Domino's Pizza Enterprises Limited
1/485 Kingsford Smith Drive
Hamilton, QLD, Australia 4007
ACN: 010 489 326
www.dominos.com.au

19 August 2020

The Manager

Market Announcements Office

Australian Securities Exchange

4th Floor, 20 Bridge Street

SYDNEY NSW 2000

Dear Sir

Appendix 4E and Annual Report for the year ended 28 June 2020

Please find attached for immediate release to the market the following documents in respect of the year ended 28 June 2020:

(a) Appendix 4E
(b) 2020 Annual Report

For further information, contact Nathan Scholz, Head of Investor Relations at investor.relations@dominos.com.au or on +61-419-243-517.

Authorised for lodgement by the Board.

Craig Ryan

Company Secretary

END

APPENDIX 4E

DOMINO'S PIZZA ENTERPRISES LIMITED

Current Reporting Period: Financial Year Ended 28 June 2020
Previous Corresponding Period: Financial Year Ended 30 June 2019

SECTION A: RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue and net profit	PERCENTAGE CHANGE %	AMOUNT $'MILLION
Revenue from ordinary activities	Up 32.7%	to 1,905.3
Profit from ordinary activities after tax from continuing operations	Up 25.0%	to 142.9
Profit from ordinary activities after tax attributable to members	Up 19.4%	to 138.4
Net profit attributable to members	Up 19.4%	to 138.4

Dividends

Dividends	AMOUNT PER SECURITY (CENTS)	FRANKED PERCENTAGE PER SECURITY
Final dividend in respect of full year ended 28 June 2020 - Payable 10 September 2020	52.6	100%
Record date for determining entitlements to the final dividend: - 26 August 2020		
Interim dividend in respect of half-year ended 29 December 2019	66.7	100%

Dividends	28 JUNE 2020	30 JUNE 2019
Net tangible assets per security		
Net tangible assets per security	**(5.63)**	(5.81)

SECTION B: COMMENTARY ON RESULTS

Brief explanation of revenue, net profit and dividends (distributions).

For comments on trading performance during the year, refer to the media release.

The final 100% franked dividend of 52.6 cents per share was approved by the Board of Directors on 18 August 2020. In complying with accounting standards, as the dividend was not approved prior to period end, no provision has been taken up for this dividend in the full year financial statements.

ADDITIONAL INFORMATION

This report is based on accounts which have been audited. The audit report, which was unqualified, is included within the Annual Financial Report which accompanies this Appendix 4E. Additional Appendix 4E disclosure requirements can be found in the Annual Financial Report.

OUR PIZZA BRINGS PEOPLE CLOSER

DOMINO'S PIZZA ENTERPRISES LIMITED. ANNUAL REPORT 2020.

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DOMINO'S PIZZA ENTERPRISES LIMITED
ANNUAL REPORT 2020

JACK COWIN
CHAIRMAN

This year has been the most extraordinary time of change that I have experienced in five decades in this industry.

For the first six months of this year, the Board and Management were pleased with Domino's Pizza Enterprises Ltd's (Domino's) performance; the company was delivering on its strategy, with an operational performance in line with expectations.

Soon after releasing our Half Year report, the world changed for Domino's and the communities we serve. While Coronavirus Disease 2019 (COVID-19) required many businesses to close for an undetermined period and to rethink their business model and strategy, Domino's has been privileged to be able to continue to serve our customers, albeit with two temporary closures (New Zealand and France). The Company's strategy – of delivering safe, affordable, high-quality meals – remains unchanged.

Ensuring business stability throughout a time of uncertainty and rapid change was made possible by the people and safety focus of management, and the efforts of tens of thousands across the Domino's network – franchisees, team members and office staff in nine countries. Domino's Pizza Enterprises Ltd was fortunate to be part of a greater Domino's family during this time, sharing their experiences and improvements, for the safety and benefit of all. On behalf of the Board, I thank all of those involved for their hard work and commitment and commend Management for their leadership.

It is this hard work, commitment and leadership that has ensured this is still a record year for Domino's; for group sales, earnings, and returns to shareholders. A prudent approach to growth and investment has delivered an underlying return on equity of 40.8%, with a three-year average return on equity of 41%. It is also a record year for charitable giving, for group-wide recruitment initiatives, and for community support.

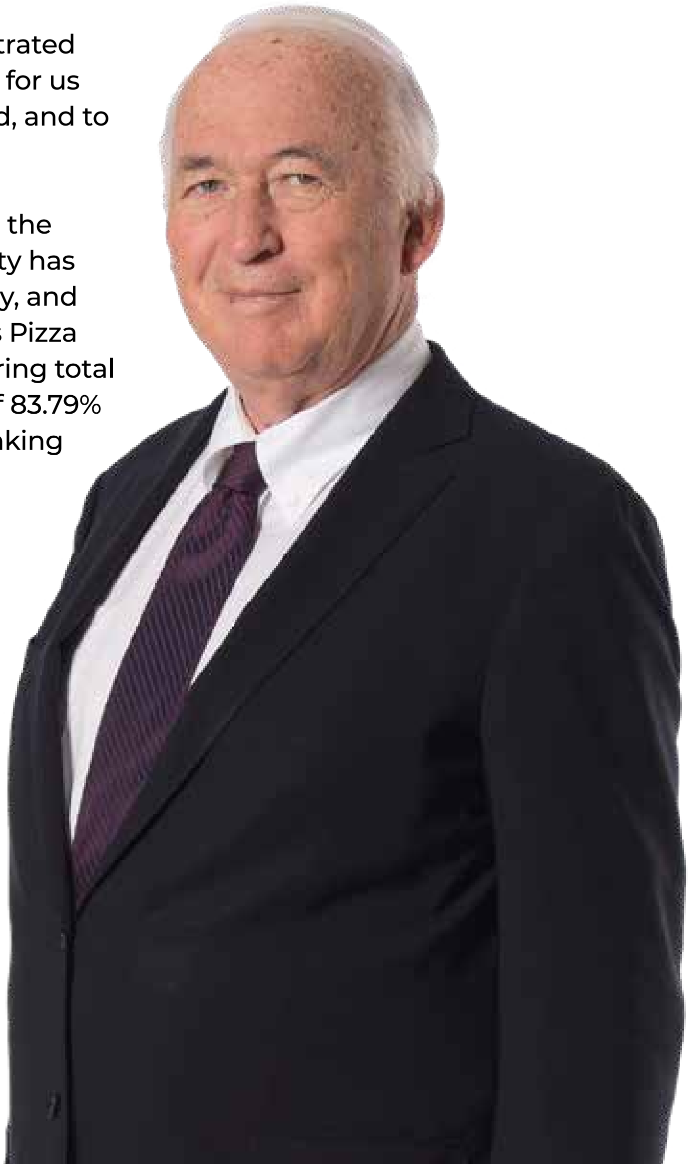
This year has demonstrated that it truly is possible for us collectively, to do good, and to do well.

I am pleased to report the investment community has supported our strategy, and results, with Domino's Pizza Enterprises Ltd delivering total shareholder returns of 83.79% this Financial Year, ranking 2nd in the ASX100.

Stability is possible while still delivering progress, and the board itself has demonstrated this with a renewal process that culminated in its expansion by one member this year. The board is both independent and representative, with members bringing a mix of qualifications, experience, and geographies to their roles.

Domino's also committed to having 30% female directors. With our newest member Doreen Huber, a resident of Germany, serving alongside Lynda O'Grady and Uschi Schreiber, the board now has 50% female representation and a wealth of experience from diverse professional and geographic backgrounds.

We look forward to continuing to represent our shareholders, confident of the significant opportunities that are still ahead for us.



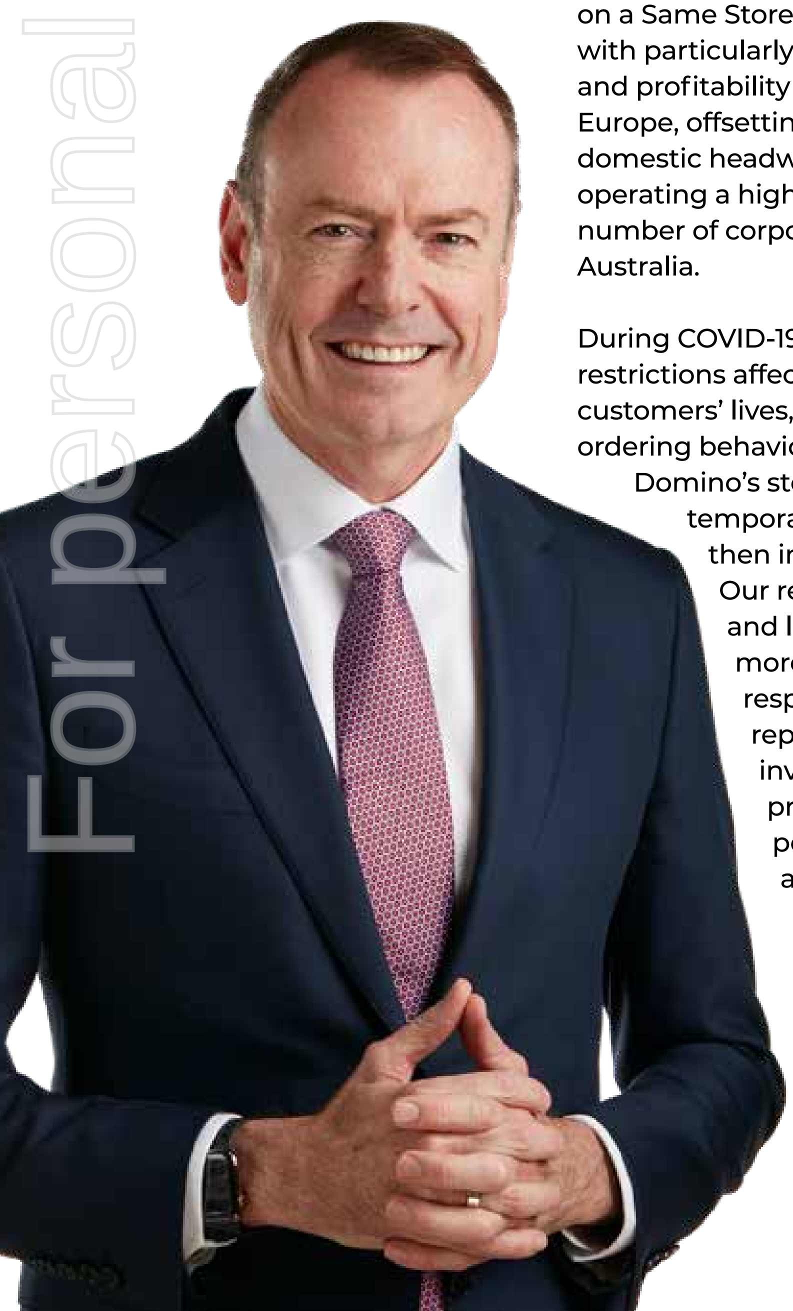
DON MEIJ

GROUP CEO & MANAGING DIRECTOR

At our Annual General Meeting in October 2019, I explained the Purpose and Values of Domino's Pizza Enterprises Ltd.

Our Purpose is the summary of why we do what we do: "Our pizza brings people closer."

In a year of social distancing and societal restrictions, our pizza brought together our franchisees and team members – united in a single focus on safely delivering high-quality meals, at an affordable price, serving our customers, and wider communities.



Our Purpose was tested in unexpected ways this year. I am pleased to report it has been key to us navigating through this pandemic. "Our pizza brings people closer" is also the theme of this year's Annual Report.

Our Group performance this year can best be assessed 'Before COVID-19' and 'During COVID-19'. Before COVID-19, Domino's reported H1 global food sales increased 10.6% (4.1% on a Same Store Sales basis) with particularly strong sales and profitability growth in Europe, offsetting short-term domestic headwinds, including operating a higher than historic number of corporate stores in Australia.

During COVID-19, societal restrictions affected our customers' lives, and their ordering behaviours. In March, Domino's stores closed temporarily in France, then in New Zealand. Our regional CEOs and leaders provide more detail of our response in this report: all of those involved can be proud of their people-first approaches.

Throughout, our performance has benefited from our prudent, long-term investments in fulfilling every stage of our customers' orders; Domino's has been able to minimise the financial impact of COVID-19. The total estimated negative impact on EBITDA was $8.2 million. This comprised $14.1m in additional costs to support our store network, which was partially offset by increased EBITDA from royalty and other revenue of $2.7m and $3.2m in government assistance in the form of wages support and pay-roll tax relief, which successfully prevented widespread furloughs.

For the full year, global food sales increased +12.8%, +5.8% on a Same Stores Sales basis. Online sales (+21.4% to $2.357 billion – 72% of total sales) underpinned this performance, with customers accelerating their preference to order, and pay, online. Underlying EBIT of $228.7 million, increased +3.6%. We maintained a strong balance sheet and cashflow position throughout, expanding our network with 163 new stores.

These figures, however, were not the most important measure of our performance this year. In FY20, we employed more than 65,000 team members, advertised for more than 13,000 team members, purchased more than 15.5 million items of PPE and other safety equipment, and donated more than 200,000 free pizzas for those most affected by COVID-19.

These are arguably some of the most important investments I have been involved with in more than 30 years in this business.

> DESPITE EXTRAORDINARY UPHEAVAL IN OUR COMMUNITIES, OUR TEAM MEMBERS HAVE MAINTAINED THEIR FOCUS ON SERVING OUR CUSTOMERS AND COMMUNITIES, RESPECTING EACH OTHER, AND DELIVERING EXCEPTIONAL SERVICE. I AM PROUD TO BE A MEMBER OF THEIR TEAM.

EUROPE

European operations recorded material differences in performance, reflecting varied approaches from government and society responding to high levels of COVID-19 cases. The effect on sales performance ranged from France, which was temporarily closed in March for two weeks, before stores progressively reopened over the following weeks, to the Benelux (Belgium, Netherlands, Luxembourg), where an increase in delivery initially did not offset a decline in carry-out orders, to Denmark and Germany, where strong delivery growth brought positive Same Store Sales Growth.

The combined contribution delivered EBITDA of $83.4m (+1.8%, on Network Sales of $1,234.43m, (+8.6%*, and +2.8% on a Same Store Sales basis).

Netherlands and Belgium reported important new milestones for the Benelux, opening the 300th Dutch store and the 100th Belgian store. As the Benelux network has expanded to become one of the largest quick service restaurant businesses in the market, Domino's has invested in infrastructure to support this growth. This year local management was proud to open a new, state-of-the-art commissary, in Nieuwegein to support existing and future stores in the market.

ANZ

In Australia customer changes during COVID-19 affected stores in substantially different ways; initially CBD and tourist stores serviced fewer customers, while suburban stores recorded higher sales as these same customers stayed, and ordered, at home.

New store openings were lower than anticipated (+10) due to the short-term societal restrictions in New Zealand, and existing franchisees and store managers choosing to purchase corporate stores to expand their businesses. Nonetheless, as one of the most successful international markets in the Domino's system, the Australian team were proud to open the 17,000th Domino's in the world, in the western Sydney suburb of Bradbury.

