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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF MARKET ABUSE REGULATION (EU) NO. 596/2014 ("**MAR**").

### **DP Poland plc**

("DP Poland" or "the Company")

#### **Proposed Acquisition of Dominium S.A.**

**Proposed Fundraising to raise gross proceeds of approximately £5.2 million of which £3.5m to be raised for the Company and approximately £1.7 million to be raised for the Seller**

**Admission of the Enlarged Share Capital to trading on AIM**

**Approval of Waiver of Obligations under Rule 9 of the City Code**

**and**

**Notice of General Meeting**

DP Poland (AIM: DPP), is pleased to announce that it has today entered into a conditional share purchase agreement to acquire the entire issued share capital of Dominium S.A. ("Dominium"), a Polish pizza restaurant group (the "Acquisition").

The consideration for the Acquisition is to be satisfied by the issue of 283,766,661 Consideration Shares at the Issue Price of 8 pence per share, credited as fully paid, and an unsecured Loan Note of €1.3 million to Malaccan Holdings Limited ("Malaccan Holdings"). In addition, outstanding debt of approximately €6.2 million, currently due from Dominium to Malaccan Holdings under certain existing Shareholder Loans, will be converted into a further unsecured Loan Note of €6.2 million that will be issued to Malaccan Holdings on the same terms and in substitution for that outstanding debt. In aggregate, therefore, €7.5 million Loan Notes will be issued by the Company and remain to Malaccan Holdings upon completion of the Acquisition. The Loan Notes are not convertible.

The Acquisition constitutes a reverse takeover for the purposes of Rule 14 of the AIM Rules for Companies and, as such, is conditional, inter alia, upon Shareholder approval.

The Company is proposing to raise £3.5 million for the Company through a Fundraising, which will be comprised of a Placing and Subscription of 43,750,000 New Shares in aggregate at the Issue Price of 8 pence per share. The Fundraising will also include a placing of 21,828,204 Sale Shares which forms part of the Consideration Shares issued to Malaccan Holdings and which will also be placed at the same Issue Price. The Fundraising is conditional, inter alia, upon completion of the Acquisition and Admission.

## **HIGHLIGHTS**

- Net proceeds of the Fundraising receivable by the Company will principally be applied towards capital expenditure for integration and costs, network optimisation and for general working capital purposes.
- Placing to be conducted by way of an accelerated bookbuild process (the "Bookbuild") by the Company's broker and sole bookrunner, Nplus1 Singer Capital Markets Limited ("N+1 Singer").
- The terms and conditions of the Placing are set out below and in Appendix VI to this announcement.
- Subscription to be made by an existing shareholder on the basis of the Subscription Letter as part of the Fundraising.
- Result of Fundraising expected to be announced later today.
- The Directors believe that Dominium's operations are complementary to the Company's. Certain Dominium restaurants are located in some of the most prominent tourist destinations in Poland which is considered by the Directors to be an extremely valuable asset, given the importance of footfall on revenue generation for both eat-in and takeaway sales
- The Acquisition will almost double the number of stores within the Company's portfolio to 126 stores, and will provide a basis for further expansion and market penetration into new cities and towns, enabling the Company to further build upon the reputations which have been developed by DP Poland and Dominium respectively.
- The Directors also 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. It is expected that this improved scale will help the Company to achieve its objective of becoming a market leader in Poland, and it will help defend its current position from the growth noted amongst competitors.
- There are a number of cost savings which are expected to arise from the Acquisition, as well as the potential to optimise processes and benefits from economies of scale which are driven by an enlarged business. These synergies include procurement savings, insourcing dough production, headquarters and systems integration, store network optimisation, improved efficiency of food deliveries, call centre savings, marketing savings and integrated menu and marketing activity.
- With effect from Admission, all of the Existing Directors will resign from the Board other than Nicholas Donaldson and Robert Morrish and the Proposed Directors, being Piotr Dzierżek, Przemysław Glebocki and Jakub Chechelski, will be appointed. It is the Board's intention to appoint Małgorzata Potkańska, the current Chief Financial Officer of Dominium, as Chief Financial Officer of the Company shortly following Admission.
- The Acquisition constitutes a reverse takeover under the AIM Rules for Companies. The Acquisition and the Fundraising are both subject to the approval of DP Poland Shareholders.
- On completion of the Acquisition, the Concert Party will hold 261,938,457 Ordinary Shares on Admission, representing approximately 45.0 per cent. of the Enlarged Share Capital. Under Rule 9 of the City Code, the Concert Party would normally then be obliged to make a general offer to all Shareholders (other than the Concert Party) to acquire all the Ordinary Shares not owned by the Concert Party. The Panel has agreed to waive this obligation subject to the approval by the Independent Shareholders of the Whitewash Resolution (on a poll) at the General Meeting. The Acquisition is therefore also subject to the approval of the Whitewash Resolution by the Independent Shareholders.

- The Company expects to post the Admission Document to DP Poland Shareholders on 21 December 2020 and publish an electronic copy on its website: [www.dppoland.com/2015](http://www.dppoland.com/2015) at the same time. The Admission Document includes a notice convening a General Meeting of the Company on for 7 January 2021 at 10.00 a.m. at which the Resolutions to approve the Proposals will be put to the Company's Shareholders. Please see the important notice below with regards to completing a proxy form for this meeting as no physical attendance at the meeting will be permitted.

Subject to the conditions to the Acquisition being satisfied, admission of the Existing Ordinary Shares to trading on AIM will be cancelled and the Enlarged Share Capital will be admitted to trading on AIM. It is anticipated that Completion and Admission will take place shortly following the General Meeting. Admission and dealings in the Enlarged Share Capital is expected therefore to take place on 8 January 2021.

### EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Announcement of the result of the Bookbuild	18 December 2020
Publication of Re-Admission Document (including the Notice of General Meeting/and Form of Proxy)	21 December 2020
Latest time and date for receipt of Form of Proxy and electronic proxy	10.00 a.m. on 5 January 2021
General Meeting	10.00 a.m. on 7 January 2021
Announcement of result of General Meeting	7 January 2021
Completion of Proposals	8.00 a.m. on 8 January 2021
Issue of New Shares and Admission becomes effective dealings in the Enlarged Share Capital commences on AIM	8.00 a.m. on 8 January 2021
Expected date for CREST accounts to be credited and settlement to take place within CREST of the New Shares (where applicable)	8 January 2021
Despatch of definitive share certificates for New Shares (where applicable)	By 22 January 2021

#### Note:

All future times and/or dates referred to in this Announcement are subject to change at the discretion of the Company and N+1 Singer and if any of the above times or dates should change, the revised times and/or dates will be notified by an announcement on a regulatory information service.

All times are UK times, unless otherwise specified.

Further details on the Proposals is contained in Appendix I of this Announcement.

The historical financial information on Dominium is contained within Appendix II of this Announcement.

The unaudited interim financial information of the Dominium Group is contained within Appendix III of this Announcement

The unaudited pro forma post-synergy results of the Enlarged Group is contained within Appendix IV of this Announcement.

The unaudited pro forma statement of net assets of the Enlarged Group is contained within Appendix V of this Announcement.

The terms and conditions of the Placing is contained within Appendix VI of this Announcement.

The capitalised terms in this Announcement have the meanings ascribed to them in Appendix VII

This Announcement should be read in its entirety and, for the avoidance of doubt, the appendices form part of this Announcement.

### **IMPORTANT NOTICE REGARDING THE GENERAL MEETING AND COVID-19**

In light of the current COVID-19 pandemic and related legal and other requirements of governmental authorities, we are requiring that shareholders do not attend in person but instead appoint the Chairman of the meeting as their proxy (either electronically or by post) with their voting instructions. Shareholders should also bear in mind that if they, or any alternative proxy, travel to attend the meeting in person, they will be denied entry based on prevailing circumstances.

### **RECOMMENDATION AND THE IMPORTANCE OF VOTE**

The Existing Directors, who have been so advised by N+1 Singer, consider the Proposals to be fair and reasonable and in the best interests of Shareholders as a whole and the Company.

**THE INDEPENDENT DIRECTORS' RECOMMENDATION IS THAT THE INDEPENDENT SHAREHOLDERS VOTE IN FAVOUR OF RESOLUTION 1 AND THE DIRECTORS' RECOMMENDATION IS THAT SHAREHOLDERS VOTE IN FAVOUR OF RESOLUTIONS 2-9 TO BE PROPOSED AT THE GENERAL MEETING WHICH HAS BEEN CONVENED FOR 10.00 A.M. ON 7 JANUARY 2021 TO PROTECT YOUR SHAREHOLDER VALUE. UNLESS ALL OF THE RESOLUTIONS ARE PASSED WE CANNOT MOVE FORWARD TO IMPLEMENT THE PROPOSALS. YOUR VOTE IS ACCORDINGLY CRITICAL.**

The Independent Directors, who hold interests in Ordinary Shares have irrevocably undertaken to vote in favour of the Resolutions to be proposed at the General Meeting in respect of a total of 14,409,868 Ordinary Shares representing approximately 5.7 per cent. of the Ordinary Shares in issue at the date of this Announcement.

The person responsible for arranging the release of this announcement on behalf of the Company is Nick Donaldson, Non-Executive Chairman.

Enquires:

**DP Poland PLC**

**Tel: +44 (0) 20 3393 6954**

Nick Donaldson, Non-Executive Chairman

**N+1 Singer (Nominated Adviser and Broker)**

**Tel: +44 (0) 20 7496 3000**

Shaun Dobson / Will Goode / George Tzimas / Amanda Gray

Market soundings (as defined in MAR) were taken in respect of the Placing and Subscription with the result that certain persons became aware of inside information (as defined in MAR), as permitted by MAR. This inside information is set out in this Announcement. Therefore those persons that received inside information in a market sounding are no longer in possession of such inside information relating to the Company and its securities.

**Appendix VI to this Announcement (which forms part of this Announcement) sets out further information relating to the Bookbuild and the terms and conditions of the Placing.**

**Unless otherwise stated, capitalised terms in this Announcement have the meanings ascribed to them in Appendix VII (which forms part of this Announcement).**

This Announcement should be read in its entirety. In particular, you should read and understand the information provided in the "**Important Notices**" section below and the Appendices to this Announcement (which form part of this Announcement) which includes the terms and conditions of the Placing. Persons who have chosen to participate in the Fundraising, by making an oral or written offer to acquire Placing Shares, will be deemed to have read and understood this Announcement in its entirety (including the Appendices) and to be making such offer on the terms and subject to the conditions herein and, in respect of those persons participating in the Placing, to be providing the representations, warranties, agreements, confirmations, acknowledgements and undertakings contained in Appendix VI.

## **IMPORTANT NOTICES**

Neither this Announcement (including the appendices and the information contained in them), nor any copy of it, may be taken or transmitted, published or distributed, directly or indirectly, in or into the United States, Australia, Canada, Japan, New Zealand or the Republic of South Africa or to any persons in any of those jurisdictions or any other jurisdiction where to do so would constitute a violation of the relevant securities laws of such jurisdiction. This Announcement is for information purposes only and does not constitute an offer to sell or issue, or the solicitation of an offer to buy, acquire or subscribe for any shares in the capital of the Company in the United States, Australia, Canada, Japan, New Zealand or the Republic of South Africa or any other state or jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. Any failure to comply with these restrictions may constitute a violation of securities laws of such jurisdictions.

The Offer Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended (the "**US Securities Act**"), or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into the United States except pursuant to an applicable exemption from the registration requirements of the US Securities Act and in compliance with the securities laws of any state or other jurisdiction of the United States.

There is no intention to register any portion of the Fundraising in the United States or to conduct any public offering of securities in the United States or elsewhere. All offers of Offer Shares will be made pursuant to an exemption under the Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") as amended from time to time from the requirement to produce a prospectus. No prospectus will be made available in connection with the matters contained in this Announcement and no such prospectus is required (in accordance with the Prospectus Regulation) to be published. Persons needing advice should consult an independent financial adviser.

Members of the public are not eligible to take part in the Fundraising. This Announcement and the appendices (including the terms and conditions set out in Appendix VI) are for information purposes only and are directed only at persons whose ordinary activities involve them in acquiring, holding, managing and disposing of investments (as principal or agent) for the purposes of their business and who have professional experience in matters relating to investments and are: (a) if in a Member State of the Economic European Area (the "**EEA**") qualified investors within the meaning of article 2(e) of the Prospectus Regulation ("**Qualified Investors**"); or (b) if in the United Kingdom, Qualified Investors who (i) are persons who have professional experience in matters relating to investments falling within the definition of "investments professional" in article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"); (ii) are persons falling within article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc") of the Order; or (c) are persons to whom it may otherwise be lawfully communicated; (all such persons referred to in (a), (b) and (c) above together being referred to as "**Relevant Persons**"). This Announcement must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment

activity to which this Announcement relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

The distribution of this Announcement (including the Appendices) and the offering of the Offer Shares in certain jurisdictions may be restricted by law. No action has been taken by the Company or N+1 Singer or any of their respective partners, directors, officers, employees, advisers, consultants, affiliates or agents that would permit an offering of such shares or possession or distribution of this Announcement or any other offering or publicity material relating to such shares in any jurisdiction where action for that purpose is required. Persons into whose possession this Announcement comes are required by the Company, and N+1 Singer to inform themselves about, and to observe, such restrictions.

This Announcement is not being distributed by, nor has it been approved for the purposes of section 21 of the Financial Services and Markets Act 2000, as amended ("**FSMA**"), by a person authorised under FSMA. This Announcement is being distributed to persons in the United Kingdom only in circumstances in which section 21(1) of FSMA does not apply.

Persons (including without limitation, nominees and trustees) who have a contractual right or other legal obligations to forward a copy of this Announcement should seek appropriate advice before taking any action.

By participating in the Bookbuild and the Placing, each Placee by making an oral or written and legally binding offer to subscribe for and/or purchase Placing Shares will be deemed (i) to have read and understood this Announcement (including the appendices) in its entirety, (ii) to be participating, making an offer and acquiring Placing Shares on the terms and conditions contained in Appendix VI to this Announcement and (iii) to be providing the representations, warranties, indemnities, acknowledgements and undertakings contained in Appendix VI to this Announcement.

This Announcement has been issued by, and is the sole responsibility of, the Company. No representation or warranty, express or implied, is or will be made by N+1 Singer or by any of its partners, directors, officers, employees, advisers, consultants, affiliates or agents as to or in relation to, the accuracy or completeness of this Announcement or any other written or oral information made available to any interested person or their advisers, and any liability therefore is expressly disclaimed. None of the information in this Announcement has been independently verified or approved by N+1 Singer or any of its partners, directors, officers, employees, advisers, consultants, affiliates or agents. Save for any responsibilities or liabilities, if any, imposed on N+1 Singer by FSMA or by the regulator regime established under it, no responsibility or liability is accepted by N+1 Singer or any of its partners, directors, officers, employees, advisers, consultants, affiliates or agents for any errors, omissions or inaccuracies in such information or opinions or for any loss, cost or damage suffered or incurred howsoever arising, directly or indirectly, from any use of this Announcement or its contents or otherwise in connection with this Announcement or from any acts or omissions of the Company in relation to the Placing.

N+1 Singer, which is authorised and regulated in the United Kingdom by the FCA, is acting solely for the Company and no-one else in connection with the transactions and arrangements described in this Announcement and will not regard any other person (whether or not a recipient of this Announcement) as a client in relation to the transactions and arrangements described in this Announcement. Neither N+1 Singer nor its partners, directors, officers, employees, advisers, consultants, affiliates or agents are responsible to anyone other than the Company for providing the protections afforded to clients of N+1 Singer or for providing advice in connection with the contents of this Announcement or for any other matters referred to herein.

### **Cautionary statements**

This Announcement may contain and the Company may make verbal statements containing "forward-looking statements" with respect to certain of the Company's plans and its current goals and expectations relating to its future financial condition, performance, strategic initiatives, objectives and results. Forward-looking statements sometimes use words such as "aim", "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "seek", "may", "could", "outlook" or other words

of similar meaning. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond the control of the Company. As a result, the actual future financial condition, performance and results of the Company may differ materially from the plans, goals and expectations set forth in any forward-looking statements. Any forward-looking statements made in this Announcement by or on behalf of the Company speak only as of the date they are made. The information contained in this Announcement is subject to change without notice and except as required by applicable law or regulation (including to meet the requirements of the AIM Rules, MAR, the Prospectus Regulation Rules and/or FSMA), the Company expressly disclaims any obligation or undertaking to publish any updates or revisions to any forward-looking statements contained in this Announcement to reflect any changes in the Company's expectations with regard thereto or any changes in events, conditions or circumstances on which any such statements are based. Such forward-looking statements involve risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors could cause actual results, performance or achievements to differ materially from those projected or implied in any forward-looking statements. The important factors that could cause the Company's actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, economic and business cycles, the terms and conditions of the Company's financing arrangements, foreign currency rate fluctuations, competition in the Company's principal markets, acquisitions or disposals of businesses or assets and trends in the Company's principal industries. Statements contained in this Announcement regarding past trends or activities should not be taken as representation that such trends or activities will continue in the future. You should not place undue reliance on forward-looking statements, which speak only as of the date of this Announcement.

No statement in this Announcement is intended to be a profit forecast and no statement in this Announcement should be interpreted to mean that earnings per share of the Company for the current or future years would necessarily match or exceed the historical published earnings per share of the Company.

This Announcement does not identify or suggest, or purport to identify or suggest, the risks (direct or indirect) that may be associated with an investment in the Placing Shares. Any investment decisions to buy Placing Shares in the Placing must be made solely on the basis of publicly available information, which has not been independently verified by N+1 Singer.

This Announcement does not constitute a recommendation concerning any investor's investment decision with respect to the Fundraising. The price of shares and any income expected from them may go down as well as up and investors may not get back the full amount invested upon disposal of the shares. Past performance is no guide to future performance. The contents of this Announcement are not to be construed as legal, business, financial or tax advice. Each investor or prospective investor should consult his, her or its own legal adviser, business adviser, financial adviser or tax adviser for legal, financial, business or tax advice.

In connection with the Fundraising, N+1 Singer and its respective partners, directors, officers, employees, advisers, consultants, affiliates or agents may take up a portion of the shares of the Company in the Placing in a principal position and in that capacity may retain, purchase or sell for its own account such shares and other securities of the Company or related investments and may offer or sell such shares, securities or other investments otherwise than in connection with the Placing. Accordingly, references in this Announcement to Offer Shares being issued, offered or placed should be read as including any issue, offering or placement of such shares in the Company to N+1 Singer and any of its respective partners, directors, officers, employees, advisers, consultants, affiliates or agents as, acting in such capacity. In addition, N+1 Singer and any of its respective partners, directors, officers, employees, advisers, consultants, affiliates or agents may enter into financing arrangements (including swaps, warrants or contracts for difference) with investors in connection with which N+1 Singer and any of its respective partners, directors, officers, employees, advisers, consultants, affiliates or agents may from time to time acquire, hold or dispose of such securities of the Company, including the Placing Shares. Neither N+1 Singer nor any of its respective partners, directors, officers, employees, advisers, consultants, affiliates or agents intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The Placing Shares to be issued and/or purchased pursuant to the Placing will not be admitted to trading on any stock exchange other than AIM, a market operated by the London Stock Exchange plc.

Neither the content of the Company's website (or any other website) nor the content of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into or forms part of this Announcement.

This Announcement has been prepared for the purposes of complying with applicable law and regulation in the United Kingdom and the information disclosed may not be the same as that which would have been disclosed if this Announcement had been prepared in accordance with the laws and regulations of any jurisdiction outside the United Kingdom.

## **Risk Factors**

There is a risk that synergies from the Acquisition and the perceived benefits arising from the Acquisition, may fail to materialise, or that they may be materially lower than have been estimated. In addition, the costs of funding the process necessary to achieve these synergies and benefits may exceed expectations. There may be further additional and unforeseen expenses incurred in connection with the Acquisition

There is no guarantee that the conditions for the Acquisition will be satisfied (or waived, if applicable), in which case the Placing and Acquisition will not complete.

Malaccan Holding's liability under the Acquisition Agreement is capped and the Company has procured a warranty and indemnity insurance policy which will meet claims arising pursuant to the warranties and tax covenant in the Acquisition Agreement in excess of such cap, up to a maximum aggregate amount of £3.5 million.

Dominium is a party to a number of court and administrative proceedings, the subject of which is to determine the amount of VAT paid by the company for the period 2011-2016. The liabilities resulting from the decisions made to-date, totalling approximately PLN 7.0 million, have been paid by Dominium, other than for the period from 2015 to 2016 and in respect of which approximately PLN 331,000 remains to be paid in instalments.

DP Polska has applied VAT at the lower rate (5 per cent.) on sales in Poland, which was consistent with its VAT policy and is in line with professional advice it has received in respect of the correct rate to be applied. However, there can be no assurance that the tax authorities in Poland will not seek to challenge the rate which, if successful, could result in the payment of sums for VAT on sales applied at the higher rate. The Directors continue to keep the situation under review and, having taken advice, maintain the view that the appropriate rate has been and is being applied. From July 2020, DP Polska started applying VAT at the higher 8 per cent. rate, following a change in the law as described above.

The ongoing COVID-19 pandemic and any possible future outbreaks of viruses may have a significant adverse effect on the Group.

The success of the Enlarged Group is highly dependent on the continuation of the MFA, which cannot be guaranteed if the Enlarged Group commits breaches of its provisions which, if remediable, are not cured within the period allowed under the MFA.

Dominium has recently sought financial assistance for the period of the first lock down in Poland between March-April 2020 under the Polish Anti-Crisis Shield Act 2020. The Directors consider that the risk of the relevant Polish authorities seeking repayment of the state aid is low, given that Dominium has complied with the conditions attached to the funds advanced to it under the scheme.

The premises on which the Enlarged Group's and its franchisees' stores are situated within Poland are generally leased. The early termination of any of the Group's leases due to non-compliance with the lease terms (or a change of control) or any inability to renew existing leases may result in, among other things, significant alterations to rental terms. As part of the COVID-19 response package, the Polish government issued a rent moratorium for the benefit of tenants of shopping malls operating in

Poland. Dominion has been the beneficiary of these regulations, however, certain landlords have interpreted the legislation in different ways and have asserted then they should not be released from its rent payment obligations and should have consequently paid the full amount of rent due for the period between 14 March 2020 and 17 May 2020.

Following Admission, 45.0 per cent. of the Enlarged Share Capital will be held by Malaccan Holdings. Whilst it has entered into the Relationship Agreement, it may, nevertheless, be able to exercise significant influence over the Enlarged Group's corporate actions and activities and the outcome in general of matters pertaining to the Enlarged Group, including the appointment of the Enlarged Group's board of directors and the approval of significant change of control transactions

### **Information to Distributors**

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Placing Shares have been subject to a product approval process, which has determined that the Placing Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Placing Shares may decline and investors could lose all or part of their investment; the Placing Shares offer no guaranteed income and no capital protection; and an investment in the Placing Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing. Furthermore, it is noted that, notwithstanding the Target Market Assessment, N+1 Singer will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Placing Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Placing Shares and determining appropriate distribution channels.

## APPENDIX I

### FURTHER DETAILS OF THE PROPOSALS

#### Introduction

On 6 August 2020, the Company announced that an application had been filed with UOKiK, the Polish Office of Competition and Consumer Protection, in connection with the proposed acquisition by the Company of the entire issued share capital of Dominium, a Polish pizza restaurant group. The application to UOKiK was made by AMC III, in anticipation of it acquiring majority control of the Enlarged Group upon completion of the Acquisition. It was also announced that the Company had entered into a non-binding letter of intent with Dominium and AMC III, the ultimate parent company of Malaccan Holdings, which contained the outline terms of the proposed Acquisition and in order to advance discussions between the parties on those terms. On 19 October 2020, the Company announced that approval for the Acquisition had been granted by UOKiK.

The Company is pleased to inform Shareholders that, amongst other things, subject to Shareholders' approval of the Resolutions, terms have been agreed to acquire the entire issued share capital of Dominium. The consideration for the Acquisition is to be satisfied by the issue to Malaccan Holdings of 283,766,661 Consideration Shares at the Issue Price of 8 pence per share, credited as fully paid, and an unsecured Loan Note of €1.3 million (approximately £1.2 million). In addition, outstanding debt of €6.2 million (approximately £5.6 million) that is currently due from Dominium to Malaccan Holdings under certain existing Shareholder Loans will be converted pursuant to the Shareholder Loan Acquisition Agreements 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, €7.5 million Loan Notes will be issued by the Company and remain outstanding to Malaccan Holdings upon completion of the Acquisition. The Loan Notes are not convertible.

The Acquisition constitutes a reverse takeover under AIM Rule 14 of the AIM Rules for Companies and as such is conditional, inter alia, on approval by Shareholders which will be sought at the General Meeting to be held on 7 January 2021. It is anticipated that Completion and Admission will take place shortly following the General Meeting on 8 January 2021.

#### Details of the Fundraising

The Company intends to conduct a Fundraising of approximately £5.2 million at the Issue Price of 8 pence per Offer Share.

The Fundraising is expected to comprise a Placing and a separate Subscription with the Company. In addition 21,828,204 Sale Shares (comprising certain of the Consideration Shares to be issued to Malaccan Holdings pursuant to the Acquisition) are also expected to be placed with Placees at the Issue Price (amounting to approximately £1.7 million sale proceeds (before expenses) for the benefit of the Seller) as part of the Placing.

The Issue Price represents a premium of approximately 10.3 per cent. to the middle market closing price per Existing Ordinary Share of 7.25 pence on 17 December 2020 being the last business day prior to the publication of this Announcement.

The Placing will be conducted by N+1 Singer in accordance with the terms and conditions set out in Appendix VI to this announcement. The Placing is being conducted through an accelerated bookbuilding process which will commence immediately following this Announcement in accordance with the terms and conditions set out in Appendix VI to this Announcement.

The Subscription is being made pursuant to a separate Subscription Letter to be entered into by the Company and the Subscriber, following the release of this Announcement.

No prospectus has been or will be submitted to be approved by the FCA in relation to the Fundraising, and the commitments of Placees and the Subscriber will be made solely on the basis of the information contained in (i) the Re-Admission Document; and (ii) this Announcement (including all its appendices (in the case of the Placees) or the Subscription Letter (in the case of the Subscriber)).

The bookbuilding process will determine demand for and participation in the Fundraising. The timing of the closing of the books is at the absolute discretion of N+1 Singer in consultation with the Company, but the books are expected to close no later than 4.00 p.m. today. However, N+1 Singer reserves the right to close the books earlier or later without further notice. The allocations will be determined by N+1 Singer in its absolute discretion following consultation with the Company and will be confirmed orally or by email by N+1 Singer following the close of the bookbuilding process. A further announcement will be made following the completion of the bookbuilding process. The Fundraising is not being underwritten.

The Offer Shares will not be offered generally to the Company's existing shareholders on a pre-emptive basis. Participation in the Fundraising will be generally limited to certain qualifying institutional investors who are invited, and who choose, to participate. Certain of the Company's existing significant shareholders have indicated their intention to participate in the Placing. An existing Shareholder has also indicated its intention to participate in the Fundraising pursuant to the Subscription. The Offer Shares are not being made available to the public and, subject to certain limited exceptions, are not being offered or sold in, into or from the United States of America, Canada, Australia, Japan, New Zealand or the Republic of South Africa or any other jurisdiction where it would be unlawful to do so.

In order to effect the Placing, N+1 Singer has entered into the Placing Agreement with the Company, Malaccan Holdings and the Directors, pursuant to which it has agreed to use its reasonable endeavours to procure Placees to subscribe for the Placing Shares and acquire the Sale Shares, in each case at the Issue Price.

The Placing Agreement contains customary warranties given by the Company and certain of the Existing and Proposed Directors as to matters relating to the Company and its business and customary indemnities from the Company to N+1 Singer in respect of liabilities arising out of or in connection with the Placing and Admission. Malaccan Holdings, as seller of the Sale Shares, is providing customary title and capacity warranties in respect of such Sale Shares. The Placing Agreement also contains customary rights of termination which could enable N+1 Singer to terminate the Placing in certain limited circumstances.

The Acquisition and Fundraising are each conditional, *inter alia*, on:

- the passing of all of the Resolutions by Shareholders at the General Meeting, which is being convened for 10.00 a.m. on 7 January 2021.
- the Placing Agreement having become unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms;
- the Acquisition Agreement having become unconditional in accordance with its terms save for any condition relating to Admission having occurred or to the Placing Agreement having become unconditional;
- the Subscriber having agreed to subscribe for the Subscription Shares pursuant to the Subscription; and
- Admission taking place by no later than 8.00 a.m. on 8 January 2021 (or such later date, not being later than 29 January 2021, as the Company and N+1 Singer may agree).

Application will be made to the London Stock Exchange for Admission of the New Shares. It is expected that Admission of the New Shares will become effective and that dealings in the New Shares will commence at 8.00 a.m. on or around 8 January 2021 (or such other time and/or date as the Company and N+1 Singer may agree).

If the conditions relating to the issue of the Offer Shares are not satisfied, or the Placing Agreement is terminated in accordance with its terms, the Offer Shares will not be issued and the Company will not receive the related fundraising monies. The Fundraising and the Acquisition are each conditional

(amongst other things) upon the passing of all of the Resolutions in order to ensure that the Directors have the necessary authorities and powers to allot the New Shares and complete the Acquisition. The Acquisition is also conditional on the Placing Agreement becoming unconditional in all respects.

### **Use of proceeds of the Fundraising**

The net proceeds of the Fundraising for the Company are expected to be approximately £2.4 million (excluding VAT) and will be applied towards capital expenditure for integration and costs, network optimisation and for general working capital purposes.

### **Concert Party**

On completion of the Acquisition, the Concert Party will hold 261,938,457 Ordinary Shares on Admission, representing approximately 45.0 per cent. of the Enlarged Share Capital. Under Rule 9 of the City Code, the Concert Party would normally then be obliged to make a general offer to all Shareholders (other than the Concert Party) to acquire all the Ordinary Shares not owned by the Concert Party. The Panel has agreed to waive this obligation subject to the approval by the Independent Shareholders of the Whitewash Resolution (on a poll) at the General Meeting. The Acquisition is therefore also subject to the approval of the Whitewash Resolution by the Independent Shareholders.

The Proposals are to be put to Shareholders at the General Meeting. Further details of the General Meeting are set at the end of this Appendix I of this Announcement. The General Meeting of the Company at which the Resolutions will be proposed has been convened for 10.00 a.m. on 7 January 2021 at The Foster Room, West Meon Village Hall, West Meon, Hampshire, GU32 1LH. If the Resolutions are approved by Shareholders, it is expected that Admission will become effective and dealings in the Enlarged Share Capital will commence on AIM at 8.00 a.m. on or around 8 January 2021.

**In light of the current COVID-19 pandemic and related legal and other requirements of governmental authorities, we are requiring that shareholders do not attend in person but instead appoint the Chairman of the meeting as their proxy (either electronically or by post) with their voting instructions. Shareholders should also bear in mind that if they, or any alternative proxy, travel to attend the meeting in person, they will be denied entry based on prevailing circumstances.**

### **BACKGROUND TO AND REASONS FOR THE ACQUISITION**

The Board believes that the Acquisition is in the best interests of the Company and have summarised the rationale behind the Acquisition below:

#### **Creating a leading player in Poland**

The Company has grown since its initial listing on AIM in 2010, and it continues to enhance awareness of the Domino's brand in Poland. However, the Company has historically lacked both the presence (in terms of store numbers) and the resources required to promote the brand to a desired level.

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 both existing and new cities and towns, enabling the Company to further build upon the reputations which have been developed by DP Poland and Dominium respectively.

The Directors believe that Dominium's operations are complementary to the Company's, particularly as the Dominium brand is primarily recognised as an "eat-in" concept. Certain Dominium restaurants are located in some of the most prominent tourist destinations in Poland which is considered by the Directors to be an extremely valuable asset, given the importance of footfall on revenue generation for both eat-in and takeaway sales.

The Directors also 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. It is expected that this improved scale will help the Company to achieve its objective of becoming a market leader in Poland, facilitate a step change in revenue and will help defend its current position from the growth noted amongst competitors. The Directors believe there is an opportunity to leverage relationships with food aggregators to help drive organic growth.

### **Synergistic opportunities**

There are a number of cost savings which are expected to arise from the Acquisition, as well as the potential to optimise processes and benefits from economies of scale which are driven by an enlarged business. The Directors believe the following synergies will arise as a result of the Acquisition:

#### ***Procurement savings***

The Enlarged Group will (i) select preferable suppliers from the two supplier pools, basing its decision on those which offer a more attractive value proposition for the individual ingredients; (ii) expect to benefit from volume discounts on significantly larger purchase volumes; and (iii) improve bargaining power through increased significance within its market.

#### ***Insourcing dough production***

The Company's commissaries will produce fresh dough for all of the stores including Dominion's portfolio, which will generate cost savings compared to the frozen dough currently purchased by Dominion and improve production efficiency with increased volumes, therefore further driving down the average unit cost.

#### ***Headquarters and systems integration***

The Enlarged Group will be capable of being run by a smaller head office team than the simple aggregate of the existing DPP Group and Dominion head office teams, which the Directors expect will lead to certain cost savings arising from headcount optimisation.

The Enlarged Group will also be run from a single head office, therefore crystallising savings on rent and other administrative costs. Furthermore, the Enlarged Group will consolidate its IT systems and discontinue less efficient or legacy systems, providing further administrative savings.

Following the Proposals, certain director fees currently payable to the founder of Dominion will be discontinued.

#### ***Store network optimisation***

The Enlarged Group will be able to optimise its store footprint which may include (i) selective shutdowns or relocations of loss-making stores; (ii) selective shutdowns of neighbouring stores where the combined volume of business does not justify maintaining both locations; and (iii) selective buy outs of sub-franchisee operated restaurants, particularly where these are nearby competitors of a Dominion store. The buy-out of any sub-franchisee operated restaurant will be subject to a negotiation process with the individual franchisees.

#### ***Improved efficiency of food deliveries***

At present, the two organisations deliver orders independently of each other. The Company delivers using its own in-house drivers and fleet of scooters and vans, whilst Dominion currently provides its delivery service using a combination of its own logistics and a number of third party food aggregators, including Uber Eats and Glovo. Following completion of the Proposals, it is intended that all deliveries will be undertaken by a fully integrated in-house delivery team, which will help to reinforce the Domino's brand, and is expected to be more efficient than using a combination of in-house and outsourced delivery solutions.

Furthermore, where possible, it is expected that orders for delivery will be fulfilled by the current DPP Group's stores, which are equipped with more efficient equipment (i.e. ovens). This will help to consolidate the delivery staff towards these stores, and this is expected to have a positive impact on the unit cost of delivery.

### ***Call centre savings***

In recent years, the Dominion Directors have noted that the proportion of orders placed through either the Dominion mobile app or website has been increasing; this trend has already resulted in reducing the running costs of Dominion's call centres. By integrating and promoting the online ordering platforms of both businesses (which includes the websites and the mobile app) it is expected that the current trend of reducing order volumes through call centres will continue, potentially at an increased rate, which should further reduce expenditure on call centres.

### ***Marketing savings***

Currently, the two organisations have separate marketing budgets, with different suppliers used for print media and mailshots such as promotional flyers. As a combined group, it is expected that the marketing campaign and therefore budgets will be consolidated, under the Domino's branding. In addition, the similarity of the Dominion brand with Domino's will enable the Enlarged Group to capitalise on the brand strength going forward. The Dominion brand will be rebranded as "Dominium by Domino's" for an interim period of up to three years to ensure a smooth transition and maximise customer retention. Following the transition period all Dominion stores will incorporate the Domino's branding.

### ***Integrated menu and marketing activity***

The Enlarged Group will offer its products from a single integrated menu, although the menu options may vary between eat-in and delivery offerings. The Directors expect the integration of the two menus is expected to bring about a number of significant benefits, which include (i) focussing on best-selling products and elimination of less popular or lower margin items; (ii) improved, uniform price structure across the Enlarged Group and the product range providing the opportunity to increase the average receipt value of DP Poland (PLN43 during the six months ended 30 June 2020); (iii) targeted promotional effort; and (iv) streamlining production processes. The Directors intend to introduce products that generate incremental sales which is expected to broaden the baskets of products per order.

### ***Strengthening the business model***

The Directors believe that the Acquisition will help to broaden the Company's existing target market, with the addition of new takeaway customers who are within the Dominion store's geographic catchment areas and those looking to enjoy the eat-in facilities of the restaurants. By adding a network of well-known and established restaurants and stores to the Company's existing portfolio, the Directors expect to attract a wider customer audience through the addition of an eat-in offering.

Furthermore, the combination of eat-in and delivery is expected to reduce the seasonality of DP Poland's business. The Directors note that during warmer months, demand for delivery service weakens as consumers seek to spend larger amounts of time outdoors and prefer lighter meals.

The Directors envisage that the Acquisition will provide a platform from which the Company can build upon the awareness and brand loyalty which each of the brands have established, whilst applying the Company's existing culture of quality and service in order to provide a seamless service across an increased number of stores and locations, with a greater product offering to satisfy the demands of a wider customer base.

