



Domino's Pizza®

DP POLAND PLC 2020 ANNUAL REPORT AND ACCOUNTS



Dominium



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DP Poland PLC

Annual Report and Accounts 2020

STRATEGIC REPORT

- 02 Company Information
- 03 Company Profile
- 04 Risk Management
- 06 Chairman's Statement
- 08 Chief Executive's Review
- 10 Chief Financial Officer's Review

GOVERNANCE

- 16 The Board
- 17 Directors' Report
- 21 Statement on Corporate Governance
- 24 Remuneration Report
- 26 Statement of Directors' Responsibilities
- 27 Independent Auditors' Report

FINANCIAL STATEMENTS

- 32 Group Income Statement
- 33 Group Statement of Comprehensive Income
- 33 Company Statement of Comprehensive Income
- 34 Group Balance Sheet
- 35 Company Balance Sheet
- 36 Group Statement of Cash Flows
- 37 Company Statement of Cash Flows
- 38 Group Statement of Changes in Equity
- 38 Company Statement of Changes in Equity
- 39 Notes to the Financial Statements
- 67 Notice of Annual General Meeting

Company Information

| | |
|------------------------------|---|
| Directors | Nicholas John Donaldson - <i>Non-Executive Chairman</i> Piotr Dzierżek - <i>Chief Executive Officer</i> Malgorzata Potkanska - <i>Chief Financial Officer</i> Robert Nicholas Lutwyche Morrish - <i>Non-Executive</i> Przemyslaw Glebocki - <i>Non-Executive</i> Jakub Chechelski - <i>Non Executive</i> |
| Secretary | Patrick Michael Bodenham FCCA |
| Registered Office | Highdown House Yeoman Way Worthing West Sussex BN99 3HH |
| Registered Number | 7278725 |
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| Solicitors | Bird & Bird LLP 12 New Fetter Lane London EC4A 1JP |
| Auditors | Crowe U.K. LLP Riverside House 40-46 High Street Maidstone Kent ME14 1JH |
| Registrars | SLC Registrars Highdown House, Yeoman Way, Worthing, West Sussex, BN99 3HH |
| Principal Bankers | BNP Paribas Bank Polska S.A. Ul. Piekna 20 00-549 Warsaw |

Company Profile

Domino's Pizza is operated in Poland by DP Polska S.A. (DPPSA), a Polish registered company which is wholly owned by DP Poland plc (DPP or the Group). DPP is a UK based company listed on the Alternative Investment Market (AIM). The exclusive rights of the Master Franchise Agreement have been granted to DPPSA for an initial period of 15 years with an option to renew for a further 10 years, subject to certain conditions.

In January 2021 the Group acquired Dominium S.A. ("Dominium") which operates a total of 57 pizza restaurants in various locations across Poland. All of Dominium's 57 pizza restaurants offer eat-in facilities, with only two not providing a delivery service. Customers have the option of ordering takeaway pizza through the Dominium online app, through the website, or by telephone. Dominium restaurants will be converted to the Domino's format.

Poland has a population of 38 million people and has the potential to become a significant pizza delivery market. DPP's objective is to establish Domino's Pizza as the leading pizza brand in Poland.

The first Domino's Pizza store was opened in Warsaw in February 2011. At the 2020 year-end there were 69 Domino's Pizza stores across 29 Polish cities and towns. The combination of DPPSA and Dominium will make the enlarged Group one of the largest pizza restaurant businesses 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 by 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 MFA) 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 great 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, including those relating to Covid-19.

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.

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 regularly to 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.

Impact of a pandemic - Covid-19

We see increased uncertainties following the Covid-19 worldwide outbreak and market volatility. While all of our stores remain open for business, our business may be impacted in case adverse market circumstances re-occur. These impacts could vary from increased personal protection and safety measures, through prohibition of dine-in business, to complete store closures for an unspecified period of time, at the extreme which we believe is not probable. The Group has taken measures to ensure business continuity as far as possible. The main focus areas are: employees; customers; operations and supply chain. As part of the Group's crisis management policy, our management team is closely following the guidelines announced by global and local health authorities. The Group has launched contactless delivery and continues to offer online payment in order to ensure our customers and employees are safe while interacting together.

Chairman's Statement

On 21 December 2020, just before the world's first Covid-19 Christmas, DP Poland sought shareholder approval for, the 'reverse takeover' of Dominium S.A (the "Acquisition").

Prior to the two businesses coming together, Dominium had been a significant, successful pizza competitor in the Polish market. Unlike DP Poland, Dominium's focus was more on dine-in than delivery, owning and operating some prominent restaurant sites across Poland.

The Acquisition received significant support from DP Poland shareholders, and was approved by shareholders on 8 January 2021.

The Board believes that the Acquisition is a transformational deal for DP Poland: the two businesses complement one another, both with high quality products and service and the combined dine-in and delivery offering has meaningful scale in the Polish market. On completion of the Acquisition, DP Poland became one of the largest pizza and Italian food operators in Poland. In addition, the business combination removes any possible confusion over the names of the two businesses.

The transaction took some 12 months to finalise: the impact of Covid-19 and the consequential restrictions in movement, the need for approval from the Polish Office of Competition and Consumer Protection ("UOKiK"), negotiating a complex transaction in two languages, under two different legal codes, proved challenging. But we got there! The positive approach of the combined team was crucial to this; I am delighted to say that this approach continues.

We appreciate the continued support of Domino's Pizza International, Inc. ("DPI"), our master franchisor, who's approval of this transaction was essential to getting the deal across the line.

At the time of writing this statement, Covid-19 case rates continue to fall in Poland, dine-in (both in restaurant terraces/summer gardens and inside the restaurants themselves) has resumed recently, and customers are clearly enjoying the ability to dine out once again at their favourite restaurants. Early days yet, but encouraging signs for your company. Your board continues to believe that, however long it takes for Covid-19 related issues to subside, the combination of the businesses of DP Poland and Dominium will create a major player in the Polish food and beverage sector.

Combining two similar sized businesses takes time. We started our efforts to combine the two businesses as early as possible. These efforts have not been helped by the continuing Covid-19 issues relating to operating in Poland, limiting the reopening of summer gardens and terraces, besides indoor dining, but we have made good progress over the first half of this year. Further details of the integration progress are set out in the Chief Executive's Review.

As reported on 31 March 2021, DP Poland's trading performance in respect of the year ended 31 December 2020 was in line with management expectations. Dominium had a difficult time in 2020, as its dine-in operations were, in effect, closed in accordance with Government rules. Nevertheless, Dominium's management – led by Piotr – pivoted the Dominium business successfully towards delivery/collection to address this new environment. As the enlarged group comes together, the Board believes that the performance of 2020 is not indicative of the enlarged group's potential for the future.

Your board continues to believe that the enlarged group is well positioned and prepared for the easing of Covid-19 regulations across Europe and the world. Despite the ongoing challenges, your board continues to be confident about the prospects for the enlarged DP Poland group as a leading player in the Polish food and beverage sector.

The enlarged group has a great team. I thank every member of our team for their efforts over this extraordinary period. I also thank DPP shareholders for their support

Nicholas Donaldson
Non-Executive Chairman
17 June 2021

Chief Executive's Review

It is my pleasure to address you for the first time in my role as the Chief Executive Officer of DP Poland.

2020 was an extraordinary year due to the Covid-19 pandemic but I believe that it was also a breakthrough year for the company. The challenges and opportunities for DP Poland in early 2020, driven also by the government imposed lockdowns, made your board reconsider the company's business strategy and led DP Poland to explore the possibility of acquiring Dominium. Our conclusions, and the proposed strategy for the enlarged group, were set out in DP Poland's AIM Admission Document published on 21 December 2020. The transaction completed on 8 January 2021, with overwhelming support of the shareholders of both businesses. I thank all shareholders for that support.

The acquisition of Dominium represents a step change in Domino's operations in Poland. DP Poland has almost doubled in size (in terms of store numbers) and our growth plans have been accelerated significantly. A larger network of stores allows us to be closer to our customers and to deliver our freshly baked pizza faster and cheaper than at any time before. This proved to be of great importance during the pandemic and I am confident that this strong positioning will continue to serve us for much longer.

The transaction brought not only an increase in footprint but provided the opportunity to share our best practices. We have compiled a new menu based on the bestselling products and recipes of each business. We have built a team comprising of the most promising talents of the two organisations and also selected the best suppliers; our greater buying power as an enlarged group is helpful in this regard. We have utilised the operational capacity of DP Poland's commissary to supply products to the entire enlarged network.

DP Poland, as an enlarged business, remains primarily focussed on delivery, however we will continue to operate our dine-in locations, previously Dominium restaurants, and treat those as our flagship stores. Dominium had successfully combined a dine-in and delivery business model, occupying high footfall locations which promoted the brand and stimulated delivery sales. I believe that this effect will be even stronger for the enlarged network.

We are happy to see the growing scale of vaccination across the country and the resulting relaxation of lockdown measures. Our dine-in locations faced significant challenges during the pandemic as they were required by Government regulation to be closed. However, at the time of writing this review conditions appear to be improving: with the public, our potential customers, using every opportunity to go out. We believe that we now have a network that can operate successfully both during and post the lockdown environment.

We began our preparation for the integration of DP Poland and Dominium during the last quarter of 2020, however the implementation could only be started once the acquisition completed. I am pleased to report that the operational combination has been completed: we have redesigned our organisational chart, changed and unified remuneration policies, launched a new menu for the combined business and invested in capital to standardise our level of service across the network. We have placed a particular focus on the processes around food preparation, investing heavily in our kitchens and refrigeration units. The biggest challenge has proved to be the integration of IT and adoption of systems which are standardised among all Domino's brand businesses around the world. We believe that our efforts in IT integration and adoption of systems, which continues to be implemented across our stores, will pay off in the future.

All of the above would not be possible without the support of our combined team. I have been overwhelmed by the enthusiasm and hard work of our employees and I would like to use this opportunity to thank everyone for going the extra mile to get us to where we are today. The team extends beyond that of DP Poland, and I am proud to say that today we consider ourselves a member of a wider Domino's family. We have received tremendous support at all levels from DPI and the Acquisition could not have taken place if it had not been supported so well by the entire European team of DPI, who have spent significant time working on, and supporting us through, the process.

At the time of writing this review we are operating in, what we hope to be, the start of the post Covid-19 environment: I sincerely hope that the progress in this regard will continue. All of our restaurants have been able to provide collection, delivery and dine-in services to our customers since 28 May 2021. Our products are now sold via a single e-commerce platform, which was launched during the first quarter of 2021. We have also introduced a mobile application that is an updated version of the solution that worked well in Dominium. On the back of the IT integration, we have introduced a new menu with new products and prices..

The pandemic and the merger has proved challenging over the last year. I believe that we have used that time wisely and are now at a point where we will start to see the benefits of these efforts in the months and years to come.

In this annual report we are presenting the 2020 financial statements of DP Poland on a standalone basis, as the merger completed after the financial year end. DP Poland enjoyed a growth in delivery sales during the 2020 lockdown, although it did not achieve a breakthrough in terms of profitability during the financial year. I believe that the combination of DP Poland and Dominium will address this issue and I look forward to reporting on the Group's performance during the 2021 financial year.

Piotr Dzierżek
Chief Executive Officer
17 June 2021

Chief Financial Officer's Review

Overview

It is a great pleasure for me to comment on the financial performance of DP Poland for the first time as the Company's Chief Financial Officer.

2020 was marred by challenges of the Covid-19 pandemic, which had a severe impact on the operations and performance of many industries worldwide, including the restaurant and food delivery sectors in Poland. The ability to provide indoor dine-in services has been restricted by Polish government guidelines twice in 2020: once during the Spring (for 9 weeks) as well as the Autumn (for the last 10 weeks of 2020 since late October 2020, but continuing in 2021 for a further 21 weeks until late May 2021). These restrictions have, inevitably, negatively impacted restaurants' performance, however in contrast, the food delivery sector has thrived. The food delivery sector in Poland has grown significantly during the pandemic and the Group, with its short delivery times, contactless payments and contactless delivery/collection service has benefitted from this sector's growth despite the unfortunate circumstances.

Despite its rapid like-for-like sales growth and consistent store rollout program, the Group has been facing continued pressure on labour costs which have been coupled with underutilised operations as a result of its sub-optimal store footprint. We expect that the integration with Dominium will alleviate these pressures.

Reverse takeover

The Company announced on 6 August 2020 that an application had been filed with UOKiK, the Polish Office of Competition and Consumer Protection, in connection with the proposed acquisition by DP Poland of the entire issued share capital of Dominium, a Polish pizza restaurant operator. On 19 October 2020, the Company announced that approval for the Acquisition had been granted by UOKiK. As the Acquisition constituted a reverse takeover under the AIM Rules, trading in the Company's Existing Ordinary Shares was suspended pending publication of an Admission Document. The Admission Document was published on 21 December 2020, and the proposed transaction was subject to shareholders' approval. Following shareholder approval, which was granted on 7 January 2021, the transaction completed on 8 January 2021.