Local operations were rapidly adjusted to offer COVID-safe procedures, while marketing was tailored to regional differences in customer ordering patterns. This responsive approach to customer demand ensured network sales grew +4.1% (+5.1% on a Same Store Sales basis).

Domino's invested in targeted, short-term support for those stores affected by circumstances beyond their control, ensuring they were able to service their customers on their return. This additional investment lowered EBITDA -5.8% to $129.4m.

JAPAN

Lower levels of societal restrictions allowed for significant growth in carry-out and delivery orders. Customers chose Domino's as a safe, affordable, high-quality meal option in record numbers, and our local stores rose to the challenge with high levels of customer service, including market-leading delivery times.

Network sales increased +38.0%* (+18.4% on a Same Store Sales basis). These record sales increased EBITDA +42.3% to $103.3m.

The ability of our network and stores to service this unexpected, and record demand, was directly linked to strategic decisions taken in the past two years. These included broadening the menu (through our Barbell strategy), and fortressing metropolitan markets by opening record numbers of new stores – expanding the network by 30% in two years.

**(Network sales growth in $AUD).*

BOARD OF DIRECTORS

Jack Cowin
CHAIRMAN
APPOINTED: MARCH 2014

BACKGROUND & EXPERIENCE:
Member of the Nomination and Remuneration Committee.

Professional Background: More than five decades experience in the quick service restaurant industry. Founder and Executive Chairman of Competitive Foods Australia Pty Ltd, the owner and operator of more than 350 Hungry Jack's restaurants in Australia and several food manufacturing plants.

Other boards: Competitive Foods Australia Pty Ltd, v2 Foods, Apache Industrial Service (USA).

Former directorships: Fairfax Media Limited, Ten Network Holdings, Chandler Macleod Group.

Qualifications: Bachelor of Arts – University of Western Ontario, Canada; Doctor of Laws, honoris causa – University of Western Ontario, Canada.

Ross Adler AC
NON-EXECUTIVE DIRECTOR
DEPUTY CHAIRMAN
(FORMER CHAIRMAN)
APPOINTED: MARCH 2005

BACKGROUND & EXPERIENCE:
FY20: Chair of the Audit Committee, Member of the Nomination and Remuneration Committee.
FY21: Member of the Audit Committee and Nomination and Remuneration Committee.

Professional Background: Extensive experience as an executive and board member, recognised for his significant contribution to education and the arts. Previously the CEO of oil and gas producer Santos Ltd (1984-2000) and Chairman of the Australian Trade and Investment Commission (Austrade) (2001-2006). Recipient of the Centenary Medal (2001) for outstanding service to Australia's international trade.

Other boards: Executive Chairman of Amtrade International Pty Ltd.

Former directorships: Santos Ltd, Commonwealth Bank of Australia Ltd, Telstra Ltd, Port Adelaide Maritime Corporation, Adelaide Festival, The Art Gallery of South Australia, State Theatre Company, Grand Prix Corporation, Deputy Chancellor of the University of Adelaide.

Qualifications: Bachelor of Commerce – Melbourne University; MBA – Columbia University, United States of America.

Don Meij
GROUP CEO & MANAGING DIRECTOR
APPOINTED: AUGUST 2001

BACKGROUND & EXPERIENCE:
Professional Background: Award-winning multi-unit franchisee and internationally recognised pizza executive. Mr Meij started as a delivery driver in 1987 and held various management positions with Silvio's Dial-a-Pizza and Domino's Pizza until 1996. Mr Meij then became a Domino's Pizza franchisee, owning and operating 17 stores before selling them to Domino's Pizza in 2001. Multiple-award winner, including Chairman's Award for outstanding leadership and Ernst & Young Australian Young Entrepreneur of the Year. In 2018, under Don's leadership, Domino's was inducted into Queensland Business Leaders Hall of Fame. Group CEO & Managing Director since 2002, leading the Company to become Australia's first publicly-listed pizza chain on the ASX (2005). In 2017, Don celebrated 30 years with Domino's.

Other boards: Not applicable.

Grant Bourke
NON-EXECUTIVE DIRECTOR
APPOINTED: AUGUST 2001

BACKGROUND & EXPERIENCE:
FY20: Chair of the Nomination and Remuneration Committee, Member of the Audit Committee.
FY21: Chair of the Audit Committee, Member of the Nomination and Remuneration Committee.

Professional Background: Experienced food industry executive with extensive experience as an award-winning Domino's franchisee and executive. Prior to joining Domino's Mr Bourke was an international executive with Masterfoods (Mars Inc.). He was awarded Domino's Golden Franchisee award (1995), Franchisee of the Year (1997 and 1998), Golden Eagle winner (1999) for his contribution to the Company and global Chairman's Award winner for outstanding leadership. Former Director of Corporate Store Operations, Managing Director Europe, and Non-Executive Director since 2007.

Other boards: Not applicable.

Former directorships: Pacific Smiles Group Ltd.

Qualifications: Bachelor of Science (Food Technology) – University of New South Wales; MBA – the University of Newcastle.

Lynda O'Grady
NON-EXECUTIVE DIRECTOR
APPOINTED: APRIL 2015

BACKGROUND & EXPERIENCE:
FY20: Member of the Nomination and Remuneration Committee.
FY21: Member of the Audit Committee and Nomination and Remuneration Committee.

Professional Background: Extensive career with senior executive experience in IT, telecommunications and media organisations. Former Executive Director and Chief of Product of Telstra, Commercial Director of Australian Consolidated Press, the publishing division of Publishing and Broadcasting Limited, and General Manager of Alcatel Australia.

Other boards: Non-Executive Director AVANT Mutual Ltd, Non-Executive Director Wagners Ltd, Member of the Advisory Board of Jamieson Coote Bonds, and Council of Southern Cross University and Director of Musica Viva.

Former directorships: Council of Bond University, Boards of the Aged Care Financing Authority (Chair), National Electronic Health Transition Authority (NEHTA), Screen Queensland and TAB Queensland, and the IT&T Board of Advisors to the New South Wales Treasurer.

Qualifications: Bachelor of Commerce (Hons) – University of Queensland, Fellow of the Australian Institute of Company Directors.

Uschi Schreiber AM
NON-EXECUTIVE DIRECTOR
APPOINTED: NOVEMBER 2018

BACKGROUND & EXPERIENCE:
FY20: Member of the Audit Committee and Nomination and Remuneration Committee.
FY21: Chair of the Nomination and Remuneration Committee and Member of the Audit Committee.

Professional Background: Experienced global strategy and operations executive in the private and public sectors, including in countries in which the Company is expanding its operations. EY Fellow, Digital Society and Innovation; former EY Chair, Global Accounts Committee, Global Vice Chair, Markets and member of the EY Global Executive Management Board. Former Director-General, Queensland Health, Deputy Director General, Department of the Premier and Cabinet and Cabinet Secretary, Queensland Government. Consultant, executive coach and diversity advocate, founder of Innovation Realized, an annual, global CEO forum on emerging technology issues and creator of the Worldwide Women Public Sector Leaders' Network.

Qualifications: Master of Arts – Griffith University; Australia, Graduate Certificate in Management – University of Western Sydney, Australia; Bachelor of Social Work and Special Education – University of Braunschweig/ Wolfenbüttel, Germany.

Doreen Huber
NON-EXECUTIVE DIRECTOR
APPOINTED: FEBRUARY 2020

BACKGROUND & EXPERIENCE:
Member of the Nomination and Remuneration Committee.

Professional Background: Respected business entrepreneur and food technology expert. Founder and former CEO of business catering aggregator Lemoncat (acquired by B2B Food Group). Former Chief Operations Officer and part of the founding team of Delivery Hero, the largest global food ordering aggregator (outside of China). Experienced angel investor, and former partner and investor in Springstar, which supported US-based internet companies with their global roll-out, including Airbnb and furnishing platform Houzz, which are both multi-billion dollar companies.

Other boards: Bundesverband Deutsche Startups (German Start-ups Association).

Former directorships: Lemoncat (Germany), Delivery Hero.

Qualifications: Magister Artium / Master of Arts (Literature, Art and Media) – Humboldt University of Berlin, Germany.

DPE

PERFORMANCE HIGHLIGHTS

2,668 STORES GLOBALLY

$3,268M NETWORK SALES

$2,357M ONLINE SALES

$228.7M
UNDERLYING EBIT

169.4 CPS
UNDERLYING EPS

COVID-19

TRIBUTE ON BEHALF OF THE BOARD

The board of Domino's Pizza Enterprises Ltd would like to pay special tribute to team members for their dedication, innovation and disciplined efforts during COVID-19.

More than 50,000 'Dominoids' across nine countries have consistently gone above and beyond – to protect the health and wellbeing of themselves, their colleagues, and our customers, to donate much-needed meals to the frontline, and to help local communities stay socially distanced by delivering hot, fresh meals to their homes.

What has stood out to me and my fellow Non-Executive Directors has been the values-driven approach by management, franchisees and team members. A people-first approach has been constantly on display, from the professionalism and ingenuity which saw new procedures invented and implemented, seemingly overnight, through to communication efforts such as letters informing parents of safety measures protecting their children.

Some of these innovations were highly visible to our customers, such as Zero Contact Delivery (for which Domino's was a leader in our markets). Others were less visible, but no less important. These included a tremendous supply chain effort with our partners to ensure our team members had the ingredients and products they needed (such as face masks, for the first time) and digital innovation that allowed our stores to handle unexpected changes in customer ordering behaviours and volumes – without pause.

The board and management recognise trading during COVID-19 is a privilege, not a right. Unlike some businesses and industries, we have had the ongoing privilege to serve our communities. This meant Domino's Pizza Enterprises Ltd has not needed to furlough large numbers of employees, nor has our network experienced any COVID-related insolvencies – testament to the flexibility and robustness of our franchise model. Where we have had short-term market closures or stand-downs, we have done all we can to ensure we helped those team members avoid hardship, and welcomed them back to their roles as quickly as possible.

COVID-19 will blight our community for the foreseeable future. We are confident the values of Domino's and the extraordinary team effort, led by our Group CEO & Managing Director Don Meij and management in all countries, have ensured this business will continue to thrive no matter what challenges this pandemic imposes in our future.

The board thanks every team member for their efforts – we are proud to be their colleagues.

Jack Cowin

Instore modifications during COVID-19

WHAT WE DID

We communicated extensively with our customers, employees and suppliers about these new health and safety procedures

We limited cash payments or removed cash payment options entirely

We introduced mandatory temperature testing of employees and ensured all stores had an escalation procedure and points of contact in the event of an unwell employee

Domino's

We modified our customer waiting areas and kitchens to comply with social distancing measures, including installing outward-facing screens for customers to wait outside for their orders

We increased the frequency of all cleaning and sanitisation procedures, with hourly digital alarm reminders

We provided (where mandatory) or made available (where optional) face masks and non-food handling disposable gloves for staff

We ran an education campaign highlighting the safety of our products, in particular, that our pizzas are cooked in ovens that exceed 240 degrees Celsius and are not touched again by human hands and we applied tamper-proof seals to pizza boxes

We were privileged to hire more team members to serve communities, and to help team members avoid financial distress

OUR RESPONSE TO COVID-19

By necessity, an overview of Domino's Pizza Enterprises Ltd's response to COVID-19 is an essential component of the Company's Annual Report for the 2020 Financial Year. The virus has caused an ongoing pandemic for which (at the time of writing this report) there is no foreseeable end in the near-term.

Other than two, short-term market closures, Domino's stores have had the privilege to continue to serve our customers and communities.

Prior to the conclusion of the Financial Year, the Company provided five updates to the Australian Securities Exchange. This included a 'CEO Webcast Presentation,' with Group CEO & Managing Director Don Meij and four other members of Domino's Global Leadership Team providing an update on the Company's response to the pandemic, and observations on changes to customer behaviour in the communities we serve.

This section of the report outlines the Company's response 'During COVID-19' and is both a report-to-date and, because the pandemic is ongoing, an in-progress report.

Tamper seals on pizzas boxes


A contactless delivery


PPE was significantly increased during COVID-19

Domino's has consistently focused on listening to our customers and during COVID-19 our customers' voice – through social media monitoring, focus groups, and online and third-party surveys – helped guide our response. Broadly, Domino's response to customer expectations has been in three phases.

PHASE 1

The World Health Organisation declared COVID-19 a pandemic on 11 March 2020. Prior to this declaration, our regional management – learning from other Domino's markets – had already identified and implemented changes to operations to protect our team members, customers and our business.

This was possible because Domino's recognised it was important for customers and team members not only to be safe, but to feel safe as well. This meant the Company was proactive, often implementing new approaches before these were required by local authorities. For example, despite a higher level of scepticism in the community regarding the scale and seriousness of the threat posed by COVID-19, Domino's was at the forefront of offering Zero Contact Delivery to customers in all markets.

HOW WERE THESE DECISIONS MADE?

With multiple sources of information providing sometimes conflicting updates on the spread and risk of COVID-19, an initial decision was made to reaffirm that the health and safety of people would be at the core of Domino's operations, and that advice from local health authorities would be prioritised.

This meant Domino's took early steps within our supply-chain, where our team worked to secure our staff and customers (pre-ordering sufficient supplies of sanitiser and personal protective equipment), and to secure our supply (to ensure stores could continue to offer a full menu at all times).

These early decisions, particularly the prioritisation of local health authority advice, ensured Domino's stores would take safe, appropriate action that met, or exceeded, the response necessary for local virus conditions at all times. For example, Domino's purchased masks for team members in all regions. The wearing of masks was mandated in some regions in accordance with local health advice, and elsewhere masks were provided free of charge for team members who chose to wear them, (even where this was not essential due to low virus levels). This decision ensured that, when local conditions and corresponding health advice changed, Domino's was prepared to move fast to respond.

INITIAL RESPONSES

Management determined one of the business risks to Domino's operations was the potential to spread the virus between stores; either through team members and/or suppliers working between multiple stores, or through training events.

For example, regional management decided to cancel or delay planned mass gatherings, including the 'Rally' for both Germany and Australia/New Zealand, in which team members from across the country gather annually to learn best practice and celebrate their achievements. This early decision to reduce the number of team members from different stores being in close proximity reduced the opportunity for any individual case to affect multiple stores, as was seen in other businesses.

Despite scepticism from many in the community, Domino's identified the need during this phase for changes to operational methods that had been developed over decades. Most visibly, this included moving to 'Zero Contact Delivery' (initially as an option for customers in the Benelux from March 10).

Other, less visible steps included changes to procedures for Domino's offices, including restrictions to work-travel arrangements for staff, new procedures for office visitors, as well as extensive planning to allow corporate team members to work from home.

These rapid changes were made possible because of the already high standards of hygiene, food safety, and training already in place in every Domino's country, and every store. Existing, well-practised platforms to develop and communicate new procedures were put into action for COVID-19.

PHASE 2

Following the World Health Organisation pandemic declaration, community expectations rapidly shifted towards fear of the progress of COVID-19.

One of the most visible examples of changing customer expectations related to the use of Zero Contact Delivery. Customer attitudes towards this innovation shifted from viewing this as an overreaction in Phase 1 to now being a necessity essential for protection of team members and customers.

In mid-March, Domino's corporate offices moved largely to work from home, allowing a virtually seamless transition in the way support for stores was delivered, made possible because of the extensive planning work and testing already undertaken. This included updates to IT systems and communications platforms to allow for a rapid increase in simultaneous users.