### ***Improve market presence***

Whilst the Company has an established presence in many desirable locations in Poland, the Company strives to be one of the key players in the Polish casual dining industry. The Directors

believe that a strategic and synergistic consolidation would facilitate this strategic objective through an increased footprint.

Furthermore, the Acquisition complements the Company's existing geographical footprint, as the Target has a number of locations in the southern regions of Poland which provide access to a regional market which the Company does not currently serve.

### **Earnings/EBITDA accretive**

Taking into account the synergies above and under a number of scenarios which have been extensively tested by the Company, the Acquisition is expected by the Directors to be earnings accretive.

### **Optimising existing capacity**

DP Poland has two fully operational commissaries, located in Łódź and Warsaw, which supply the network of stores with fresh dough and ingredients. Following the commissary expansion which was completed in August 2017, the commissaries have a combined capacity to supply approximately 150 stores. Taking into account that the Company currently has 69 stores, it is apparent that the commissaries are significantly underutilised, particularly when considering the associated costs.

The Directors are of the opinion that the existing DP Poland commissaries will provide an effective and efficient supply solution to the Enlarged Group's network, whilst the remaining commissary capacity will act as a platform for store growth.

### **Support from Domino's Pizza Inc.**

The support from DPI is deemed to be of significant strategic importance in the opinion of the Directors, in the context of both the Proposals and the strategy of the Enlarged Group going forward. DPI have agreed to support the Enlarged Group with its integration and subsequently its expansion, by providing certain financial and non-financial incentives. The details of the incentives are confidential to the parties to the agreement. However, the key elements of the agreement relate to the restaurant operations, such as temporarily branding "Dominium by Domino's" for the eat-in business, and operational support from DPI in the integration process, for example by providing advice on restaurant conversion and menu composition.

The agreement is conditional upon the Enlarged Group achieving certain clauses in the Master Franchise Agreement.

Additionally, the Directors believe that the Enlarged Group's opportunity for success will be strengthened by continuing to own the exclusive rights to operate under the Domino's brand in Poland.

### **INFORMATION ON DOMINIUM**

Dominium was founded by Tomasz Plebaniak in 1993 as an independent restaurant business, with its first restaurant located in Warsaw.

In 2006, Dominium broadened its service offering and business model by launching a call centre, enabling customers to order takeaway pizzas in addition to the existing eat-in option. During the following years, Dominium opened a small number of restaurants in Romania, Lithuania and Ireland, however, these restaurants were later closed.

In 2013, Dominium Group received its first institutional investment from AMC III, a fund which focusses on providing mezzanine and growth capital to small and medium sized businesses in Central and Eastern Europe.

In December 2017, the founder of Dominium stepped down as Chief Executive Officer and Piotr Dzierzek was appointed as his replacement. Piotr has remained in this position since his appointment. In parallel with Piotr Dzierzek's appointment, the management board expanded with the appointments

of Agnieszka Saczuk as Head of HR and Malgorzata Potkanska as Chief Financial Officer. Krzysztof Banasiak joined the board as the Chief Operating Officer in January 2020.

Under the new management team, the company has expanded its client base and increased its post IFRS 16 EBITDA by approximately 58 per cent. to PLN15.9 million (£3.2 million) in the financial year ended 31 December 2019, representing an EBITDA margin (post IFRS 16) of 18.7 per cent. (2018: PLN10.1 million (£2.1 million), representing an EBITDA margin (post IFRS 16) of 12.2 per cent.). Pre-IFRS 16 EBITDA was approximately PLN5.4 million (£1.1 million). Amongst other things, the use of high quality Italian ingredients and improvements in quality of service (including reducing delivery times) have resulted in like for like sales growth of 11 per cent. and 7 per cent. in the financial years ended 31 December 2018 and 31 December 2019 respectively. In the financial year ended 31 December 2019, system sales per Dominium restaurant was approximately PLN1.5 million (£0.3 million). During the two month period to February 2020, like for like sales grew by 14 per cent. in comparison to the same period in the prior year.

Currently, Dominium operates a total of 57 pizza restaurants in various locations across Poland with a workforce of 698 employees. Similarly to the Company, Dominium's presence is focussed in Warsaw with a total of 21 restaurants located in the Polish capital.

### **Restaurants**

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. Delivery orders by telephone are managed centrally through Dominium's call centre. Orders can either be collected or delivered, providing the delivery address falls within a determined catchment area. The majority of deliveries are fulfilled by outsourced local contractors, however, certain restaurants have contracted drivers who use their own vehicles or scooters for use by restaurant staff.

Dominium categorises its restaurants as either standard, shopping mall or franchise of which there are currently 32, 23 and two respectively in operation. All of Dominium's restaurants operate in locations that are leased from third parties. The average age of Dominium's restaurants is 12 years.

Dominium's restaurants have typically been fitted to a similar layout, as far as the respective lessor permits, and feature a standardised interior design including a children's area in all restaurants. The standard restaurant size is between 100 to 200 square meters depending on the size of the city and location. The only variations between the restaurants is their location and the provision of outdoor seating areas at selected premises.

Dominium's business typically demonstrates steady trade throughout the year. Eat-in revenue is usually higher in the summer months as a result of tourist trade in prime city centre locations and during the festive period as a result of the Christmas holidays.

Due to the strong footfall and high population density in Warsaw, more than one third of Dominium's restaurants are located within the Polish capital. Dominium also has a presence in other major cities in Poland, with five restaurants in Krakow of which four are located in shopping malls, and two restaurants in each of Katowice, Lublin, Torun and Wroclaw. A further 23 restaurants are located within other cities and towns in Poland.

Historically, the majority of Dominium's revenue has been generated from eat-in business, accounting for approximately 60 per cent. of the overall revenue in the financial year ended 31 December 2019, with delivery sales being an important contributor but notably lower than eat-in sales. The revenue split has been gradually changing, with delivery sales contributing to an increasing proportion of revenue. This trend has continued during the COVID-19 pandemic, as a result of lower footfall and lock-down measures in Poland. The proportion of delivery sales for the month of September 2020 accounted for approximately 58 per cent. of the total revenue.

In the period between January 2019 and September 2020, delivery sales increased per 29 per cent. and eat-in sales decreased by 27 per cent. on a like for like basis. The increase in the volume of deliveries has been achieved without adversely impacting the average value of delivery orders which

has remained consistent. The average order receipt for deliveries during the month of September 2020 was PLN 51, which is approximately 10 per cent. higher than the average receipt value of customers dining in the restaurants. The average order receipt for Dominium during the month of September 2020 was PLN 49.

Delivery sales are generated predominantly through online channels, being the website, the Dominium online app and food aggregators, which accounted for 82 per cent. of the overall delivery sales during the month of September 2020. The use of online platforms has shown a persistent growth over time.

During the same period, Dominium's proprietary channels, being its website and mobile app, represented approximately 55 per cent. of the overall delivery sales compared to sales generated by aggregators, which contributed to approximately 26 per cent. of delivery sales. The volume of orders placed through these online platforms has grown, and as a result, orders placed through the call centre have reduced. In the period between January 2019 and September 2020, delivery order volumes placed with call centres have reduced from 54 per cent. to 18 per cent.. This trend has had a positive impact on profitability, due to the lower customer acquisition and maintenance costs associated with the online platforms.

### ***Menu***

Dominium endeavours to provide a varied eat-in experience to its customers with a seasonal menu which features limited-time products such as winter teas and seasonal vegetables as side dishes or pizza toppings. Currently, the Dominium menu includes over 40 types of pizza, which can be served on four different types of base in addition to a number of pasta dishes, calzones, salads, Italian starters and desserts.

Furthermore, the eat-in offering provides additional menu items, such as the 'Roman Pizza' which is served on a sourdough base prepared using Italian style '00' flour. The differentiated product offering between the delivery and eat-in menu has been designed to attract customers to visit the restaurants, enable an independent pricing policy but to also disassociate the eat-in offering from the more competitively priced delivery menu. In order to further improve the eat-in experience, with the exception of two restaurants in Warsaw, all Dominium restaurants offer alcoholic beverages to its customers.

The restaurants' menus cater for children as well as a range of dietary requirements. These include but are not limited to, vegetarian, vegan and gluten-free options for customers who suffer from intolerances or allergies. The Dominium Directors believe that providing such flexibility to its menu is one of the key factors influencing a customer's choice of restaurant.

### ***Pricing***

Prices for pizza vary depending on the type of base, with thick crust and whole grain bases costing more, the size and the toppings. As an example, a medium sized pizza (around 12 inches in diameter) on a traditional crust costs around PLN 40. In general, all restaurants charge the same prices, as set by Dominium, albeit with a few exceptions mostly in restaurants with high tourist footfall.

The pricing strategy is different for eat-in and delivery. Delivery pricing is closely benchmarked to Dominium's competitors and is based upon a range of special offers and discounts. These promotions vary by weekday, time of the day or target customers (e.g. students). This approach enables Dominium to split its customers by type and provide individual targeted offers to each category.

Typical promotions being offered include:

- 40 per cent. off for students;
- two-for-one on classic pizzas (pizzas which tend to have more basic toppings) for both eat-in and takeaway; and
- 50 per cent. off for eat-in diners before 1.00 p.m.

### **Key strengths**

The Directors believe that Dominium's key strengths include:

- **Experienced and dedicated team:** Dominium has over 27 years of operations in Poland over which time it has built a strong and committed team across the corporate structure. The existing management has transformed the organisation from a founder-led company to a business driven by KPIs. Dominium has introduced a number of incentive plans for low and mid-level personnel to help focus on delivering sales and profits. The Dominium management team has promptly reacted to the COVID-19 pandemic and the associated risks by implementing cost cutting measures, renegotiating rental payments, obtaining state aid and promoting the delivery offering.
- **Established brand and wide customer reach:** Dominium is one of the leading pizza brands in the Polish pizza market and, with a network of loyal customers, now processes over 130,000 order receipts per month. The established brand attracts customers to the restaurants in prime locations.

As a result of being a well-established brand, opening new restaurants does not usually require incremental expenditure on advertising, marketing or IT development. The large scale of Dominium's operations is a powerful negotiation tool with suppliers of products and services (e.g. logistics) which can bring economies of scale to the Enlarged Group.

- **Efficient organisation, proven business practices:** Dominium has a consistent history of positive EBITDA. The Directors believe that the business' efficient cost management and internal procedures have enabled Dominium to provide a high-quality offering whilst also being cash generative. Out of the entire network of restaurants, only two were lossmaking during the financial year ended 31 December 2019 and the company managed to increase its EBITDA (post IFRS 16 adjustments) by approximately 58 per cent. on the prior year. The Directors believe the business is well positioned for further growth but can also adapt to more challenging periods. Despite the disruptions caused by the COVID-19 pandemic, Dominium generated PLN 2.7 million post-IFRS 16 EBITDA in Q3 2020 (during a period when restaurants were open in Poland).
- **Flexible business model:** Dominium operates a balanced business model comprising both eat-in and delivery. The restaurants provide customers with a high quality eat-in experience that provides a platform for repeat orders by delivery at a later date. Restaurants in high street locations and major cities serve as showrooms and not only generate margin but also support the sales on delivery.

The provision of a delivery and takeaway service has also enabled Dominium to continue trading and adjust to the recent restrictions imposed by the Polish Government in response to the COVID-19 pandemic which included the closure of all restaurants during March 2020 and the more recent restrictions, including restaurant closures, in November 2020. During this period of heightened restrictions, customers moved to ordering deliveries online, with delivery revenue growing by 35 per cent. and 45 per cent. in April 2020 and May 2020 respectively compared to the same months in 2019. The Directors anticipate this trend of ordering deliveries online will be repeated during the more recently announced closure of restaurants during November 2020.

## PRINCIPAL TERMS AND CONDITIONS OF THE ACQUISITION

The Company entered into the Acquisition Agreement, pursuant to which it has conditionally agreed to acquire the entire issued share capital of Dominium in exchange for the issue to Malaccan Holdings of the Consideration Shares at the Issue Price, credited as fully paid, and the issue of €1.3 million Loan Note on the terms of the Loan Note Instrument, in each case upon completion of the Acquisition.

In addition, outstanding debt of €6.2 million that is currently due from Dominium to Malaccan Holdings under certain Shareholder Loans will be converted under the terms of the Shareholder Loan Acquisition Agreements into a further unsecured €6.2 million Loan Note that will also be issued by the Company to Malaccan Holdings at the time of completion of the Acquisition. This €6.2 million Loan Note will also be issued on the terms of the Loan Note Instrument in substitution for and in settlement in full of all amounts that are currently outstanding under the Shareholder Loans.

In aggregate, therefore, €7.5 million aggregate principal of Loan Notes will therefore remain outstanding from the Company to Malaccan Holdings following completion of the Acquisition. Under the Loan Note Instrument, the Loan Notes will carry interest at the rate of 3 per cent. per annum and have a maturity date of three years from the date of issue.

The Acquisition Agreement is conditional upon, *inter alia*:

- the passing of all of the Resolutions at the General Meeting;
- the Placing Agreement becoming unconditional in all respects; and
- Admission becoming effective.

## **INFORMATION ON THE EXISTING GROUP**

The Company was first admitted to trading on the AIM market of the London Stock Exchange on 28 July 2010. At this time, £6.5 million was raised to commence the roll out targeting the opening of over 50 Domino's Pizza stores in Poland, initially focussed in Warsaw, within a four to five year period.

On admission, the Domino's brand did not have market operations in Poland and this remained the case until February 2011, when the Company opened the first Polish Domino's Pizza store in the affluent Mokotów district of Warsaw.

Since then, DP Poland has raised a total of approximately £29 million through a total of five equity fundraisings, the most recent of which took place in February 2019. The proceeds have predominantly been used to fund the roll out of Domino's Pizza stores, build two commissaries, sustain sales and marketing expenditure in order to boost awareness of the brand and offering, and to provide loans by the Company for sub-franchised store openings.

In November 2017, the Company celebrated the opening of its 50th store in Poland.

### **Locations**

Currently, there are 69 Domino's Pizza stores across 29 Polish towns and cities. Of these stores, 50 are corporately run with two managed under management contract and 19 are operating under sub-franchise agreements.

Each store services a defined delivery catchment area designed to ensure that pizzas can be delivered within 25 minutes of an order being received. Stores are typically located in high population density areas, targeting Poland's younger and more affluent residents.

### **Stores**

The Company operates stores under a simple and cost-effective model designed for delivery and takeaway. The stores have a small footprint, typically around 70 to 90 square metres, have no or limited eat-in facilities, and require limited capital to fit out. The stores are fitted out in line with the latest Domino's store design and are identifiable by the distinctive red, white and blue Domino's Pizza branding.

All new stores in Poland are designed using the "S2 Store Concept", incorporating the best store design features from both the USA and Australia, with a focus on an efficient store footprint and a cost-effective fit-out. The average age of DP Poland's stores is approximately 4 years.

All stores use Domino's Pizza's PULSE point-of-sale system which provides touch screen ordering, administrative and reporting capabilities and customer relationship management that enables customer recognition and tracking of customer preferences.

Alongside in-store orders and collection, delivery orders can be placed both through the Company's website and the use of food aggregators such as Pyszne (takeaway.com) and Glovo. The Directors believe that the addition of partnership agreements with food aggregators has had a positive impact

on order numbers and increases brand awareness in regions where the Domino's brand is less well known.

## **Products**

The Company offers a broad range of pizza that is typically available in established European markets. However, in addition to traditional pizzas such as pepperoni and margarita, it also offers locally tailored pizzas using local high quality traditional ingredients. Every pizza is freshly prepared in store using a fresh dough ball, sourced from the Group's commissaries, and topped with pizza sauce made from high quality tomatoes, real mozzarella cheese and a choice of high quality meats, fresh fruit and vegetables. All ingredients are required to meet Domino's Pizza's quality standards and are prepared according to its prescribed methods and processes. The stores also offer a range of starters, side items, desserts and drinks approved by DPI.

The Company has two commissaries in operation with a total capacity to serve approximately 150 stores. The first is in Warsaw which serves the capital and east Poland, and the second in Łódź, positioned with good transport links, serving the north, south and west of Poland. The commissary produces fresh dough and sells a range of products (from pizza toppings to packaging) to both corporately owned stores and the franchisees.

Pricing varies depending on the size, type of pizza base and toppings ordered. A typical medium pizza costs PLN 40.

DP Poland offers the same total satisfaction guarantee as other Domino's Pizza franchise operations, that is, if a customer finds any product to be below their expectations, they can at a minimum receive a full refund or a replacement. The Existing Directors believe that food quality is important in Poland and that, historically, the perceived quality of home delivery pizza is poor and delivery service is unreliable. The Company is committed to the use of fresh produce, where possible, in the preparation of its pizzas. The Existing Directors believe that this enables the Company to consistently provide high quality products to its customers.

The Existing Directors' previous experience with other serviced food and drinks brands (including in Poland) has given them the know-how to source, cost effectively, high quality foodstuffs, packaging and equipment.

All stores are regularly inspected by the management team to ensure the highest standards in product quality and customer service are maintained.

## **Marketing**

The Existing Directors believe marketing is critical to the success of the Domino's brand in Poland and helps increase brand awareness and market share.

The Company typically runs both national and local marketing campaigns to attract new and retain existing customers. Promotions include family deals, student discounts, pizza of the day deals and discounts on multiple pizza purchases.

## **Master Franchise Agreement**

The Master Franchise Agreement, dated 25 June 2010, sets out how the Group is to manage and develop the Domino's Pizza system and concept in Poland.

Under the Master Franchise Agreement, DPP SA pays DPIF, the current franchiser entity and successor in interest to DPOF, an ongoing sales royalty fee. In return DPP SA is granted exclusive use of the Domino's Pizza brand in Poland and the use of the systems and know-how of the DPI Group.

Under the Master Franchise Agreement, DPP SA enjoys its exclusive rights for a period of 15 years, with an option (subject to certain conditions) exercisable by DPP SA to renew for another ten years on

the DPI Group's then standard form master franchise agreement. This agreement allows DPP SA to open and operate and sub-franchise stores in Poland as well as to establish commissaries.

## MARKET OVERVIEW

### A growing industry

The consumer food service sector in Poland, which includes cafes, bars, restaurants, kiosks, home delivery and takeaway generated approximately PLN 41.92 billion (£8.6 billion) in 2019. The consumer food service sector recorded, a four-year compound annual growth rate ("CAGR") of 9.3 per cent. from 2015 to 2019 (Source: *Euromonitor International, "Consumer Foodservice in Poland" April 2020, page 3*).

Prior to the outbreak of COVID-19, Euromonitor estimated that the consumer foodservice sector in Poland would continue to grow at CAGR of 5.0 per cent. for the next five years until 2024 (Source: *Euromonitor International, "Consumer Foodservice in Poland" April 2020, page 3*).

The growth in the industry has been attributed to, amongst other factors, rising incomes and confidence in expenditure which has led to consumers in Poland eating out more often. Additionally, lifestyle changes, busy working days and a lack of time have driven sales of takeaway, delivery and other convenient foodservice solutions (Source: *Euromonitor International, "Consumer Foodservice in Poland" April 2020, page 1*).

During 2019, approximately 85 per cent. of Polish households used a food delivery service with food delivery amounting to approximately PLN 6.7 billion or 25 per cent. of the overall restaurant market in 2019. During 2019, online delivery orders have been growing by up to 50 per cent. per annum reaching approximately PLN 1.3 billion.

Further technological advancements within Poland are expected to increase the role of delivery services, mobile applications and food e-commerce in the market (Source: *Euromonitor International, "Consumer Foodservice in Poland" April 2020, page 3*).

### Potential for store roll-out

The Directors believe that, based on the success of other Domino's business and taking into account the urban population of Poland, there is currently the potential for material store and restaurant expansion in Poland.

### The opportunity

The Directors believe that the Acquisition will enable the Company to take advantage of the current opportunity within its industry, and to grow and consolidate from an improved position in the market due to the following factors:

- ***There are multiple sub-scale and loss-making brands***  
In the opinion of the Directors, there are a number of competitors whose expansion plans have not materialised with some even losing market share due to store closures. Additionally, the Directors believe the issues faced by many of the Company's small scale competitors will have been exacerbated by the COVID-19 pandemic.
- ***The Acquisition provides immediate scale***  
The Acquisition will provide the Company with the opportunity to reinforce its market position and become a major player in its industry with 126 store and restaurant locations across Poland.
- ***Impact of COVID-19***  
Furthermore, the Directors note that the Company's sales have improved during the COVID-19 pandemic whereas sales of a number of quick service restaurants have been impacted adversely.

### Poland

The Directors believe that Poland provides an attractive market for the Domino's brand, particularly as it has one of the largest populations within the EU, with 38 million residents, providing a sizeable target market coupled with its prolonged uninterrupted GDP growth and increasing consumer expenditure.

### **Polish Economy**

The Polish economy has been one of the fastest growing economies in the EU over recent years, with household consumption and wages increasing.

The Directors note that the demand for takeaway and delivery food increased during 2019 due to the population's lack of time and busy working days, whilst chain restaurants recorded further growth, and are predicted to increase their share over independent players in the coming years, with increased demand for vegetarian, vegan and non-meat alternatives as well as a growing trend of plant-based diets. The Directors believe that the Enlarged Group, with its increased product offering, will enable the Company to capitalise on each of these growing trends and capture an increased share of the market, in line with the strategic aims of the Board.

### **Consumer spending**

Consumer spending in Poland has continuously grown over the last decade, with the highest growth rate in that period being 4.48 per cent. in 2017. In 2019, consumer spending in Poland grew 3.79 per cent., and the five year CAGR between 2015 and 2019 was 3.34 per cent. (Source: <https://www.macrotrends.net/countries/POL/poland/consumer-spending>).

During September 2019, the Polish government announced plans to increase the minimum monthly wage in Poland. At the time of the announcement, the minimum gross monthly wage in Poland was PLN 2,600 per month. The increase is planned in phases, with the minimum gross wage increasing to PLN 2,800 per month by the end of 2020 and to PLN 4,000 per month by the end of 2023.

### **Expectations of resilient performance**

Whilst the European Commission anticipates the EU economy will experience a deep recession this year as a result of the COVID-19 pandemic (Source: *The European Commission, "A Deeper Recession with Wider Divergences", page 1* [https://ec.europa.eu/info/business-economy/euro/economic-performance-and-forecasts/economic-forecasts/summer-2020-economic-forecast-deeper-recession-wider-divergences\\_en](https://ec.europa.eu/info/business-economy/euro/economic-performance-and-forecasts/economic-forecasts/summer-2020-economic-forecast-deeper-recession-wider-divergences_en)), forecasts for Poland's performance in 2020, in terms of GDP growth compared to the prior year, are expected to be among the best of the 27 members (Source: *The European Commission, "A Deeper Recession with Wider Divergences", page 35*). A number of publications have noted expectations for Poland's economy to demonstrate its resilience during the COVID-19 pandemic (Source: *Bloomberg, "EU's Most Virus-Shielded Member Seen Headed for U-Shaped Rebound"* <https://www.bloomberg.com/news/articles/2020-05-11/eu-s-most-virus-shielded-member-seen-headed-for-u-shaped-rebound>) (Source: *Fitch, "Fitch Affirms Poland at 'A-'; Outlook Stable"* <https://www.fitchratings.com/research/sovereigns/fitch-affirms-poland-at-aoutlook-stable-27-03-2020>).

The International Monetary Fund ("IMF") recently revised Poland's GDP forecast to minus 3.6 per cent. from minus 4.6 per cent. which was previously forecast in June 2020. It is expected that Poland's GDP will grow by 4.6 per cent. in 2021, rather than 4.2 per cent. forecast in June 2020. The IMF also estimates the unemployment rate to remain largely unchanged at 3.8 per cent. (2019: 3.3 per cent.) (Source: *Warsaw Business Journal, "IMF revises Poland's GDP forecast for 2020 up by 1 pp to minus 3.6%",* <https://wbj.pl/imf-revises-polands-gdp-forecast-for-2020-up-by-1-pp-to-minus-36percent/post/128651>) (Source: *The International Monetary Fund,* <https://www.imf.org/external/datamapper/profile/POL>, October 2020).

Furthermore, in September and October this year, credit rating agencies Fitch and S&P Global affirmed their respective ratings of 'A-' and 'A-/A-2' for Poland, with both noting that the outlook for their ratings remained stable (Source: *Fitch,* <https://www.fitchratings.com/research/sovereigns/fitch-affirms-poland-at-a-outlook-stable-25-09-2020#:~:text=Fitch%20>

*Ratings%20%2D%20Frankfurt%20am%20Main,%2D%20with%20a%20Stable%20Outlook.)*  
(Source: Ministry of Finance, "S&P Global Ratings affirms Poland's credit rating", <https://www.gov.pl/web/finance/sp-global-ratings-affirms-polands-credit-rating#:~:text=On%20October%20%2C%202020%20S%26P,%2C%20respectively%2C%20in%20local%20currency>).

## **Competition**

In recent years, the Polish pizza market has become increasingly competitive particularly with the growth of existing chains such as Da Grasso and Telepizza but also with the emergence of other international chains such as Pizza Hut.

Alongside the growth of existing pizza chains in Poland, over the last few years the new food delivery aggregators have undertaken aggressive marketing activity. To counteract the potential loss of market share, the Company is working with Poland's delivery aggregators Glovo and Pryzme.

As demonstrated by the chart above, the Acquisition is expected to bring immediate scale and as a result, enhance the Company's position within its industry.

## **ENLARGED GROUP'S STRATEGY**

The strategy of the Enlarged Group will be based on two key principles: operational efficiency achieved through the realisation of synergies; and growth initiatives aimed at driving profitability and sustainable growth.

The Concert Party has informed the Existing Directors that it intends to allow the Company to continue with its proposed strategy for the Enlarged Group.

## **Store network optimisation**

The Directors intend to conduct a detailed assessment and review of the Enlarged Group's store network. This assessment may result in:

- (i) closures of certain stores which are deemed by the Directors to be negatively impacting the financial performance of the Enlarged Group;
- (ii) closures of stores which duplicate presence within an area, or are in close proximity to another store, where there is no business justification to maintain both stores; and
- (iii) buy-out of certain sub-franchised stores which are currently competing with, or are in close proximity to, a Dominion store.

## **Store roll-out**

Following the store optimisation, the Enlarged Group intends to restart a store roll-out programme, expanding its portfolio with a mix of corporately managed as well as sub-franchised stores. The Directors expect that the Enlarged Group will be able to open up to five new locations (which will represent approximately 4 per cent. growth in stores) during 2021, with momentum increasing from 2022 onwards with a target of 10 to 15 store openings per annum. The Directors expect that the pace of roll-out may be further increased, with new sub-franchisee store openings, once the store model is proven. The growth is expected to be financed from internal cash flows.

## **Streamline costs**

By increasing the scale of the Enlarged Group by implementing the store roll-out programme and achieving sales growth within the existing portfolio, the Directors believe the Enlarged Group will improve its operational efficiency. The key drivers for improved efficiency include, in the opinion of the Directors:

- (i) fully utilising the Company's two commissaries;

- (ii) improving the utilisation of delivery staff with dynamic staffing during peak delivery hours;
- (iii) optimising unit cost of delivery;
- (iv) bolstering purchasing power within its supply chain, predominantly relating to the procurement of ingredients and other food stuffs; and
- (v) improving operational gearing, by achieving store growth from the Enlarged Group's relatively fixed overhead costs.

The potential increase in operational efficiency, as outlined above, is expected to be incremental to the synergies arising from the Acquisition.

### **Leverage technology**

The Directors anticipate that the Enlarged Group will be able to integrate its technologies, use its combined resources to invest in more sophisticated technology platforms and solutions, and optimise its current technological capabilities as the scale of the operations increase.

In order to expand the customer base, the Directors intend to invest in the ordering platform of the Company's website and convert the Dominium mobile app into a Domino's branded app. They expect that this will help to grow the number of trial users, improve conversion, generate upselling opportunities and help to retain and improve existing customer loyalty by:

- (i) improving user experience of the website and mobile app;
- (ii) improving customer segmentation and targeting of promotions;
- (iii) utilising information gathered from the ordering engine, conducting more sophisticated data analytics; and
- (iv) providing a more personalised customer engagement through loyalty programme, order history and repeat ordering as well as streamlined payment.

The Directors believe there is also scope to improve the efficiency of the Enlarged Group's back-office functions, such as the finance and accounting department, through the use of more sophisticated technology packages.

### **Brand awareness**

As a combined business, the Enlarged Group will focus its advertising and marketing budget solely on the Domino's brand, in addition to an almost doubled store footprint. The Directors expect that this will accelerate the development of brand awareness among Polish consumers and this will also improve the efficiency of the advertising spend. The Directors also believe that an improvement in brand awareness will appeal to potential sub-franchisees, which is expected to lead store numbers.

Furthermore, the Directors anticipate that the eat-in setting of the Dominium restaurants will complement the Company's existing service and quality perception among customers, and the restaurants will serve as a showroom for the delivery business, by providing restaurant-quality food available for delivery to the customers' doorsteps.

The Dominium brand will be rebranded as "Dominium by Domino's" for an interim period of up to three years to ensure a smooth transition and maximise customer retention. Following the transition period all Dominium stores will incorporate the Domino's branding.

The restart of the new store roll-out (including through sub-franchised restaurants) will further support the development of the Domino's brand within Poland.

### **Improve service and quality**

The Directors expect that as a result of the Proposals, the Enlarged Group will benefit from the reciprocal exchange of best practices, key competences and competitive advantages of the two organisations. As a result, the quality of product as well as service level should improve across the footprint, with key elements being:

- (i) switch from frozen to fresh dough;
- (ii) (consolidation of food ingredients purchases, driving improved and/or more consistent quality;
- (iii) improved delivery times; and
- (iv) more convenient and consistent online and call centre experience for the delivery and takeaway customers.

## **Integration**

The Directors recognise that in order to achieve some of the expected synergies it will be necessary to monitor and modify, as appropriate, the integration of the two businesses. The Directors believe there is potential to generate cost savings within the Enlarged Group and their initial review has identified opportunities to rationalise certain corporate overheads and support functions, where there are overlapping teams within the Enlarged Group.

The Directors attach great importance to the skills and experience of the existing employees of DP Poland and Dominium and believe that they will benefit from greater opportunities within the Enlarged Group following the Acquisition. Subject to the outcome of this review, there may be a low single digit percentage reduction in the Enlarged Group's headcount and functions where there is duplication across the Enlarged Group.

Furthermore, the Directors intend to operate the Enlarged Group's business from a single headquarters in Poland. The Enlarged Group will utilise the Dominium headquarters once DP Poland's lease arrangements for its Polish headquarters have expired in H1 2021. DP Poland will retain its registered office in Weybridge, Surrey.

## **Implementation plan**

The Directors have devised an implementation plan and set internal targets for the Enlarged Group in order to maximise the potential benefits of the Acquisition. These include the following:

- the Directors will focus on the integration of the two businesses and expect to realise the synergies outlined in this Announcement throughout the financial year 2021;
- to smoothen the customer transition and utilise the brand loyalty of the existing Dominium customer base, the Dominium eat-in locations will operate under the "Dominium by Domino's" brand for a period of up to three years;
- the Directors will aim to complete the review and optimisation of the Enlarged Group's store network by the end of Q2 2021;
- the Directors aim to fully integrate the IT and systems platform across the Enlarged Group by the end of Q4 2021;
- up to five new locations are expected to open during 2021, with this momentum increasing in 2022;
- targeting positive consolidated, pre-IFRS 16 EBITDA for the Enlarged Group; and
- the Directors will review the sub-franchise opportunities once the corporate store model has been proven.

## SUMMARY FINANCIAL INFORMATION

### DP Poland

The following summary of financial information relating to the Existing Group's activities for the three years to 31 December 2019 and the six months ended 30 June 2020 has been extracted without material adjustment from the financial information on the Existing Group.

	<i>Audited</i> <i>Year ended</i> <i>31-Dec</i> <i>2017</i> <i>£'000</i>	<i>Audited</i> <i>Year ended</i> <i>31-Dec</i> <i>2018</i> <i>£'000</i>	<i>Audited</i> <i>Year ended</i> <i>31-Dec</i> <i>2019</i> <i>£'000</i>	<i>Unaudited</i> <i>Period ended</i> <i>30-Jun</i> <i>2020</i> <i>£'000</i>
Revenue	10,378	12,370	14,007	6,992
EBITDA	(1,785)	(1,920)	(419)	(386)
Loss before taxation	(2,635)	(3,793)	(3,512)	(1,759)
Loss for the year	(2,635)	(3,793)	(3,512)	(1,759)
Other comprehensive income	639	(254)	(214)	226
Total comprehensive loss for the period	(1,995)	(4,047)	(3,726)	(1,533)

### Dominium

The following summary of financial information relating to Dominium's activities for the three years to 31 December 2019 and the six months ended 30 June 2020.

	<i>Audited</i> <i>Year ended</i> <i>31-Dec</i> <i>2017</i> <i>PLN'000</i>	<i>Audited</i> <i>Year ended</i> <i>31-Dec</i> <i>2018</i> <i>PLN'000</i>	<i>Audited</i> <i>Year ended</i> <i>31-Dec</i> <i>2019</i> <i>PLN'000</i>	<i>Unaudited</i> <i>Period ended</i> <i>30-Jun</i> <i>2020</i> <i>PLN'000</i>
Revenue	74,174	82,102	84,937	33,778
Gross profit	10,775	11,040	13,078	1,907
Loss before taxation	(14,955)	(11,713)	(5,158)	(5,890)
Loss from continued operations	(16,308)	(11,699)	(5,269)	(5,890)
Loss from discontinued operation	(881)	(1,884)	(642)	(54)
Loss for the year	(17,189)	(13,583)	(5,911)	(5,944)
Other comprehensive income	(79)	-	-	-
Total comprehensive loss for the period	(17,268)	(13,583)	(5,911)	(5,944)

## SUMMARY UNAUDITED PRO FORMA POST-SYNERGY RESULTS OF THE ENLARGED GROUP FOR THE YEAR ENDED 31 DECEMBER 2019

The following summary unaudited pro forma post-synergy results of the Enlarged Group for the year ended 31 December 2019 has been extracted without material adjustment from the financial information on the Enlarged Group

£'000	<i>DPP Group</i>	<i>Dominium Group</i>	<i>Enlarged Group</i>	<i>Adjustment Synergies</i>	<i>Pro forma results</i>
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	<i>Year ended</i> <i>31 December</i> <i>2019</i>	<i>Year ended</i> <i>31 December</i> <i>2019</i>	<i>Year ended</i> <i>31 December</i> <i>2019</i>		
Revenue	14,007	17,035	31,042	(181)	30,861
EBITDA	(419)	3,449	3,030	2,730	5,760

## **CURRENT TRADING AND PROSPECTS OF THE ENLARGED GROUP**

### **DPP Group**

As announced on 30 October 2020, Group performance in H1 2020 was broadly in line with management's expectations, despite the impact of COVID-19. The business operated during the period with minimal interruption.

System Sales, being total retail sales including sales from corporate and sub-franchised stores, increased by 2.5 per cent. to PLN42 million in H1 2020 from PLN 41 million in H1 2019. Based on H1 2020 performance, run-rate System Sales per store for the year ended 31 December 2020 is approximately PLN1.2 million. During H1 2020, delivery sales accounted for 86 per cent. of total revenue. Food aggregators generated 9 per cent. of delivery sales during this period.

Like for like System Sales in the first quarter of the year were negative at -4.1 per cent., reflecting the initial impact of COVID-19. However, like for like System Sales growth resumed in the second quarter of the year, resulting in positive 0.5 per cent. like for like System Sales growth for that period, continuing in the third quarter with a strong 8.9 per cent. increase in sales. During the months of July, August and September during 2020, like for like System Sales grew by 6.3 per cent., 12.6 per cent. and 7.7 per cent. respectively when compared to the prior period.

Overall, Pre-IFRS 16 Group EBITDA losses increased in the period by 3.4 per cent. year on year at constant exchange rates. At actual exchange rates, Pre-IFRS 16 Group EBITDA losses increased by 1.5 per cent. year on year.

The Company is facing the COVID-19 presence and its impact on our lives and our businesses. Polish Government restrictions have affected the food and beverage industry, although more recent restrictions have not applied to delivery and take-away food. Meanwhile, the Polish economy continues to be perceived as more resilient than many of the other European countries. The Directors believe that through their high-quality product offering, strong delivery and digital platforms, the Company has proved its ability to recover and to perform well under COVID-19.

The delivery market is growing, digital and online payments are growing and in the current environment the Directors believe they are well positioned to take advantage of this growth. Alongside delivery expertise, the Company has a strong brand, an experienced and dedicated team and a reputation for quality of product and services.

Thus, despite the ongoing COVID-19 pandemic, the Directors believe the Company is well positioned to continue to work on growing the Domino's Pizza brand in Poland.