Consideration for the Acquisition was satisfied by the issue of 283,766,661 new ordinary shares in DP Poland and the issue by DP Poland of an unsecured loan note of €1.3 million to Malaccan Holdings Limited. Additionally, outstanding debt due from Dominium to Malaccan Holdings Limited to the value of €6.2 million was converted into the same unsecured loan note, bringing the total amount of principal owed by DP Poland to Malaccan Holdings Limited to €7.5 million. As part of the transaction a placing of 19,965,361 new ordinary shares and a subscription of 23,784,639 new ordinary shares in DP Poland was conducted, at a price of 8 pence (the "Issue Price") per ordinary share, raising approximately £3.5 million (before expenses) for the Group. In addition, 21,824,204 of the shares issued to Malaccan Holdings Limited were placed at the Issue Price. The enlarged share capital of DP Poland was admitted to AIM on 8 January 2021.

The Acquisition almost doubled the number of stores within the Company's portfolio and will provide a basis for:

- (i) a more compelling consumer proposition under the single – Domino's Pizza brand;
- (ii) optimisation of the delivery network;
- (iii) streamlining of the enlarged Group's operations; as well as
- (iv) further expansion and market penetration into new cities and towns.

The Group's objective is to continue to build on its position as a leading player in Poland and work towards being the market leader in terms of number of stores as well as in pizza delivery. Several synergies have already been achieved in terms of costs and further are expected to be achieved in forthcoming months.

The figures below do not include the results of Dominion as the Acquisition completed after the Group's 2020 financial year end.

Financial Performance

| | 2020 | 2019 |
|---|--------------|--------------|
| | £ | £ |
| System sales | 17,438,411 | 16,613,212 |
| Revenue | 14,975,843 | 14,006,659 |
| Direct Costs | (12,999,376) | (11,820,235) |
| Selling, general and administrative expenses - <i>excluding: store pre-opening expenses, depreciation, amortisation and share based payments</i> | (2,798,772) | (2,605,692) |
| GROUP EBITDA - <i>excluding non-cash items, non-recurring items and store pre-opening expenses</i> | (822,305) | (419,268) |
| Store pre-opening expenses | (323) | (53,633) |
| Other non-cash and non-recurring items | (2,265,611) | (189,518) |
| Finance income | 83,219 | 160,186 |
| Finance costs | (536,363) | (600,343) |
| Foreign exchange losses | (76,167) | (10,825) |
| Depreciation, amortisation and impairment | (1,983,414) | (2,246,949) |
| Share based payments | (217,332) | (151,418) |
| Loss before taxation | (5,818,296) | (3,511,768) |
| Taxation | - | - |
| Loss for the period | (5,818,296) | (3,511,768) |

Revenue

The increase in Group's revenue of 7% is primarily due to the Group's delivery operations benefitting from the Covid-19 restrictions and the improved food delivery dynamics in Poland. The primary drivers for the 5% LFL growth in 2020 was due to an increase in average order value as well as effective price increases. From a phasing perspective, as profiled later in the Key Performance Indicators section, DP Poland's performance in 2020 consistently improved from quarter to quarter, with negative LFL growth during the outset of the Covid-19 pandemic to a 12.9% increase in the last quarter of 2020.

Direct costs

Direct costs increased by 10% in 2020 which outpaced the increase in revenues. The key drivers of this movement included a substantial increase in national minimum wage in Poland, a 33% increase in the maintenance costs of the delivery scooter fleet as scooters were not replaced. In addition, the Group experienced a 48% increase in personal protection equipment costs due to the pandemic (for example purchasing gloves and masks for employees) and a 56% increase in the commissions paid towards online payments processing and aggregators. Furthermore, the Group experienced a general increase in costs as a result of franchise stores being acquired from sub-franchisee owners.

Although the Polish economy was subject to one of the highest inflation rates in Europe during 2020, the Group managed to keep food costs (as % of revenue) at a stable level.

Throughout 2020 labour cost inflation continued in Poland, representing a challenge for the Group, particularly for newer stores which usually have insufficient sales to absorb the fixed cost element of labour during their early stages. The national minimum wage in Poland in 2020 has been increased by 16% (year-on-year) on top of a 7% (year-on-year) increase in 2019.

Selling, general and administrative expenses (“SG&A”)

SG&A were equivalent to 19% of revenue, similarly to levels in 2019. The Group experienced an increase in wages and salaries as well as in IT costs.

Other non-cash and non-recurring items

The Group recognised significant level of non-cash and non-recurring items in 2020. These include the costs related to the Acquisition (totalling £1,085,572) as well as the impairment of loans and a bad debt provision, both relating to sub-franchisees, totalling £929,246. A substantial part of impairment and bad debt provision relates to the buy-outs of sub-franchisee stores, which were planned in 2020 and completed throughout the year and into 2021. Finally, executive redundancy costs totaled £111,925.

Group loss for the period

Group loss for the period increased by 66%. This is mainly due to non-recurring costs which are described above.

| Group Loss for the period* | 2020 | 2019 | Change % |
|-----------------------------------|-------------|-------------|-----------------|
| Group loss for the period | (5,818,296) | (3,511,768) | +66% |

* Actual exchange rates for 2020 and 2019

Store count

| Store count | 1 Jan 2020 | Opened | Closed | Transferred | 31 Dec 2020 |
|--------------------|------------|--------|--------|-------------|-------------|
| Corporate | 46 | 0 | 0 | 7 | 53 |
| Sub-Franchised | 23 | 0 | 0 | -7 | 16 |
| Total | 69 | 0 | 0 | 0 | 69 |

In 2020 DP Poland did not open any new corporate stores, but acquired 7 corporate stores from sub-franchisees.

Sales Key Performance Indicators (KPIs)

System Sales were up 7% as a result of a 5% like-for-like System Sales growth compared to the previous year.

| | 2020 | 2019 | Change % |
|--------------------------------------|-------------|-------------|-----------------|
| System Sales PLN | 87,131,019 | 81,401,417 | 7% |
| System Sales £* | 17,438,411 | 16,613,212 | 7% |
| LFL system sales | 5% | 3% | 2% |
| LFL system sales pre-split | 5% | 3% | 2% |
| LFL system order count | -3% | 2% | -5% |
| LFL system order count pre-split | -3% | 3% | -6% |
| Delivery System Sales ordered online | 85% | 85% | - |

*For exchange rates please refer to separate table

Like-for-like System Sales growth per quarter were as follows:

| | |
|----|--------|
| Q1 | -4.1% |
| Q2 | +0.5% |
| Q3 | +8.9% |
| Q4 | +12.9% |

Exchange rates

| PLN : £1 | 2020 | 2019 | Change % |
|-----------------------|-------------|-------------|-----------------|
| Profit & Loss Account | 4.9965 | 4.8998 | +2% |
| Balance Sheet | 5.0661 | 5.0118 | +1% |

Financial Statements for our Polish subsidiary DP Polska S.A. are denominated in Polish Zloty (“PLN”) and translated to Pound Sterling (“GBP”). Under IFRS accounting standards the Income Statement for the Group has been converted from PLN at the average annual exchange rate applicable. The balance sheet has been converted from PLN to GBP as at the exchange rate at 31 December 2020.

Cash position

| | 1 st January 2020 | Cash movement | 31 st December 2020 |
|--------------|------------------------------|---------------|--------------------------------|
| Cash in bank | 3,592,402 | -2,256,146 | 1,336,256 |

Actual exchange rates for 2020 and 2019

The large cash movement is a result of negative 2020 EBITDA and the costs incurred in connection with the reverse acquisition of Dominium S.A.. The cash balances stated above do not include the funds raised for the Company in connection with the Acquisition.

Macro-economic conditions in Poland

Polish GDP decreased during 2020 against a backdrop of strong growth in 2019. The country is expected to face increased inflation during 2021. The board is constantly monitoring purchase prices to ensure the Group can react to any price increases from its suppliers.

The unemployment rate improved in 2020 with a further improvement in note during the start of 2021.

| Macro KPIs | 2020 | 2019 |
|---|------|------|
| Real GDP growth (% growth) | -2.8 | 4.5 |
| Inflation (% growth) | 3.4 | 2.3 |
| Unemployment Rate (% of economically active population) | 3.2 | 3.3 |

Going concern

The board considered the Group’s forecasts, in particular those relating to the ongoing integration of Dominium operations into the Group and its expected impact on the Group’s performance, to satisfy itself that the Group has sufficient resources to continue in operation for the foreseeable future.

Over the past quarters in 2020 and 2021, the board of DP Poland has given considerable thought as to how the Group might define, quantify and minimise the risks related to the Covid-19 pandemic. As the number of new Covid-19 cases recorded in Poland reached its peak during the months of March and April in 2021, and has reduced since then, and with the rapid roll-out of the vaccination program, the board considers that the pandemic-related risks are reducing. Our core focus remains on delivering the expected synergies arising from the merger with Dominium, as profiled in the Admission Document, which are the key building block in bringing the Company’s net cash flows into positive territory. The Company’s recent equity fundraise, which provided an additional £3.5m (before expenses) of resource, has further improved the Company’s cash balances and its ability to settle the substantial transaction and integration costs, capital expenditure as well as operating losses, in expectation of the synergistic benefits of the merger.

Having considered the Group’s cash flows and its liquidity position, and after reviewing the forecast for the next twelve months and beyond, the Directors believe that the Group have adequate resources to continue operations for the foreseeable future and for this reason they continue to adopt the going concern basis in preparing the financial statements.

That said, the board does take into account the uncertainty related to the future dynamics of the Covid-19 pandemic, as well as the uncertainty related to the actual quantum and timing of full synergies being delivered, which remain the most pronounced risks to our going concern assumptions.

Malgorzata Potkanska
Chief Financial Officer

17 June 2021

Section 172 of the UK's Companies Act

This section serves as our section 172 statement and should be read in conjunction with the Strategic report on pages 2 to 15. Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders in their decision making. The Directors continue to have regard to the interests of the Company's employees, customers, suppliers, sub-franchisees, shareholders and other stakeholders, including the impact of its activities on the community, the environment and the Company's reputation, when making decisions on both Poland and the UK. Acting in good faith, the Directors take into consideration what is most likely to promote the success of the Company for its members in the long term. Whilst the importance of giving due consideration to our stakeholders has always been in place, we are explaining in more detail below how the Board engages with our stakeholders. The Directors are fully aware of their responsibilities to promote the success of the Company in accordance with section 172 of the Companies Act 2006.

The Board regularly reviews our principal stakeholders and how we engage with them. Stakeholder's views are discussed in the boardroom throughout the year through information provided by management and also by direct engagement with stakeholders themselves.

Our employees are fundamental to the delivery of our plan. We aim to be a responsible employer in our approach to the pay and benefits our employees receive. The health, safety and well-being of our employees is one of our primary considerations in the way we do business and is discussed at every board meeting. Until corona virus prevented it, UK based board members regularly went to Poland to engage with our employees, listen to any concerns and elicit improvements.

As the Board of Directors, our intention is to behave responsibly toward our stakeholders and treat them fairly and equally, so they too may benefit from the successful operation of our business.

The key stakeholder groups are listed below

1. Shareholders

The board engages with shareholders throughout the year at events such as the AGM and results road shows. The Chairman has met regularly with our largest shareholder in this period

2. Employees

There are regular meetings of employees at all levels throughout the company. Store meetings are held weekly and there are area sales managers meetings held every month. Members of the UK board have regularly travelled to Poland to meet employees as travel restrictions permit.

3. Sub franchisees.

These are key to the growth of the business and there are regular meetings or phone calls with them to provide them with assistance and guidance and to address any concerns

4. Customers

We regularly see our customers either in store or when we deliver to their premises. This helps us understand their needs and demands. In addition there is a dedicated call centre which our customers can contact

5. Suppliers

Our purchasing team interact with all our suppliers on a regular and often daily basis to ensure that we have a robust supply chain and a solid trading relationship.

6. Stores and commissaries

We operate from multiple sites across Poland and we ensure that we minimise the effect on the environment. We use top of the range ovens to produce our quality pizzas but we make sure all environmental effects are minimised, particularly those of noise and smell.

Strategic Report approval

The Strategic Report on pages 2 to 15, 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
17 June 2021*

The Board

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

Nicholas Donaldson (aged 67), *Non-Executive Chairman*

Nick, who is a barrister by profession, has worked in investment banking for over 30 years. He is a co-founder of Capital Markets Strategy Limited, an FCA regulated corporate finance business. He is also a founder director of The Fulham Shore plc. Nick has spent the majority of his career providing strategic advice to companies on mergers & acquisitions, flotations and secondary fund raisings.

Piotr Dzierżek (aged 50), *Chief Executive Officer*

Piotr is the current Chief Executive Officer of Dominium, having joined the company initially in 2000 as Regional Manager, in which position he was responsible for overseeing the operations of 15 restaurants. In 2001 he was promoted to General Manager and until the end of 2017 was responsible for operations, purchasing, IT and office administration. Since 2017 Piotr has been the Chief Executive Officer of Dominium and has led the company's transformation to date. Prior to joining Dominium, Piotr gained experience at Carrefour as pricing manager and buyer; as well as Apollo Electronics, a branded consumer electronics business. Piotr graduated from the faculty of Marketing and Management at the Warsaw School of Economics.