Domino's Global Leadership Team started daily video conferences, bringing in subject matter experts, from both across the business and externally; to share updates, insights and expertise, and to act quickly to strengthen the global response.

The 18th of March (France local time) was a key moment in Domino's Pizza Enterprises Ltd's history; Domino's commenced a 15-day closure of all stores in France. While stores were legally permitted to trade, the decision to temporarily close these stores was consistent with the Company's approach in responding to community expectations.

During this time, with societal restrictions on movements increasing, and with significant uncertainty of the likely effect of COVID-19 – new store construction and plans for new stores were paused in many countries.

At this point, Domino's Pizza Enterprises Ltd expanded the principles that determined its course of action through this pandemic. In addition to ensuring the safety and wellbeing of our people, and our customers, management recognised "It is a privilege, not a right, to be open during this time".

IT IS A PRIVILEGE, NOT A RIGHT TO BE OPEN

In the history of Domino's Pizza Enterprises Ltd, the right to operate was determined by the company's ability to safely provide high-quality, affordable meals that met the demand from customers, while meeting and exceeding local government regulations.

In addition to requiring a legal right to operate, the pandemic also required a social licence to operate. The decision in France, sector-wide closures affecting other industries in all markets, and the five week closure of Domino's in New Zealand, demonstrated this social licence required the ongoing support of five pillars: government, community, customers, franchisees and team members.

This understanding continues to guide management's decision-making; from providing one-off support to install physical barriers in store foyers, through to communicating directly to the parents of young team members regarding the steps taken to protect their child's safety. Management recognises the importance of meeting the needs of all partners as a necessary requirement for continued trading.

CHANGES IN CUSTOMER BEHAVIOUR – AND DOMINO'S RESPONSE

Domino's trading through Phase 2 reflected customers' responses to their local virus conditions. As local health authorities recommended people stay inside and reduce unnecessary travel, the desire and ability for customers to order carry-out declined in many markets and the number of customers choosing delivered meals increased. Across every region, Domino's became one of the few companies seeking to hire more team members, to ensure the growth in delivery could be appropriately resourced.

As offices closed, universities cancelled classes, and holiday plans for families were postponed, in favour of communities staying home en masse, some Domino's stores in CBD, university, and tourism locations experienced a decline in foot traffic and orders, while many suburban stores reported increased sales from these same customers. Domino's was well placed to respond to these changes; six decades of experience in food delivery in the Domino's system meant, rather than develop an entirely new business model, Domino's Pizza Enterprises Ltd needed to increase resourcing for delivery orders. The timing of customers' orders changed as well – because the regular patterns of weekday and weekend life were disrupted, so too were customers' meal preferences. Domino's stores experienced an increase in orders during the week, and earlier in the day.

Customers also ordered larger meals, for the love of leftovers, choosing to order enough pizzas to cater for dinner and lunch the next day, rather than undertaking another visit to supermarkets where shortages of products were common. In Japan, where there were fewer restrictions on societal movements, but a reluctance by customers to dine-in at their regular restaurants, Domino's stores recorded significant growth in both carry-out and delivery orders.

Across all countries Domino's marketing and communications were frequently updated to speak directly to customers' new experiences. Customers made it clear they expected safety messages to be at the forefront of communications, covering everything from the ordering and payment process, through meal preparation and delivery to the customer's door. Domino's highlighted its unique ability to deliver customers hot, safe meals; cooked in ovens at more than 240°C and not touched again by human hands.

PHASE 3

By the end of April, Domino's stores in France and New Zealand had reopened, and stores in all nine countries were operating in the new reality: "Living with COVID-19".

Domino's determination to prioritise the health and wellbeing of our customers, team members and our community, remains unwavering. Our customers told us they were fatigued from the overwhelming changes COVID-19 had brought to their lives. They said they expect safety-focused initiatives such as Zero Contact Delivery to continue, and for food safety to be an ongoing priority, but they also seek a return to normalcy, or as much as is possible in an ongoing pandemic. They have given their permission (if not their expectation) for businesses to be 'fun' again.

Our customer approach was updated accordingly. Marketing was adjusted again to reflect Domino's indulgence and escapism – one of the few treat options possible during this time – with safety messages continued, but as a supplement rather than the primary message.

Domino's franchisees, experienced in responding to rapid changes in operations and community expectations, returned their focus to expansion, recommencing planning and new store construction.

The short-term changes to customer ordering started to return to pre-COVID-19 patterns, with mid-week orders shifting back to weekends, and carry-out customers venturing out of their homes and returning to offices, enjoying their favourite pizzas and sides. Management in each Domino's country was focused on welcoming back as many of these carry-out customers as possible. At the same time, stores were focused on retaining customers who had enjoyed delivered orders for the first time, or who had increased their ordering frequency during Phase 2.

Domino's Pizza Enterprises Ltd is unable to forecast what form the COVID-19 pandemic will take next. Instead, the focus of management, franchisees and team members is firmly on serving customers whenever, and however, they choose to order. Domino's strategy has been built to serve a growing demand globally for delivered food, ordered online, and the Company's strategy of fortressing local markets, by opening more stores, closer to customers, will be critical to serving this demand.

The Company anticipated the Age of Delivery was approaching.

COVID-19 has accelerated the Age of Delivery for new and existing customers. Our hard-working delivery experts, in store and corporate team members, and customer-focused franchisees have met the COVID-19 challenge and are prepared for the next phase: Fast Forward the Age of Delivery.

> PIZZA MAY NOT BE A MEDICAL CURE, BUT ITS ABILITY TO SURPRISE AND DELIGHT IS UNIVERSAL. DOMINO'S TEAM MEMBERS AROUND THE WORLD SHARED THE SAME DESIRE TO SUPPORT THEIR LOCAL COMMUNITIES DURING COVID-19 IN WAYS BEYOND THE GUARANTEE OF A SAFE MEAL.

AUSTRALIA

FEEDING THE FRONTLINE

Domino's Australia, in partnership with Give for Good, donated more than 23,500 pizzas to more than 47,000 frontline workers across the country

NEW ZEALAND

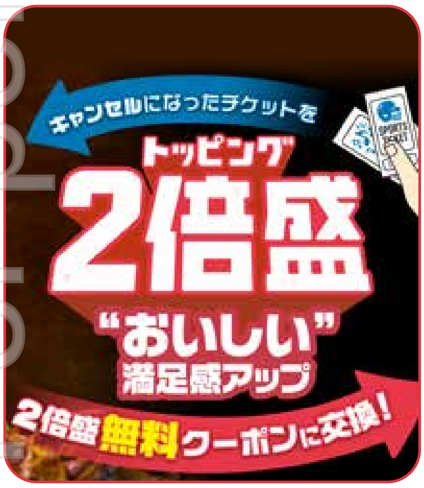
MEALS FOR SENIORS

More than 2000 free meals for seniors aged over 70 were delivered using Zero Contact Delivery.

GERMANY

DOMINO'S FREUDENBRINGER

The "Domino's Freudenbringer" (Pleasure Charm) campaign allowed people to nominate 'neighbours who help' or 'neighbours who need help' for a free pizza. They donated more than 9,000 pizzas.



JAPAN

TICKET EXCHANGE

Customers were able to exchange any cancelled event ticket for free double toppings on their pizzas.

FRANCE

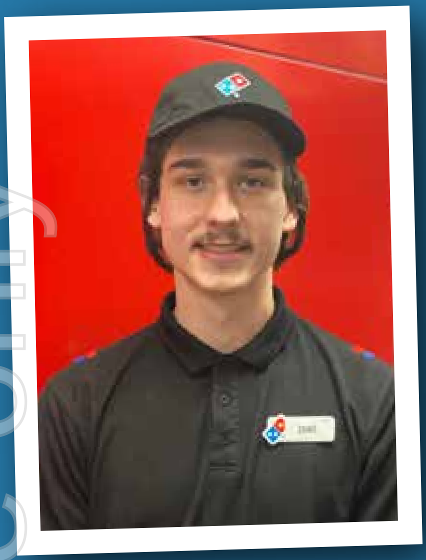
LOCKDOWN BIRTHDAYS

In addition to providing free pizzas to 'Everyday Heroes' Domino's France came to the party for those who missed out on birthday celebrations. Customers whose birthday fell between the lockdown dates were asked to submit an entry and went in the draw to win free pizza.

Benelux

VOORELKAAR

"VoorElkaar" ('For each other') campaign – inviting customers to nominate their own community hero for a free pizza. More than 4,000 pizzas were provided to hospitals, police, supermarket workers and vulnerable members of the community.



Zane, 18

DOMINO'S KALLANGUR, AUSTRALIA

"Delivering to customers who have been isolated for a really long time and you're the first face they're seeing - that customer experience really matters. It's more than just doing a job. It's actually about human connection.

"I delivered to a mother who was seeing her son for the first time in three months and it was his birthday. It was really special to be part of that experience."

Bent, 18

DOMINO'S ITZEHOE, GERMANY

"As a Domino's team member - everyone pulls together and a really strong team helps with everything.

"Working was always a small ray of hope - a pizza delivery was a little highlight for many people.

"I delivered to the hospital in Itzehoe with store owner Sascha. It felt very good to do something for the people who are doing everything for us in these difficult times."

Yuki, 20

DOMINO'S FUKUI WADAHIGASHI, JAPAN

"With the State of Emergency declared due to the COVID-19 pandemic, I thought because I was just a student, not a healthcare professional or a care worker, that there was nothing I could do. But that was not the case. I am able to make other people happy by my smile and care. I was able to learn that my job at Domino's Pizza is to make efforts so that customers can feel happiness."

CASE STUDY
OPERATIONS

Domino's operations teams are constantly working to find new ways to maximise efficiencies for our stores, and at any time will have more than 20 trials underway.

The usual innovation approach starts with a new idea and draws on expertise across the business to test solutions, analyse data, and iterate to confirm both; what is the best solution, and whether its benefits can be realised. As is the nature of innovation, not all trials will end in success, and the process can take months.

During COVID-19, these months became days, with multiple rapid innovations required to allow stores to keep trading.

Rachael Keech, Head of Operations Innovation, said: "If we look at something as 'simple' as Zero Contact carry-out – the challenge was 'how can we continue to offer our carry-out customers choice while ensuring social distancing and preparing for a situation where customers may not even be allowed to enter our stores?'.

"With Zero Contact Carry-Out for Australia/New Zealand we first took learnings from other countries, including non-Domino's Pizza Enterprises Ltd markets.

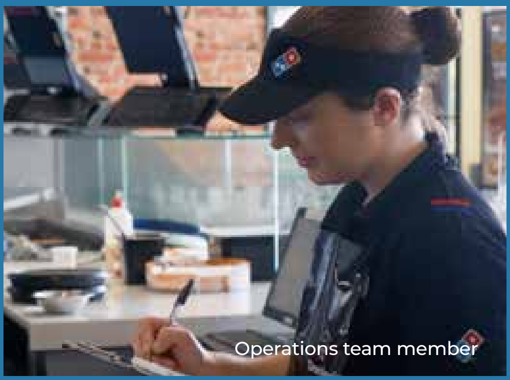
"We engaged a mix of franchisees to trial a few options in parallel – for example we trialled more than six bollard types in stores, pickup in store and outside, and different store layouts – communicating live with participants as they shared and trialled new options and took feedback from customers – 'what was effective and worked for everyone?'.

"Once we identified a safe solution we had to ensure every store in a country could execute it. We published new procedures and an online training package so all of our team members could deliver this new approach in a consistent way, and set a target date for implementation. We then confirmed adaptation through on-the-ground inspections and feedback.

"This could typically take six weeks. We barely had six days and had to deliver while moving to work from home – at the same time we were working on a number of COVID-19 projects including Zero Contact Delivery, and External Dispatch (where delivery drivers do not enter the store).

"At any time bringing a project to fruition requires a team effort, but to bring so many to fruition in such a short time is testament to the collaboration of franchisees and team members (in stores and in offices) who have the experience and passion to make it happen."


External Dispatch


Operations team member

Holiday periods in Japan and Europe have traditionally been some of the busiest for Domino's Pizza Enterprises Ltd's online ordering system, One Digital. Changing a key IT system to allow more team members to work remotely is typically a challenging project, requiring months of planning and execution. Similarly, implementing new technologies for store operations changes is an important responsibility.

Facing any one of these business-critical challenges individually requires a capable team. Facing all of them simultaneously and successfully, as Domino's has done during COVID-19, requires an exceptional team.

Michael Gillespie, Group Chief Digital and Technology Officer, said COVID-19 had brought unexpected challenges – such as turning off, and then on, customer service options including carry-out – all new challenges and solutions, delivered at a rapid rate. Team members in all markets overcame these challenges through industry leading technical abilities and unmatched commitment.

"We couldn't have just one priority – we had to juggle multiple balls in the air, and every challenge thrown at us," Michael said.

"During our peak periods, our systems were processing more than 10 orders every second, from multiple countries at any one time.

"Meanwhile, where previously we planned for fewer than 100 team members to work from home, from time-to-time, now we resource more than 800 team members who work from home all at the same time. We added new technologies including video conferencing, while ensuring we maintain data security and connectivity.

"Being able to successfully accomplish all of these projects, and more, while working in a dispersed environment ourselves, was only possible because of the systems, teams and partnerships (internal and external) we have built over more than a decade.

"Every day has brought a new challenge, an innovation to deliver, and a question to solve – our approach has always been to work to deliver as fast as possible, then to continuously innovate as we learn and improve. Doing so needs the collaboration with other teams, including Legal, Security, Communications and Marketing.

"All of this was done while still delivering other projects – a great feature of DPE is the ability to dig deep and work together, while still ensuring we could still support stores and stay connected.

"We're now reviewing the changes we made at the height of COVID-19 and use the lessons we have learnt in the future."

Working from home

CASE STUDY
PEOPLE

During COVID-19 our team members have dealt with more change in six months than many could have anticipated in an entire career. In the face of new challenges and unexpectedly high workloads, they have delivered world-class results, and our regular surveys shows they are more engaged with our business than ever before.

HOW?

Chief People and Culture Officer David Klages said: “This is a people business as much as a pizza business.

“We know that our team members have choices, whether to work for Domino’s or for another business, or whether to work at all. It is the responsibility of every manager, franchisee and leader, particularly during times of uncertainty, to demonstrate their workplace is safe, their efforts are appreciated, and their work has meaning – to our business, to customers and to our community.

“With a significant investment in personal protective equipment and social distancing measures such as Zero Contact, we knew that our team members’ workplaces are safe, but also knew team members needed to feel safe.

“We communicated constantly, to franchisees, team members and even wrote to the parents of younger team members to reassure them we would protect the most precious delivery in the world – their child.

“We have consistently celebrated good news stories throughout our internal communication channels, inspiring a ‘mission mentality’ among team members, who have recognised their work is helping to feed those in need, and helping social distancing by keeping families safe at home.”

In March, our stores in the Benelux decided they would donate pizzas to local health care workers and hospitals, to thank them for their efforts on the frontline of this pandemic.

“This was a perfect example of our value ‘Be Generous and Provide Joyful Experiences’,” David said. “We shared these examples within our business and expanded this giving worldwide.

