DP POLAND PLC 2018

ANNUAL REPORT AND ACCOUNTS

TV CAMPAIGN


Domino's Pizza®
DOSKONALI W SMAKU, SZYBCY W DOSTAWIE
Nowość
TEX-MEX
pikantna i rozgrzewająca
-50% NA PIZZE
2-14 STYCZNIA
2 PIZZE W CENIE 1
15-28 STYCZNIA
-50% NA PIZZE
29.01 - 11.02
DUŻA PIZZA W CENIE MAŁEJ
12 - 25 LUTEGO
Akceptujemy karty płatnicze:
- w lokalu
- w dostawie
- online
Domino's Pizza
Krzemieniecka 15
Opole
Zamów online
i śledź swoje zamówienie
dominospizza.pl
Zadzwoń i zamów
77 543 21 01

DP Poland PLC

Annual Report and Accounts 2018

Company Information

Directors	Nicholas John Donaldson - *Non-Executive Chairman* Peter John Edward Shaw - *Chief Executive* Maciej Adam Jania - *Finance Director* Robert Nicholas Lutwyche Morrish - *Non-Executive* Christopher Humphrey Robertson Moore - *Non-Executive* Gerald William Ford - *Non Executive*
Secretary	Patrick Michael Bodenham FCCA
Registered Office	Elder House, St Georges Business Park, 207 Brooklands Road, Weybridge, Surrey KT13 0TS
Registered Number	7278725
Website	www.dppoland.com
Group Head Office – Poland	ul Słomińskiego 19, lok. 508 00-195 Warszawa
Nominated Adviser and Broker	Peel Hunt LLP Moor House 120 London Wall London EC2Y 5ET
Solicitors	Ashfords LLP 1 New Fetter Lane London EC4A 1AN
Auditors	Crowe U.K. LLP Aquis House 49-51 Blagrave Street Reading Berkshire RG1 1PL
Registrars	SLC Registrars Elder House, St Georges Business Park, 207 Brooklands Road, Weybridge, Surrey KT13 0TS
Principal Bankers	Raiffeisen Bank Polska S.A. ul Piekna 20 00-549 Warsaw

Company Profile

DP Poland plc owns the entire issued share capital of DP Polska SA ("DPPSA"), a Polish company. DPPSA has the exclusive master franchise in Poland for Domino's Pizza, the world's leading pizza delivery brand. DPPSA has the exclusive right to develop and operate and sub-franchise to others the right to develop and operate Domino's Pizza stores in Poland.

DPPSA's first Domino's Pizza store was opened in Warsaw in February 2011. There are currently 66 Domino's Pizza stores in 30 Polish towns and cities, 42 corporately run of which 2 are managed under management contract and 24 sub-franchised.

Poland has a population of 38.5 million people and has the potential to become a significant pizza delivery market. DP Poland's objective is to establish Domino's Pizza as the leading pizza delivery brand in Poland.

Risk Management

In addition to the review of the business given in the Chairman's Statement and the Chief Executive's Review, the Directors are required the Companies Act 2006 to describe the principal risks and uncertainties facing the Company and the Group. The following is a summary of the principal risks and uncertainties, their potential impact, and the steps which have been taken by the Directors to mitigate them.

Master Franchise Agreement
The success of the Group and the Company is dependent on the continuation of the Master Franchise Agreement ("MFA") with Domino's Pizza. If the MFA were to be terminated it would prevent the Group from continuing to operate using the Domino's Pizza brand. To mitigate this risk the MFA has been secured for an initial 15 year period from June 2010, which may be renewed for an additional ten year term provided certain conditions are satisfied. The Group works closely with its franchisor partner to ensure that all conditions of the MFA, and amendments thereof, are adhered to.

Trading environment
It is impossible to predict fully the ongoing demand for the Group's products in its chosen markets and the profits and cash flows which will result from sales of those products. If sales revenues are significantly lower than anticipated, or costs are significantly higher than anticipated, this will negatively affect the Group's profitability and cash flows. To mitigate this risk the Company has chosen a proven, market-leading franchise system, which has already been successful in many markets.

Maintaining and expanding a suitable store portfolio
In order for the Group to implement its strategy (and to ensure compliance with the Domino's Pizza master franchise agreement) it will need to maintain and increase the number of its stores throughout Poland. There can be no guarantee that it will be able to identify sufficient suitable locations for new stores. To mitigate this risk, management use a site acquisition strategy utilising a number of separate sources and identifying potential sites well in advance of scheduled openings.

Competition and changes in consumer tastes
Food service businesses are affected by changes in consumer tastes, local and national competition and factors such as demographic trends. Any material change in the market perception of the pizza home delivery and convenience food industry in general, or the Domino's brand in particular, could adversely affect the Group. To mitigate this risk the Group aims to reflect consumer tastes in its product offering and to offer value, quality and service to its customers.

Regulatory and compliance risks
The Group's operations are subject to a broad range of regulatory requirements, particularly in relation to planning, health and safety, employment, advertising and licensing. Failure to comply with these requirements could result in imposition of fines, damage to the brand and other negative consequences. To mitigate this risk, the Group has implemented a strong training and compliance regime and closely monitors changes in relevant legislation and regulations.

Economic risks
A deterioration in the general economic climate in Poland could lead to customers having less disposable income available which might in turn adversely affect the Group's revenues. The Group deliberately operates exclusively in Poland, whose economy has to date been resilient following the global economic slowdown and is now showing strong GDP growth coupled with low inflation.

Sub-Franchisees
Good relationships with our sub-franchisees are essential to the success of our sub-franchising business. Should these relationships deteriorate, there is a risk that we might lose franchisees or that loans made to them might become wholly or partly unrecoverable. To mitigate this risk it is our policy to work closely with sub-franchisees and to provide great service and support to them. Loans provided to sub-franchisees have where possible, appropriate guarantees to minimize any risk of financial loss.

IT systems and infrastructure
Significant failure in, or successful attacks on, the IT processes of our retail operations could impact online sales and each store's ability to trade. In the event of this happening, website sales could stop, which could have a serious detrimental effect on the financial performance of the Group. To mitigate this risk, it is our policy to regularly monitor, control and maintain the integrity and efficiency of IT infrastructure. Processes are in place to deal with any significant IT security incidents. Contingency plans are in place should any serious IT failures arise.

Chairman's Statement

The Company delivered a solid performance in 2018 with System Sales[1] growth of 24% and revenue growth of 18%.

The year was notable for the marked divergence in DP Poland's performance between the first and second halves. The first half delivered robust sales, boosted by our trial of television advertising in January and February. From April, Poland started to experience unseasonably warm and dry weather, not conducive to food delivery sales; this was in part compensated for by the positive impact of the football World Cup from mid-June, with large television audiences of football fans ordering delivery food.

In the second half we saw sales continue to be impacted by exceptionally warm and dry weather, through to mid-November. Further, we experienced the cumulative impact of the two main delivery aggregators' increased advertising spend on the Company's share of advertising voice. In addition our decision to take a more balanced approach to generating sales in 2018, with more of a focus on protecting margin and store EBITDA, no doubt also impacted like-for-like System Sales performance 2018 on 2017.

Despite the pressures on sales performance that we experienced in 2018, the Company's stores continued to perform to a high standard. Domino's Poland's stores rank amongst the best Domino's stores in the world with regards to service times[2]. We were also delighted to receive from our franchisor, Domino's Pizza International, a second consecutive Gold Franny award for sales growth and quality standards[3].

In February 2019 the Board took the decision to raise £5.8 million before expenses by means of a placing, to maintain the roll-out of corporate stores in 2019 and 2020 and to support the Company's sales and marketing plans. The placing was approved at a General Meeting on 28 February.

At the time of the placing we announced that Peter Shaw will be stepping down as Chief Executive, by mutual agreement, at the conclusion of the Company's 2019 Half Year, in June 2019. Peter was co-founder of DP Poland and has led the business since October 2010 – shortly after the master franchise agreement for Domino's Pizza in Poland was acquired. Peter has led DP Poland to become one of the largest pizza delivery operations in Poland, with an estate of 66 stores. The board of DP Poland thank Peter for the great contribution he has made to the development of the business.

DP Poland is fundamentally a Polish company and, having established a strong platform in the Polish market, our principal focus for the future will include optimising resources and cost control and on increasing local market expertise, building on the strong operational team we have put in place. Pending a further appointment reflecting the Group's priorities in this area, myself and Rob Morrish, non-executive director, will take a more active role in the running of the business.

With the eighth largest economy in Europe and current GDP growth of around 5% per year[4], Poland continues to provide favourable conditions for the continued expansion of the Domino's brand.

Nicholas Donaldson
Non-Executive Chairman
25 March 2019

Chief Executive's Review

Group performance
Revenue increased by 18% to 60m PLN (50m PLN 2017).

Group EBITDA[5] losses increased by 8% (£1.92m) in 2018 versus (£1.78m) in 2017, at average exchange rates for 2018[6] and 2017[7], impacted by lower than anticipated sales in the second half of the year.

At constant exchange rates Group EBITDA losses increased by 7% 2018 on 2017.

The Group loss for the period of (£3.79m) at actual exchange rates was an increase of 44% on 2017, including provisions for impairments against leasehold improvements relating to possible store closures, and possible sale of certain corporate stores to sub-franchisees, plus possible sub-franchisee bad debt.

Store performance
System Sales were up 24% 2018 on 2017 as a result of 6% like-for-like[8] (pre-split[9]) System Sales growth 2018 on 2017, growth from non-like-for-like stores and the opening of 9 new corporate stores during the year.

The 2018 like-for-like performance of 6% was on the back of 17% like-for-like growth in 2017, representing 24% compound like-for-like growth over 2 years 2017-18.

The first half sales performance was boosted by our trial of national television advertising, with two campaign bursts of 2 weeks each, at the beginning of January and at the end of January, running into February. While the consumer sales response to this television advertising was very strong the return on investment was insufficient to justify continued national television support until we have further expanded our store network.

The second half of the year proved more challenging as the Company experienced pressures on sales, driven predominantly by exceptionally warm and dry weather through to mid-November and the cumulative impact of delivery aggregators' increased advertising spend on the Company's share of advertising voice. The Company also took the decision to offer less discounting in August, September and October 2018 (compared to 2017), in support of margin and store EBITDA, which also no doubt impacted like-for-like System sales performance.

The average transaction value in 2018, in stores of at least 2.5 years old at 31 December 2018, was the highest to date, as a result of a menu price rise introduced in January and less discounting across the year as a whole, compared to 2017.

Corporate store EBITDA increased 85% 2018 on 2017.

Last year a number of our corporate stores were identified as 'underperformers' and specific plans were put in place to turn those performances around. We are seeing some positive responses to these actions. We are also discussing the possible sale of some of these stores, to sub-franchise, and we are considering the possibility of some closures for those stores where their location is a particular challenge.

Store roll-out
We finished the year with 63 stores, 24 sub-franchised and 39 corporately managed. During the year we opened 9 corporate stores.

Stores	1 Jan 2018	Opened	31 Dec 2018	26 Mar 2019
Corporate	30*	9	39*	42*
Sub-franchised	24	0	24	24
Total	54	9	63	66

** 2 corporate stores are run by sub-franchisees under management contract, with the option to acquire and sub-franchise in the future*

Our focus in 2019 is to drive higher store penetration, reduce store delivery areas, improve delivery times and improve the cost of labour. Store openings will be focused on larger cities and will include a high proportion of delivery area splits[9]. We have opened 3 further stores in 2019 to-date.

As stated above, under 'Store performance', we are considering some store closures and the possible sale of certain corporate stores to sub-franchisees.

Sub-franchising
The performance of sub-franchised stores in 2018 was mixed with some strong performers and some weaker. In 2019 we are focused on reinvigorating sub-franchisee performance, to drive sales and store openings. In November 2018 we recruited a new head of Sales and Operations with particular experience of working with franchisees.

We anticipate converting a number of our corporately managed stores to sub-franchises, re-balancing the corporate/sub-franchised store mix.

Commissary
Our 2 commissaries continue to perform well in the efficient production of fresh dough and the distribution of all ingredients and non-food items to stores. We saw a 21% increase in commissary gross profit[10] 2018 on 2017.

Marketing and product innovation
2018 marked a key milestone as we trialled television advertising for the first time, adapting a 15 second commercial created by our Dutch Domino's colleagues, including a 50% off promotion. We ran 2 bursts of national television advertising over a period of 2x 2 weeks, in the first half of January and in late January running into February. While the television campaign generated impressive like-for-like sales and our highest average order count to-date the return on investment did not justify continued investment in this medium, until we achieve higher store penetration.

Much of our 2018 activity was focused on social media channels, including our 'DominosBot' AI powered ordering channel on Facebook Messenger.

We introduced 3 new pizzas in 2018, including Tex Mex, Americano (pepperoni and mushroom) and Carbonara.

Fundraising February 2019
On 28 February 2019 a fundraising of £5.8m before expenses was confirmed, by means of a placing, including a fully subscribed broker option of £0.5m, resulting in around £5.5m net funds raised. The fundraising allows the Company to continue rolling out corporate store openings through 2019 and 2020 and to invest in sales and marketing activities.

Current trading and outlook
Comparatives for January and February 2019 were always going to be very tough, in the context of our trial of television advertising in January and February 2018. As such we knew that our like-for-like

sales performance in January and February would be negative. The challenge was to ensure that sales momentum was maintained as we pushed through that comparative period.

To that end in mid-January we launched an innovative campaign featuring Damian Kordas, the winner of Polish Master Chef 2018, creating unique Domino's video content, distributed through digital channels. Damian will be producing content for us throughout year, the first of which featured our customers' favourite pizza Domino's Pepperoni. This content, including video and imagery featuring Damian discussing and making Domino's Pepperoni, has met with a strong sales response. It is being distributed through a variety of channels, including YouTube, Facebook and Instagram.

We have taken the decision to start a trial with the main delivery aggregator in our market, Pyszne, part of Takeaway.com, on the basis that we will receive orders from their system and that we fully service those orders, including delivery. We have taken this step following consultation with our franchisor DPI and a number of our European colleagues who have been partnering with Takeaway.com in their markets. Based on the evidence of the first of our stores to be placed on the Pyszne system we are optimistic that this trial will add incremental sales. For the summer months we will be deploying new tactics in support of sales.

On a personal level I would like to thank our team in Poland for the progress that we have made in establishing Domino's Pizza as one of the leading pizza delivery operators, in a highly attractive and very competitive market. I have no hesitation in claiming that our team is best of class and I am fully confident in their abilities to fulfil our long-term vision for the business, as I move on to other challenges. I would also like to thank our Board for their unwavering support over the last eight and a half years that I have been Chief Executive of DP Poland PLC.