Małgorzata Potkanska (aged 36), *Chief Financial Officer*

Małgorzata joined Dominium in 2016. She has over 14 years of experience in corporate finance in Europe. Previously she worked at Fox International Channels Poland as Financial Controller and within the PwC Audit department. Alongside her financial experience, Małgorzata has experience in implementation of accounting and consolidations, IT systems, establishment and implementation of internal controls, and also participation in establishing and implementing group financial reporting.

Robert Morrish FCA (aged 72), *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 was Finance Director of RAK Ceramics UK Ltd. 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.

Przemysław Glebocki (aged 41), *Non-Executive Director*

Przemysław Glebocki has more than 17 years of experience in private equity and corporate finance in Central Europe. He is a Co-Managing Partner and Chief Investment Officer at Accession Capital Partners, until April 2021 operating as Mezzanine Management. Prior to joining Mezzanine Management, Przemysław was with Ernst & Young's Corporate Finance and Audit departments. He holds a Masters Degree in Finance and Banking from the Warsaw School of Economics and has pursued study programmes in the U.S. and the Netherlands. He currently sits on the boards of Dominium, Spearhead, Flucar, Private Equity Managers, Nettle and Profi. Przemysław is also Chairman of the LBO Committee at the Polish Private Equity and Venture Capital Association.

Jakub Chechelski (aged 40), *Non-Executive Director*

Jakub Chechelski is an Investment Director of Accession Capital Partners in Poland (until April 2021 operating as Mezzanine Management). He has fifteen years of experience in corporate finance and private equity. Jakub joined Mezzanine Management from Bridgepoint, a leading European mid-cap fund where he spent over six years, covering the CEE region and working on a variety of projects. Prior to that he worked at Enterprise Investors, a leading CEE-focused fund. His sector experience is particularly strong in the consumer as well as business services space. Prior to his first role in private equity, Jakub worked for Ernst & Young Corporate Finance. Jakub graduated from the faculty of Finance and Banking at the Warsaw School of Economics.

Directors' Report

The Directors are pleased to present their report and the audited financial statements for the year ended 31 December 2020.

Results and Dividends

The loss for the period, after taxation, amounted to £5,818,296 (2019: £3,511,768). The Directors do not recommend payment of a dividend to ordinary shareholders.

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 21.

Board Meetings

The Company holds regular Board meetings throughout the year.

Nominations and Remuneration Committee

The Nominations and Remuneration Committee comprises four Non-Executive Directors: Robert Morrish, Nicholas Donaldson, Przemyslaw Glebocki and Jakub Chechelski. The overall policy of the committee is to consider and propose remuneration and benefit packages to the Chief Executive Officer 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 24 and 25.

Audit Committee

An audit committee has been established which consists of three Non-Executive Directors, Jakub Chechelski, 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. and Dominium S.A. have appointed an external health and safety consultancy to advise on all aspects of employee health and safety. Regular audits for compliance are carried out by this organisation at our stores and offices and operating companies 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 business for the period under review.

After reviewing the impact of Covid-19, cash 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
 Robert Nicholas Lutwyche Morrish
 Iwona Olbrys (resigned 16.11.20)
 Christopher Humphrey Robertson Moore (resigned 08.01.21)
 Gerald William Ford (resigned 08.01.21)

Following the completion of the reverse acquisition of Dominium S.A., Piotr Dzierzek, Przemyslaw Glebocki, and Jakub Chechelski were appointed as directors on 8 January 2021 and Malgorzata Potkanska was appointed as a director on 1 March 2021

In accordance with the Company's Articles of Association Piotr Dzierzek, Przemyslaw Glebocki, Jakub Chechelski and Malgorzata Potkanska offer themselves for election at the Annual General Meeting.

The following Directors at 31 December 2020 had interests in the ordinary shares of 0.5p each as follows:

| | | <i>Number of Ordinary Shares</i> | <i>Percentage of Ordinary Shares</i> |
|------------------------------------|----------------------------|--------------------------------------|--|
| Gerald Ford ^{1, 3} | <i>(resigned 08.01.21)</i> | 1,117,038 | 0.44% |
| Christopher Moore ^{1, 3} | <i>(resigned 08.01.21)</i> | 12,524,166 | 4.93% |
| Robert Morrish ^{1, 3} | | 272,666 | 0.11% |
| Nicholas Donaldson ^{2, 3} | | 495,999 | 0.20% |

1. The Directors are interested in an additional 1,747,805 ordinary shares in total, pursuant to the terms of the Company's Share Incentive Plan as follows: Nicholas Donaldson – 336,110 shares; Robert Morrish – 336,110 shares; Gerald Ford – 358,528; Christopher Moore – 717,057 shares.
2. Held through Nicholas Donaldson's personal pension.
3. The directors have also been awarded options over 955,287 of the Company's ordinary shares as follows: Nicholas Donaldson – 217,528 options; Robert Morrish – 218,528 options; Gerald Ford – 173,410 options; Christopher Moore – 346,821 options. The options are exercisable at 0.5 pence each and have a vesting period of two years.

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 and other share option awards 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.

Directors' indemnities

The Company maintained liability insurance for its Directors and officers during the financial year and up to the date of approval of the Annual Report and Accounts

Substantial Interests

At 17 June 2021, 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.

| | | <i>Percentage of Ordinary Shares</i> |
|------------------------------|-------------|--|
| Malaccan Holdings | 261,938,457 | 45.00 |
| Pageant Holdings | 54,328,904 | 9.33 |
| FMR LLC | 48,577,365 | 8.35 |
| Canaccord Genuity Group Inc. | 36,192,934 | 6.22 |
| Faynon Ltd | 18,707,158 | 3.21 |

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 West Meon Village Hall, Hampshire GU32 1LH on 30 July 2021 at 09.00 a.m.

The notice of Annual General Meeting contains an ordinary resolution at resolution 7, which seeks to give the Directors authority to allot shares up to a maximum aggregate nominal amount of £970,142 and which, if passed, would allow the Directors to allot and issue up to 194,028,432 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. The Directors do not have any present intention to exercise such authority. The notice of Annual General Meeting also contains a special resolution at resolution 8 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 £291,043 representing 58,208,652 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.

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

Robert Morrish
Director
17 June 2021

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 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 subsidiaries DP Polska SA and Dominium S.A.. Piotr Dzierżek is President (Chairman) of the DP Polska SA and Dominium S.A. Boards. The board and management team of DP Polska SA and Dominium S.A. is focused on delivering a highly competitive offer to 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 and Dominium S.A. work closely with our 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 internal controls of the Group are set out in the Financial Reporting Procedures Manual which was reviewed and reported on by the Reporting Accountants in connection with the recent Acquisition. The Committee will carry out an annual risk assessment and review of internal controls, commencing 2021. The Audit Committee has considered the need for an internal audit function and is of the view that, given the size and nature of the Group's operations, there is no current requirement to establish a separate internal audit function.

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. Nicholas Donaldson and Robert Morrish are considered to be independent Non-Executive Directors. Details of directors' contracts are described in the Remuneration Report on page 24. Since January 2021, the Company holds fortnightly 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 nominations and remuneration committees, as described in the Directors' 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 nominations and remuneration committee meets to review and set the Executive Directors' remuneration, to review and set the Executive Directors' long-term incentive plans and to set and approve the Executive Directors' annual bonus plan.

Board and committee meeting attendance in 2020

| | Main Board (meetings held 12) | Audit committee (meetings held 1) | Remuneration committee (meetings held 3) |
|--------------|-------------------------------|-----------------------------------|--|
| N. Donaldson | 12 | 1 | 3 |
| I. Olbrys | 12 | n/a | n/a |
| R. Morrish | 12 | 1 | 3 |
| G Ford | 9 | n/a | 0 |
| C. Moore | 9 | n/a | n/a |

In the event that Directors are unable to attend a meeting their comments on board papers to be considered at the meeting are discussed in advance with the Chairman so that their contribution can be included in the wider Board discussions.

Matters considered by the Audit Committee in 2020

The Audit Committee receives and reviews reports from management and the Company's auditors relating to the interim and annual accounts and keeps under review the accounting and internal controls which the Company has in place. The audit committee undertakes a formal assessment of the auditor's independence each year including a review of non-audit services provided to the Group and related fees; discussion with the auditor of a written report detailing all relationships with the Group and any other parties which could affect independence or the perception of independence; a review of the auditor's own procedures for ensuring the independence of the audit firm and partners and staff involved in the audit, including the regular rotation of the audit partner; and obtaining written confirmation from the auditor that, in their professional judgment, they are independent. The current auditors were appointed in 2010 and a resolution to re-appoint them will be put to shareholders at the AGM on the 30 July 2021.

Audit process

The external auditor prepares an audit plan setting out how the auditor will audit the full-year financial statements. The audit plan is reviewed, agreed in advance and overseen by the Committee. The plan includes the proposed scope of the work, the approach to be taken with the audit and also describes

the auditor's assessment of the principal risks facing the business. Prior to approval of the financial statements, the external auditor presents its findings to the Committee, highlighting areas of significant financial judgement for discussion.

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 16. 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.

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 companies DP Polska SA and Dominium S.A. are 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 Non-executive Chairman and other directors talk regularly with the Group's major shareholders and ensure that their views are communicated fully to the Board.

Nicholas Donaldson
Non-Executive Chairman
17 June 2021

Remuneration Report

Overview and Policy

The Remuneration Committee comprises Robert Morrish, Jakub Chechelski, Przemyslaw Glebocki and Nicholas Donaldson, 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 Officer

Piotr Dzierżek is responsible for the strategic management and development of the Company's business. He receives a UK director's fee of £15,000 per annum. For his directorship of Dominium S.A. and DP Polska S.A. he receives additional fees and salary totalling 387,000 Polish Zloty (approximately equivalent to £77,454) per annum, plus a performance based bonus. His employment may be terminated by 3 months notice by either party.

Chief Financial Officer

Malgorzata Potkanska is responsible for all matters relating to Group finance. She receives a UK director's fee of £15,000 per annum. For her directorship of Dominium S.A. and DP Polska S.A. she receives additional fees and salary totalling 297,500 Polish Zloty (approximately equivalent to £59,542) per annum, plus a performance based bonus. Her employment may be terminated by 3 months notice by either party.

Non-Executive Directors

Nicholas Donaldson is Non-Executive Chairman of the Company. During the year ended 31 December 2020, the fee payable to him was £17,500 per annum plus a bonus of £10,000. 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 with responsibility for financial management and reporting. During the year ended 31 December 2020, the fee payable to him was £17,500 per annum plus a bonus of £20,000. 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.

Przemyslaw Glebocki is a Non-Executive Director of the Company. He receives a fee of £10,000 per annum. This appointment is terminable on 3 months' notice by either party, and earlier in certain circumstances.

Jakub Chechelski is a Non-Executive Director of the Company. He receives a fee of £10,000 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 2020

Total remuneration, fees and benefits paid or payable to the Directors by the Group for the year ended 31 December 2020 are set out below and amounts in aggregate to £318,100 (2019: £344,633).

Details of share incentives held by, and granted to, Directors are set out in the Directors' Report on page 18.

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

| Name of Director | Year ended 31 December 2020 <i>salary or fees</i> | Year ended 31 December 2020 <i>performance based bonus</i> | Year ended 31 December 2020 <i>total emoluments</i> | Year ended 31 December 2019 <i>total emoluments</i> |
|---|---|--|---|---|
| | £ | £ | £ | £ |
| Nicholas Donaldson | 17,500 | 10,000 | 27,500 | 15,000 |
| Iwona Olbrys (<i>resigned 16.11.20</i>) | 238,100 | - | 238,100 | - |
| Peter Shaw (<i>resigned 30.06.19</i>) | - | - | - | 179,572 |
| Maciej Jania (<i>resigned 01.01.20</i>) | - | - | - | 120,061 |
| Robert Morrish | 17,500 | 20,000 | 37,500 | 15,000 |
| Christopher Moore | - | - | - | - |
| Gerald Ford | 15,000 | - | 15,000 | 15,000 |
| Total | 288,100 | 30,000 | 318,100 | 344,633 |

The aggregate value of gains made on exercise of directors' share options during the year was £ nil (2019: £nil). The aggregate value of share and option awards to directors made during the year was £nil (2019: £90,000). Iwona Olbrys was the highest paid director with total emoluments of £238,100 which included a redundancy payment of £111,925.

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 2020, which comprise:

- the Group income statement and statement of comprehensive income for the year ended 31 December 2020;
- the Group and parent company balance sheets as at 31 December 2020;
- 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 significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. 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 2020 and of the Group's loss for the period then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- 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 Company 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- reviewing the cash flow model provided by management and challenging the assumptions made;
- reviewing management's forecasts which show continued growth in both revenue and profitability. Our assessment therefore considered if this will be feasible in light of past losses and recent economic conditions;
- considering the accuracy of past budgeting, as well as a review of the April management accounts compared to forecast; and
- considering the cash position of the business along with current facilities available.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 £185,000 (2019: £185,000), based on 5.5% of the expected loss before other non-cash and non-recurring items and tax. We believe this to be an appropriate benchmark for materiality as this is one of the ultimate key performance measures for the Group. Overall company materiality was set at £145,000 (2019: £145,000) based on net assets, restricted so as not to exceed group materiality.

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 (2019: £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 which included determining the key risk areas and setting materiality levels for Group audit purposes. This involved a combination of planning conference call meetings, review of audit working papers and meetings and discussions with the audit committee.