“Our stores have donated more than 220,000 pizzas, and the response has been gratifying. Inside our business, the response has arguably been even stronger, with team members in stores and in offices reporting their contribution during COVID-19 has been one of the most rewarding professional experience of their career.”


Protective shields added to desks at head office


Our focus on hygiene was reinforced to customers

Domino's Pizza Enterprises Ltd stores have faced natural disasters and local emergencies, but never in the Company's history had it been faced with the need to close an entire market.

During the first months of COVID-19, it happened twice – in France for 15 days in consultation with local franchisees and team members, and in New Zealand, where the national government required most businesses to close their doors for five weeks.

Domino's New Zealand General Manager Cameron Toomey outlined the dynamic situation the country's team members and 76 franchisees faced in the lead up to the closure, and the efforts required to reopen 134 stores.

"In the early stages of the pandemic the government outlined the level of societal lockdowns that would be required if the conditions deteriorated – but because the situation was dynamic, we had to plan initially to close our dine-in options, then carry-out, and finally close our doors," Cameron said.

"Once it became clear our business would need to close – initially for four weeks – there was a lot of work to be done. It became very clear you can't just 'close the doors'; we increased our charitable giving to donate more than 30,000 hot meals to healthcare and other frontline workers, and then donated excess ingredients to foodbanks to help feed the needy.

Our stringent cleaning procedures were enhanced cleaning stores

"Our stores were cleaned, top to bottom, essential maintenance was undertaken, and we had to work with our colleagues in multiple departments, including IT, Customer Feedback, and Marketing, to ensure we could turn off our systems and communicate with our customers.

"We spent the next month preparing to reopen as soon as we were able to, working closely with franchisees online to strategise, to ensure they recruited additional staff to facilitate more deliveries, and to use this opportunity to provide additional training and team building – all virtually.

"The result was as seamless a reopening as was possible during a pandemic, with the Mt Eden and Lower Hutt stores delivering our first 'reopening' pizzas after midnight on the 28th of April.

"This is a situation we would never want to see again, but I'm convinced our business and our people will be stronger for the experience, and I'm so pleased to have worked alongside them during this time."

Markers were implemented to help maintaining social distancing in store

CASE STUDY
PROCUREMENT

Domino's supply chain requires a global team to work with partners to deliver safe, high-quality products, including fresh ingredients, to almost 2700 stores in nine markets on a just-in-time basis. Every minute a supply truck is arriving at a Domino's Pizza Enterprises Ltd store, somewhere in the world.

And that is in ordinary times.

Group Chief Procurement Officer John Harney explained the round-the-clock effort that ensured stores that continued to trade were able to do so with a full menu, at all times.

"Speed, agility, and partnerships are a key part of our business – an agile front-end requires a very agile back-end to support it, and that requires continuous refinement to ensure we are delivering for our stores," John said.

"Our first step was to secure the safety and hygiene of our own people and our customers. To put it in context, without sufficient cleaning and hygiene products in a store, we simply couldn't trade.

"In many cases we were buying personal protective equipment for the first time or existing equipment in quantities we've never previously ordered – including masks, gloves, sanitiser, even protective shields in stores. We had to do so in an environment of high demand and scarcity.

"This meant, in some instances, identifying new supply sources, confirming products were appropriate for our requirements, while still delivering value for our franchisees.

"Governments were closing borders or limiting movements, and global supply chains were stressed with blockages in key international ports.

"Because of the strength of our logistics and supply partners, our transportations were considered an essential service – allowing us to work across national and local borders.

"That meant at the height of the crisis, our customers could access their favourite products as they had always done and get them safely delivered Zero Contact. That is a success few businesses have been able to celebrate during COVID-19.

"This was only possible because of the hard work of our team members in all countries, the relationships and structures that we have built. All of our suppliers continued to be under pressure, and nevertheless ensured supply in all our markets. I thank them for their continued partnership."

> **"AT THE HEIGHT OF THE CRISIS, OUR CUSTOMERS COULD ACCESS THEIR FAVOURITE PRODUCTS AS THEY HAD ALWAYS DONE AND GET THEM SAFELY DELIVERED WITH ZERO CONTACT."**

Supply trucks outside our new Nieuwegein Supply Chain Centre (Netherlands)

TIMELINE

The pace of change during COVID-19 has surpassed anything previously experienced in Domino's Pizza Enterprises Ltd. It is a tribute to more than 50,000 team members who worked together, to be responsive to the latest advice from health and government authorities and customer expectations, to put team members' safety first, to learn, and to share learnings with other Domino's countries.

Changes were implemented at a national, regional or store level on a daily basis; from designing and implementing Zero Contact Delivery, through to stores placing floor decals to help team members be efficient while maximising social distance.

Domino's Pizza Enterprises Ltd has prepared the following timeline to provide a sense of the rapid and comprehensive changes that were occurring in our business, in the context of fast-moving societal changes. We thank all of those involved for their commitment and positive attitude towards adaptation and change during this time.

JANUARY

3RD JANUARY
Chinese officials inform the World Health Organisation (WHO) of a cluster of cases of 'viral pneumonia of unknown cause' identified in Wuhan.

9TH JANUARY
Chinese authorities determined the outbreak was caused by a novel coronavirus.

14TH JANUARY
WHO reported limited human-to-human transmission of the virus was possible.

16TH JANUARY
Japan reported the first case (the 2nd confirmed outside China).

24TH JANUARY
France informed the WHO of three cases, the first confirmed cases in Europe.

25TH JANUARY
Australia reports the first case.

FEBRUARY

11TH FEBRUARY
WHO names the disease caused by the novel coronavirus: COVID-19.

14TH FEBRUARY
WHO finalised guidelines for organisers of mass gatherings.

24TH FEBRUARY
WHO developed recommendations depending on fast decision-making by leaders.

28TH FEBRUARY
DPE Global/Australia-New Zealand (ANZ) COVID-19 Response Team formed.

MARCH

3RD MARCH
WHO calls for industry and governments to increase personal protective equipment manufacturing.

Domino's France issues updated recommendations for enhanced procedures.

Domino's Belgium-Netherlands implements new Head Office procedures including temperature checks, increased disinfection and visitor/work-travel limitations.

4TH MARCH
Domino's Germany cancels annual 'Rally', a mass gathering planned for March 10th.

6TH MARCH
Domino's Japan launches Zero Contact Delivery.

Domino's ANZ launches dedicated COVID-19 communications channels for critical news and information.

Domino's ANZ cancels annual 'Rally', planned for 31st March.

7TH MARCH
International COVID-19 cases surpass 100,000.

9TH MARCH
Domino's Germany publishes enhanced hygiene standards, and Zero Contact Delivery procedures.

Domino's ANZ outlines new COVID-19 policies and procedures, including social distancing policy, and issues hand sanitiser to all stores.

MARCH CONTINUED

9TH MARCH

Domino’s Belgium-Netherlands increases head office procedures including changes for returning travellers, and stopping meetings that include representatives from five or more stores.

Domino’s Global Leadership across all regions combines for COVID-19 video conference.

10TH MARCH

Domino’s ANZ launches new online training modules for team members and doubles the frequency of instore sanitisation.

Domino’s Benelux and Denmark issue new store guidelines, adapting materials prepared in Australia/New Zealand.

Domino’s Belgium-Netherlands offers Zero Contact Delivery for customers.

11TH MARCH

WHO declares COVID-19 to be a pandemic, calls for countries to take urgent and aggressive action, including a whole-of-society approach.

Domino’s Pizza International Rally cancelled.

Domino’s Germany offers Zero Contact Delivery to customers.

12TH MARCH

Domino’s Germany head office team members commence working from home.

Domino’s Germany issues free sanitiser to all stores.

Domino’s ANZ launches Zero Contact Delivery.

Domino’s Benelux stops all social gatherings and commences work from home for team members in the North-Brabant province.

13TH MARCH

Domino’s Germany limits operational visits to stores – moves to video conferencing.

Domino’s France emails all customers outlining Domino’s high standards of safety and cleanliness, and installs in-store posters outlining these protections.

Domino’s ANZ announces move to work from home for all head office team members from 18th March, and support for team members in financial hardship via Partners Foundation.

14TH MARCH

Domino’s Germany launches Zero Contact Delivery campaign.

15TH MARCH

Belgium and Netherlands commence ‘smart lockdown’: many stores, restaurants and bars close their doors, local residents to work from home and maintain social distancing.

Domino’s Germany CEO emails all customers to outline the safety measures being taken.

MARCH CONTINUED

15TH MARCH
Domino's Benelux Head Office team members start work from home.

16TH MARCH
France enters 'confinement': all restaurants closed except for delivery.

Domino's France head office team members commence work from home.

Domino's Germany and France withdraw cash and other non-electronic payment methods.

Domino's ANZ removes shared items from customer areas (e.g. napkins), restricts movement between stores.

Domino's Benelux implements Zero Contact carry-out, closes dine-in options and enhances store food safety procedures, including stopping cutting pizzas prior to dispatch.

Domino's Global Leadership Team starts daily video conferences.

17TH MARCH
Domino's Pizza Enterprises Ltd Group CEO & MD Don Meij publishes a note for all Domino's team members.

Domino's Germany requires customers to stay outside, offering delivery and carry-out only.

Domino's Japan starts working from home trial for head office team members, before implementing on the 27th.

Domino's ANZ publishes escalation procedures for stores in the event a team member is positive for COVID-19 – shared with all markets.

18TH MARCH
Domino's France closes for a period of 15 days, in consultation with franchisees and team members.

Domino's ANZ closes in-store dining options, requires travelling team members to self-isolate if returning from overseas.

Domino's Germany writes to all 16 health ministers providing an update on initiatives and offers to home-deliver COVID-19 tests.

19TH MARCH
Domino's Germany requires Zero Contact Delivery for all delivery orders.

Domino's ANZ launches 'Feeding the Frontline' to help medical workers and others on the frontline.

Domino's Benelux commences weekly newsletter for stakeholders.

MARCH CONTINUED

21ST MARCH
Domino's ANZ hosts online National Training Hour to update team members on new operational procedures.

22ND MARCH
Domino's ANZ encourages customers to wait outside for their carry-out order.

23RD MARCH
WHO and FIFA launch an awareness campaign to call on people to protect their health through hand washing, coughing etiquette, not touching one's face, social distancing, and staying home if unwell.

Group CEO & MD Don Meij publishes first letter to parents of younger Domino's team members, outlining safety steps to protect their children.

24TH MARCH
Domino's ANZ implements Zero Contact Delivery for all deliveries.

25TH MARCH
Domino's New Zealand stores close due to government regulations moving the country to COVID-19 Alert Level 4. Closure period initially scheduled for 4 weeks.

Domino's ANZ launches Zero Contact carry-out procedures for stores and announces hiring of up to 2,000 new team members across Australia.

Domino's Benelux updates team members' parents on safety enhancements.

Domino's Benelux expands social distancing in stores, requires delivery drivers to wait outside stores for deliveries. 'External dispatch' subsequently adopted in other countries.

27TH MARCH
Domino's Netherlands commences safety-focused television campaign.

28TH MARCH
Domino's Australia implements new social distancing procedures for stores.

30TH MARCH
Domino's France commissaries reopen to prepare freshly made dough for stores.

31ST MARCH
Belgium-Netherlands expand 'smart lockdown' and work from home for an additional month.

Domino's Benelux moves to cash-free and requires all deliveries to be Zero Contact. Stores start to deliver free pizzas to medical staff at hospitals.

Domino's Germany launches public thank you for team members.

Group CEO & MD Don Meij publishes a second letter to parents of Domino's team members.

APRIL

1ST APRIL
First Domino's France stores reopen, following 15 days closure, offering Zero Contact Delivery.

Domino's ANZ CEO hosts online 'Ask Me Anything' session for team members

Domino's Belgium-Netherlands expands charitable giving with the launch of 'VoorElkaar' campaign, providing free pizzas to hospital staff, seniors and others.

2ND APRIL
Domino's Japan announces stores will hire 5,200 team members

3RD APRIL
Domino's France requires all team members to wear masks, adds sticker to each pizza box to reassure customers their meal is not touched after being cooked through the oven.

4TH APRIL
WHO reports more than 1 million cases of COVID-19 have been confirmed worldwide, a more than tenfold increase in less than a month.

Domino's Japan launches new carry-out service, outside stores, that allows for social distancing.

6TH APRIL
Domino's Belgian stores add stickers to boxes to seal each order, reassuring customers of their safety.

7TH APRIL
Japan State of Emergency declared in seven prefectures.

11TH APRIL
Domino's Japan starts "Feed the Need" for frontline workers and neighbours.

15TH APRIL
France confinement extended by four weeks.

Domino's France launches offers to ease the burden during societal restrictions, reassures customers of safety procedures.

16TH APRIL
Nationwide State of Emergency declared in Japan.

Domino's Japan installs clear protective barriers for stores, launches Zero Contact Carry-Out, and requests all carry-out customers wear a mask.

Domino's Australia pauses delivery of marketing materials that require team members to deliver them – reducing team member movements in the local community (until 5th of May).

WHO issues guidance on public health and social measures, commonly referred to as 'lockdowns'.

APRIL CONTINUED

16TH APRIL
Domino's Belgium requires all team members to wear a mask in stores.

Belgium-Netherlands governments continue social lockdown until 21st May.

17TH APRIL
Domino's Japan launches updated training for all team members.

20TH APRIL
Domino's Australia moves to in-store temperature testing for team members.

21ST APRIL
Domino's France launches 'My Movie' offer – for customers spending time safely at home.

22ND APRIL
Domino's Japan and Australia launch new, safety-focused television campaigns.

28TH APRIL
Domino's New Zealand reopens after five week closure.

30TH APRIL
Domino's Germany launches online campaign to host a 'virtual pizza party'.

Group CEO & MD Don Meij sends third letter to parents of Domino's team members.

MAY

3RD MAY
Japan extends State of Emergency declaration.

5TH MAY
Domino's France extends television and SMS advertising to reach more people during May.

7TH MAY
Domino's France adds new payment method, 'pay on receipt' with Zero Contact credit card for carry-out customers.

11TH MAY
Domino's Japan moves all deliveries to Zero Contact.

15TH MAY
Domino's France develops new procedures to allow for Zero Contact payment by cash and restaurant ticket.

MAY CONTINUED

19TH MAY
World Health Assembly adopts resolution to fight COVID-19, co-sponsored by more than 130 countries.

20TH MAY
Domino's Germany launches 'Freudenbringer' (Pleasure Charm) donation campaign, to gift pizzas to neighbours who help, or need help.

29TH MAY
Domino's France start to re-open dine-in areas with updated safety procedures.