### **Dominium**

During the six months ended 30 June 2020, like for like sales decreased by 1 per cent. compared to same period last year. Despite headwinds, Dominium generated positive EBITDA (post-IFRS 16) for H1 2020 of approximately PLN3.6 million (£0.7 million). Dominium's performance in Q3 was similar to that in H1 2020, with like for like sales decreasing by 2.7 per cent. compared to the comparable period in the prior year. This was driven by a strong, 34 per cent. increase in delivery sales coupled with a material decline of 25 per cent. in eat-in sales. This is the reflection of the consumers' preference for ordering food deliveries to homes, rather than visiting restaurants during the COVID-19 pandemic.

October 2020 saw a rapid increase in the number of COVID-19 cases in Poland, from 1,968 as of 1 October 2020 to 21,897 as of 31 October 2020. In October 2020, in order to curb the pace of transmission of the coronavirus, the government has re-introduced stricter restrictions on a range of businesses, including closing down restaurants for eat-in service, with only takeaway and delivery services being permitted. While the number of daily cases has stabilised in the second half of November and marginally started to fall (with a recent reading at 14,838 as of 3 December 2020), the ban on eat-in service is expected to continue until 17 January 2021.

Consumers adjusted their dining habits before official Polish Government restrictions took place, as evidenced by the gradual erosion of eat-in sales at Dominium during the month. October 2020 like for like sales were 13 per cent. down compared to prior year, driven by a 39 per cent. increase in delivery sales and a 54 per cent. decline in eat-in sales. The daily sales in November indicate an 84 per cent. like for like decline in eat-in (the remaining 16 per cent. being takeaway sales) and a 30 per cent. increase in deliveries, which brings a total like for like sales decline of approximately 22 per cent.

After delivering post-IFRS 16 EBITDA of PLN 2.7 million in Q3 2020, Dominium is expected to record weaker performance in Q4 2020, due to the reduction of eat-in revenue which is expected to continue until 17 January 2021.

## **EXISTING DIRECTORS, PROPOSED DIRECTORS AND SENIOR MANAGEMENT**

The Existing Directors are Nicholas John Donaldson (Non-Executive Chairman), Robert Nicholas Lutwyche Morrish (Non-Executive Director), Gerald William Ford (Non-Executive Director) and Christopher Humphrey Robertson Moore (Non-Executive Director).

On Admission of the Enlarged Share Capital of the Company to AIM, all of the Existing Directors will resign from the Board other than Nicholas Donaldson and Robert Morrish and the Proposed Directors, being Piotr Dzierżek, Przemyslaw Glebocki and Jakub Chechelski, will be appointed. It is the Board's intention to appoint Małgorzata Potkańska, the current Chief Financial Officer of Dominium, as Chief Financial Officer of the Company shortly following Admission. Further details of her biography are set out below. Iwona Olbryś, who has acted as the Company's Chief Executive Officer since 20 December 2019, recently stepped down from the Board and left the Group on 30 November 2020.

On Admission, therefore, the Board will comprise one executive director initially (but increasing to two shortly following Admission) and four non-executive directors (two of whom the Board have determined to be independent).

The biographical details of the Proposed Directors and senior management are set below:

### **Proposed Directors**

#### **Piotr Dzierżek**, *Chief Executive Officer*, aged 49

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. Piotr will join the board of the Company upon Admission as the Chief Executive Officer of the Company.

#### **Przemyslaw Glebocki**, *Non-Executive Director*, aged 41

Przemyslaw 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 Mezzanine Management. Prior to joining Mezzanine Management, Przemyslaw 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, PrimoCollect, Flucar, Private Equity Managers, Nettle, ATM and Netrisk. Przemyslaw is also Chairman of the LBO Committee at the Polish Private Equity and Venture Capital Association.

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

Jakub Chechelski is an Investment Director of Mezzanine Management in Poland. 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.

The Proposed Directors hold, and have during the five years preceding the date of this Announcement held, the following directorships or partnerships:

<i>Name</i>	<i>Current directorships / partnerships</i>	<i>Previous directorships / partnerships</i>
Piotr Józef Dzierżek	Dominium S.A.	Dominium sp. z o.o. Cantina Italia sp. z o.o.
Przemyslaw Glebocki	Mezzanine Management (Poland) sp. z o.o. Dominium S.A. Veterinario sp. z o.o. Private Equity Managers S.A. Rafineria w Jasle sp. z o.o. Flucar sp. z o.o. Jasol S.A. ATM S.A. Nettle S.A. Krajowy Fundusz Spitalny sp. z o.o. Nessel sp. z o.o. ACP Credit Advisory sp. z o.o. Profi sp. z o.o. Growth Capital Partners GmBH	Travelplanet.pl S.A. Netia S.A. Flucar Invest sp. z o.o. Risata Holdings Ltd PCollect Holding Limited Primo-Ru Limited Telelink Bulgaria EAD Invia.CZ. A.S. Netrisk.hu Elso Online Biztositasi Alkusz Kft. Spearhead International
Jakub Miłosz Chechelski	Dominium S.A. Profi sp. z o.o. Fundacja Dajemy Dzieciom Siłę	Smyk Holding sp. z o.o. CTL Logistics sp. z o.o. Bridgepoint sp. z o.o. sp.k

None of the Proposed Directors has any matter to disclose pursuant to paragraphs (g)(iii) to (viii) inclusive of Schedule Two of the AIM Rules for Companies.

**Senior Management**

**Małgorzata Potkańska, Chief Financial Officer, Dominium**

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.

**Maciej Jania, Managing Director, DP Polska**

Maciej Jania was appointed as Managing Director of DP Polska SA in November 2010. In September 2012, he joined the board of the Company as Finance Director, before subsequently stepping down from this role in December 2019 whilst continuing in his role as Managing Director of DP Polska. Prior to his appointment as Managing Director of DP Polska, Maciej was Financial and Commercial Director of DP Polska. Maciej has a strong commercial management background in large multi-site businesses. He joined DP Polska from Samsung Electronics (Poland) where he held a senior financial position. Prior to this, Maciej was a key member of the highly successful founding team at coffeeheaven International plc.

**Agnieszka Saczuk, Head of Human Resources, Dominium**

Agnieszka joined Dominium in 2005 where she is responsible for Human Resources, administration and investment. She has 25 years of experience in the area of human resource and project management. Alongside her administrative experience, Agnieszka has knowledge of optimising the investment area, modernising the infrastructure of restaurants and developing procedures and regulations. Agnieszka graduated from the faculty of Management at the College of Management.

**Krzysztof Banasiak, Head of Operations, Dominium**

Krzysztof joined Dominium in 2002 where he started as a Regional Operational Coordinator and became the COO of the business in 2017. He is responsible for product quality assurance, delivery times, effective cost controls and budget realisation. Previously, he worked at Pepsico Poland and Fast Food Development Polska. Krzysztof graduated from Warsaw Management University with a Master's Degree in Management and Marketing.

**Patrick Bodenham, Company Secretary, DP Poland**

Patrick is a chartered certified accountant with over 20 years' experience working with smaller retail companies. Since 1997 he has worked with three AIM quoted companies. He has considerable experience of managing the accounting function of food retail businesses, including a multi-site bakery retailer and a franchised hot food takeaway business. Previously he was responsible for UK management and statutory financial reporting for coffeeheaven international plc. Patrick has been company secretary of DP Poland plc since 2010.

## **CITY CODE & RULE 9 WAIVER**

The City Code applies to the Company and governs, *inter alia*, transactions which may result in a change of control of a company to which the City Code applies. Following Admission, the City Code will continue to apply to the Company.

### **Rule 9 of the City Code**

The City Code applies to a company whose shares are admitted to trading on AIM if that company's registered office is in the United Kingdom, the Channel Islands or the Isle of Man. The Company is incorporated in the United Kingdom, the Existing Ordinary Shares are currently admitted to trading on AIM and application will be made for the Enlarged Share Capital to be re-admitted to trading on AIM. Accordingly, the City Code applies, and will continue to apply, to the Company.

Under Rule 9 of the City Code ("**Rule 9**"), any person who acquires an interest in shares (as defined in the City Code), whether by a series of transactions over a period of time or not, which (taken together with any interest in shares held or acquired by persons acting in concert (as defined in the City Code) with him) in aggregate, carry 30 per cent. or more of the voting rights of a company which is subject to the City Code, that person is normally required by the Panel to make a general offer to all of the remaining shareholders to acquire their shares.

Similarly, Rule 9 of the City Code also provides that when any person, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of such a company but does not hold shares carrying more than 50 per cent. of such voting rights, a general offer will normally be required if any further interests in shares are acquired by any such person which increases the percentage of shares carrying voting rights in which he is interested.

An offer under Rule 9 must be in cash, or be accompanied by a cash alternative, at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares of the company during the 12 months prior to the announcement of the offer.

Under the City Code, a concert party arises where persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate to obtain or consolidate control of that company or to frustrate the successful outcome of an offer for a company. Under the City Code control means an interest, or aggregate interest, in shares carrying 30 per cent. or more of the voting rights of the company, irrespective of whether the interest or interests give de facto control.

The Panel considers the Concert Party as persons acting in concert for the purposes of the City Code. On Admission, the Concert Party will hold an interest in 261,938,457 Ordinary Shares, in aggregate, representing 45.0 per cent. of the Enlarged Share Capital (on an undiluted basis).

**As noted above, immediately following Admission, the Concert Party will hold an interest in shares carrying not less than 30 per cent. of the voting rights of the Company but not hold shares carrying more than 50 per cent. of the voting rights of the Company and (for so long as they continue to be treated as acting in concert) the Concert Party (and any person acting in concert with them) will not be able to acquire any further Ordinary Shares which increases their percentage of shares carrying voting rights of the Company without incurring an obligation to make a general offer to Shareholders under Rule 9 of the Code.**

Details of the interests of the Concert Party are set out in this Announcement.

### **Concert Party**

Persons acting in concert include persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of a company.

Under presumption 9 of the City Code's definition of acting in concert, shareholders in a private company who sell their shares in that company in consideration for the issue of new shares in a company to which the Code applies are presumed to be acting in concert.

For the purposes of the City Code, the following are presumed to be acting in concert:

Mezzanine Management Finanz- und Unternehmensberatungs GmbH  
Accession Mezzanine Capital II GP Limited  
Mezzanine Capital Partners GP Limited  
Accession Mezzanine Capital GP S.à r.l.  
Accession Mezzanine Capital II L.P.  
Accession Mezzanine Capital III L.P.  
Accession Mezzanine Capital IV S.C. Sp.  
Accession Mezzanine Capital III Investment SLP  
Accession Mezzanine Capital III Cooperatief U.A.  
Malaccan Holdings Limited  
Przemyslaw Glebocki  
Jakub Chechelski

Malaccan Holdings Limited is the sole shareholder of Dominion and which, following completion of the Acquisition at the time of Admission, will receive the Consideration Shares in the Company.

The Concert Party will be restricted from making an offer for the Company under the provisions of the Relationship Agreement for a period of 12 months from the date of Admission.

### **Maximum Controlling Position**

Immediately following Admission, the Concert Party will hold, in aggregate, New Shares, representing 45.0 per cent. of the Enlarged Share Capital. The Concert Party's acquisition of New Shares would, without a waiver of the obligations under Rule 9 of the City Code, oblige the Concert Party to make a general offer to Shareholders under Rule 9 of the City Code.

The following table sets out the Concert Party's shareholdings in the Enlarged Group on Admission.

<i>Concert Party Member</i>	<i>Total No. of Dominium Shares held</i>	<i>% of total Dominium Shares</i>	<i>No. of New Shares in Enlarged Group on Admission</i>	<i>% of Enlarged Share Capital on Admission*</i>
Malaccan Holdings Limited	8,060,000	100	261,938,457	45.0

\* Following the issue of the Consideration Shares, the Offer Shares and post sale of Sale Shares

### **Waiver of Rule 9 of the City Code**

Following the Acquisition, the Concert Party will hold 45.0 per cent. of the Company's Ordinary Shares, which would normally result in the requirement to make a general offer to all the remaining Shareholders to acquire their shares.

The Company has applied to the Panel for a waiver of Rule 9 of the City Code in order to permit the Acquisition without triggering an obligation on the part of the Concert Party to make a general offer to Shareholders. The Panel has agreed, subject to Independent Shareholders' approval on a poll, to waive the requirement for the Concert Party to make a general offer to all Shareholders where such an obligation would arise as a result of the Acquisition.

Accordingly, the Whitewash Resolution being proposed at the General Meeting will be taken by means of a poll of Independent Shareholders voting at the General Meeting. None of the members of the Concert Party (nor any adviser connected to them) are entitled to exercise their voting rights in respect of the Whitewash Resolution, but may exercise their voting rights in respect of the remainder of the Resolutions. The waiver to which the Panel has agreed under the Code will be invalidated if any purchases of shares in the Company are made by any member of the Concert Party, or any person acting in concert with it, in the period between the date of this Announcement and the General Meeting.

In the event that the Whitewash Resolution is approved by the Independent Shareholders, the Concert Party will hold 45.0 per cent. of the Enlarged Share Capital and will hold an interest in shares carrying not less than 30 per cent. of the voting rights of the Company but not hold shares carrying more than 50 per cent. of the voting rights of the Company and (for so long as they continue to be treated as acting in concert) the Concert Party (and any person acting in concert with them) will not be able to acquire any further Ordinary Shares which increases their percentage of shares carrying voting rights of the Company without incurring an obligation to make a general offer to Shareholders under Rule 9 of the Code (unless a dispensation from this requirement has been obtained from the Panel in advance).

In the event that the Whitewash Resolution is approved at the General Meeting, the Concert Party will be restricted from making an offer for the Company under the provisions of the Relationship Agreement for a period of 12 months from the date of Admission.

### **DIVIDEND POLICY**

The Directors do not intend to declare or pay a dividend in the immediate foreseeable future but, subject to the availability of sufficient distributable profits, intend to commence the payment of dividends when it becomes commercially prudent to do so.

## SHARE OPTIONS

The Directors consider that an important part of the Enlarged Group's remuneration policy should include equity incentives through the grant of share options to Directors and employees. The Company has a Long Term Incentive Plan in place already. It is the intention of the Directors to grant further options to current and future employees of the Group under the LTIP following Admission. The maximum number of Ordinary Shares which will be subject to options granted to employees under the share option scheme and any other share schemes adopted by the Company will not exceed 10 per cent. of the Company's issued share capital from time to time. The Company has previously operated a Share Incentive Plan although there are no outstanding awards due under the plan and the Directors do not intend to make any further awards going forwards and to let it lapse in accordance with its terms.

## LOCK-IN AND ORDERLY MARKET ARRANGEMENTS

Each of Malaccan Holdings, Nicholas Donaldson and Robert Morrish has entered into a Lock-in Agreement with the Company and N+1 Singer, pursuant to which terms the Locked-in Shareholder has undertaken to the Company and N+1 Singer that, save in specified circumstances, they will not without the prior consent of N+1 Singer dispose of any interest in Ordinary Shares held by each of them for a period of 12 months from Admission ("**Lock-in Period**"). The specified circumstances include:

- (a) any disposal pursuant to acceptance of a general, partial or tender offer made by an offeror other than the Concert Party ("**Independent Offeror**") to all shareholders of the Company for the whole or a part of the issued share capital of the Company (other than any shares already held by the Independent Offeror or persons acting in concert with the Independent Offeror) or the execution of an irrevocable commitment to accept a general, partial or tender offer made by an Independent Offeror to all shareholders of the Company for the whole or a part of the issued capital of the Company (other than any shares already held by the Independent Offeror or persons acting in concert with the Independent Offeror); or
- (b) any disposal pursuant to an intervening court order;
- (c) pursuant to disposals under any scheme or reconstruction under section 110 of the Insolvency Act 1986, any compromise or arrangement or any takeover effected under part 26 of the Companies Act or pursuant to any decision or ruling by an administrator, administrative receiver or liquidator appointed to the Company in connection with a winding up or liquidation of the Company;
- (d) pursuant to any decision or ruling by an administrator, receiver or liquidator on a winding-up or liquidation of the Company;
- (e) pursuant to an offer by the Company to purchase its own shares which is made in identical terms to all shareholders;
- (f) any disposal to personal representatives (in the case of an individual) upon the death of a Locked in Shareholder;
- (g) any disposal to the trustees of a trust (in the case of an individual) of or an associated group company (in the case of a corporate shareholder) of the Locked-in Shareholder, provided that the transferee of the Ordinary Shares agrees to be bound by the provisions of the Lock-in Agreement; or
- (h) a transfer to an Associate (as such term is defined and is applicable in the AIM Rules for Companies), subject to such Associate having first entered into a deed of adherence to be bound by the terms of the Lock-in Agreement.

Furthermore, each of the Locked-in Shareholders has also undertaken to the Company and N+1 Singer not to dispose of their Ordinary Shares for a period of 12 months from the expiry of the Lock-in Period otherwise than through N+1 Singer and with its consent in order to maintain an orderly market in the Company's Ordinary Shares.

## **RELATIONSHIP AGREEMENT**

The Company and N+1 Singer have entered into a Relationship Agreement with Malaccan Holdings on 18 December 2020 to regulate aspects of the continuing relationship between the Company and Malaccan Holdings and which includes provisions, amongst other things, designed to ensure that the Company is capable of conducting its business at all times independently of Malaccan Holdings and its associated parties (the "**Related Party Group**") and that future transactions between the Company and Malaccan Holdings or any other member of the Related Party Group are made on arms' length terms and on a normal commercial basis.

Under the Relationship Agreement, any transaction, arrangement or agreement between any part of the Enlarged Group and the Related Party Group must have the prior approval of a majority of the independent non-executive directors of the Company.

Malaccan Holdings has also undertaken to ensure that it will not use its shareholding in the Company to requisition a general meeting or otherwise exercise its voting rights in such a way that would result in the independent non-executive directors appointed to the Board from time to time representing less than two in number of the total number of Directors appointed to the board or any of the Directors that are connected to the Related Party Group representing a majority in number of the combined total number of such independent non-executive directors.

The Relationship Agreement contains a standstill arrangement under which Malaccan Holdings and any other member of the Related Party Group shall, for a period of 12 months from Admission, be prevented from making an offer for the whole or any part of the Company's share capital or from acquiring any Ordinary Shares or other securities which would result in a mandatory offer being made under Rule 9 of the City Code to acquire the remaining share capital of the Company.

The Relationship Agreement applies for so long as Malaccan Holdings (together with any of its associated parties) holds, in aggregate, an interest in 25 per cent. or more of the Ordinary Shares in issue.

## **CORPORATE GOVERNANCE AND INTERNAL CONTROLS**

AIM companies are required to comply with a recognised corporate governance code or, where a company does not so comply, disclose the nature of and reasons for the departure from such code. In this regard, the Directors have elected to comply with the QCA Code, in so far as is appropriate, having regard to the size and development of the Company and in consultation with the Company's Nominated Adviser from time to time. From Admission, the Company's website [www.dppoland.com](http://www.dppoland.com) will set out the extent of any non-compliance with the QCA Code by the Enlarged Group on Admission.

On Admission, the Company will have four Non-Executive Directors of whom Nicholas Donaldson and Robert Morrish are considered by the Board to be independent. The Board retains full and effective control over the Company. The Company intends to hold regular monthly Board meetings at which financial and other reports are considered and, where appropriate, voted on. Apart from regular meetings, additional meetings will be arranged when necessary to review strategy, planning, operational and financial performance, risk, capital expenditure and human resource and environmental management. The Board is also responsible for monitoring the activities of the executive management.

The Directors have established an audit committee and a combined nominations and remuneration committee with formally delegated duties and responsibilities to operate with effect from Admission.

The audit committee will initially comprise Nicholas Donaldson, Robert Morrish and Jakub Chechelski, with Robert Morrish acting as Chairman. The committee will determine and examine any matters relating to the financial affairs of the Company including the terms of engagement of the Group's auditors and, in consultation with the auditors, the scope of the audit. In addition it will consider the financial performance, position and prospects of the Company and ensure they are properly monitored and reported on.

The nominations and remuneration committee will initially comprise Nicholas Donaldson, Robert Morrish, Jakub Chechelski and Przemyslaw Glebocki, with Przemyslaw Glebocki acting as Chairman. The committee will review and recommend nominees as new directors to the Board. The committee will make recommendations to the Board regarding future appointments of directors. It will also review the performance of the executive Directors and set their remuneration, determine the payment of bonuses to the executive Directors and consider the Group's bonus and incentive arrangements for employees.

The Directors will comply with Rule 21 of the AIM Rules for Companies relating to Directors' dealings and will take all reasonable steps to ensure compliance by the Company's applicable employees.

The Company has adopted and will operate a share dealing code for Directors and employees in accordance with the AIM Rules for Companies and MAR.

## **ADMISSION, SETTLEMENT AND DEALINGS**

Application has been made to the London Stock Exchange for all of the Existing Ordinary Shares and the New Shares to be issued pursuant to the Proposals, to be admitted to trading on AIM. It is expected that Admission will become effective and dealings will commence in the Ordinary Shares on 8 January 2021. No application has or will be made for the Ordinary Shares to be admitted to trading or to be listed on any other stock exchange.

The Articles permit the Company to issue Ordinary Shares in uncertificated form in accordance with the CREST Regulations. CREST is a voluntary computerised share transfer and settlement system. The CREST system allows shares and other securities to be held in electronic (uncertificated) form rather than paper form, although shareholders who wish to receive and retain share certificates will be able to do so.

The New Shares will be admitted to CREST and enabled for settlement in CREST on the date of Admission. Accordingly, settlement of transactions in Ordinary Shares following Admission may take place within the CREST system if any individual Shareholder so wishes.

For more information concerning CREST, Shareholders should contact their independent financial adviser.

## **TAXATION**

If you are in any doubt as to your tax position, you should contact your independent financial adviser.

## **GENERAL MEETING AND PROPOSALS**

The Notice of General Meeting convenes a general meeting of Shareholders to be held at 10.00 a.m. on 7 January 2021 at The Foster Room, West Meon Village Hall, West Meon, Hampshire, GU32 1LH.

The following Resolutions will be proposed at the General Meeting (each such Resolution being conditional on the passing of all of the other Resolutions):

1. Ordinary resolution by the Independent Shareholders to waive their rights to receive a general offer from the Concert Party, arising from Malaccan Holdings obtaining, through the Acquisition, an interest in the Enlarged Share Capital of approximately 45.0 per cent.
2. Ordinary Resolution to approve the Acquisition for the purposes of Rule 14 of the AIM Rules.
3. Ordinary Resolution to appoint Piotr Dzierżek as a director of the Company.

4. Ordinary resolution to appoint Przemyslaw Glebocki as a director.
5. Ordinary resolution to appoint Jakub Chechelski as a director of the Company.
6. Ordinary resolution to authorise the Directors to allot the New Shares pursuant to the Proposals
7. Ordinary resolution to authorise the Directors to issue further equity securities of up to one third of the Enlarged Share Capital before the Company's next annual general meeting.
8. Special resolution to disapply statutory pre-emption rights in relation to the allotment of the New Shares pursuant to the Proposals.
9. Special resolution to disapply statutory pre-emption rights in relation to the issue of further equity securities of up to one tenth of the Enlarged Share Capital before the Company's next annual general meeting.

## APPENDIX II

### HISTORICAL FINANCIAL INFORMATION OF DOMINIUM GROUP

#### Consolidated statements of comprehensive income

The audited consolidated statements of comprehensive income of Dominium Group for each of the three years ended 31 December 2017, 31 December 2018 and 31 December 2019 are set out below:

	Note	<i>Audited</i> Year ended 31 December 2017 PLN'000	<i>Audited</i> Year ended 31 December 2018 PLN'000	<i>Audited</i> Year ended 31 December 2019 PLN'000
<b>Revenue</b>		74,174	82,102	84,937
	7			
Cost of sales		(63,399)	(71,062)	(71,859)
<b>Gross profit</b>		<b>10,775</b>	<b>11,040</b>	<b>13,078</b>
Distribution costs		(4,061)	(4,877)	(4,335)
Administrative expenses		(8,334)	(7,584)	(7,337)
Other income	9	174	884	490
Other operating costs	10	(7,978)	(3,630)	(1,180)
<b>Operating (loss)/profit</b>		<b>(9,424)</b>	<b>(4,167)</b>	<b>716</b>
Finance income	18	1,006	32	218
Finance costs	18	(6,529)	(7,578)	(6,092)
Loss on liquidation of a subsidiary		(8)	-	-
<b>Loss before taxation</b>		<b>(14,955)</b>	<b>(11,713)</b>	<b>(5,158)</b>
Taxation	11	(1,353)	14	(111)
<b>Loss after taxation from continuing operations</b>		<b>(16,308)</b>	<b>(11,699)</b>	<b>(5,269)</b>
Loss from discontinued operation	30	(881)	(1,884)	(642)
<b>Loss for the year</b>		<b>(17,189)</b>	<b>(13,583)</b>	<b>(5,911)</b>
Exchange rate differences arising on consolidation		(79)	-	-
<b>Total comprehensive loss for the year</b>		<b>(17,268)</b>	<b>(13,583)</b>	<b>(5,911)</b>
<b>Loss attributable to:</b>				
Equity holders of Dominium		(17,189)	(13,583)	(5,911)
<b>Comprehensive Loss attributable to:</b>				
Equity holders of Dominium		(17,268)	(13,583)	(5,911)
Total comprehensive Loss for the period attributable to owners of Dominium arises from:				
Continuing operations		(16,387)	(11,699)	(5,269)
Discontinued operations	30	(881)	(1 884)	(642)
Total comprehensive income for the period attributable to owners of Dominium		(17,268)	(13,583)	(5,911)

#### Consolidated statement of financial position

The audited consolidated statements of financial position of Dominium Group as at 31 December 2017, 31 December 2018 and 31 December 2019 are set out below

	Note	Audited As at 31 December 2017 PLN'000	Audited As at 31 December 2018 PLN'000	Audited As at 31 December 2019 PLN'000
<b>ASSETS</b>				
Property, plant and equipment	13	17,451	13,296	8,697
Right-of-use assets	20	37,768	31,002	23,105
Intangible assets	12	30,245	28,208	26,146
Trade and other receivables	15	162	-	-
Deferred tax assets	11	245	272	155
<b>Non-current assets</b>		<b>85,871</b>	<b>72,778</b>	<b>58,103</b>
Inventories	14	1,035	880	1,054
Trade and other receivables	15	2,717	2,291	2,291
Assets held for sale	30	2	2	12
Cash and cash equivalents	16	1,719	750	1,106
<b>Current assets</b>		<b>5,473</b>	<b>3,923</b>	<b>4,465</b>
<b>Total assets</b>		<b>91,344</b>	<b>76,701</b>	<b>62,568</b>
<b>EQUITY AND LIABILITIES</b>				
Share capital	17	8,044	8,060	8,060
Share premium		18,340	20,848	20,848
Other equity		13,092	10,569	10,569
Retained deficit		(23,177)	(36,760)	(42,671)
<b>Total equity</b>		<b>16,299</b>	<b>2,717</b>	<b>(3,194)</b>
Lease liabilities	20	31,200	25,479	18,446
Borrowings	18	18,884	23,094	-
Deferred tax liability	11	39	52	47
Trade and other payables	19	1,979	1,013	1,335
<b>Total non-current liabilities</b>		<b>52,102</b>	<b>49,638</b>	<b>19,828</b>
Trade and other payables	19	9,263	9,983	9,401
Borrowings	18	1,360	1,222	25,273
Lease liabilities	20	7,153	7,632	7,347
Liabilities directly related to non-current assets classified as held-for-sale	30	1,655	1,655	977
Provisions	21	3,512	3,854	2,934
<b>Total current liabilities</b>		<b>22,943</b>	<b>24,346</b>	<b>45,934</b>
<b>Total liabilities</b>		<b>75,045</b>	<b>73,984</b>	<b>65,762</b>
<b>Total liabilities and equity</b>		<b>91,344</b>	<b>76,701</b>	<b>62,568</b>

### Consolidated statements of changes in shareholders' equity

The audited consolidated statements of changes in shareholders' equity of Dominion Group for each of the three years ended 31 December 2017, 31 December 2018 and 31 December 2019 are set out below:

	Note	Share capital PLN'000	Share Premium PLN'000	Other capital PLN'000	Retained deficit PLN'000	Total equity PLN'000
<b>Balance as at 1 January 2017</b>		<b>8,044</b>	<b>18,340</b>	<b>10,648</b>	<b>(5,988)</b>	<b>31,044</b>
Loss after taxation		-	-	-	(17,189)	(17,189)
<i>Total comprehensive loss for the year</i>		-	-	-	(17,189)	(17,189)
Consideration received for shares to be issued		-	-	2,523	-	2,523
Exchange rate differences arising on consolidation		-	-	(79)	-	(79)
<i>Transactions with owners</i>		-	-	2,444	-	2,444
<b>Balance as at 31 December 2017</b>		<b>8,044</b>	<b>18,340</b>	<b>13,092</b>	<b>(23,177)</b>	<b>16,299</b>
Loss after taxation		-	-	-	(13,583)	(13,583)
<i>Total comprehensive loss for the year</i>		-	-	-	(13,583)	(13,583)
Issue of shares		16	2,508	(2,523)	-	1
<i>Transactions with owners</i>		16	2,508	(2,523)	-	1
<b>Balance as at 31 December 2018</b>		<b>8,060</b>	<b>20,848</b>	<b>10,569</b>	<b>(36,760)</b>	<b>2,717</b>
Loss after taxation		-	-	-	(5,911)	(5,911)
<i>Total comprehensive loss for the year</i>		-	-	-	(5,911)	(5,911)
<i>Transactions with owners</i>		-	-	-	-	-
<b>Balance as at 31 December 2019</b>		<b>8,060</b>	<b>20,848</b>	<b>10,569</b>	<b>(42,671)</b>	<b>(3,194)</b>

### Consolidated statements of cash flows

The audited consolidated statements of cash flows of Dominium Group for each of the three years ended 31 December 2017, 31 December 2018 and 31 December 2019 are set out below:

	<b>Audited Year ended 31 December 2017 PLN'000</b>	<b>Audited Year ended 31 December 2018 PLN'000</b>	<b>Audited Year ended 31 December 2019 PLN'000</b>
<b>Cash flows from operating activities</b>			
Loss after taxation	(17,189)	(13,583)	(5,911)
<i>Cash flow from operations reconciliation:</i>			
Depreciation	12,253	12,115	13,061
Income tax charge	1,532	(4)	111
Tax paid	(179)	(10)	-
Amortisation	2,123	2,123	2,141
Foreign exchange gains/losses	-	51	(165)
Foreign exchange gains/losses on consolidation	63	(1)	-
Interest net	6,102	6,431	6,063
Loss on investment activities	1,364	1,429	727
<i>Working capital adjustments:</i>			
Change in trade receivables	1,647	588	(263)
Change in inventories	213	155	(174)

Change in trade and other payables	1,706	(246)	(1,583)
Change in other current and non-current liabilities	2,831	342	(920)
<b>Net cash provided by operating activities</b>	<b>12,466</b>	<b>9 390</b>	<b>13,087</b>
<b>Cash flows from investing activities</b>			
Sales of property, plant and equipment and intangibles	224	187	80
Purchase of property, plant and equipment and intangibles	(1,833)	(1,336)	(991)
<b>Net cash used in investing activities</b>	<b>(1,609)</b>	<b>(1,149)</b>	<b>(911)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings	(504)	(192)	(1,200)
Proceeds from borrowings	450	3,850	1 301
Repayment of bond	(650)	-	-
Repayments of lease liabilities	(7,394)	(6,833)	(7,074)
Interest paid	(5,028)	(6,037)	(4,849)
Proceeds from the issue of equity	2,523	-	-
<b>Net cash outflow from financing activities</b>	<b>(10,603)</b>	<b>(9,212)</b>	<b>(11,822)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>254</b>	<b>(971)</b>	<b>354</b>
<i>Cash and cash equivalents – beginning of the year</i>	<i>1,465</i>	<i>1,721</i>	<i>752</i>
<b>Cash and cash equivalents – end of the year</b>	<b>1,719</b>	<b>750</b>	<b>1,106</b>

## Notes to the Dominion Group Financial Information

### 1. General information

Dominium Group consists of Dominion and its subsidiaries.

Dominium was incorporated on 2 January 2008 in Poland as a private company limited by shares under company number 0000295921. Dominion's registered office is located at 03-932 Warsaw, Dabrowiecka Street 30. Dominion Group's principal activities are production of food products and beverages and catering services.

### 2. Basis of preparation and measurement

#### (a) Basis of preparation

The Dominion Group Financial Information has been prepared in accordance with the International Financial Reporting Standards approved by the EU ("IFRS"). IFRS include standards and interpretations approved by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee. The Dominion Group Financial Information does not constitute statutory financial statements within the meaning of the Polish Accounting Act 29 September 1994.

Unless otherwise stated, the Dominion Group Financial Information is presented in Polish Zloty ("PLN") which is the currency of the primary economic environment in which the Dominion Group operates, and all values are rounded to the nearest thousand PLN, except where otherwise indicated.

Transactions in foreign currencies are translated into PLN at the rate of exchange on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange ruling at the reporting date.

The Dominion Group Financial Information has been prepared under the historical cost convention, except for certain financial and equity instruments that have been measured at fair value.

The Dominion Group Financial Information has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. The Dominion Directors have prepared detailed financial projections covering the period ending 31 December 2022. These consider all

reasonably foreseeable circumstances and include consideration of trading results, cash flows and the level of facilities that the Enlarged Group will require on a month-by-month basis. The financial projections incorporate the expected impact of COVID-19 and synergy savings resulting from the Acquisition.

As recorded in Note 32 *“Events after the balance sheet date”* to the Dominium Group Financial Information, Dominium Group’s borrowings which were due to be repaid on 31 December 2020 have been converted pursuant to Shareholder Loan Acquisition Agreements to a further unsecured facility issued to Malaccan Holdings in substitution for the outstanding debt. These new loans have a maturity date three years from the date of issue.

Based on their enquiries and the information available to them and considering the other risks and uncertainties set out herein, the Dominium Directors have a reasonable expectation that Dominium Group has adequate resources to continue operating for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the Dominium Group Financial Information.

Until the date of preparation of the Dominium Group Financial Information, there were no events that were not, and should have been, included in the accounting records of the reporting period. At the same time, in the Dominium Group Financial Information there are no significant events relating to previous years.

**(b) Basis of consolidation**

The Dominium Group Financial Information comprises the financial information of Dominium and those subsidiaries listed below:

	Name of entity	HQ	Range of activities	Consolidation method	Share of share capital %	Share in votes %
1.	s.c. Pizza Dominium Restaurant SRL w upadłości	Bucharest, Romania	Catering services	Full	100%	100%
2.	Cantina Italia Sp. z o.o.	Warsaw, Dąbrowiecka 30	Management consultancy	Full	100%	100%

In March 2018, the creditors of s.c. Pizza Dominium Restaurant SRL filed a petition for bankruptcy of the company with the Court in Romania. The Dominium Group’s subsidiaries, s.c. Pizza Dominium Restaurant SRL in bankruptcy and Cantina Italia Sp. z o.o. in liquidation, are presented as discontinued operations in the Dominium Group Financial Information for year ended 31 December 2019. On 23 July 2019, the Extraordinary General Meeting of Cantina Italia Sp. z o.o. decided to dissolve that company, open its liquidation and accept the liquidation opening balance as at 23 July 2019. The Extraordinary Meeting of Shareholders decided that the company’s liquidator would be the only member of the Management Board, Tomasz Plebaniak.

The Dominium Group Financial Information includes the financial information of Dominium and the financial information of its subsidiaries, prepared each time for the year ended 31 December 2017, 31 December 2018 and 31 December 2019. The historical financial information of the subsidiaries are prepared for the same reporting period as Dominium, using consistent accounting principles, based on uniform accounting principles applied for transactions and economic events of a similar nature. Adjustments are made to eliminate any discrepancies in the applied accounting principles.

All significant balances and transactions between Dominium Group entities, including unrealised profits from transactions within the Dominium Group, have been fully eliminated.

Subsidiaries are subject to consolidation in the period from the date Dominium Group assumed control over them, and cease to be consolidated from the date control ceases. Control by Dominium Group takes place when it has, directly or indirectly, more than half of the votes in a given company, unless it is possible to prove that such ownership does not constitute control. Control is also exercised when Dominium Group is able to influence the financial and operating policy of a given entity.

### (c) New standards and interpretations

Standards issued not effective (new standards and interpretations)

In the Dominium Group Financial Information, the Dominium Directors did not decide to apply any published standards or interpretations before their effective date.

The following standards and interpretations have been issued by the International Accounting Standards Board or the International Financial Reporting Interpretations Committee and are not yet effective at the reporting date:

- **Amendment to IFRS 3 “Business Combinations”**

The amendment to IFRS 3 “Business Combinations” was published on 22 October 2018 and applies to annual periods beginning on or after 1 January 2020.

The purpose of the amendment was to clarify the definition of a business and to make it easier to distinguish between acquisitions of “businesses” and groups of assets for the purpose of settlement of mergers.

Dominium Group will apply the changed standard from the date indicated by the EU as the effective date of this amendment in EU law.