DP Polska S.A. accounts for 73% of the group's loss before tax, 100% of the group's revenue and 96% of the group's net assets.

Due to COVID-19, the UK and Polish Government implemented restrictions on travel; as a result our review of the work of the component auditor was completed remotely. We undertook video conference call meetings with the component auditor, accessing the audit working papers remotely to review and challenge the findings 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.

We considered going concern to be a key audit matter. Our observations on this area are set out in the Conclusions relating to Going Concern section of the audit report.

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 |
|--|---|
| <p><i>Revenue recognition</i></p> <p>We considered the risk that revenue is not recognised in accordance with the accounting policy set out in the financial statements.</p> | <p>We reconciled revenue from the ordering system “PULSE” to cash receipts, the financial statements and VAT records for a sample of months.</p> <p>We reviewed and tested a sample of reconciliations cash and card takings performed by the finance team.</p> <p>We performed substantive testing on other sales from initial order to the general ledger including sales to sub-franchisees from the commissary.</p> <p>We performed testing to determine if store revenue and revenue from sub-franchisees have been recorded in the correct period.</p> <p>We have assessed the appropriateness of the related disclosures on page 46 and in note 2 of the financial statements.</p> |

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 contained within the annual report. 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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 matters 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 strategic report and the directors’ 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 26, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and Taxation legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management and revenue recognition. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases. Our audit procedures to respond to revenue recognition risks included sample testing of income across the year to agree to supporting documentation, and testing income received either side of the year end to ensure this has been recognised correctly.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities for the audit of the financial statements is available 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.

Mark Sisson (Senior Statutory Auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

Maidstone

17 June 2021

Group Income Statement

for the year ended 31 December 2020

| | Notes | 2020 £ | 2019 £ |
|--|-------|--------------------|--------------------|
| Revenue | 2 | 14,975,843 | 14,006,659 |
| Direct Costs | | (12,999,376) | (11,820,235) |
| Selling, general and administrative expenses - excluding: store pre-opening expenses, depreciation, amortisation and share based payments | | (2,798,772) | (2,605,692) |
| GROUP EBITDA - excluding non-cash items, non-recurring items and store pre-opening expenses* | | (822,305) | (419,268) |
| Store pre-opening expenses | | (323) | (53,633) |
| Other non-cash and non-recurring items | 5 | (2,265,611) | (189,518) |
| Finance income | 7 | 83,219 | 160,186 |
| Finance costs | 8 | (536,363) | (600,343) |
| Foreign exchange losses | | (76,167) | (10,825) |
| Depreciation, amortisation and impairment | | (1,983,414) | (2,246,949) |
| Share based payments | | (217,332) | (151,418) |
| Loss before taxation | 4 | (5,818,296) | (3,511,768) |
| Taxation | 9 | - | - |
| Loss for the period | | (5,818,296) | (3,511,768) |
| Loss per share | | | |
| Basic | 11 | (2.32 p) | (1.51 p) |
| Diluted | 11 | (2.32 p) | (1.51 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 2020

| | 2020 | 2019 |
|---|--------------------|--------------------|
| | £ | £ |
| Loss for the period | (5,818,296) | (3,511,768) |
| Currency translation differences | (154,438) | (213,974) |
| Other comprehensive expense for the period, net of tax to be reclassified to profit or loss in subsequent periods | (154,438) | (213,974) |
| Total comprehensive income for the period | (5,972,734) | (3,725,742) |

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 2020

| | 2020 | 2019 |
|--|--------------------|------------------|
| | £ | £ |
| Loss for the period | (4,822,192) | (657,357) |
| Total comprehensive income for the period | (4,822,192) | (657,357) |

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 2020

| | Notes | 2020 £ | 2019 £ |
|--------------------------------|-------|--------------|--------------|
| Non-current assets | | | |
| Intangible assets | 12 | 461,664 | 520,376 |
| Property, plant and equipment | 13 | 5,778,910 | 6,018,901 |
| Leases - right of use assets | 19 | 5,173,815 | 5,807,783 |
| Trade and other receivables | 16 | 736,931 | 1,651,358 |
| Finance lease receivables | 18 | - | 538,988 |
| | | 12,151,320 | 14,537,406 |
| Current assets | | | |
| Inventories | 17 | 441,669 | 383,287 |
| Trade and other receivables | 16 | 1,757,409 | 2,288,085 |
| Finance lease receivables | 18 | - | 73,549 |
| Cash and cash equivalents | 21 | 1,336,256 | 3,592,402 |
| | | 3,535,334 | 6,337,323 |
| Total assets | | 15,686,654 | 20,874,729 |
| Current liabilities | | | |
| Trade and other payables | 22 | (3,412,865) | (1,776,117) |
| Borrowings | 23 | (55,740) | (58,258) |
| Lease liabilities | 20 | (971,592) | (1,005,525) |
| Provisions | | - | (16,717) |
| | | (4,440,197) | (2,856,617) |
| Non-current liabilities | | | |
| Lease liabilities | 20 | (5,340,872) | (6,315,270) |
| Borrowings | 23 | (36,185) | (80,803) |
| | | (5,377,057) | (6,396,073) |
| Total liabilities | | (9,817,254) | (9,252,690) |
| Net assets | | 5,869,400 | 11,622,039 |
| Equity | | | |
| Called up share capital | 26 | 1,270,542 | 1,267,779 |
| Share premium account | | 36,838,450 | 36,838,450 |
| Capital reserve - own shares | | (48,163) | (48,163) |
| Retained earnings | | (32,022,354) | (26,421,390) |
| Currency translation reserve | | (169,075) | (14,637) |
| Total equity | | 5,869,400 | 11,622,039 |

The financial statements were approved by the Board of Directors and authorised for issue on 17 June 2021 and were signed on its behalf by:

Piotr Dzierżek
Director

Małgorzata Potkanska
Director

Company Balance Sheet

at 31 December 2020

| | | 2020 | 2019 |
|-----------------------------|-------|-------------------|-------------------|
| | Notes | £ | £ |
| Non-current assets | | | |
| Investments | 14 | 28,660,000 | 30,273,155 |
| | | <u>28,660,000</u> | <u>30,273,155</u> |
| Current assets | | | |
| Trade and other receivables | 16 | 472,192 | 401,879 |
| Cash and cash equivalents | 21 | 1,007,647 | 3,237,200 |
| | | <u>1,479,839</u> | <u>3,639,079</u> |
| Total assets | | <u>30,139,839</u> | <u>33,912,234</u> |
| Current liabilities | | | |
| Trade and other payables | 22 | (902,586) | (72,884) |
| Net assets | | <u>29,237,253</u> | <u>33,839,350</u> |
| Equity | | | |
| Called up share capital | 26 | 1,270,542 | 1,267,779 |
| Share premium account | | 36,838,450 | 36,838,450 |
| Retained earnings | | (8,871,739) | (4,266,879) |
| Shareholders' Equity | | <u>29,237,253</u> | <u>33,839,350</u> |

The financial statements were approved by the Board of Directors and authorised for issue on 17 June 2021 and were signed on its behalf by:

Piotr Dzierżek
Director

Malgorzata Potkanska
Director

The loss relating to transactions in the financial statements of the parent company was £4,822,192 (2019: £657,357).

DP Poland plc's company registration number is 07278725

Group Statement of Cash Flows

for the year ended 31 December 2020

| | Note | 2020 £ | 2019 £ |
|--|------|--------------------|--------------------|
| Cash flows from operating activities | | | |
| Loss before taxation for the period | | (5,818,296) | (3,511,768) |
| <i>Adjustments for:</i> | | | |
| Finance income | | (83,219) | (160,186) |
| Finance costs | | 536,363 | 600,343 |
| Depreciation, amortisation and impairment | | 1,983,414 | 2,246,949 |
| Other adjustments | | - | - |
| Share based payments expense | 27 | 217,332 | 151,418 |
| Operating cash flows before movement in working capital | | (3,164,406) | (673,244) |
| (Increase) / decrease in inventories | | (63,360) | 60,368 |
| Decrease / (increase) in trade and other receivable | | 1,433,348 | (763,323) |
| Increase / (decrease) in trade and other payables | | 1,439,670 | (282,634) |
| Cash used in operations | | (354,748) | (1,658,833) |
| Taxation paid | | - | - |
| Net cash used in operations | | (354,748) | (1,658,833) |
| Cash flows from investing activities | | | |
| Payments to acquire software | | (31,183) | (9,685) |
| Payments to acquire property, plant and equipment | | (184,021) | (1,264,315) |
| Payments to acquire intangible fixed assets | | (141,010) | (43,794) |
| Proceeds from disposal of property plant and equipment | | - | 6,641 |
| Decrease/(increase) in loans to sub-franchisees | 16 | 53,307 | 167,925 |
| Interest received | | 18,985 | 24,501 |
| Net cash used in investing activities | | (283,922) | (1,118,727) |
| Cash flows from financing activities | | | |
| Net proceeds from issue of ordinary share capital | | 2,763 | 5,512,655 |
| Repayment of lease liabilities | | (1,000,211) | (355,208) |
| Repayment of borrowings | | (46,281) | (142,240) |
| Interest paid | | (536,363) | (586,396) |
| Net cash (used in)/from financing activities | | (1,580,092) | 4,428,811 |
| Net (decrease)/increase in cash and cash equivalents | | (2,218,762) | 1,651,251 |
| Exchange differences on cash balances | | (37,384) | (16,765) |
| Cash and cash equivalents at beginning of period | | 3,592,402 | 1,957,916 |
| Cash and cash equivalents at end of period | 21 | 1,336,256 | 3,592,402 |

The principal non-cash transaction was the acquisition of property, plant and equipment under finance lease agreements as disclosed in note 19.

Company Statement of Cash Flows

for the year ended 31 December 2020

| | 2020 | 2019 |
|--|---------------------|--------------------|
| Note | £ | £ |
| Cash flows from operating activities | | |
| Loss before taxation | (4,822,192) | (657,357) |
| <i>Adjustments for:</i> | | |
| Finance income | (4,194) | (17,490) |
| Impairment charge | 3,275,632 | - |
| Share based payments expense | 27 154,855 | 104,641 |
| Operating cash flows before movement in working capital | (1,395,899) | (570,206) |
| Increase in trade and other receivables | (70,313) | (128,749) |
| Increase / (decrease) in trade and other payables | 829,702 | (13,815) |
| Cash used in operating activities | (636,510) | (712,770) |
| Cash flows from investing activities | | |
| Equity investment in subsidiary company | (1,600,000) | (2,082,594) |
| Interest received | 4,194 | 17,490 |
| Net cash used in investing activities | (1,595,806) | (2,065,104) |
| Cash flows from financing activities | | |
| Net proceeds from issue of ordinary share capital | 2,763 | 5,512,655 |
| Net cash from financing activities | 2,763 | 5,512,655 |
| Net (decrease)/increase in cash and cash equivalents | (2,229,553) | 2,734,781 |
| Cash and cash equivalents at beginning of period | 3,237,200 | 502,419 |
| Cash and cash equivalents at end of period | 21 1,007,647 | 3,237,200 |

Group Statement of Changes in Equity

for the year ended 31 December 2020

| | Share capital £ | Share premium account £ | Retained earnings £ | Currency translation reserve £ | Capital reserve - own shares £ | Total £ |
|---|--------------------|----------------------------|------------------------|-----------------------------------|-----------------------------------|------------------|
| At 31 December 2018 <i>(as previously reported)</i> | 764,111 | 31,829,463 | (22,053,832) | 199,337 | (48,163) | 10,690,916 |
| <i>Effect of change in accounting policy for initial application of IFRS 16</i> | - | - | (1,007,208) | - | - | (1,007,208) |
| At 1 January 2019 <i>- as restated</i> | 764,111 | 31,829,463 | (23,061,040) | 199,337 | (48,163) | 9,683,708 |
| Shares issued | 503,668 | 5,316,667 | - | - | - | 5,820,335 |
| Expenses of share issue | - | (307,680) | - | - | - | (307,680) |
| Share based payments | - | - | 151,418 | - | - | 151,418 |
| Translation difference | - | - | - | (213,974) | - | (213,974) |
| Loss for the period | - | - | (3,511,768) | - | - | (3,511,768) |
| At 31 December 2019 | 1,267,779 | 36,838,450 | (26,421,390) | (14,637) | (48,163) | 11,622,039 |
| Shares issued | 2,763 | - | - | - | - | 2,763 |
| Share based payments | - | - | 217,332 | - | - | 217,332 |
| Translation difference | - | - | - | (154,438) | - | (154,438) |
| Loss for the period | - | - | (5,818,296) | - | - | (5,818,296) |
| At 31 December 2020 | 1,270,542 | 36,838,450 | (32,022,354) | (169,075) | (48,163) | 5,869,400 |

Company Statement of Changes in Equity

for the year ended 31 December 2020

| | Share capital £ | Share premium account £ | Retained earnings £ | Total £ |
|----------------------------|--------------------|----------------------------|------------------------|-------------------|
| At 31 December 2018 | 764,111 | 31,829,463 | (3,760,940) | 28,832,634 |
| Shares issued | 503,668 | 5,316,667 | - | 5,820,335 |
| Expenses of share issue | - | (307,680) | - | (307,680) |
| Share based payments | - | - | 151,418 | 151,418 |
| Loss for the year | - | - | (657,357) | (657,357) |
| At 31 December 2019 | 1,267,779 | 36,838,450 | (4,266,879) | 33,839,350 |
| Shares issued | 2,763 | - | - | 2,763 |
| Share based payments | - | - | 217,332 | 217,332 |
| Loss for the year | - | - | (4,822,192) | (4,822,192) |
| At 31 December 2020 | 1,270,542 | 36,838,450 | (8,871,739) | 29,237,253 |

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 2020

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 2020 were authorised for issue by the Board of the Directors on 17 June 2021 and the balance sheets were signed on the Board's behalf by Piotr Dzierżek and Malgorzata Potkanska. 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'), in conformity with the requirements of the Companies Act 2006.. 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 (June 2020). 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 throughout 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 2020.

