	13.3
Investments		12.1	12.3
Investments in associates and joint ventures	9	52.7	39.4
Deferred consideration receivable		-	5.7
		414.9	425.1
Current assets			
Lease receivables		13.7	13.2
Inventories		10.9	11.0
Assets held for sale	3	-	38.1
Trade and other receivables		34.3	36.2
Other financial asset		1.9	2.0
Deferred consideration receivable		3.3	-
Current tax assets		0.2	3.2
Cash and cash equivalents		42.8	63.4
		107.1	167.1
Total assets		522.0	592.2
Current liabilities			
Lease liabilities		(19.3)	(17.8)
Trade and other payables		(96.1)	(90.0)
Liabilities held for sale	3	-	(23.5)
Deferred tax liabilities		(0.4)	-
Provisions		(2.0)	(0.4)
		(117.8)	(131.7)
Non-current liabilities			
Lease liabilities		(203.3)	(208.7)
Trade and other payables		(0.2)	(0.3)
Financial liabilities	10	(242.5)	(243.6)
Deferred tax liabilities		(2.5)	(3.6)
Provisions		(14.3)	(13.1)
		(462.8)	(469.3)
Total liabilities		(580.6)	(601.0)
Net liabilities		(58.6)	(8.8)

Group balance sheet continued
As at 26 December 2021

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

Group statement of changes in equity
52 weeks ended 26 December 2021

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

*Impairment of share issues represents the difference between share allotments made pursuant to the Sharesave schemes and the Long Term Incentive Plan, and the original cost at which the shares were acquired as treasury shares into Capital reserve – own shares.

Group cash flow statement
52 weeks ended 26 December 2021

	Notes	52 weeks ended 26 December 2021 £m	52 weeks ended 27 December 2020 Restated* £m
Cash flows from operating activities			
Profit/(loss) before interest and taxation			
- from continuing operations	2	115.1	106.4
- from discontinued operations	2	(11.3)	(43.5)
Amortisation and depreciation		17.4	20.0
Impairment		1.0	30.7
Share of post-tax profits of associates and joint ventures	9	(11.0)	(9.0)
Loss on disposal of subsidiary	11	8.4	9.2
Net (gain)/loss on financial instruments at fair value through profit or loss		(1.8)	(8.4)
Increase/(decrease) in provisions		1.0	(1.6)
Share option and LTIP charge		1.7	1.4
Decrease in inventories		0.3	1.9
Decrease in receivables		6.7	20.9
Increase in payables		4.4	7.3
Cash generated from operations		131.9	135.3
UK corporation tax paid		(18.0)	(22.7)
Overseas corporation tax paid		-	(0.4)
Net cash generated by operating activities		113.9	112.2
Cash flows from investing activities			
Purchase of property, plant and equipment		(5.8)	(11.6)
Purchase of intangible assets		(8.5)	(7.8)
Net consideration received/(paid) on disposal of subsidiaries	11	10.2	(6.4)
Consideration received on disposal of joint ventures		2.4	-
Investment in associates	9	(6.6)	0.8
Receipt from other financial assets		6.4	-
Receipts on lease receivables		25.7	25.6
Interest received		0.3	1.0
Other	12	8.7	6.2
Net cash used by investing activities		32.8	7.8
Cash inflow before financing		146.7	120.0

*The Group cash flow statement for the 52 weeks ended 27 December 2020 has been restated to reclassify receipts on lease receivables from financing activities to investing activities, as set out in note 1.

Group cash flow statement continued
52 weeks ended 26 December 2021

	Notes	52 weeks ended 26 December 2021 £m	52 weeks ended 27 December 2020 Restated* £m
Cash flows from financing activities			
Interest paid		(4.3)	(5.3)
Issue of Ordinary share capital		-	12.9
Share transactions	12	(83.0)	0.5
New bank loans and facilities draw down		150.0	205.0
Repayment of borrowings		(147.3)	(215.1)
Repayment of lease liabilities		(34.1)	(36.6)
Equity dividends paid	7	(56.0)	(25.6)
Net cash used by financing activities		(174.7)	(64.2)
Net (decrease)/ increase in cash and cash equivalents		(28.0)	55.8
Cash and cash equivalents at beginning of period		71.8	16.0
Foreign exchange loss on cash and cash equivalents		(1.0)	-
Cash and cash equivalents at end of period		42.8	71.8

*The Group cash flow statement for the 52 weeks ended 27 December 2020 has been restated to reclassify receipts on lease receivables from financing activities to investing activities, as set out in note 1.

The cash flow statement has been prepared on a consolidated basis including continuing and discontinued operations. A breakdown of the cash flow for discontinued operations is shown in note 3.

Notes to the Group financial statements

52 weeks ended 26 December 2021

1. Accounting policies

Basis of preparation

The financial information set out in this document does not constitute statutory accounts for Domino's Pizza Group plc for the period ended 26 December 2021, but is extracted from the 2021 Annual Report.

The Annual Report for 2021 will be delivered to the Registrar of Companies in due course. The auditors' report on those accounts was unqualified and neither drew attention to any matters by way of emphasis nor contained a statement under either Section 498(2) of Companies Act 2006 (accounting records or returns inadequate or accounts not agreeing with records and returns), or section 498(3) of Companies Act 2006 (failure to obtain necessary information and explanations).

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, as they apply to the financial statements of the Group for the 52 week period ended 26 December 2021 and applied in accordance with the Companies Act 2006.

The financial statements are presented in sterling and are prepared using the historical cost basis with the exception of the other financial assets, investments held at fair value through profit or loss and contingent consideration which are measured at fair value in accordance with IFRS 13 Fair Value Measurement.

Going concern

The Group financial statements have been prepared on a going concern basis as the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

The Directors of the Group have performed an assessment of the overall position and future forecasts (including the 12 month period from the date of this report) for the purposes of going concern in light of the current environment. The overall Group has continued to trade strongly throughout the year in the UK and Ireland, and sales growth has been strong, despite Covid-19 and supply chain labour disruptions. Sales growth has benefitted from the VAT rate reduction together with a strong underlying performance. Benefits from sales growth have been partially offset with additional costs incurred in ensuring the Group continued to trade safely and without disruptions to supply. The International operations have all been disposed of and did not have a significant impact on trading performance or cash flows. In line with the capital distribution policy the Group has distributed excess cash to shareholders during the period which has resulted in an increase net liability position of the Group on a consolidated basis, which has increased to £58.6m from £8.8m.