- **Amendments to IAS 1 “Presentation of Financial Statements” and IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”**

Amendments to IAS 1 “Presentation of Financial Statements” and IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” were published on 31 October 2018 and apply to annual periods beginning on or after 1 January 2020.

The purpose of the changes was to clarify the definition of “materiality” and to facilitate its application in practice.

Dominium Group will apply the changed standard from 1 January 2020.

### Adopted

#### IFRS 16 “Leases”

In January 2016, the International Accounting Standards Board issued IFRS 16 “Leases”. The standard establishes the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and lessor. The standard requires all lease transactions (with terms in excess of 12 months) to be recognised on the balance sheet as lease assets and lease liabilities, and to depreciate lease assets separately from interest on lease liabilities in the income statement. IFRS 16 “Leases” replaces the previous lease standard, IAS 17 “Leases”, and related interpretations. This standard became effective on 1 January 2019. Early adoption is permitted only if Dominium also applies IFRS 15 “Revenue from Contracts with Customers”. The standard can be applied using either the full retrospective approach or a modified retrospective approach at the date of adoption. For the purposes of the Dominium Group Financial Information, modified retrospective adjustments have been applied to the financial information for each of the financial years ended 31 December 2017, 31 December 2018 and 31 December 2019.

Balance as at 31 December 2016	Correction resulting from the first adoption of IFRS 16 on 1 January 2017	Balance as at 1 January 2017
PLN'000	PLN'000	PLN'000

Right-of-use assets	-	45,709	45,709
Tangible fixed assets	24,543	(3,262)	21,281
Other long-term assets	34,292	-	34,292
<b>Total long-term fixed assets</b>	<b>58,835</b>	<b>42,447</b>	<b>101,282</b>
Current assets and receivables	6,884	-	6,884
<b>TOTAL ASSETS</b>	<b>65,719</b>	<b>42,447</b>	<b>108,166</b>
<b>Equity</b>	<b>31,044</b>	<b>-</b>	<b>31,044</b>
Lease liabilities	-	38,353	38,353
Other long-term liabilities	22,325	(870)	21,455
<b>Total long-term liabilities</b>	<b>22,325</b>	<b>37,483</b>	<b>59,808</b>
Lease liabilities	0	7,699	7,699
Other short-term liabilities	12,350	(2,735)	9,615
<b>Total short-term liabilities</b>	<b>12,350</b>	<b>4,964</b>	<b>17,314</b>
<b>Total liabilities</b>	<b>34,675</b>	<b>42,447</b>	<b>77,122</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>65,719</b>	<b>42,447</b>	<b>108,166</b>

	Balance as at 31 December 2017	Correction resulting from the first adoption of IFRS 16 on 1 January 2018	Balance as at 1 January 2018
	PLN'000	PLN'000	PLN'000
Right-of-use assets	-	37,768	37,768
Tangible fixed assets	19,999	(2,548)	17,451
Other long-term assets	30,652	-	30,652
<b>Total long-term fixed assets</b>	<b>50,651</b>	<b>35,220</b>	<b>85,871</b>
Current assets and receivables	5,473	-	5,473
<b>TOTAL ASSETS</b>	<b>56,124</b>	<b>35,220</b>	<b>91,344</b>
<b>Equity</b>	<b>17,069</b>	<b>(770)</b>	<b>16,299</b>
Lease liabilities	-	31,200	31,200
Other long-term liabilities	22,503	(1,601)	20,902
<b>Total long-term liabilities</b>	<b>22,503</b>	<b>29,599</b>	<b>52,102</b>
Lease liabilities	-	7,153	7,153
Other short-term liabilities	16,552	(762)	15,790
<b>Total short-term liabilities</b>	<b>16,552</b>	<b>6,391</b>	<b>22,943</b>
<b>Total liabilities</b>	<b>39,055</b>	<b>35,990</b>	<b>75,045</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>56,124</b>	<b>35,220</b>	<b>91,344</b>

	Balance as at 31 December 2018	Correction resulting from the first adoption of IFRS 16 on 1 January 2019	Balance as at 1 January 2019
	PLN'000	PLN'000	PLN'000
Right-of-use assets	-	31,002	31,002
Tangible fixed assets	15,093	(1,797)	13,296
Other long-term assets	28,480	-	28,480
<b>Total long-term fixed assets</b>	<b>43,573</b>	<b>29,205</b>	<b>72,778</b>
Current assets and receivables	3,923	-	3,923
<b>TOTAL ASSETS</b>	<b>47,496</b>	<b>29,205</b>	<b>76,701</b>
<b>Equity</b>	<b>5,055</b>	<b>(2,338)</b>	<b>2,717</b>

Lease liabilities	-	25,479	25,479
Other long-term liabilities	25,135	(976)	24,159
<b>Total long-term liabilities</b>	<b>25,135</b>	<b>24,503</b>	<b>49,638</b>
Lease liabilities		7,632	7,632
Other short-term liabilities	17,306	(592)	16,714
<b>Total short-term liabilities</b>	<b>17,306</b>	<b>7,040</b>	<b>24,346</b>
<b>Total liabilities</b>	<b>42,441</b>	<b>31,543</b>	<b>73,984</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>47,496</b>	<b>29,205</b>	<b>76,701</b>

In line with IFRS 16 “Leases”, the statement of financial position recognises right-of-use assets and lease liabilities. The exceptions are short-term leases and leases of low-value assets, which Dominion Group also does not recognise in the statement of financial position.

Dominium Group uses the following practical solutions for leases previously classified as operating leases in accordance with IAS 17 “Leases”:

- applies a single discount rate to a portfolio of leases with relatively similar characteristics;
- does not apply the requirements regarding the recognition of lease assets and liabilities to leases whose lease period ends after 12 months from the date of first application (these leases are classified as short-term leases, i.e. their cost is recognised in the financial result for the period and additionally disclosed in the annual financial statements); and
- does not recognise initial direct costs in the measurement of the right-of-use asset on the date of initial application.

The above selection of practical simplifications was consistently applied to all leasing contracts.

Dominium Group, as a lessee, in accordance with IFRS 16 “Leases”, classifies as lease contracts all contracts that transfer the right to control the use of an identified asset for a given period in exchange for remuneration. As part of the permissible simplifications, the Dominion Directors do not apply accounting principles for leasing with respect to:

- short-term leasing contracts; and
- leases for which the underlying asset has a low value (“**low-value leases**”).

Fees related to the above. leases are recognised linearly as an expense in profit or loss.

Low-value leases are mainly leases of assets such as scooters, computers, catering equipment and restaurant equipment. For low-value leases, the Dominion Directors select the treatment method separately for each contract, i.e. it does not define the global level below which the lease is considered low-value lease.

Short-term leases are leases with a duration of up to 12 months.

For each lease contract, the Dominion Directors determine the lease period as an irrevocable lease period with periods in which there is an option:

- an extension of the lease if the lessee is reasonably certain to exercise that option, and
- to terminate the lease if it is reasonably certain that the lessee will not exercise that option.

Dominium Group is a lessee of the following groups of assets:

- rental of premises, including: catering, office and warehouse premises;
- devices and machines, including catering and office facilities;
- motor vehicles, including: cars and scooters; and
- restaurant equipment, including furniture.

Each of the leasing contracts is negotiated individually and includes a wide range of conditions.

The leasing contracts concluded by Dominium Group do not contain any covenants, however the assets related to the right-of-use asset cannot be used as loan security.

In the opinion of the Dominium Directors, Dominium Group is not exposed to a significant risk of future cash outflows resulting from variable lease payments, the guaranteed residual value or not yet started leases. Due to the nature of the contracts for the lease of catering space (contracts for an indefinite period), in the event of a change in assumptions regarding the expected lease term, the liability will be appropriately revalued, and future planned cash outflows will increase.

The Dominium Directors measure the Dominium Group's right-of-use assets on the lease commencement date at the cost, which includes:

- the amount of the initial measurement of the lease liability;
- lease payments paid on or before the commencement date, less any lease incentives received; and
- initial direct costs incurred by the lessee and an estimate of the costs to be incurred by the lessee in disassembling and removing the underlying asset, renovating the site where it was located, or restoring the underlying asset to a condition required by the lease terms.

After the lease commencement date, the Dominium Directors measure the Dominium Group's right-of-use asset using the cost model, i.e. the cost less total depreciation (amortisation) and total impairment losses and the lease liability adjusted for revaluation. Depreciation of a right-of-use asset is made using the straight-line method over the lease period.

The right-of-use assets are presented in a separate line item in the statement of financial position. The Dominium Directors group these components according to the asset base classes. The main base classes of assets used under the right of usufruct are: rental of catering, office and warehouse space, equipment and machinery, motor vehicles and equipment.

Cash outflow from leases, excluding short-term leases and low-value leases, is presented in the net amount in the statement of cash flows under "*Interest paid (interest portion of instalment)*" and "*Repayment of lease liabilities (principal portion of instalment)*".

The Dominium Directors measure the Dominium Group's lease liabilities on the lease commencement date at the present value of the lease payments outstanding on that date. Leasing fees are discounted using the leasing interest rate. If the Dominium Directors are unable to readily determine the lease interest rate, they use the Dominium Group's own marginal rate of interest. The marginal interest rate of Dominium Group is determined as the interest rate that it would have to pay to borrow, for a similar period and with similar security, the funds necessary to purchase an asset with a value similar to the asset used under a lease agreement.

For the purposes of the initial measurement of the lease liability, the Dominium Directors determine the value of the Dominium Group's lease payments, including in particular:

- fixed lease payments and variable fees that depend on the index or rate;
- the amounts that are expected to be paid by Dominium Group within the guaranteed marginal value;
- the exercise price of the call option, if it can be assumed with sufficient certainty that Dominium Group will exercise this option; and
- financial penalties for lease termination, if the lease terms provide that Dominium Group may use the lease termination option.

After the lease commencement date, the Dominium Directors measure the Dominium Group's lease liability by:

- charging interest on the liability;
- a decrease in the carrying amount by the paid lease payments; and
- updating the measurement of the liability's carrying amount to reflect any reassessment or modification of the lease.

Thus, each lease payment is allocated between the liability (presented in a separate item in the statement of financial position broken down into long-term and short-term) and the cost of interest on the lease (recognised in the statement of comprehensive income within “*Finance costs*”).

### 3. Significant accounting policies

The preparation of the Dominion Group Financial Information in compliance with IFRS requires the Dominion Directors to exercise judgment in applying Dominion’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Dominion Group Financial Information are disclosed in Note 4 “*Significant judgements, estimates and assumptions*” to the Dominion Group Financial Information.

#### (a) Foreign currency transactions and translation

Transactions expressed in currencies other than PLN are converted into PLN using the exchange rate applicable on the transaction date or the exchange rate specified in the “*forward*” type contract accompanying a given transaction.

At the end of the reporting period, monetary assets and liabilities expressed in currencies other than PLN are converted into PLN using the average exchange rate established for a given currency by the National Bank of Poland at the end of the reporting period.

Non-monetary assets and liabilities recognised at historical cost expressed in a foreign currency are disclosed at the historical rate on the transaction date.

The following exchange rates were adopted for the needs of the balance sheet valuation:

Exchange rate for the last day of the reporting period	Year ended 31 December 2017	Year ended 31 December 2018	Year ended 31 December 2019
EUR	4.1709	4.3000	4.2585
RON	0.8953	0.9229	0.8901
<b>Average exchange rate*</b>			
EUR	4.2447	4.2669	4.3018
RON	0.9282	0.9165	0.9053

\* calculated as the mean of the rates applicable on the last day of each month in a reporting period

#### (b) Property, plant and equipment

Tangible fixed assets are stated at purchase price or production cost less depreciation and any impairment write-offs.

Costs incurred after the date of putting the fixed asset into use, such as maintenance and repair costs, are charged to the Statement of Comprehensive Income when incurred.

Items of property, plant and equipment, at the time of their purchase, are divided into components that are items of significant value, to which a separate useful life can be assigned.

Significant spare and service parts recognised as tangible fixed assets are depreciated in accordance with the expected useful life, but not longer than the useful life of the fixed assets they service.

Property, plant and equipment are generally depreciated on a straight-line basis over their estimated useful lives:

Buildings and leasehold improvements	40 years
Plant and equipment	5- 7 years
Motor vehicles	5 years
Office equipment	5 years
Leasehold improvements	10 years

If, while preparing the Dominion Group Financial Information, there are circumstances which indicate that the carrying amount of property, plant & equipment may not be recoverable, these assets are reviewed for impairment. If there are premises indicating that impairment may have occurred and the carrying amount exceeds the estimated recoverable amount, then the value of these assets or cash-generating units to which these assets belong is reduced to the level of the recoverable amount. The recoverable amount corresponds to the higher of the following two values: fair value less selling costs or value-in-use. When determining value-in-use, the estimated future cash flows are discounted to the present value using a gross discount rate that reflects current market assessments of the time value of money and the risk associated with a given asset. In the case of an asset that does not generate cash inflows in a significantly independent manner, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognised in the Statement of Comprehensive Income under other “*Operating costs*”.

A given item of property, plant and equipment may be removed from the Statement of Financial Position after it is sold or when no economic benefits are expected from further use of such asset. Any profits or losses resulting from derecognition of a given asset from the Statement of Financial Position (calculated as the difference between any net proceeds from sale and the carrying amount of a given item) are recognised in the Statement of Comprehensive Income in the period in which such removal was made.

Property, plant and equipment under construction or assembly and are recognised at purchase price or manufacturing cost. Property, plant and equipment under construction are not depreciated until the construction is completed and the fixed asset is put into use.

The residual value, useful life and depreciation method of assets are verified and, if necessary, adjusted at the end of each financial year.

#### **(c) Research and development expenditure**

Research costs are charged to the Statement of Comprehensive Income as incurred. Outlays for development works performed under a given project are capitalised, if it can be assumed that they will be recovered in the future. After the initial recognition of expenditure on development works, the historical cost model is applied, which requires that the assets are recognised at cost less accumulated amortisation and accumulated impairment losses. Any development costs capitalised are amortised over the expected period of obtaining revenues from sales from a given project.

Development costs are assessed for impairment annually if the asset has not yet been put into use, or more frequently when an indication of impairment appears during the reporting period indicating that their carrying amount may not be recoverable.

#### **(d) Intangible assets**

Intangible assets acquired in a separate transaction are initially measured at the purchase price or production cost. The purchase price of intangible assets acquired in a business combination is equal to their fair value as at the combination date. After initial recognition, intangible assets are recognised at purchase price or production cost less amortisation and impairment losses. Outlays on internally generated intangible assets, except for activated outlays incurred for development works, are not activated and are recognised in the costs of the period in which they were incurred.

The Dominion Directors determine whether the useful life of the Dominion Group’s intangible assets is limited or indefinite. Intangible assets with a limited useful life are amortised over their useful lives and tested for impairment each time there are premises indicating their impairment. The period and method of amortisation of intangible assets with a limited useful life are verified at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of economic benefits from a given asset are recognised by changing the amortisation period or method, respectively, and treated as changes in estimated values. The amortisation charge for intangible assets with a limited useful life is recognised in the statement of comprehensive income in the category that corresponds to the function of the given intangible asset.

Intangible assets with an indefinite useful life and those that are not used are verified annually for impairment in relation to individual assets or at the level of the cash generating unit. In the case of other intangible assets, it is assessed each year whether there are any impairment indicators. Useful lives are also verified on an annual basis and, if necessary, adjusted with effect from the beginning of the financial year.

Intangible assets are generally amortised on a straight-line basis over their estimated useful lives:

Goodwill	not amortised
Trademark	10 years
Software	5 years

Amortisation of the trademark is charged to “*Cost of sales*” in the Statement of Comprehensive Income. Amortisation of software is charged to “*Cost of sales*”, “*Distribution costs*” or “*Administrative expenses*” in Statement of Comprehensive Income.

#### **(e) Goodwill**

Goodwill on the acquisition of a business entity is initially recognised at the purchase price being the excess of the costs of the business combination over the acquirer's share of the net fair value of identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is stated at cost less any accumulated impairment losses. The impairment test is carried out once a year. Goodwill is not amortised.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units that may benefit from the combination. Impairment is determined by estimating the recoverable value of the cash-generating unit to which the given goodwill relates. If the recoverable amount of the cash-generating unit is lower than the carrying amount, an impairment loss is recognised. If goodwill is part of a cash-generating unit and part of the activities within this unit is sold, goodwill related to the sold activity is included in its carrying amount when determining the profit or loss on the sale of such activities. In such circumstances, the goodwill sold is determined based on the relative value of the business sold and the value of the part of the cash-generating unit retained.

#### **(f) Financial assets**

##### *Classification and valuation of financial assets*

The Dominium Directors classify the Dominium Group's financial assets into the following categories:

- financial assets measured at amortised cost;
- financial assets at fair value through profit or loss; and
- financial assets measured at fair value through other comprehensive income.

The above classification is made at the time of initial recognition. Belonging to a given category is determined by:

- business model for managing a given asset portfolio; and
- assessment of the contractual terms of a given financial asset.

#### **(g) Financial assets measured at amortised cost**

A financial asset is classified in the “*financial assets measured at amortised cost*” category if both of the following conditions are met:

- it is held in accordance with a business model aimed at holding financial assets to collect the contractual cash flows; and
- the terms of its contract give rise to cash flows at specified times that are only payments of principal and interest on the principal amount outstanding.

“*Financial assets measured at amortised cost*”, excluding trade receivables that do not have a significant financing component are initially recognised at fair value plus directly attributable transaction costs. Trade receivables that do not have a significant financing component are initially measured at fair value (transaction price). Subsequent valuation is carried out at amortised cost, using the effective interest rate method, less impairment losses.

Interest on financial assets classified as “*financial assets measured at amortised cost*”, calculated using the effective interest method, is recognised in profit or loss of the current period in financial income.

The category “*financial assets measured at amortised cost*” includes:

- cash and cash equivalents;
- trade receivables; and
- other receivables.

#### **(h) Impairment of financial assets**

At each balance sheet date, Dominium Group recognises an impairment charge (allowance for expected credit losses) on financial assets. If the credit risk associated with a given financial instrument has significantly increased since its initial recognition, the Dominium Directors measure the allowance for expected credit losses on the Dominium Group's financial instrument at an amount equal to lifetime expected credit losses. If, as at the reporting date, the credit risk related to a financial instrument has not increased significantly since the initial recognition, the Dominium Directors measure the allowance for expected credit losses on the Dominium Group's financial instrument at the amount equal to the 12-month expected credit losses.

In the case of financial assets measured at amortised cost, except for trade receivables, the Dominium Directors measure a loss allowance on the Dominium Group's financial instruments at an amount equal to the 12-month expected credit losses, due to the low credit risk associated with these financial instruments. The Dominium Directors recognise that Dominium Group's cash and cash equivalents, other receivables and other financial assets measured at amortised cost have low credit risk.

#### **(i) Impairment of non-financial assets**

At each reporting date, the Dominium Directors assess whether indications exist that an asset may be impaired. If any such indication exists, the Dominium Directors formally estimate the recoverable amount. If the carrying amount of a given asset or cash-generating unit exceeds its recoverable amount, it is considered impaired and a write-down is made to the recoverable amount. The recoverable amount is one of two values, whichever is higher: the fair value less costs to sell or the value in use of a given asset or cash-generating unit.

#### **(j) Taxation**

##### *Deferred taxation*

Due to temporary differences between the value of assets and liabilities shown in the accounting books and their tax value and tax loss possible to be deducted in future years, Dominium Group creates a provision and establishes a deferred tax asset.

The amount of the deferred tax liability and assets is determined taking into account the income tax rates applicable in the year in which the tax obligation arises.

##### *Income taxation*

Current income tax assets and liabilities for the years ended 31 December 2019, 31 December 2018 and 31 December 2017 are measured at the amount to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the jurisdictions where Dominium Group operates and generates taxable income.

#### **(k) Employee benefits**

##### *Long-term benefits*

##### *Long-service awards and retirement benefits*

Dominium Group is not required to pay jubilee awards and therefore does not create a provision for long-service awards. Awards or benefits related to the length of service are paid, but the fact of awarding them and the form and amount are discretionary.

Dominium Group pays retirement benefits in accordance with the Polish Labour Code. Due to the high rotation of employment and the amount of the possible provision for retirement gratuities (single salary), which would not have a significant impact on the financial result, Dominium Group does not create a provision for retirement gratuities.

##### *Termination of employment benefit*

In the event of the termination of employment, employees of the Dominium Group 's companies are entitled to benefits provided for by the labour law in force in Poland, including the equivalent of unused vacation leave and compensation for the obligation to refrain from conducting business in competition with the employer.

The amount of the provision for the equivalent unused leave is updated as at the last day of the financial year and the last day of the half-year of a given financial year.

Provisions for other benefits related to termination of employment are created upon termination of employment.

#### **(l) Finance income and expenses**

Financing expenses comprise interest payable, interest on lease liabilities recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the Statement of Comprehensive Income.

Financing income comprise interest receivable on cash deposits and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

#### **(m) Cash and cash equivalents**

Cash and short-term deposits disclosed in the statement of financial position include cash at bank and in hand, as well as short-term deposits with an original maturity of three months or less.

The balance of cash and cash equivalents disclosed in the consolidated cash flow statement consists of the above-mentioned cash and cash equivalents.

#### **(n) Trade and other receivables**

Trade and other receivables are recognised and carried at amounts initially invoiced, taking into account any allowances for doubtful receivables. The allowance for doubtful receivables is estimated when the recovery of the full amount of the receivable, in accordance with the original terms, is no longer probable.

The probability of default is considered to be, among others, failure to pay the amount due in a period exceeding 365 days beyond the specified payment date.

#### **(o) Inventories**

Inventories are valued at the lower of purchase price or production costs and net realisable value. Inventories comprise food and packaging goods for resale. Dominium Group applies a first-in-first-out basis of inventory valuation.

#### **(p) Supplier incentives**

Dominium Group receives supplier incentives in the form of cash payments or allowances prior to merchandise being sold. Dominium Group has agreements in place with each vendor setting forth the specific conditions for each allowance or payment.

Dominium Group defers the allowance or payment over the life of the vendor contract and recognises these amounts as a reduction to the cost of merchandise in the Statement of Comprehensive Income.

#### **(q) Fixed assets held for sale**

Fixed assets (or groups for sale) are classified as held for sale if their carrying amount will be recovered through sales transactions rather than continuing use, provided that they are available for immediate sale in their present condition, subject to customary conditions used in the sale of these assets (or groups for sale) and their sale is highly probable.

Immediately prior to the initial classification of an asset (or a group for sale) as held-for-sale, these assets are measured, i.e. their carrying amount is determined in accordance with the provisions of the relevant standards. Tangible fixed assets and intangible assets are subject to depreciation until the date of reclassification, and in the event of any indications of possible impairment, an impairment test is performed and, consequently, an impairment loss is recognised in accordance with IAS 36 *"Impairment of Assets"*.

Fixed assets (or groups for sale), the value of which has been determined as above, are subject to reclassification into assets held-for-sale. At the time of reclassification, these assets are measured at the lower of the two values: the carrying amount or the fair value less costs to sell. The difference from the measurement to fair value is recognised in “*Other operating expenses*” in the Statement of Comprehensive Income. Upon subsequent measurement, any reversal of the fair value is recognised in other “*Operating income*” in the Statement of Comprehensive Income.

When an entity no longer meets the criteria for an asset to be classified as held-for-sale, the asset that is recognised in the Statement of Financial Position item from which it was previously reclassified is measured at the lower of:

- the carrying amount on the day before the asset was classified as held-for-sale, adjusted for depreciation or revaluation, that would have been recognised had the asset not been classified as held for sale; or
- the recoverable amount as at the date of the decision not to sell it.

#### **(r) Provisions**

Provisions are made when Dominium Group has an existing obligation (legal or constructive) resulting from past events, and when it is probable that the fulfilment of this obligation will result in an outflow of economic benefits and the amount of this obligation can be reliably estimated.

#### **(s) Contingent liabilities**

Contingent liabilities are possible obligations whose existence depends on the outcome of uncertain future events or present obligations where the outflow of resources is uncertain or cannot be measured reliably. Contingent liabilities are not recognised in the financial statements but are disclosed unless they are remote.

#### **(t) Segmental reporting**

An operating segment is a component of an entity:

- that engages in business activities from which it may earn income and incur costs (including income and expenses related to transactions with other components of the same entity);
- whose operating results are regularly reviewed by the entity's chief operating decision maker and uses those results to decide on the allocation of resources to the segment and when assessing the segment's performance; and,
- for which separate financial information is available.

The Dominium Group conducts gastronomic activity within one operating segment one operating segment in two locations, Poland and Romania. Due to the bankruptcy of Dominium Romania in 2018 and the liquidation of the subsidiary, Cantina Italia Sp. z o.o., the activities of Dominium Romania have been presented as a discontinued operation. Going forward, the only operating segment is the activity in Poland.

### **4. Uncertainty of estimates**

The preparation of the Dominium Group Financial Information requires Dominium Directors to make estimates, as much of the information contained in the Dominium Group Financial Information cannot be measured precisely. The Dominium Directors verify they have adopted estimates based on changes in the factors taken into account in their making, new information or past experiences. Therefore, the estimates made as at 31 December 2019, 31 December 2018 and 31 December 2017 may be changed in the future.

### **5. Significant accounting judgements, estimates and assumptions**

If a given transaction is not regulated by any standard or interpretation, the Dominium Directors, guided by a subjective judgment, determines and applies accounting policies that will ensure that the Dominium Group Financial Information will contain correct and reliable information and will:

- correctly, clearly and fairly present the property and financial situation of Dominium Group, the results of its activities and cash flows;

- reflect the economic content of the transaction;
- be objective;
- be prepared in accordance with the principle of prudent valuation; and
- be complete in all material respects.

**(a) Valuation of intangible assets**

Intangible assets acquired in a separate transaction are initially measured at the purchase price or production cost. The purchase price of intangible assets acquired in a business combination is equal to their fair value as at the combination date. After initial recognition, intangible assets are recognised at purchase price or production cost less amortisation and impairment losses. Outlays on internally generated intangible assets, except for activated outlays incurred for development works, are not activated and are recognised in the costs of the period in which they were incurred.

The Dominion Directors determine whether the useful life of Dominion Group's intangible assets is limited or indefinite. Intangible assets with a limited useful life are depreciated throughout their useful life and tested for impairment each time there are premises indicating their impairment. The period and method of amortisation of intangible assets with a limited useful life are verified at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of economic benefits from a given asset are recognised by changing the amortisation period or method, respectively, and treated as changes in estimated values. The amortisation charge for intangible assets with a limited useful life is recognised in the profit and loss account in the category that corresponds to the function of the given intangible asset.

Intangible assets with an indefinite useful life and those that are not used are verified annually for impairment in relation to individual assets or at the level of the cash generating unit. In the case of other intangible assets, it is assessed each year whether there are any premises that may prove their impairment. Useful lives are also verified on an annual basis and, if necessary, adjusted with effect from the beginning of the financial year.

For further details regarding intangible assets, see Note 12 *"Intangible Assets"* to the Dominion Group Financial Information.

**(b) Tax settlements**

For further details regarding tax settlements, see Note 26 *"Tax settlement"* to the Dominion Group Financial Information.

**6. Subsidiaries**

Details of Dominion's subsidiaries as at 31 December 2019 are as follows:

<b>Company</b>	<b>Country of Registration or Incorporation</b>	<b>Registered Office</b>	<b>Principal Activity</b>	<b>Percentage of ordinary shares held by Company</b>
Cantina Italia Sp. Z o.o	Poland	Warsaw, Poland	Management consultancy	100%
Pizza Dominion Restaurant SRL	Romania	Bucharest, Romania	Restaurants	100%

**7. Revenue**

Revenues were generated in Poland and Romania (see Note 30 *"Discontinued operations"* to the Dominion Group Financial Information). The following table reconciles Dominion Group's revenue for the periods presented:

<i>Audited</i> Year ended 31 December 2017 PLN'000	<i>Audited</i> Year ended 31 December 2018 PLN'000	<i>Audited</i> Year ended 31 December 2018 PLN'000
--	--	--

Poland	74,174	82,102	84,937
<b>Total revenue</b>	<b>74,174</b>	<b>82,102</b>	<b>84,937</b>

## 8. Expenses by nature

	<i>Audited</i> Year ended 31 December 2017 PLN'000	<i>Audited</i> Year ended 31 December 2018 PLN'000	<i>Audited</i> Year ended 31 December 2019 PLN'000
Staff costs including Dominium Directors, net of amounts capitalised	22,572	26,644	27,291
Materials and consumables	23,733	24,555	24,062
Depreciation and amortisation	14,376	14,238	15,202
External services	14,611	11,909	11,205
Other administrative expenses	7,732	7,003	5,762
Depreciation	4,138	3,834	4,722
Amortisation	2,123	2,123	2,141
Depreciation of the right-of-use assets	8,115	8,281	8,339
<b>Total depreciation and amortisation</b>	<b>14,376</b>	<b>14,238</b>	<b>15,202</b>

## Staff costs

	<i>Audited</i> Year ended 31 December 2017 PLN'000	<i>Audited</i> Year ended 31 December 2018 PLN'000	<i>Audited</i> Year ended 31 December 2019 PLN'000
<b>Aggregate remuneration (including Dominium Directors):</b>			
Wages and salaries	16,351	19,409	19,993
Payroll taxes	6,221	7,235	7,298
<b>Total employees and benefits expense</b>	<b>22,572</b>	<b>26,644</b>	<b>27,291</b>

The average monthly number of employees was as follows:

Employees and Dominium Directors	257	276	288
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## 9. Other income

	<i>Audited</i> Year ended 31 December 2017 PLN'000	<i>Audited</i> Year ended 31 December 2018 PLN'000	<i>Audited</i> Year ended 31 December 2019 PLN'000
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Profit on disposal of non-current assets		106	-
Compensation received	165	200	189
Reversal of an impairment loss	-	491	-
Other	9	87	301
<b>Total other income</b>	<b>174</b>	<b>884</b>	<b>490</b>

#### 10. Other operating costs

	<i>Audited</i> Year ended 31 December 2017 PLN'000	<i>Audited</i> Year ended 31 December 2018 PLN'000	<i>Audited</i> Year ended 31 December 2019 PLN'000
Loss on disposal of non-current assets	-	-	35
Provisions for VAT liability (Note 26 "Tax settlement")	2,830	2,933	104
Impairment of assets and liquidation costs	2,893	286	774
Taxes paid	1,654	-	-
Compensation paid and other operating costs	601	411	267
<b>Total</b>	<b>7,978</b>	<b>3,630</b>	<b>1,180</b>

#### 11. Taxation

The main components of the tax burden for the period ended 31 December 2018, 31 December 2018 and 31 December 2017 are as follows:

	<i>Audited</i> Year ended 31 December 2017 PLN'000	<i>Audited</i> Year ended 31 December 2018 PLN'000	<i>Audited</i> Year ended 31 December 2019 PLN'000
<b>Current income tax expense</b>			
Polish corporate taxes	-	-	-
Romanian corporate income taxes (Discontinued- Note 30 "Discontinued operations")	179	10	-
<b>Total current income tax expense</b>	<b>179</b>	<b>10</b>	<b>-</b>
<b>Deferred income tax expense</b>			
Poland	1,353	(14)	111
Romania (Discontinued- Note 30 "Discontinued operations")	-	-	-
<b>Total deferred income tax expense</b>	<b>1,353</b>	<b>(14)</b>	<b>111</b>
<b>Total income tax expense:</b>			
Continuing operations	1,353	(14)	111
Discontinued operations (Note	179	10	-

The components of the net deferred income tax asset/liability included in non-current liabilities are as follows:

	<i>Audited</i> Year ended 31 December 2017 PLN'000	<i>Audited</i> Year ended 31 December 2018 PLN'000	<i>Audited</i> Year ended 31 December 2019 PLN'000
<b>Deferred tax assets</b>			
Allowance for doubtful accounts	68	56	63
Trade liabilities	177	216	92
<b>Total deferred tax assets</b>	<b>245</b>	<b>272</b>	<b>155</b>
<b>Deferred tax liabilities</b>			
Fixed asset timing differences	39	52	47
<b>Total deferred tax liabilities</b>	<b>39</b>	<b>52</b>	<b>47</b>
<b>Net deferred tax liability</b>	<b>206</b>	<b>220</b>	<b>108</b>

## 12. Intangible assets

The following table summarises Dominion Group's intangibles for each of the periods presented:

	<b>Goodwill</b> <b>PLN'000</b>	<b>Trademark</b> <b>PLN'000</b>	<b>Software</b> <b>PLN'000</b>	<b>Total</b> <b>PLN'000</b>
<b>Cost</b>				
As at 1 January 2017	23,642	22,963	2,040	48,645
Additions	-	-	4	4
Disposals	-	-	(420)	(420)
As at 31 December 2017	23,642	22,963	1,624	48,229
Additions	-	-	86	86
As at 31 December 2018	23,642	22,963	1,710	48,315
Additions	-	-	79	79
<b>As at 31 December 2019</b>	<b>23,642</b>	<b>22,963</b>	<b>1,789</b>	<b>48,394</b>
<b>Amortisation/impairment</b>				
As at 1 January 2017	7,881	6,360	2,040	16,281
Charge for the year	-	2,120	3	2,123
Disposals	-	-	(420)	(420)
As at 31 December 2017	7,881	8,480	1,623	17,984
Charge for the year	-	2,120	3	2,123
As at 31 December 2018	7,881	10,600	1,626	20,107
Charge for the year	-	2,119	22	2,141
<b>As at 31 December 2019</b>	<b>7,881</b>	<b>12,719</b>	<b>1,648</b>	<b>22,248</b>
<b>Net book value</b>				
As at 31 December 2017	15,761	14,483	1	30,245
As at 31 December 2018	15,761	12,363	84	28,208

<b>As at 31 December 2019</b>	<b>15,761</b>	<b>10,244</b>	<b>141</b>	<b>26,146</b>
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The main items of intangible assets are trademarks and goodwill.

On 11 March 2008, an organised part of the Dominium Tomasz Plebaniak enterprise was transferred to Dominium. This transaction was settled in accordance with the principles of the Polish Accounting Act and as a result Dominium identified positive goodwill amounting to PLN 23,642,000. As at the date of transition to IFRS, Dominium used the exemption from IFRS 1 “First-time Adoption of International Financial Reporting Standards” and did not restate the accounting for this transaction.

As the goodwill was created in an in-kind contribution of the organised part of the enterprise, which is continues to be the main part of the Dominium Group's operating activity, the goodwill was allocated to the cash-generating unit constituting the geographical segment “Poland”, which corresponds to the lowest level in Dominium Group at which goodwill is monitored internal management needs.

The test was performed by comparing the carrying amount of the assets, including goodwill and trademarks, with its recoverable amount determined as at each of 31 December 2017, 31 December 2018 and 31 December 2019 as its value in use.

Key Dominium Directors' assumptions on the basis of which the cash flow projections were developed for the period covered by the most recent projections:

- an increase in the casual dining food consumption market, and hence Dominium Group's sales volume by 13% in 2021, and by 4.2% in 2022-2024. In 2020, the Dominium Directors assume a decrease in sales by 11.6% related to trade restrictions caused by the announced pandemic. For the year ended 31 December 2018, revenue increase in 2019 by 13% compared to the previous year due to planned opening of new premises and undertaking marketing activities together with an increase in the consumption of casual dining dishes, and thus in volume Dominium Group's sales, by 1% in the years 2020 – 2022. For the year ended 31 December 2017, an increase in the consumption market for casual dining, and hence the volume of food distribution, by 1% in 2018-2021;
- an average increase in nominal prices of products sold by Dominium Group by 2% annually (2018: 2% annually; 2017: 3.2% annually).
- operating costs determined as a fixed percentage of planned revenues, calculated on the basis of historical data and budgeted changes in their structure.

The period for which, for the purposes of the test, the Dominium Directors have developed cash flow projections based on approved financial projections is four years.

The growth rate used to extrapolate the cash flow projections beyond the period covered by the most recent projections is 2% (2018: 1.5%; 2017: 2.5%). The applied growth rate does not exceed the average long-term growth rate for the industry in which Dominium Group operates.

The discount rate used in the cash flow projections was 11.9% (2018: 11.9%; 2017: 11%) and corresponds to the total gross cost of the most expensive financing used by Dominium Group.

The prepared projections consider the market situation caused by the COVID-19 pandemic and its impact on the financial situation of the Dominium Group.

In the opinion of the Dominium Directors, there are no probable changes in the key assumptions used to measure the recoverable amount of the unit, which could cause the carrying amount of this unit to exceed its recoverable value. The impairment test performed did not show any impairment in each of the years.