JUNE

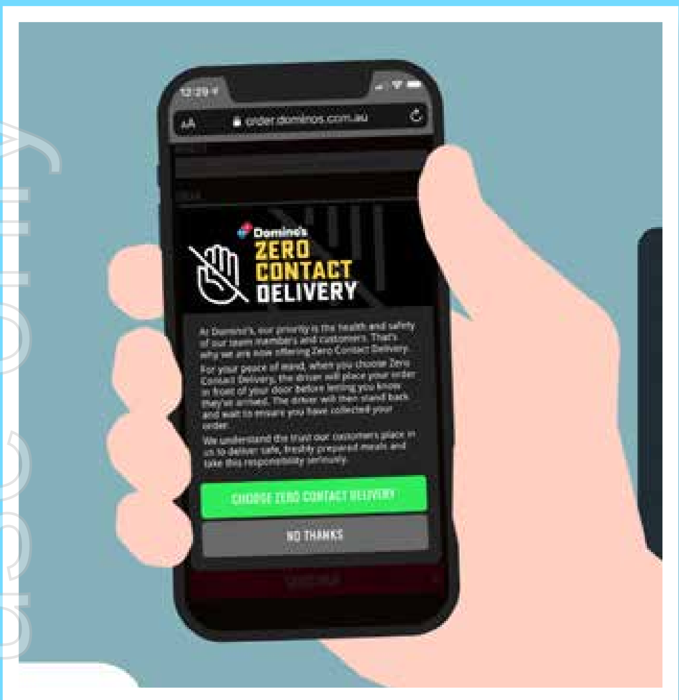
2ND JUNE
Domino's Australia issues state-by-state instruction guide to stores on local requirements.

9TH JUNE
New Zealand moves to COVID-19 Alert Level 1, celebrates being one of the first countries in the world to be COVID-19 free.

22ND JUNE
Group CEO & MD Don Meij sends fourth letter to parents of Domino's team members.

COVID-19
THROUGH THE LENS

HOW ZERO CONTACT DELIVERY WORKS



Select Zero Contact Delivery when placing your order online or request it over the phone.

The Delivery Expert will place your order on a safe surface in front of your door...

...and then contact you by phone to let you know when your order has arrived.

The Delivery Expert will then move back to a safe distance and wait until you collect your order.

CRUSHING CONVENTION WITH
PROJECT 3TEN

We know there are three main drivers in the food business; fast service, affordable prices and good quality. Traditional thinking says customers have to settle for two out of three. Our goal is to seamlessly deliver all three, again, and again.

Project 3TEN is at the core of this goal: to prepare a hot, freshly made pizza ready for carry-out within three minutes, or safely delivered to our customer's door within ten minutes.

This requires a suite of initiatives; developing world-first technology, increased training for team members, through to opening more stores closer to our customers.

Domino's Pizza Enterprises Ltd holds the record for the fastest service in the Domino's network: in November 2018 the Yotsuya store in Japan delivered a week of orders in an average of 2 minutes and 38 seconds.

Operational projects are underway throughout Domino's Pizza Enterprises Ltd, looking at more ways to remove seconds and minutes from every aspect of a customer's order.

Rank	Store & Country	Average Delivery Time (Year)
1	France - Paris 13 BNF	10 minutes 54 seconds
2	Australia - Northam	12 minutes 18 seconds
3	France - Paris 11 P.Auguste	12 minutes 48 seconds
4	Belgium - Marche en Famenne	12 minutes 54 seconds
5	Japan - Tenjinbashi	13 minutes

ONE OF THE CORE VALUES OF DOMINO'S PIZZA ENTERPRISES IS

CRUSH CONVENTION

EUROPE

Domino's France has pushed 'reset' on what is possible for delivery times, with two corporate-owned stores in Paris (one of the world's most populated cities) consistently leading the world with delivery.

"We're demonstrating Project 3TEN lessons can achieve lower delivery times, increased customer satisfaction and higher sales – in a distinctly French way," CEO Andrew Bradley said.

"We're delivering two to three minutes quicker than usual; customer satisfaction scores are amazing. We're taking more care and people are noticing that – customers and franchisees – and now we intend to demonstrate this is possible for even more stores."

The effort is delivering results: two stores, Paris 13 BNF, and Paris 11 P. Auguste, were the fastest and third fastest Domino's stores in the world this year, surpassing more than 17,000 others.

Most notably, the Paris 13 BNF store averaged 10 minutes, 54 seconds, for all delivery orders – demonstrating the goals of Project 3TEN are achievable, and within reach.

ANZ

In August 2019, the Ferny Grove store set a new Australian record averaging 5 minutes, 27 seconds for a week of orders. The previous record was held by the nearby Albany Creek store: 6 minutes and 40 seconds, owned by fellow multi-unit franchisee Datta Bommasani.
Ferny Grove franchisees Kushla and Brandon Brooking (featured on p64) said the record was just as important to other areas of the operations as it was for faster delivery.

"We wanted to show our team the power of a unified goal. Before setting our new target, our average delivery was 16 minutes and 18 seconds. Now our team knows they can be the best in the country and, while we are not setting records each week, the lessons we learned in utilising runners, dispatchers and the Future Order Screen, have really helped us keep our Estimated Delivery Times down even as our deliveries have increased."

Goals also challenge others to raise the bar – After the Ferny Grove store set the first sub-six minute delivery week, Datta Bommasani and his team at Eatons Hill regained the title in September with a week of deliveries averaging 4 minutes 58 seconds – and a month of deliveries averaging 7 minutes 48 seconds. A new record ... until the next one.

JAPAN

One of the core values of Domino's Pizza Enterprises is: Crush convention.

Convention would dictate that a rapid and significant spike in delivery orders would eliminate any goal of safely delivering fast. But in Japan, that was not the case.

Domino's Japan was determined to deliver exceptional service throughout the peaks of COVID-19, with industry-beating delivery times. Stores recruited 5,500 additional delivery experts on bicycles, scooters and in cars, to handle the rush.

Hiroshi Kakiuchi, Executive Vice President, Corporate Operations, said the continued focus on Project 3TEN during COVID-19 was important for customers and team members. "It's important our customers know they can rely on hot, freshly prepared meals, whether we are delivering during rain or snow, during sporting events or even a pandemic."

"We were proud of our team's effort during this time – at our absolute peak, for a week immediately after a nationwide emergency declaration, we kept delivery times below 27 minutes. We applied those lessons in May and, despite high volumes and peaks in demand, kept delivery times below 22 minutes 30 seconds for all of May."


OUR PIZZA
BRINGS PEOPLE
CLOSER.

OUR PURPOSE

WHY DO WE EXIST?

THE HARD-WIRED
HUMAN NEED FOR
SOCIAL CONNECTION,
SEEMINGLY BETTER ENABLED
THAN EVER BEFORE,
IS BREAKING DOWN

PEOPLE CRAVE BELONGING,
WHILE THEY ASSERT THEIR
RIGHT TO BE DIFFERENT

OUR PIZZA BRINGS PEOPLE CLOSER

WE SMASH THE
PREVAILING WISDOM WHICH SAYS
YOU CAN'T HAVE QUALITY, SPEED AND
LOW PRICE...

THUS PUTTING THE WORLDS MOST
DELICIOUS AND VERSATILE BONDING
FOOD WITHIN REACH OF
EVERY PERSON

AT OUR BEST

OUR **VALUES**

BE GENEROUS & PROVIDE JOYFUL EXPERIENCES

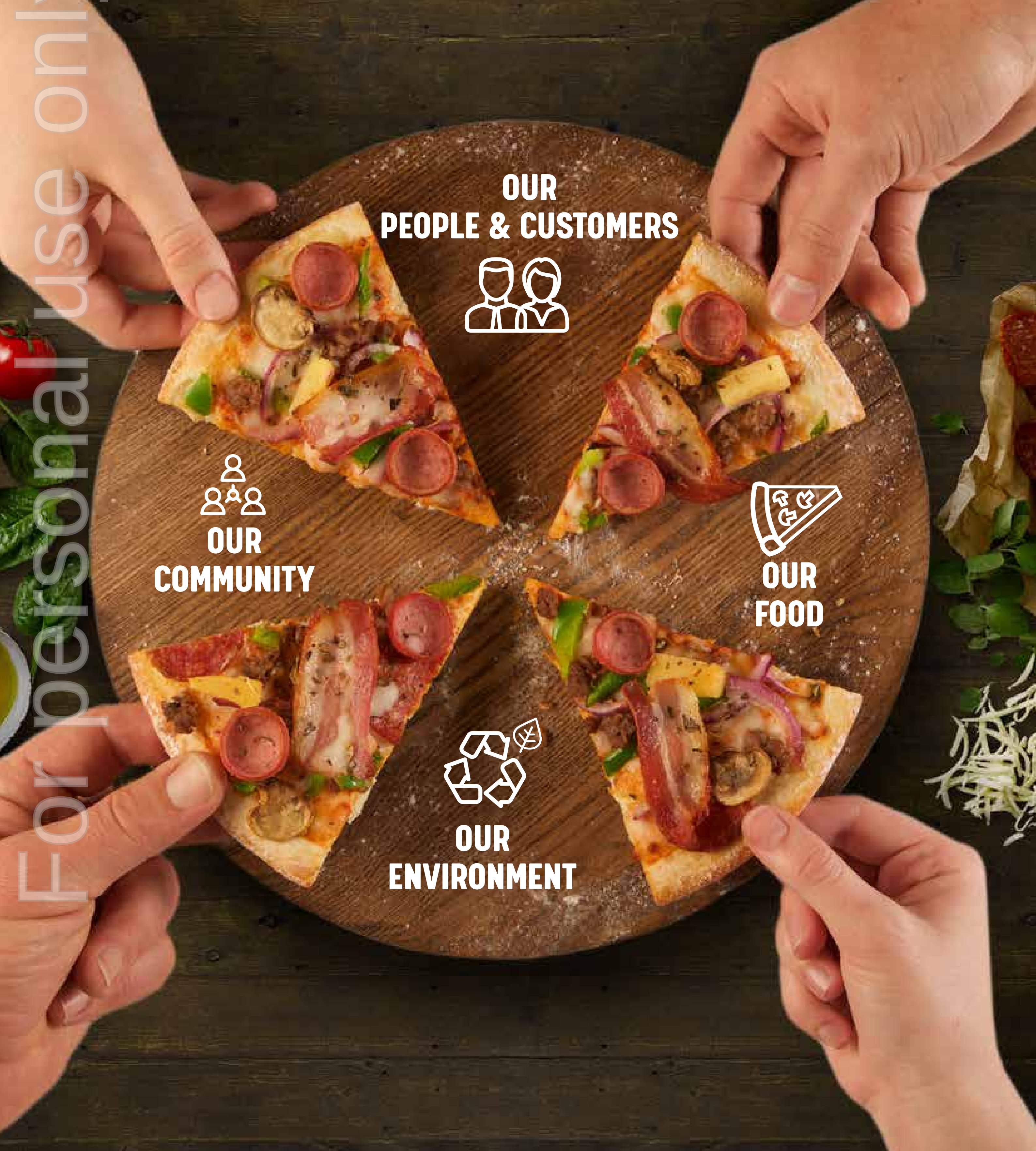
CRUSH CONVENTION

DO THE RIGHT THING BECAUSE IT'S THE RIGHT THING TO DO

HELP PEOPLE GROW & PROSPER

INVEST TO CREATE DEVOTION

CORPORATE RESPONSIBILITY



DO THE RIGHT THING, BECAUSE IT'S THE RIGHT THING TO DO.

Do the right thing, because it's the right thing to do: This core value of Domino's Pizza Enterprises Ltd captures our approach to doing good in our communities.

Throughout our history we have provided community sponsorships, in-kind support and disaster relief - from our stores, from Domino's Pizza Enterprises Ltd, and from our registered charity Give for Good. It has been a source of pride for our team members knowing that in times of disaster, Domino's is the last kitchen to close, and the first to reopen.

Throughout COVID-19, this giving has come to the fore, with charitable initiatives to 'Feed the Frontline' and other support efforts to help those most affected by this pandemic, including those who have lost their jobs or are otherwise isolated from their friends and loved ones. These meals have provided comfort to hundreds of thousands of people in our communities and inspired a 'mission mentality' among our team members.

It is our shared privilege to serve during this time.

While COVID-19 increased the urgency of these initiatives, this has not lessened our focus on other areas of corporate and social responsibility.

We are pleased to provide noteworthy progress on important initiatives where Domino's is enhancing our environment, improving the quality of our ingredients, and protecting the wellbeing of our team members.

Whether it be providing a hot meal to a health worker, helping a young person complete their education, or reducing water usage in our stores – each of these initiatives is important to our team members, our customers, and our communities. We are pleased to report on our progress.

Jack Cowin & Don Meij

OUR ENVIRONMENT

Care for our environment is a clear example of Domino's values: Do the right thing, because it's the right thing to do. Finding efficiencies and reducing our impact on the environment typically have a mutual benefit for our customers, our stores, and our communities, through reducing costs and passing on efficiencies to our customers.

ENERGY EFFICIENCY

For many years, Domino's stores and corporate head offices have been striving to find more efficiencies and reduce energy usage. Not only is it good for the environment, and the communities in which we live, but it also is good for business; reducing costs for franchisees, and allowing Domino's to deliver greater value to our customers. An example of this approach can be found in our new Nieuwegein commissary, in the Netherlands – page 84, a facility designed for efficiency and low-environmental impact from the ground up. This includes initiatives to reduce the amount of energy required throughout the production process, from dough-making and cooling, through to heating the building.

STORE ENERGY SAVINGS - AUSTRALIA

Commercial energy prices are typically fixed based on the peak energy usage of a business. Which means short, sharp peaks in energy usage can have an outsized financial impact on a business, even if this does not reflect the volume of energy used throughout the year.
Domino's subsidiary Construction Supply & Service has released Power Load Controllers, which monitor and adjust a store's energy demands throughout the day. The controllers reduce peak usage without having a detrimental effect on store operations. For example, the controllers can turn off hot water systems during peak periods when hot water storage is at the required temperature, and usage is low.

Initial trials delivered savings of approximately 20 per cent, which can be affected by store location and electricity provider. With more than 90 units now installed, Domino's stores in Australia have saved more than 600,000 kilowatt hours. This saves more than 500 tonnes of CO_2 equivalent – enough to supply the electricity usage of 70 homes for an entire year, or equal to the emissions of 91 passenger vehicles for a year.

ELECTRIC VEHICLES

Electric vehicles, particularly electric bikes (ebikes) make perfect sense for our franchisees and our communities. They are quieter, can be more efficient in reaching our customers, and are environmentally friendly.

This year we have made tangible progress on the implementation of electric vehicles throughout our business. Across Germany, more than 30% of all delivery vehicles are electric, with more than 80% of those vehicles ebikes. There is a concerted move to electric vehicles and ebikes as existing vehicles are replaced. For example, former Joey's Pizza stores (acquired February 2016) are converting their scooter fleet to electric vehicles as the existing fleet reaches its end of life. New store openings, including the new Berlin Hermannstraße store, are opening their doors with a 100% electric vehicle fleet. This year more than 3.5 million deliveries were carried using electric vehicles, an increase from 2.6 million electric vehicle deliveries in the prior Financial Year.

In France, the goal is to have 100% of delivery vehicles powered by electricity by the end of 2023. This year, we have made meaningful progress, with 51% of the network now using electric bikes and scooters, an increase from about 35% in the prior year.

In the Netherlands, where approximately 70% of deliveries are now delivered on ebikes, no fossil-fuel reliant transport will be purchased from 1 January 2021. Belgium will follow suit from 1 January 2022, with ebikes currently comprising more than 65% of the delivery fleet.

