DP Poland plc

Financial Update

2021 Current Trading Update

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Introduction

Businesses across the world are going through the most dynamically changing market circumstances in decades. In addition to the volatile market backdrop, our business is currently going through a complex migration process of Dominium restaurants into the Domino’s Pizza franchise, coupled with the integration of two consumer propositions as well as, organizationally, two teams which until recently had been operating independently.

GLOSSARY

Term	Meaning
GBP	Pounds sterling, the lawful currency of the United Kingdom
EBITDA	Earnings before interest, tax, depreciation and amortisation
Enlarged Group	DP Poland plc and its subsidiaries (which include Dominium S.A. and its subsidiaries)
FY19, FY20 and **FY21**	Financial year ended 31 December 2019, 2020 and 2021 respectively
LFL	Like-for-like
SG&A	Selling, general and administrative expenses
Q1, Q2, Q3 and **Q4**	The first, second, third and fourth quarter respectively of the financial year ended 31 December
YTD	Five month period to 31 May
Zloty or **PLN**	the lawful currency of Poland

REVIEW OF 2020

STATUTORY ACCOUNTS

DP Poland’s pre-acquisition results

GBPk	2019A	2020A	% change
System sales	**16 613**	**17 438**	**5.0%**
Revenue	**14 007**	**14 976**	**6.9%**
EBITDA [(1)]	**- 419**	**- 822**	**96.1%**
margin %	*-3,0%*	*-5,5%*	
Loss for the period	- 3 512	- 5 818	65,7%
Adjusted loss for the period [(2)]	- 3 322	- 3 553	6,9%

(1) excluding non-cash items, non-recurring items and store pre-opening expenses

(2) Loss for the period adjusted for all other non-cash and non-recurring items incurred

Systems sales growth supported by the pandemic

A steady improvement during the second half of FY20, with Q4 LFL growth of 12.9%, bringing the full year LFL performance to 5% growth.

Revenue growth higher as a result of buying back sub-franchise stores

7 sub-franchised stores bought back in the second half of FY20.

No major breakthrough in profitability

Food cost remained unchanged compared to FY19 (as % of revenue).

Labour cost increased more than proportionally driven by the 16% increase in the national minimum wage.

Increase in scooter maintenance costs and increased payment processing and aggregators commissions.

SG&A have remained unchanged compared to FY19 (as % of revenue).

Acquisition-related one-offs

Reported loss for the period was severely impacted by the one-off costs related to the reverse takeover of Dominium which were c.£1.1m. Total non-cash and non-recurring items were £2.3m in FY20.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT

Aggregating individual financial performance

GBPk	2019A	2020A	% change
System sales	**33 648**	**31 421**	**-6.6%**
Revenue	**31 042**	**28 959**	**-6.7%**
EBITDA [(1)]	**3 030**	**500**	**-83.5%**
margin %	*9,8%*	*1,7%*	
Loss for the period	- 4 874	- 8 826	-81.1%
Adjusted loss for the period [(2)]	- 4 685	- 6 388	-36.4%

[(1)] excluding non-cash items, non-recurring items and store pre-opening expenses

[(2)] Loss for the period adjusted for all other non-cash and non-recurring items incurred

Step change in scale

The acquisition of Dominium has roughly doubled the business of DP Poland (in terms of store numbers).

The pro forma consolidated sales performance was impacted by the erosion of dine-in sales at Dominium as a result of Covid-19 related lockdown restrictions.

EBITDA positive business

Dominium has a track record of generating positive EBITDA.

Despite the negative impact of Covid-19 related lockdown restrictions, the positive EBITDA contribution more than offsets the losses generated by DP Poland in FY20.