The Directors of the Group have considered the future position based on current trading and a number of potential downside scenarios which may occur, either through reduced consumer spending, reduced store growth, further supply chain disruptions, general economic uncertainty and other risks, in line with the analysis performed for the viability statement as outlined in the Directors' report. This assessment has considered the overall level of Group borrowings and covenant requirements, the flexibility of the Group to react to changing market conditions and ability to appropriately manage any business risks. The Group has a £350.0m multicurrency syndicated revolving credit facility which matures in December 2023, and a net debt position of £199.7m. The facility has leverage and interest cover covenants, with which the Group have complied.

The scenarios modelled are based on our current forecast projections out to the end of 2024 and in the first scenario have taken account of the following risks:

- A downside impact of economic uncertainty and other sales related risks over the forecast period, reflected in sales performance, with a c.5.0% reduction in LFL sales compared to budget.
- The impact of a reduction of new store openings to half of their forecast level.

- A further reduction of between 2.5%-3.0% in sales to account for the potential impact of the public health debate.
- Future potential disruptions to supply chain through loss of one of our supply chain centres impacting our ability to supply stores for a period of two weeks.
- Additional costs as a result of labour shortages.
- The impact of a temporary loss of availability of our eCommerce platform during peak trading periods.
- The impact of potential future ingredient pricing volatility as a result of indirect international supply chain pressures arising from global events.
- A significant unexpected increase in the impact of climate change on costs related to our supply chain.

We have also considered a second ‘severe but plausible’ scenario, which in addition to the above mentioned risks, also includes the risks of:

- A disruption to one of our key suppliers impacting our supply chain over a period of four weeks whilst alternate sourcing is secured.
- The impact of fines from a potential wider data breach in 2022.

In each of the scenarios modelled, there remains significant headroom on the revolving credit facility. Under the first scenario there remains sufficient headroom under the covenant requirements of the facility. If all the risks under the first scenario were to occur simultaneously with the additional risks in the second scenario, before any mitigating actions, the Group would breach its leverage covenants. The Board has mitigating actions available in the form of delays of distributions to shareholders which would prevent a breach of leverage covenants. Based on this assessment, the Directors have formed a judgement that there is a reasonable expectation the Group will have adequate resources to continue in operational existence for the foreseeable future.

Reverse stress testing has been performed separately based on our main profitability driver, system sales, which is a materially worse scenario than the combinations described in the scenarios above. This test concluded that the Group’s currently agreed financing could only be breached if a highly unlikely combination of scenarios resulted in a material annual reduction in system sales greater than 27%.

Restatement of comparatives in the Group Cash Flow Statement

Following a review of the Group’s 2020 Annual Report by the Directors subsequent to the receipt of a letter from the Financial Reporting Council (‘FRC’), the Group has changed the classification of receipts on lease receivables in the Group cash flow statement from financing activities to investing activities. The Group holds both a head lease with the landlord, and a sub-lease with a franchisee in a ‘back-to-back’ arrangement for the majority of Domino’s sites in the UK & Ireland. The Group accounts for the head-lease and sub-lease separately as two separate contracts.

The Group previously presented both the lease payments on the head lease and the lease receipts on the sub-lease on a gross basis within financing activities, as this was considered to best reflect the substance of the back-to-back nature of the lease cash receipts and payments. Following the review performed, the Group have reconsidered the treatment and consider that the lease receipts should be classified as investing activities in accordance with IAS 7 as, whilst lease receipts largely mirror the payments on the head lease, they do not meet the definition of a financing activity, which are “activities that result in changes in the size and contribution of the contributed equity and borrowings of the entity”. Comparative figures for the 2020 financial year have been restated. The restatement for the 52 weeks ended 27 December 2020 decreases net cash used by investing activities from £17.8m to net cash generated from investing activities of £7.8m, and increases net cash used by financing activities from £38.6m to £64.2m.

	As previously stated £m	Reclassification of receipts on lease receivables £m	Restated £m
Net cash generated from/(used by) investing activities	(17.8)	25.6	7.8
Net cash used by financing activities	(38.6)	(25.6)	(64.2)

These back-to-back lease receipts continue to be classified as a net lease payable within the Free Cash Flow non-GAAP alternative performance measure presented within the Financial Review, which is reconciled to the Group Cash Flow in note 12.

The scope of the review performed by the FRC was to consider the Group's compliance with the UK reporting requirements, it did not verify all the information provided. The review by the FRC was based solely on the 2020 Annual Report and Accounts and does not benefit from a detailed understanding of underlying transactions, and provides no assurance that the Annual Report and Accounts are correct in all material respects. Following the review, no further material financial reporting changes were required to the Group Income Statement, Group Balance Sheet, Group Statement of Changes in Equity or underlying accounting treatments.

Accounting policies and new standards

The accounting policies applied by the Group are consistent with those disclosed in the Group's Annual Report. These policies are consistent with the Accounts for the 52 weeks ended 27 December 2020, except for new standards and interpretations effective for the first time for the reporting period.

New standards and interpretations – Interest rate benchmark reform

The Group has elected to early adopt amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 as issued in August 2020. In accordance with the transition provisions, the amendments have been adopted retrospectively to hedging relationships and financial instruments. Comparative amounts have not been restated, and there was no impact on the current period opening reserves amounts on adoption. Phase 2 of the amendments requires that, for financial instruments measured using amortised cost measurement (that is, financial instruments classified as amortised cost and debt financial assets classified as FVOCI), changes to the basis for determining the contractual cash flows required by interest rate benchmark reform are reflected by adjusting their effective interest rate. No immediate gain or loss has been recognised. These expedients are only applicable to changes that are required by interest rate benchmark reform, which is the case if, and only if, the change is necessary as a direct consequence of interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis (that is, the basis immediately preceding the change). For more details see note 10.

2. Segmental information

For management purposes, the Group is organised into two geographical business units based on the operating models of the regions: the UK & Ireland operating more mature markets with a franchise model, limited corporate stores and investments held in our franchisees, compared to International whose markets were at an earlier stage of development and which operated predominantly as corporate stores. The International segment includes the legacy Germany and Switzerland holding companies; as well as Iceland, Sweden and Switzerland operational entities up to their disposal date in 2021. The Norway operational entity was included to disposal date in 2020. These are considered the Group's operating segments as the information provided to the Executive Directors of the Board, who are considered to be the chief operating decision makers, is based on these territories. The chief operating decision makers review the segmental underlying EBIT results and the non-underlying items separately. Revenue included in each segment includes all sales made to franchise stores (royalties, sales to franchisees and rental income) and by corporate stores located in that segment.