In Australia, Domino's is working towards carrying out more than 2 million deliveries each year on ebikes. This Financial Year Domino's Australian ebike fleet carried more than 1.7 million deliveries, an increase from 1.5 million deliveries in the prior financial year.

In Japan, 25% of the delivery fleet are ebikes, with higher concentrations in metropolitan areas.
In Tokyo, 37% of delivery vehicles are ebikes, increasing to 40% of the delivery fleet in Tokyo corporate stores.

CASE STUDY – NEW ZEALAND

In our last report, Domino's New Zealand advised it had entered into an agreement with local company, UBCO, to initially trial three of their electric 2x2 motorbikes for possible use as delivery vehicles. Shortly after, an additional three were purchased. Working together the companies refined the bike design to ensure maximum practicality and durability. There are now 25 UBCO bikes delivering piping hot pizzas to customers around the country with another 25 on the way. By the end of 2020 all petrol scooters in the New Zealand Corporate fleet will have been replaced by UBCOs.

The UBCO bikes have several advantages over cars when it comes to deliveries. The distinctive lightweight SuperX frame makes the UBCO bikes easy to maneuver and safer than your standard moped. They are more efficient through heavy traffic, parking isn't an issue, they're cheaper to run, quieter and more environmentally friendly. They are also speed limited, which means that team members do not need a full license to operate them.

All UBCO bikes delivered in 2020 will also include new Telematic hardware and will be connected to the Fleet Portal (a cloud-based Vehicle Management System). This enables both Domino's and UBCO to see how each vehicle is tracking and to deliver a more efficient and accurate service schedule.

In order to make the bikes more affordable for franchisees UBCO have created the Vehicle Subscription Service model, meaning no upfront payment for the bikes. Stores simply pay a weekly subscription, which includes regular vehicle servicing. A no hassle, affordable way to have a reliable, environmentally friendly fleet of delivery vehicles working for the business.

UBCO Bikes in New Zealand

HEAVY VEHICLE IMPROVEMENTS

Domino's France operates a fleet of 12 trucks to carry dough and other food to more than 400 stores throughout the country. This year the Company purchased the first truck powered by Compressed Natural Gas (CNG). It is the first in a replacement program that will upgrade all of the remaining 11 diesel-powered trucks. CNG-powered vehicles are some of the cleanest operating vehicles in commercial production today, producing less than 10% of allowable emissions even according to the strictest local regulations. This makes them better for the environment, and better for the local community.

Domino's France's newest truck, with a range of 400km, releases 95% fewer fine particles than diesel-powered trucks, 80% less carbon dioxide, and 50% less Nitrogen Oxide emissions. Operating costs for CNG-powered vehicles can be on-par or lower than diesel equivalents, while offering similar amounts of horsepower to the older vehicles. CNG also avoids the unpleasant smell of diesel-powered vehicles and emits no smoke. Combined, these improvements deliver significant benefits for the communities in which we operate, particularly in built-up urban areas.

Other energy savings have been made by ensuring our delivery network is as efficient as possible. A project to adjust transport routes, using GPS to monitor and optimise transport routes from commissaries to stores, has delivered a 25% reduction in fuel usage.

WASTE REDUCTION

The reduction of waste in stores is a benefit for our communities, our environment and our stores themselves.

Food wastage is very low in Domino's stores, with far less food wastage per meal than the average household. A focus on reducing food wastage as much as possible also makes good business sense, with managers regularly coaching team members on the importance of carefully using ingredients and following standard recipes is supported through processes in stores that allow managers to identify areas for improvement.

In order to reduce wastage throughout our business, Domino's Pizza Enterprises is focused on recycling and reducing packaging.

Compressed Natural Gas Trucks

Recycling

CASE STUDY - JAPAN

Domino's stores are not intensive users of water, but with so many stores any reduction in the use of natural resources can make a significant total contribution.

In the prior financial year, Domino's Japan tested new water flow valves to reduce water usage and found the small investment would be returned in a matter of months through a reduction in water bills.

The valves (three per store) were installed in 350 corporate stores this Financial Year, and in 75 new stores constructed in the past 12 months. Based on calculations from more than 25 of the installed stores, Domino's Japan estimates the annual savings will be in excess of 60 megalitres of water each year.

STORE PACKAGING

Our pizza boxes are our most common form of packaging and are the most environmentally friendly as they can be, while also complying with local government regulations.

In Australia and New Zealand, our pizza boxes are made from recycled materials, and can be recycled after they have been used along with any other food packaging (subject to some local government policies). This means serving up a hot, fresh meal is just one part of an extensive lifecycle for these boxes.

In Europe and Japan, local regulations require the material in contact with food not to be made from recycled material. However, the exterior packaging, and corrugated components of the pizza box (which provide its structure and help to keep our pizzas hot) are made from recycled material. After use, these boxes can be recycled with other food packaging, as they can be in Australia and New Zealand.

Domino's is moving to ensure other food packaging is more sustainable; in Japan all carry-out bags now use recyclable materials (from April 2020), and cups for thickshakes also use recyclable materials.

Japan has in place a program to separate and recycle waste from food preparation and customer areas. All European markets are working towards this same goal.

Germany has already achieved 100% separation and recycling in stores, with the Netherlands and Belgium working to achieve this by the end of 2020. France's program is well progressed and is already implemented in 90% of corporate stores. All corporate stores in France are expected to separate and recycle this waste by September 2020, with franchised stores to follow by the end of December 2020.

SUPPLY CHAIN

Domino's Pizza Enterprises Ltd is working throughout our supply chain to reduce waste, including finding ways to reduce or eliminate packaging materials.

In Europe, we are working with our largest suppliers to identify ways to reduce the volume of packaging that is needed to deliver ingredients, and to replace single-use packaging with reusable packaging.

As one example, dough produced in our commissaries is already delivered to stores in reusable trays. Domino's is now testing the ability to deliver other products from commissaries to stores in reusable trays.

Our ultimate goal is to remove the need to deliver cardboard into our stores. Domino's European operations are also targeting a 25,000kg/ year reduction in plastic usage through these initiatives, and has already achieved a sizeable reduction in the amount of cardboard in our system.

OUR ULTIMATE GOAL IS TO REMOVE THE NEED TO DELIVER CARDBOARD INTO OUR STORES.

COVID-19 CARE

Being able to trade during a global crisis comes with enormous responsibility. Not just from a health and safety standpoint, but also a social and economic one. As the world began to unravel, our teams mobilised to support their local communities, including self-initiating tens of thousands of free pizza donations to frontline workers. Some 30,000 pizzas were donated in New Zealand alone - even as stores faced their own imminent closure. Employment recruitment drives were also launched in several markets amid soaring coronavirus-related job losses; in Japan, No Minimum Delivery was introduced to make a hot meal more accessible for people staying at home, while Australia's Head Development Chef turned his culinary skills to preparing meals for the elderly and homeless. Domino's has been privileged to, by and large, remain open during the most disruptive event of our times. It is not, and will never be, a position we take for granted. You can read more about our response to COVID-19 on page 12.

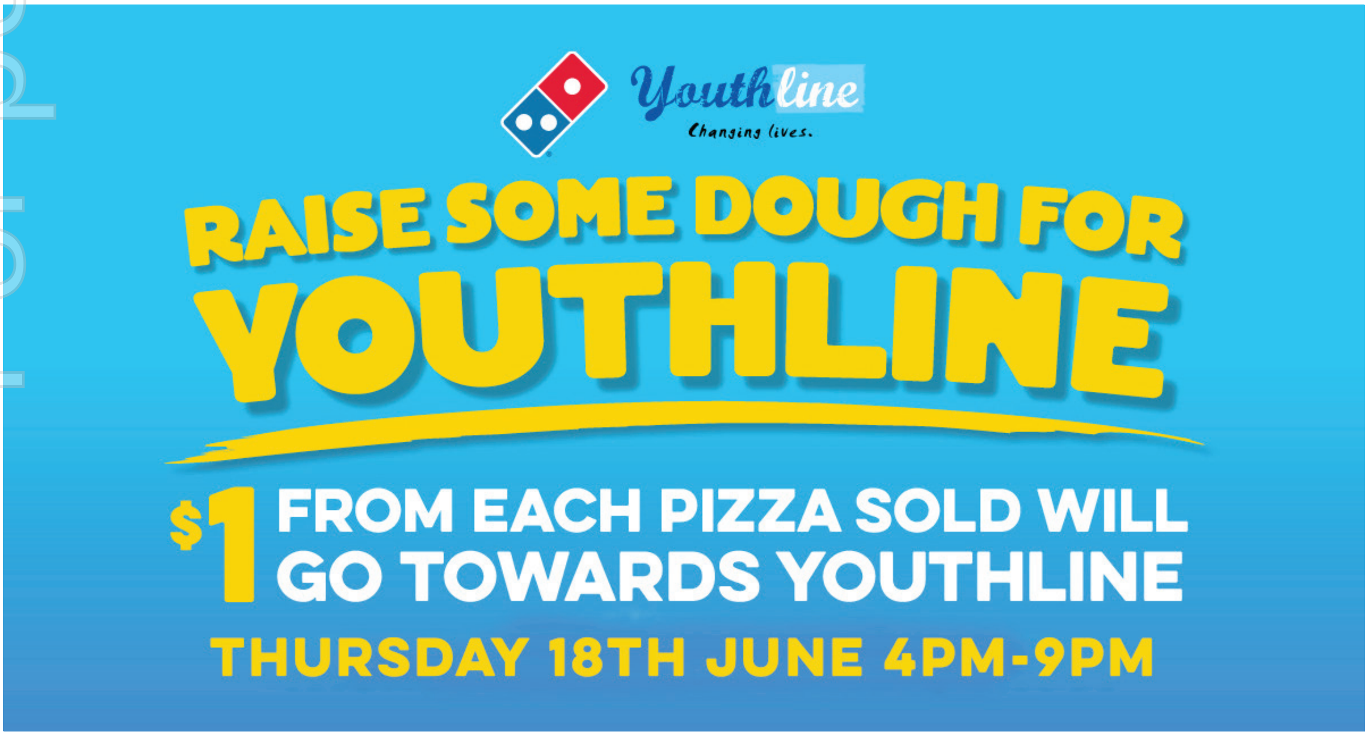
YOUTHLINE

Domino's New Zealand has been supporting local charity Youthline with Annual Doughraisers since 2015. Youthline engages with over 35,000 young people each your supporting them through phone and text counselling services. With the high number of young people working Domino's stores it is an important association.

This Financial Year, our annual Doughraiser raised $35,880, then COVID-19 hit. When our franchisees learned the Youthline was facing a fundraising shortfall due to COVID, they all pulled together to hold and additional fundraiser, adding $36,265, for a total donation of $72,145.

Domino's New Zealand has not only provided monetary support this year. Each year the team run Connect the Dots, a job ready training course for Youthline's at risk youth. This course gives these young people hands on training in-store, food safety training as well as interview prep.

Although the majority of Youthline's services are run through their phone, text and online services the team also run a number of youth events around the country each year to which Domino's delivers. There's nothing quite like sharing the love and joy of pizza to hundreds of young people.



GIVE FOR GOOD

Domino's, along with our franchisees and employees are committed to supporting the communities in which we operate throughout Australia. We are proud to contribute to ethical, responsible and sustainable business practices through the Domino's Give for Good Program. Launched in 2016, Give for Good Limited is registered as a charity with the Australian Charities and Not-for-profits Commission (ABN 17621450413). Our Giving Philosophy focuses on four key areas where we aim to develop sustainable best practices, assistance and support to make a difference to our local communities: Education and Youth Initiatives, Leadership and Entrepreneurship, Rural Communities, and Disaster Relief.

SMALL CHANGE, BIG DIFFERENCE

In our last report, Domino's announced the success of a micro donation program 'Round up for Charity', which allows customers to 'round up' their end of order total price to the nearest dollar, with the extra small change donated to disaster relief and charity. Customers have donated more than 5 million times through this program, with this small change making a big difference in supporting Give for Good's work.

EDUCATION AND YOUTH INITIATIVES

Rural Communities – Tasmanian scholarships

Give for Good is funding eight scholarships worth $160,000 for rural students wanting to study agriculture or business at the University of Tasmania. In partnership with the University of Tasmania, Give for Good funded scholarships of $5,000 per year, which are available to students who demonstrate financial need and academic merit. Students will be supported for up to four years, including an optional honours year. Highly skilled agricultural graduates are in strong demand in Tasmania. The training of Tasmania's future agricultural workforce both supports students and helps industry to adapt to future challenges, such as increased climate variability.

DISASTER RELIEF - AUSTRALIAN BUSHFIRES

It was the most catastrophic bushfire season in living memory. Domino's was able to provide more than $175,000 in bushfire support generated through 'Dough Raisers' at local Domino's stores (50c from every pizza sold was donated to the Australian Red Cross' disaster relief), Give for Good ($50,000 donation) and Round Up for Charity ($79,773). Additionally, 5645 pizzas were donated to emergency services and evacuees throughout the crisis. Our proudest contribution belongs to our franchisees and team members – from those who juggled store duties with volunteer fire fighting to help save customers' homes, to those who kept their kitchens open long after closing time to ensure the heroes on the frontline always had a hot meal.

DISASTER RELIEF - COVID-19

The extraordinary generosity and efforts of Domino's franchisees and team members around the world has been outlined above and in the COVID-19 section of this report. Give for Good was instrumental in this effort, donating more than 22,000 hot meals to those on the frontline of the pandemic. In March and April, Domino's Australian stores delivered meals to more than 44,000 people, including teachers, supermarket teams, supply chain workers, emergency services, health services and police as a small token of appreciation for their ongoing work during the crisis, as well as relief meals to those most vulnerable in our communities, such as the elderly and homeless.

For more information about the initiatives of Give for Good, visit: https://www.giveforgood.org.au/

GIVE FOR GOOD

'A Helping Hand'

Feeding the frontline during Australia's most catastrophic bushfire season

OUR FOOD

FOOD SAFETY

The safety of our food is at the heart of the trust our customers place in Domino's.
Each Domino's country is required to have a food safety program that is regularly reviewed, and meets both local laws and the high standards of Domino's Pizza Enterprises Ltd. This includes operational requirements such as maximum food storage times, cooking and storage temperatures, handling procedures and pest control. This program also includes regular, unannounced inspections, conducted by Domino's Pizza Enterprises Ltd's operational team members in all countries.

This year, in conjunction with Domino's Pizza Inc, we have implemented an additional layer of protection, with the Domino's Pizza International (DPI) Global Food Safety Program. This is an annual audit of every store, to DPI's standards, conducted by public health and safety organisation NSF International.

Our French commissaries achieved Food Safety System Certification (FSSC) 22000 in December. FSSC 22000 is an internationally accepted certification scheme, which was developed in response to customer expectations for a recognised, global standard, against which food safety management systems can be audited and certified.

MENU AND INGREDIENTS

Domino's menu provides our customers an indulgence, and our customers choose the menu item that suits their tastebuds and health preferences.

We start with our dough, which is made fresh, and is GMO- and MSG-free. Domino's strives to ensure, like our dough, our ingredients are free of artificial colourings, flavourings and preservatives and, in partnership with our ingredient suppliers, we have made material steps towards this goal.