POST-ACQUISITION INTEGRATION

INTEGRATION PROGRESS TO DATE

Operational integration in line with expectations except for the IT

Synergy / opportunity	Status
Unlocking top line growth opportunities	✓ Combined menu built on bestsellers, new items well accepted by customers ✓ Improved pricing ✓ Increase in minimum order value for free delivery × Benefits of the topline growth opportunities deferred by the delay in IT integration
Commissaries	✓ Dough production redirected to own commissaries (unit economics improved) ✓ CAPEX supporting higher production volumes completed ✓ Logistics outsourced to third party supplier, exceeding expected synergies
Procurement savings	✓ Fully refocused supply chain ✓ All ingredients and suppliers passed acceptance process with DPI
HQ integration	✓ Teams and office integrated as planned
Marketing synergies	✓ New e-commerce platform launched in February 2021 ✓ New mobile application due to be launched in line with IT integration ✓ Marketing initiatives aligned × Benefits of the synergies curtailed by the delay in IT integration (the two brands will be promoted for 6 months of 2021)
Delivery savings	✓ New delivery areas designed ✓ Economies of scale in management of scooter running cost achieved ✓ Contracts with aggregators renegotiated × Impact of delivery savings related to denser network delayed as a result of delay in IT integration
Franchise buy-outs	✓ Buy-outs completed: 16 stores converted into corporate stores (7 in second half of 2020 and 9 between the months of ~~in~~ February and May 2021)
Call centre savings	× Full savings expected pending brand and IT systems integration

CURRENT TRADING UPDATE

UNAUDITED TRADING UPDATE

Strong delivery sales performance, almost offsetting dine-in shortfall caused by lockdown

PLNk	2019YTD	2020YTD	2021YTD	% change vs 2019YTD	% change vs 2020YTD
System sales	**68 034**	**62 910**	**62 500**	**-8%**	**-1%**
LFL System sales	**65 689**	**62 200**	**62 500**	**-5%**	**0%**
Dine-in	23 851	15 184	8 791	-63%	-42%
Delivery	41 838	47 017	53 709	28%	14%
Non-LFL System sales	**2 345**	**710**	**0**	**-100%**	**-100%**

Deliveries of the combined business growing rapidly

During the first five months FY21, delivery sales of the Enlarged Group increased by 14% compared to the prior year (and by 28% compared to the same period of FY19).

Dine-in business significantly impacted by restaurant shutdowns, takeaway sales continues to perform strongly

Stores remained closed for dine-in service since the beginning of FY21until 28 May, dine-in revenue recognised in FY21 is almost purely relating to takeaway orders.

The Enlarged Group's takeaway sales grew by, of approximately 6%, generating PLN 8.8m of dine-in and takeaway sales in YTD21, compared to PLN 23.9m in the same period of FY19.

Satisfactory top-line performance considering the circumstances

LFL System sales during the YTD21 are flat compared to YTD20 (and 5% lower compared to YTD19. Revenue was lost due to permanent store shutdowns.

We have been privileged to be able to operate during the pandemic and take pride in the Enlarged Group's sales performance so far.

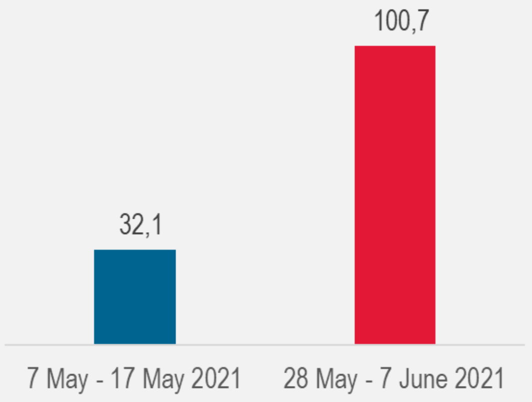
CURRENT TRADING INSIGHTS

CURRENT TRADING INSIGHTS

Recommencing of dine-in sales

- ✓ Outdoor dining permitted in Poland since 14 May 2021
- ✓ Indoor dining resumed from 28 May 2021 but restrictions still apply (only 50% of tables may be occupied by customers)
  - ✓ Ex-Dominium dine-in stores were able to benefit from relaxation of restrictions with PLN 1.1m dine-in sales generated in just 11 days
  - ✓ Dine-in business typically generates higher gross margin due to absence of delivery costs
- ✓ Full impact of post-Covid-19 environment not visible yet
  - ✓ Students yet to return to universities
  - ✓ Working from home still prevalent

Average daily dine-in sales at Dominium locations (PLNk)*



RECENT TRADING INSIGHTS

Growth opportunity following store conversions and easing of lockdown

- ✓ We observe the average order value increasing in converted stores driven by
  - ➢ Better cross-selling
  - ➢ New menu items
  - ➢ Optimised promotions
- ✓ 2 stores closed, sales redirected to other restaurants
- ✓ New Web site implemented in March 2021 is already a winner of Kentico Site of the Year 2020 eCommerce award and was also featured with special awards in categories Best Online Marketing Integration and Best Migration

https://xperience.io/discover/site-of-the-year