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 Group statement of comprehensive income.

Basis of consolidation

The Group financial statements comprise the financial statements of DP Poland plc, its subsidiary undertakings 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

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020

- Definition of Material - Amendments to IAS 1 and IAS 8
- Definition of a Business - Amendments to IFRS 3
- Revised Conceptual Framework for Financial Reporting

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New standards and interpretations not applied

All relevant IFRS applicable to this accounting period have been adopted by the Group in preparation of these financial statements. The Directors consider that there are no standards issued that would have a material impact on the financial statements

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 |
| 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

All of the Group's financial assets are held within a business model whose objective is to collect contractual cash flows which are solely payments of principals and interest and therefore classified as subsequently measured at amortised cost

Financial assets at amortised cost 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 financial assets at amortised cost 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 Group recognises an allowance for expected credit losses ('ECLs') for all financial assets. 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.

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.

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

The Group as a lessee

At the balance sheet date, the Group leased sixty-nine stores, one office, two commissaries and a number of vehicles. 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. The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Extension and termination options

In determining the lease liability, the Group considers the extension and termination options. For the majority of leases the Group has the right to extend the contract unilaterally, which does not need the consent of the landlord. Periods covered by an option to extend the lease term are included in the lease term if the lessee is reasonably certain to exercise that option. The same rationale applies to termination options. The term covered by a termination option is not included in the lease term if the lessee is reasonably certain not to exercise the option.

Critical judgements in determining the lease term

Leases are negotiated on an individual basis and contain a wide range of terms and conditions, such as early termination clauses and renewal rights. Termination clauses and renewal rights are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise a renewal right, or not exercise a termination clause. An adjustment to the lease term is only made if the lease is reasonably certain to be extended or not terminated.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated balance sheet. The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy. Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Other expenses' in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as lessor

The Group enters into lease agreements as an intermediate lessor with respect to stores operated by sub-franchisees.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The Group evaluates and classifies these subleases as either operating leases or finance leases. Where the sublease transfers substantially all of the risks and rewards arising from right-of-use asset from the head lease, the right-of-use asset from head lease is derecognised and a lease receivable equal to the net investment in the sublease is recognised. Where the sublease does not transfer substantially all of the risks and rewards arising from right-of-use asset from the head lease, the sublease is classified as an operating lease and rent received is recognised in the income statement on a straight line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

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.

Going concern

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 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.

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 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. had a historical cost of £31,935,632 prior to the impairment review. The impairment test carried out showed that the investment was impaired and the carrying value after impairment was £28,660,000. The Group has considered its market capitalisation as at 31 December 2020 as part of the impairment review as well as an analysis of the Group's market capitalisation immediately following the acquisition of Dominium S.A. in January 2021. The Group has determined based on the market capitalisation analysis in January 2021 that an impairment of £3,275,632 in the investment in DP Polska S.A. should be recognised in the accounts of DP Poland plc

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 14.

In applying IFRS 16 'leases' the Group uses estimates and judgement in determining the term of the lease (including extensions), the incremental borrowing rate to be used and the classification of sub-leases between operating leases and finance leases. Further details are shown in the Leases accounting policy above and in note 20.

2. REVENUE

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. 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 is transferred to the consumer, which is the point of delivery or collection. Sales are recorded approximately 30 minutes before delivery. 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. 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 where the lease is an operating lease is recognised on a straight-line basis in accordance with the lease terms. Rental payments are recognised over the period to which they relate. Under IFRS 16 'leases' rents received under finance leases are treated as capital repayments and interest receipts and are excluded from revenues.

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:

| | 2020 | 2019 |
|---------------|-------------------|-------------------|
| | £ | £ |
| Core revenue | 14,975,843 | 13,753,544 |
| Other revenue | - | 253,115 |
| | <u>14,975,843</u> | <u>14,006,659</u> |

Revenue is further analysed as follows:

| | 2020 | 2019 |
|---|-------------------|-------------------|
| | £ | £ |
| Corporate store sales | 11,659,715 | 9,928,348 |
| Fixtures and equipment sales to sub-franchisees | - | 253,115 |
| Royalties and other sales to sub-franchisees | 2,637,099 | 3,414,966 |
| Rental income on leasehold property | 679,029 | 410,230 |
| | <u>14,975,843</u> | <u>14,006,659</u> |

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

| | 2020 £ | 2020 £ | 2019 £ | 2019 £ |
|--|------------------|------------------|------------------|------------------|
| | Corporate stores | Commissary | Corporate stores | Commissary |
| Revenues from external customers | 11,659,715 | 3,316,128 | 9,928,348 | 4,078,311 |
| Direct Costs - corporate stores | (9,905,873) | | (8,505,697) | |
| Direct Costs - commissary (variable cost only) | | (3,113,214) | | (3,000,260) |
| Store EBITDA | 1,753,842 | | 1,422,651 | |
| Commissary gross profit | | 202,914 | | 1,078,051 |
| Total segment profit | | 1,956,756 | | 2,500,702 |
| Unallocated expenses | | (2,779,061) | | (2,919,970) |
| GROUP EBITDA - excluding non-cash items, non-recurring items and store pre-opening expenses | | (822,305) | | (419,268) |

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. Store EBITDA represents corporate store sales less store food costs and direct store expenses.

4. LOSS BEFORE TAXATION

This is stated after charging / (crediting)

| | 2020 £ | 2019 £ |
|---|-----------|-----------|
| Auditors and their associates' remuneration – audit of company and group financial statements | 39,473 | 38,393 |
| – tax compliance services | 1,600 | 1,540 |
| – reporting Accountant services | 95,000 | - |
| Directors' emoluments – remuneration and fees | 318,100 | 344,633 |
| Amortisation of intangible fixed assets | 131,355 | 129,906 |
| Impairment of intangible fixed assets | 86,048 | - |
| Depreciation of property, plant and equipment | 2,061,582 | 2,163,164 |
| Impairment of property, plant and equipment | (209,523) | (46,121) |
| Operating lease income from sub-franchisees | (679,029) | (410,230) |
| Foreign exchange gains /(losses) | 76,167 | 10,825 |

5. OTHER NON-CASH AND NON-RECURRING ITEMS

| | 2020 | 2019 |
|--|--------------------|------------------|
| | £ | £ |
| Director's redundancy costs | (111,925) | (155,087) |
| Acquisition and AIM re-admission - advisors and other expense: | (1,085,572) | - |
| Bad orders | (55,661) | (53,063) |
| Exceptional sub-franchisee bad debt charge | (447,198) | 103,172 |
| Impairment of sub-franchisee loans | (482,048) | - |
| IFRS 16 adjustment | (53,153) | - |
| Unrealised store projects | - | (10,204) |
| Loss on disposal of property, plant and equipment | - | (55,104) |
| Other non-cash and non-recurring items | (30,054) | (19,232) |
| | (2,265,611) | (189,518) |

Non-recurring Items

Non-recurring items include items, which are not sufficiently large to be shown on the face of the Income Statement, but in the opinion of the Directors, are not part of the underlying trading performance of the Group.

6. STAFF COSTS

Details of directors' remuneration, which is included in the amounts below, are given in the remuneration report on pages 24 to 25.

| | 2020 | 2019 |
|--|------------------|------------------|
| | £ | £ |
| Wages and salaries and directors' fees | 4,850,357 | 4,072,397 |
| Social security costs | 465,424 | 446,898 |
| Share based payments | 217,332 | 151,418 |
| | 5,533,113 | 4,670,713 |

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

| | 2020 | 2019 |
|----------------|--------|--------|
| | Number | Number |
| Operational | 76 | 76 |
| Administration | 30 | 34 |
| Total | 106 | 110 |

7. FINANCE INCOME

| | 2020 £ | 2019 £ |
|---|---------------|----------------|
| Interest on short-term deposits | 4,263 | 17,438 |
| Unwinding of discount on loans to sub-franchisees | 34,151 | 92,096 |
| Finance income on sublease receivables | 44,805 | 50,652 |
| | <u>83,219</u> | <u>160,186</u> |

8. FINANCE COSTS

| | 2020 £ | 2019 £ |
|---------------------------------------|----------------|----------------|
| Interest expense on lease liabilities | 527,705 | 574,485 |
| Other interest | 8,658 | 25,858 |
| | <u>536,363</u> | <u>600,343</u> |

9. TAXATION

| | 2020 £ | 2019 £ |
|--------------------------------------|-----------|-----------|
| Current tax | - | - |
| Total tax charge in income statement | <u>-</u> | <u>-</u> |

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:

| | 2020 £ | 2019 £ |
|--|-------------|-------------|
| Loss before tax | (5,818,296) | (3,511,768) |
| Tax credit calculated at applicable rate of 19% | (1,105,476) | (667,236) |
| Income taxable but not recognised in financial statements | 19,792 | 78,813 |
| Income not subject to tax | (77,478) | (60,497) |
| Expenses not deductible for tax purposes | 901,208 | 456,901 |
| Tax losses for which no deferred income tax asset was recognised | 261,954 | 192,019 |
| Total tax charge in income statement | <u>-</u> | <u>-</u> |

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 £4,822,192 (2019: £657,357).

11. LOSS PER SHARE

The loss per ordinary share has been calculated as follows:

| | 2020 | 2020 | 2019 | 2019 |
|---------|--|------------------------------|--|------------------------------|
| | | £ | | £ |
| | Weighted average number of shares | Profit / (loss) after tax | Weighted average number of shares | Profit / (loss) after tax |
| Basic | 251,228,264 | (5,818,296) | 232,432,469 | (3,511,768) |
| Diluted | 251,228,264 | (5,818,296) | 232,432,469 | (3,511,768) |

The weighted average number of shares for the year excludes those shares in the Company held by the employee benefit trust. At 31st December 2020 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 2018 | 550,075 | 416,557 | 244,080 | 1,210,712 |
| Foreign currency difference | (24,623) | (18,453) | (5,783) | (48,859) |
| Disposals | 24,344 | 13,018 | 35,831 | 73,193 |
| Transfers | (1,545) | (4,445) | (5,349) | (11,339) |
| At 31 December 2019 | 548,251 | 406,677 | 268,779 | 1,223,707 |
| Foreign currency difference | (8,054) | (4,686) | (2,546) | (15,286) |
| Additions | 158,454 | 23,827 | 16,669 | 198,950 |
| Disposals | - | - | (41,075) | (41,075) |
| At 31 December 2020 | 698,651 | 425,818 | 241,827 | 1,366,296 |
| Amortisation | | | | |
| At 31 December 2018 | 299,913 | 252,460 | 53,947 | 606,320 |
| Foreign currency difference | (14,170) | (12,303) | (2,931) | (29,404) |
| Amortisation charged for the year | 45,756 | 56,852 | 27,298 | 129,906 |
| Disposals | - | (1,547) | (1,944) | (3,491) |
| Transfers | - | - | - | - |
| At 31 December 2019 | 331,499 | 295,462 | 76,370 | 703,331 |
| Foreign currency difference | (4,316) | (3,829) | (7,957) | (16,102) |
| Amortisation charged for the year | 55,615 | 48,228 | 27,512 | 131,355 |
| Impairment charge | - | - | 86,048 | 86,048 |
| At 31 December 2020 | 382,798 | 339,861 | 181,973 | 904,632 |
| Net book value: | | | | |
| At 31 December 2020 | 315,853 | 85,957 | 59,854 | 461,664 |
| At 31 December 2019 | 216,752 | 111,215 | 192,409 | 520,376 |

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 Depreciation, amortisation and impairment 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 2020. Further details of the assumptions made can be found on page 41. The fair value calculation indicates that no impairment is required. As at 31 December 2020, 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 2018 | 5,117,799 | 4,727,650 | 28,371 | 9,873,820 |
| Adjustment on adoption of IFRS 16 | 9,388,181 | - | - | 9,388,181 |
| Foreign currency difference | (643,491) | (209,355) | (1,429) | (854,275) |
| Additions | 1,044,966 | 184,734 | 333,412 | 1,563,112 |
| Disposals | (733,446) | (386,868) | - | (1,120,314) |
| Transfers | 28,539 | 296,587 | (325,126) | - |
| At 31 December 2019 | 14,202,548 | 4,612,748 | 35,228 | 18,850,524 |
| Foreign currency difference | (158,510) | (57,044) | (165) | (215,719) |
| Additions | 291,986 | 531,647 | 193,906 | 1,017,539 |
| Disposals | (180,742) | (77,975) | - | (258,717) |
| Transfers | 567,085 | 99,718 | (209,311) | 457,492 |
| Adjustment to right-of-use asset lease term | (221,102) | - | - | (221,102) |
| At 31 December 2020 | 14,501,265 | 5,109,094 | 19,658 | 19,630,017 |
| Depreciation: | | | | |
| At 31 December 2018 | 1,651,425 | 1,784,678 | - | 3,436,103 |
| Adjustment on adoption of IFRS 16 | 2,375,771 | - | - | 2,375,771 |
| Foreign currency difference | (422,896) | (85,026) | - | (507,922) |
| Depreciation charged for the year | 1,415,927 | 747,237 | - | 2,163,164 |
| Impairment | - | (46,121) | - | (46,121) |
| Disposals | - | (397,155) | - | (397,155) |
| At 31 December 2019 | 5,020,227 | 2,003,613 | - | 7,023,840 |
| Foreign currency difference | (58,459) | (34,593) | - | (93,052) |
| Depreciation charged for the year | 1,348,504 | 713,078 | - | 2,061,582 |
| Impairment | (142,242) | (67,281) | - | (209,523) |
| Disposals | - | (105,555) | - | (105,555) |
| At 31 December 2020 | 6,168,030 | 2,509,262 | - | 8,677,292 |
| Net book value: | | | | |
| At 31 December 2020 | 8,333,235 | 2,599,832 | 19,658 | 10,952,725 |
| At 31 December 2019 | 9,182,321 | 2,609,135 | 35,228 | 11,826,684 |

Included in the net book value of leasehold property at 31 December 2020 are Right-of-Use assets relating to leases totalling £5,173,815 (2019: £5,807,783). Further details are shown in note 19.