Peter Shaw
Chief Executive
25 March 2019

Finance Director's Review

Overview
The food delivery market in Poland is growing at an impressive rate, in part driven by a step change in investment from the delivery aggregators, alongside a general broadening in the range of food service offers. While the long-term impact is positive we experienced significant pressure on sales in the second half of 2018. These pressures resulted from a combination of factors including unusually hot and dry weather, the very high advertising spend of competing delivery aggregators impacting our share of advertising voice and our decision to reduce the overall amount of discounting compared to the previous year, in support of margin and store EBITDA.

In response to the delivery aggregators' marketing investment we have commenced a trial in partnership with the leading delivery aggregator in Poland, Pyszne (Takeaway.com), with our first stores going on stream in late January 2019. Leveraging the advertising expenditure of Pyszne we can benefit from their sales platform while retaining complete control of our offer, service and delivery.

While the buoyant Polish consumer economy is broadly beneficial, the related reduction in unemployment and the introduction of a minimum wage has seen labour rates double since we opened our first store in February 2011. As a result Poland can no longer be described as a low cost labour market. We have worked hard to manage these costs, including the introduction of menu price increases, a move that has been mirrored across the food service sector.

Regarding the cost of food we have seen an easing of inflation and as such we have been able to balance some of the pressure from increased labour costs. Growing sales volumes will continue to have a positive impact on our purchasing power.

Selling, General and Administrative expenses
In 2018 Selling, General and Administrative expenses (S,G&A) were 19% of System Sales, a 2 percentage points improvement against 2017 (2017 21%); both measured using the actual average exchange rates for 2018 and 2017.

Direct costs
The opening of our second commissary in August 2017 provided additional capacity, critical to the expansion of our store estate and reducing distribution costs in the supply of stores to the North, West and South of the country. This new facility has added to our direct costs, including rent, operating costs, production and warehousing labour, impacting Group EBITDA in 2018. These costs will become proportionately less significant as the store estate expands and sales grow.

Store count

Stores	1 Jan 2018	Opened	31 Dec 2018	26 Mar 2019
Corporate	30*	9	39*	42*
Sub-franchised	24	0	24	24
Total	54	9	63	66

** 2 corporate stores are run by sub-franchisees under management contract, with the option to acquire and sub-franchise in the future*

In 2019 a number of store openings will result from the splitting[9] of the delivery areas of some of our highest grossing stores. Store openings resulting from splits benefit from the transfer of part of the original store's customer database and improved labour and delivery efficiency thanks to a tighter delivery area. Customers who get their orders more quickly become more loyal and purchase more regularly.

3 new stores have been opened so far in 2019, totaling 66 stores opened to-date, with 1 additional town added, giving us presence in 30 towns/cities to-date.

Sales Key Performance Indicators
24% growth in System Sales (PLN) was supported by 6% like-for-like System Sales (pre-split), growth from non-like-for-like stores and the opening of 9 new stores in 2018. Ignoring splits we saw 4% like-for-like System Sales growth (6% pre-split) constituted of -2% like-for-like System order count decline (0% pre-split) and a 6% growth in average transaction value. In 2017 17% like-for-like System Sales growth reflected a mix of 16% order count growth and 1% growth in the average transaction value.

Delivery System Sales ordered online are growing, however newly opened stores need time to build online customers and that will dilute the System average

	2018	2017	Change %
System Sales PLN	71 873 155	58 082 060	24%
System Sales £*	14 921 039	12 057 975	24%
L-F-L system sales	4%	17%	
L-F-L system sales pre-split	6%	N/A**	
L-F-L system order count	-2%	16%	
L-F-L system order count pre-split	0%	N/A**	
Delivery System Sales ordered online	77%	75%	

*Constant exchange rate of £1: 4.8169 PLN
** Splitting was immaterial to like-for-like performance in 2017

Group performance
18% growth of Group Revenue at a constant exchange rate of PLN 4.8: £1 is derivative of 24% growth of System Sales.

Group revenue & EBITDA*	2018	2017	Change %
Revenue PLN	59 584 167	50 425 616	+18%
Revenue £	12 369 815	10 468 479	+18%
Group EBITDA[5] £	(1 920 448)	(1 795 467)	-7%

*Constant exchange rate of £1:4.8169 PLN

The Group Income statement at actual average exchange rates for 2018 and 2017 was impacted by sterling weakening against the zloty by 1% in 2018.

Group revenue & EBITDA*	2018	2017	Change %
Revenue PLN	59 584 167	50 425 616	+18%
Revenue £	12 369 815	10 377 777	+19%
Group EBITDA[5] £	(1 920 448)	(1 784 677)	-8%

*Actual average exchange rates for 2018 and 2017

Group loss for the period
Group EBITDA loss excluding non-cash items, non-recurring items and store pre-opening expenses at actual average exchange rates for 2018 and 2017 increased by £135,771 (£124,981 increase at constant exchange rate of £1: 4.8169 PLN) against the prior year.

The Group loss for the year at actual average exchange rates for 2018 and 2017 increased by £1,158,753 against 2017, mainly due to an increase of depreciation and amortization due to store openings and impairment provisions for possible store closures, possible sub-franchising of certain corporate stores and possible sub-franchisee bad debt.

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. For 2018 a provision of £631,118 of impairment losses of eight stores has been recognised in the income statement under the expense category: Depreciation, amortisation and impairment.

Trade and other receivables are recognised initially at fair value and subsequently measured as an amortised cost using the effective interest method, less provision for estimated irrecoverable amounts. In 2018 £104,947 of irrecoverable amounts was recognised as a provision in the income statement under the expense category: Other non-cash and non-recurring items

Group Loss for the period	**2018**	**2017**	**Change %**
Loss for the period	(3 793 272)	(2 634 519)	+44%

Actual average exchange rates for 2018 and 2017

Exchange rates

PLN : £1	**2018**	**2017**	**Change %**
Income Statement	4.8169	4.8590	-1%
Balance Sheet	4.7921	4.7048	+2%

Financial statements for our Polish subsidiary DP Polska S.A. are denominated in PLN and translated to £. Under IFRS accounting standards the Income Statement for the Group has been converted from PLN at the average annual exchange rate applicable to PLN against £. The balance sheet has been converted from PLN to GBP at the 31 December 2018 exchange rate applicable to PLN against £. In 2018 PLN is virtually unchanged against £ and has had little impact on the numbers presented at 2018 and 2017 rates.

Cash position
Cash reduced by 57% from 1 January 2018, with the net cash at 31st December 2018 being £1.9m. Cash of £2.5m was deployed to cover:
- Group losses
- store CAPEX (including CAPEX to be deployed in stores to be opened in 2019)

	1st January 2018	Cash movement	31st December 2018
Cash in bank	4 505 911	(2 547 995)	1 957 916

Actual exchange rates for 2018 and 2017

On 28 February 2019 the Group completed a placing of 96,666,666 new ordinary shares at the price of 6 pence per share, to raise a total of £5.8m before expenses, approximately £5.5m net.

Macro situation in Poland

In 2018 we saw strong GDP growth combined with inflation and the lowest recorded unemployment rate. The 3 Month Warsaw Interbank Offered Rate is virtually unchanged.

Macro KPI	2018	2017
Real GDP growth (% growth)[11]	5.1	4.8
Inflation (% growth)[11]	1.8	2.1
Unemployment Rate (% of economically active population)[11]	3.8	4.9
	31 Dec 2018	**31 Dec 2017**
Interest rate[12] (%)	1.7200	1.7200

Maciej Jania
Finance Director
26 March 2018

[1] *System Sales - total retail sales including sales from corporate and sub-franchised stores, unaudited.*
[2] *Source: DPI (Domino's Pizza International).*
[3] *An annual award made by DPI to a small proportion of franchisees.*
[4] *Source: Trading Economics 2018: World Bank 2017.*
[5] *Excluding non-cash items, non-recurring items and store pre-opening expenses*
[6] *Exchange rate average for 2018 £1:* 4.8169
[7] *Exchange rate average for 2017 £1:* 4.8950
[8] *Like-for-like growth in PLN, matching trading periods for the same stores between 1 January and 31 December 2017 and 1 January and 31 December 2018.*
[9] *When a store's delivery area is split, by opening a second store in its original delivery area, a significant portion of the original store's customer database is allocated to the new store, resulting in the original store losing sales. Calculating pre-split like-for-likes allows us to see sales growth by matched delivery areas, irrespective of the opening of new stores. Pre-split like-for-likes are a standard measure adopted by many major Domino's Pizza master franchisees. Up to 31 December 2017 we had only split two delivery areas, out of 54 stores, hence not analysing pre-split like-for-likes before 2018. See note under Finance Director's Review.*
[10] *Sales minus variable costs*
[11] *Stores less than 12 months old, with no matching trading periods in the previous year*
[12] *Source: http://www.euromonitor/poland/country-factfile#*
[13] *3M WIBOR at 30 December; source www.money.pl*

Strategic Report approval

The Strategic Report on pages 2 to 13, incorporates the sections: Company Information, Company Profile, Risk Management, Chairman's Statement , Chief Executive's Review and the Finance Director's Review.

By order of the Board

Patrick Bodenham
Company Secretary
25 March 2019

The Board

The Board of DP Poland plc comprises 2 Executive and 4 Non-Executive Directors.

Nicholas Donaldson (aged 65), ***Non-Executive Chairman***
Nick, who is a barrister by profession, has worked in investment banking for over 30 years. He is a partner of London Bridge Capital, a corporate finance advisory firm. Until 2003 Nick was head of corporate finance at Arbuthnot Securities. Prior to this he was head of investment banking in Europe for Robert W Baird and previously head of corporate finance and M&A at Credit Lyonnais. Nick was until 2007 a member of the FSA's Listing Authority Advisory Committee, which he joined on its inception. Nick has spent the majority of his career providing strategic advice to companies on mergers & acquisitions, IPOs and secondary fund raisings. Nick is Non-Executive Chairman of fully listed Games Workshop Group PLC. He is also a director of The Fulham Shore plc, the AIM listed restaurant group.

Peter Shaw (aged 58), ***Chief Executive***
Peter is a founder of DP Poland and started working in Poland in 2006 when he was appointed International Marketing Director for AIM listed coffeeheaven international plc, Poland's leading coffee bar chain. coffeeheaven was acquired by Costa Coffee in February 2010. With over 30 years' experience of working with consumer brands, Peter started his career in 1984 as a graduate trainee with Unilever's consumer research arm Research International. In 1987 Peter joined Saatchi and Saatchi Advertising and in 1992 joined leading innovation consultancy CLK where he helped major consumer brand owners develop their consumer offers. Peter is Executive Chairman of DP Poland's operating company DP Polska S.A. Having served as Chief Executive since October 2010, Peter will be stepping down from the Board at the end of the Company's half-year in June 2019

Maciej Jania (aged 46), ***Finance Director***
Maciej is a highly experienced commercial manager with significant expertise in running both start-up and established multi-site businesses. Maciej was co-founder and the Finance Director of coffeeheaven international plc, Poland's largest coffee bar chain. In 2007 he moved to Samsung Electronics (Poland) where he held a senior financial position. In November 2010 Maciej was appointed Managing Director of DP Polska SA, DP Poland's operating business. Maciej was appointed to the board of DP Poland plc in September 2012 in the role of plc Finance Director which he fulfils alongside his role as Managing Director of DP Polska S.A.

Robert Morrish FCA (aged 69), ***Non-Executive Director***
Rob is a Chartered Accountant and has considerable experience at board level in small and medium sized businesses. He was previously a Non-Executive Director of coffeeheaven international plc and Group Finance Director of Supreme Petfoods Limited and until December 2010 was Chief Financial Officer of Lookfantastic.com, an online beauty product retailer and hair salon business. Rob has introduced and developed financial, costing and reporting systems for a diverse range of businesses and has considerable practical experience in treasury, taxation and company secretarial matters. He is currently also the Finance Director of RAK Ceramics UK Ltd.

Chris Moore (aged 59), ***Non-Executive Director***
Chris was Chief Executive Officer at Domino's Pizza UK & IRL, from December 2007 to December 2011, having joined that company in 1990 as European Marketing Manager. Chris is a recipient of the Domino's Pizza Chairman's Circle Award presented in July 2010 making him one of the few individuals in the 50 year history of the company to receive this award. He has more than 22 years of experience working with Domino's Pizza UK and Ireland and was responsible for growing the number of stores from 37 to 720. Chris advises and invests in a number of other businesses in the catering and online industries.

Gerry Ford (aged 60), ***Non-Executive Director***
Gerry Ford is Chairman and Chief Executive of Caffe Nero Group Limited, Europe's largest independent coffee house group. Gerry founded Caffe Nero in 1997, listed the company on the London Stock Exchange (LSE) in 2001-2007 before taking it private again. In 2005 he was named the

UK's Entrepreneur of the Year by the Financial Times and LSE. Today, Caffe Nero has more than 5,000 employees in 700 stores across 7 countries. Gerry is Chairman of the Polish subsidiary which operates approximately 30 stores. Gerry has more than 20 years' experience of sitting on boards and nurturing small-medium sized businesses.

DP Polska S.A. Management Board

Peter Shaw, *Chairman*

Maciej Jania, *Managing Director*

Directors' Report

The Directors are pleased to present their report and the audited financial statements for the year ended 31 December 2018.

Results and Dividends

The loss for the period, after taxation, amounted to £3,793,272 (2017: £2,634,519). The Directors do not recommend payment of a dividend to ordinary shareholders.

Fixed Assets

Details of the Group's intangible assets and property, plant and equipment are shown in notes 12 and 13 to the financial statements on pages 49 and 50.

Corporate Governance

The Company has adopted the Quoted Companies Alliance Corporate Governance Code. Details of the principles of the Code and how they are applied by the company are set out in the Corporate Governance Statement on page 20

Board Meetings

The Company holds regular Board meetings throughout the year.

Remuneration Committee

The Remuneration Committee comprises three Non-Executive Directors: Robert Morrish, Nicholas Donaldson and Gerald Ford. The overall policy of the committee is to consider and propose remuneration and benefit packages to the Chief Executive and other senior managers in the Group which are appropriate to retain and motivate them to meet the objectives set by the Board. Full details of the Company's remuneration policy and the remuneration paid to all Directors is set out in the Remuneration Report on pages 23 and 24.

Audit Committee

An audit committee has been established which consists of two Non-Executive Directors, Nicholas Donaldson and Robert Morrish. The committee is responsible for ensuring that the financial performance of the Group is properly reported upon and monitored, for meeting the auditors and reviewing the reports from the auditors relating to accounts and internal control systems.