The International operations in Sweden, Switzerland, Iceland and Norway which were held, up to disposal date, as discontinued under IFRS 5: Non-current assets held for sale and discontinued operations, are presented as a separate segment. During the year, the Board continued to monitor the trading performance

of the businesses and therefore are still considered an operating segment. The results of the German associate remain in continuing results and therefore are presented separately.

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

	At 26 December 2021 £m	At 27 December 2020 £m
Current tax asset	0.2	3.2
Cash and cash equivalents	42.8	71.8
Unallocated assets	43.0	75.0
Current tax liabilities	-	0.8
Deferred tax liabilities	2.9	6.0
Bank revolving facility	242.5	243.6
Unallocated liabilities	245.4	250.4

Segment assets and liabilities

	52 weeks ended 26 December 2021				52 weeks ended 27 December 2020			
	UK & Ireland £m	International - continuing £m	International - discontinued £m	Total £m	UK & Ireland £m	International - continuing £m	International - discontinued £m	Total £m
Segment assets								
Segment current assets	64.1	-	-	64.1	62.5	-	29.6	92.1
Segment non-current assets	350.1	-	-	350.1	373.4	-	-	373.4
Investment in associates and joint ventures	23.8	28.9	-	52.7	13.9	25.5	-	39.4
Investments	12.1	-	-	12.1	12.3	-	-	12.3
Unallocated assets				43.0				75.0
Total assets				522.0				592.2
Segment liabilities								
Liabilities	333.9	-	1.3	335.2	329.5	-	21.1	350.6
Unallocated liabilities				245.4				250.4
Total liabilities				580.6				601.0

Segmental performance 2021

	UK & Ireland £m	International - continuing £m	Total underlying £m	Non- underlying £m	Total reported £m	International - discontinued £m	Total including discontinued operations £m
Revenue							
Sales to external customers	560.8	-	560.8	-	560.8	32.4	593.2
Segment revenue	560.8	-	560.8	-	560.8	32.4	593.2
Results							
Underlying segment result before associates and joint ventures	106.8	-	106.8	-	106.8	(1.5)	105.3
Share of profit of associates and joint ventures	6.0	5.0	11.0	-	11.0	-	11.0
Segment result	112.8	5.0	117.8	-	117.8	(1.5)	116.3
Other non-underlying items	-	-	-	(4.8)	(4.8)	(9.8)	(14.6)
Other income	2.1	-	2.1	-	2.1	-	2.1
Profit/(loss) before interest and taxation	114.9	5.0	119.9	(4.8)	115.1	(11.3)	103.8
Net finance costs	(6.0)	-	(6.0)	0.6	(5.4)	(0.5)	(5.9)
Profit before taxation	108.9	5.0	113.9	(4.2)	109.7	(11.8)	97.9
Taxation	(20.5)	-	(20.5)	1.5	(19.0)	(0.6)	(19.6)
Profit/(loss) for the year	88.4	5.0	93.4	(2.7)	90.7	(12.4)	78.3
Effective tax rate	18.8%	-	18.0%	35.7%	17.3%	5.1%	20.0%
Other segment information							
Depreciation	11.5	-	11.5	-	11.5	-	11.5
Amortisation	4.8	-	4.8	1.1	5.9	-	5.9
Impairment	0.2	-	0.2	-	0.2	0.8	1.0
Total depreciation, amortisation and impairment	16.5	-	16.5	1.1	17.6	0.8	18.4
EBITDA	131.4	5.0	136.4	(3.7)	132.7	(10.5)	122.2
Underlying EBITDA	131.4	5.0	136.4	-	136.4	(0.7)	135.7
Capital expenditure	13.6	-	13.6	-	13.6	0.7	14.3
Share-based payment charge	1.7	-	1.7	-	1.7	-	1.7
Revenue disclosures							
Royalties, franchise fees and change of hands fees	79.4	-	79.4	-	79.4	-	79.4
Sales to franchisees	374.9	-	374.9	-	374.9	-	374.9
Corporate store income	35.6	-	35.6	-	35.6	32.4	68.0
Rental income on leasehold and freehold property	0.6	-	0.6	-	0.6	-	0.6
National Advertising and eCommerce income	70.3	-	70.3	-	70.3	-	70.3
Total segment revenue	560.8	-	560.8	-	560.8	32.4	593.2

Segmental performance 2020

	UK & Ireland £m	International - continuing £m	Total underlying £m	Non- underlying £m	Total reported £m	International - discontinued £m	Total including discontinued operations £m
Revenue							
Sales to external customers	505.1	-	505.1	-	505.1	69.9	575.0
Segment revenue	505.1	-	505.1	-	505.1	69.9	575.0
Results							
Underlying segment result before associates and joint ventures	98.2	-	98.2	-	98.2	(10.1)	88.1
Share of profit of associates and joint ventures	4.8	4.7	9.5	-	9.5	-	9.5
Segment result	103.0	4.7	107.7	-	107.7	(10.1)	97.6
Other non-underlying items	-	-	-	(9.7)	(9.7)	(33.4)	(43.1)
Other income	1.3	-	1.3	7.1	8.4	-	8.4
Profit/(loss) before interest and taxation	104.3	4.7	109.0	(2.6)	106.4	(43.5)	62.9
Net finance costs	(7.8)	-	(7.8)	0.3	(7.5)	(0.7)	(8.2)
Profit 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

Major customers and revenue by destination

Revenue from two franchisees individually totalled £105.1m (2020: £95.9m) and £99.9m (2020: £83.7m), within sales reported in the UK & Ireland segment.

Analysed by origin, revenue from the UK was £532.8m (2020: £478.3m), with other significant countries being Ireland with revenue of £28.0m (2020: £26.8m), Iceland with revenue of £12.7m (2020: £30.5m), Sweden with revenue of £2.9m (2020: £7.8m), Switzerland with revenue of £16.8m (2020: £22.2m), and Norway with revenue of £nil (2020: £9.4m).

3. Discontinued Operations

Discontinued operations consists of the legacy Germany and Switzerland holding companies and also consisted of the International business disposal groups up to the date of disposal.