14. NON CURRENT ASSET INVESTMENTS

| | Group £ | Company £ |
|---|------------|-------------------|
| <i>Investments in Group undertakings</i> | | |
| At 31 December 2018 | - | 28,143,784 |
| Investment in subsidiary company - shares subscribed | - | 2,082,594 |
| Investment in subsidiary company - capital contribution | | 46,777 |
| At 31 December 2019 | - | 30,273,155 |
| Investment in subsidiary company - shares subscribed | - | 1,600,000 |
| Investment in subsidiary company - capital contribution | | 62,477 |
| Impairment charge | | (3,275,632) |
| At 31 December 2020 | - | 28,660,000 |

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 an internal value in use estimates and also an external valuation carried out in January 2021. The impairment review concluded that the carrying value in Group undertakings were impaired and that an impairment charge of £3,275,632 should be recognised.

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

| <i>Company</i> | <i>Nature of business</i> | <i>Location</i> | <i>Class</i> | <i>% holding</i> |
|----------------|---|-----------------|--------------|------------------|
| DP Polska S.A. | Operation of Pizza delivery restaurants | Poland | Ordinary | 100 |

The registered office of DP Polska S.A. is: 30 Dabrowiecka Street, 03-932 Warsaw, Poland.

The acquisition of Dominium S.A. was completed on 8th January 2021 - further details are given in note 30 on page 64 Dominium's business is the operation of delivery and dine-in pizza restaurants and its registered office is at 30 Dabrowiecka Street, 03-932 Warsaw, Poland.

15. DEFERRED TAX

The Group has unused tax losses of £17,693,428 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: £1,734,534 in 2021; £1,876,543 in 2022; £2,073,176 in 2023; £2,456,402 in 2024 and £3,132,480 in 2025. UK tax losses carried forward at the balance sheet date were £6,420,393.

No deferred tax asset has been recognised in respect of the current or prior 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 2020 £ | Group 2019 £ | Company 2020 £ | Company 2019 £ |
|-------------------------------------|--------------------|--------------------|----------------------|----------------------|
| Current | | | | |
| Trade receivables | 354,090 | 1,295,339 | - | - |
| Trade receivables from subsidiaries | - | - | 346,000 | 247,730 |
| Other receivables | 804,010 | 394,653 | 49,214 | 95,598 |
| Prepayments and accrued income | 243,670 | 204,823 | 76,978 | 58,551 |
| Rent and supplier deposits | 355,639 | 393,270 | - | - |
| | <u>1,757,409</u> | <u>2,288,085</u> | <u>472,192</u> | <u>401,879</u> |
| Non-current | | | | |
| Other receivables | 736,931 | 1,651,358 | - | - |
| At 31 December | <u>2,494,340</u> | <u>3,939,443</u> | <u>472,192</u> | <u>401,879</u> |

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 2020 a provision against sub-franchisee receivables amounting to £447,198 was recognised (2019: £5,895).

17. INVENTORIES

| | Group 2020 £ | Group 2019 £ | Company 2020 £ | Company 2019 £ |
|-------------------------------|--------------------|--------------------|----------------------|----------------------|
| Raw materials and consumables | 441,669 | 383,287 | - | - |
| At 31 December | <u>441,669</u> | <u>383,287</u> | <u>-</u> | <u>-</u> |

The cost of inventories recognised as an expense and included in cost of sales amounted to £4,607,531 (2019: £4,755,807)

18. FINANCE LEASE RECEIVABLES

Undiscounted lease payments analysed as:

| | 2020 £ | 2019 £ |
|------------------------------|-----------|---------------|
| Recoverable after 12 months | - | 589,640 |
| Recoverable within 12 months | - | 73,549 |
| At 31 December | <u>-</u> | <u>73,549</u> |

Net investment in lease analysed as:

| | | |
|------------------------------|----------|----------------|
| Recoverable after 12 months | - | 538,988 |
| Recoverable within 12 months | - | 73,549 |
| At 31 December | <u>-</u> | <u>612,537</u> |

With sub-franchised stores, the Group enters into the head-lease and then grants a sub-lease to the sub-franchisee. Where the Group acts as an intermediate lessor, the Group evaluates and classifies these subleases as either operating leases or finance leases. Where the sublease transfers substantially all of the risks and rewards arising from right-of-use asset from the head lease, the right-of-use asset from head lease is derecognised and a lease receivable equal to the net investment in the sublease is recognised. Where the sublease does not transfer substantially all of the risks and rewards arising from right-of-use asset from the head lease, the sublease is classified as an operating lease and rent received is recognised in the income statement on a straight line basis over the lease term. During the current year all subleases were classified as operating leases.

| | 2020 | 2019 |
|---|----------|----------------|
| | £ | £ |
| Amounts receivable under finance leases | | |
| 2020 | - | 73,549 |
| 2021 | - | 73,549 |
| 2022 | - | 73,549 |
| 2023 | - | 73,549 |
| 2024 | - | 73,549 |
| Onwards | - | 295,444 |
| Undiscounted lease payments | - | 663,189 |
| Less: unearned finance income | - | (50,652) |
| Net investment in the lease | - | 612,537 |

| | 2020 | 2019 |
|---|----------|---------------|
| | £ | £ |
| Finance income on the net investment in finance leases | - | 50,652 |

19. LEASES - GROUP AS A LESSEE

Right of Use Assets

| | Leasehold property £ | Total £ |
|---|----------------------------|------------------|
| Cost: | | |
| At 01 January 2019 | 9,388,181 | 9,388,181 |
| Foreign currency difference | (407,032) | (407,032) |
| Additions | 274,832 | 274,832 |
| Disposals | (476,807) | (476,807) |
| Transfers | - | - |
| At 31 December 2019 | 8,779,174 | 8,779,174 |
| Foreign currency difference | (97,577) | (97,577) |
| Additions | 6,745 | 6,745 |
| Adjustment to right-of-use asset lease term | (221,102) | (221,102) |
| Transfers | 467,579 | 467,579 |
| At 31 December 2020 | 8,934,819 | 8,934,819 |
| Accumulated depreciation | | |
| At 01 January 2019 | 2,375,771 | 2,375,771 |
| Foreign currency difference | 245,598 | 245,598 |
| Charge for the year | 350,022 | 350,022 |
| At 31 December 2019 | 2,971,391 | 2,971,391 |
| Foreign currency difference | (43,291) | (43,291) |
| Charge for the year | 832,904 | 832,904 |
| At 31 December 2020 | 3,761,004 | 3,761,004 |
| Carrying amount | | |
| At 31 December 2020 | 5,173,815 | 5,173,815 |
| At 31 December 2019 | 5,807,783 | 5,807,783 |

At the Balance sheet date, the Group's portfolio of leases consisted of 72 leases over sixty-nine store premises, one office and two commissaries. Leases generally have an initial term of 10 years, with an option to extend for an additional period of between 5 and 10 years. Rents payable are generally reviewed at five year intervals.

| | 2020 | 2019 |
|---|-------------|-------------|
| | £ | £ |
| Amounts recognised in profit and loss | | |
| Depreciation expense on right-of-use assets | 832,904 | 350,022 |
| Interest expense on lease liabilities | 527,705 | 574,485 |
| | 2020 | 2019 |
| | £ | £ |
| The total cash outflow for leases amounted to | 1,536,574 | 1,538,680 |

20. LEASE LIABILITIES

| | 2020 | 2019 |
|-------------------------|-------------|-------------|
| | £ | £ |
| Total lease liabilities | 6,312,464 | 7,320,795 |

Analysed as:

| | | |
|-------------|-----------|-----------|
| Non-current | 5,340,872 | 6,315,270 |
| Current | 971,592 | 1,005,525 |

| | 2020 | 2019 |
|-------------------|-------------|-------------|
| | £ | £ |
| Maturity analysis | | |
| Within one year | 971,592 | 1,118,723 |
| 1 - 2 years | 952,799 | 1,016,645 |
| 2 - 3 years | 1,024,662 | 933,402 |
| 3 - 4 years | 1,075,028 | 979,767 |
| 4 - 5 years | 856,865 | 1,027,837 |
| 5 - 6 years | 503,041 | - |
| Onwards | 928,477 | 2,244,421 |

It is the Group's policy to lease certain of its properties, fixtures and equipment under leases. The average lease term is 10 years. For the year ended 31 December 2020, the average effective borrowing rate was 7.72 per cent. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. All lease obligations are denominated in Polish Zloty, Euros or US Dollars.

The fair value of the Group's lease obligations as at 31 December 2020 is estimated to be £6,312,464 using 7.72% discount rate. This is based on a the rate for Polish Government bonds with a similar maturity to the lease terms and adding a credit margin that reflects the secured nature of the lease obligation.

The Group's obligations under leases are secured by the lessors' rights over the leased assets.

21. CASH AND CASH EQUIVALENTS

| | Group | Group | Company | Company |
|--------------------------|------------------|------------------|------------------|------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | £ | £ | £ | £ |
| Cash at bank and in hand | 1,336,256 | 3,592,402 | 1,007,647 | 3,237,200 |
| At 31 December | 1,336,256 | 3,592,402 | 1,007,647 | 3,237,200 |

22. TRADE AND OTHER PAYABLES

| | Group 2020 £ | Group 2019 £ | Company 2020 £ | Company 2019 £ |
|-----------------------|--------------------|--------------------|----------------------|----------------------|
| Current | | | | |
| Trade payables | 1,918,528 | 1,093,471 | 361,086 | 14,031 |
| Other payables | 210,376 | 140,973 | 5,603 | 1,345 |
| Accrued expenses | 1,283,961 | 541,673 | 535,897 | 57,508 |
| At 31 December | 3,412,865 | 1,776,117 | 902,586 | 72,884 |

23. BORROWINGS

| | Group 2020 £ | Group 2019 £ | Company 2020 £ | Company 2019 £ |
|--|--------------------|--------------------|----------------------|----------------------|
| Current interest bearing borrowings | | | | |
| Finance lease liabilities | 55,740 | 58,258 | - | - |
| At 31 December | 55,740 | 58,258 | - | - |

| | Group 2020 £ | Group 2019 £ | Company 2020 £ | Company 2019 £ |
|--|--------------------|--------------------|----------------------|----------------------|
| Non current interest bearing loans and borrowings | | | | |
| Finance lease liabilities | 36,185 | 80,803 | - | - |
| At 31 December | 36,185 | 80,803 | - | - |

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 2020 £ | Group 2019 £ | Company 2020 £ | Company 2019 £ |
|---|--------------------|--------------------|----------------------|----------------------|
| No later than 1 year | 59,892 | 59,791 | - | - |
| Later than 1 year and no later than 5 years | 38,880 | 159,562 | - | - |
| Later than 5 years | - | - | - | - |
| Future finance charges on finance leases | 6,847 | 80,292 | - | - |
| Present value of finance lease liabilities | 91,925 | 139,061 | - | - |

24. ANALYSIS OF MOVEMENTS IN NET FUNDS

| | 01 January 2020 £ | Cash flows £ | Foreign exchange movements £ | 31 December 2020 £ |
|--|-------------------------|--------------------|---------------------------------------|--------------------------|
| Cash and cash equivalents | 3,592,402 | (2,218,762) | (37,384) | 1,336,256 |
| Borrowings: finance leases - current | (58,258) | 2,518 | - | (55,740) |
| Borrowings: finance leases - non-current | (80,803) | 43,763 | 855 | (36,185) |
| Lease liabilities - current | (1,005,525) | 33,933 | - | (971,592) |
| Lease liabilities - non-current | (6,315,270) | 908,884 | 65,514 | (5,340,872) |
| Net debt | (3,867,454) | (1,229,664) | 28,985 | (5,068,133) |