Health and Safety

High standards of health and safety management are promoted at all levels within the Group. As required under the Polish Labour Code, DP Polska S.A. ("DPSA") has appointed an external health and safety consultancy to advise DPSA on all aspects of employee health and safety. Regular audits for compliance are carried out by this organisation at DPSA stores and offices and DPSA periodically receives written confirmation that there are no outstanding matters within its operations that pose a danger to the health or safety of its employees.

In addition, the Group's approach to the health, safety and welfare of its employees in all markets is supported by training programmes and written rules relating to health and safety, all of which promote a high level of awareness and commitment within the Group.

Going Concern

In forming their views, the Directors have prepared cash flow forecasts for a 12 month period following the date of signing the balance sheet. As part of the preparation of these forecasts, the Directors have estimated the likely outcome for the number of new stores opened. Before entering into a contract to acquire a new site, the Directors ensure that the Group has sufficient working capital available to allow the completion of the outlet. Based on these forecasts, the Directors have confirmed that there are sufficient cash reserves to fund the on-going store build programme and to operate business for the period under review.

After reviewing these forecasts, consideration of the Group's cash resources and other appropriate enquiries, the Directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Directors and Directors' Interests

The Directors who held office during the period were as follows:

Nicholas John Donaldson
Peter John Edward Shaw
Maciej Adam Jania
Robert Nicholas Lutwyche Morrish
Christopher Humphrey Robertson Moore
Gerald William Ford

In accordance with the Company's Articles of Association Maciej Jania and Gerald Ford offer themselves for re-election at the Annual General Meeting.

The following Directors at 31 December 2018 had interests in the ordinary shares of 0.5p each as follows:

	Number of Ordinary	*Percentage of Ordinary Shares*
Peter Shaw [1, 2, 4, 5]	1,340,879	0.88%
Gerald Ford [2]	1,117,038	0.73%
Christopher Moore [2]	4,190,833	2.75%
Robert Morrish [2 6]	272,666	0.18%
Nicholas Donaldson [2, 3 6]	329,333	0.22%
Maciej Jania [2, 4, 5]	2,369,118	1.55%

1. Peter Shaw also controls the voting rights of 283,936 ordinary shares pursuant to the terms of the Company's Joint Ownership Share Scheme.
2. The Directors are interested in an additional 2,117,815 ordinary shares in total, pursuant to the terms of the Company's Share Incentive Plan as follows: Peter Shaw - 51,948 shares; Nicholas Donaldson – 336,110 shares; Robert Morrish – 336,110 shares; Maciej Jania – 318,062 shares; Gerald Ford – 358,528; Christopher Moore – 717,057 shares.
3. Held through Nicholas Donaldson's personal pension.
4. Under the Company's Long Term Incentive Share Option Plan 2014 awards, Peter Shaw holds vested options over 3,250,125 of the company's ordinary shares exercisable at 0.5 pence per share.
5. Under the Company's Long Term Incentive Share Option Plan 2016 awards, Peter Shaw and Maciej Jania have been awarded options over a maximum of 961,538 and 565,808 respectively of the Company's ordinary shares. These options are subject to Company performance conditions over the period to December 2018.
6. Nicholas Donaldson and Robert Morrish have also each been awarded options over 44,118 of the Company's ordinary shares

Interests in the Joint Ownership Share Scheme take the form of a restricted interest in the Company's ordinary shares which permits the participant, subject to certain performance criteria, to benefit from a proportion of the increase (if any) in the value of a number of ordinary shares over which the interest is acquired. The DP Poland plc Share Incentive Plan provides for awards of restricted shares to employees (and under an addendum by way of sub-plan, non-executive directors of Group companies). The ordinary shares in the Company are held in an Employee Benefit Trust during a vesting period of two years but the participant enjoys certain beneficial ownership rights during that time, and becomes entitled to full rights of ownership once the ordinary shares have vested.

Awards under the Long Term Incentive Share Option Plan take the form of options over the ordinary shares of the company, exercisable at 0.5 pence each. These awards are based on a percentage of the participant's base annual salary. The 2016 awards are subject to performance conditions as follows: (a) positive Group EBITDA in the year to 31st December 2018 - 70% of the total award; (b) the number of corporate and sub-franchised stores opened by 31st December 2018 30% of the total award;

Substantial Interests

At 25 March 2019, the Company had been notified under the Disclosure and Transparency Rules of the following major shareholdings and the percentages of voting rights represented by such holdings, excluding the shareholdings and associated voting rights of the Directors noted above.

	Number of Ordinary Shares	*Percentage of Ordinary Shares*
Pageant Holdings Ltd	43,528,309	17.45%
Canaccord Genuity Group Inc	31,552,898	12.65%
Christopher Moore	12,524,166	5.02%

Financial Instruments

The Group's principal financial instruments comprise cash at bank or in hand and various items such as trade receivables and payables, which arise directly from its operations. It is Group policy that no trading in financial instruments shall be undertaken.

The Group's overseas operations expose it to a variety of financial risks and the Directors have identified that the main risks to the Group in this area are from interest rate and foreign currency movements.

The Group is exposed to cash flow interest risk on its floating rate deposits. The Group is able to manage this by free movement of funds between currencies to maintain the best return for the Group. Cash and borrowing requirements are managed centrally to maximise interest income and minimise interest exposure, whilst ensuring that the Group has sufficient liquid resources to meet the operating needs of its activities.

As the Group's operations are all in Poland, it is exposed to foreign exchange risks primarily with respect to Polish Zlotys, US Dollars and Euros. In each case, where revenues of the Group are in a foreign currency, there is a material match between the currency of the operating company's revenue stream, primary assets, debt and debt servicing (if applicable).

Investments of cash surpluses, borrowings and other financial instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board. Customers are not traded with on credit terms.

All sub-franchisees who are provided with loans from the Group have been through the franchisee selection process, which is considered to be sufficiently robust to ensure an appropriate credit verification procedure.

Annual General Meeting

The Annual General Meeting of the Company will take place at the offices of Peel Hunt LLP, Moor House, 120 London Wall, London EC2Y 5ET, on 03 May 2019 at 09.00 a.m.

The notice of Annual General Meeting contains an ordinary resolution at resolution 5, which seeks to give the Directors authority to allot shares up to a maximum aggregate nominal amount of £415,814 and which, if passed, would allow the Directors to allot and issue up to 83,162,758 new ordinary shares of 0.5p each, representing approximately one third of issued ordinary share capital of the Company at the date of the notice of Annual General Meeting. This resolution also authorises the Directors to allot shares up to a further aggregate nominal amount of £415,814 where the shares are to be offered by way of a fully pre-emptive rights issue. The Directors do not have any present intention to exercise such authority. However, if the Directors were to exercise such authority and allot more than one third of the issued share capital, the Directors intend to follow best practice as regards the Directors standing for re-election, as recommended by the ABI. The notice of Annual General Meeting also contains a special resolution at resolution 6 which will authorise the Directors to allot shares for cash as if the statutory pre-emption provisions under the Companies Act 2006 did not apply to any allotments made by way of rights issue, open offer or other pre-emptive offer to existing shareholders in the exercise of the authority conferred by resolution 5 in the notice of Annual General

Meeting referred to above. This resolution will additionally confer power on the Directors to allot for cash shares up to an aggregate nominal value of £124,744 representing 24,948,880 ordinary shares of 0.5p each, otherwise than pro rata to existing shareholders. The Directors have no present intention of issuing any further new ordinary shares in the exercise of such power. The notice of Annual General Meeting also contains a special resolution at resolution 7 to amend the Articles of Association of the Company, details of the proposed changes are set out in the notes to the Notice of Annual general meeting.

Statement of Disclosure of Information to Auditors

The Directors of the Company who held office at the date of approval of this Annual Report as set out above each confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

- each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Crowe U.K. LLP has indicated its willingness to continue as auditor. Accordingly a resolution proposing its re-appointment as auditor will be put to the members at the next Annual General Meeting.

On Behalf of the Board

Peter Shaw
Director
25 March 2019

Statement on Corporate Governance

The Directors recognise the importance of good corporate governance and have chosen to adopt the Quoted Companies Alliance Corporate Governance Code (the “QCA Code”). The Company adopted the QCA Code in September 2018.

The QCA Code was developed by the QCA in consultation with a number of small company institutional investors as a corporate governance code applicable to AIM companies. The underlying principle of the QCA Code is that “the purpose of good corporate governance is to ensure that the company is managed in an efficient, effective and entrepreneurial manner for the benefit of all shareholders over the longer term”.

It is the responsibility of the non-executive chairman to ensure that the highest practicable standards of corporate governance are in place. The board and staff of the Company are committed to behaving professionally and responsibly to ensure that the highest standards of honesty, integrity and corporate governance are maintained. Enshrining these values through the Company’s culture, objectives and processes is essential to support the success of the Company in creating long-term shareholder value.

The QCA corporate governance principles along with a summary of how the Company applies them are set out below.

1. Establish a strategy and business model which promote long-term value for shareholders
DP Poland’s purpose, business model and strategy are described in the Strategic Report on page 3

In summary, the purpose is to establish Domino’s Pizza as the leading pizza delivery brand in Poland; the business model is to operate both company owned stores (‘corporate stores’) and to subfranchise stores to third parties, supplied by our production, warehousing and logistics operations (‘the commissary’); the strategy is to make the Domino’s offer the most available and the most attractive delivery pizza offer in the market. The principal risks and uncertainties affecting the business and how these are mitigated are set out within the Strategic Report on page 4.

2. Seek to understand and meet shareholder needs and expectations
The Company engages with shareholders through regular reporting, emailed updates, face-to-face meetings, telephone conversations and email dialogue. The Company also engages investor relations companies to promulgate news of the Company through video and audio broadcasts, including BRR Media and Proactive Investors. Webcasts of the Chief Executive discussing Company performance are available on the Company website. The Company has engaged Hardman & Co, an FCA registered capital markets research consultancy, to produce research notes on the Company’s progress against its business plan. The Chief Executive and Non-Executive Chairman are readily available to investors, contactable by telephone and email via the Company website. The AGM provides a forum for investors to meet the Chief Executive and Non-Executive Chairman and to raise any questions, issues or concerns.

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success
The Company operates in Poland through its wholly owned subsidiary DP Polska SA. The board of DP Polska SA has two directors, Peter Shaw and Maciej Jania. Peter Shaw is President of the DP Polska SA Board (Chairman). The board and management team of DP Polska SA is focused on delivering a highly competitive offer to its customers and conducts regular market research to understand consumer attitudes towards the Domino’s Pizza brand and its offer and to adjust the offer and brand communications accordingly. Customers regularly feedback directly to stores and over social media. Our store teams are trained to listen and respond constructively to that feedback and our central team views and responds constructively to feedback over social media, including Facebook.

The management team is focused on ensuring that the workforce is delivering against customer expectations through thorough training and proper remuneration and incentivization. Employee feedback is taken seriously and conditions of employment and incentivisation are adjusted accordingly. Good relationships with suppliers and partners are important and the Company’s management team is focused on maintaining and improving those relationships. As well as with suppliers DP Polska works closely with its franchisor Domino's Pizza International, with regular face-to-face, telephone and email contact across all levels of the business, store to board level.

Poland is a well-regulated market and the management team relies on both in-house and external expertise to ensure that the Company's operations are in compliance with all regulations, corporately and across our company managed 'corporate' stores

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

The principal risks and uncertainties identified by the directors, their potential impact and the steps taken to mitigate them are reviewed annually and outlined annually under the 'Risk Management' section on page 4 . Both the Board and the management team are responsible for reviewing and evaluating potential risks to the business. The Board meets monthly to review business performance and the outlook for the business, including opportunities and threats.

5. Maintain the board as a well- functioning, balanced team led by the chairman

The Board comprises two Executive Directors and four Non-Executive Directors. The Non-Executive directors are considered to be independent. Details of directors' contracts are described in the Remuneration Report on page 23. The Company holds monthly board meetings which the directors attend, either in person or by telephone conference. The directors are expected to make themselves available for all board meetings, committee meetings as appropriate and as required for ad hoc meetings. Relevant information including a detailed board report and management accounts are circulated to the Directors in advance of board meetings. The Board is supported by the audit and remunerations committees, as described in the Directors' Report, within the Annual Report. The audit committee meets with the Company's appointed auditor to review the Company's preliminary annual results and as required ad hoc. The Remuneration Committee meets to review and set the Chief Executive's remuneration, to review and set the Executive Directors' long-term incentive plans and to set and approve the Executive Directors' annual bonus plan. .

6. Ensure that between them the directors have the necessary up to date experience, skills and capabilities

Biographies of the Company's Directors can be found on page 14. The experience of the Directors spans sectoral, professional and executive experience that is highly relevant to the business of the Company. Each of the Directors is employed or directly involved in a range of businesses, which ensures their skillsets are up-to-date. The Company retains a professional auditing company which advises the Audit Committee as required. Directors have direct access to the advice of the Company Secretary

7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The Board proposes to carry out an evaluation of its performance annually, taking into account the Financial Reporting Council's Guidance on Board Effectiveness. All Directors will undergo a performance evaluation before being proposed for re- election to ensure that:

1. Their performance is and continues to be effective;
2. Where appropriate, they maintain their independence; and
3. They are demonstrating continued commitment to the role.

Appraisals will be carried out each year with respect to the Executive Directors. Succession planning is undertaken by the Non-Executive Chairman and the Chief Executive on consideration of the evolving requirements of the Company.

On 7 February 2019 the Company announced a proposed placing of new ordinary shares to raise £5.8m (before expenses) to support its further development. As part of that announcement it was disclosed that Peter Shaw, the Chief Executive of the Company, would stand down from that role at the end of the Company's 2019 half year, in June 2019. The announcement further disclosed that, looking to the future, the Group's principal focus would include optimising resources and cost control and on increasing local market expertise, building on the strong operational team built by the Chief Executive. This placing was approved by shareholders and completed on 28 February 2019. The Board is currently reviewing its own structure and that of the senior executive management of the business. It is expected that an evaluation of the Board's performance will be carried out in the second half of the Company's 2019 financial year, once this review has been completed.

8. Promote a corporate culture that is based on ethical values and behaviours

The board has an ethical approach commensurate with both its responsibilities as an AIM listed company and as the master franchisee of an international consumer brand franchise, for which sound ethics are of fundamental importance. The Directors hold each other to account in meeting a very high ethical standard in their behaviour and decision making. The operating company DP Polska SA is involved with its community at the store level, engaging with and supporting local charities, schools and sporting events

9. Maintain governance structures and processes that are fit for purpose and support good decision- making by the board

The Directors recognise the importance of good corporate governance and have chosen to adopt the QCA Code. The Board and staff of the Company are committed to behaving professionally and responsibly to ensure that the highest standards of honesty, integrity and corporate governance are maintained. Enshrining these values through the Company's culture, objectives and processes is essential to support the success of the Company in creating long-term shareholder value.