The disposal groups represented the operations in Sweden, Iceland, Switzerland and Norway. The operation in Norway was disposed in the prior period, with the remaining entities disposed of in the current period, see note 11. These entities are included in the Group result for the period up to disposal date. The operations met the criteria in IFRS 5: Non-current assets held for sale and discontinued operations to be classified as assets held-for-sale. The operations additionally met the criteria for discontinued operations under the standard. They were classified as held-for-sale and represented a separate major line of business and part of a single co-ordinated plan to dispose.

Items related to these businesses are classified in discontinued operations, except for the movements in equity put options of Norway and Sweden in the prior period, which were considered to be a Group liability and intercompany finance costs which offset against UK intercompany finance income.

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

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

	52 weeks ended 26 December 2021			52 weeks ended 27 December 2020		
	Total trading result	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	32.4	-	32.4	69.9	-	69.9
Cost of sales	(24.4)	-	(24.4)	(55.5)	-	(55.5)
Gross profit	8.0	-	8.0	14.4	-	14.4
Distribution costs	(0.5)	-	(0.5)	(0.8)	-	(0.8)
Administrative costs	(9.0)	(1.4)	(10.4)	(23.7)	(24.2)	(47.9)
Other expenses	-	(8.4)	(8.4)	-	(9.2)	(9.2)
Loss before interest taxation	(1.5)	(9.8)	(11.3)	(10.1)	(33.4)	(43.5)
Finance costs	(0.5)	-	(0.5)	(0.7)	-	(0.7)
Loss before taxation	(2.0)	(9.8)	(11.8)	(10.8)	(33.4)	(44.2)
Taxation	(0.6)	-	(0.6)	(0.7)	2.4	1.7
Loss for the period	(2.6)	(9.8)	(12.4)	(11.5)	(31.0)	(42.5)

Segmental result by country

Segmental result	Iceland £m	Switzerland £m	Norway £m	Sweden £m	International central costs £m	Total trading result £m
52 weeks ended 26 December 2021	0.7	0.1	-	(0.9)	(1.4)	(1.5)
52 weeks ended 27 December 2020	0.6	(1.5)	(3.3)	(4.5)	(1.4)	(10.1)

Non-underlying costs presented in discontinued operations

In the 52 weeks ended 26 December 2021, non-underlying costs presented in discontinued operations relate to the disposal of Sweden, Iceland and Switzerland. For Sweden there was £0.4m loss on disposal, after accounting for the net assets disposed and foreign exchange recycled, and consideration paid. This primarily consisted of professional fees associated with the disposal. For Iceland this consisted of £7.3m loss on disposal, after accounting for the net assets disposed and foreign exchange recycled, and consideration received. The loss on Iceland includes £0.5m of professional fees associated with the disposal. For Switzerland this consisted of £2.1m loss on disposal, after accounting for the net assets disposed and foreign exchange recycled, and consideration paid. The loss on Switzerland includes £0.5m of professional fees associated with the disposal. Details relating to the disposals are set out in Note 11.

In the 52 weeks ended 27 December 2020, non-underlying costs presented in discontinued operations relate to the disposal of Norway (£10.8m loss on disposal) and impairments of International operations of £22.6m, as explained below.

Impairments – 2021: £nil, 2020: £22.6m

In 2020, a total impairment of £22.6m was recorded over the Group's International operations, on a fair value less cost to dispose basis. This consisted of an impairment of the Sweden operations of £8.1m and Iceland of £14.5m. In Sweden, an impairment of £8.1m was recorded to reduce the asset base and was recorded against intangible assets £4.2m, tangible assets £1.2m and right of use assets of £2.7m. In Iceland, an impairment of £14.5m was recorded to reduce the asset base and was recorded against goodwill £7.4m and intangible assets £7.1m.

Earnings per share

The discontinued operations contributed a basic loss per share of 2.7p (2020: 8.9p) and a diluted loss per share of 2.6p (2020: 8.9p).

Cash flows generated from/(used in) discontinued operations

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

	52 weeks ended 26 December 2021 £m	52 weeks ended 27 December 2020 £m
Net cash from operating activities	1.2	(4.1)
Net cash from investing activities	(2.0)	(5.8)
Net cash from financing activities	(5.8)	13.4
Net cash flows for the period	(6.6)	3.5

Disposal groups held for sale

The International operations represent disposal groups held for sale at the balance sheet date and have been classified accordingly in the Group balance sheet, with a single line representing the assets of the disposal group held for sale and a single line representing the liabilities of the disposal groups held for sale. Included in these amounts are the following:

	52 weeks ended 26 December 2021 £m	52 weeks ended 27 December 2020 £m
Goodwill and Intangible assets	-	10.5
Property, plant and equipment	-	5.7
Lease receivables	-	0.2
Right-of-use asset	-	7.6
Trade and other receivables	-	3.8
Inventories	-	1.9
Cash and cash equivalents	-	8.4
Assets held for sale	-	38.1
Trade and other payables	-	9.8
Lease liabilities	-	10.5
Current tax liabilities	-	0.8
Deferred tax liabilities	-	2.4
Liabilities held for sale	-	23.5

Tax on discontinued operations

	52 weeks ended 26 December 2021 £m	52 weeks ended 27 December 2020 £m
Tax charged/(credited) in the income statement		
Current income tax:		
Adjustments in respect of prior periods	0.5	-
Income tax on overseas operations	0.1	0.7
Total current income tax charge	0.6	0.7
Deferred tax:		
Origination and reversal of temporary differences	-	(2.4)
Total deferred tax	-	(2.4)
Tax charge/(credit) in relation to discontinued operations	0.6	(1.7)
The tax charge/(credit) in relation to discontinued operations is disclosed as follows:		
Income tax charge/(credit)	0.6	(1.7)

The tax charge in relation to discontinued operations for the 52 weeks ended 26 December 2021 is lower (2020: lower) than the statutory corporation tax rate of 19.0% (2020: 19.0%). The differences are reconciled below:

	52 weeks ended 26 December 2021	52 weeks ended 27 December 2020
	£m	£m
Loss before taxation	(11.8)	(44.2)
Accounting profit multiplied by the UK statutory rate of corporation tax of 19.0% (2020: 19.0%)	(2.2)	(8.4)
Expenses not deductible for tax purposes	2.2	4.0
Adjustments relating to prior periods	0.5	0.3
Overseas losses carried forward not recognised	0.1	2.6
Other	-	(0.1)
Tax rate differences	-	(0.1)
Total tax charge/(credit) reported in the income statement	0.6	(1.7)
Effective tax rate (%)	(5.1%)	3.8%