### 13. Property, plant and equipment

	Technical equipment	Vehicles	Other property, plant and equipment	Leasehold improvements	Assets under construction	Total
Cost	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
As at 1 January 2017	4,370	173	4,507	35,557	67	44,674
Additions	199	20	476	1,114	35	1,844
Disposals	(874)	(12)	(627)	(262)	-	(1,775)

Reclassification	-	-	-	67	(67)	-
As at 31 December 2017	3,695	181	4,356	36,476	35	44,743
Additions	127	10	353	662	97	1,249
Disposals	(147)	(47)	(39)	(6,357)	-	(6,590)
Reclassification	-	-	-	35	(35)	-
Foreign exchange translation	7	2	6	82	-	97
As at 31 December 2018	3,682	146	4,676	30,898	97	39,499
Additions	170	10	420	270	40	910
Disposals	(180)	(85)	(252)	(1,914)	-	(2,431)
Reclassification	-	-	-	97	(97)	-
<b>As at 31 December 2019</b>	<b>3,672</b>	<b>71</b>	<b>4,844</b>	<b>29,351</b>	<b>40</b>	<b>37,978</b>
<b>Depreciation</b>						
As at 1 January 2017	3,713	82	3,560	16,038	-	23,393
Charge for the year	393	30	565	3,150	-	4,138
Disposals	(891)	(12)	(600)	(152)	-	(1,655)
As at 31 December 2017	3,215	100	3,525	19,036	-	25,876
Charge for the year	277	41	608	2,908	-	3,834
Disposals	(119)	(31)	(27)	(3,506)	-	(3,683)
Foreign exchange translation	6	1	2	44	-	53
As at 31 December 2018	3,379	111	4,108	18,482	-	26,080
Charge for the year	276	25	554	3,867	-	4,722
Disposals	(176)	(73)	(110)	(1,162)	-	(1,521)
<b>As at 31 December 2019</b>	<b>3,479</b>	<b>63</b>	<b>4,552</b>	<b>21,187</b>	<b>-</b>	<b>29,281</b>
<b>Impairment</b>						
As at 1 January 2017	-	-	-	-	-	-
Impairment charge	28	24	133	1,231	-	1,416
As at 31 December 2017	28	24	133	1,231	-	1,416
Impairment reversal	(25)	(13)	(30)	(1,268)	-	(1,336)
Foreign exchange translation	1	1	4	37	-	43
As at 31 December 2018	4	12	107	-	-	123
Impairment reversal	(4)	(12)	(107)	-	-	(123)
<b>As at 31 December 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net book value</b>						
As at 31 December 2017	452	57	698	16,209	35	17,451
As at 31 December 2018	299	23	461	12,416	97	13,296
<b>As at 31 December 2019</b>	<b>193</b>	<b>8</b>	<b>292</b>	<b>8,164</b>	<b>40</b>	<b>8,697</b>

An impairment reversal has been recognised as Dominion Group has been able to realise more on disposal of the property, plant and equipment assets impaired than previously expected. Originally the impairment was shown at a Dominion Group level in the year ended 31 December 2017, the impairment was adjusted following finalisation of the impairment and disposal of assets in Dominion Romania

#### 14. Inventory

<i>Audited</i>	<i>Audited</i>	<i>Audited</i>
<i>As at</i>	<i>As at</i>	<i>As at</i>
<i>31 December</i>	<i>31</i>	<i>31</i>
<i>2017</i>	<i>December</i>	<i>December</i>
	<i>2018</i>	<i>2019</i>

	PLN'000	PLN'000	PLN'000
Materials	1,035	880	1,054
<b>TOTAL</b>	<b>1,035</b>	<b>880</b>	<b>1,054</b>

No inventory category was used as security for loans or borrowings in the years ended 31 December 2019, 31 December 2018 and 31 December 2017. As at 31 December 2019, 31 December 2018 and 31 December 2017 there were no inventories carried at net selling price.

#### 15. Trade and other receivables

The majority of trade receivables are current and the Dominion Directors believe these receivables are collectible. The Dominion Directors consistently assess the collectability of these receivables. As at 31 December 2019, the Dominion Directors considered a portion of these receivables uncollectable and recorded a provision in the amount of PLN 704,000 (2018: PLN 704,000, 2017: PLN 1,178,000).

	<i>Audited</i> As at 31 December 2017 PLN'000	<i>Audited</i> As at 31 December 2018 PLN'000	<i>Audited</i> As at 31 December 2019 PLN'000
<b>Non-current trade receivables</b>			
Other financial receivables	162	-	-
<b>Total non-current trade receivables</b>	<b>162</b>	<b>-</b>	<b>-</b>
<b>Current trade receivables</b>			
Trade receivables	1,708	1,939	1,835
Guarantee deposits	219	220	344
Other financial receivables	29	54	80
Receivables from taxes, social and health insurance and other benefits	836	18	16
Prepayments	1,103	764	720
Less provision	(1,178)	(704)	(704)
<b>Total current trade receivables</b>	<b>2,717</b>	<b>2,291</b>	<b>2,291</b>

#### 16. Cash and cash equivalents

The balance of cash and cash equivalents presented in the Statement of Financial Position and the Statement of Cash Flows consisted of the following items as at the reporting date:

	<i>Audited</i> As at 31 December 2017 PLN'000	<i>Audited</i> As at 31 December 2018 PLN'000	<i>Audited</i> As at 31 December 2019 PLN'000
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Cash at bank	1,232	521	755
Cash in hand	487	229	351
<b>Total cash and cash equivalents</b>	<b>1,719</b>	<b>750</b>	<b>1,106</b>

## 17. Share capital

The following table summarises the share capital of Dominion for the years presented:

	<i>Audited</i> As at 31 December 2017 PLN'000	<i>Audited</i> As at 31 December 2018 PLN'000	<i>Audited</i> As at 31 December 2019 PLN'000
Called up, allotted and fully paid: 8,060,000 (2018: 8,060,000, 2017: 8,044,000) Ordinary shares of 1 PLN each	8,044	8,060	8,060

	Number	Nominal value PLN'000	Consideration PLN'000
<b>As at 1 January 2017</b>	<b>8,044,000</b>	<b>8,044</b>	<b>26,384</b>
<b>As at 31 December 2017</b>	<b>8,044,000</b>	<b>8,044</b>	<b>26,384</b>
Placing of shares	16,000	16	2,523
<b>As at 31 December 2018</b>	<b>8,060,000</b>	<b>8,060</b>	<b>28,907</b>
<b>As at 31 December 2019</b>	<b>8,060,000</b>	<b>8,060</b>	<b>28,907</b>

Share class	No. of shares	% total shares
<i>Malaccan Holdings</i>		
Class A	500,000	6.20%
Class B	3,928,000	48.70%
Class C	828,571	10.30%
Class D	961,731	11.90%
Class G	209,243	2.60%
Class H	1,206,676	15.00%
Class I	15,510	0.20%
	<b>7,649,731</b>	<b>94.90%</b>
<i>Mezzanine's AMC III Fund</i>		
Class D	410,269	5.10%
	<b>410,269</b>	<b>5.10%</b>

<b>Total</b>	<b>8,060,000</b>	<b>100.00%</b>
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Shares of all classes carry one vote per share. The shares of all classes have the same rights to receive dividends and return on capital.

### **Nature and purpose of reserves**

#### **Share capital**

The share capital account represents the nominal value of share issued by Dominium.

#### **Share premium**

The share premium reserve represents the premium paid by Dominium shareholders over the nominal value of the shares issued less any directly attributable costs of issuing the shares.

#### **Other equity**

The other equity reserves represents a capital contribution received by Dominium from its majority shareholder. The reserves are non-redeemable and non-distributable.

#### **Retained earnings**

This reserve holds the accumulation of profits and losses including any distributions to Dominium shareholders.

## **18. Borrowings**

Dominium Group's borrowings consist of the following amounts for the periods presented:

	<i><b>Audited</b></i> <b>As at</b> <b>31</b> <b>December</b> <b>2017</b> <b>PLN'000</b>	<i><b>Audited</b></i> <b>As at</b> <b>31</b> <b>December</b> <b>2018</b> <b>PLN'000</b>	<i><b>Audited</b></i> <b>As at</b> <b>31</b> <b>December</b> <b>2019</b> <b>PLN'000</b>
Not later than one year	1,360	1,222	25,273
Later than one year and not later than five years	18,884	23,094	-
<b>Total borrowings</b>	<b>20,244</b>	<b>24,316</b>	<b>25,273</b>

The following table represents Dominium Group's finance costs and income for each of the periods presented:

	<i><b>Audited</b></i> <b>Year ended</b> <b>31 December</b> <b>2017</b> <b>PLN'000</b>	<i><b>Audited</b></i> <b>Year ended</b> <b>31 December</b> <b>2018</b> <b>PLN'000</b>	<i><b>Audited</b></i> <b>Year ended</b> <b>31</b> <b>December</b> <b>2019</b> <b>PLN'000</b>
Interest payable:			
- Related entities borrowings	1,936	2,860	2,745
- Other interest payable	51	287	14
- Bank borrowings	45	57	35
- Lease liabilities	4,037	3,504	2,829
- Foreign exchange loss	454	856	469
- Other	6	14	-
<b>Total finance costs</b>	<b>6,529</b>	<b>7,578</b>	<b>6,092</b>

	<i>Audited</i> Year ended 31 December 2017 PLN'000	<i>Audited</i> Year ended 31 December 2018 PLN'000	<i>Audited</i> Year ended 31 December 2019 PLN'000
Interest receivable	2	-	-
Foreign exchange gain	1,004	32	218
<b>Total finance income</b>	<b>1,006</b>	<b>32</b>	<b>218</b>

## 19. Trade and other payables

The following table includes a detail of other liabilities as at the periods presented:

	<i>Audited</i> As at 31 December 2017 PLN'000	<i>Audited</i> As at 31 December 2018 PLN'000	<i>Audited</i> As at 31 December 2019 PLN'000
<b>Other non-current liabilities</b>			
Supplier incentives	1,979	1,013	1,335
<b>Total other non-current liabilities</b>	<b>1,979</b>	<b>1,013</b>	<b>1,335</b>
<b>Other current liabilities</b>			
Trade and other payables	4,882	4,478	4,460
Supplier incentives	707	784	632
Taxes payable	1,392	2,192	1,277
Accruals	333	443	827
Other current liabilities	1,949	2,086	2,205
<b>Total other current liabilities</b>	<b>9,263</b>	<b>9,983</b>	<b>9,401</b>
<b>Total other liabilities</b>	<b>11,242</b>	<b>10,996</b>	<b>10,736</b>

## 20. Right-of-use asset and lease liabilities

Right-of-use asset

	Restaurants, office and warehouse space PLN'000	Technical equipmen t PLN'000	Vehicles PLN'000	Equipmen t PLN'000	Total PLN'000
<b>Cost</b>					
As at 1 January 2017	44,454	1,309	1,967	531	48,261
Additions	-	47	111	68	226
Disposals	-	(295)	(347)	(113)	(755)
As at 31 December 2017	44,454	1,061	1,731	486	47,732
Additions	1,531	29	-	-	1,560
Disposals	-	(88)	(354)	-	(442)
As at 31 December 2018	45,985	1,002	1,377	486	48,850
Additions	511	-	-	-	511
Disposals	-	-	(229)	-	(229)
<b>As at 31 December 2019</b>	<b>46,496</b>	<b>1,002</b>	<b>1,148</b>	<b>486</b>	<b>49,132</b>

**Depreciation**

As at 1 January 2017	-	1,222	839	491	2,552
Additions	7,729	31	287	68	8,115
Disposals	-	(291)	(339)	(73)	(703)
As at 31 December 2017	7,729	962	787	486	9,964
Additions	7,981	46	254	-	8,281
Disposals	-	(86)	(311)	-	(397)
As at 31 December 2018	15,710	922	730	486	17,848
Additions	8,097	12	230	-	8,339
Disposals	-	-	(160)	-	(160)
<b>As at 31 December 2019</b>	<b>23,807</b>	<b>934</b>	<b>800</b>	<b>486</b>	<b>26,027</b>
<b>Carrying value</b>					
As at 31 December 2017	36,725	99	944	-	37,768
As at 31 December 2018	30,275	80	647	-	31,002
<b>As at 31 December 2019</b>	<b>22,689</b>	<b>68</b>	<b>348</b>	<b>-</b>	<b>23,105</b>

#### Lease liability

As at 1 January 2017

Additions

Interest

Amounts paid

Foreign exchange revaluation

**As at 31 December 2017**

Additions

Interest

Amounts paid

Foreign exchange revaluation

**As at 31 December 2018**

Additions

Interest

Amounts paid

Foreign exchange revaluation

**As at 31 December 2019**

**Audited  
PLN'000**

46,052

227

3,806

(10,733)

(999)

**38,353**

1,560

3,400

(10,799)

597

**33,111**

511

2,821

(10,626)

(24)

**25,793**

	<b>Audited As at 31 December 2017 PLN'000</b>	<b>Audited As at 31 December 2018 PLN'000</b>	<b>Audited As at 31 December 2019 PLN'000</b>
Not later than one year	7,153	7,632	7,347
Later than one year and not later than five years	31,200	25,479	18,446
<b>Total lease liability</b>	<b>38,353</b>	<b>33,111</b>	<b>25,793</b>

## 21. Provisions

*Audited*

Year ended 31 December 2019	Employee benefits provision PLN'000	Audited Other provisions PLN'000	Audited Total PLN'000
<b>Opening balance</b>	<b>243</b>	<b>3,611</b>	<b>3,854</b>
Additions	45	335	380
Released	-	-	-
Utilised	-	(1,300)	(1,300)
<b>Closing balance</b>	<b>288</b>	<b>2,646</b>	<b>2,934</b>

Year ended 31 December 2018	Audited Employee benefits provision PLN'000	Audited Other provisions PLN'000	Audited Total PLN'000
<b>Opening balance</b>	<b>278</b>	<b>3,234</b>	<b>3,512</b>
Additions	-	2,999	2,999
Released	(35)	(64)	(99)
Utilised	-	(2,558)	(2,558)
<b>Closing balance</b>	<b>243</b>	<b>3,611</b>	<b>3,854</b>

Year ended 31 December 2017	Audited Employee benefits provision PLN'000	Audited Other provisions PLN'000	Audited Total PLN'000
<b>Opening balance</b>	<b>204</b>	<b>477</b>	<b>681</b>
Additions	74	2,824	2,898
Released	-	-	-
Utilised	-	(67)	(67)
<b>Closing balance</b>	<b>278</b>	<b>3,234</b>	<b>3,512</b>

#### Other provisions

The main items included in other provisions at 31 December 2019:

- provision for VAT for the year ended 31 December 2015 amounting to PLN 1,149,000 - sales with a rate of 5% VAT tax; p
- provision for VAT for the year ended 31 December 2016 amounting to PLN 615,000 – sales with as rate of 5% VAT tax; p
- rovisions for VAT refund for the year ended 31 December 2013 amounting to PLN 405,000; p
- rovision for VAT for the years ended 31 December 2014-2016 amounting to PLN 221,000; and p
- rovision for compensations costs of early termination of the lease agreement of PLN 210,000. p

## 22. Financial instruments

The table below shows a comparison of the carrying amounts and fair values of all the Dominion Group's financial instruments that have been disclosed in the Dominion Group Financial Information at values other than fair value, broken down by categories of assets and liabilities.

For trade receivables, the Dominion Directors apply the simplified approach permitted by IFRS 9 "Financial Instruments", which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Financial liabilities are initially measured at fair value and subsequently measured at amortised cost.

	Year ended 31 December 2019		Classification of financial instrument
	Fair value	Book value	Measured at amortised cost
	PLN'000	PLN'000	PLN'000
Lease liabilities	18,446	18,446	18,446
<b>Non-current liabilities</b>	<b>18,446</b>	<b>18,446</b>	<b>18,446</b>

	Year ended 31 December 2018		Classification of financial instrument
	Fair value	Book value	Measured at amortised cost
	PLN'000	PLN'000	PLN'000
Borrowings	23,094	23,094	23,094
Lease liabilities	25,479	25,479	25,479
<b>Non-current liabilities</b>	<b>48,573</b>	<b>48,573</b>	<b>48,573</b>

	Year ended 31 December 2017		Classification of financial instrument	
	Fair value	Book value	Measured at amortised cost	
			Borrowings and receivables	Other book value
	PLN'000	PLN'000	PLN'000	PLN'000
Trade receivables	162	162	162	-
<b>Non-current assets</b>	<b>162</b>	<b>162</b>	<b>162</b>	<b>-</b>

	Year ended 31 December 2017		Classification of financial instrument
	Fair value	Book value	Measured at amortised cost
	PLN'000	PLN'000	PLN'000
Borrowings	18,884	18,884	18,884
Lease liabilities	31,200	31,200	31,200
<b>Non-current liabilities</b>	<b>50,084</b>	<b>50,084</b>	<b>50,084</b>

### 23. Financial risk management

The main financial instruments used by the Dominion Group include bank loans, financial lease agreements and lease agreements with purchase option, cash and short-term deposits. The main purpose of these financial instruments is to raise funds for the Dominion Group's operations. Dominion Group's also has other financial instruments, such as trade receivables and liabilities that arise directly in the course of its operations.

The principle applied by Dominion Group at present and throughout the period covered by this historical financial information is not to trade in financial instruments.

The main types of risk arising from the Dominion Group's financial instruments include interest rate risk, liquidity risk, currency risk and credit risk. Dominion Director's review and agree rules for managing each of these risks - these rules are briefly discussed below. Dominion Director's also monitor the risk of market prices relating to all of its financial instruments.

#### (a) Currency risk

Dominium Group's sales revenues include foreign sales, which are realised in Romanian Leu (RON). The volatility of fluctuations of the PLN against these currencies may adversely affect the pricing policy of products sold by the Dominion on foreign markets, which may lead to a decline in profitability on foreign sales.

See below for table on assets held in RON

	<i>Audited</i> As at 31 December 2017 PLN'000	<i>Audited</i> As at 31 December 2018 PLN'000	<i>Audited</i> As at 31 December 2019 PLN'000
Assets classified as assets held for sale (Note 30 "Discontinued operations")	2	2	12
Liabilities directly related to non-current assets classified as held for sale (Note 30 "Discontinued operations")	1,655	1,655	977
<b>Net liabilities</b>	<b>(1,653)</b>	<b>(1,653)</b>	<b>(965)</b>

#### (b) Market risk

Dominium Group estimated the potential changes in market risk as follows:

- 1% change in the PLN interest rate (increase or decrease in the interest rate);
- 1% change in the RON interest rate (increase or decrease in the interest rate);
- 1% change in the EUR interest rate (increase or decrease in the interest rate);
- 10% change in the PLN / RON exchange rate (increase or decrease in the interest rate); and
- 10% change in the PLN / EUR exchange rate (increase or decrease in the interest rate).

The above-established values were established on an annual basis.

#### Year ended 31 December 2019

	PLN'000	Interest rate risk gain/loss impact		Forex risk gain/loss impact	
		+1% in PLN +1% in RON	-1% in PLN -1% in RON	+10%	-10%
Trade Receivables	1,555	-	-	12	(12)
Cash at bank	755	8	(8)	-	-

Cash in hand	351	-	-	-	-
<b>Current assets</b>	<b>2,661</b>	<b>8</b>	<b>(8)</b>	<b>12</b>	<b>(12)</b>
<b>Financial assets before taxation</b>		<b>8</b>	<b>(8)</b>	<b>12</b>	<b>(12)</b>
Taxation (19%)		(2)	2	(2)	2
<b>Financial assets after taxation impact</b>		<b>6</b>	<b>(6)</b>	<b>10</b>	<b>(10)</b>
Borrowings	-	-	-	-	-
Lease liabilities	18,446	(184)	184	(877)	877
Trade liabilities	-	-	-	-	-
<b>Non-current liabilities</b>	<b>18,446</b>	<b>(184)</b>	<b>184</b>	<b>(877)</b>	<b>877</b>
Borrowings	25,273	(253)	253	(613)	613
Lease liabilities	7,347	(74)	74	(289)	289
Trade liabilities	8,109	-	-	-	-
<b>Current liabilities</b>	<b>40,729</b>	<b>(327)</b>	<b>327</b>	<b>(902)</b>	<b>902</b>
<b>Financial liabilities before taxation impact</b>		<b>(511)</b>	<b>511</b>	<b>(1,779)</b>	<b>1,779</b>
Taxation (19%)		97	(97)	338	(338)
<b>Financial liabilities after taxation impact</b>		<b>(414)</b>	<b>414</b>	<b>(1,441)</b>	<b>1,441</b>

	Year ended 31 December 2018	Interest rate risk gain/loss impact		Forex risk gain/loss impact	
		PLN'000	+1% in PLN +1% in RON	-1% in PLN -1% in RON	+10%
Trade Receivables	1,509	-	-	12	(12)
Cash at bank	521	5	(5)	1	(1)
Cash in hand	231	-	-	-	-
<b>Current assets</b>	<b>2,261</b>	<b>5</b>	<b>(5)</b>	<b>13</b>	<b>(13)</b>
<b>Financial assets before taxation</b>		<b>5</b>	<b>(5)</b>	<b>13</b>	<b>(13)</b>
Taxation (19%)		(1)	1	(2)	2
<b>Financial assets after taxation impact</b>		<b>4</b>	<b>(4)</b>	<b>11</b>	<b>(11)</b>
Borrowings	23,094	(231)	231	(457)	457
Lease liabilities	25,479	(255)	255	-	-
<b>Non-current liabilities</b>	<b>48,573</b>	<b>(486)</b>	<b>486</b>	<b>(457)</b>	<b>457</b>
Borrowings	1,222	(16)	16	-	-
Lease liabilities	7,632	(76)	76	-	-
Trade liabilities	8,331	-	-	(82)	82
<b>Current liabilities</b>	<b>17,185</b>	<b>(92)</b>	<b>92</b>	<b>(82)</b>	<b>82</b>
<b>Financial liabilities before taxation impact</b>		<b>(578)</b>	<b>578</b>	<b>(539)</b>	<b>539</b>
Taxation (19%)		110	(110)	102	(102)
<b>Financial liabilities after taxation impact</b>		<b>(468)</b>	<b>468</b>	<b>(437)</b>	<b>437</b>

	Year ended 31 December 2017	Interest rate risk gain/loss impact		Forex risk gain/loss impact	
		PLN'000	+1% in PLN +1% in RON	+1% in PLN +1% in RON	+10%
Trade Receivables	1,669	-	-	9	(9)
Cash at bank	1,232	12	(12)	8	(5)
Cash in hand	489	-	-	-	-
<b>Current assets</b>	<b>3,390</b>	<b>12</b>	<b>(12)</b>	<b>17</b>	<b>(14)</b>
<b>Financial assets before taxation</b>		<b>12</b>	<b>(12)</b>	<b>17</b>	<b>(14)</b>
Taxation (19%)		(2)	2	(3)	3
<b>Financial assets after taxation impact</b>		<b>10</b>	<b>(10)</b>	<b>14</b>	<b>(11)</b>
Borrowings	18,884	(189)	189	(35)	35
Lease liabilities	31,200	(312)	312	-	-
<b>Non-current liabilities</b>	<b>50,084</b>	<b>(501)</b>	<b>501</b>	<b>(35)</b>	<b>35</b>
Borrowings	1,360	(17)	17	-	-
Lease liabilities	7,153	(72)	72	-	-
Trade liabilities	8,488	-	-	(112)	112
<b>Current liabilities</b>	<b>17,001</b>	<b>(89)</b>	<b>89</b>	<b>(112)</b>	<b>112</b>
<b>Financial liabilities before taxation impact</b>		<b>(590)</b>	<b>590</b>	<b>(112)</b>	<b>112</b>
Taxation (19%)		112	(112)	21	(21)
<b>Financial liabilities after taxation impact</b>		<b>(478)</b>	<b>478</b>	<b>(91)</b>	<b>91</b>

### (c) Interest rate risk

The interest rate risk is the possibility of the occurrence of a negative impact of changes in interest rates on the financial condition of Dominion Group. The uncertainty of interest rates negatively influencing the macroeconomic situation significantly hinders the process of planning and making investment decisions. The environment of rising interest rates significantly complicates the preparation of a rational projection of the costs of financing business activities. This problem is particularly visible when preparing long-term investment projects, such as opening new restaurants.

Dominium Group finances and takes into account the possibility of further financing of the investments carried out with capital from loans or bank loans. In such a situation, the increase in interest rates translates into an increase in loan costs, therefore the Dominion Directors expect an increase in financial costs related to loan servicing.

The table below presents the carrying amount of the Dominion Group's financial instruments exposed to the interest rate risk, broken down by age category.

### Year ended 31 December 2019

	<1 year	2 years	3 years	4 years	5 years	>5 years	Total
<b>Fixed interest rate</b>							
Finance lease liabilities	7,350	5,819	4,418	3,866	4,340	-	25,793

Loan from related parties	25,273	-	-	-	-	-	25,273
<b>Total</b>	<b>32,623</b>	<b>5,819</b>	<b>4,418</b>	<b>3,866</b>	<b>4,340</b>	-	<b>51,063</b>

**Year ended 31 December  
2018**

<b>Fixed interest rate</b>	<b>&lt;1 year</b>	<b>2 years</b>	<b>3 years</b>	<b>4 years</b>	<b>5 years</b>	<b>&gt;5 years</b>	<b>Total</b>
Finance lease liabilities	7,634	25,423	48	6	-	-	33,111
Loan from related parties	1,222	23,094	-	-	-	-	24,316
<b>Total</b>	<b>8,856</b>	<b>48,517</b>	<b>48</b>	<b>6</b>	-	-	<b>57,427</b>

<b>Floating Interest rate interest rate</b>	<b>&lt;1 year</b>	<b>2 years</b>	<b>3 years</b>	<b>4 years</b>	<b>5 years</b>	<b>&gt;5 years</b>	<b>Total</b>
Overdraft	1,458	-	-	-	-	-	1,458
<b>Total</b>	<b>1,458</b>	-	-	-	-	-	<b>1,458</b>

**Year ended 31 December  
2017**

<b>Fixed interest rate</b>	<b>&lt;1 year</b>	<b>2 years</b>	<b>3 years</b>	<b>4 years</b>	<b>5 years</b>	<b>&gt;5 years</b>	<b>Total</b>
Finance lease liabilities	7,154	31,049	121	29	-	-	38,353
Loan from related parties	1,360	-	16,947	-	-	1,937	20,244
<b>Total</b>	<b>8,514</b>	<b>31,049</b>	<b>17,068</b>	<b>29</b>	-	<b>1,937</b>	<b>58,597</b>

<b>Floating Interest rate interest rate</b>	<b>&lt;1 year</b>	<b>2 years</b>	<b>3 years</b>	<b>4 years</b>	<b>5 years</b>	<b>&gt;5 years</b>	<b>Total</b>
Overdraft	1,650	-	-	-	-	-	1,650
<b>Total</b>	<b>1,650</b>	-	-	-	-	-	<b>1,650</b>

**Interest rates on borrowings**

<b>Financing entity</b>	<b>Currency</b>	<b>Interest rate</b>	<b>Termination date</b>
Raiffeisen bank polska S.A. *	PLN	WIBOR 1M +3.7%	30/06/2020
Malaccan Holdings	PLN	10.8% per year	31/12/2020
Malaccan Holdings	EUR	15% per year	30/12/2020
Malaccan Holdings	EUR	15% per year	30/12/2020
Malaccan Holdings	PLN	11% per year	31/12/2020
Malaccan Holdings	PLN	11% per year	01/01/2021
Malaccan Holdings	PLN	11% per year	31/12/2020
Malaccan Holdings	PLN	11% per year	31/12/2020
Malaccan Holdings	PLN	11% per year	31/12/2020
Malaccan Holdings	PLN	11% per year	31/12/2020

\* Security: Dominium Group has provided a registered pledge of assets up to the amount of PLN 12,450,000

(d) **Credit risk**

Dominium Group is exposed to credit risk understood as the risk that customers will not meet their obligations and thus cause Dominium Group to incur losses. The maximum exposure to credit risk is PLN 1,534,000 for 31 December 2019, PLN 1,509,000 for 31 December 2018 and PLN 1,831,000 for 31 December 2017 at the end of the reporting period and was estimated as the balance sheet value of financial receivables.

The Dominium Directors determine the Dominium Group's write-offs updating the value of overdue or impaired receivables by means of an individual risk analysis of non-payment. At the level of 100% of the nominal value of overdue receivables, write-offs are created for receivables overdue more than 365 days, unless there are reasons to suggest Dominium Group receiving the payment. For receivables less than 365 days old, the Dominium Directors create write-offs when they have information about a difficult financial situation at the Dominium Group's debtor.

The Dominium Directors consider the impact of the Dominium Group's expected credit loss model on its trade receivables not to be material to the Dominium Group Financial Information given the nature of the business. As a whole the Dominium Directors consider the non-payment of Dominium Group's trade receivables to be a low risk. The Dominium Group has recognised a receivables provision of PLN 704,000 as at 31 December 2018 and 31 December 2019 (see Note 15 "Trade and other receivables" to the Dominium Group Financial Information) in respect of a balance owed by a related company. This is considered an isolated occurrence as it relates to expenses incurred by Dominium Group on behalf of the related company.

**(e) Cash and cash equivalents**

The credit risk from its cash and cash equivalents is limited because the counter parties are banks with high credit ratings and have not experienced any losses in such accounts.

**(f) Trade receivables**

Trade receivables are due from customers and collectability is dependent on the financial condition of each individual company as well as the general economic conditions of the industry. The Dominium Directors review the financial condition of customers prior to extending credit and generally does not require collateral in support of Dominium Group's trade receivables. The majority of trade receivables are current and the Dominium Directors believe these receivables are collectible. Where there is an expectation that receivables are not collectible a provision is made as disclosed in Note 15 "Trade and other receivables" to the Dominium Group Financial Information.

	<b>Audited As at 31 December 2017 PLN'000</b>	<b>Audited As at 31 December 2018 PLN'000</b>	<b>Audited As at 31 December 2019 PLN'000</b>
Balance at 1 January	35	1,178	704
New provision in the year	1,159	-	-
Reversals	-	(474)	-
Used	(16)	-	-
<b>Total borrowings</b>	<b>1,178</b>	<b>704</b>	<b>704</b>

**(g) Liquidity risk**

The analysis of financial liabilities at intervals is presented below. The amounts presented represent undiscounted cash flows, which constitute Dominium Group's maximum exposure to risk.

Year ended 31 December 2019	Less than 3 months	3 -12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	<b>Total contractual cash flows</b>	<b>Audited Carrying amount</b>
Borrowings	47	25,226	-	-	-	<b>25,273</b>	<b>25,273</b>
Lease liabilities	2,627	6,846	8,271	8,684	5,042	<b>31,470</b>	<b>25,793</b>
Trade liabilities	4,284	176	-	-	-	<b>4,460</b>	<b>4,460</b>

Other financial liabilities	3,030	-	-	-	-	<b>3,030</b>	<b>3,030</b>
<b>Total</b>	<b>9,988</b>	<b>32,248</b>	<b>8,271</b>	<b>8,684</b>	<b>5,042</b>	<b>64,233</b>	<b>58,556</b>

Year ended 31 December 2018	Less than 3 months	3 -12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Audited Carrying amount
Borrowings	1,512	41	23,094	-	-	<b>24,647</b>	<b>24,316</b>
Lease liabilities	2,624	7,815	9,396	12,974	8,625	<b>41,434</b>	<b>33,111</b>
Trade liabilities	4,392	86	-	-	-	<b>4,478</b>	<b>4,478</b>
Other financial liabilities	2,529	-	-	-	-	<b>2,529</b>	<b>2,529</b>
<b>Total</b>	<b>11,057</b>	<b>7,942</b>	<b>32,490</b>	<b>12,974</b>	<b>8,625</b>	<b>73,088</b>	<b>64,434</b>

Year ended 31 December 2017	Less than 3 months	3 -12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Audited Carrying amount
Borrowings	1,691	-	-	16,947	1,937	<b>20,575</b>	<b>20,244</b>
Lease liabilities	2,636	7,942	10,363	17,486	12,019	<b>50,446</b>	<b>38,354</b>
Trade liabilities	4,882	-	-	-	-	<b>4,882</b>	<b>4,882</b>
Other financial liabilities	1,949	-	-	-	-	<b>1,949</b>	<b>1,949</b>
<b>Total</b>	<b>11,158</b>	<b>7,942</b>	<b>10,363</b>	<b>34,433</b>	<b>13,956</b>	<b>77,852</b>	<b>65,429</b>

The main creditor of the Dominion Group is the company which is its main shareholder, Malaccan Holdings, and liabilities to it constitute 92.2% of all interest-bearing liabilities of the Dominion Group.

In the opinion of the Dominion Directors, the current structure of debt financing secures the current needs of financing operating activities and the planned expansion of the Dominion Group's restaurant chain. Following the year end, the loan has been converted into a further unsecured facility with a maturity date three years from the date of issue (see Note 32 "Events after the balance sheet date" to the Dominion Group Financial Information).

#### 24. Capital management

The Dominion Directors manage Dominion Group's capital to maintain the ability for it to continue as a going concern, taking into account the implementation of planned investments, so that it can generate returns for shareholders and bring benefits to other stakeholders.

In line with market practice, the Dominion Directors monitor Dominion Group's capital, among others, on the basis of the equity ratio and the ratio of credits, loans and other sources of financing / EBITDA.

The equity ratio is calculated as the ratio of the net value of tangible assets (equity less intangible assets) to the balance sheet total.

The ratio of credits, loans and other sources of financing / EBITDA is calculated as the ratio of credits, loans and other sources of financing to EBITDA. Loans, borrowings and other sources of financing mean the total amount of liabilities for loans, borrowings and leasing, while EBITDA is the operating profit after adding depreciation.

	Year ended 31 December 2017 PLN'000	Year ended 31 December 2018 PLN'000	Year ended 31 December 2019 PLN'000
Shareholders funds	16,299	2,717	(3,194)
Minus: intangible assets	(30,245)	(28,208)	(26,146)
<b>Value of share capital after intangible assets deduction</b>	<b>(13,946)</b>	<b>(25,491)</b>	<b>(29,340)</b>
<b>Balance sheet total</b>	<b>91,344</b>	<b>76,701</b>	<b>62,566</b>
Share capital rate	-15%	-33%	-47%
Operating profit/(loss)	(9,432)	(4,167)	716
Plus: amortization and depreciation	14,376	14,238	15,202
<b>EBITDA</b>	<b>4,944</b>	<b>10,071</b>	<b>15,918</b>
<b>Borrowings</b>	<b>20,244</b>	<b>24,316</b>	<b>25,273</b>
<b>Rate: borrowings/EBITDA</b>	<b>4.1</b>	<b>2.4</b>	<b>1.6</b>

## 25. Contingencies and provisions

As at 31 December 2019, Dominium Group had contingent liabilities resulting from guarantees provided to landlords amounting to PLN 2,970,000 (2018: PLN 3,188,000, 2017: PLN 3,801,000). These amounts only become payable if Dominium Group does not meet its lease obligations.

## 26. Tax settlement

Tax settlements and other areas of activity that are subject to regulations (e.g. customs or foreign exchange matters) may be the subject of investigation by administrative authorities, who are authorised to impose high penalties and sanctions. The lack of reference to established legal regulations in Poland results in ambiguities and inconsistencies in the applicable provisions. Frequent differences in opinion with regard to the legal interpretation of tax regulations, both within state authorities and between state authorities and enterprises, create areas of uncertainty and conflicts. This leads to an increased tax risk in Poland than one that usually exists in countries with a more developed tax system.

Tax settlements may be inspected for a period of five years, starting from the end of the year in which the tax was paid. As a result of the inspections, the Dominium Group 's current tax settlements may be increased by additional tax liabilities.

In 2014, Dominium Group, in accordance with the received individual tax interpretation, corrected the VAT-7 and VAT-7D returns for 2008, 2009, 2010, 2011 and 2013. As a result of the submitted corrections, Dominium Group received VAT refunds for the years 2008, 2009, 2010 and 2011 of PLN 3,285,000. In January 2015, Dominium Group received a request from the Tax Office to correct the VAT received for 2010 and 2011. In 2015, Dominium Group corrected its declarations for 2010 and 2011 and returned the previously received VAT to the amount of PLN 1,689,000. As at 31 December 2015, Dominium Group created a provision for the return of VAT for 2013 of PLN 405,000.

In 2016, Dominium Group received a notification from the Tax Control Office about the intention to initiate a VAT inspection (sale of ready-made meals to go) for the years 2011, 2012, 2013, 2014, 2015 and for the period 1 January 2016 to 30 June 2016.

As a result of the above-mentioned inspection, Dominium Group was informed that it sold take-away meals at a 5% VAT rate. On 24 June 2016, the Minister of Finance issued a general ruling on the sale of take-away meals, Dominium Group should sell take-away meals with the VAT rate of 8%. In September 2016, Dominium Group received notification from the Tax Control Office of its intention to initiate VAT control proceedings regarding corrections to the 2011 VAT-7 declaration. As a result of the adjustments made, a tax arrears of PLN 1,037,000 arose on the part of Dominium Group.

Dominium Group applied to settle the arrears with the refunds of VAT surpluses arising in 2016. As a result of the above adjustments, the Tax Office did not refund Dominium Group the VAT refunds due for June, July and August 2016. The total value of the above-mentioned refunds amounted to PLN 691,000 was included in the VAT arrears for 2011.