10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

The Company encourages two-way communication with both its institutional and private investors and aims to respond quickly to all queries received. The Chief Executive and other directors talk regularly with the Group's major shareholders and ensure that their views are communicated fully to the Board.

The AGM is an opportunity to meet shareholders and to discuss their views informally.

Nicholas Donaldson
Non-Executive Chairman
25 March 2019

Remuneration Report

Overview and Policy

The Remuneration Committee comprises Robert Morrish, Nicholas Donaldson and Gerald Ford, Non-Executive Directors of the Company. The terms of reference of the committee are that it makes recommendations to the Board on the framework and quantum of executive remuneration.

The overall policy of the committee is to provide remuneration and benefit packages to the Chief Executive and other senior managers in the Group which are appropriate to retain and motivate them to meet the objectives set by the Board.

In determining the mix of short-term reward (salary, bonus and other benefits) and longer-term reward (share incentives), the committee is mindful of the continuing 'development' nature of the business.

Recent survey data indicate that the base pay and total earnings of the Company's Directors are at the lower end of total pay for similar size quoted UK businesses. The current framework of executive remuneration is weighted heavily in favour of longer-term incentives in the form of share incentives, the value of which is dependent upon the share price of the Company and thus 'shareholder value'. The number and pricing of such incentives also reflect the risk to the management of a significant portion of their remuneration being provided in this way.

Directors' Contracts and Remuneration

Chief Executive

Peter Shaw is responsible for the strategic management and development of the Company's business. Under the terms of his director's service contract he is entitled to a salary of £125,000 per annum for a minimum time commitment of 26 hours per week. From 01 June 2018, this was increased by the Remuneration Committee to £150,000 per annum At the discretion of the Remuneration Committee, he may additionally be paid an annual bonus which is also subject to achieving detailed performance conditions. The amounts payable under his contract in 2018 were: salary £139,583; discretionary bonus £8,995. His employment may be terminated by 12 months notice by either party.

Finance Director

Maciej Jania is responsible for all matters relating to Group finance. He is also Managing Director of DP Polska S.A. He receives a UK director's fee of £6,000 per annum, which was increased by the Remuneration Committee to £7,200 from 01 June 2018. He additionally receives a consultancy fee from DP Poland plc of 276,000 Polish Zloty (approximately equivalent to £56,800) which was increased by the Remuneration Committee to 320,400 Polish Zloty per annum (approximately equivalent to £66,515) from 01 June 2018. For his directorship of DP Polska S.A. he receives additional fees and salary totalling 114,000 Polish Zloty (approximately equivalent to £23,666) per annum. In 2018 he received a performance based bonus of £6,893. Additionally he received shares in the Company, through the Company's Share Incentive Plan, to the value of £15,000.

Non-Executive Directors

Nicholas Donaldson is Non-Executive Chairman of the Company. During the year ended 31 December 2018, the fee payable to him was £15,000 per annum and he received shares in the Company, through the Company's Non-Executive Director Share Incentive Plan, to the value of £15,000. This appointment is terminable on 3 months' notice by either party, and earlier in certain circumstances.

Robert Morrish is a Non-Executive Director of the Company. During the year ended 31 December 2018, the fee payable to him was £15,000 per annum and he received shares in the Company, through the Company's Non-Executive Director Share Incentive Plan, to the value of £15,000. This appointment is terminable on 3 months' notice by either party, and earlier in certain circumstances.

Gerald Ford is a Non-Executive Director of the Company. During the year ended 31 December 2018, the fee payable to him was £15,000 per annum. He is also entitled to receive shares in the Company, through the Company's Non-Executive Director Share Incentive Plan, to the value of £15,000 per annum. This appointment is terminable on 3 months' notice by either party, and earlier in certain circumstances.

Christopher Moore is a Non-Executive Director of the Company. During the year ended 31 December 2018 he received no cash remuneration. He is entitled to receive shares in the Company, through the Company's Non-Executive Director Share Incentive Plan, to the value of £30,000 per annum. This appointment is terminable on 3 months' notice by either party, and earlier in certain circumstances.

Remuneration and Share Incentives in the year to 31 December 2018

Total remuneration, fees and benefits paid or payable to the Directors by the Group for the year ended 31 December 2018 are set out below and amounts in aggregate to £295,817 (2017: £325,966).

Details of share incentives held by, and granted to, Directors are set out in the Directors' Report on page 17.

Details of individual Directors' emoluments for the year are as follows: [1]

Name of Director	Year ended 31 December 2018 *salary or fees*	Year ended 31 December 2018 *performance based bonus*	Year ended 31 December 2018 *total emoluments*	Year ended 31 December 2017 *total emoluments*
	£	£	£	£
Nicholas Donaldson	15,000	-	15,000	15,000
Peter Shaw	139,583	8,995	148,578	163,053
Maciej Jania*	95,346	6,893	102,239	117,913
Robert Morrish	15,000	-	15,000	15,000
Christopher Moore	-	-	-	-
Gerald Ford	15,000	-	15,000	15,000
Total	279,929	15,888	295,817	325,996

The aggregate value of gains made on exercise of directors' share options during the year was £ nil (2017: £820,675). The aggregate value of share and option awards to directors made during the year was £90,000 (2017: £90,000). Peter Shaw was the highest paid director with total emoluments of £148,578

[1] This schedule is part of the audited information

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report, including the Strategic Report, the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the EU. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. They are further responsible for ensuring that the Strategic Report and the Directors' Report and other information included in the Annual Report and Financial Statements is prepared in accordance with applicable law in the United Kingdom.

Financial information is published on the Company's website. The maintenance and integrity of this website is the responsibility of the Directors; the work carried out by the Company's auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may occur to the financial statements after they are initially presented on the website.

It should be noted that legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditors' Report

to the Members of DP Poland plc

Opinion

We have audited the financial statements of DP Poland plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 December 2018, which comprise:

- the Group statement of comprehensive income for the year ended 31 December 2018;
- the Group and parent company statements of financial position as at 31 December 2018;
- the Group and parent company statements of cash flows for the year then ended;
- the Group and parent company statements of changes in equity for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2018 and of the Group's profit for the period then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- The directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Overview of our audit approach

Materiality
In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £110,000 (2017 £150,000), based on 5% of the expected loss before tax. Overall materiality was not increased based on actual results.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £5,000 (2017: £5,000). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit
The finance functions of the parent company and subsidiary are based in the UK and Poland respectively.

A member firm of Crowe Global network in Poland (the 'component auditor') undertook a full scope audit of DP Polska S.A. under our direction. We were involved in the audit from the planning stage through to completion. This involved a combination of planning conference call meetings, in-country review and meetings and discussions with the audit committee.

DP Polska S.A. accounts for 75% of the group's loss before tax, 100% of the group's revenue and 94% of the group's net assets.

We visited Poland, reviewed and challenged the detailed working papers and findings of the component auditor and discussed matters with management.

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

Key audit matter	***How the scope of our audit addressed the key audit matter***
Revenue recognition We considered the risk that revenue is not recognised in accordance with the accounting policy set out in the financial statements.	We reconciled revenue from the ordering system "PULSE" to cash receipts, the financial statements and VAT records for a sample of months. We reviewed and tested a sample of cash reconciliations prepared by the finance team. We performed substantive testing on other sales including sales to sub-franchisees from the commissary. We performed testing to determine if revenue had been recorded in the correct period. We have assessed the appropriateness of the related disclosures on page 44 and in note 2 of the financial statements.

Our audit procedures in relation to this matter was designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on the matter individually and we express no such opinion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report and strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 25, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to

liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Richard Baker (Senior Statutory Auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

Reading

25 March 2019

Group Income Statement

for the year ended 31 December 2018

	Notes	**2018** £	2017 £
Revenue	2	12,369,815	10,377,777
Direct Costs		(11,426,271)	(9,658,691)
Selling, general and administrative expenses - *excluding: store pre-opening expenses, depreciation, amortisation and share based payments*		(2,863,992)	(2,503,763)
GROUP EBITDA - *excluding non-cash items, non-recurring items and store pre-opening expenses*		(1,920,448)	(1,784,677)
Store pre-opening expenses		(72,900)	(143,220)
Other non-cash and non-recurring items	5	131,054	(12,271)
Finance income	7	129,315	92,638
Finance costs	8	(21,254)	(24,364)
Foreign exchange (losses) / gains		(6,513)	148,032
Depreciation, amortisation and impairment		(1,793,258)	(656,942)
Share based payments		(239,268)	(253,715)
Loss before taxation	4	(3,793,272)	(2,634,519)
Taxation	9	-	-
Loss for the period		(3,793,272)	(2,634,519)
Loss per share Basic	11	(2.53 p)	(1.85 p)
Diluted	11	(2.53 p)	(1.85 p)

All of the loss for the year is attributable to the owners of the Parent Company.

Group Statement of comprehensive income

for the year ended 31 December 2018

	2018	2017
	£	£
Loss for the period	(3,793,272)	(2,634,519)
Currency translation differences	(253,668)	639,428
Other comprehensive expense for the period, net of tax to be reclassified to profit or loss in subsequent periods	(253,668)	639,428
Total comprehensive income for the period	(4,046,940)	(1,995,091)

All of the comprehensive expense for the year is attributable to the owners of the Parent Company.

Company Statement of comprehensive income

for the year ended 31 December 2018

	2018	2017
	£	£
Loss for the period	(581,725)	(484,609)
Total comprehensive income for the period	(581,725)	(484,609)

All of the loss for the year for both the Company and the Group, is attributable to the owners of the Parent Company.

Group Balance Sheet

at 31 December 2018

	Notes	**2018** £	2017 £
Non-current assets			
Intangible assets	12	604,392	558,438
Property, plant and equipment	13	6,437,717	6,617,788
Trade and other receivables	16	1,730,633	1,767,289
		8,772,742	8,943,515
Current assets			
Inventories	17	464,102	525,870
Trade and other receivables	16	1,931,434	2,580,994
Cash and cash equivalents	18	1,957,916	4,505,911
		4,353,452	7,612,775
Total assets		13,126,194	16,556,290
Current liabilities			
Trade and other payables	19	(2,132,199)	(1,648,960)
Borrowings	20	(143,820)	(129,613)
Provisions	26	(27,296)	(37,289)
		(2,303,315)	(1,815,862)
Non-current liabilities			
Provisions	26	-	-
Borrowings	20	(131,963)	(243,197)
		(131,963)	(243,197)
Total liabilities		(2,435,278)	(2,059,059)
Net assets		10,690,916	14,497,231
Equity			
Called up share capital	23	764,111	762,754
Share premium account		31,829,463	31,829,463
Capital reserve - own shares		(48,163)	(48,163)
Retained earnings		(22,053,832)	(18,499,828)
Currency translation reserve		199,337	453,005
Total equity		10,690,916	14,497,231

The financial statements were approved by the Board of Directors and authorised for issue on 25 March 2019 and were signed on its behalf by:

Peter Shaw
Director

Maciej Jania
Director

Company Balance Sheet

at 31 December 2018

	Notes	**2018** £	2017 £
Non-current assets			
Investments	14	28,143,784	25,458,709
		28,143,784	25,458,709
Current assets			
Trade and other receivables	16	273,130	249,371
Cash and cash equivalents	18	502,419	3,600,241
		775,549	3,849,612
Total assets		28,919,333	29,308,321
Current liabilities			
Trade and other payables	19	(86,699)	(134,587)
Net assets		28,832,634	29,173,734
Equity			
Called up share capital	23	764,111	762,754
Share premium account		31,829,463	31,829,463
Retained earnings		(3,760,940)	(3,418,483)
Shareholders' Equity		28,832,634	29,173,734

The financial statements were approved by the Board of Directors and authorised for issue on 25 March 2019 and were signed on its behalf by:

Peter Shaw
Director

Maciej Jania
Director

The loss relating to transactions in the financial statements of the parent company was £581,725 (2017: £484,609).

DP Poland plc's company registration number is 07278725

Group Statement of Cash Flows

for the year ended 31 December 2018

	Note	**2018** £	2017 £
Cash flows from operating activities			
Loss before taxation for the period		(3,793,272)	(2,634,519)
Adjustments for:			
Finance income	7	(129,315)	(92,638)
Finance costs	8	21,254	24,364
Depreciation, amortisation and impairment		1,793,258	656,942
Share based payments expense	24	239,268	253,715
Operating cash flows before movement in working capital		(1,868,807)	(1,792,136)
Decrease / (increase) in inventories		142,777	(221,747)
Decrease / (increase) in trade and other receivable		313,459	(728,558)
Increase in trade and other payables		556,875	591,686
(Decrease) / increase in provisions		-	(50,532)
Cash used in operations		(855,696)	(2,201,287)
Taxation paid		-	-
Net cash used in operations		(855,696)	(2,201,287)
Cash flows from investing activities			
Payments to acquire software		(109,307)	(23,833)
Payments to acquire property, plant and equipment		(1,534,529)	(4,131,753)
Payments to acquire intangible fixed assets		(93,468)	(26,039)
Lease deposits net amount (advanced)		-	(50,396)
Proceeds from disposal of property plant and equipment		714	-
Decrease/(increase) in loans to sub-franchisees	16	239,949	(501,731)
Interest received	7	20,544	92,638
Net cash used in investing activities		(1,476,097)	(4,641,114)
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital		1,357	5,028,754
Repayment of borrowings		(126,425)	(35,692)
Interest paid	8	(18,805)	(24,364)
Net cash from financing activities		(143,873)	4,968,698
Net (decrease) in cash and cash equivalents		(2,475,666)	(1,873,703)
Exchange differences on cash balances		(72,329)	71,354
Cash and cash equivalents at beginning of period		4,505,911	6,308,260
Cash and cash equivalents at end of period	18	1,957,916	4,505,911

The principal non-cash transaction was the acquisition of property, plant and equipment under finance lease agreements as disclosed in note 20.