4. Reconciliation of non-GAAP measures

	52 weeks ended 26 December 2021 £m	52 weeks ended 27 December 2020 £m
Underlying profit for the period	93.4	84.3
Non-underlying loss for the period	(2.7)	(2.1)
Loss from discontinued operations	(12.4)	(42.5)
Profit for the period	78.3	39.7

Non-underlying items included in financial statements

	Note	52 weeks ended 26 December 2021 £m	52 weeks ended 27 December 2020 £m
Included in administrative costs:			
Legal and professional fees	(a)	(1.2)	(3.5)
Amortisation of London corporate stores	(b)	(1.1)	(1.1)
Reversionary share scheme	(c)	(2.2)	-
		(4.5)	(4.6)
Included in other expenses:			
eCommerce asset impairment	(d)	-	(4.6)
Market Access Fee	(f)	(0.3)	-
		(0.3)	(4.6)
Included in share of post-tax profits of associates and joint ventures:			
German associate store conversion costs	(e)	-	(0.5)
		-	(0.5)
Included in other income			
Market Access Fee	(f)	-	7.1
		-	7.1
Included in profit before interest and taxation		(4.8)	(2.6)
Included within net finance cost			
Market Access Fee	(f)	0.6	0.3
Included in profit before taxation		(4.2)	(2.3)
Taxation	(g)	1.5	0.2
Included in profit for the period from continuing operations		(2.7)	(2.1)
Loss for the year from discontinued operations	(h)	(12.4)	(42.5)
Included in profit/(loss) for the year		(15.1)	(44.6)

a) Legal and professional fees

Legal and professional fees of £1.2m (2020: £3.5m) have been incurred of which £0.9m (2020: £2.4m) relates to the establishment of our long-term strategic plan in the early part of the year which was announced in March 2021 and has now been completed. An additional £0.3m (2020: £1.3m) relates to the disposal of the International operations. The costs recognised in relation to the disposal of international operations relate to professional fees for the marketing of the operations up to the point at which an agreement was reached, at which point remaining costs with the disposal are recognised as part of the loss on disposal in discontinued operations.

b) Amortisation of London corporate stores

During the period amortisation of acquired intangibles of £1.1m (2020: £1.1m) was incurred in relation to the SFA recognised on the acquisition of the London corporate stores and Have More Fun (London) Limited. This is considered to be non-underlying as the Group has a policy of franchise agreements having an indefinite life, however the SFA is deemed to be a re-acquired right under IFRS 3 which requires such rights to be amortised.

c) Reversionary share scheme

A cost of £2.2m (2020: £nil) has been recorded in the period in relation to the reversionary share scheme. Of this amount, £2.0m relates to an increase in the provision previously recorded in 2017, and £0.2m relates to professional fees. The provision has increased as a result of potential exposures around the tax treatment of employee options which vested during 2013 following continued correspondence with HMRC around the treatment of the historical awards.

d) eCommerce asset impairment

No charge has been recorded in non-underlying results relation to the eCommerce asset during the current period.

In the prior period, an impairment of £4.6m was recorded in relation to assets capitalised during the development of the new eCommerce platform, following an impairment review performed. Commencing in 2018 and through early 2020, the Group began development of a replacement to the current eCommerce platform and capitalised a total of £4.6m of development costs, both in internal staff costs and external development costs. Following a review in 2020, a decision was made to change the strategic direction of the platform development, and due to the nature of the new direction, the development work performed up until 2020 was no longer considered viable and has therefore been impaired. We consider this to be a non-underlying charge given the significance of the cost and the impairment being one-off in nature.

e) German associate store conversion costs

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

Costs of £0.5m were incurred in the prior period relating to the conversion of the Hallo Pizza stores acquired in Germany which were acquired by the German associate in January 2018. These conversion costs have been reported to us as non-underlying and we consider the treatment to be consistent with the approach we previously adopted for the conversion of acquired stores.

f) Market Access Fee

A loss of £0.3m has been recorded following changes in fair valuation of the Market Access Fee relating to the German associate (2020: gain of £7.1m). The decrease in valuation is following the trading performance in 2021, which determines the level of income received under the instrument. The Market Access Fee is now receivable and no further movements are expected to be recorded.

The amount recorded in net finance costs of £0.6m (2020: £0.3m) represents the unwind of the discount of the fair value and foreign exchange movements. The impact of revaluation of the Market Access Fee is not considered to be ordinary trading for the Group. In the event that we receive any material capital sum for deferred consideration on any business, it would equally be treated as non-underlying.

g) Taxation

The tax charge of £1.5m (2020: £0.2m) relates to the non-underlying net loss before taxation of £4.2m (2020: £2.3m) and the effective tax rate of 35.7% (2020: 8.7%) is higher than the statutory rate of 19.0% (2020: 19.0%). The effective tax rate may differ from the statutory tax rate due to the tax treatment of certain fair value gains and the treatment of disallowed items. Taxation on the items considered to be non-underlying is also treated as non-underlying where it can be identified in order to ensure consistency of treatment with the

item to which it relates. The creation and revaluation of deferred tax assets are treated consistently with the treatment adopted when the asset was created.

h) Loss for the year from discontinued operations

The loss of £12.4m (2020: £42.5m) represents the post-tax result of the International operations of Switzerland, Sweden and Iceland (including Norway in 2020), consisting of a trading loss of £1.5m (2020: £10.1m), interest costs of £0.5m (2020: £0.7m), loss on disposal of international operations, primarily consisting of foreign exchange losses recycled and professional fees, of £9.8m (2020: £33.4m loss on disposal and impairments) and a tax charge of £0.6m (2020: credit of £1.7m). The detail of the disposals is set out in note 11 and the rationale for the prior year impairments is set out in note 3.

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

5. Taxation

Tax on profit from continuing activities

	52 weeks ended 26 December 2021 £m	52 weeks ended 27 December 2020 £m
Tax charged in the income statement		
Current income tax:		
UK corporation tax:		
– current period	18.6	14.4
– adjustment in respect of prior periods	-	(1.3)
	18.6	13.1
Income tax on overseas operations	0.7	0.7
Total current income tax charge	19.3	13.8
Deferred tax:		
Origination and reversal of temporary differences	(0.9)	2.5
Effect of change in tax rate	0.8	0.2
Adjustment in respect of prior periods	(0.2)	0.2
Total deferred tax (credit)/ charge	(0.3)	2.9
Tax charge in the income statement	19.0	16.7
The tax charge in the income statement is disclosed as follows:		
Income tax charge	19.0	16.7
Tax relating to items credited/(charged) to equity		
Reduction in current tax liability as a result of the exercise of share options	0.2	-
Rate change differences in relation to deferred tax on unexercised share options	0.1	0.1
Origination and reversal of temporary differences in relation to unexercised share options	0.2	(0.2)
Tax credit/(charge) in the Group statement of changes in equity	0.5	(0.1)

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

6. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the parent by the weighted average number of Ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of Ordinary shares outstanding during the year plus the weighted average number of Ordinary shares that would have been issued on the conversion of all dilutive potential Ordinary shares into Ordinary shares.