25. FINANCIAL INSTRUMENTS

Categories of financial instruments

| | 2020 | 2020 | 2019 | 2019 |
|---------------------------------|------------------------------------|---|------------------------------------|---|
| | Financial assets at amortised cost | Financial liabilities at amortised cost | Financial assets at amortised cost | Financial liabilities at amortised cost |
| | £ | £ | £ | £ |
| GROUP | | | | |
| Financial Assets | | | | |
| Cash at bank | 1,336,256 | | 3,592,402 | |
| Trade receivables | 797,567 | | 1,295,339 | |
| Other receivables - current | 804,010 | | 394,653 | |
| Other receivables - non current | 736,931 | | 1,651,358 | |
| Sublease receivables | - | | 538,988 | |
| Total | 3,674,764 | | 7,472,740 | |
| Financial Liabilities | | | | |
| Trade payables | | (1,918,528) | | (1,093,471) |
| Overdraft | | | | |
| Finance leases - current | | (55,740) | | (58,258) |
| Finance leases - non current | | (36,185) | | (80,803) |
| Other liabilities - current | | (210,376) | | (140,973) |
| Lease liabilities - current | | (971,592) | | (1,005,525) |
| Lease liabilities - non current | | (5,340,872) | | (6,315,270) |
| Accruals - current | | (1,283,961) | | (541,673) |
| Total | | (9,817,254) | | (9,235,973) |
| Net | | (6,142,490) | | (1,763,233) |

| | 2020 | 2020 | 2019 | 2019 |
|------------------------------|------------------------------------|---|------------------------------------|---|
| | Financial assets at amortised cost | Financial liabilities at amortised cost | Financial assets at amortised cost | Financial liabilities at amortised cost |
| | £ | £ | £ | £ |
| COMPANY | | | | |
| Financial Assets | | | | |
| Cash at bank | 1,007,647 | | 3,237,200 | |
| Trade receivables | 346,000 | | 247,730 | |
| Other receivables | 49,214 | | 95,598 | |
| Total | 1,402,861 | | 3,580,528 | |
| Financial Liabilities | | | | |
| Trade payables | | (361,086) | | (14,031) |
| Other liabilities - current | | (5,187) | | (1,345) |
| Accruals | | (535,897) | | (57,508) |
| Total | | (902,170) | | (72,884) |
| Net | 500,691 | | 3,507,644 | |

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

| | 2020 | 2020 | 2020 | 2019 | 2019 | 2019 |
|------------------------------|-------------------|-----------|-----------|---------|-----------|-----------|
| | Trade | | | | Trade and | |
| | Finance and other | payables | Total | Finance | other | Total |
| | leases | | | leases | payables | |
| | £ | £ | £ | £ | £ | £ |
| Due within one year | 55,740 | 3,412,865 | 3,468,605 | 58,258 | 1,776,117 | 1,834,375 |
| Due within two to five years | 36,185 | - | 36,185 | 80,803 | - | 80,803 |
| Due after five years | - | - | - | - | - | - |
| | 91,925 | 3,412,865 | 3,504,790 | 139,061 | 1,776,117 | 1,915,178 |

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:

| | 2020 | 2019 |
|--------------------|-----------|-----------|
| | £ | £ |
| Assets | | |
| Polish Zlotys | 1,422,838 | 2,676,207 |
| Liabilities | | |
| Polish Zlotys | 9,223,592 | 9,423,342 |

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 £1,560,151. 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 £13,363.

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 the percentage cost of insuring its receivables against loss from default. Historic credit loss experience, adjusted for forward-looking factors specific to the debtors, the economic environment and relevant security and guarantees from sub-franchisees are also taken into account. The movement in the allowance for

| | 2020 | 2019 |
|---|----------------|--------------|
| | £ | £ |
| Balance at 01 January | 8,113 | 105,490 |
| Impairment loss made during the year | 929,246 | 5,795 |
| Reversal of previously recognised impairment loss | (3,227) | (103,172) |
| Balance at 31 December | 934,132 | 8,113 |

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.

26. SHARE CAPITAL

| | | 2020 £ | 2019 £ |
|--|-----------------------------------|-----------------------|--------------------|
| <i>Called up, allotted and fully paid:</i> | | | |
| 254,108,324 (2019: 253,555,798) | Ordinary shares of 0.5 pence each | 1,270,542 | 1,267,779 |
| <i>Movement in share capital during the period</i> | | | |
| | Number | Nominal value £ | Consideration £ |
| At 31 December 2018 | 152,822,131 | 764,111 | 34,872,569 |
| Placing February 2019 | 96,666,666 | 483,333 | 5,800,000 |
| Management share awards 2019 | 557,261 | 2,786 | 2,786 |
| Share options exercised 2019 | 3,509,740 | 17,549 | 17,549 |
| At 31 December 2019 | 253,555,798 | 1,267,779 | 40,692,904 |
| Management share awards 2020 | 413,295 | 2,067 | 2,067 |
| Share options exercised 2020 | 139,231 | 696 | 696 |
| At 31 December 2020 | 254,108,324 | 1,270,542 | 40,695,667 |

The Company does not have an authorised share capital.

DP Poland Employee Benefit Trust ("EBT")

The trustee of the EBT holds 2,482,930 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 £51,565 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 £229,668 at 31 December 2020.

27. SHARE BASED PAYMENTS

| | Group 2020 £ | Group 2019 £ |
|------------------------------|--------------------|--------------------|
| Share based payments expense | 217,332 | 151,418 |

The Company has provided four types of share-based incentive arrangements.

| <i>Type of arrangement</i> | <i>Vesting period</i> | <i>Vesting conditions</i> |
|---|-----------------------|---|
| 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 estimates of future volatility based on historic volatility and current market conditions .

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 |
|-----------------|----------------|---------------------|----------------|--------------------|----------------------|-----------------------------------|
| 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 |
| 14 May 2019 | 0.5 pence | 50% | 0.50% | - | 3 Years | £0.0865 |

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

| | 2020 | 2019 |
|---------------------------------------|---------|---------|
| Share Incentive Plan | 10,932 | 42,735 |
| Other Share Options | 206,400 | 117,232 |
| Long Term Incentive Share Option Plan | - | (8,549) |
| | 217,332 | 151,418 |

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 31.12.19 No. | Awarded in period No. | Exercised in period No. | Lapsed in period No. | Outstanding 31.12.20 No. |
|-------------------------------------|----------------------------|--------------------------|-----------------------|-------------------------|----------------------|--------------------------|
| JOSS 25 June 2010 | 23.08 pence + 3% per annum | 283,936 | - | - | - | 283,936 |
| 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 | 279,221 | - | - | - | 279,221 |
| 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 03 May 2016 | 0.5 pence | 522,389 | - | 139,231 | - | 383,158 |
| 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 |
| 2020 performance bonus share awards | 0.5 pence | - | 413,295 | 413,295 | - | - |

The weighted average remaining contractual life of outstanding share options is 1.36 years (2019: 1.77 years). The number share options exercisable at 31 December 2020 was 1,129,633 with a weighted average exercise price of 0.5 pence (2019: 3,250,125 shares with a weighted average exercise price of 0.5 pence).

28. CAPITAL COMMITMENTS

At 31 December 2020, amounts contracted for but not provided in the financial statements for the acquisition of property, plant and equipment and software amounted to £61,340 (2019: £nil) for the Group.

29. 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 2020 | Group 2019 |
|------------------------------|-----------------------|----------------|
| | £ | £ |
| Short-term employee benefits | 318,100 | 344,633 |
| Share-based payments | 144,220 | 100,724 |
| At 31 December | 462,320 | 445,357 |

The Company made a charge of £50,000 to DP Polska S.A. for management services provided in 2020 (2019: £50,000). The balance owed by DP Polska S.A. to DP Poland plc as at 31 December 2020 was £346,000 (2019: £247,730). Included in the prior year parent company's year end balance sheet is an amount of £50,000 in respect of accrued income for the 2019 management charge not yet invoiced.

30. EVENTS AFTER THE BALANCE SHEET DATE

a) Reverse Acquisition

With effect from 8 January 2021, the Company became the legal parent of Dominium S.A.. The aggregate consideration paid by the legal acquirer was £23,871,998 satisfied by the issue of 283,766,661 new ordinary shares of the Company issued at 8p per ordinary share and £1,170,665 by way of a 1.3m EUR loan note issued in favour of Malaccan Holdings Ltd the former owner of Dominium S.A..

Under IFRS 3, due to the relative values of the companies, the transaction is treated as a reverse acquisition with Dominium S.A. as the accounting acquirer and the pre-acquisition DP Poland Group as the accounting acquiree. Malaccan Holdings Ltd became the majority shareholder with approximately 52.8% of the share capital of the enlarged Group at the time of the transaction. Malaccan Holdings Ltd has subsequently reduced its holding to 45% of the issued share capital.

The Directors believe that the combination of the two businesses will place the Company within the top three pizza chains in Poland in terms of stores and restaurants. The acquisition will almost double the number of stores within the Company's portfolio and will provide a basis for further expansion and market penetration into new cities and towns. There are a number of cost savings and synergies which are expected to arise from the acquisition.

The fair value of the assets and liabilities acquired by the accounting acquirer are as follows:

| | 8 January 2021 |
|--|----------------|
| | £'000 |
| Intangible assets | 462 |
| Property, plant and equipment | 5,779 |
| Leases - right of use assets | 5,174 |
| Inventories | 442 |
| Trade and other receivables | 2,494 |
| Cash and cash equivalents | 1,336 |
| Trade and other payables | (3,414) |
| Borrowings | (92) |
| Lease liabilities | (6,312) |
| | <hr/> |
| Total identifiable net assets | 5,869 |
| Goodwill on acquisition of the DP Poland Group | 12,554 |
| | <hr/> |
| Consideration paid by the accounting acquirer | 18,423 |

Any fair value adjustments to the assets and liabilities above are still being considered.

Acquisition expenses

The advisors' and other costs incurred by DP Poland plc (the legal acquirer) in acquiring Dominium S.A. amounted to £1,129,643 of which £1,085,573 was incurred during 2020. The expense is presented in the Group Income Statement under 'Other non-cash and non-recurring items'.

Intangible assets

The intangible assets acquired by the accounting acquirer relate to: Franchise fees, intellectual property rights, software and the capitalised loan discount relating to sub-franchisee loans

Trade and other receivables

The Directors consider that the gross contractual amounts of trade receivables and loan receivables are not materially different to the fair values

Borrowings

As part of the reverse acquisition DP Poland plc (the legal acquirer) issued a €1.3million loan note in favour of Malaccan Holdings Ltd the former owner of Dominium S.A.. In addition, outstanding debt of €6.2 million (approximately £5.6 million) that was previously due from Dominium to Malaccan Holdings under certain existing Shareholder Loans was converted into a further unsecured loan note of €6.2 million being issued to Malaccan Holdings on the same terms and in substitution for that outstanding debt. In aggregate, therefore, €7.5 million Loan Notes were issued by DP Poland plc and remain outstanding to Malaccan Holdings upon completion of the acquisition of Dominium S.A.. The Loan Notes are not convertible.

Goodwill

The goodwill recognised by the accounting acquirer is equal to the consideration (as determined under IFRS 3) which was paid by the accounting acquirer less the fair value of the assets and liabilities acquired with the accounting acquiree. The goodwill recognised is made up by the expected synergies of the enlarged business and it is expected that the improved scale of the enlarged business will help the Company to achieve its objective of becoming a market leader in Poland.

Results of Dominium S.A. - the accounting acquirer

The results of Dominium have not been included in the consolidated statement of comprehensive income for the year ended 31 December 2020 because the acquisition became effective after the balance sheet date. If the accounting acquirer had been a member of the Group from the beginning of the year, it would have contributed revenues of £13,982,727 and net loss for the period of £3,007,356.

b) Issue of ordinary shares

On 07 January 2021 the Company completed a placing of 19,965,361 new ordinary shares and a subscription of 23,784,639 new ordinary shares with certain existing and new investors, at a price of 8 pence per share raising a total of £3.5 million before expenses.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("AGM") of the members of the Company will be held at The Foster, Room, West Meon Village Hall, West Meon, Hampshire, GU32 1LH, at 9.00 a.m. on 30 July 2021.

The Board has been closely monitoring the Covid-19 pandemic and its current intention is to proceed with holding the AGM as an open meeting. Accordingly, shareholders are invited to attend this year's AGM in person. In February, the Government published its "Covid-19 Response - Spring 2021" which set out the roadmap to the easing of restrictions across England and, whilst it provides a route back to a more normal way of life, it is unclear as to what restrictions may be in place on the day of the annual general meeting. Given the evolving nature of the situation, it may become necessary to make alternative arrangements for the AGM and the manner in which it is held, should the restrictions that are in place at the time of the meeting restrict or prevent shareholders from attending in person. In such circumstances, the Company will notify shareholders of this change by means of a RIS and, to cover this eventuality, shareholders are encouraged to use their right to appoint the Chair of the AGM as their proxy. Shareholders can do this by using one of the methods detailed in the notes to the Notice of Annual General Meeting as soon as possible. It is important to note that the submission of a proxy form in this manner will not preclude shareholders from attending the meeting in person, where this is still possible.