Company Statement of Cash Flows

for the year ended 31 December 2018

	Note	**2018** £	2017 £
Cash flows from operating activities			
Loss before taxation		(581,726)	(484,609)
Adjustments for:			
Finance income		(7,629)	(10,207)
Share based payments expense		114,429	130,065
Operating cash flows before movement in working capital		(474,926)	(364,751)
Increase in trade and other receivables	16	(23,759)	(74,689)
Decrease in trade and other payables		(47,887)	(62,194)
Cash used in operating activities		(546,572)	(501,634)
Cash flows from investing activities			
Equity investment in subsidiary company		(2,560,236)	(7,024,236)
Interest received		7,629	10,207
Net cash used in investing activities		(2,552,607)	(7,014,029)
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital		1,357	5,028,754
Net cash from financing activities		1,357	5,028,754
Net decrease in cash and cash equivalents		(3,097,822)	(2,486,909)
Cash and cash equivalents at beginning of period		3,600,241	6,087,150
Cash and cash equivalents at end of period	18	502,419	3,600,241

Group Statement of Changes in Equity

for the year ended 31 December 2018

	Share capital £	Share premium account £	Retained earnings £	Currency translation reserve £	Capital reserve - own shares £	Total £
At 31 December 2016	684,576	26,878,887	(16,116,724)	(186,423)	(50,463)	11,209,853
Shares issued	78,178	5,185,000	-	-	-	5,263,178
Expenses of share issue	-	(234,424)	-	-	-	(234,424)
Share based payments	-	-	253,715	-	-	253,715
Shares transferred out of EBT	-	-	(2,300)	-	2,300	-
Translation difference	-	-		639,428		639,428
Loss for the period	-	-	(2,634,519)		-	(2,634,519)
At 31 December 2017	762,754	31,829,463	(18,499,828)	453,005	(48,163)	14,497,231
Shares issued	1,357	-	-	-	-	1,357
Share based payments	-	-	239,268	-	-	239,268
Translation difference	-	-	-	(253,668)	-	(253,668)
Loss for the period	-	-	(3,793,272)	-	-	(3,793,272)
At 31 December 2018	**764,111**	**31,829,463**	**(22,053,832)**	**199,337**	**(48,163)**	**10,690,916**

Company Statement of Changes in Equity

for the year ended 31 December 2018

	Share capital £	Share premium account £	Retained earnings £	Total £
At 31 December 2016	684,576	26,878,887	(3,187,589)	24,375,874
Shares issued	78,178	5,185,000	-	5,263,178
Expenses of share issue	-	(234,424)	-	(234,424)
Share based payments	-	-	253,715	253,715
Loss for the year	-	-	(484,609)	(484,609)
At 31 December 2017	762,754	31,829,463	(3,418,483)	29,173,734
Shares issued	1,357	-	-	1,357
Share based payments	-	-	239,268	239,268
Loss for the year	-	-	(581,725)	(581,725)
At 31 December 2018	**764,111**	**31,829,463**	**(3,760,940)**	**28,832,634**

The share premium account is the premium paid on the Company’s 0.5p Ordinary shares. The currency translation reserve is used to record exchange differences arising from the translation of the financial statements of the Group’s foreign subsidiaries.

Notes to the Financial Statements

for the year ended 31 December 2018

1. ACCOUNTING POLICIES

Authorisation of financial statements and statement of compliance with IFRSs

The DP Poland plc Group and Company financial statements for the period ended 31 December 2018 were authorised for issue by the Board of the Directors on 25 March 2019 and the balance sheets were signed on the Board's behalf by Peter Shaw and Maciej Jania. DP Poland plc is a public limited company incorporated and domiciled in England & Wales. The Company's ordinary shares are traded on the Alternative Investment Market of the London Stock Exchange.

Basis of preparation

The financial statements have been prepared on the historical cost basis, with the exception of certain financial instruments and share based payments. The consolidated and Company financial statements of DP Poland plc have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, IFRIC Interpretations and the Companies Act 2006 applicable to Companies reporting under IFRS. The financial statements have been prepared in accordance with IFRS and IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements (March 2019). The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Company's accounting policies.

An additional line item for 'Group EBITDA - excluding non-cash items, non-recurring items and store pre-opening expenses' has been presented on the face of the income statement as the Board believes this presentation is relevant to the understanding of the Group's financial performance and is a useful indicator for the underlying cash generated from operations. The Directors believe that presenting store pre-opening expenses separately on the face of the Group Income Statement, below the Group EBITDA line, better reflects the underlying trading performance. Other non-GAAP performance measures used are:

- System sales (the sum of all sales made by both sub-franchised and corporate stores to consumers)
- Like-for-like sales (same store sales for those stores which traded troughout the current and comparative period).

The Company has taken advantage of the exemption provided under section 408 of the Companies Act 2006 not to publish its individual income statement and related notes.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2018.

The Group and Company financial statements are presented in Sterling. The assets and liabilities of the foreign subsidiary, whose functional currency is Polish Zloty, are translated into sterling at the rate of exchange ruling at the balance sheet date and their income statements are translated at the weighted average rate for the year. Differences arising from the translation of the opening net investment in the subsidiary are taken to reserves and reported in the consolidated statement of comprehensive income.

Basis of consolidation

The Group financial statements comprise the financial statements of DP Poland plc, its subsidiary undertaking and the Employee Benefit Trust ("EBT") drawn up to 31 December of each year, using consistent accounting policies. Subsidiary undertakings have been included in the Group financial statements using the purchase method of accounting. Accordingly the Group Income Statement and Group Statement of Cash Flows include the results and cash flows of subsidiaries from the date of acquisition.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities and is achieved through direct or indirect ownership of voting rights; currently exercisable or convertible potential voting rights; or by way of contractual agreement. The financial statements of subsidiaries are prepared for the same reporting year as the parent Company, using consistent accounting policies. All inter-company balances and transactions, including unrealised profits arising from them, are eliminated on consolidation.

Adoption of new and revised standards - IFRS 15 revenue from Contracts with Customers
IFRS 15 - Revenue from Contracts with Customers, has replaced all existing revenue requirements in IFRS and applies to all revenue arising from contracts with customers unless the contracts are within the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard has an effective date of 1 January 2018.

The Group has applied the standard using the modified retrospective method in accordance with paragraph C3 (b) of the standard, requiring any cumulative impact to be recognised as an adjustment to the opening balances within equity.

The Group's revenues that are applicable for IFRS 15 are corporate store sales, royalties, franchisee fees and sales to franchisees. The Group has performed the five-step model on each of these elements, identifying the contracts, the performance obligations, transaction price and then allocating this to determine the timing of revenue recognition. For each of these there is no impact on the timing of transfer of control and therefore no impact on the timing of recognition of revenue.

The Group's profit before tax remains unchanged and no adjustments to any line items have been made to the opening balances within equity.

Adoption of new and revised standards - IFRS 9 Financial Instruments
IFRS 9 - Financial Instruments, has replaced IAS 39 Financial Instruments: Recognition and Measurement, covering the classification, measurement and derecognition of financial assets and financial liabilities, together with a new hedge accounting model and the new expected credit loss model for calculating impairment. The standard has an effective date of 1 January 2018.

The new standard has had the following effects on the Group's financial statements:

The Group's impairment provision on financial assets measured at amortised cost (such as trade and other receivables) have been calculated in accordance with IFRS 9's expected credit loss model, which differs from the incurred loss model previously required by IAS 39. The Group's history of low credit losses as a result of franchisee profitability, security held in respect of loans to franchisees and corporate store sales being on a cash basis has resulted in no change to the provision value previously recorded and there is no change to the opening balances within equity.

New standards and interpretations not applied
All relevant IFRS applicable to this accounting period, issued by IASB and endorsed by the EU, have been adopted by the Group in preparation of these financial statements. The Directors consider that there are no standards issued but not yet endorsed or yet to be endorsed by the EU that would have a material impact on the financial statements other than IFRS 16 on leases which will have the significant effect of bringing most operating leases (see note 25 for details) onto the Group Balance Sheet. If IFRS 16 had been adopted for the current financial period it would have had the following impact on the Group's financial statements:

- Current and non-current assets increased in total by £3,797,640
- Current and non-current liabilities increased in total by £4,149,307
- Operating expenses reduced by £1,430,211
- Depreciation expense increased by £1,203,522
- Finance expense increased by £218,065
- Reserves brought forward reduced by £360,291

Intangible assets
Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired separately from a business are carried initially at cost. An intangible asset acquired as part of a business combination is recognised outside goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably. Intangible assets with a finite life are amortised and charged to administrative expenses on a straight line basis over their expected useful lives, as follows:

- Licences: over the duration of the legal agreement;
- Computer software: 2 years from the date when the software is brought into use
- Capitalised loan discounts: over the remaining term of the sub-franchise agreement

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

Fixtures, fittings and equipment
Fixtures, fittings and equipment are stated at cost less accumulated depreciation and any impairment in value. Leasehold property comprises leasehold improvements including shopfitting and associated costs.

Depreciation
Depreciation is provided on all tangible non-current assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the balance sheet date, of each asset on a straight line basis over its expected useful life, as follows:

Leasehold property	– over the expected lease term (generally taken to be 5 years)
Fixtures, fittings and equipment	– 3 to 10 years

The carrying values of tangible non-current assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

The asset's residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

Assets Under Construction
Assets under construction comprise the cost of tangible fixed assets in respect of stores that have not yet opened and therefore no depreciation has yet been charged. Depreciation will be charged on the assets from the date that they are brought into use.

Impairment
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the income statement under the expense category: Depreciation, amortisation and impairment.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Financial instruments
Financial instruments are measured initially at cost, which is the fair value of whatever was paid or received to acquire or incur them.

Financial assets
Financial assets are classified into the following categories: at fair value through profit or loss, loans and receivables and held to maturity investments. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The Group holds financial assets classified as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise trade and other receivables, loans to sub-franchisees and cash and cash equivalents in the balance sheet. Loans to sub-franchisees are provided at below market interest rates. The difference between the present value of loans recognised and the cash advanced has been capitalised as an intangible asset in recognition of the future value that will be generated via the royalty income and Commissary sales that will be generated. These assets are amortised over the life of a new franchise agreement of 10 years.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired.

Financial liabilities
Financial liabilities are classified as either financial liabilities at fair value through profit or loss or as financial liabilities measured at amortised cost. Financial liabilities at amortised cost comprise trade and other payables, loans and accruals.

Trade and other receivables
Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for estimated irrecoverable amounts.

Cash and cash equivalents
Cash and short-term deposits in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Trade and other payables
Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Store pre-opening costs
Operating costs incurred by stores prior to opening are written off to the income statement in the period in which they are incurred and disclosed separately on the face of the income statement.

Inventories
Inventories are stated at the lower of cost and net realisable value. Inventories comprise food and packaging goods for resale. The Group applies a first in first out basis of inventory valuation.

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Foreign Currency Translation
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

c) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Employee share incentive plans
The Group issues equity-settled share-based payments to certain employees (including Directors). These payments are measured at fair value at the date of grant by use of a Black-Scholes model. Vesting is dependent on performance conditions other than conditions linked to the price of the shares of DP Poland plc (market conditions). In valuing equity-settled transactions, no account is taken of these performance conditions. This fair value cost of equity-settled awards is recognised on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. No cost is recognised for awards that do not ultimately vest.

Leases
Leases taken by the Group are assessed individually as to whether they are finance leases or operating leases. Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease rental payments, other than contingent rentals, are recognised as an expense in the income statement on a straight-line basis over the lease term. The benefit of lease incentives is spread on a straight line basis over the term of the lease. Where lease premiums are paid, these are depreciated over the lease terms.

Assets held under finance leases are recorded in the balance sheet at the lower of fair value and the present value of the minimum lease payments at the inception of the lease. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Current tax

Current tax is the amount of income tax payable on the taxable profit for the period. Current tax assets and liabilities for the current and prior periods are measured at the amounts expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts with the exception of:

- Where the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- For taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures and where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Capital instruments

Ordinary shares are classified as equity instruments. Other instruments are classified as liabilities if they contain an obligation to transfer economic benefits and if not they are included in equity. The finance costs recognised in the Income Statement in respect of capital instruments other than equity shares are allocated to periods over the term of the instrument at a constant rate on the carrying amount applying the effective interest method.

Capital reserve - own shares

DP Poland plc shares which are held within the Company's employee benefit trust, for the purpose of providing share based incentives to Group employees are classified as shareholders' equity as 'Capital reserve - own shares' and are recognised at cost. No gain or loss is recognised in the income statement on the purchase or sale of such shares.

Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration net of returns and value-added taxes. The criteria for recognising revenues are set out in note 2.

Direct Costs
Direct costs comprises foods costs and direct store expenses.

Interest income
Revenue is recognised as interest accrues applying the effective interest method.

Accounting estimates and judgements
The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and judgements. It also requires management to exercise judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors must make an assessment as to whether the Group is a going concern. In forming their views, the Directors have prepared cash flow forecasts for a 12 month period following the date of signing the balance sheet. As part of the preparation of these forecasts, the Directors have estimated the likely outcome for the number of new stores opened. Before entering into a contract to acquire a new site, the Directors ensure that the Group has sufficient working capital available to allow the completion of the outlet. Based on these forecasts, the Directors have confirmed that there are sufficient cash reserves to fund the on-going build, own and operate business for the period under review.

After reviewing these forecasts, consideration of the Group's cash resources and other appropriate enquiries, the Directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. As disclosed in note 29, after the balance sheet date, the Company raised £5.8m before expenses by way of a placing of new ordinary shares

The Group's determination of whether intangibles and investments in subsidiary undertaking are impaired requires an estimation of the value in use of the cash generating units to which the relevant asset or investment is allocated. This requires estimation of future cash flows and the selection of a suitable discount rate. The recoverable amount of the cash generating unit has been determined based on fair value calculated using discounted future cash flows, which are subject to significant estimates due to the growth phase of the business. Future cash flows are based on the Group's business plan. The calculation of the fair value is most sensitive to the following assumptions: store performance; discount rates; store openings in Poland; foreign exchange rates.

The discount rate reflects management's estimate of the return on capital employed for the investment in Poland. The store openings are based on the current business model being used by management, which is progressing in line with expectations. The parent company's investment in DP Polska S.A. is shown at a historical cost of £28.1m at the year end. The impairment test carried out showed that the investment was not impaired. Had the discount rate used in the test been increased by 2% or the growth assumptions used in the test been reduced by 2%, this would still have resulted in no impairment to the carrying value.

The Group's determination of the amortised cost of sub-franchisee loan receivables also requires an estimation of future cash flows and the selection of a appropriate market rate of interest. The calculation of the Group's total tax charge involves a degree of estimation and judgement in respect of the recoverability of tax losses. Further details of the treatment of deferred tax can be found in note 15.

2. REVENUE

The Group's revenue arises from the sale of goods to consumers from corporate stores, from the sale of products and services to franchisees and the charging of royalties, fees and rent to franchisees. All of the revenue is derived in Poland.

Corporate store sales: Contracts with customers for the sale of products to end consumers include one performance obligation. The Group has concluded that revenue from the sale of products should be recognised at a point in time when control of the goods are transferred to the consumer, which is the point of delivery or collection. Revenue is measured at the menu price less any discounts offered.