Earnings

	52 weeks ended 26 December 2021 £m			52 weeks ended 27 December 2020 £m		
	Profit/(loss) after tax for the period	Adjust for non- controlling interest	Attributable to equity holders of the parent	Profit/(loss) after tax for the period	Adjust for non- controlling interest	Attributable to equity holders of the parent
Continuing and discontinued operations	78.3	-	78.3	39.7	1.4	41.1
Discontinued operations	12.4	-	12.4	42.5	(1.4)	41.1
Continuing operations	90.7	-	90.7	82.2	-	82.2
Adjustments for underlying earnings per share:						
Continuing operations	90.7	-	90.7	82.2	-	82.2
-Included in profit after tax – other non-underlying items	2.7	-	2.7	2.1	-	2.1
Underlying profit after tax attributable to owners of the parent	93.4	-	93.4	84.3	-	84.3

Weighted average number of shares

	At 26 December 2021 Number	At 27 December 2020 Number
Basic weighted average number of shares (excluding treasury shares)	459,234,086	461,992,362
Dilutive effect of share options and awards	2,434,861	3,391,802
Diluted weighted average number of shares	461,668,947	465,384,164

The performance conditions relating to share options granted over 1,486,022 shares (2020: 3,672,670) have not been met in the current financial period and therefore the dilutive effect of the number of shares which would have been issued at the period end has not been included in the diluted earnings per share calculation.

There are no share options excluded from the diluted earnings per share calculation because they would be antidilutive (2020: nil).

Earnings per share

	52 weeks ended 26 December 2021	52 weeks ended 27 December 2020
Continuing operations:		
Basic earnings per share	19.8p	17.8p
Diluted earnings per share	19.6p	17.7p
Underlying earnings per share:		
Basic earnings per share	20.3p	18.2p
Diluted earnings per share	20.2p	18.1p
Continuing and discontinued operations:		
Basic earnings per share	17.1p	8.9p
Diluted earnings per share	17.0p	8.8p

7. Dividends paid and proposed

	52 weeks ended 26 December 2021 £m	52 weeks ended 27 December 2020 £m
Declared and paid during the period:		
Equity dividends on Ordinary shares:		
Final dividend for 2020: 9.10p (2019: nil)	42.3	-
Interim dividend for 2021: 3.0p (2020: 5.56p)	13.7	25.6
Dividends paid	56.0	25.6
Proposed for approval by shareholders at the AGM (not recognised as a liability at 26 December 2021 or 27 December 2020)		
Final dividend for 2021: 6.8p (2020: 9.10p)	30.4	42.6

The proposed final dividend for 2019 was suspended and not tabled at the AGM. The 2019 final dividend was deferred until September 2020. The interim dividend payment made in September 2020 of 5.56p is consistent with the original value announced, but not paid, for the final dividend for 2019. The proposed final dividend for the period is 6.8p per share, if approved, the total dividend for the full financial year will be 9.8p per share.

8. Intangible assets

	Goodwill £m	Franchise fees £m	Software £m	Other £m	Total £m
Cost or valuation					
At 29 December 2019	31.9	8.3	45.0	0.8	86.0
Additions	-	-	6.5	-	6.5
At 27 December 2020	31.9	8.3	51.5	0.8	92.5
Additions	-	-	7.7	-	7.7
At 26 December 2021	31.9	8.3	59.2	0.8	100.2
Accumulated amortisation and impairment					
At 29 December 2019	18.6	3.2	29.4	0.3	51.5
Provided during the year	-	1.1	4.5	-	5.6
Impairment	-	-	4.9	-	4.9
At 27 December 2020	18.6	4.3	38.8	0.3	62.0
Provided during the year	-	1.1	4.7	0.1	5.9
Impairment	-	-	0.2	-	0.2
At 26 December 2021	18.6	5.4	43.7	0.4	68.1
Net book value at 26 December 2021	13.3	2.9	15.5	0.4	32.1
Net book value at 27 December 2020	13.3	4.0	12.7	0.5	30.5

During prior periods, the Group made a number of acquisitions, recognising intangible assets at fair value and goodwill at cost. This included the MFAs for Iceland, Norway, and Sweden and the SFA for the London corporate stores. During the current and prior period the MFAs for Iceland, Sweden and Norway were disposed of.

At 26 December 2021 the net book value of internally generated intangibles included within software was £7.2m (2020: £5.3m). Internally generated intangibles included within software additions during the year was £4.5m (2020: £5.0m).

The carrying amount of goodwill and indefinite life intangibles has been allocated as follows:

	At 26 December 2021 £m	At 27 December 2020 £m
Goodwill		
UK corporate stores	13.3	13.3
	13.3	13.3
Indefinite life intangibles		
Iceland*	-	8.2
	-	8.2
	13.3	21.5

*Included within assets held for sale

Impairment Review

The Group is obliged to test goodwill and indefinite life intangibles annually for impairment, or more frequently if there are indications that goodwill and indefinite life intangibles might be impaired.

In performing these impairment tests, management is required to compare the carrying value of the assets of a Cash Generating Unit ('CGU'), including goodwill and indefinite life intangibles, with their estimated recoverable amount. The recoverable amounts of an asset being the higher of its fair value less costs to sell and value in use. Management consider the different nature of the Group's operations to determine the

appropriate methods for assessing the recoverable amounts of the assets of a CGU. When testing goodwill for impairment, the goodwill is allocated to the CGU or group of CGUs that were expected to benefit from the synergies of the business combination from which it first arose.