Members will be asked to consider and, if thought fit, pass the resolutions set out below. Resolutions 1 to 7 will be proposed as ordinary resolutions and Resolution 8 will be proposed as a special resolution.

ORDINARY RESOLUTIONS

1. To receive and adopt the Company's financial statements and annual accounts for the financial year ended 31 December 2020 together with the Directors' report and auditors' report on these accounts.
2. To re-appoint Crowe U.K. LLP as auditors of the Company in accordance with section 489 of the Companies Act 2006 (the "Act") to hold office until the conclusion of the next annual general meeting at which the accounts of the Company are laid.
3. To authorise the Directors of the Company to determine the auditors' remuneration for the coming financial year.
4. To re-elect Piotr Dzierżek as a Director of the Company.
5. To re-elect Malgorzata Potkanska as a Director of the Company.
6. To re-elect Robert Morrish as a Director of the Company.
7. That the Directors be and are hereby generally and unconditionally authorised for the purposes of section 551 of the Act to exercise all powers of the Company to allot equity securities (within the meaning of section 560 of the Act) up to an aggregate nominal amount of £970,142 representing one third of the current issued share capital of the Company, provided that this authority shall, unless renewed, varied or revoked by the Company in general meeting, expire on the earlier of 15 months after the passing of this Resolution or at the completion of the next annual general meeting of the Company, but 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 offer or agreement notwithstanding that the authority conferred by this Resolution has expired. This authority is in substitution for all previous authorities conferred upon the Directors pursuant to section 551 of the Act, but without prejudice to the allotment of any equity securities already made or to be made pursuant to such authorities.

SPECIAL RESOLUTION

8. That, subject to the passing of Resolution 7 above, the Directors be and are empowered pursuant to section 570 of the Act to allot equity securities (within the meaning of section 560

of the Act) wholly for cash pursuant to the authority conferred by Resolution 6 above as if section 561 of the Act or any pre-emption provisions contained in the Company's articles of association ("**Articles**") did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

- a. in connection with an offer of equity securities by way of rights issue to holders of equity securities in proportion (as nearly as may be practicable) to their respective holdings of such equity securities, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems in or under the laws of any territory, or the requirements of any regulatory body or stock exchange; and
- b. otherwise than pursuant to sub-paragraph (a) above up to an aggregate nominal amount of £291,043 representing approximately ten percent of the current issued share capital of the Company.

Such power (unless previously revoked, varied or renewed) shall expire on the earlier of 15 months after the passing of this Resolution or the conclusion of the next annual general meeting of the Company, 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 any such offer or agreement as if the power conferred by this resolution had not expired.

By order of the board

Patrick Bodenham
Company Secretary

Date: 17 June 2021

Registered Office:
Highdown House
Yeoman Way
Worthing
West Sussex
United Kingdom
BN99 3HH

17 June 2021

EXPLANATORY NOTES TO THE PROPOSED RESOLUTIONS

The notes on the following pages give an explanation of the proposed resolutions.

Resolutions 1 to 7 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolution 8 is proposed as special resolution. This means that for this resolution to be passed, at least three-quarters of the votes cast must be in favour of the relevant resolution.

RESOLUTION 1 - Annual Report and Financial Statements

The Directors are required to present to the AGM the report of the directors and the Financial Statements of the Company for the year ended 31 December 2020.

The Annual Report and Financial Statements, which include the report of the Company's auditors on the Financial Statements, will be posted shortly. A copy of the Annual Report and Financial Statements will also be made available for viewing and/or download from the publications section of the Company's website at <https://dppoland.com/2015/our-results/full-year-results/>.

RESOLUTIONS 2 & 3 - Appointment of Auditors and Authorisation of their Remuneration

The Company is required to appoint auditors at each Annual General Meeting at which accounts are laid before the Company to hold office until the conclusion of the next such meeting. Resolution 2 proposes the reappointment of Crowe U.K. LLP as auditors of the Company and Resolution 3 authorises the Directors to fix their remuneration.

RESOLUTIONS 4, 5 & 6 - Re-election of Directors

The Articles of Association of the Company require:

- a number of Directors nearest to but not greater than one third of the Directors holding office to retire by rotation at an Annual General Meeting;
- any director not otherwise required to retire by rotation to retire at the third Annual General Meeting of the Company after his last appointment or re-appointment; and
- any director appointed since the last Annual General Meeting to retire and stand for re-election.

Accordingly, at the Annual General Meeting:

- Piotr Dzierżek and Małgorzata Potkanska, who were appointed as Directors since the last Annual General Meeting, will retire and being eligible, will offer themselves for re-election; and
- Robert Morrish who is required to retire at his third Annual General Meeting of the Company since his last re-appointment and being eligible will offer himself for re-election

Therefore, resolutions 4, 5 and 6 propose the re-appointment of Piotr Dzierżek, Małgorzata Potkanska and Robert Morrish as Directors.

RESOLUTION 7 - Allotment of shares

This Resolution authorises the Directors to allot equity securities up to an aggregate nominal amount of £2,910,433. This represents approximately one third of the current issued share capital of the Company.

This authority will expire at the conclusion of the next annual general meeting of the Company held after the date on which this Resolution is passed or (if earlier) on 15 months after this Resolution is passed unless previously renewed, varied or revoked by the Company in general meeting.

RESOLUTION 8 - Disapplication of statutory pre-emption rights

It is proposed to disapply the statutory pre-emption rights of shareholders within certain limits as set out in Resolution 7. This authority will permit the Directors to make a rights issue or other pre-emptive offer to existing shareholders without the need to comply with the technical requirements of the statutory pre-emption provisions and gives the Directors power to make issues for cash otherwise than to existing shareholders on a pre-emptive basis up to a maximum nominal amount of £291,043. This authority is mainly to allow for the issuance of capital for cash to support capital investment programmes and working capital requirements. This represents approximately 10% of the current issued share capital of the Company.

This authority will expire at the conclusion of the next annual general meeting of the Company held after the date on which this Resolution is passed or (if earlier) on 15 months after this Resolution is passed unless previously renewed, varied or revoked by the Company in general meeting.

NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING ("AGM")

Covid 19 Update

- 1 The following notes remain subject to Government restrictions that may be in place at the time of the AGM arising from the COVID-19 situation. The Board has been closely monitoring the Covid-19 pandemic and its current intention is to proceed with holding the AGM on 30 July 2021 at 9 a.m. (British Summer Time) as an open meeting. Accordingly, shareholders are invited to attend this year's AGM in person. In February, the Government published its "Covid-19 Response - Spring 2021" which set out the roadmap to the easing of restrictions across England and, whilst it provides a route back to a more normal way of life, it is unclear as to what restrictions may be in place on the day of the annual general meeting. Given the evolving nature of the situation, it may become necessary to make alternative arrangements for the AGM and the manner in which it is held, should the restrictions that are in place at the time of the meeting restrict or prevent shareholders from attending in person. In such circumstances, the Company will notify shareholders of this change by means of a RIS and, to cover this eventuality, shareholders are encouraged to use their right to appoint the Chair of the AGM as their proxy. Shareholders can do this by using one of the methods detailed in the notes to the Notice of Annual General Meeting as soon as possible. It is important to note that the submission of a proxy form in this manner will not preclude shareholders from attending the meeting in person, where this is still possible.

Entitlement to attend and vote

- 2 Only those members registered on the Company's register of members at 9.00 a.m. on 28 July 2021 shall be entitled to attend and vote at the AGM.

Appointment of proxies

- 3 If you are a member of the Company at the time set out in note 2 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the AGM and you should have received a Form of Proxy with this Notice of Meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the Form of Proxy.
- 4 A proxy does not need to be a member of the Company but must attend the AGM to represent you. **We request all shareholders to appoint the Chairman of the meeting as their proxy given the potential limitations on physical participation in the event that the COVID-19 restrictions in place at the time of the AGM restrict physical attendance at the meeting (see note 1 above).** Details of how to appoint the Chairman of the AGM or another person as your proxy using the Form of Proxy are set out in the notes to the Form of Proxy. If you wish your proxy to speak on your behalf at the AGM you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
- 5 You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the registrar of the Company.

If a member appoints more than one proxy to attend the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by the member, by requesting a hard copy by calling the Registrar SLC Registrars on 0203 890 2122. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. SLC Registrars is open between 9.00 a.m. and 5.00 p.m., Monday to Friday excluding public holidays in England and Wales.

- 6 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, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the AGM.

Appointment of proxy using hard copy form of proxy

- 7 The notes to the Form of Proxy explain how to direct your proxy, how to vote on each resolution or withhold their vote.
- 8 To appoint a proxy using the Form of Proxy, the form must be:
- (a) completed and signed;
 - (b) sent or delivered to SLC Registrars, PO Box 5222, Lancing, BN99 9FG or sent by scanned PDF emailed to proxy@slcregistrars.com; and
 - (c) received by SLC Registrars no later than 9.00 a.m. on 28 July 2021.
- 9 In the case of a member which is a company, the Form of Proxy must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
- 10 Any power of attorney or any other authority under which the Form of Proxy is signed (or a duly certified copy of such power or authority) must be included with the Form of Proxy.

Appointment of proxy by joint members

- 11 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-named being the most senior).

Changing proxy instructions

- 12 To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.
- 13 Where you have appointed a proxy using the hard-copy Form of Proxy and would like to change the instructions using another hard-copy Form of Proxy, please contact SLC Registrars, Highdown House, Yeoman Way, Worthing, West Sussex, BN99 3HH
- 14 If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

- 15 In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to SLC Registrars, Highdown House, Yeoman Way, Worthing, West Sussex, BN99 3HH. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by SLC Registrars no later than 9.00 a.m. on 28 July 2021.
- 16 If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.
- 17 Appointment of a proxy does not preclude you from attending the AGM and voting in person. If you have appointed a proxy and attend the AGM in person, your proxy appointment will automatically be terminated.

Corporate representatives

- 18 A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

CREST members

- 19 CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising 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.
- 20 CREST members who wish to appoint one or more proxies through the CREST system may do so by using the procedures described in “the CREST voting service” section of the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed one or more voting service providers, should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or a proxy instruction made using the CREST voting service to be valid, the appropriate CREST message (a “**CREST proxy appointment instruction**”) must be properly authenticated in accordance with the specifications of CREST’s operator, Euroclear UK & Ireland Limited (“Euroclear”), and must contain all the relevant information required by the CREST Manual. To be valid 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 be transmitted so as to be received by the Registrars, as the Company’s “issuer’s agent”, (CREST ID: 7RA01) 48 hours before the time appointed for holding AGM or adjourned meeting (as such a message cannot be transmitted on weekends or on other days when the CREST system is closed). After this time any change of instruction to a proxy appointed through the CREST system should be communicated to the appointee through other means.
- 21 The time of the message’s receipt will be taken to be when (as determined by the timestamp applied by the CREST Applications Host) the issuer’s agent is first able to retrieve it by enquiry through the CREST system in the prescribed manner. Euroclear does not make available special procedures in the CREST system for transmitting any particular message. Normal system timings and limitations apply in relation to the input of CREST proxy appointment instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or a CREST sponsored member or has appointed any voting service provider, to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as is necessary to ensure that a message is transmitted by means of the CREST system by any particular time. CREST members and, where applicable, their CREST sponsors or voting service providers should take into account the provisions of the CREST Manual concerning timings as well as its section on “Practical limitations of the system”. In certain circumstances the Company may, in accordance with Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001 or the CREST Manual, treat a CREST proxy appointment instruction as invalid. The CREST Manual can be reviewed at www.euroclear.com.
- 22 CREST members and, where applicable, the sponsors or voting service provider(s), should note that CREST does not make available a special procedure in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of proxy instructions. It is the responsibility of the CREST members concerned to take (or of the CREST member is a CREST personal member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such sections 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 service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. 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.

Issued shares and total voting rights

- 23 As at 16 June 2021 (being the last business day prior to the publication of this notice of meeting), the Company’s issued share capital comprised 582,086,515 ordinary shares of £0.005 each. Each ordinary share carries the right to one vote at the AGM Company therefore, the total number of voting rights in the Company on 16 June 2021 is 582,086,515.

Questions at the AGM

- 24 Under section 319A of the Companies Act 2006, the Company must answer any question you ask relating to the business being dealt with at the AGM unless: (a) answering the question would interfere unduly with the preparation for the AGM or involve the disclosure of confidential information; (b) the

answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the AGM that the question be answered. **In light of the ongoing COVID 19 pandemic, shareholders are encouraged, in particular, to submit questions to the Board in advance of the AGM by emailing info@dppoland.com by no later than 9.00 a.m. on 28 July 2021. The Board will consider all questions received and, if appropriate and relating to the business of the AGM, provide a written response or publish answers on a thematic basis on our website www.dppoland.com**

Communication

- 25 You may not use any electronic address provided either in this Notice of Meeting or any related documents (including the letter with which this Notice of Meeting was enclosed and Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.

Inspection of documents

- 26 The following will be available for inspection at the place of the meeting prior to and during the AGM:
- (a) copies of service contracts of executive directors;
 - (b) copies of letters of appointment of non-executive directors; and
 - (c) a copy of the Company's articles of association.



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Pt - Sob 10.00 - 24.00

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