Royalties, franchise fees and sales to franchisees: Contracts with customers for the sale of products include one performance obligation, being the delivery of products to the end customer. The Group has concluded that revenue from the sale of products should be recognised at a point in time when control of the goods are transferred to the franchisee, generally on delivery. Revenue is recognised at the invoiced price less any estimated rebates. The performance obligation relating to royalties is the use of the Domino's brand. This represents a sales-based royalty with revenue recognised at the point the franchisee makes a sale to an end consumer. Franchise fees comprise revenue for initial services associated with allocating franchisees allotted address counts or a 'change of hands' fee when the Group grants consent to a franchisee to sell stores to a third party. They are non-refundable, and no element of the franchise fee relates to subsequent services. Revenue from franchisee fees is recognised when a franchisee opens a store for trading or on completion of sale of one or more stores to a third party, as this is the point at which all performance obligations have been satisfied.

Rental income on leasehold property: Rental income arising from leasehold properties is recognised on a straight-line basis in accordance with the lease terms. Rental payments are recognised over the period to which they relate.

Core revenues are ongoing revenues including sales to the public from corporate stores, sales of materials and services to sub-franchisees, royalties received from sub-franchisees and rents received from sub-franchisees. Other revenues are non-recurring transactions such as the sale of stores, fittings and equipment to sub-franchisees. Revenue recognised in the income statement is analysed as follows:

Revenue is divided into 'core revenues' and 'other revenues' as follows:

	2018	2017
	£	£
Core revenue	12,325,147	9,663,088
Other revenue	44,668	714,689
	12,369,815	10,377,777

Revenue is further analysed as follows:

	2018	2017
	£	£
Corporate store sales	8,326,906	5,798,649
Fixtures and equipment sales to sub-franchisees	44,668	714,689
Royalties and other sales to sub-franchisees	3,488,196	3,385,901
Rental income on leasehold property	510,045	478,538
	12,369,815	10,377,777

3. SEGMENTAL REPORTING

The Board monitors the performance of the corporate stores and the commissary operations separately and therefore those are considered to be the Group's two operating segments. Corporate store sales comprise sales to the public. Commissary operations comprise sales to sub-franchisees of food, services and fixtures and equipment. Commissary operations also include the receipt of royalty income from sub-franchisees. The Board monitors the performance of the two segments based on their contribution towards Group EBITDA - excluding non-cash items, non-recurring items and store pre-opening expenses. In accordance with IFRS 8, the segmental analysis presented reflects the information used by the Board. No separate balance sheets are prepared for the two operating segments and therefore no analysis of segment assets and liabilities is presented.

Operating Segment contribution

	2018 **£**	**2018** **£**	2017 £	2017 £
	Corporate stores	Commissary	Corporate stores	Commissary
Revenues from external customers	8,326,906	4,042,909	5,798,649	4,579,128
Direct Costs - corporate stores	(7,706,068)		(5,452,982)	
Direct Costs - commissary (variable cost only)		(3,316,049)		(3,979,932)
Store EBITDA	620,838		345,667	
Commissary gross profit		726,860		599,196
Total segment profit		1,347,698		944,863
Unallocated expenses		(3,268,146)		(2,729,540)
GROUP EBITDA - excluding non-cash items, non-recurring items and store pre-opening expenses		(1,920,448)		(1,784,677)

Commissary direct costs shown above do not include labour and occupancy costs. These costs are shared across both segments as the commissary supplies corporate stores as well as supplying sub-franchisees. Corporate store direct costs include all costs directly attributable to operating the stores.

4. LOSS BEFORE TAXATION

This is stated after charging

		2018 **£**	2017 £
Auditors and their associates' remuneration	– audit of company and group financial statements	36,767	37,445
	– tax compliance services	1,450	1,400
Directors' emoluments	– remuneration and fees	295,818	325,966
Amortisation of intangible fixed assets		136,734	86,057
Depreciation of property, plant and equipment		1,025,406	570,885
Impairment of property, plant and equipment		631,118	-
Operating lease rentals	– land and buildings	874,494	616,415
and after crediting			
Operating lease income from sub-franchisees		510,045	478,538
Foreign exchange gains /(losses)		(6,513)	148,032

5. OTHER NON-CASH AND NON-RECURRING ITEMS

	2018	2017
	£	£
Reversal of provision for additional VAT payable	-	50,532
VAT repayment received	378,427	-
Costs associated with VAT repayment claim	(73,005)	-
Bad orders	(42,011)	(38,060)
Exceptional sub-franchisee bad debt provision	(104,947)	-
Unrealised store projects	(20,162)	(21,947)
Other non-cash and non-recurring items	(7,248)	(2,796)
	131,054	(12,271)

Non-recurring Items

Non-recurring items include items which are not sufficiently large to be classified as exceptional, but in the opinion of the Directors, are not part of the underlying trading performance of the Group. During the current year a VAT repayment of £378,427 was received following a claim submitted to the Polish VAT authorities. In the prior year, the provision for additional VAT payable was reversed following changes to a previous ruling by the Polish VAT authorities. During the year a significant one-off bad debt provision was recognised relating to an amount owed by a sub-franchisee. The directors believe that this amount may be partly or wholly recoverable but full provision has been made in the current year.

6. STAFF COSTS

Details of directors' remuneration, which is included in the amounts below, are given in the remuneration report on pages 23 to 24.

	2018	2017
	£	£
Wages and salaries and directors' fees	3,547,955	2,589,578
Social security costs	437,949	359,423
Share based payments	239,268	253,715
	4,225,172	3,202,716

The average monthly number of employees during the year was as follows:

	2018	2017
	Number	Number
Operational	69	63
Administration	33	33
Total	102	96

7. FINANCE INCOME

	2018 £	2017 £
Interest on short-term deposits	88,511	59,666
Unwinding of discount on loans to sub-franchisees	40,804	32,972
	129,315	92,638

8. FINANCE COSTS

	2018 £	2017 £
Other interest	21,254	24,364
	21,254	24,364

9. TAXATION

	2018 £	2017 £
Current tax	-	-
Total tax charge in income statement	-	-

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the tax rate applicable to profits of the consolidated entities as follows:

	2018 £	2017 £
Loss before tax	(3,793,272)	(2,634,519)
Tax credit calculated at applicable rate of 19%	(720,722)	(500,559)
Income taxable but not recognised in financial statements	88,861	13,444
Income not subject to tax	(91,395)	(24,137)
Expenses not deductible for tax purposes	1,092,933	84,750
Tax losses for which no deferred income tax asset was recognised	(369,677)	426,502
Total tax charge in income statement	-	-

The Directors have reviewed the tax rates applicable in the different tax jurisdictions in which the Group operates. They have concluded that a tax rate of 19% represents the overall tax rate applicable to the Group.

10. LOSS ATTRIBUTABLE TO MEMBERS OF PARENT COMPANY

The loss relating to transactions in the financial statements of the parent company was £581,726 (2017: £484,609).

11. LOSS PER SHARE

The loss per ordinary share has been calculated as follows:

	2018 Weighted average number of shares	**2018 £** Profit / (loss) after tax	2017 Weighted average number of shares	2017 £ Profit / (loss) after tax
Basic	150,185,274	(3,793,272)	142,164,031	(2,634,519)
Diluted	150,185,274	(3,793,272)	142,164,031	(2,634,519)

The weighted average number of shares for the year excludes those shares in the Company held by the employee benefit trust. At 31st December 2018 the basic and diluted loss per share is the same, as the vesting of JOSS, SIP or share option awards would reduce the loss per share and is, therefore, anti-dilutive.

12. INTANGIBLE ASSETS

Group	**Franchise fees and intellectual property rights £**	**Software £**	**Capitalised loan discount £**	**Total £**
Cost:				
At 31 December 2016	400,345	228,407	178,269	807,021
Foreign currency difference	38,202	81,912	-	120,114
Additions	26,039	23,833	67,281	117,153
At 31 December 2017	464,586	334,152	245,550	1,044,288
Foreign currency difference	(7,979)	(4,017)	(4,457)	(16,453)
Additions	93,468	32,835	2,987	129,290
Disposals	-	(21,528)	-	(21,528)
Transfers	-	75,115	-	75,115
At 31 December 2018	550,075	416,557	244,080	1,210,712
Amortisation				
At 31 December 2016	197,788	161,244	5,225	364,257
Foreign currency difference	19,551	15,985	-	35,536
Reclassifications	-	-		-
Amortisation charged for the year	33,548	28,733	23,776	86,057
Disposals	-	-		-
Transfers	-	-		-
At 31 December 2017	250,887	205,962	29,001	485,850
Foreign currency difference	(4,294)	(3,493)	(138)	(7,925)
Reclassifications	-	-		-
Amortisation charged for the year	53,320	58,330	25,084	136,734
Disposals	-	(8,339)	-	(8,339)
Transfers	-	-		-
At 31 December 2018	299,913	252,460	53,947	606,320
Net book value:				
At 31 December 2018	250,162	164,097	190,133	604,392
At 31 December 2017	202,557	67,163	173,044	558,438

Franchise fees consisting of the cost of purchasing the Master Franchise Agreement (MFA) from Domino's Pizza Overseas Franchising B.V. have been capitalised and are written off over the term of the MFA. The difference between the present value of loans to sub-franchisees recognised and the cash advanced has been capitalised as an intangible asset and are amortised over the life of a new franchise agreement of 10 years. The amortisation of intangible fixed assets is included within administrative expenses in the Income Statement. The Group has performed an annual impairment test for the franchise fees and loan discounts and the recoverable amount of the cash generating unit has been determined based on fair value calculated using discounted future cash flows based on the Group's business plan, and incorporating the Directors' estimated 11% discount rate, future store openings and the average Polish Zloty exchange rate for the year ended 31 December 2018. Further details of the assumptions made can be found on page 40. The fair value calculation indicates that no impairment is required. As at 31 December 2018, no reasonably anticipated change in the assumptions would give rise to a material impairment charge.

13. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold property £	Fixtures fittings and equipment £	Assets under construction £	Total £
Cost:				
At 31 December 2016	1,782,197	2,157,981	57,838	3,998,016
Foreign currency difference	336,090	584,555	(491,241)	429,404
Additions	2,074,716	440,698	1,616,339	4,131,753
Disposals	-	(87,457)	-	(87,457)
Transfers	55,487	1,041,695	(1,097,182)	-
At 31 December 2017	4,248,490	4,137,472	85,754	8,471,716
Foreign currency difference	(72,520)	(71,948)	(1,850)	(146,318)
Additions	888,497	520,025	255,268	1,663,790
Disposals	-	(40,253)	-	(40,253)
Transfers	53,332	182,354	(310,801)	(75,115)
At 31 December 2018	5,117,799	4,727,650	28,371	9,873,820
Depreciation:				
At 31 December 2016	424,352	807,916	-	1,232,268
Foreign currency difference	46,716	107,034	-	153,750
Depreciation charged for the year	217,535	353,350	-	570,885
Disposals	-	(102,975)	-	(102,975)
At 31 December 2017	688,603	1,165,325	-	1,853,928
Foreign currency difference	(7,522)	(17,930)	-	(25,452)
Depreciation charged for the year	417,434	607,972	-	1,025,406
Impairment	552,910	78,208	-	631,118
Disposals	-	(48,897)	-	(48,897)
At 31 December 2018	1,651,425	1,784,678	-	3,436,103
Net book value:				
At 31 December 2018	3,466,374	2,942,972	28,371	6,437,717
At 31 December 2017	3,559,887	2,972,147	85,754	6,617,788

The impairment charge of £631,118 relates to eight corporate stores where performance has been below expectations and the decision was taken to recognise a full impairment charge in respect of the investment in those stores which cannot be re-deployed elsewhere. A final decision on the future of these stores has not yet been taken and therefore the final recoverable amount is not yet known. The whole of the investment in these stores which cannot be re-deployed has been impaired.

14. NON CURRENT ASSET INVESTMENTS

	Group £	Company £
Investments in Group undertakings		
At 31 December 2016	-	18,310,823
Investment in subsidiary company - shares subscribed	-	7,024,236
Investment in subsidiary company - capital contribution		123,650
At 31 December 2017	-	25,458,709
Investment in subsidiary company - shares subscribed	-	2,560,236
Investment in subsidiary company - capital contribution		124,839
At 31 December 2018	-	28,143,784

Investments in Group undertakings are recorded at cost, which is the fair value of the consideration paid.

The Group has performed an impairment review based on the Group's business plan and applying a 14% discount rate and concluded the the investment in Group undertakings is not impaired.

The Company holds 20% or more of the share capital of the following company, which is included in the consolidation:

Company	*Nature of business*	*Location*	*Class*	*% holding*
DP Polska S.A.	Operation of Pizza delivery restaurants	Poland	Ordinary	100

The registered office of DP Polska S.A. is: ul Słomińskiego 19, lok. 508, 00-195 Warszawa, Poland

15. DEFERRED TAX

The Group has unused tax losses of £14,637,867 available for offset against future profits. Polish tax losses are only recognised for deferred tax purposes to the extent that they are expected to be used to reduce tax payable of future profits. Under Polish law, losses can only be carried forward for five years and only 50% of the losses brought forward can be set off in any one year. Polish tax losses expire as follows: £2,839,037 in 2019; £1,304,024 in 2020; £1,833,710 in 2021; £1,983,839 in 2022 and £2,174,796 in 2023. UK tax losses carried forward at the balance sheet date were £4,502,461.

No deferred tax asset has been recognised in respect of the current year losses or in respect of share based payments as there is insufficient evidence to determine that these losses will be recovered.

16. TRADE AND OTHER RECEIVABLES

	Group 2018 £	Group 2017 £	**Company 2018 £**	Company 2017 £
Current				
Trade receivables	683,381	852,490	196,000	146,000
Other receivables	543,007	922,912	11,066	42,396
Prepayments and accrued income	307,396	435,442	66,064	60,975
Rent and supplier deposits	397,650	370,150	-	-
	1,931,434	2,580,994	273,130	249,371
Non-current				
Other receivables	1,730,633	1,767,289	-	-
At 31 December	3,662,067	4,348,283	273,130	249,371

Other receivables includes loans to sub-franchisees which are repayable over between three and seven years. Repayments may be made earlier in the event that sub-franchised stores achieve certain turnover targets earlier than expected. The loans are secured by a charge over certain assets of the sub-franchisees. Other receivables also includes Polish value added tax recoverable in future periods. No receivables are materially past due date. Other than amounts held by the Company, all trade and other receivables are in Polish Zloty. Trade receivables are non - interest bearing and are generally on 30 - 60 days terms. During the year ended 31 December 2018 a provision against sub-franchisee receivables amounting to £104,947 was recognised (2017: nil).