In October 2016, Dominium Group made reverse corrections for 2011, taking the position that it was right to apply a 5% VAT rate on sales for the indicated period (Dominium Group has an individual interpretation and the opinion of experts confirming the classification of goods in grouping 10.85.1 PKWiU). In the Dominium Directors' opinion, the previously submitted corrections were not justified, as the appropriate rate that Dominium Group should apply for this type of sale is 5% VAT. As a result of the above adjustments to the VAT-7 declaration, Dominium Group applied for a VAT refund. In November 2016, the Tax Office initiated control proceedings regarding the correctness of the VAT settlement for 2011. Pursuant to the decision after the inspection, the Tax Office decided that Dominium Group incorrectly showed the sale of take-away meals with a 5% VAT rate and determined the Dominium Group's liability in the amount of PLN 1,005,000. In December 2016, Dominium Group submitted to the Tax Office reservations relating to the inspection report and appealed against the decision to the Tax Chamber in Warsaw. On 12 September 2017, Dominium Group received the decision of the Director of the Tax Administration Chamber, Warsaw on upholding the decision of the Head of the 2nd Masovian Tax Office in Warsaw. Dominium Group paid tax with interest and filed a complaint with the Provincial Administrative Court in Warsaw. On 10 August 2018, the Provincial Administrative Court in Warsaw dismissed the complaint against the decision of the Tax Administration Chamber in Warsaw.

On 17 September 2018, Dominium Group filed a cassation appeal to the Supreme Administrative Court in Warsaw against the judgment of the Provincial Administrative Court in Warsaw.

In October 2016, the Masovian Customs and Tax Office in Warsaw initiated a VAT inspection procedure (sale of take-away meals) for the period 2012, 2013, 2014, 2015 and 1 June 2016 to 30 June 2016.

In November 2017, Dominium Group received the decision from the Head of the Masovian Customs and Tax Office in Warsaw for 2012, in which he determined the VAT liability amounted to PLN 914,000. In December 2017, Dominium Group appealed against the decision to the Director of the Tax Administration Chamber in Warsaw.

On 15 June 2018, Dominium Group received the decision of the Director of the Tax Administration Chamber in Warsaw upholding the decision of the Masovian Customs and Tax Office in Warsaw. Dominium Group paid tax with interest amounting to PLN 1,366,000 and filed a complaint with the Provincial Administrative Court in Warsaw.

On 20 February 2019, the Provincial Administrative Court in Warsaw dismissed the complaint against the decision of the Tax Administration Chamber in Warsaw.

Dominium Group intends to file a cassation appeal to the Supreme Administrative Court in Warsaw against the judgment of the Provincial Administrative Court in Warsaw.

In February 2018, Dominium Group received the decision of the Head of the Masovian Customs and Tax Office in Warsaw for 2013, in which he determined the VAT liability amounted to PLN 839,000. In February 2018, Dominium Group appealed against the decision to the Director of the Tax Administration Chamber in Warsaw. In May 2018, Dominium Group received the decision of the Director of the Tax Administration Chamber in Warsaw upholding the decision of the Head of the Masovian Customs and Tax Office in Warsaw. Dominium paid tax with interest amounting to PLN 1,123,000 and filed a complaint with the Provincial Administrative Court in Warsaw.

On 30 January 2019, the Provincial Administrative Court in Warsaw dismissed the complaint against the decision of the Tax Administration Chamber in Warsaw.

Dominium Group intends to file a cassation appeal to the Supreme Administrative Court in Warsaw against the judgment of the Provincial Administrative Court in Warsaw.

In December 2018, Dominium Group received the decision of the Head of the Masovian Customs and Tax Office in Warsaw for 2014, in which they determined the VAT liability in the amount of PLN 906,000. In December 2018, Dominium appealed against the decision to the Director of the Tax Administration Chamber in Warsaw. Until the date of preparation of the Dominium Group Financial Information, Dominium Group has not received the decision of the Director of the Tax Administration

Chamber in Warsaw.

In February 2019, Dominium Group received a report from the Head of the Customs and Tax Office in Warsaw on the audit of VAT records for the period from January 2015 to June 2016, in which they determined the VAT liability in the amount of PLN 1,330,000 plus interest. In March 2019, Dominium Group submitted to the Masovian Customs and Tax Office in Warsaw reservations to the above-mentioned protocol. In June 2019, Dominium received the decision of the Head of the Masovian Customs and Tax Office in Warsaw for 2014 and in July 2019 Dominium appealed against the decision to the Director of the Tax Administration Chamber in Warsaw.

On 28 May 2020, Dominium Group received the decision of the Director of the Tax Administration Chamber in Warsaw upholding the decision of the Head of the Masovian Customs and Tax Office in Warsaw. On 8 June 2020, Dominium Group filed a complaint with the Provincial Administrative Court in Warsaw together with a request to suspend the execution of the challenged Decision pursuant to Art. 61 paragraph 3 of the PPSA, i.e. to be recognised directly by the Provincial Administrative Court.

As at 31 December 2019, Dominium Group created provisions for VAT with due interest as at the balance sheet date amounting to PLN 25,000 in respect of the year ended 31 December 2015 and PLN 34,000 in respect of the year ended 31 December 2016.

In Dominium Group's opinion, as at 31 December 31 2019, appropriate provisions were created for the identified and measurable tax risk.

## 27. Management board and Supervisory board remuneration

	<i>Audited</i> Year ended 31 December 2017 PLN'000	<i>Audited</i> Year ended 31 December 2018 PLN'000	<i>Audited</i> Year ended 31 December 2019 PLN'000
Short-term employee benefits (wages and salaries)	277	226	463
<b>The total amount of remuneration paid to the Management Board and Supervisory Board</b>	<b>277</b>	<b>226</b>	<b>463</b>
Management Board	277	226	463
Supervisory Board	-	-	-
<b>Total</b>	<b>277</b>	<b>226</b>	<b>463</b>

## 28. Related party transactions

The following table presents the total amounts of transactions concluded by Dominium Group with related entities for a given financial year (transactions between the companies forming Dominium Group were not included, as they were eliminated in the consolidation process):

### Year ending 31 December 2019

<b>Revenue from sales to related parties</b>	<b>Product sales (PLN'000)</b>
Other related entities	479

<b>Purchases from related parties</b>	<b>Purchase of services (PLN'000)</b>
Other related entities	1,073

### Year ending 31 December 2018

<b>Revenue from sales to related parties</b>	<b>Product sales (PLN'000)</b>
Other related entities	517

<b>Purchases from related parties</b>	<b>Purchase of services (PLN'000)</b>
related entities	219

**Year ending 31 December 2017****Revenue from sales to related parties****Product sales (PLN'000)**

Other related entities	531
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**Purchases from related parties****Purchase of services (PLN'000)**

Other related entities	113
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	<i>Audited</i> As at 31 December 2017 PLN'000	<i>Audited</i> As at 31 December 2018 PLN'000	<i>Audited</i> As at 31 December 2019 PLN'000
<b>Receivables from related parties</b>			
Controlling entity	92	120	174
Other related entities*	233	277	176
<b>Total</b>	<b>325</b>	<b>397</b>	<b>350</b>

	<i>Audited</i> As at 31 December 2017 PLN'000	<i>Audited</i> As at 31 December 2018 PLN'000	<i>Audited</i> As at 31 December 2019 PLN'000
<b>Liabilities to related parties</b>			
Controlling entity (Malaccan Holdings loan)	18,925	23,189	25,273
Other related entities*	27	-	-
<b>Total</b>	<b>18,952</b>	<b>23,189</b>	<b>25,273</b>

\*other entities are entities related personally to members of Management Board or Supervisory Board.

**29. Transactions with members of the Management Board and Supervisory Board**

In the reporting period, no loan was granted to any of the Dominion Directors.

	<i>Audited</i> Year ended 31 December 2017 PLN'000	<i>Audited</i> Year ended 31 December 2018 PLN'000	<i>Audited</i> Year ended 31 December 2019 PLN'000
Receivables from Dominion Tomasz Plebaniak	233	277	176
Liabilities to Dominion Tomasz Plebaniak	27	-	-
Sales to Dominum Tomasz Plebaniak (VAT not included)	531	517	479
Purchases reinvoced by Dominum Tomasz Plebaniak (VAT included)	41	183	479
Purchases and services for Dominion Group provided by Dominion Directors	72	36	36
Services provided by members of Dominion Directors	-	382	558
<b>Total</b>	<b>904</b>	<b>1,395</b>	<b>1,728</b>

**30. Discontinued operations**

Assets and liabilities related to assets held for sale relate to discontinued operations, ie assets and liabilities of the subsidiary Cantina Italia Sp. z o.o. in liquidation and Dominium Romania in bankruptcy.

Individual components of fixed and current assets as well as liabilities and provisions for liabilities, the statement of comprehensive income and the statement of cash flows are presented below.

	<i>Audited</i> Year ended 31 December 2017 PLN'000	<i>Audited</i> Year ended 31 December 2018 PLN'000	<i>Audited</i> Year ended 31 December 2019 PLN'000
Revenue	6,983	489	-
Costs of sales	(6,456)	(811)	(649)
<b>Gross profit/(loss)</b>	<b>527</b>	<b>(322)</b>	<b>(649)</b>
Other income	202	9	7
Other costs	(1,374)	(1,552)	-
Financial costs	(57)	(9)	-
<b>Operating loss</b>	<b>(702)</b>	<b>(1,874)</b>	<b>(642)</b>
<b>Discontinued operations loss before taxation</b>	<b>(702)</b>	<b>(1,874)</b>	<b>642</b>
Income tax	(179)	(10)	-
<b>Net loss at discontinued operations</b>	<b>(881)</b>	<b>(1,884)</b>	<b>(642)</b>

	<i>Audited</i> As at 31 December 2017 PLN'000	<i>Audited</i> As at 31 December 2018 PLN'000	<i>Audited</i> As at 31 December 2019 PLN'000
Assets	-	-	-
Intangible assets	-	-	-
Property, plant and equipment	-	-	-
Trade receivables	-	-	10
Cash and cash equivalents	2	2	2
<b>Fixed assets classified as assets held for sale</b>	<b>2</b>	<b>2</b>	<b>12</b>
Liabilities	-	-	-
Trade liabilities	1,324	1,324	617
Borrowings	331	331	360
<b>Liabilities directly related to non-current assets classified as held for sale</b>	<b>1,655</b>	<b>1,655</b>	<b>977</b>
<b>Discontinued operations net liabilities</b>	<b>1,653</b>	<b>1,653</b>	<b>965</b>

### 31. Ultimate controlling party

The parent company of Dominium Group is Dominium.

As at 31 December 2019, Malaccan Holdings owned 94.91 per cent. of ordinary shares in Dominium and, as such, was the ultimate controlling party of Dominium.

### 32. Events after the balance sheet date

#### Refinancing

Pursuant to the Shareholder Loan Agreements, all borrowings were due to be repaid on 31 December 2020. Due to the advanced stage of completion with regard to the Acquisition, Malaccan Holdings did not require the borrowings to be repaid and will be converted, pursuant to the Loan Note Instrument,

into a further unsecured facility issued to Malaccan Holdings in substitution for the outstanding debt. These new loans have a maturity date three years from the date of issue.

## **COVID-19**

Dominium Group provides catering services and is exposed to the operational and financial risks associated with the COVID-19 pandemic.

Dominium Group has felt a significant impact of the coronavirus on sales. In the period when all restaurants with eat-in sales were closed, the restaurants fulfilled orders for delivery and personal collection. Not all Dominium Group's restaurants carried out such sales. The Dominium Directors decided to minimise costs and a number of the Dominium Group's restaurants were completely closed for the period of lockdown. The delivery area of the closed restaurants was covered by deliveries from other premises. This allowed Dominium Group to reduce personnel costs as it was not necessary to employ as many staff members whilst retaining the custom of the customers of closed restaurants.

As a result of the loss of the ability to generate a significant part of revenues (eat-in sales), Dominium Group has reviewed the budget for the year ending 31 December 2020 and changes have been made to reflect the situation. As a result, the planned EBITDA for 2020 was reduced by 69 per cent.

During the period of limited eat-in sales, the Dominium Directors undertook increased marketing activities aimed at maximising delivery and take-out sales. As a result of these activities, Dominium Group recorded a significant increase in sales in delivery compared to the same period of the previous year – in March by 8.7 per cent., in April by 22.7 per cent., and in May by 35.7 per cent.

The Dominium Directors implemented a number of actions to minimise the above-mentioned risk. In addition to the above-mentioned complete closure of some of the premises, the Dominium Directors have taken immediate steps to reduce the rents for all premises, both those located "*on the street*" and in shopping centres, with a positive effect. The Dominium Directors continue to negotiate with landlords in order to obtain further rent reductions.

Furthermore, Dominium Group applied for co-financing of the costs of remuneration under Art. 15g and 15zzb of the anti-crisis shield. As at the date of preparation of the Dominium Group Financial Information, two applications for emergency funding have been made. Dominium Group received a grant in the amount of PLN 1,521,000, of which PLN 379,000 was reimbursed in accordance with the provisions of the Act. In August 2020, Dominium Group applied for further co-financing of the costs of remuneration under Art. 15gg of the anti-crisis shield and Dominium Group was entitled to receive further PLN 519,000 of grant. The Dominium Directors decided to reduce the salaries and reduce the working time of all employees by 20 per cent. In addition, there was a slight reduction in the part of jobs for people employed both under employment and mandate contracts.

Dominium Group employs workers from Ukraine. As at the date of the Dominium Group Financial Information, no risk of outflow of these employees was identified.

The costs of operating Dominium Group's Head Office were also reduced.

The Dominium Directors applied to ZUS to defer ZUS payments for February 2020, March 2020 and April 2020 which was approved, and an agreement was signed in this regard. At the date of writing Dominium Group has settled its deferred liabilities to ZUS for February 2020, March 2020 and April 2020.

In October 2020, Dominium Group applied to ZUS for instalment payment to ZUS for September 2020 and October 2020. As of the date of the Dominium Group Financial Information, Dominium Group received a positive decision to make monthly instalments to ZUS for September 2020.

The Dominium Directors applied to the Tax Office to defer the payment of PIT for the period March 2020 to May 2020 in accordance with the possibilities provided by the relevant regulation to Dominium Group. All liabilities resulting from this application have been paid as of the date of the Dominium Group Financial Information.

The Dominion Directors also entered into negotiations with financial institutions (bank, leasing companies) in order to suspend payments under the signed contracts. As a result, payments under the overdraft agreement with BNP Paribas Bank were suspended for a period of 3 months, with the simultaneous extension of the financing period, the bank also suspended the charging of fees for issued bank guarantees, and the leasing company suspended the collection of the principal part of leasing instalments for a period of 6 months, while extending the financing period.

In addition, the Dominion Directors entered into negotiations with its main supplier of the goods in order to postpone payments resulting from the invoices issued prior to the pandemic period. Dominion Group has a 45-day payment period, therefore, during the pandemic period, the invoices related to goods purchased during the period when the restaurants were fully operational were due. As a result of these negotiations, an agreement was signed to extend the payment deadline and to divide the amount outstanding of approximately PLN 450,000 into instalments.

Dominium Group has not filed any claims with its insurer regarding the impact of COVID-19 on its operations.

Dominium Group occupies its restaurant premises under lease agreements and commercial agreements for the delivery of goods to restaurants. At the moment, the Dominion Directors do not consider that there is a risk that the other parties to the agreements will benefit from force majeure provisions. The Dominion Directors are in constant contact with representatives of landlords and companies delivering goods.

The Dominion Directors consider the possibility that the Polish government will restore some or all of the restrictions, including limiting the number of customers in Dominion Group's restaurants, as well as the possibility of limiting eat-in sales. In order to mitigate the risk, the Dominion Directors have taken further steps to redirect as many sales as possible to deliveries. These steps include an increase in marketing activities and activities aimed at reducing delivery times.

As a result of all actions taken by the Dominion Directors, it is their view that the financial situation of Dominion Group is stable. Cash flow projections prepared by the Dominion Directors show positive cash flows in the subsequent period. Dominion Group is able to settle its short-term liabilities and intends to cover them with positive cash flows in the subsequent period.

**APPENDIX III**  
**UNAUDITED INTERIM FINANCIAL INFORMATION OF DOMINIUM GROUP**

**Consolidated statements of comprehensive income**

The unaudited consolidated interim statements of comprehensive income of Dominion Group for the six-month periods ended 30 June 2020 and 30 June 2019 are stated below:

	<i>Unaudited</i> Period ended 30 June 2019 PLN'000	<i>Unaudited</i> Period ended 30 June 2020 PLN'000
Revenue	40,134	33,778
Cost of sales	(34,259)	(31,871)
<b>Gross profit</b>	<b>5,875</b>	<b>1,907</b>
Distribution costs	(2,229)	(2,252)
Administrative expenses	(3,696)	(3,519)
Other income	387	1,181
Other operating costs	(634)	(482)
Net financial costs	(3,049)	(2,725)
<b>Loss before taxation</b>	<b>(3,346)</b>	<b>(5,890)</b>
Income tax	-	-
<b>Loss from continued operations</b>	<b>(3,346)</b>	<b>(5,890)</b>
<b>Discontinued operations</b>		
Loss for the period from discontinued operations	(321)	(54)
<b>Loss for the period</b>	<b>(3,667)</b>	<b>(5,944)</b>
<b>Other comprehensive income</b>		
Exchange rate differences arising on consolidation	(4)	-
<b>Total comprehensive loss for the period</b>	<b>(3,671)</b>	<b>(5,944)</b>
Loss attributable to:		
Equity holders of Dominion	(3,667)	(5,944)
	<b>(3,667)</b>	<b>(5,944)</b>
Comprehensive loss attributable to:		
Equity holders of Dominion	(3,671)	(5,944)
	<b>(3,671)</b>	<b>(5,944)</b>

**Consolidated statements of financial position**

The unaudited consolidated interim statements of financial position of Dominion Group as at 30 June 2020 and as at 30 June 2019 are stated below:

	<i>Unaudited</i> As at 30 June 2019 PLN'000	<i>Unaudited</i> As at 30 June 2020 PLN'000
<b>Assets</b>	<b>Note</b>	

Property, plant and equipment		12,921	7,816
Right-of-use assets		30,416	20,618
Intangible assets		27,141	25,217
Deferred tax assets		272	155
<b>Non-current assets</b>		<b>70,750</b>	<b>53,806</b>
Inventories		902	862
Trade and other receivables	7	2,517	2,883
Cash and cash equivalents		936	1,635
<b>Current assets</b>		<b>4,355</b>	<b>5,380</b>
<b>Total Assets</b>		<b>75,105</b>	<b>59,186</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital		8,060	8,060
Share premium		20,848	20,848
Other equity		10,565	10,565
Retained deficit		(38,089)	(48,615)
<b>Total equity</b>		<b>1,384</b>	<b>(9,142)</b>
Lease liabilities		23,803	18,233
Borrowings	8	23,951	-
Deferred tax liability		52	47
Trade and other payables	9	2,312	1,894
<b>Non-current liabilities</b>		<b>50,118</b>	<b>20,174</b>
Trade and other payables	9	11,055	10,562
Borrowings	8	1,183	27,575
Lease liabilities		7,522	7,298
Provisions		3,843	2,719
<b>Current liabilities</b>		<b>23,603</b>	<b>48,154</b>
<b>Total liabilities</b>		<b>73,721</b>	<b>68,328</b>
<b>Total liabilities and equity</b>		<b>75,105</b>	<b>59,186</b>

### Consolidated statements of changes in shareholders' equity

The unaudited consolidated interim statements of changes in shareholders' equity of Dominium Group for the six-month periods ended 30 June 2020 and 30 June 2019 are stated below:

	Share capital	Share premium	Other capital	Retained deficit	Total equity
	PLN'000	PLN'000	PLN'000	PLN'000	PLN'000
Balance as at 1 January 2019 ( <i>audited</i> )	8,060	20,848	10,569	(34,422)	5,055
Total comprehensive loss for the period	-	-	(4)	(3,667)	(3,671)
<b>Balance as at 30 June 2019 (<i>unaudited</i>)</b>	<b>8,060</b>	<b>20,848</b>	<b>10,565</b>	<b>(38,089)</b>	<b>1,384</b>

<b>Balance as at 1 January 2020</b> <i>(audited)</i>	<b>8,060</b>	<b>20,848</b>	<b>10,565</b>	<b>(42,671)</b>	<b>(3,198)</b>
Total comprehensive loss for the period	-	-	-	(5,944)	(5,944)
<b>Balance as at 30 June 2020</b> <i>(unaudited)</i>	<b>8,060</b>	<b>20,848</b>	<b>10,565</b>	<b>(48,615)</b>	<b>(9,142)</b>

### Consolidated statements of cash flows

The unaudited consolidated interim statements of cash flows of Dominion for the six-month periods ended 30 June 2020 and 30 June 2019 are stated below:

	<b>Unaudited Period ended 30 June 2019 PLN'000</b>	<b>Unaudited Period ended 30 June 2020 PLN'000</b>
<b>Cash flows from operating activities</b>		
Loss after taxation	(3,667)	(5,889)
Cash flow from operations reconciliation:		
Depreciation and amortization	7,281	6,790
Finance cost	2,831	2,690
Loss on investment activities	544	393
<u>Working capital adjustments:</u>		
Change in trade receivables	(226)	(625)
Change in inventories	(22)	192
Change in trade and other payables	(21)	1,033
Change in accruals	(11)	(215)
<b>Net cash provided by operating activities</b>	<b>6,709</b>	<b>4,369</b>
<b>Cash flows from investing activities</b>		
Sales of property, plant and equipment and intangibles	65	17
Purchase of property, plant and equipment and intangibles	(437)	(392)
<b>Net cash used in investing activities</b>	<b>(372)</b>	<b>(375)</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(275)	(70)
Proceeds from borrowings	-	878
Repayments of lease liabilities	(3,756)	(3,077)
Interest paid	(2,122)	(1,196)
<b>Net cash used in financing activities</b>	<b>(6,153)</b>	<b>(3,465)</b>
<b>Net increase in cash and cash equivalents</b>	<b>184</b>	<b>529</b>
<i>Cash and cash equivalents – beginning of the period</i>	<i>752</i>	<i>1,106</i>
<b>Cash and cash equivalents – end of the period</b>	<b>936</b>	<b>1,635</b>

### Notes to the Dominion Group Interim Financial Information

#### 1. General information

The Dominion Group consists of Dominion and its subsidiaries.

Dominium was incorporated on 2 January 2008 in Poland as a private company limited by shares under company number 0000295921. Dominion's registered office is located at 03-932 Warsaw, Dabrowiecka Street 30. Dominion Group's principal activities are production of food products and beverages and catering services.

## **2. Basis of preparation**

The Dominion Group Interim Financial Information has been prepared in accordance with IAS 34 *"Interim Financial Reporting"*. The Dominion Group Interim Financial Information is not Dominion Group's statutory financial statements and should be read in conjunction with Appendix II *"Historical Financial Information of Dominion Group"* of this announcement.

The Dominion Group Interim Financial Information is unaudited. In the opinion of the Dominion Directors, the Dominion Group Interim Financial Information presents fairly the financial position, and results from operations and cash flows for the period.

Unless otherwise stated, the Dominion Group Interim Financial Information is presented in PLN which is the currency of the primary economic environment in which Dominion Group operates, and all values are rounded to the nearest thousand PLN except where otherwise indicated.

The Dominion Group Interim Financial Information has been prepared under the historical cost convention except for certain financial and equity instruments that have been measured at fair value.

The Dominion Group Interim Financial Information has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. The Dominion Directors have prepared detailed financial projections covering the period ending 31 December 2022. These consider all reasonably foreseeable circumstances and include consideration of trading results, cash flows and the level of facilities that the Enlarged Group will require on a month-by-month basis. The financial projections incorporate the expected impact of COVID-19 and synergy savings resulting from the Acquisition.

As recorded in Note 32 "Events after the balance sheet date" to the Dominion Group Financial Information, set out in Appendix II "Historical Financial Information of Dominion Group" of this announcement. Dominion Group's borrowings which were due to be repaid on 31 December 2020 have been converted pursuant to Shareholder Loan Acquisition Agreements to a further unsecured facility issued to Malaccan Holdings in substitution for the outstanding debt. These new loans have a maturity date three years from the date of issue.

Based on their enquiries and the information available to them and considering the other risks and uncertainties set out herein, the Dominion Directors have a reasonable expectation that Dominion Group has adequate resources to continue operating for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the Dominion Group Interim Financial Information.

## **3. Accounting policies**

The principal accounting policies applied in preparation of the Dominion Group Interim Financial Information are the same as those used in the preparation of the Dominion Group Financial Information set out in Appendix II *"Historical Financial Information of Dominion Group"* of this announcement and have been consistently applied unless otherwise stated.

### **(a) IFRS 16 "Leases"**

For the purposes of the Dominion Group Interim Financial Information Dominion Group has adopted IFRS 16 *"Leases"* by applying the modified retrospective approach with effect from 1 January 2019. This treatment is consistent with Dominion Group's annual financial statements for the year ended 31 December 2019 and will be consistent with Dominion Group's next published set of annual financial statements for the year ending 31 December 2020.

#### 4. Significant accounting judgements, estimates and assumptions

The Dominion Directors have made the following judgments which may have a significant effect on the amounts recognised in the Dominion Group Interim Financial Information:

##### (a) Valuation of intangible assets

Intangible assets acquired in a separate transaction are initially measured at the purchase price or production cost. The purchase price of intangible assets acquired in a business combination is equal to their fair value as at the combination date. After initial recognition, intangible assets are recognised at purchase price or production cost less amortisation and impairment losses. Outlays on internally generated intangible assets, except for activated outlays incurred for development works, are not activated and are recognised in the costs of the period in which they were incurred.

The Dominion Directors determine whether the useful life of intangible assets is limited or indefinite. Intangible assets with a limited useful life are amortised over their useful lives and tested for impairment each time there are premises indicating their impairment. The period and method of amortisation of intangible assets with a limited useful life are verified at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of economic benefits from a given asset are recognised by changing the amortisation period or method, respectively, and treated as changes in estimated values. The amortisation charge for intangible assets with a limited useful life is recognised in the statement of comprehensive income in the category that corresponds to the function of the given intangible asset.

Intangible assets with an indefinite useful life and those that are not used are verified annually for impairment in relation to individual assets or at the level of the cash generating unit. In the case of other intangible assets, it is assessed each year whether there are any impairment indicators. Useful lives are also verified on an annual basis and, if necessary, adjusted with effect from the beginning of the financial year.

For further details regarding Intangible assets, see note 12 *"Intangible Assets"* to the Dominion Group Financial Information included in Appendix II *"Historical Financial Information of Dominion Group"* of this announcement.

##### (b) Tax settlements

For further details regarding tax settlements, see note 26 *"Tax settlement"* to the Dominion Group Financial Information included in Appendix II *"Historical Financial Information of Dominion Group"* of this announcement.

#### 5. Revenue

All revenues in the current and prior period were generated in Poland.

#### 6. Expenses by nature

	<i>Unaudited</i> Period ended 30 June 2019 PLN'000	<i>Unaudited</i> Period ended 30 June 2020 PLN'000
Depreciation and amortisation	7,281	6,790
Staff costs	12,897	10,980
Materials and consumables	11,655	10,287
External services	5,746	6,883
Taxes	167	151
Insurances	167	140
Other costs	2,589	2,380

	<i>Unaudited</i>	<i>Unaudited</i>
	<b>Period ended</b>	<b>Period ended</b>
	<b>30 June 2019</b>	<b>30 June 2020</b>
	<b>PLN'000</b>	<b>PLN'000</b>
<b>Staff costs</b>		
Wages and salaries	9,440	8,780
Payroll taxes	3,457	2,200
<b>Total staff costs</b>	<b>12,897</b>	<b>10,980</b>

## 7. Trade receivables

The majority of trade receivables are current and the Dominion Directors believe these receivables are collectible. The Dominion Directors consistently assess the collectability of these receivables. As at 30 June 2020, the Dominion Directors considered a portion of these receivables uncollectable and recorded a provision in the amount of PLN 704,000 (2019: PLN 704,000).

	<i>Unaudited</i>	<i>Unaudited</i>
	<b>As at</b>	<b>As at</b>
	<b>30 June 2019</b>	<b>30 June 2020</b>
	<b>PLN'000</b>	<b>PLN'000</b>
<b>Current receivables</b>		
Trade receivables	2,184	1,782
Guarantee deposits	223	354
Other financial receivables	69	74
Less provisions	(704)	(704)
Receivables from taxes, social and health insurance and other benefits	-	465
Prepayments	745	912
<b>Total current receivables</b>	<b>2,517</b>	<b>2,883</b>

## 8. Borrowings

The following table provides a reconciliation of Dominium Group's future maturities of its total borrowings for each of the periods presented:

Financing entity	Currency	Value	Value at 30 June 2020 (unaudited)		Interest rate	Termination date
			In local currency ('000)	in PLN'000		
Raiffeisen bank polska S.A. *	PLN	640	-	-	WIBOR 1M +3.7%	30/06/2020
Malaccan Holdings	EUR	600	825	3,523	15% per year	31/12/2020
Malaccan Holdings	EUR	300	386	1,647	15% per year	31/12/2020
Malaccan Holdings	EUR	300	337	1,440	15% per year	31/12/2020
Malaccan Holdings	EUR	200	202	888	15% per year	31/12/2020
Malaccan Holdings	PLN	18,152	-	18,390	10.8% per year	31/12/2020
Malaccan Holdings	PLN	400	-	226	11% per year	31/12/2020
Malaccan Holdings	PLN	400	-	564	11% per year	31/12/2020
Malaccan Holdings	PLN	100	-	4	11% per year	31/12/2020
Malaccan Holdings	PLN	100	-	3	11% per year	31/12/2020
Malaccan Holdings	PLN	300	-	380	11% per year	31/12/2020
Malaccan Holdings	PLN	450	-	510	11% per year	31/12/2020
<b>Total Borrowings</b>				<b>27,575</b>		

\*Security: Dominium Group has provided a registered pledge of assets up to the amount of PLN 12,450,000.z

Financing entity	Currency	Value	Value at 30 June 2019 (unaudited)		Interest rate	Termination date
			In local currency ('000)	in PLN'000		
Raiffeisen bank polska S.A. *	PLN	2 000	-	843	WIBOR 1M +3.7%	30/06/2020
UniCredit Bank S.A.	LEI	390	369	340	WIBOR 1M +3.2%	31/08/2017
Malaccan Holdings	PLN	18,153	-	17,440	10.8% per year	31/12/2020
Malaccan Holdings	EUR	600	716	3,082	15% per year	30/12/2020
Malaccan Holdings	EUR	300	300	1,440	11% per year	31/12/2020
Malaccan Holdings	PLN	400	-	352	11% per year	31/12/2020
Malaccan Holdings	PLN	400	-	534	11% per year	01/01/2021
Malaccan Holdings	PLN	100	-	131	11% per year	31/12/2020
Malaccan Holdings	PLN	100	-	128	11% per year	31/12/2020
Malaccan Holdings	PLN	300	-	360	11% per year	31/12/2020
Malaccan Holdings	PLN	450	-	484	11% per year	31/12/2020
Total Borrowings				25,134		

\* Security: Dominium Group has provided a registered pledge of assets up to the amount of PLN 12,450,000.

## 9. Other non-current and current liabilities

	<i>Unaudited</i>	<i>Unaudited</i>
	<b>As at</b>	<b>As at</b>
	<b>30 June 2019</b>	<b>30 June</b>
	<b>PLN'000</b>	<b>2020</b>
	<b>PLN'000</b>	<b>PLN'000</b>
<b>Non-current liabilities</b>		
Supplier incentives	2,312	1,894
<b>Total non-current liabilities</b>	<b>2,312</b>	<b>1,894</b>
<b>Current liabilities</b>		
Trade and other payables	6,506	6,584
Payroll liabilities	1,610	1,147
Other financial liabilities	479	273
Tax and social security liabilities	1,480	1,725
Supplier incentives	980	833
<b>Total current liabilities</b>	<b>11,055</b>	<b>10,562</b>
<b>Total liabilities</b>	<b>13,367</b>	<b>12,456</b>

## 10. Related party transactions

### Period ended 30 June 2020

	<b>Product sales PLN'000</b>
<b>Revenue from sales to related parties</b>	
Other related entities	405

	<b>Purchase of services PLN'000</b>
<b>Purchases from related parties</b>	
Other related entities	396

### Period ended 30 June 2019

	<b>Product sales PLN'000</b>
<b>Revenue from sales to related parties</b>	
Other related entities	181

	<b>Purchase of services PLN'000</b>
<b>Purchases from related parties</b>	
Other related entities	340

<b>Transactions with Management Board Members and Supervisory Board Members</b>	<b>Unaudited Period ended 30 June 2019 PLN'000</b>	<b>Unaudited Period ended 30 June 2020 PLN'000</b>
Receivables from Dominium Tomasz Plebaniak	312	64
Liabilities to Dominium Tomasz Plebaniak	-	120
Sales to Dominium Tomasz Plebaniak (VAT not included)	181	405
Purchases re-invoiced by Dominium Tomasz Plebaniak (VAT included)	125	150
Purchases and services to Dominium Group provided by members of Supervisory Board	18	18
Services provided to Dominium Group by members of Management Board	187	228

## 11. Ultimate controlling party

The parent company of Dominium Group is Dominium.

As at 30 June 2020, Malaccan Holdings owned 94.91% of the ordinary shares in Dominium. As such, Malaccan Holdings is the ultimate controlling party of Dominium and Dominium Group

## 12. Events after the balance sheet date

### **Refinancing**

Pursuant to the Shareholder Loan Agreements, all borrowings were due to be repaid on 31 December 2020. Due to the advanced stage of completion with regard to the Acquisition, Malaccan Holdings did not require the borrowings to be repaid and will be converted, pursuant to the Loan Note Instrument, into a further unsecured facility issued to Malaccan Holdings in substitution for the outstanding debt. These new loans have a maturity date three years from the date of issue.

### **Tax assessment payment**

Between 30 June 2020 and 30 November 2020, Dominium Group paid PLN 831,702 in cash in respect of the provisions for VAT payable for the years ended 31 December 2015 and 31 December

2016 included within "other provisions" in Note 21 "Provisions" and the tax settlement set out in Note 26 "Tax settlement" to the Dominion Group Historical Financial Information. In addition to the actual cash paid of PLN 831,702, VAT recoverable of PLN 473,384 has arisen between August 2020 and October 2020 from Dominion Group's normal course of business. Dominion Group has requested that this additional amount be offset against the same VAT payable provisions.

### **COVID-19**

Dominium Group provides catering services and is exposed to the continuing operational and financial risks associated with the COVID-19 pandemic.

The Dominion Directors consider the possibility that the Polish government will restore some or all of the restrictions, including limiting the number of customers in Dominion Group's restaurants, as well as the possibility of limiting eat-in sales. In order to mitigate the risk, the Dominion Directors have taken further steps to redirect as many sales as possible to deliveries. These steps include an increase in marketing activities and activities aimed at reducing delivery times.

As a result of all actions taken by the Dominion Directors, it is their view that the financial situation of Dominion Group is stable.

### **13. Nature of the Dominion Group Interim Financial Information**

The Dominion Group Interim Financial Information presented above does not constitute statutory financial statements for the periods under review.

## **APPENDIX IV**

### **UNAUDITED PRO FORMA POST-SYNERGY RESULTS OF THE ENLARGED GROUP**

There are a number of cost savings which are expected to arise from the Acquisition, as well as the potential to optimise processes and benefits from economies of scale which are driven by an enlarged business.

The Directors expect to realise the following synergies:

#### **Procurement savings (*food costs and utilities*)**

The rationale underlying this category of cost synergy lies in the following three principal assumptions:

- that currently, DPP Group and Dominium Group have independent trade supplier networks, each with differing rates and cost structures. The Directors have assumed that post-Acquisition, food purchases and utilities will be sourced from those suppliers providing the lowest rates from within the current supplier pool. As such, cost savings will be realised;
- that the Enlarged Group will also benefit from economies of scale from its condensed supply chain. At present, the DPP Group and Dominium Group use a different supply chain to each other with respect to ingredients and food stuffs as well as utilities. By pooling purchase orders for the Enlarged Group, the Directors have assumed that new supply terms can be negotiated from the chosen supplier lists and that such terms will improve upon those currently available to each of DPP Group and Dominium Group individually; and
- that Dominium Group currently sources frozen pizza dough from a third party supplier, whilst DPP Group currently produces its own fresh dough at its commissary facilities in Łódź and Warsaw. Post-Acquisition, the Directors are projecting that substantial majority of the Enlarged Group's combined pizza dough requirement will be made fresh at the DPP Commissaries, thereby generating a cost saving. Only speciality doughs, for example gluten-free and thin crust, will be sourced externally.

Considering that all production of pizza dough and ingredient procurement will be migrated to DPP Group's commissary facility post-Acquisition, it is expected that the fixed operating costs at the facility will increase due to the increased throughput.