UK Corporate stores

An impairment review has been performed over the goodwill and intangible assets attributable to the Group's UK corporate store business, within the UK & Ireland operating segment. The impairment review has been based on the value in use of the overall UK corporate store group of cash generating units, which comprises the businesses acquired with Sell More Pizza in 2017 and Have More Fun in 2018. In assessing value in use, the impairment review draws on the Group's five-year plan. The corporate store business performed broadly in line with the budgeted EBITDA performance in 2021. This is forecast to decrease in 2022 due to the impact of price related changes as a result of VAT rate changes, which has been included in the impairment review. Other key assumptions in the cash flow projections are those regarding revenue growth and EBITDA margins, which include food cost inflation, labour inflation and expected productivity gains. In accordance with IAS 36, future new store openings are only included in the projections for impairment purposes if they are committed to at the point of carrying out the review. Capital expenditure is forecast in the projections for store refits and other capital expenditure outside of store openings. This considers the impact of any necessary changes to make the business model more sustainable including, eBikes and energy efficiency measures.

Long-term growth rates are set no higher than the long-term economic growth projections of the UK, which is where the business operates. Management applies pre-tax discount rates in the value in use estimation that reflect current market assessments of the time value of money and the risks specific to the CGUs and businesses under review. The discount rates and long-term growth rates applied in the annual impairment reviews conducted in the current and prior year, are as follows:

	Long-term growth rate		Discount rate	
	At 26 December 2021	At 27 December 2020	At 26 December 2021	At 27 December 2020
UK Corporate Stores	2.0%	2.0%	9.3%	8.9%

For the year ended 26 December 2021 no impairment has been recognised against the goodwill allocated to the corporate stores (2020: £nil).

The forecast for the London corporate stores assumes no store openings over the forecast period and includes an initial revenue decrease in 2022 due to pricing of 4%, followed by revenue growth assumptions between 2% and 3% over the remaining term of the five-year period. All revenue growth is on a like for like basis. Growth in future years is based on the long-term growth rate of 2.0%. The key sensitivities within the forecast is a decrease in revenue in 2022 due to VAT rate changes; as well as the ability to drive down costs through operational efficiencies and tighter control over operating costs. The valuation based on the current five-year plan results in a recoverable amount of £28.8m, with the asset base being £18.7m, headroom of £10.1m is available. Sensitivity analysis has been performed to highlight the impact of assumptions and key sensitivities in isolation and in combination:

- A 100bps decrease in revenue growth would reduce the headroom to £7.9m.
- A 100bps increase in food cost percentage would reduce the headroom to £5.2m.
- A 100bps increase in the forecast food cost and a 100bps increase in the forecast labour cost would reduce the headroom to £7.0m;
- A 100bps increase in the discount rate reduces headroom to £6.6m.

Given the maturity of the business and the improvements in cost control and operational efficiencies we have seen since acquisition we believe the further cost control and efficiencies are achievable. Based on the forecast revenue, EBITDA margins would have to decrease from 6.73%, by more than 205bps, to 4.68% throughout the forecast to trigger an impairment.

Master franchise fees

Master franchise fees consist of costs relating to the MFA for UK, Ireland, Switzerland, Iceland, Norway and Sweden. Each MFA is treated as having an indefinite life. They are tested annually for impairment in accordance with IAS 36. The MFAs relating to Switzerland, Iceland, Sweden and Norway have been disposed of in the current and prior period. The assumptions underlying the tests on the UK & Ireland MFAs are not disclosed as the carrying value is not material.

Standard franchise agreements

The SFAs were recognised at fair value on acquisition of the UK corporate store portfolio in 2017 and 2018 and, as reacquired assets, are being amortised over their remaining contractual life. The net book value of SFAs at 26 December 2021 is £2.9m (2020: £4.0m). The SFAs attributable to the UK corporate stores business are tested for impairment in tandem with the goodwill and other intangible assets attributable to that business, as described above.

The amortisation of intangible assets is included within administration expenses in the income statement.

9. Investments in associates and joint ventures

	Joint ventures £m	Associates £m
Balance at 29 December 2019	3.9	28.5
Underlying profit for the period	0.7	8.8
Non-underlying expense for the period	-	(0.5)
Dividends received	(0.5)	(2.0)
Repayments of capital	-	(0.8)
Foreign exchange movements	-	1.3
Balance at 27 December 2020	4.1	35.3
Underlying profit for the period	1.1	9.9
Dividends received	(0.5)	(2.2)
Acquisitions	-	6.6
Foreign exchange movements	-	(1.6)
Balance at 26 December 2021	4.7	48.0

Investments in associates

The Group has a 49% interest in Full House Restaurant Holdings Limited ('Full House'), a private company that manages pizza delivery stores in the UK.

The Group has a 33.3% investment in Daytona JV Limited ('Daytona'), a UK incorporated company which owns the MFA for Domino's Germany. The Group's interest is subject to a put and call option. The put option is exercisable from 1 January 2021, and the call option is exercisable from 1 January 2023. No value is recognised on the balance sheet of the Group or Company in relation to the options, as the exercise price, based on a price/earnings multiple, is considered to be at fair value. We currently expect, based on the forecast earnings of the investment, the value generated to be between £70m to £100m dependent on the timing of exercise. This would lead to a profit on disposal of the joint venture of between £40-£70m based on current book values.

Acquisition of 46% interest in Northern Ireland associate

On 20 December 2021, the Group completed the acquisition of a 46% interest in Victa DP Ltd (Victa) for cash consideration of £6.6m. The investment in associate was entered into with an existing franchisee of 5 stores in Northern Ireland and, through the acquisition funds and additional debt funding raised by Victa DP Ltd, an additional 17 stores were purchased. The associate holds 22 active stores in the Northern Ireland market.

The investment has been treated as an associate as the Group holds significant influence through the voting rights gained through the equity investment, and representation on the Board. The investment is treated as an associate under IAS 28, however is referred to as the 'Northern Ireland Joint Venture' or 'NI JV' through the report as is considered commercially to be a joint venture.

Due to the materiality and timing of the acquisition no share of profit has been recorded by the Group for the period ended 26 December 2021. The carrying value of the investment at 26 December 2021 is £6.6m.

Investments in joint ventures

During the year the Group held a 50% UK joint venture in Domino's Pizza West Country Limited ('West Country'). West Country is accounted for as a joint venture using the equity method in the consolidated financial statements as the Group has joint control through voting rights and share ownership as well as being party to a joint venture agreement, which ensures that strategic, financial and operational decisions relating to the joint venture activities require the unanimous consent of the two joint venture partners.