17. INVENTORIES

	Group 2018 £	Group 2017 £	**Company 2018 £**	Company 2017 £
Raw materials and consumables	464,102	525,870	-	-
At 31 December	464,102	525,870	-	-

The cost of inventories recognised as an expense and included in cost of sales amounted to £4,257,676 (2017: £3,858,389)

18. CASH AND CASH EQUIVALENTS

	Group 2018 £	Group 2017 £	**Company 2018 £**	Company 2017 £
Cash at bank and in hand	1,957,916	4,505,911	502,419	3,600,241
At 31 December	1,957,916	4,505,911	502,419	3,600,241

19. TRADE AND OTHER PAYABLES

	Group 2018 £	Group 2017 £	**Company 2018 £**	Company 2017 £
Current				
Trade payables	1,536,041	1,065,243	28,484	25,007
Other payables	183,691	176,051	7,616	6,470
Accrued expenses	412,467	407,666	50,599	103,110
At 31 December	2,132,199	1,648,960	86,699	134,587

20. BORROWINGS

	Group 2018 £	Group 2017 £	**Company 2018 £**	Company 2017 £
Current interest bearing borrowings				
Finance lease liabilities	143,820	129,613	-	-
At 31 December	143,820	129,613	-	-

	Group 2018 £	Group 2017 £	**Company 2018 £**	Company 2017 £
Non current interest bearing loans and borrowings				
Finance lease liabilities	131,963	243,197	-	-
At 31 December	131,963	243,197	-	-

Finance lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

Gross finance lease liabilities – minimum lease payments:

	Group 2018 £	Group 2017 £	**Company 2018 £**	Company 2017 £
No later than 1 year	163,783	147,604	-	-
Later than 1 year and no later than 5 years	141,400	260,588	-	-
Later than 5 years	-	-	-	-
Future finance charges on finance leases	29,400	35,382	-	-
Present value of finance lease liabilities	275,783	372,810	-	-

21. ANALYSIS OF MOVEMENTS IN NET FUNDS

	01 January 2018 £	Cash flows £	Foreign exchange movements £	31 December 2018 £
Cash and cash equivalents	4,505,911	(2,475,666)	(72,329)	1,957,916
Borrowings: finance leases - current	(129,613)	(14,207)	-	(143,820)
Borrowings: finance leases - non-current	(243,197)	111,234	-	(131,963)
Net funds	4,133,101	(2,378,639)	(72,329)	1,682,133

22. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2018	**2018**	2017	2017
	Loans and receivables	**Financial liabilities at amortised cost**	Loans and receivables	Financial liabilities at amortised cost
	£	**£**	£	£
GROUP				
Financial Assets				
Cash at bank	1,957,916		4,505,911	
Trade receivables	683,381		852,490	
Other receivables - current	543,007		922,912	
Other receivables - non current	1,730,633		1,767,289	
Total	4,914,937		8,048,602	
Financial Liabilities				
Trade payables		(1,536,041)		(1,065,243)
Finance leases - current		(143,820)		(129,613)
Finance leases - non current		(131,963)		(243,197)
Other liabilities - current		(183,691)		(176,051)
Accruals - current		(412,467)		(407,666)
Total		(2,407,982)		(2,021,770)
Net	2,506,955		6,026,832	

	2018	**2018**	2017	2017
	Loans and receivables	**Financial liabilities at amortised cost**	Loans and receivables	Financial liabilities at amortised cost
	£	**£**	£	£
COMPANY				
Financial Assets				
Cash at bank	502,419		3,600,241	
Trade receivables	196,000		146,000	
Other receivables	11,066		42,396	
Total	709,485		3,788,637	
Financial Liabilities				
Trade payables		(28,484)		(25,007)
Other liabilities - current		(7,616)		(6,470)
Accruals		(50,599)		(103,110)
Total		(86,699)		(134,587)
Net	622,786		3,654,050	

The fair value of the Group's financial assets and liabilities is not considered to be materially different from the carrying amount as set out above. No financial assets are significantly past due or impaired.

Maturity of the Group's financial liabilities

	2018	**2018**	**2018**	2017	2017	2017
	Finance leases	**Trade and other payables**	**Total**	Finance leases	Trade and other payables	Total
	£	**£**	**£**	£	£	£
Due within one year	143,820	2,132,199	2,276,019	129,613	1,648,960	1,778,573
Due within two to five years	131,963	-	131,963	243,197	-	243,197
Due after five years	-	-	-	-	-	-
	275,783	2,132,199	2,407,982	372,810	1,648,960	2,021,770

Capital Risk Management

The Group aims to manage its overall capital so as to ensure that companies within the Group continue to operate as going concerns, whilst maintaining an optimal capital structure to reduce the cost of capital.

The Group's capital structure represents the equity attributable to shareholders of the company together with borrowings and cash and cash equivalents.

Currency Risk

The foreign currency risk stems from the Group’s foreign subsidiary which trades in Poland and whose revenues and expenses are mainly denominated in local currencies. Additionally, some Group transactions are also denominated in US Dollar and Euro currencies. The Group is therefore subject to foreign currency risk due to exchange rate movements that will affect the Group’s operating activities and the Group's net investment in its foreign subsidiary. In each case where revenues of the Group are in a foreign currency, there is a material match between the currency of each operating company’s revenue stream, primary assets, debt and debt servicing (if applicable).

The carrying amount in Sterling, of the Group's foreign currency denominated monetary assets and liabilities at the reporting dates is as follows:

	2018	2017
Assets	**£**	£
Polish Zlotys	2,708,264	2,699,337
Liabilities		
Polish Zlotys	2,528,088	2,043,260

Sensitivity analysis

The potential impact on Group net loss and equity reserves from a 20% weakening of the Polish Zloty against sterling affecting the reported value of financial assets and liabilities would be an increased net loss and reduction in Group reserves of £36,035. A depreciation of 20% has been selected for the analysis as an illustration on the basis that it is a reasonable estimate of a likely market fluctuation.

An appreciation of 20% against Sterling would produce an equal and opposite effect.

Interest Rate Risk
Interest rate risk arises on the Group's cash and cash equivalents. All of the Group's cash and cash equivalents earn interest at variable rates.

Sensitivity analysis
The sensitivity analysis below has been determined based on the exposure to interest on the financial instrument balances at the reporting date and the stipulated change taking place at the beginning of the financial period and held constant throughout the reporting period.

At the reporting date, if interest rates had been 1% higher and all other variables were held constant, the effect on the Group's net result and equity reserves would have been an increase of £19,579.

Credit Risk
Exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date, namely cash and cash equivalents, trade and other receivables and loans to subfranchisees.

The Group manages its exposure to this risk by applying Board-approved limits to the amount of credit exposure to any one counterparty and employs minimum credit worthiness criteria as to the choice of counterparty, thereby ensuring that there are no significant concentrations of credit risk.

All sub-franchisees who are provided with loans from the Group have been through the franchisee selection process, which is considered to be sufficiently robust to ensure an appropriate credit verification procedure.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Impairment of financial assets
The Group recognises an allowance for expected credit losses (‘ECLs’) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs and recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision procedure that is based on its historic credit loss experience, adjusted for forward-looking factors specific to the debtors, the economic environment and relevant security and guarantees from sub-franchisees. The movement in the allowance for doubtful debts during the year is as follows:

	2018	2017
	£	£
Balance at 01 January	-	-
Impairment loss made during the year	105,490	-
Balance at 31 December	**105,490**	**-**

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Surplus funds are invested on a short term basis at money market rates and therefore such funds are available at short notice.

23. SHARE CAPITAL

		2018	2017
		£	£
Called up, allotted and fully paid:			
152,822,131 (2017: 152,550,704)	Ordinary shares of 0.5 pence each	764,111	762,754

Movement in share capital during the period

	Number	Nominal value	Consideration
		£	£
At 31 December 2016	136,915,112	684,576	29,608,034
Placing 06 June 2017	12,200,000	61,000	5,246,000
Option exercises 2017	3,435,592	17,178	17,178
At 31 December 2017	152,550,704	762,754	34,871,212
Management share awards 2018	271,427	1,357	1,357
At 31 December 2018	152,822,131	764,111	34,872,569

The Company does not have an authorised share capital.

DP Poland Employee Benefit Trust ("EBT")
The trustee of the EBT holds 2,534,878 ordinary shares in the Company for the purposes of satisfying outstanding and potential awards under the Company's Joint Ownership Share Scheme, Share Option Scheme and the Share Incentive Plans. The historic cost of these shares was £56,859 with a net contribution of £6,115 made by the JOSS award holders to acquire their joint interests. The shares held by the EBT had a market value of £329,530 at 31 December 2018.

24. SHARE BASED PAYMENTS

	Group 2018	Group 2017
	£	£
Share based payments expense	239,268	253,715

During the period ended 31 December 2018 the Company provided four types of share-based incentive arrangements:

Type of arrangement	*Vesting period*	*Vesting conditions*
Joint Ownership Share Scheme	2.5 - 3.5 years	Achievement of store growth and financial targets
Employee Share Incentive Plan	2 years	Two years service
Non-Executive Directors' Share Incentive Plan	2 years	Two years service
Employee Share Option Plan	Variable*	Detailed individual performance targets
Long Term Incentive Option Plan	2.3 years	Detailed company performance targets

The Company established the Joint Ownership Share Scheme ("JOSS") and the Share Incentive Plans on 25 June 2010, the Employee Share Option Plan on 06 May 2011 and the Long Term Incentive Share Option Plan on 19th December 2014. The Group has calculated charges for the JOSS and share option awards using a Black-Scholes model. Volatility and risk free rates have been calculated for each JOSS grant based on expected volatility over the vesting period and current risk free rates at the time of each award. Volatility assumptions are based on historic volatility .

Assumptions used in the valuation of share option awards were as follows:

Award date	Exercise price	Expected volatility	Risk free rate	Expected dividends	Option life in years	IFRS2 fair value per share option
17 December 2014	0.5 pence	46%	0.98%	-	2 years	£0.0808
19 December 2014	0.5 pence	46%	0.98%	-	2.3 years	£0.0723
19 December 2014*	0.5 pence	46%	0.98%	-	2.3 years	£0.0036
03 May 2016	0.5 pence	50%	0.90%	-	3 Years	£0.2504
22 May 2017	0.5 pence	50%	0.90%	-	3 Years	£0.4557
11 January 2018	0.5 pence	50%	0.50%	-	3 Years	£0.4115
01 June 2018	0.5 pence	50%	0.50%	-	2 Years	£0.3331
11 October 2018	0.5 pence	50%	0.50%	-	3 Years	£0.3062

The share based payments charge for the year by scheme was as follows:

	2018	2017
Share Incentive Plan	76,297	79,768
Other Share Options	92,616	55,936
Long Term Incentive Share Option Plan	70,355	118,011
	239,268	253,715

All of the above amounts related to equity-settled share based payment transactions.

Share scheme awards outstanding

Scheme and date of award	Hurdle or exercise price	Outstanding 31.12.17 No.	Awarded in period No.	Exercised in period No.	Lapsed in period No.	Outstanding 31.12.18 No.
JOSS 25 June 2010	23.08 pence + 3% per annum	383,936	-	-	-	383,936
SIP 27 July 2010	n/a	100,000	-	-	-	100,000
SIP 30 May 2012	n/a	75,000	-	-	-	75,000
SIP 19 June 2013	n/a	331,169	-	-	-	331,169
SIP 18 June 2014	n/a	413,604	-	-	-	413,604
SIP 17 April 2015	n/a	486,486	-	-	-	486,486
SIP 03 May 2016	n/a	346,154	-	-	-	346,154
SIP 24 May 2017	n/a	191,490	-	-	-	191,490
SIP 24 May 2018	n/a	-	173,913	-	-	173,913
Share options 19 December 2014	0.5 pence	3,250,125	-	-	-	3,250,125
Share options 03 May 2016	0.5 pence	2,571,307	-	-	-	2,571,307
Share options 22 May 2017	0.5 pence	206,770	-	-	-	206,770
Share options 11 January 2018	0.5 pence	-	96,000	-	-	96,000
Share options 01 June 2018	0.5 pence	-	88,236	-	-	88,236
Share options 11 October 2018	0.5 pence	-	355,469	-	-	355,469
2017 performance bonus share awards	0.5 pence	-	221,203	221,203	-	-
2018 performance bonus share awards	0.5 pence	-	50,224	50,224	-	-

The weighted average remaining contractual life of outstanding share options is 1.77 years (2017: 3.63 years). The number share options exercisable at 31 December 2018 was 3,250,125 with a weighted average exercise price of 0.5 pence.

25. OPERATING LEASE COMMITMENTS - MINIMUM LEASE PAYMENTS

At the period end the Group had future minimum rentals payable under non-cancellable operating leases as set out below:

	Land and buildings 2018 £	Land and buildings 2017 £
Within one year	1,089,075	1,356,846
Within two to five years	2,266,212	3,778,094
In more than five years	23,976	145,090
At 31 December	3,379,263	5,280,030

Operating leases for land and buildings are normally for an initial term of 5 years with an option to renew thereafter. Lease payments are subject to regular rent reviews to reflect market rates.

Operating lease commitments where the Group is lessor
For the stores in the franchisee system, the Group has entered into commercial leases, taking the head lease and then subletting the properties to the franchisees. These non-cancellable leases have remaining terms of between five and ten years. Future minimum rentals receivable under non-cancellable operating leases are as follows:

	Land and buildings 2018 £	Land and buildings 2017 £
Within one year	510,045	472,909
Within two to five years	1,162,246	1,256,268
In more than five years	-	105,190
At 31 December	1,672,291	1,834,367

26. PROVISIONS

	Onerous lease provisions £	**Other £**	**Total £**
At 31 December 2016	37,294	50,532	87,826
Released during the period	(6,267)	(50,532)	(56,799)
Foreign exchange on translation	6,262	-	6,262
At 31 December 2017	37,289	-	37,289
Released during the period	(8,975)		(8,975)
Foreign exchange on translation	(1,018)	-	(1,018)
At 31 December 2018	27,296	-	27,296

Presented as	**2018 £**	2017 £
Current	27,296	37,289
Non-current	-	-
	27,296	37,289

The onerous lease provision relates to outstanding rent obligations for three closed stores in Poland. Other provisions comprises the provision for additional VAT payable as shown in note 5. The provision for additional VAT payable has been reversed following changes to a previous ruling by the Polish VAT authorities.