#### **Optimisation program (*administrative expenses*)**

The Directors intend to undertake a head office optimisation program. They have assumed that the synergies will be achieved in a phased manner, but within six months post-Acquisition. By way of examples:

- DPP Group operates from head offices in Warsaw, on which the current lease is due to expire in July 2021. The Directors intend to relocate staff from these premises to Dominium Group's head office;
- The Directors believe that the Enlarged Group will be capable of being run by a smaller head office team than the aggregation of the existing DPP Group and Dominium Group head office teams. The Directors have assumed that operating from single premises post-Acquisition will enable the Enlarged Group to be run more cost efficiently compared to the current status;
- Dominium Group operates a different accounting system from DPP Group. Post-Acquisition, all transactions will be passed through the DPP Group accounting system, thereby saving payroll, IT hardware and IT software costs; and
- certain Dominium Directors' costs will cease post-Acquisition.

## **Marketing savings**

At present, both DPP Group and Dominion Group incur marketing expenditure separately, as independent entities. Post-Acquisition, such expenditure can be consolidated and savings realised.

## **Call centre savings**

Recently, more and more of Dominion Group's customers have been ordering pizzas through Dominion's mobile app and website. This has already resulted in reduced call centre costs at Dominion Group.

Currently, DPP Group does not operate a mobile app. Rather, most pizza orders are taken through DPP Group's website, with the balance taken through DPP Group's call centre. Post-Acquisition, Dominion Group's mobile app will be converted into a DPP Group mobile app which will add a further online sales channel. The Directors have assumed that the current trend of Dominion Group's customer orders migrating from the call centre to online platforms will continue and may even accelerate. That said, the call centre option will still be needed, albeit with a reduced capacity than currently exists. Should less activity be put through the call centre, operations can be scaled back with a consequential cost saving in rent, salaries and utilities.

## **Delivery savings**

DPP Group and Dominion Group currently deliver orders independently of each other. DPP Group delivers its pizzas through its own in-house drivers and fleet of scooters and vans, whilst Dominion Group uses a combination of its own drivers and scooters and third party suppliers to deliver its pizzas. The Directors have assumed that post-Acquisition, all deliveries will be undertaken by the integrated in-house delivery team comprising delivery staff from both organisations. Naturally, additional drivers will need to be employed and additional vans and scooters purchased. However, these incremental costs are expected to be much lower than the current third party costs charged. This cost-saving synergy is a combination of:

- integrating DPP Group's and Dominion Group's delivery drivers and scooters to optimise capacity utilisation, reducing idle time;
- delivering orders from the nearest store, irrespective of whether it is a DPP Group store or a Dominion Group store;
- in selected cases, consolidating production and delivery through the more efficient stores;
- optimising delivery bundles, for example including more than one order per trip; and
- optimising delivery times.

## **Store closures**

The Directors have assessed each DPP Group and Dominion Group store as to its profitability. Following this exercise, certain loss-making stores have been identified for closure. Such closures will decrease revenues but will increase gross profit. As the Enlarged Group will operate under a single brand, the Directors will also seek to reduce duplicated presence where it is not economically viable.

In addition, the Directors have identified that trade migration from certain of the stores identified for closure to nearby stores within the Enlarged Group's portfolio is possible.

## **Franchise buy-outs**

The Directors have undertaken a strategic review of the DPP Group stores, the Dominion Group stores and the effects that franchise stores are having on the Enlarged Group's store portfolios' trade and prospects. Following this review, the Directors have identified opportunities to selectively purchase and / or shut down certain franchise stores. The rationale for such purchases and / or

shutdowns is to take advantage of growth opportunity in a geographic location which is currently restricted by the existence of a franchise store, or to de-duplicate presence in instances, where a franchise store is located closely to a Dominion store. These assumed franchise buy-outs are not contracted and formal negotiations have yet to commence with the franchisees. Should the franchisees opt not to sell, these stores will continue to operate in their current format.

### Pro forma synergy financial information

The following unaudited, consolidated pro forma financial information has been prepared for illustrative purposes only, to provide information about how synergies identified by the Directors as a result of the Acquisition might have affected the trading results of DPP Group and Dominion Group for the year ended 31 December 2019 (the “**Synergy Financial Information**”).

The results of DPP Group have been extracted, without adjustment, from the DPP Group Financial Information.

The results of Dominion Group have been extracted from the Dominion Group Financial Information included in Appendix II “*Historical Financial Information of Dominion Group*” of this announcement, translated into £ at the rate of £1 to PLN 4.98614, and adjusted as follows:

- depreciation, amortisation and impairment charges have been reclassified from “*Direct costs*”, “*Selling costs*” and “*Administrative expenses*” to “*Depreciation, amortisation and impairment*” to present the EBITDA figure for Dominion Group;
- “*other income*” and “*other operating costs*” have been reclassified to “*Other non-cash and non-recurring items*” to enable a comparable presentation to the DPP Group Financial Information; and
- the pro forma aggregate annual post-tax effect of the synergies identified is to decrease the loss after tax by £2,730,000 during the year ended 31 December 2019. Of this amount, £1,365,000 can be substantiated and £1,365,000 relate to the Directors’ reasonable estimates, based upon their commercial assessments.

£'000	<i>DPP Group Year ended 31 December 2019</i>	<i>Dominium Group Year ended 31 December 2019</i>	<b>Enlarged Group Year ended 31 December 2019</b>	<b><i>Adjustment Synergies (Note 1)</i></b>	<b>Pro forma results</b>
Revenue	14,007	17,035	31,042	(181)	30,861
Direct costs	(11,820)	(11,371)	(23,191)	1,057	(22,134)
Selling, general and administrative expenses	(2,606)	(2,215)	(4,821)	1,854	(2,967)
<b>EBITDA</b>	<b>(419)</b>	<b>3,449</b>	<b>3,030</b>	<b>2,730</b>	<b>5,760</b>
Store pre-opening expenses	(54)	-	(54)	-	(54)
Other non-cash and non-recurring items	(190)	(138)	(328)	-	(328)
Finance income	160	44	204	-	204
Finance costs	(600)	(1,222)	(1,822)	-	(1,822)
Foreign exchange losses	(11)	-	(11)	-	(11)
Depreciation, amortisation and impairment	(2,247)	(3,167)	(5,414)	-	(5,414)
Share-based payments	(151)	-	(151)	-	(151)
<b>Income before taxation</b>	<b>(3,512)</b>	<b>(1,034)</b>	<b>(4,546)</b>	<b>2,730</b>	<b>(1,816)</b>
Taxation	-	(22)	(22)	-	(22)
<b>(Loss)/income after taxation</b>	<b>(3,512)</b>	<b>(1,056)</b>	<b>(4,568)</b>	<b>2,730</b>	<b>(1,838)</b>

Other comprehensive loss	-	(129)	(129)	-	(129)
<b>Total comprehensive (loss)/income</b>	<b>(3,512)</b>	<b>(1,185)</b>	<b>(4,697)</b>	<b>2,730</b>	<b>(1,967)</b>

### Note 1

The adjustment represents the aggregate financial effects of the following synergies:

	<i>£'000</i>
<b>Revenue</b>	
Store closures (Note 2)	(766)
Franchise buy-outs (Note 2)	585
<b>Direct costs</b>	
Store closures (Note 2)	1,135
Franchise buy-outs (Note 2)	(476)
Procurement savings on food costs	478
Procurement savings on utilities	28
Additional DPP Group commissary costs	(108)
<b>Selling, general and administrative expenses</b>	
Franchise buy-outs (Note 2)	171
Three-phase optimisation program with respect to administrative expenses	542
Savings from discontinued Dominion Group founders' costs	60
Marketing savings	201
Call centre savings	178
Delivery savings	702

### Note 2

The aggregate financial effects of the store closure and franchise buy-out synergies can also be presented under the following:

	<i>£'000</i>
Closure of loss making stores	188
Closure of profitable stores	(73)
Trade migration (from store closures and franchise buy-outs)	351
Franchise buy-outs	240
Lost trade from franchise buy-outs	(57)

	Unaudited Company As at 30 June 2020 (Note 1) £'000	Adjustment Dominium Group adjustment (Note 2) £'000	Adjustment Acquisition and consolidation adjustments (Note 3) £'000	Adjustment Issue of Placing Shares and Subscription Shares and settlement of costs (Note 4) £'000	Unaudited pro forma net assets as at 30 June 2020 £'000
Intangible assets	521	5,100	-	-	5,621
Property, plant and equipment	5,678	1,599	-	-	7,277
Right-of-use assets	5,576	4,219	-	-	9,795
Trade and other receivables	1,719	-	-	-	1,719
Leases	515	-	-	-	515
Deferred tax assets	-	32	-	-	32
<b>Non-current assets</b>	<b>14,009</b>	<b>11,010</b>	-	-	25,019
Inventories	365	176	-	-	541
Trade and other receivables	2,288	590	-	-	2,878
Leases	71	-	-	-	71
Cash and cash equivalents	2,688	335	-	2,393	5,416

**APPENDIX V**  
**UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE ENLARGED GROUP**

<b>Current assets</b>	<b>5,412</b>	<b>1,101</b>	-	2,393	8,906
<b>TOTAL ASSETS</b>	<b>19,421</b>	<b>12,111</b>	-	2,393	33,925
Trade and other payables	(1,976)	(2,161)	-	-	(4,137)
Borrowings	(69)	(5,643)	(1,187)	-	(6,899)
Leases	(1,055)	(1,493)	-	-	(2,548)
Provisions	(14)	(556)	-	-	(570)
<b>Current liabilities</b>	<b>(3,114)</b>	<b>(9,853)</b>	<b>(1,187)</b>	-	(14,154)
Leases	(6,084)	(3,731)	-	-	(9,815)
Borrowings	(53)	-	-	-	(53)
Deferred tax liabilities	-	(10)	-	-	(10)
Trade and other payables	-	(388)	-	-	(388)
<b>Non-current liabilities</b>	<b>(6,137)</b>	<b>(4,129)</b>	-	-	(10,266)
<b>TOTAL LIABILITIES</b>	<b>(9,251)</b>	<b>(13,982)</b>	<b>(1,187)</b>	-	(24,420)
<b>NET ASSETS/(LIABILITIES)</b>	<b>10,170</b>	<b>(1,871)</b>	<b>(1,187)</b>	2,393	9,505

#### Notes

- The financial information relating to DPP Group Company has been extracted without adjustment from DPP Group's unaudited interim financial information for the six months ended 30 June 2020.
- The financial information relating to Dominion Group has been extracted without adjustment from the Dominion Group Interim Financial Information set out in Appendix III "Unaudited Interim Financial Information of Dominion Group" of this announcement and translated from PLN to £ at the rate of £1 to PLN 4.887 as follows:

	<b>Unaudited Dominion Group As at 30 June 2020 PLN'000</b>	<b>Adjustment Dominion Group As at 30 June 2020 £'000</b>
Intangible assets	25,217	5,160
Property, plant and equipment	7,816	1,599
Right-of-use assets	20,618	4,219
Deferred tax assets	155	32
<b>Non-current assets</b>	<b>53,806</b>	<b>11,010</b>
Inventories	862	176
Trade and other receivables	2,883	590
Cash and cash equivalents	1,635	335
<b>Current assets</b>	<b>5,380</b>	<b>1,101</b>
<b>Total assets</b>	<b>59,186</b>	<b>12,111</b>
Trade and other payables	(10,562)	(2,161)
Borrowings	(27,575)	(5,643)
Leases	(7,298)	(1,493)
Provisions	(2,719)	(556)
<b>Current liabilities</b>	<b>(48,154)</b>	<b>(9,853)</b>
Leases	(18,233)	(3,731)
Deferred tax liabilities	(47)	(10)
Trade and other payables	(1,894)	(388)
<b>Non-current liabilities</b>	<b>(20,174)</b>	<b>(4,128)</b>
<b>Total liabilities</b>	<b>(68,328)</b>	<b>(13,982)</b>
<b>Net liabilities</b>	<b>(9,142)</b>	<b>(1,871)</b>

- The adjustment represents the Acquisition by the Company of the entire issued share capital of Dominion, satisfied by the issue of the 283,766,661 Consideration Shares at the Issue Price, and additional borrowings of PLN 5,800,000 (or £1,187,000 at £1 to

PLN 4.887). In accordance with IFRS, £1,419,000 has been allocated to share capital and £21,282,000 to share premium within "equity" and £1,187,000 as an increase to borrowings within "current liabilities".

4. The adjustment of £2,393,000 to cash and cash equivalents represents the aggregate proceeds from the issue of the Placing Shares and the Subscription Shares of £3,500,000, less settlement of the associated costs of £1,107,000.
5. The Pro Forma Financial Information does not reflect any changes in the trading positions of either DPP Group or Dominion Group, additional or subsequent acquisitions, or any other changes arising from other transactions since 30 June 2020.

## APPENDIX VI

### TERMS AND CONDITIONS OF THE PLACING

#### IMPORTANT INFORMATION ON THE PLACING FOR INVITED PLACEES ONLY

#### MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING.

THIS ANNOUNCEMENT AND THE APPENDICES (INCLUDING THE TERMS AND CONDITIONS SET OUT HEREIN (TOGETHER THIS “**ANNOUNCEMENT**”) (WHICH IS FOR INFORMATION PURPOSES ONLY) ARE DIRECTED ONLY AT: (A) PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA (THE “**EEA**”) WHO ARE QUALIFIED INVESTORS WITHIN THE MEANING OF ARTICLE 2(1)(E) OF DIRECTIVE 2003/71/EC, AS AMENDED FROM TIME TO TIME, INCLUDING BY DIRECTIVE 2010/73/EC TO THE EXTENT IMPLEMENTED IN THE RELEVANT MEMBER STATE AND INCLUDES ANY RELEVANT IMPLEMENTING DIRECTIVE MEASURE IN ANY MEMBER STATE (THE “**PROSPECTUS DIRECTIVE**”) (“**QUALIFIED INVESTORS**”); AND (B) IN THE UNITED KINGDOM, QUALIFIED INVESTORS WHO ARE PERSONS WHO (I) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS WHO FALL WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 AS AMENDED (THE “**ORDER**”) (INVESTMENT PROFESSIONALS); (II) PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) (HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC) OF THE ORDER; OR (III) ARE PERSONS TO WHOM IT MAY OTHERWISE BE LAWFULLY COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “**RELEVANT PERSONS**”).

NEITHER THIS ANNOUNCEMENT NOR THE INFORMATION IN IT MUST BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. PERSONS DISTRIBUTING THIS ANNOUNCEMENT MUST SATISFY THEMSELVES THAT IT IS LAWFUL TO DO SO. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS ANNOUNCEMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. THIS ANNOUNCEMENT DOES NOT ITSELF CONSTITUTE AN OFFER FOR THE SALE OR SUBSCRIPTION OR A SOLICITATION OF AN OFFER TO BUY OR ACQUIRE OF ANY SECURITIES IN THE COMPANY IN THE UNITED STATES OR ELSEWHERE.

THE PLACING SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE “**US SECURITIES ACT**”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR JURISDICTION OF THE UNITED STATES OR UNDER ANY SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, RESOLD, PLEDGED, TRANSFERRED OR DELIVERED, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES EXCEPT PURSUANT TO AN APPLICABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT, IN EACH CASE, AND IN COMPLIANCE WITH THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE PLACING SHARES ARE BEING OFFERED AND SOLD ONLY (I) OUTSIDE OF THE UNITED STATES IN ACCORDANCE WITH REGULATIONS UNDER THE US SECURITIES ACT AND OTHERWISE IN ACCORDANCE WITH APPLICABLE LAWS AND; (II) IN THE UNITED STATES TO A LIMITED NUMBER OF “QUALIFIED INSTITUTIONAL BUYERS” AS DEFINED IN RULE 144A UNDER THE US SECURITIES ACT; OR (III) OTHERWISE PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT. ANY OFFER OR SALE OF PLACING SHARES IN THE UNITED STATES WILL BE MADE ONLY BY BROKER-DEALERS WHO ARE REGISTERED AS SUCH UNDER THE U.S. EXCHANGE ACT OF 1934, AS AMENDED. THERE WILL BE NO PUBLIC OFFER OF THE SECURITIES MENTIONED HEREIN

IN THE UNITED STATES. THIS ANNOUNCEMENT AND THE INFORMATION CONTAINED HEREIN IS RESTRICTED AND IS NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO OR FROM THE UNITED STATES, AUSTRALIA, CANADA, JAPAN, NEW ZEALAND, THE REPUBLIC OF SOUTH AFRICA OR ANY OTHER JURISDICTION IN WHICH SUCH RELEASE PUBLICATION OR DISTRIBUTION WOULD BE UNLAWFUL (THE “**RESTRICTED JURISDICTIONS**”). NO PUBLIC OFFERING OF THE PLACING SHARES IS BEING MADE IN THE UNITED STATES, THE UNITED KINGDOM OR ELSEWHERE WHERE SUCH OFFERING WOULD BE UNLAWFUL.

EACH PLACEE SHOULD CONSULT WITH ITS OWN ADVISORS AS TO LEGAL, TAX, BUSINESS AND RELATED ASPECTS OF A PURCHASE OF PLACING SHARES.

The Placing Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or other regulatory authority in the United States nor have any of the foregoing authorities passed upon or endorsed the merits of the Placing or the accuracy or adequacy of this Announcement. Any representation to the contrary is a criminal offence in the United States. The relevant clearances have not been, nor will they be, obtained from the securities commission of any province or territory of Canada, no prospectus has been lodged with, or registered by, the Australian Securities and Investments Commission or the Japanese Ministry of Finance; the relevant clearances have not been, and will not be, obtained for the South Africa Reserve Bank or any other applicable body in the Republic of South Africa in relation to the Placing Shares and the Placing Shares have not been, nor will they be registered under or offered in compliance with the securities laws of any state, province or territory of Australia, Canada, Japan or the Republic of South Africa. Accordingly, the Placing Shares may not (unless an exemption under the relevant securities laws is applicable) be offered, sold, resold or delivered, directly or indirectly, in or into Australia, Canada, Japan or the Republic of South Africa or any other jurisdiction outside the EEA.

Persons (including without limitation, nominees and trustees) who have a contractual right or other legal obligations to forward a copy of this Announcement should seek appropriate advice before taking any action.

This Announcement should be read in its entirety. In particular, any Placee should read and understand the information provided in the “Important Notice” section of this Announcement.

By participating in the Bookbuild and the Placing, each Placee will be deemed to have read and understood this Announcement in its entirety, to be participating, making an offer and acquiring Placing Shares on the terms and conditions contained herein and to be providing the representations, warranties, indemnities, acknowledgements and undertakings contained herein.

In particular, each such Placee represents, warrants, undertakes, agrees and acknowledges (amongst other things) that:

1. it is a Relevant Person and undertakes that it will acquire, hold, manage or dispose of any Placing Shares that are allocated to it for the purposes of its business;
2. in the case of a Relevant Person in the United Kingdom or a member state of the EEA which has implemented the Prospectus Directive (each, a “**Relevant Member State**”) who acquires any Placing Shares pursuant to the Placing:
  - (a) it is a Qualified Investor within the meaning of Article 2(1)(e) of the Prospectus Directive; and
  - (b) in the case of any Placing Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive:
    - (i) the Placing Shares acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than Qualified Investors or in circumstances in which the prior consent of N+1 Singer has been given to the offer or resale;

- (ii) where Placing Shares have been acquired by it on behalf of persons in any Relevant Member State other than Qualified Investors, the offer of those Placing Shares to it is not treated under the Prospectus Directive as having been made to such persons;
- 3. it is acquiring the Placing Shares for its own account or is acquiring the Placing Shares for an account with respect to which it exercises sole investment discretion and has the authority to make and does make the representations, warranties, indemnities, acknowledgements, undertakings and agreements contained herein;
- 4. it understands (or if acting for the account of another person, such person has confirmed that such person understands) the resale and transfer restrictions set out in this Announcement; and
- 5. except as otherwise permitted by the Company and subject to any available exemptions from applicable securities laws, it (and any account referred to in paragraph 4 above) is either:
  - (a) outside the United States acquiring the Placing Shares in offshore transactions as defined in, and in accordance with, Regulation S under the US Securities Act; or
  - (b) a “qualified institutional buyer” as defined in Rule 144A under the US Securities Act (a “**QIB**”).

### **No prospectus**

The Placing Shares are being offered to a limited number of specifically invited persons only and will not be offered in such a way as to require any prospectus or other offering document to be published. No prospectus or other offering document has been or will be submitted to be approved by the FCA in relation to the Placing or the Placing Shares and Placees’ commitments will be made solely on the basis of their own assessment of the Company, the Placing Shares and the Placing based on the information contained in this Announcement, the announcement of the results of the Placing (the “**Result of Placing Announcement**”) and the Re-Admission Document (together, the “**Placing Documents**”) and any information publicly announced through a regulatory information service (“**RIS**”) by or on behalf of the Company on or prior to the date of this Announcement (the “**Publicly Available Information**”) and subject to any further terms set forth in the trade confirmation sent to Placees.

Each Placee, by participating in the Placing, agrees that the content of the Placing Documents is exclusively the responsibility of the Company and confirms that it has neither received nor relied on any information (other than the Publicly Available Information), representation, warranty or statement made by or on behalf of N+1 Singer or the Company or any other person and none of N+1 Singer, the Company nor any other person acting on such person’s behalf nor any of their respective affiliates has or shall have any responsibility or liability for any Placee’s decision to participate in the Placing based on any other information, representation, warranty or statement (regardless of whether or not such information, representation, warranty or statement was given or made by or on behalf of any such persons). Each Placee acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing. No Placee should consider any information in this Announcement to be legal, tax or business advice. Each Placee should consult its own attorney, tax advisor and business advisor for legal, tax and business advice regarding an investment in the Placing Shares. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation.

### **Details of the Placing Agreement and the Placing Shares**

N+1 Singer is acting as sole bookrunner in connection with the Placing and has entered into the Placing Agreement with, amongst others, the Company and the Seller under which, on the terms and subject to the conditions set out in the Placing Agreement, N+1 Singer, as agent for and on behalf of the Company and the Seller, has agreed to use its reasonable endeavours to procure placees for the Placing Shares. The Placing is not being underwritten by N+1 Singer or any other person.

The price per Ordinary Share at which the Placing Shares are to be placed is 8 pence (the “**Issue Price**”). The timing of the closing of the book and allocations are at the discretion of the Company and N+1 Singer.

The Placing Shares will be made up of a number of new Ordinary Shares issued and allotted by the Company and a transfer of the Sale Shares by the Seller. Accordingly, by participating in the Placing, Placees agree to subscribe for and/or purchase Placing Shares (as applicable).

The Placing Shares have been or will be duly authorised and will, when issued, be credited as fully paid up and will be issued subject to the Company’s Articles of Association and rank *pari passu* in all respects with the existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on or in respect of the Ordinary Shares after the date of issue of the Placing Shares, and will on issue be free of all pre-emption rights, claims, liens, charges, encumbrances and equities.

### **Application for listing and admission to trading**

Application will be made to the London Stock Exchange for Admission of the Enlarged Share Capital (which includes the Placing Shares) on AIM (the “**Admission Application**”).

It is expected that Admission of the Placing Shares will occur at or before 8.00 a.m. on 8 January 2021 (or such later time or date as N+1 Singer may agree with the Company, being no later than 8.00 a.m. on 29 January 2021) and that dealings in the Placing Shares will commence at that time.

### **Bookbuild**

N+1 Singer will today commence the accelerated bookbuilding process to determine demand for participation in the Placing by Placees (the “**Bookbuild**”). This Appendix gives details of the terms and conditions of, and the mechanics of participation in, the Placing. No commissions will be paid to Placees or by Placees in respect of any Placing Shares.

N+1 Singer, the Company and the Seller shall be entitled to effect the Placing by such alternative method to the Bookbuild as they may, in their sole discretion, determine.

### **Participation in, and principal terms of, the Placing**

1. N+1 Singer is arranging the Placing as sole bookrunner and placing agent of the Company and the Seller.
2. Participation in the Placing will only be available to persons who may lawfully be, and are, invited to participate by N+1 Singer. N+1 Singer may itself agree to be a Placee in respect of all or some of the Placing Shares or may nominate any member of its group to do so.
3. Following a successful completion of the Bookbuild, the Company will confirm the closing of the Placing via the Result of Placing Announcement.
4. To bid in the Bookbuild, prospective Placees should communicate their bid orally by telephone or in writing to their usual sales contact at N+1 Singer. Each bid should state the number of Placing Shares which the prospective Placee wishes to subscribe for/purchase at the Issue Price. Bids may be scaled down by N+1 Singer on the basis referred to in paragraph 6 below. N+1 Singer reserves the right not to accept bids or to accept bids in part rather than in whole. The acceptance of the bids shall be at N+1 Singer’s absolute discretion, subject to agreement with the Company and the Seller.
5. The Bookbuild is expected to close no later than 4.00 p.m. on 18 December 2020 but may be closed earlier or later at the discretion of N+1 Singer. N+1 Singer may, in agreement with the Company and the Seller, accept bids that are received after the Bookbuild has closed. The

Company and the Seller severally reserve the right (upon the prior agreement of N+1 Singer) to reduce the number of shares to be issued and/or purchased pursuant to the Placing, in their absolute discretion.

6. Allocations of the Placing Shares will be determined by N+1 Singer after consultation with the Company (and in accordance with N+1 Singer's allocation policy as has been supplied by N+1 Singer to the Company in advance of such consultation). Allocations will be confirmed orally by N+1 Singer and a trade confirmation will be despatched as soon as possible thereafter. N+1 Singer's oral confirmation to such Placee constitutes an irrevocable legally binding commitment upon such person (who will at that point become a Placee), in favour of N+1 Singer, the Company and the Seller, to subscribe for/purchase the number of Placing Shares allocated to it and to pay the Issue Price in respect of each such shares on the terms and conditions set out in this Appendix and in accordance with the Company's Articles of Association. A bid in the Bookbuild will be made on the terms and subject to the conditions in this Appendix and will be legally binding on the Placee on behalf of which it is made and except with N+1 Singer's consent, such commitment will not be capable of variation or revocation after the time at which it is submitted.
7. Each Placee's allocation and commitment will be evidenced by a trade confirmation issued to such Placee. The terms of this Appendix will be deemed incorporated in that trade confirmation.
8. Irrespective of the time at which a Placee's allocation pursuant to the Placing is confirmed, settlement for all Placing Shares to be subscribed/purchased for pursuant to the Placing will be required to be made at the same time, on the basis explained below under "**Registration and Settlement**".
9. All obligations under the Bookbuild and the Placing will be subject to fulfilment or (where applicable) waiver of the conditions referred to below under "**Conditions of the Placing**" and to the Placing not being terminated on the basis referred to below under "**Right to terminate under the Placing Agreement**".
10. By participating in the Placing, each Placee agrees that its rights and obligations in respect of the Placing will terminate only in the circumstances described below and will not be capable of rescission or termination by the Placee.
11. To the fullest extent permissible by law, none of N+1 Singer, the Company, the Seller nor any of their respective affiliates, agents, directors, officers or employees shall have any responsibility or liability to Placees (or to any other person whether acting on behalf of a Placee or otherwise). In particular, none of N+1 Singer, the Company, the Seller nor any of their respective affiliates, agents, directors, officers or employees shall have any responsibility or liability (including to the extent permissible by law, any fiduciary duties) in respect of N+1 Singer's conduct of the Placing.
12. The Placing Shares will be issued/transferred subject to the terms and conditions of this Appendix and each Placee's commitment to subscribe/purchase for Placing Shares on the terms set out herein will continue notwithstanding any amendment that may in future be made to the terms and conditions of the Placing and Placees will have no right to be consulted or require that their consent be obtained with respect to the Company's, Seller's or N+1 Singer's conduct of the Placing.
13. All times and dates in this Announcement may be subject to amendment. N+1 Singer shall notify the Placees and any person acting on behalf of the Placees of any changes.

### **Conditions of the Placing**

The Placing is conditional, amongst others, upon the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms. N+1 Singer's obligations under the

Placing Agreement are conditional on customary conditions, including (amongst others) (the “**Conditions**”):

1. Admission occurring no later than 8.00 a.m. on 8 January 2021 (or such later time or date as N+1 Singer may otherwise agree with the Company, being no later than 8.00 a.m. on 29 January 2021) (the “**Closing Date**”);
2. all of the Resolutions (as set out in the Notice of Meeting contained within the Re-Admission Document) being approved, without amendment, by the requisite majority of Shareholders attending and voting at the General Meeting;
3. the Acquisition Agreement having become unconditional (save in respect of any condition relating to the Placing Agreement becoming unconditional and Admission) and not being terminated or rescinded prior to Admission;
4. suspension in the trading of the Ordinary Shares on AIM having been lifted by the London Stock Exchange following publication of the Re-Admission Document;
5. there having been no development or event resulting in a material adverse effect which could materially and adversely affect the Proposals;
6. the delivery to N+1 Singer of a certificate from and signed by each of the Company, Directors and Seller in terms of the warranties being provided by such persons under the Placing Agreement (“**Warranties**”) not later than 5.00 p.m. on the Business Day immediately prior to the date on which Admission is expected to occur (and dated as of such date);
7. each of the Company, Directors and Seller having complied with their respective obligations which fall to be performed on or prior to Admission under the Placing Agreement;
8. there not having arisen or been noted prior to Admission any fact or circumstance which would or might reasonably be expected to require a supplementary admission document to be published by or on behalf of the Company; and
9. none of the Warranties on the part of the Company, Directors and Seller in the Placing Agreement being untrue or inaccurate or misleading when made and none of the Warranties ceasing to be true and accurate or becoming misleading at any time prior to Admission by reference to the facts and circumstances then subsisting.

N+1 Singer may, at its discretion and upon such terms as it thinks fit, waive compliance by the Company, Directors and Seller with the whole or any part of any of their respective obligations in relation to the Conditions or extend the time or date provided for fulfilment of any such Conditions in respect of all or any part of the performance thereof, save in respect of condition 1 above relating to Admission taking place. Any such extension or waiver will not affect Placees’ commitments as set out in this Appendix.

If: (i) any of the Conditions are not fulfilled or (where permitted) waived by N+1 Singer by the relevant time or date specified (or such later time or date as N+1 Singer may agree with the Company, being no later than 8.00 a.m. on 29 January 2021); or (ii) the Placing Agreement is terminated in the circumstances specified below under “**Right to terminate under the Placing Agreement**”, the Placing will not proceed and the Placees’ rights and obligations hereunder in relation to the Placing Shares shall cease and terminate at such time and each Placee agrees that no claim can be made by it or on its behalf (or any person on whose behalf the Placee is acting) in respect thereof.

None of N+1 Singer, the Company, nor the Seller, nor any of their respective affiliates, agents, directors, officers or employees shall have any liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision they may make as to whether or not to waive or to extend the time and/or date for the satisfaction of any Condition to the Placing, nor for any decision they may make as to the satisfaction of any Condition or in respect of the Placing generally, and by participating in the Placing each Placee agrees that any such decision is within the absolute discretion of N+1 Singer.

### **Right to terminate under the Placing Agreement**

N+1 Singer is entitled, at any time before Admission, to terminate the Placing Agreement in accordance with its terms in certain circumstances, including (amongst other things):

1. where there has been a breach of any of the Warranties contained in the Placing Agreement;
2. if any of the Conditions have (i) become incapable of satisfaction or (ii) not been satisfied before the latest time provided in the Placing Agreement and have not been waived if capable of being waived by N+1 Singer;
3. there has been a development or event resulting in a material adverse effect which could in the good faith opinion of N+1 Singer, materially and adversely affect the Placing or dealings in the Ordinary Shares following Admission whether or not foreseeable at the date of the Placing Agreement;
4. an event having occurred, or is likely to occur, which constitutes or (if it occurs) will, in the context of the Proposals, constitute a material new factor, mistake or inaccuracy relating to the information contained in the Placing Documents (notwithstanding that a supplementary admission document could be or may be published in connection with such material new factor, mistake or inaccuracy) or such an event is or (if it occurs) will, in the context of the Proposals, be material in the context of any assumption or other matter relevant to any estimate or statement about the prospects of the Enlarged Group in the Placing Documents;
5. the Company, any Director or the Seller failing to comply in any respect with any obligation under the Placing Agreement or otherwise relating to the Proposals which N+1 Singer (acting in good faith) considers material; or
6. the occurrence of a material adverse change or certain force majeure events including, but not limited to, an escalation of the COVID-19 pandemic in the United Kingdom or Poland.

Upon termination, the parties to the Placing Agreement shall be released and discharged (except for any liability arising before or in relation to such termination) from their respective obligations under or pursuant to the Placing Agreement, subject to certain exceptions.

By participating in the Placing, each Placee agrees that (i) the exercise by N+1 Singer of any right of termination or of any other discretion under the Placing Agreement shall be within the absolute discretion of N+1 Singer and that it need not make any reference to, or consult with, Placees and that it shall have no liability to Placees whatsoever in connection with any such exercise or failure to so exercise and (ii) its rights and obligations terminate only in the circumstances described above under “**Right to terminate under the Placing Agreement**” and “**Conditions of the Placing**”, and its participation will not be capable of rescission or termination by it after oral confirmation by N+1 Singer of the allocation and commitments following the close of the Bookbuild.

### **Restriction on Further Issue of Shares**

The Company has undertaken to N+1 Singer that, between the date of the Placing Agreement and a period of 9 months from Admission (the “**Restricted Period**”), it will not, without the prior written consent of N+1 Singer directly or indirectly offer, issue, lend, sell or contract to sell, issue options in respect of or otherwise dispose of or announce an offering or issue of any Ordinary Shares (or any interest therein or in respect thereof) or any other securities exchangeable for or convertible into, or substantially similar to, Ordinary Shares or enter into any transaction with the same economic effect as, or agree to do, any of the foregoing (whether or not legally or contractually obliged to do so) provided that the foregoing restrictions shall not restrict the ability of the Company or any other member of the Group during the Restricted Period to grant of options under, or the allotment and issue of shares pursuant to options under, any employee or non-executive share or option schemes or long term incentive plans of the Company (in accordance with its normal practice) or the allotment and issue of the Consideration Shares pursuant to the Acquisition or the issuance of the Subscription Shares pursuant to the Subscription and the issuance of shares in connection with the settlement of outstanding Director’s fees due to certain of the Directors (as set out in the Re-Admission Document).

By participating in the Placing, Placees agree that the exercise by N+1 Singer of any power to grant consent to the undertaking by the Company of a transaction which would otherwise be subject to the restrictive provisions on further issuance under the Placing Agreement shall be within the absolute discretion of N+1 Singer and that it need not make any reference to, or consult with, Placees and that it shall have no liability to Placees whatsoever in connection with any such exercise of the power to grant consent.

### **Registration and Settlement**

Settlement of transactions in the Placing Shares (ISIN: GB00B3Q74M51) following Admission will take place within the system administered by Euroclear UK & Ireland Limited (“**CREST**”), subject to certain exceptions. N+1 Singer reserves the right to require settlement for, and delivery of, the Placing Shares (or any part thereof) to Placees by such other means that they may deem necessary if delivery or settlement is not possible or practicable within the CREST system or would not be consistent with the regulatory requirements in the Placee’s jurisdiction.

N+1 Singer is acting as settlement bank. Following the close of the Bookbuild, each Placee to be allocated Placing Shares in the Placing will be sent a trade confirmation stating the number of Placing Shares allocated to them at the Issue Price, the aggregate amount owed by such Placee to N+1 Singer and settlement instructions. Each Placee agrees that it will do all things necessary to ensure that delivery and payment is completed in accordance with the standing CREST or certificated settlement instructions in respect of the Placing Shares that it has in place with N+1 Singer.

The Company and the Seller will deliver (or will procure the delivery of) the Placing Shares to a CREST account operated by N+1 Singer as agent for the Company and the Seller and N+1 Singer will enter its delivery instruction into the CREST system. The input to CREST by a Placee of a matching or acceptance instruction will then allow delivery of the relevant Placing Shares to that Placee against payment.

It is expected that settlement in respect of the Placing Shares will take place on 8 January 2021 on a delivery versus payment basis.

Interest is chargeable daily on payments not received from Placees on the due date in accordance with the arrangements set out above at the rate of two percentage points above LIBOR as determined by N+1 Singer.

Each Placee is deemed to agree that, if it does not comply with these obligations, N+1 Singer may sell any or all of the Placing Shares allocated to that Placee on such Placee’s behalf and retain from the proceeds, for N+1 Singer’s account and benefit, an amount equal to the aggregate amount owed by the Placee plus any interest due. The relevant Placee will, however, remain liable for any shortfall below the aggregate amount owed by it and will be required to bear any stamp duty or stamp duty reserve tax or other taxes or duties (together with any interest or penalties) imposed in any jurisdiction which may arise upon the sale of such Placing Shares on such Placee’s behalf.

If Placing Shares are to be delivered to a custodian or settlement agent, Placees should ensure that the trade confirmation is copied and delivered immediately to the relevant person within that organisation. Insofar as Placing Shares are issued in a Placee’s name or that of its nominee or in the name of any person for whom a Placee is contracting as agent or that of a nominee for such person, such Placing Shares should, subject as provided below, be so registered free from any liability to UK stamp duty or stamp duty reserve tax. If there are any circumstances in which any stamp duty or stamp duty reserve tax or other similar taxes or duties (including any interest and penalties relating thereto) is payable in respect of the allocation, allotment, issue, sale, transfer or delivery of the Placing Shares (or, for the avoidance of doubt, if any stamp duty or stamp duty reserve tax is payable in connection with any subsequent transfer of or agreement to transfer Placing Shares), none of N+1 Singer, the Company nor the Seller shall be responsible for

payment thereof.