10. Financial liabilities

	At 26 December 2021 £m	At 27 December 2020 £m
Non-current		
Bank revolving facility	242.5	243.6
	242.5	243.6

The table above relates to continuing operations. There are no financial liabilities related to discontinued operations in the current year. Within discontinued operations in 2019, there was a current overdraft of £0.2m.

Banking facilities

At 26 December 2021 the Group had a total of £350.0m (2020: £350.0m) of banking facilities, of which £106.7m (2020: £104.8m) was undrawn.

Bank revolving facility

The Group has a £350.0m multicurrency syndicated revolving credit facility with an original term of five years to 13 December 2022 with the option of submitting two extension notices to extend the facility twice, each by a period of 12 months. The first extension was arranged in November 2018 and extended the facility to 12 December 2023 with fees of £0.5m paid for this extension. There was an option for a second extension to extend for a further year by August 2021 but this was not utilised. Arrangement fees of £0.8m (2020: £1.6m) directly incurred in relation to the facility are included in the carrying values of the facility and are being amortised over the extended term of the facility.

The revolving facility agreement was amended and restated in December 2021, to amend the GBP interest base rate from LIBOR to SONIA. Interest charged on the revolving credit facility ranges from 0.75% per annum above SONIA (or equivalent), when the Group's leverage is less than 1:1, up to 1.85% per annum above SONIA (or equivalent), for leverage above 2.5:1. A further utilisation fee of 0.15% is charged if over one-third utilised, which rises to 0.30% if over two-thirds is drawn. In addition, a commitment fee is calculated on undrawn amounts based on 35% of the current applicable margin.

The facility is secured by an unlimited cross guarantee between Domino's Pizza Group plc, DPG Holdings Limited, Domino's Pizza UK & Ireland Limited, DP Realty Limited, DP Pizza Limited, Sell More Pizza Limited, Sheermans SS Limited and Sheermans Limited.

An ancillary overdraft and pooling arrangement are in place with Barclays Bank Plc for £10.0m covering the Company, Domino's Pizza UK & Ireland Limited, DPG Holdings Limited, and DP Pizza Limited. An ancillary overdraft is in place with Barclays Bank Plc for €5.0m (£4.2m) for Domino's Pizza UK & Ireland Limited. Interest is charged for both overdrafts at the same margin as applicable to the revolving credit facility above SONIA (or equivalent).

11. Business combinations

PPS Foods AB (Sweden)

On 2 May 2021, the Group disposed of its 100% interest in PPS Foods AB, the business in Sweden, with net consideration paid to the buyers of £2.8m. The loss on disposal of the Group's interest in Sweden is analysed as follows:

	£m
Cash paid on disposal	(2.7)
Cash disposed	(0.1)
Net cash paid on disposal	(2.8)
Net liabilities disposed excluding cash (see below)	3.3
Currency translation losses transferred from translation reserve	(0.5)
Loss on disposal before professional fees	-
Non-underlying professional fees related to the disposal	(0.4)
Total loss on disposal	(0.4)
Inventories, trade and other receivables/(payables)	(0.9)
Lease liabilities	(2.4)
Net liabilities disposed excluding cash	(3.3)

Pizza Pizza EHF (Iceland)

On 31 May 2021, the Group disposed of its 100% interest in Pizza Pizza EHF, the business in Iceland, with net consideration received of £13.5m. The final working capital adjustment has been finalised post period end, and an additional £0.6m is payable to the purchaser.

The loss on disposal of the Group's interest in Iceland is analysed as follows:

	£m
Cash received on disposal	14.1
Cash disposed	(0.6)
Net cash received on disposal	13.5
Consideration payable post disposal	(0.6)
Net assets disposed excluding cash (see below)	(13.6)
Currency translation losses transferred from translation reserve	(6.1)
Loss on disposal before professional fees	(6.8)
Non-underlying professional fees related to the disposal	(0.5)
Total loss on disposal	(7.3)
Property, plant and equipment	16.8
Inventories, trade and other receivables/(payables)	(0.6)
Right-of-use assets	3.3
Lease liabilities	(3.4)
Deferred tax liabilities	(2.5)
Net assets disposed excluding cash	13.6

Domino's Pizza GmbH (Switzerland)

On 31 August 2021, the Group disposed of its 100% interest in Domino's Pizza GmbH, the business in Switzerland, with net consideration paid of £0.5m. The final working capital adjustment has been finalised post period end, and an additional £0.5m is payable to the purchaser, and £0.3m has been provided in respect of indemnities under the agreement. The loss on disposal of the Group's interest in Switzerland is analysed as follows:

	£m
Cash received on disposal	0.5
Cash disposed	(1.0)
Net cash paid on disposal	(0.5)
Consideration payable post disposal	(0.8)
Net liabilities disposed excluding cash (see below)	1.0
Currency translation losses transferred from translation reserve	(1.3)
Loss on disposal before professional fees	(1.6)
Non-underlying professional fees related to the disposal	(0.5)
Total loss on disposal	(2.1)
Property, plant and equipment	0.4
Inventories, trade and other receivables/(payables)	(1.4)
Right-of-use-assets	4.5
Lease liabilities	(4.5)
Net liabilities disposed excluding cash	(1.0)

DP Norway AS

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
Loss on disposal before professional fees	(9.2)
Non-underlying professional fees related to the disposal	(1.6)
Total loss 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 by £3.1m with a corresponding impact on retained earnings. The non-controlling interest of £10.5m was recycled through the income statement by a £10.5m debit.

12. Additional cash flow information

Other cash flows from investing activities

	52 weeks ended 26 December 2021 £m	52 weeks ended 27 December 2020 £m
Dividends received from investments	1.6	-
Dividends received from associates and joint ventures	2.2	2.5
Decrease in loans to associates and joint ventures	4.9	3.7
Other	8.7	6.2

Share transactions in cash flows from financing activities

	52 weeks ended 26 December 2021 £m	52 weeks ended 27 December 2020 £m
Purchase of own shares - share buyback	(80.5)	-
Purchase of own shares - employee benefit trust	(2.9)	-
Consideration received on exercise of share options – employee benefit trust	0.4	0.5
Share transactions	(83.0)	0.5

Reconciliation of free cash flow

	52 weeks ended 26 December 2021 £m	52 weeks ended 27 December 2020 £m
Cash generated from operating activities	113.9	112.2
Net interest paid	(4.0)	(4.3)
Receipts on lease receivables	25.7	25.6
Repayment of lease liabilities	(34.1)	(36.6)
Dividends	3.8	2.5
Other	(0.7)	(0.4)
	104.6	99.0