In Japan, our menu is almost entirely free of artificial preservatives, flavours and colours; including our core menu and sides. Only one dessert currently features any artificial preservatives, flavours or colours.

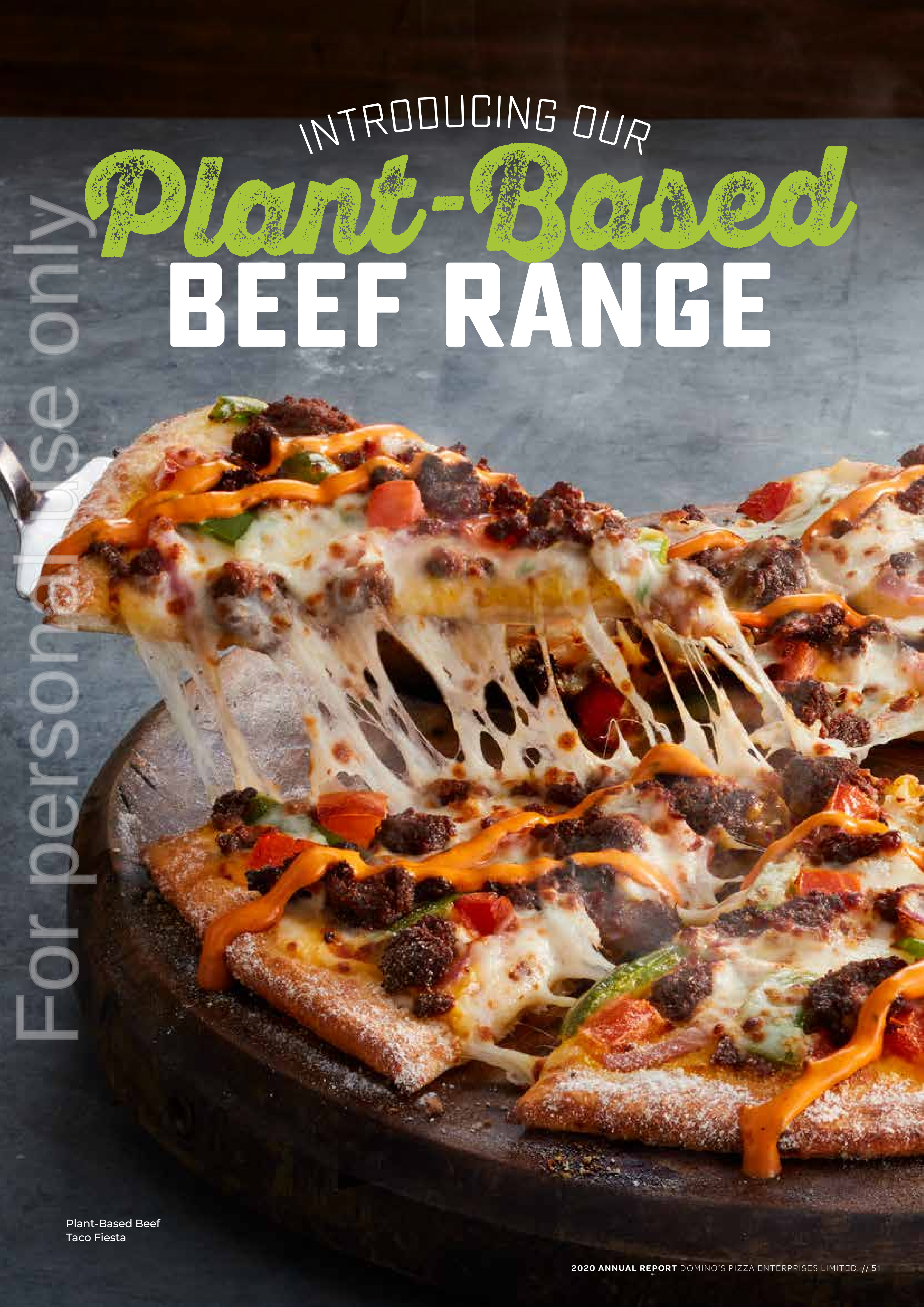
In Australia 96% of our menu is now free from artificial preservatives, flavours and colours, and in France and the Benelux, 85%.

In Germany, Domino's initial focus was on modifying our core menu, including changing the recipes for our dough and pizza sauce to delight our customers with a pizza menu that is high-quality and affordable. We are now working on new initiatives to remove additives from our core ingredients, which will be implemented in FY21.

PLANT-BASED RANGE

In September 2019, Domino's became the first pizza company in Australia to launch plant-based pizzas. It followed nine months of development and testing with hundreds of flavours and variations before settling on a plant-based 'beef', which has a similar taste and texture to our existing beef, and is derived from soy protein, free from artificial preservatives, flavours and colours, and lower in saturated fat and higher in protein than its meat counterpart.

Plant-based 'ham' (a world-first) and 'pepperoni' were also later added to the menu. The launch generated significant media coverage and endorsement from organisations such as PETA (People for the Ethical Treatment of Animals). Such was the demand for these innovative new products that more than half of all stores in Australia were sold out within weeks of release.



Plant-Based Beef
Taco Fiesta

DATA PROTECTION

Our goal is to deliver the best experience possible to each and every customer, and that starts with protecting the thing that's most important – privacy. Whether customers prefer pineapple on their pizza, order every Friday night, or answer the door in their pyjamas, our commitment is customers' pizza habits are safe with us. Domino's Pizza Enterprises Ltd is aligned to the NIST CSF Version 1.1 (CyberSecurity Framework), which requires us to comply with the following categories:

- **IDENTIFY:** a cyber aware culture based on a quantitative risk management approach
- **PREVENT:** processes, controls and staff are in place to reduce the likelihood and harm of a cyber incident
- **DETECT:** effective, up-to-date monitoring technology and threat intelligence, alert and advice sharing
- **RESPOND:** clear protocols, roles, responsibilities and regular practice ensure efficient and effective action in the event of a cyber incident
- **RECOVER:** when a cyber-attack causes disruption, the extent, harm and duration are minimised and Domino's returns rapidly to business as usual

This year, Domino's has been working with market leaders to ensure our controls for online ordering are best practice. This included programs to detect and mitigate mass 'account takeovers' (or attempted takeovers) of our customers' accounts, due to customers using usernames and passwords for their Domino's accounts that may have been both used on other companies' systems, and subject to a data breach. Our work to protect customer data is ongoing, both internally and externally.

Training programs and live exercises have been introduced to help Domino's team members identify potential phishing attacks, with the lessons learned from each of these exercises shared with team members to heighten awareness and reduce the likelihood of a real attack.

We are also ensuring our expectations around systems necessary to protect customer data are shared by vendors, and that these vendors are security assessed before they are given any access to customer data (and that this access is limited to the scope of work being undertaken for Domino's).

CUSTOMER COMMUNICATIONS - A GENUINE CONVERSATION

Listening, and responding, to our customers helps to improve our business. Whether it is providing feedback on an individual meal, recommending a new product, or highlighting an area for improvement in our technology or operations, Domino's recognises a genuine conversation with our customers is essential to our business.

FEEDBACK

Our ANZ customer feedback team responded to more than 70,000 customer enquiries, received via phone, email, web and social media, this Financial Year. While the total number of messages grew, the average response time dropped significantly – down 13 minutes on the prior year to an average of 18 minutes. This feedback is incorporated directly into operational and marketing strategy to ensure we are always delivering on being the customer's champion.

In FY21, Domino's Pizza Enterprises Ltd will start to roll out a new, global platform for customer feedback, aiming to deliver the same high standards of customer service in all countries, and to provide richer insights from customer feedback to enhance all areas of our business.

COVID-19 COMMUNICATIONS

As outlined in this report, Domino's acted quickly to ensure the continued safety and trust of our customers as the COVID-19 pandemic took hold. Part of this response involved a significant customer education campaign, rolled out in all markets, highlighting the safety of our products, in particular, that our pizzas are cooked in ovens that exceed 240 degrees Celsius and are not touched again by human hands, and new procedures such as Zero Contact Delivery and social distancing in stores. The response to these measures was overwhelmingly positive, with a customer survey in Germany finding 93% of all interviewees (16,000 respondents) were very satisfied/satisfied.

OUR PEOPLE

COVID-19
SUPPORT FOR FRANCHISEES

Domino's Pizza Enterprises Ltd has long recognised that localised, short-term events can affect diligent, customer-focused franchisees through no fault of their own. These events may include local road diversions affecting foot traffic, or natural disaster.

In these cases, Domino's preference has always been to provide targeted financial support to help these high-quality businesses trade through these short-term conditions, understanding this support can retain high-quality franchisees and help to build a stronger business when these short-term conditions subside.

Typically, these events are hyper-local, affecting only a very small number of stores. COVID-19 was an unprecedented event that affected stores unevenly throughout our business, particularly for stores that relied on local populations that moved elsewhere in the early stages, such as CBD stores, tourist destinations, and those proximate to universities.

While the scale of this pandemic was much larger than previous events, the principles remained the same, and Domino's did not hesitate to provide the same type of support to those affected stores. As a result – no Domino's franchisee found it necessary to leave the network because of COVID-19 – ensuring these hard-working franchisees can continue to build their businesses over the long-term.

SUPPORT FOR TEAM MEMBERS

Through COVID-19, Domino's Pizza Enterprises Ltd has taken a people-first approach. In each market, Domino's management has prioritised the health and wellbeing of team members and our customers, through changes to operational procedures, and through the supply of personal protective equipment including items such as masks and personal sanitiser. In many cases, Domino's has provided these items directly to team members, to help protect them at home.

Domino's moved early, to protect our people and to ensure our local operations were good citizens, which helped to slow the spread of COVID-19 in our communities. Domino's helped to ensure team members were safe and supported wherever they work, whether in stores, working from home or from a temporary residence.

Together with separate not-for-profit, the Domino's Partners Foundation, Domino's Pizza Enterprises Ltd also provided tangible financial support to some team members encountering financial or other distress related to COVID-19.

You can read more about our approach to COVID-19 on pages 12-35.

SAFETY

MINIMUM AGE FOR DELIVERY RIDERS

Franchised stores in the Netherlands this year joined their corporate counterparts by increasing the minimum age of ebike riders to 16 years. The decision was endorsed by government and safety officials and brings the country in line with other markets, such as Australia, New Zealand, France, and Germany, where there are no ebike riders younger than 16.

It follows numerous measures in recent years to best protect our riders on the roads. For example, delivery experts are paid per hour and not per ride, wearing a helmet and other personal protective equipment is mandatory (even in markets where this is not a legal requirement) and all team members must complete road safety training.

NEW WHS PROGRAM

A new Workplace Health and Safety (WHS) Program was rolled out in ANZ as part of the Domino's Good Citizen / Zero Harm Project and has been developed to comply with all applicable AU and NZ WHS Legislation, Codes and Standards (approx. 34 instruments), as well as International Standard ISO 45001.

The Program acts as a guide on how to prevent work-related injuries by maintaining a safe and healthy workplace and provides a common-sense approach to assist Franchisees and Store Managers ensure all staff Go Home Safe.

TRAINING AND DEVELOPMENT

Domino's continues to invest in opportunities for team members with ongoing training and development programs across all areas of the business.

Germany extended its successful Training Academy, which involved 30 coaching sessions and face-to-face modules for shift runners and store managers. This program was well received, with a 100% attendance rate. Eight Academy attendees have subsequently become franchisees.

In New Zealand, an Accelerated Management Training Program developed and run by Corporate Regional Manager and Franchisee Trainer Alex Whale, has already seen six graduates become store managers. The end goal is to create engaged and invested team members, creating well run and profitable stores.

With COVID-19 restrictions on travel and gatherings, ANZ's foundation training program for shift runners and managers, Pizza College, was completely re-designed to not only be delivered via the 'online classroom', but also to meet the modern day needs of stores. The 'Virtual Pizza College' program is split into 3 x 2hr 15min modules run over three consecutive weeks. Programs such as these help to build a strong foundation for future leaders, in the store and beyond.

EMPLOYEE ENGAGEMENT

Domino's is a people-powered business. Listening, and responding, to the feedback of our team members is important to ensure we continue to improve.

Employee engagement is a key part of our value: "Help People Grow and Prosper."

This year we have expanded the use of the GLINT Survey, which gives leaders and managers access to anonymised employee feedback. These results help Domino's identify areas we are doing well, and where we can improve, with regular surveys designed to determine areas of progress, or those needing additional attention.

Domino's has expanded the use of the GLINT Survey. First used in Australia/New Zealand, regular surveys are now extended to Japan, France and Netherlands.

The surveys have a high level of engagement, with an 80% response rate, and help gain feedback from team members, who report high levels of satisfaction with their leadership and employment prospects. The survey allows us to benchmark ourselves against other companies and internally across our markets.

The survey is available in our team members' native languages and the comments are particularly useful in understanding the sentiment of our teams. Our most recent survey in ANZ showed a significant improvement in engagement levels with an overall engagement score +7% higher than global benchmarks.

PARTNERS FOUNDATION

Domino's Partners Foundation is a separate not-for-profit organisation funded by team members to help fellow team members in times of need. The Foundation is committed to helping team members through injury, disaster recovery, illness and times of hardship – every Domino's team member who contributes to the Foundation can be proud of the good work that it achieves.

The giving and support from the Foundation to team members is growing, and of vital assistance to team members in need of help. In the past Financial Year, Domino's Partners Foundation has provided more than $175,000 in assistance (an increase from approximately $78,000 in the prior year), with practical examples of support including:

- Covering funeral expenses for team members who have passed away in non-work related incidents.
- Providing financial assistance to team members following a death in their immediate family. Supporting through offsetting the costs of a school memorial service for students to honour their friend (a young team member who had passed away).
- Providing financial support to team members for costs associated with medical conditions, disabilities and non-work related injuries.
- Assisting team members experiencing financial hardship with the cost of living expenses.
- Helping a team member who was injured and unable to complete their studies – support was provided to pay for summer school fees to allow them to complete the course and move on to the next stage of their education.
- Covering the cost of a memorable family experience for a team member with a terminal illness.

PARTNERS
FOUNDATION

LOOKING FORWARD

"Domino's intends to work with our communities to develop measurable targets in the areas important to them. The next step in delivering, starts now."

– Domino's Pizza Enterprises Ltd Annual Report, 2019

In this Financial Year, Domino's Pizza Enterprises Ltd has made meaningful progress on this commitment.

A CLOSER LOOK

In 2019, Domino's commenced consultations with investors and other stakeholders to best identify what should be the priority areas of focus for the company's Environmental, Social and Governance (ESG) activities, and how best to report ongoing progress.

WHAT WE FOUND

Our consultations first identified that Domino's Pizza Enterprises Ltd has not traditionally published the principles and expectations of our business.

In 2019, we addressed this by developing our Purpose and Values, released at our AGM and included in this report. Our Purpose and Values have been the bedrock of our people-first approach during COVID-19.

Domino's also identified there are policy areas where our actions either meet expectations or are market leading but were not well known.

WHAT WE'RE DOING

The Company will now ensure this information is publicly available to our investors and communities on our investor website: https://investors.dominos.com.au

We will continue to review the metrics against which listed companies such as Domino's Pizza Enterprises Ltd are assessed, in order to ensure we consistently strive to be best practice – and will update this website with our progress.