### **Re-Admission Document**

The Placing Shares are being offered to a limited number of specifically invited persons only and have not been nor will be offered in such a way as to require the publication of a prospectus in the United Kingdom or in any other jurisdiction. No prospectus has been or will be submitted to be approved by the FCA in relation to the Placing, and Placees' commitments will be made solely on the basis of the information contained in the Placing Documents and the Publicly Available Information. Each Placee, by accepting a participation in the Placing, agrees that the content of the Placing Documents is exclusively the responsibility of the Company and confirms that it has neither received nor relied on any other information, representation, warranty, or statement made by N+1 Singer or any other person and neither N+1 Singer nor the Company nor any other person will be liable for any Placee's decision to participate in the Placing based on any other information, representation, warranty or statement which the Placees may have obtained or received and, if given or made, such information, representation, warranty or statement must not be relied upon as having been authorised by N+1 Singer, the Company, or their respective officers, directors, employees or agents. Each Placee acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing. Neither the Company nor N+1 Singer are making any undertaking or warranty to any Placee regarding the legality of an investment in the Placing Shares by such Placee under any legal, investment or similar laws or regulations. Each Placee should not consider any information in the Placing Documents to be legal, tax or business advice. Each Placee should consult its own solicitor, tax adviser and financial adviser for independent legal, tax and financial advice regarding an investment in the Placing Shares. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation.

### **Representations, warranties, undertakings and acknowledgements**

By participating in the Placing each Placee (and any person acting on such Placee's behalf) irrevocably acknowledges, confirms, undertakes, represents, warrants and agrees (as the case may be) with N+1 Singer (in its capacity as bookrunner and placing agent of the Company and the Seller in respect of the Placing), the Company and the Seller, in each case as a fundamental term of their application for Placing Shares, the following:

1. it has read and understood this Announcement in its entirety and its subscription for/purchase of Placing Shares is subject to and based upon all the terms, conditions, representations, warranties, acknowledgements, agreements and undertakings and other information contained herein and it has not relied on, and will not rely on, any information given or any representations, warranties or statements made at any time by any person in connection with the Placing, the Company, the Placing Shares or otherwise other than the information contained in the Placing Documents and the Publicly Available Information;
2. the Ordinary Shares are admitted to trading on AIM and that the Company is therefore required to publish certain business and financial information in accordance with the rules and practices of AIM, which includes a description of the Company's business and the Company's financial information, including balance sheets and income statements, and that it is able to obtain or has access to such information without undue difficulty, and is able to obtain access to such information or comparable information concerning any other publicly traded companies, without undue difficulty;
3. to be bound by the terms of the Articles of Association of the Company;
4. the person whom it specifies for registration as holder of the Placing Shares will be (a) itself or (b) its nominee, as the case may be. None of N+1 Singer, the Company or the Seller will be responsible for any liability to stamp duty or stamp duty reserve tax or other similar taxes or duties imposed in any jurisdiction (including interest and penalties relating thereto) ("**Indemnified Taxes**"). Each Placee and any person acting on behalf of such Placee agrees to indemnify N+1 Singer, the Company and the Seller on an after-tax basis in respect of any Indemnified Taxes;
5. neither N+1 Singer nor any of its affiliates agents, directors, officers and employees accepts

any responsibility for any acts or omissions of the Company or any of the directors of the Company or the Seller or any other person in connection with the Placing;

6. time is of the essence as regards its obligations under this Appendix;
7. any document that is to be sent to it in connection with the Placing will be sent at its risk and may be sent to it at any address provided by it to N+1 Singer;
8. it will not redistribute, forward, transfer, duplicate or otherwise transmit this Announcement or any part of it, or any other presentational or other material concerning the Placing, including the Re-Admission Document (including electronic copies thereof) to any person and represents that it has not redistributed, forwarded, transferred, duplicated, or otherwise transmitted any such documents to any person;
9. no prospectus or other offering document is required under the Prospectus Directive, nor will one be prepared in connection with the Bookbuild, the Placing or the Placing Shares and it has not received and will not receive a prospectus or other offering document in connection with the Bookbuild, the Placing or the Placing Shares;
10. in connection with the Placing, N+1 Singer and any of its affiliates acting as an investor for its own account may subscribe for/purchase Placing Shares in the Company and in that capacity may retain, purchase or sell for its own account such Placing Shares in the Company and any securities of the Company or related investments and may offer or sell such securities or other investments otherwise than in connection with the Placing. Accordingly, references in this Announcement to the Placing Shares being issued, offered or placed should be read as including any issue, offering or placement of such shares in the Company to N+1 Singer or any of its affiliates acting in such capacity;
11. N+1 Singer and its affiliates may enter into financing arrangements and swaps with investors in connection with which N+1 Singer and any of its affiliates may from time to time acquire, hold or dispose of such securities of the Company, including the Placing Shares;
12. N+1 Singer does not intend to disclose the extent of any investment or transactions referred to in paragraphs 10 and 11 above otherwise than in accordance with any legal or regulatory obligation to do so;
13. N+1 Singer does not owe any fiduciary or other duties to any Placee in respect of any representations, warranties, undertakings or indemnities in the Placing Agreement;
14. its participation in the Placing is on the basis that it is not and will not be a client of any of N+1 Singer in connection with its participation in the Placing and that N+1 Singer has no duties or responsibilities to it for providing the protections afforded to its clients or customers or for providing advice in relation to the Placing nor in respect of any representations, warranties, undertakings or indemnities contained in the Placing Agreement nor for the exercise or performance of any of its rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination right;
15. the content of the Placing Documents and the Publicly Available Information has been prepared by and is exclusively the responsibility of the Company (and such other persons specifically identified as accepting responsibility to certain parts thereto) and neither N+1 Singer nor any of its affiliates agents, directors, officers or employees nor any person acting on behalf of any of them is responsible for or has or shall have any responsibility or liability for any information, representation or statement contained in, or omission from, the Placing Documents, the Publicly Available Information or otherwise nor will they be liable for any Placee's decision to participate in the Placing based on any information, representation, warranty or statement contained in the Placing Documents, the Publicly Available Information or otherwise, provided that nothing in this paragraph excludes the liability of any person for fraudulent misrepresentation made by such person;
16. the only information on which it is entitled to rely and on which such Placee has relied in committing itself to subscribe for/purchase Placing Shares is contained in the Placing Documents or any Publicly Available Information (save that in the case of Publicly Available Information, a Placee's right to rely on that information is limited to the right that such Placee would have as a matter of law in the absence of this paragraph 16), such information being

all that such Placee deems necessary or appropriate and sufficient to make an investment decision in respect of the Placing Shares;

17. it has neither received nor relied on any other information given, or representations, warranties or statements, express or implied, made, by N+1 Singer, the Company nor the Seller nor any of their respective affiliates, agents, directors, officers or employees acting on behalf of any of them (including in any management presentation delivered in respect of the Bookbuild) with respect to the Company, the Placing or the Placing Shares or the accuracy, completeness or adequacy of any information contained in the Placing Documents, or the Publicly Available Information or otherwise;
18. none of N+1 Singer, the Company, nor the Seller nor any of their respective affiliates, agents, directors, officers or employees or any person acting on behalf of any of them has provided, nor will provide, it with any material or information regarding the Placing Shares or the Company or any other person other than the information in the Placing Documents or the Publicly Available Information; nor has it requested any of N+1 Singer, the Company, the Seller or any of their respective affiliates or any person acting on behalf of any of them to provide it with any such material or information;
19. none of N+1 Singer, the Company nor the Seller will be liable for any Placee's decision to participate in the Placing based on any other information, representation, warranty or statement, provided that nothing in this paragraph excludes the liability of any person for fraudulent misrepresentation made by that person;
20. it may not rely, and has not relied, on any investigation that N+1 Singer, any of its affiliates or any person acting on its behalf, may have conducted with respect to the Placing Shares, the terms of the Placing or the Company, and none of such persons has made any representation, express or implied, with respect to the Company, the Placing, the Placing Shares or the accuracy, completeness or adequacy of the information in the Placing Documents, the Publicly Available Information or any other information;
21. in making any decision to subscribe for/purchase Placing Shares it:
  - (a) has such knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing for the Placing Shares;
  - (b) will not look to N+1 Singer for all or part of any such loss it may suffer;
  - (c) is experienced in investing in securities of this nature in this sector and is aware that it may be required to bear, and is able to bear, the economic risk of an investment in the Placing Shares;
  - (d) is able to sustain a complete loss of an investment in the Placing Shares;
  - (e) has no need for liquidity with respect to its investment in the Placing Shares;
  - (f) has made its own assessment and has satisfied itself concerning the relevant tax, legal, currency and other economic considerations relevant to its investment in the Placing Shares; and
  - (g) has conducted its own due diligence, examination, investigation and assessment of the Company and Enlarged Group, the Placing Shares and the terms of the Placing and has satisfied itself that the information resulting from such investigation is still current and relied on that investigation for the purposes of its decision to participate in the Placing;
22. it is subscribing for and/or purchasing the Placing Shares for its own account or for an account with respect to which it exercises sole investment discretion and has the authority to make and does make the acknowledgements, representations and agreements contained in this Appendix;
23. it is acting as principal only in respect of the Placing or, if it is acting for any other person, it is:
  - (a) duly authorised to do so and has full power to make the acknowledgments, representations and agreements herein on behalf of each such person; and

- (b) will remain liable to the Company and/or N+1 Singer and/or the Seller for the performance of all its obligations as a Placee in respect of the Placing (regardless of the fact that it is acting for another person);
24. it and any person acting on its behalf is entitled to subscribe for/purchase the Placing Shares under the laws and regulations of all relevant jurisdictions that apply to it and that it has fully observed such laws and regulations, has capacity and authority and is entitled to enter into and perform its obligations as a subscriber/purchaser of Placing Shares and will honour such obligations, and has obtained all such governmental and other guarantees, permits, authorisations, approvals and consents which may be required thereunder and complied with all necessary formalities to enable it to commit to this participation in the Placing and to perform its obligations in relation thereto (including, without limitation, in the case of any person on whose behalf it is acting, all necessary consents and authorities to agree to the terms set out or referred to in this Appendix) and will honour such obligations and that it has not taken any action or omitted to take any action which will or may result in N+1 Singer, the Company, the Seller or any of their respective directors, officers, agents, employees or advisers acting in breach of the legal or regulatory requirements of any jurisdiction in connection with the Placing;
  25. where it is subscribing for/purchasing Placing Shares for one or more managed accounts, it is authorised in writing by each managed account to subscribe for/purchase the Placing Shares for each managed account;
  26. it irrevocably appoints any duly authorised officer of N+1 Singer as its agent for the purpose of executing and delivering to the Company and/or its registrars any documents on its behalf necessary to enable it to be registered as the holder of any of the Placing Shares for which it agrees to subscribe for/purchase upon the terms of this Appendix;
  27. the Placing Shares have not been and will not be registered or otherwise qualified and that a prospectus will not be cleared in respect of any of the Placing Shares under the securities laws or legislation of the Restricted Jurisdictions, or any state, province, territory or jurisdiction thereof;
  28. the Placing Shares may not be offered, sold, or delivered or transferred, directly or indirectly, in or into the Restricted Jurisdictions or any jurisdiction (subject to certain exceptions) in which it would be unlawful to do so and no action has been or will be taken by any of the Company, N+1 Singer, the Seller or any person acting on behalf of the Company, N+1 Singer or the Seller that would, or is intended to, permit a public offer of the Placing Shares in the Restricted Jurisdictions or any country or jurisdiction, or any state, province, territory or jurisdiction thereof, where any such action for that purpose is required;
  29. no action has been or will be taken by any of the Company, N+1 Singer, the Seller or any person acting on behalf of the Company, N+1 Singer or the Seller that would, or is intended to, permit a public offer of the Placing Shares in the United States or in any country or jurisdiction where any such action for that purpose is required;
  30. unless otherwise specifically agreed with N+1 Singer, it is not and at the time the Placing Shares are subscribed for/purchased, neither it nor the beneficial owner of the Placing Shares will be, a resident of, nor have an address in, Australia, New Zealand, Japan, the Republic of South Africa or any province or territory of Canada;
  31. it may be asked to disclose in writing or orally to N+1 Singer:
    - (a) if he or she is an individual, his or her nationality; or
    - (b) if he or she is a discretionary fund manager, the jurisdiction in which the funds are managed or owned;
  32. it is and the prospective beneficial owner of the Placing Shares is, and at the time the Placing Shares are subscribed for/purchased will be outside the United States and is acquiring the Placing Shares in an "offshore transaction" as defined in, and in accordance with, Regulation S under the US Securities Act;
  33. it has not been offered to purchase or subscribe for Placing Shares by means of any

“directed selling efforts” as defined in Regulation S under the US Securities Act or by means of any “general solicitation” or “general advertising” within the meaning of Regulation D under the US Securities Act;

34. it understands that the Placing Shares have not been, and will not be, registered under the US Securities Act and may not be offered, sold or resold, pledged or delivered in or into or from the United States except pursuant to (i) an effective registration statement under the US Securities Act; or (ii) pursuant to an exemption from the registration requirements of the US Securities Act and, in each case, in accordance with applicable United States state securities laws and regulations;
35. it (and any account for which it is purchasing) is not acquiring the Placing Shares with a view to any offer, sale or distribution thereof within the meaning of the US Securities Act;
36. it will not distribute, forward, transfer or otherwise transmit this Announcement or any part of it, or any other presentational or other materials concerning the Placing (including the Re-Admission Document) in or into or from the United States (including electronic copies thereof) to any person, and it has not distributed, forwarded, transferred or otherwise transmitted any such materials to any person;
37. it understands that there may be certain consequences under United States and other tax laws resulting from an investment in the Placing and it has made such investigation and has consulted its own independent advisers or otherwise has satisfied itself concerning, without limitation, the effects of United States federal, state and local income tax laws and foreign tax laws generally;
38. it understands that the Company has not undertaken to determine whether it will be treated as a passive foreign investment company (“**PFIC**”) for US federal income tax purposes for the current year, or whether it is likely to be so treated for future years and neither the Company nor N+1 Singer make any representation or warranty with respect to the same. Accordingly, neither the Company nor N+1 Singer can provide any advice to United States investors as to whether the Company is or is not a PFIC for the current tax year, or whether it will be in future tax years. Accordingly, neither the Company nor N+1 Singer undertakes to provide to United States investors or shareholders any information necessary or desirable to facilitate their filing of annual information returns, and United States investors and shareholders should not assume that this information will be made available to them;
39. if in a member state of the EEA, unless otherwise specifically agreed with N+1 Singer in writing, it is a Qualified Investor;
40. it has not offered or sold and will not offer or sell any Placing Shares to persons in the EEA except to Qualified Investors or otherwise in circumstances which have not resulted in and which will not result in an offer to the public in any member state of the EEA within the meaning of the Prospectus Directive;
41. if a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, the Placing Shares subscribed for/purchased by it in the Placing will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in a member state of the EEA which has implemented the Prospectus Directive other than Qualified Investors, or in circumstances in which the prior consent of N+1 Singer has been given to each proposed offer or resale;
42. if in the United Kingdom, that it is a person (i) having professional experience in matters relating to investments who falls within the definition of “investment professionals” in Article 19(5) of the Order or (ii) who falls within Article 49(2) (a) to (d) (“**High Net Worth Companies, Unincorporated Associations, etc**”) of the Order, or (iii) to whom it may otherwise lawfully be communicated;
43. it has not offered or sold and will not offer or sell any Placing Shares to persons in the United Kingdom, except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and which will not result in an offer to the public in the United Kingdom within the meaning of section 85(1) of the

Financial Services and Markets Act 2000, as amended ("**FSMA**");

44. it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) relating to the Placing Shares in circumstances in which section 21(1) of FSMA does not require approval of the communication by an authorised person and it acknowledges and agrees that the Placing Documents have not and will not have been approved by N+1 Singer in its capacity as an authorised person under section 21 of the FSMA and it may not therefore be subject to the controls which would apply if it was made or approved as a financial promotion by an authorised person;
45. it has complied and will comply with all applicable laws with respect to anything done by it or on its behalf in relation to the Placing Shares (including all applicable provisions in FSMA and MAR) in respect of anything done in, from or otherwise involving, the United Kingdom);
46. if it is a pension fund or investment company, its subscription for/purchase of Placing Shares is in full compliance with applicable laws and regulations;
47. it has complied with its obligations under the Criminal Justice Act 1993 and Articles 8, 10 and 12 of MAR and in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002 (as amended), the Terrorism Act 2000, the Terrorism Act 2006 and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and any related or similar rules, regulations or guidelines, issued, administered or enforced by any government agency having jurisdiction in respect thereof (the "**Regulations**") and the Money Laundering Sourcebook of the FCA and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations;
48. in order to ensure compliance with the Regulations, N+1 Singer (for itself and as agent on behalf of the Company and the Seller) or the Company's registrars may, in their absolute discretion, require verification of its identity. Pending the provision to N+1 Singer or the Company's registrars, as applicable, of evidence of identity, definitive certificates in respect of the Placing Shares may be retained at N+1 Singer's absolute discretion or, where appropriate, delivery of the Placing Shares to it in uncertificated form may be delayed at N+1 Singer's or the Company's registrars', as the case may be, absolute discretion. If within a reasonable time after a request for verification of identify N+1 Singer (for itself and as agent on behalf of the Company and the Seller) or the Company's registrars have not received evidence satisfactory to them, either N+1 Singer and/or the Company and/or the Seller may, at its absolute discretion, terminate its commitment in respect of the Placing, in which event the monies payable on acceptance of allotment/transfer will, if already paid, be returned without interest to the account of the drawee's bank from which they were originally debited;
49. the allocation, allotment, issue, transfer and delivery to it, or the person specified by it for registration as holder, of Placing Shares will not give rise to a stamp duty or stamp duty reserve tax liability under (or at a rate determined under) any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services) and that the Placing Shares are not being acquired in connection with arrangements to issue depository receipts or to issue or transfer Placing Shares into a clearance service;
50. it (and any person acting on its behalf) has the funds available to pay for the Placing Shares for which it has agreed to subscribe/purchase and acknowledges and agrees that it will make payment in respect of the Placing Shares allocated to it in accordance with this Appendix on the due time and date set out herein, failing which the relevant Placing Shares may be placed with other subscribers/purchasers or sold as N+1 Singer may in its sole discretion determine and without liability to such Placee, who will remain liable for any amount by which the net proceeds of such sale falls short of the product of the relevant Issue Price and the number of Placing Shares allocated to it and will be required to bear any stamp duty, stamp duty reserve tax or other taxes or duties (together with any interest, fines or penalties) imposed in any jurisdiction which may arise upon the sale of such Placee's Placing Shares;
51. any money held in an account with N+1 Singer on behalf of the Placee and/or any person acting on behalf of the Placee and/or any person acting on behalf of the Placee will not be

treated as client money within the meaning of the relevant rules and regulations of the FCA made under the FSMA. Each Placee acknowledges that the money will not be subject to the protections conferred by the client money rules: as a consequence this money will not be segregated from N+1 Singer's money in accordance with the client money rules and will be held by it under a banking relationship and not as trustee;

52. its allocation (if any) of Placing Shares will represent a maximum number of Placing Shares which it will be entitled, and required, to subscribe for/purchase, and that N+1 Singer or the Company or the Seller may call upon it to subscribe for/purchase a lower number of Placing Shares (if any), but in no event in aggregate more than the aforementioned maximum;
53. neither N+1 Singer nor any of its affiliates, nor any person acting on behalf of them, is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing;
54. if it has received any 'inside information' (for the purposes of MAR and section 56 of the Criminal Justice Act 1993) in relation to the Company and its securities in advance of the Placing, it confirms that it has received such information within the market soundings regime provided for in article 11 of MAR and associated delegated regulations and it has not:
  - (a) used that inside information to acquire or dispose of securities of the Company or financial instruments related thereto or cancel or amend an order concerning the Company's securities or any such financial instruments;
  - (b) used that inside information to encourage, require, recommend or induce another person to deal in the securities of the Company or financial instruments related thereto or to cancel or amend an order concerning the Company's securities or such financial instruments; or
  - (c) disclosed such information to any person, prior to the information being made publicly available;
55. the rights and remedies of the Company, N+1 Singer and the Seller under the terms and conditions in this Appendix are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others; and
56. these terms and conditions of the Placing and any agreements entered into by it pursuant to the terms and conditions of the Placing, and all non-contractual or other obligations arising out of or in connection with them, shall be governed by and construed in accordance with the laws of England and it submits (on behalf of itself and on behalf of any person on whose behalf it is acting) to the exclusive jurisdiction of the English courts as regards any claim, dispute or matter arising out of any such contract (including any dispute regarding the existence, validity or termination of such contract or relating to any non-contractual or other obligation arising out of or in connection with such contract), except that enforcement proceedings in respect of the obligation to make payment for the Placing Shares (together with any interest chargeable thereon) may be taken by either the Company or N+1 Singer or the Seller in any jurisdiction in which the relevant Placee is incorporated or in which any of its securities have a quotation on a recognised stock exchange.

The foregoing representations, warranties, confirmations, acknowledgements, agreements and undertakings are given for the benefit of the Company as well N+1 Singer and the Seller and are irrevocable. N+1 Singer, the Company, the Seller and their respective affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, confirmations, acknowledgements, agreements and undertakings.

Each prospective Placee, and any person acting on behalf of such Placee, irrevocably authorises the Company, the Seller and N+1 Singer to produce this Announcement, pursuant to, in connection with, or as may be required by any applicable law or regulation, administrative or legal proceeding or official inquiry with respect to the matters set forth herein.

By participating in the Placing, each Placee (and any person acting on such Placee's behalf)

agrees to indemnify on an after tax basis and hold the Company, N+1 Singer, the Seller and their respective affiliates, agents, directors, officers and employees harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings given by the Placee (and any person acting on such Placee's behalf) in this Appendix or incurred by N+1 Singer, the Company, the Seller or any of their respective affiliates, agents, directors, officers or employees arising from the performance of the Placees' obligations as set out in this Announcement, and further agrees that the provisions of this Appendix shall survive after completion of the Placing.

## **Taxation**

The agreement to allot and issue certain of the Placing Shares by the Company to Placees (and/or to persons for whom such Placee is contracting as agent) free of stamp duty and stamp duty reserve tax relates only to their allotment and issue to Placees, or such persons as they nominate as their agents, direct from the Company for the Placing Shares in question.

There should be no liability to stamp duty or SDRT arising on the allotment of the Placing Shares by the Company. The registration of and the issue of definitive share certificates to Ordinary Shareholders should not give rise to any liability to stamp duty or SDRT.

In addition, neither UK stamp duty nor SDRT should arise on the transfers/sale of Ordinary Shares on AIM (including instruments transferring Shares and agreements to transfer Ordinary Shares, such as the transfer of the Sale Shares to Placees as part of the Placing).

Such agreement also assumes that the Placing Shares are not being acquired in connection with arrangements to issue depositary receipts or to issue or transfer the Placing Shares into a clearance service. If there are any such arrangements, or the settlement relates to any other dealing in the Placing Shares, stamp duty or stamp duty reserve tax or other similar taxes or duties may be payable, for which none of the Company, N+1 Singer nor the Seller will be responsible and the Placees shall indemnify the Company, the Seller and N+1 Singer on an after-tax basis for any stamp duty or stamp duty reserve tax or other similar taxes or duties (together with interest, fines and penalties) in any jurisdiction paid by the Company, the Seller or N+1 Singer in respect of any such arrangements or dealings. If this is the case, each Placee should seek its own advice and notify N+1 Singer accordingly. Placees are advised to consult with their own advisers regarding the tax aspects of the subscription for/purchase of Placing Shares.

The Company, the Seller and N+1 Singer are not liable to bear any taxes that arise on a sale of Placing Shares subsequent to their acquisition by Placees, including any taxes arising otherwise than under the laws of any country in the EEA. Each prospective Placee should, therefore, take its own advice as to whether any such tax liability arises and notify N+1 Singer and the Company accordingly. Furthermore, each prospective Placee agrees to indemnify on an after-tax basis and hold N+1 Singer and/or the Company and/or the Seller and their respective affiliates harmless from any and all interest, fines or penalties in relation to stamp duty, stamp duty reserve tax and all other similar duties or taxes in any jurisdiction to the extent that such interest, fines or penalties arise from the unreasonable default or delay of that Placee or its agent.

In addition, Placees should note that they will be liable for any stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable, whether inside or outside the UK, by them or any other person on the subscription, acquisition, transfer or sale by them of any Placing Shares or the agreement by them to subscribe for, acquire, transfer or sell any Placing Shares.

No statement in the Placing Documents is intended to be a profit forecast or estimate, and no statement in the Placing Documents should be interpreted to mean that earnings per share of the Company for the current or future financial years would necessarily match or exceed the historical published earnings per share of the Company. Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser.

The price of shares and any income expected from them may go down as well as up and investors may not get back the full amount invested upon disposal of the shares. Past performance is no guide to future performance, and persons needing advice should consult an independent financial adviser.

The New Shares to be issued or transferred pursuant to the Proposals will not be admitted to trading on any stock exchange other than AIM, a market operated by the London Stock Exchange plc.

## APPENDIX VII

The following definitions apply to this Announcement as the context shall admit:

<b>"£", "GBP", "pounds", "pound sterling" or "sterling", "p", "penny" or "pence"</b>	are to the lawful currency of the UK
<b>Acquisition</b>	the proposed acquisition by the Company of the entire issued share capital of Dominium pursuant to the terms of the Acquisition Agreement;
<b>Acquisition Agreement</b>	the conditional acquisition agreement entered into on 17 December 2020 between (1) the Company; (2) the Seller and (3) Accession Mezzanine Capital III Coöperatief U.A. in relation to the sale and purchase of the entire issued ordinary share capital of Dominium;
<b>Admission</b>	admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with the AIM Rules;
<b>AIM</b>	AIM, a market operated by the London Stock Exchange;
<b>AIM Rules</b>	the AIM Rules for Companies published by the London Stock Exchange;
<b>AIM Rules for Nominated Advisers</b>	the AIM Rules for Nominated Advisers issued by the London Stock Exchange setting out the eligibility, ongoing responsibilities and certain disciplinary matters in relation to nominated advisers, as amended or re-issued from time to time
<b>AMC III</b>	Accession Mezzanine Capital III, L.P., being a member of the Concert Party and ultimate beneficial owner of the Dominium Shares
<b>Announcement</b>	this Announcement, including the appendices and the terms and conditions of the Placing set out in Appendix VI;
<b>Articles of Association or Articles</b>	the articles of association of the Company as at the date of this Agreement;
<b>Bookbuild</b>	the bookbuilding process to be conducted by N+1 Singer to arrange participation by Placees in the Placing;
<b>Certificated or in Certificated form</b>	not in uncertificated form (that is, not in CREST)
<b>City Code</b>	The City Code on Takeovers and Mergers;
<b>Company or DP Poland</b>	DP Poland plc;
<b>Concert Party</b>	the Seller and certain other persons associated with the Seller (including the Proposed Non-Executive Directors), as more fully set out in this Announcement, all of whom are considered to be acting in concert with each other under the City Code

<b>Consideration Shares</b>	283,766,661 Ordinary Shares to be issued to the Seller pursuant to the terms of the Acquisition Agreement
<b>CREST</b>	the computerised settlement system to facilitate transfer of the title to an interest in securities in uncertificated form operated by Euroclear UK & Ireland
<b>CREST Regulations</b>	the Uncertificated Securities Regulations 2001, including (i) any enactment or subordinate legislation which amends or supersedes those regulations; and (ii) any applicable rules made under those regulations or any such enactment or subordinate legislation for the time being in force
<b>Directors or Board</b>	the Existing Directors and the Proposed Directors, as applicable
<b>Dominium</b>	Dominium S.A., a company incorporated in Poland with company registration number 0000295921
<b>Dominium Directors</b>	the directors of Dominium
<b>Dominium Group</b>	Dominium and its subsidiary, Dominium Romania immediately prior to completion of the Proposals
<b>Dominium Romania</b>	s.c. Pizza Dominium Restaurant SRL, a wholly owned subsidiary of Dominium. Dominium Romania is currently in the latter stages of being liquidated and is classified as a discontinued activity within the Dominium Group Financial Information
<b>Dominium Shares</b>	the 8,060,000 shares of PLN 1.00 each in issue in the capital of Dominium
<b>Domino's Pizza</b>	the brand owned and exploited by the DPI Group
<b>DPI Group</b>	DPI and its affiliates
<b>DPP Group, DP Poland Group, Existing Group or Group</b>	the Company and its subsidiaries immediately prior to completion of the Proposals
<b>DP Polska or DPP SA</b>	DP Polska S.A., a company incorporated in Poland with company registration number 0000359582
<b>EEA</b>	European Economic Area
<b>Enlarged Group</b>	the Group as enlarged by the Acquisition
<b>Enlarged Share Capital</b>	the Existing Ordinary Shares, together with the Consideration Shares, Placing Shares and Subscription Shares, being the Ordinary Shares in issue immediately following Admission
<b>Euroclear UK &amp; Ireland</b>	Euroclear UK & Ireland Limited
<b>Existing Directors</b>	Nicholas John Donaldson, Robert Nicholas Lutwyche Morrish, Gerald William Ford and Christopher Humphrey Robertson Moore
<b>€ or Euro</b>	Euros

<b>Existing Ordinary Shares</b>	the 253,969,093 Ordinary Shares in issue at the date of this Announcement
<b>FCA</b>	the UK Financial Conduct Authority
<b>Form of Proxy</b>	the form of proxy for use by holders of Existing Ordinary Shares in connection with the General Meeting
<b>FSMA</b>	the Financial Services and Markets Act 2000
<b>Fundraising</b>	together the Placing and Subscription
<b>General Meeting</b>	the general meeting of the holders of the Existing Ordinary Shares to be held on 7 January 2021 (or any adjournment thereof), notice of which will be set out in the Re-Admission Document
<b>Group</b>	the Company and its subsidiary undertakings (and " <b>Group Company</b> " shall be construed accordingly)
<b>Independent Directors</b>	Nicholas John Donaldson, Robert Nicholas Lutwyche Morrish, Gerald William Ford and Christopher Humphrey Robertson Moore
<b>Independent Shareholders</b>	the holders of Existing Ordinary Shares, other than any person who is a member of the Concert Party
<b>Issue Price</b>	8p per Ordinary Share
<b>Loan Note Instrument</b>	the loan note instrument constituting the Loan Note and which contains the terms and conditions on which the Loan Notes will be issued by the Company to Malaccan Holdings at the time of completion of the Acquisition
<b>Loan Notes</b>	the €7.5 million aggregate principal 3 per cent. fixed rate unsecured loan notes (comprising a €1.3 million principal Loan Note and a €6.2 million principal Loan Note), each of which are to be issued by the Company to Malaccan Holdings at the time of completion of the Acquisition, on the terms and subject to the conditions of the Loan Note Instrument
<b>Lock-in Agreements</b>	the lock-in agreements between the Company, N+1 Singer and each of the Locked-in Shareholders
<b>Locked-in Shareholders</b>	those holders of Existing Ordinary Shares and Malaccan Holdings who have each entered into a Lock-in Agreement, details of which are set out in this Announcement
<b>London Stock Exchange</b>	London Stock Exchange plc
<b>Malaccan Holdings or Seller</b>	Malaccan Holdings Limited, being the sole shareholder of Dominium, and a member of the Concert Party
<b>MAR</b>	the EU Market Abuse Regulation (2014/596/EU)

<b>MFA</b>	the master franchise agreement dated 25 June 2010 between Domino's Pizza Overseas Franchising B.V., DP Polska and Richard Worthington, as amended from time to time
<b>N+1 Singer</b>	Nplus1 Singer Capital Markets Limited
<b>New Shares</b>	the 327,516,661 new Ordinary Shares expected to be issued pursuant to the Proposals, comprising the Placing Shares, the Subscription Shares and the Consideration Shares
<b>Notice of General Meeting</b>	means the notice of general meeting to be contained within the Re-Admission Document;
<b>Offer Shares</b>	together the Placing Shares, the Sale Shares and Subscription Shares
<b>Ordinary Shares</b>	ordinary shares of £0.005 each in the capital of the Company
<b>Panel</b>	the UK Panel on Takeovers and Mergers
<b>Placees</b>	persons who agree to subscribe for Placing Shares or purchase Sale Shares (as applicable) at the Issue Price
<b>Placing</b>	the conditional placing by N+1 Singer (or its respective agents) as agent of the Company of the Placing Shares and as agent of the Seller of the Sale Shares, in each case, at the Issue Price, in accordance with the Placing Agreement
<b>Placing Agreement</b>	the agreement dated 18 December 2020 between the Company, the Directors, the Proposed Directors, the Seller and N+1 Singer relating to the Placing
<b>Placing Documents</b>	this Announcement, the announcement of the results of the Placing and the Re-Admission Document
<b>Placing Shares</b>	the new Ordinary Shares expected to be issued pursuant to the Placing
<b>Poland</b>	the Republic of Poland
<b>Proposals</b>	the Acquisition, the Whitewash Resolution, the Placing, Subscription and Admission
<b>Proposed Directors</b>	Piotr Dzierzek and the Proposed Non-Executive Directors
<b>Proposed Non-Executive Directors</b>	Przemyslaw Glebocki and Jakub Chechelski
<b>Prospectus Regulation</b>	the Prospectus Regulation (EU) 2017/1129
<b>Publicly Available Information</b>	any information publicly announced through a regulatory information service by or on behalf of the Company on or prior to the date of this Announcement
<b>QCA</b>	The Quoted Companies Alliance
<b>QCA Code</b>	the QCA's Corporate Governance Code for Small and Mid-Sized Quoted

Companies 2018 (as amended)

<b>Relationship Agreement</b>	the relationship agreement between the Company, N+1 Singer and Malaccan Holdings
<b>Resolutions</b>	the resolutions to be proposed at the General Meeting, which are contained in the notice of General Meeting in the Re-Admission Document
<b>RON</b>	the lawful currency of Romania
<b>Sale Shares</b>	21,828,204 Ordinary Shares (being part of the Consideration Shares) which are expected to be sold by Malaccan pursuant to the Placing;
<b>SDRT</b>	Stamp Duty Reserve Tax
<b>Shareholder Loan Agreements</b>	the various loan agreements entered into between Dominium and Malaccan Holdings pursuant to which terms the Shareholder Loans have been advanced by Malaccan Holdings to Dominium
<b>Shareholder Loans</b>	the PLN and Euro unsecured loans advanced to Dominium by Malaccan Holdings on the terms and subject to the conditions of the Shareholder Loan Agreements which are outstanding in the aggregate principal amount of approximately €6.2 million, the obligations and rights of which will all be taken on by the Company and converted into a €6.2 million Loan Note issued on the terms of the Loan Note Instrument at the time of completion of the Acquisition
<b>Shareholder</b>	a holder of Existing Ordinary Shares
<b>Subscription</b>	the proposed subscription of the Subscription Shares at the Issue Price pursuant to the terms of the Subscription Letter
<b>Subscription Letter</b>	the conditional subscription letter expected to be entered into following the release of this Announcement between the Company and an existing shareholder pursuant to which terms it shall subscribe for the Subscription Shares
<b>Subscription Shares</b>	the new Ordinary Shares expected to be issued by the Company pursuant to Subscription;
<b>subsidiary or subsidiary undertaking</b>	have the meaning given to such term in the Companies Act 2006
<b>uncertificated or in uncertificated form</b>	in respect of a share or other security, where that share or other security is recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which may be transferred by means of CREST
<b>UK or United Kingdom</b>	the United Kingdom of Great Britain and Northern Ireland
<b>UOKiK</b>	Urząd Ochrony Konkurencji i Konsumentów, the Polish Office of Competition and Consumer Protection
<b>United States or United States of America</b>	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia and all other areas

	subject to its jurisdiction and any political sub-division thereof.
<b>US dollar or \$</b>	the lawful currency of the United States
<b>VAT</b>	UK value added tax or its equivalent in Poland, as applicable
<b>Waiver</b>	the waiver which has been granted by the Panel, conditional upon the approval by Independent Shareholders of the Whitewash Resolution on a poll, of the obligations to make a mandatory offer for the entire issued share capital of the Company not already held by the Concert Party which might otherwise be imposed on the Concert Party under Rule 9 of the City Code, as a result of, <i>inter alia</i> , the issue of the Consideration Shares to the Seller pursuant to the Acquisition;
<b>Whitewash Resolution</b>	Resolution 1 to be contained in the Notice of General Meeting being an ordinary resolution to be voted on of Independent Shareholders (on a poll) in order to approve the Waiver;
<b>Zloty or PLN</b>	the lawful currency of Poland