27. CAPITAL COMMITMENTS

At 31 December 2018, amounts contracted for but not provided in the financial statements for the acquisition of property, plant and equipment amounted to £474,608 (2017: £590,114) for the Group.

28. RELATED PARTY TRANSACTIONS

During the period the group and company entered into transactions, in the ordinary course of business, with other related parties. The transactions with directors of the company are disclosed in the Directors' Remuneration Report. Transactions with key management personnel (comprising the Directors and key members of management in Poland) are disclosed below:

	Group 2018 £	Group 2017 £
Short-term employee benefits	310,216	383,900
Share-based payments	87,638	142,940
At 31 December	397,854	526,840

In the prior year, the Company provided loans to its subsidiary undertaking DP Polska S.A. as disclosed in note 14.

The Company made a charge of £50,000 to DP Polska S.A. for management services provided in 2018 (2017: £50,000). The balance owed by DP Polska S.A. to DP Poland plc as at 31 December 2018 was £196,000 (2017: £146,000). Included in the parent company's year end balance sheet is an amount of £50,000 in respect of accrued income for the 2018 management charge not yet invoiced (2017: £50,000)

29. EVENTS AFTER THE BALANCE SHEET DATE

On 01 March 2019 the Company raised £5.8m via a placing of 96,666,666 new ordinary shares at 6 pence per share.

Notice of Annual General Meeting

NOTICE is hereby given that the Annual General Meeting of DP Poland plc (the "Company") will be held at the offices of Peel Hunt LLP, Moor House, 120 London Wall, London EC2Y 5ET on 03 May 2019 at 09.00 a.m. for the purpose of considering, and if thought fit, passing the following resolutions which will be proposed in the case of resolutions 1 to 5 as ordinary resolutions and in the case of resolution 6 as a special resolution:

Ordinary Resolutions

1. To receive, consider and adopt the financial statements of the Company for the year ended 31 December 2018, together with the Directors' report the Auditors' report thereon.

2. To re-appoint Crowe U.K. LLP as auditor to the Company, to hold office from the conclusion of the meeting until the conclusion of the next general meeting at which accounts are laid before the Company and to authorise the Directors to determine their remuneration.

3. To re-elect as a Director, Maciej Jania, who retires in accordance with the Company's Articles of Association and who being eligible, offers himself for re-election.

4. To re-elect as a Director, Gerald Ford, who retires in accordance with the Company's Articles of Association and who being eligible, offers himself for re-election.

5. That, the Directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act") to allot:

   (a) shares in the Company or grant rights to subscribe for or to convert any securities into shares in the Company (such shares, and rights to subscribe for or to convert any security into shares in the Company being "relevant securities") up to an aggregate nominal amount of £415,814 representing approximately one third of the nominal value of the issued ordinary share capital of the Company at the date of this Notice; and

   (b) equity securities (within the meaning of section 560 of the Act) up to a further aggregate nominal amount of £415,814 in connection with a rights issue in favour of the ordinary shareholders of the Company on the register on a record date fixed by the Directors where the equity securities respectively attributable to the interests of such ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, record dates or legal, regulatory or practical problems under the laws of any territory (including the requirements of any regulatory body or stock exchange) (a "Rights Issue"),

   provided that unless previously revoked, varied or renewed, this authority shall expire on the date which is fifteen months from the date of passing this resolution or at the conclusion of the next annual general meeting of the Company after the passing of this resolution, whichever is the earlier, save that the Company may before such expiry make an offer or agreement which would or might require any of such securities to be allotted after such expiry and the Directors may allot securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired. Such authority shall be in substitution for any equivalent authorities and powers granted to the Directors prior to the passing of this resolution, but shall be without prejudice to the continuing authority of the Directors to allot any securities pursuant to an offer or agreement made by the Company before the expiry of the authority pursuant to which such offer or agreement was made.

Special Resolution

6. That, subject to the passing of resolution 5 above, the Directors be generally empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) of the Company wholly for cash pursuant to the authority of the Directors under section 551 of the Act conferred by resolution 5 above, as if section 561 of the Act did not apply to such allotment, provided that:

   (a) the power conferred by this resolution shall be limited to:

(i) the allotment of equity securities in connection with any Rights Issue or other invitation or offer to ordinary shareholders where the entitlements of ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, record dates or legal, regulatory or practical problems under the laws of any territory (including the requirements of any regulatory body or stock exchange) and in the case of the authority conferred by resolution 5(b), to any allotment by Rights Issue alone; and

(ii) the allotment, otherwise than pursuant to sub-paragraph (a)(i) of this resolution, of equity securities up to an aggregate nominal value equal to £124,744, representing approximately 10% of the nominal value of the issued ordinary share capital of the Company at the date of this Notice; and

(b) unless previously revoked, varied or renewed, this power shall expire on the date which is fifteen months from the date of passing this resolution or at the conclusion of the next annual general meeting of the Company after the passing of this resolution, whichever is the earlier, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if this power had not expired.

By Order of the Board

Registered Office:
Elder House,
St Georges Business Park,
207 Brooklands Road,
Weybridge, Surrey
KT13 0TS

Patrick Michael Bodenham
Company Secretary
Dated: 25 March 2019

Notes:

1. Members of the Company are entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote on their behalf at the meeting. Members of the Company should only appoint a proxy using the procedures set out in these notes and in the notes to the proxy form. In addition, a member of the Company who is a corporation may authorise a person or persons to act as its representative at the meeting. In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company provided that they should not do so in relation to the same shares.

2. The appointment of a proxy does not preclude a member of the Company from attending the meeting and voting in person. In those circumstances, any proxy previously appointed by such member will not be able to attend, speak or vote on his behalf at the meeting.

3. A proxy does not need to be a member of the Company but must attend the meeting in order to represent the member by whom the proxy has been appointed. To appoint as a proxy a person other than the Chairman of the meeting, that person’s full name must be inserted where indicated on the proxy form accompanying this Notice. If the proxy form is signed and returned but with no name inserted in place of that of the Chairman of the meeting, the Chairman will be deemed to be the proxy of the member completing and returning the form. Where a member appoints as a proxy someone other than the Chairman, it is the responsibility of that member to ensure that such proxy attends the meeting and is aware of the member’s voting intentions. A member wishing to appoint a proxy to speak on their behalf at the meeting, will need to appoint someone other than the Chairman and give them the relevant instructions directly.

4. A member may appoint more than one proxy provided that each proxy is appointed to exercise rights attached to a different share or shares held by that member. In the event of a conflict between a blank proxy form and a proxy form which states the number of shares to which it applies, the specific proxy form shall be counted first, regardless of whether it was sent or received before or after the blank proxy form, and any remaining shares in respect of which the member is the registered holder will be apportioned to the blank proxy form. To appoint more than one proxy you must complete a separate proxy form for each proxy or, if appointing multiple proxies electronically, follow the instructions given on the relevant electronic facility. Members can copy their original proxy form, or additional proxy forms can be obtained from SLC Registrars,.

5. To direct a proxy how to vote on the resolutions at the meeting the appropriate boxes on the proxy form should be marked with an 'X'. To instruct a proxy to abstain from voting on a resolution, the relevant "Vote withheld" box should be marked with an 'X'. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, a proxy will vote or abstain from voting at his or her discretion. A proxy will also be entitled to vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

6. To appoint a proxy using the form accompanying this Notice, the proxy form must be:

    - completed and signed;
    - sent or delivered to SLC Registrars. Elder House, St Georges Business Park, 207 Brooklands Road, Weybridge, Surrey KT13 0TS and
    - received by SLC Registrars no later than 09.00 a.m. on 01 May 2019.

7. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by two duly authorised signatories or by a director of the company in the presence of a witness who attests the signature.

8. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-name being the most senior).

9. Any power of attorney or any other authority under which a proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form when returning it to SLC Registrars.

10. If a member submits more than one valid proxy appointment in respect of the same share, the appointment received by SLC Registrars last in time (regardless of the date of its making) shall be treated as revoking and replacing any others as regards that share.

11. No electronic address provided in the proxy form is to be used to communicate with the Company for any purposes other than those expressly stated.

12. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members entered on the register of members of the Company at 6.30 p.m. on 01 May 2019 or, in the event that this meeting is adjourned, in the register of members as at 6.30 p.m. on the day two days before the date of any adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of ordinary shares registered in their names at that time. Changes to the entries on the register of members after that time or, in the event that the meeting is adjourned, after 6.30 p.m. on the day two days before the date of the adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.

13. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

14. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent (ID 7RA01) by 09.00 a.m. on 03 May 2019. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

15. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

16. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

17. Copies of the Directors' service contracts and letters of appointment are available for inspection at the registered office of the Company during normal business hours on any business day and will be available for inspection at the place where the meeting is being held from 15 minutes prior to and during the meeting.

18. Resolution 5 – Under section 551 of the Act, the directors of a company may allot shares only if authorised to do so. At the annual general meeting held in 2018, the Directors were given general authority, which will expire on conclusion of the meeting, to allot a maximum of £254,251 in nominal amount of relevant securities. This authority is proposed to be replaced by that set out in paragraph (a) of resolution 5, which in accordance with guidance issued by the Investment Association, is to be limited to the allotment of relevant securities with an aggregate nominal value of £415,814, representing approximately one-third of the issued ordinary share capital of the Company as at the date of this Notice. The Directors were also given authority at the annual general meeting held in 2018, to allot up to a further one-third of

the existing issued share capital of the Company in connection with a fully pre-emptive rights issue. This authority is proposed to be replaced by that set out in paragraph (b) of resolution 5 which, in line with the guidance issued by the Investment Association, is to confer power on the Directors to allot equity securities up to a further aggregate nominal amount of £415,814, representing approximately one-third of the issued ordinary share capital of the Company as at the date of this Notice, but only in connection with a rights issue to existing shareholders in proportion (as nearly as practicable) to their existing holdings. The proposed new authorities (unless previously revoked, varied or renewed by the Company in general meeting), will expire fifteen months from the date of passing resolution 5 or at the conclusion of the 2020 AGM, whichever is the earlier.

19. Resolution 6 - Section 561(1) of the Act requires that equity securities proposed to be allotted for cash are first offered to existing shareholders in proportion to their existing holdings. This is known as shareholders' pre-emption rights. However, to act in the best interests of the Company, the Directors may require flexibility to allot shares for cash otherwise than to existing shareholders in proportion to their existing holdings. Resolution 6, therefore empowers the Directors to allot equity securities up to an aggregate nominal value of £124,744, being equal to approximately 10 per cent. of the Company's issued ordinary share capital as at the date of this Notice, for cash without first offering them to existing shareholders. This means that the proportionate interests of existing ordinary shareholders could not, without their agreement, be reduced by more than 10% by the issue of new shares for cash.

    This authority (unless previously revoked, varied or renewed by the Company in general meeting), will expire fifteen months from the date of passing the resolution or at the conclusion of the 2020 AGM, whichever is the earlier.

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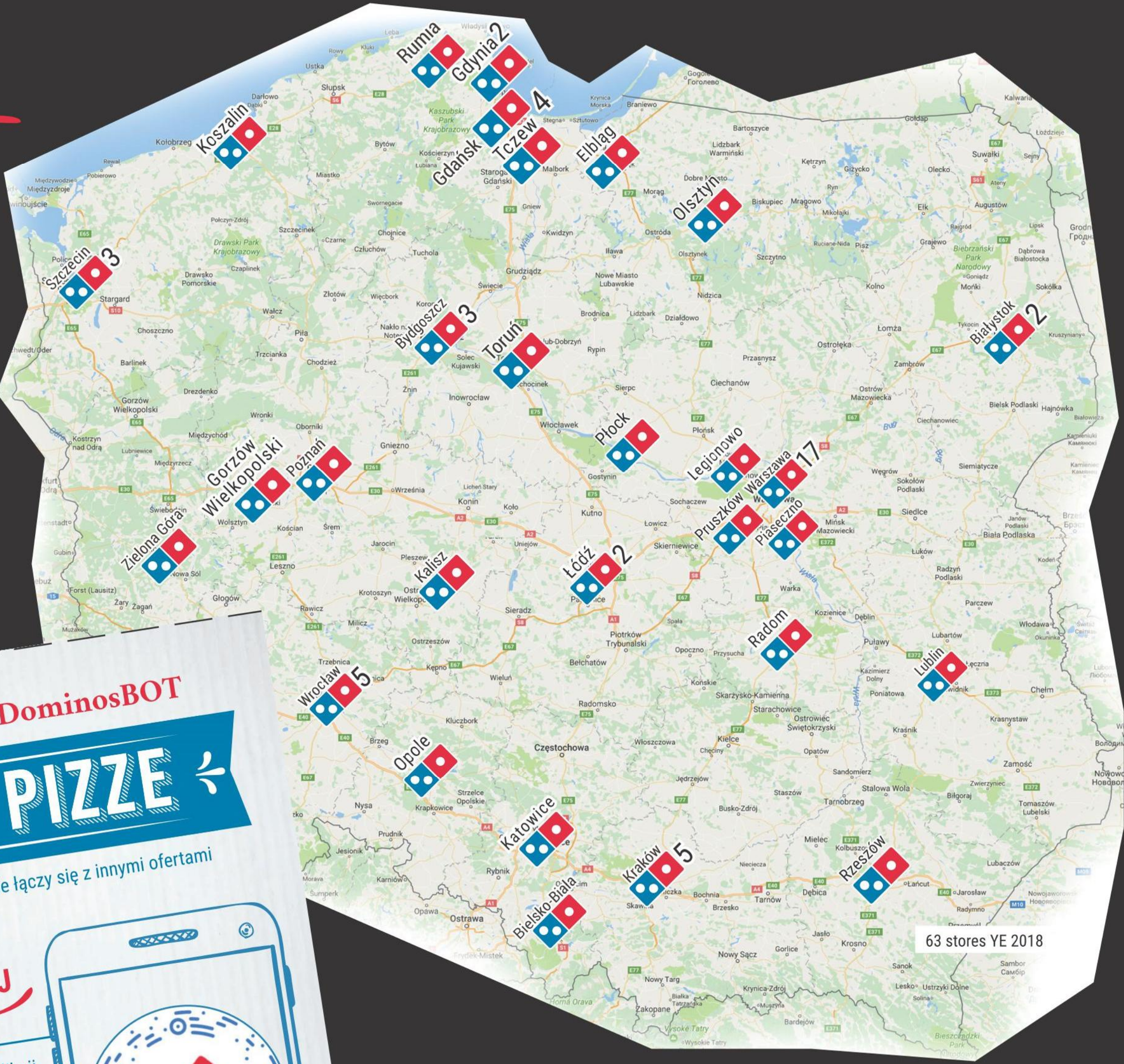
9 STORE OPENINGS



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