MATERIALITY ASSESSMENT

Our consultations included a wide-ranging review to identify areas of focus for our industry and peers, investor consultation through a survey and interviews, engagement with Domino's leadership and an assessment of community expectations, including through media analysis.

The purpose of this approach was to assess which of the many ESG priorities globally should be a strategic focus for Domino's. To assess this, the review considered Domino's Purpose and Values (and associated employee expectations), as well as the expectations of investors, customers and other community members.

The review identified 20 topics that could be considered most material to Domino's Pizza Enterprises Ltd, classified according to the four ESG pillars outlined at our Annual General Meeting: Our Community, Our Environment, Our Food and Our People.

The safety and wellbeing of customers has always been at the core of our business approach, particularly through the "Our Food" pillar. One of the initial findings of the assessment process was our longstanding, customer-centric approach should be more clearly stated. Therefore, from this report, Domino's now includes "Our Customers" as a distinct pillar to unambiguously demonstrate this focus.

CATERGORY	TOPIC
Our Environment	Animal welfare
	Energy efficiency and carbon footprint
	Waste reduction and sustainable packaging
	Water use
Our Community	Community prosperity and local partnerships
Our Food	Ethical sourcing
	Food nutrition
	Food safety and quality
	Food innovation
Our Customers	Customer data privacy and security
	Innovating for a digital future
	Customer experience and engagement
	Marketing to children
Our People	Culture, ethics and trust
	Workforce labour rights and wage compliance
	Workplace diversity and inclusion
	Workplace safety
	Workplace health and wellbeing
	Talent attraction and retention
	Franchisee engagement

The 20 topics considered most material to Domino's Pizza Enterprises Ltd.

OUR GOALS

Our research found that, across the fast food industry sector, sustainability disclosure is still relatively immature. This largely reflects the lack of quantitative metrics and targets publicly available in key sustainability areas. Similarly, our assessment identified Domino's Pizza Enterprises Ltd's reporting has predominantly focused on key case studies, with less reporting on metrics and targets.

This year, our report includes quantifiable updates on a number of sustainability initiatives across our markets. We intend to prioritise additional quantitative metrics and targets, aligned with the topics we have identified above, to help us increase Domino's level of reporting maturity. We will consider input from our communities and stakeholders to confirm which of these topics are of most significance to them, and our business, and which will therefore be prioritised.

In the 2020-21 Financial Year we intend to identify those priority topics, to confirm the measurements we have in place (and those we need to build), and then to set targets using those measurements.

We intend to demonstrate continuous improvement over time, which means the measurements we use will be as important as the targets we set. This will allow Domino's Pizza Enterprises Ltd, and our stakeholders, to assess both the progress we are making, and the outcomes we achieve.

We look forward to continuing to provide updates to our shareholders and communities on our progress.

NICK KNIGHT

CEO AUSTRALIA & NEW ZEALAND

Domino's Australian and New Zealand operations demonstrated a professional, agile approach to an unforeseen crisis this year, and position us to serve our communities as long as this pandemic may last.

Our two markets had the benefit of learning from other Domino's countries (both within Domino's Pizza Enterprises Ltd and from our colleagues in other regions) which experienced COVID-19 before Australia and New Zealand. We made decisions early to protect our business and to serve our customers, including trialling Zero Contact delivery when fewer than 80 cases were reported in Australia.

I remain convinced the key to our company's ability to adapt to meet changing regulatory and customer expectations has been the strength of the franchise model. Even where we were required to temporarily close 134 stores in New Zealand, the response from our franchisees to serve our communities through to their closing hours, and to be the first stores to reopen when able, was heartening. More than 76 small business owners, their experienced store managers and team members, have worked tirelessly together with our corporate office, to be agile in the face of this crisis.

Our financial results this year reflect a greater level of support for stores that were affected by changes in customer behaviour, as well as investments in safety materials and equipment to protect our staff. The true bottom line has been the protection of our people and our customers, the alignment with our franchisees during this crisis, and the service we have been able to give to the frontline health workers and those most affected by this pandemic.

COVID-19 slowed our planned re-franchising of corporate stores and, in turn, some planned new store openings. However, our medium-term trajectory remains firmly in place, with our strategy to service an increasing number of orders for delivered food, ordered online, with more stores closer to our customers, proving its strength during this time.

While we remain uncertain about how long this pandemic will affect our communities, Domino's Australia and New Zealand intend to continue to listen, and respond, to our customers' needs, as we all adapt to living with COVID-19.

AUSTRALIA & NEW ZEALAND
TOP HIGHLIGHTS & ACHIEVEMENTS

SEPTEMBER

FIRST WEEKLY DELIVERY RECORD UNDER 5 MINUTES

SEPTEMBER

LAUNCH OF PLANT-BASED 'BEEF' RANGE
(AUSTRALIA)

MARCH

OPENED 17,000TH DOMINO'S
(BRADBURY)

APRIL

NEW ZEALAND'S FIRST QSR TO RE-OPEN AFTER LOCKDOWN

> "THE KEY TO OUR ABILITY TO ADAPT HAS BEEN THE STRENGTH OF THE FRANCHISE MODEL."

At 11:59pm on the 25th of March, the New Zealand government lifted their COVID-19 Alert level to the highest level, Level 4, moving the entire country into lockdown. For the first time in the history of Domino's Pizza Enterprises Ltd an entire market, 134 stores, were legally required to close.

For five weeks, stores were unable to prepare meals, or open their doors for trade. But behind the scenes, our business was not idle: franchisees and team members invested their time at home preparing to reopen, hiring new team members and conducting training and business coaching – all online – to be ready for trade. Just after midnight on the 28th of April, with the move to COVID-19 Alert Level 3, Domino's Mt Eden and Lower Hutt stores were the first Quick Service Restaurants in the country to recommence trade – with the first pizzas delivered to frontline health workers and delighted regular customers.

COVID-19 has been an important factor in this year's performance in Australia/New Zealand, discussed elsewhere in this report, but it has not been the only driver of another successful year.

FOOD INNOVATION

Our focus continues to be on giving customers more of what they want – high-quality meals at an affordable price. This meant this year Domino's Australia/New Zealand released fewer new, limited time menu offerings, instead launching new permanent additions to the menu, and several improvements to some of the most popular items on our menu. At the same time, Domino's development kitchen, the LuvLab, worked with franchisees to consolidate the number of products on the menu, to allow instore teams to focus on consistent execution of each pizza and side that is served to customers.

Last Financial Year Domino's launched the first vegan pizzas with a premium plant-based vegan cheese. The range proved so popular the LuvLab scoured the world to find new plant-based alternatives to popular meats, and found them here close to home in Brisbane, Australia. In September in Australia, and October in New Zealand, Domino's launched a plant-based beef range, with one of the range, the Vegan Taco Fiesta Pizza, winning a Peta Vegan Food Award.

Two of the most popular pizza types on the menu – the New Yorker, and the Deep Pan crust – were relaunched with new menu formulations.

To improve the already popular Deep Pan crust took months of testing and development, which culminated in a crust that's crispier on the outside and fluffier on the inside. The new Deep Pan crust was extensively tested to ensure it would cook correctly in more than 800 stores throughout Australia and New Zealand, and received a very positive response from Deep Pan lovers, and new converts – doubling the number of pizzas being served on this new base.

Since the New Yorker range was launched in 2017, customers have enjoyed the streamlined range, with the 16" Pepperoni New Yorker at its heart. This year Domino's relaunched the New Yorker range in Australia, with a new marinara sauce, a thinner, crispier dough, and a new, large diameter American Pepperoni. Launched with a television advertisement that spoke to customers' dreams of the Big Apple, the new New Yorker has been well received since it launched in May.

Most pizza orders are served with a side offering, from garlic bread to desserts. This year Domino's launched two successful side offerings, Cheese & Garlic Scrolls, and the Southern Fried Chicken Mega Box.

The new scrolls were inspired by a similar, successful product from Domino's stores in the Netherlands, but made using the existing recipe for dough used in Australia and New Zealand. The scrolls rapidly hit the mark, becoming one of the three most popular side items on the menu. With the development of the new deep pan crust, the scrolls were made even more indulgent by using the new dough recipe.

Chicken is a popular side offering from Domino's, and the newest offering was no exception: the Southern Fried Chicken Mega Box quickly became the most successful and highest-selling chicken product launched at Domino's.

DIGITAL INNOVATION

The goal of Domino's digital innovations has always been to deliver a rewarding and seamless customer experience. Domino's digital technology function also has an important role in developing technology solutions that aid team members in providing exceptional customer service, and helps managers and franchisees to be more accurate and efficient.

This year Domino's delivered important progress on both goals.

In September, Domino's Australian platform was a launch partner for Google Food Ordering. This exemplifies management's view that online food aggregators serve as an important, incremental way of reaching customers who choose to order food online in a way that best suits them.

In October, Domino's new Pizza Chef with Augmented Reality, won both the Omni-Experience Innovator Award for Australia and NZ, and the International award at the 2019 IDC Digital Transformation Summit in Singapore.

Behind the front counter, Domino's has been trialling new, predictive rostering solutions in some Australian stores to help store leaders build more accurate rosters and to optimise in store labour to maximise customer service.

The DOM Pizza Checker continues to improve, having now scanned more than 50 million pizzas since its launch in May 2019. The technology, exclusive to Domino's, has delivered a new opportunity for stores to compete on order quality, to determine which store has the country's best pizzas. Victoria has been leading the charge, with Domino's Gawler recording the highest average DOM Pizza Checker grade for the past 12 months.

OPERATIONAL EXCELLENCE

Hotter, fresher pizzas is at the core of Domino's customer service. Project 3TEN is not one single project, but a suite of initiatives from new technology to new training, to find ways to cut the time taken to prepare and safely deliver a meal.

Australian stores showed what is possible again this year, with Domino's Eatons Hill holding the title of Australia's fastest – safely delivering all orders for an entire week in an average of 4 minutes 58 seconds.

Operations 360 is a program to improve the quality of our store network, with improved data comparison, combined with business coaching used to identify and deliver areas for business improvement. One of the outcomes of Operations 360 has been a short-term increase in the number of corporate stores currently owned and operated by Domino's Pizza Enterprises Ltd in Australia.

The results of these corporate stores have been promising, with sales growth in stores that moved into the corporate system in the first half of this Financial Year, significantly outperforming their sales performance in the prior corresponding period. Management plans to invest in additional staff training and, where necessary, store refurbishments to ensure these stores are best practice, before refranchising them to existing store managers and franchisees seeking to expand their businesses.


WANT 50% MORE PIZZA?*

BRANDON & KUSHLA

"practice like you've never won
and play like you've never lost"

AUSTRALIA
BRANDON & KUSHLA

WE ARE
HUSBAND & WIFE

& BUSINESS PARTNERS OF
3 YEARS

WE OWN
2 STORES

TOGETHER **WE ARE DOMINO'S**

"We purposefully don't choose easy goals," Kushla says. "We're always asking, 'How do we make this happen and how far can we go?'"

Last year their Ferny Grove store set a new ANZ record for delivering pizzas to customers' houses in less than six minutes on average for an entire week.

"A fun competitive spirit is what really brings our team together and a goal is what drives them forward," she says. "We try and train our staff with a work ethic that sets them up forever."
This extends to the contribution they make outside the store, including sponsoring local school camps and sports teams.

"When you're invited into a community, you have a responsibility to give back."

SABJOT & PREETI

"success is not an event,
it's a process"

NEW ZEALAND
SABJOT & PREETI

WE ARE
HUSBAND & WIFE

& BUSINESS PARTNERS OF
2 YEARS

WE OWN
2 STORES

TOGETHER **WE ARE DOMINO'S**

When COVID-19 turned the world upside down, Preeti and Sabjot knew there was only one thing to do: make sure all essential workers in their community had a hot meal.

Once it was safe to do so, they delivered free pizzas to teachers and kindergartens, pharmacies, supermarkets and medical centres. "We wanted to thank everyone who has been working so hard during this crisis," Preeti says. Taking care of others has always been a priority for the pair, who shared a pizza on their first date, and now run two successful stores in Auckland.

"Domino's values really align with our own. Our team members are like our family and being able to watch them grow and develop is a privilege."

JOSH KILIMNIK

CEO & PRESIDENT JAPAN

Domino's Pizza Japan stepped up its performance this year, servicing an extraordinary increase in both customers and total sales.

Those not familiar with our business and the progress we have made over the past two years may consider this growth was a natural consequence of the local response to COVID-19. Specifically, that our stores simply benefited from a lower level of societal restriction combined with a choice by customers to choose carry-out and delivery over traditional dine-in options.

Our stores have been privileged to be able to continue to trade throughout COVID-19. But this has only been possible because of our people-first approach to operations, which included additional investments in personal protective equipment for team members, and continually reinforcing to our team members and customers that their safety was our priority.

It was also made possible because of the strategic decisions made over the past two years. These included our barbell menu strategy, that allowed us to provide new meal options for customers, more stores built closer to customers (75 this year), and our focus on Project 3TEN, which allowed market leading delivery times throughout. This team effort was supported by a robust supply chain that ensured stores were always able to offer a full menu, and investments in digital infrastructure that served record peaks in online ordering.

The result of these strategic investments and a team effort from franchised and corporate stores, and our corporate head office, was exceptional service to customers, both existing and new. Our challenge for the coming financial year will be to win the loyalty of our newest customers, and to entice as many of our existing customers as possible, to return as frequently as they have in recent months.

I am proud that our systems and people are stronger from this year's experience, and confident we are best positioned to approach this new challenge in the months ahead.

JAPAN
TOP HIGHLIGHTS & ACHIEVEMENTS

APRIL

HIRED 8,000+ EMPLOYEES

MAY

MONTHLY RECORD SALES ¥6.7B

JUNE

LAUNCHED NO MINIMUM DELIVERY AND 50% OFF CARRY-OUT

JUNE

OPENED 675TH STORE

"I AM PROUD THAT OUR SYSTEMS AND PEOPLE ARE STRONGER FROM THIS YEAR'S EXPERIENCE."

JAPAN

The 2020 Financial Year was planned to be one for Domino's Pizza Japan to execute on its existing strategy – with the foundations put in place over the prior 18 months.

COVID-19 brought forward new customers, and unprecedented demand. But this wasn't inevitable. Domino's Japan was only able to deliver this year because of menu innovations that appealed to new and existing customers, digital innovations that allowed for extraordinary peaks of online ordering, and operational excellence that allowed local stores to service this demand in a way that delighted customers.

FOOD INNOVATION

Prior to 2019, Domino's Japan offered customers a menu skewed to special occasions such as Christmas and birthdays, with a pricing strategy to match. More affordable choices for customers were frequently offered as 'Buy One Get One Free'. For single customer households, and those seeking a regular meal, the so-called 'meal as a task' – Domino's Japan's offering did not hit the mark.

In the prior Financial Year, Domino's Japan launched its barbell menu strategy – retaining the premium, special occasion pizzas, while adding a value-focused offering and other pizzas and sides targeted at friends, families and work colleagues to enjoy throughout the year.

New menu offerings have aimed to deliver customers more of what they love, particularly high-quality, Californian mozzarella. The Ultra cheese range, launched in January, has served up more than 320 tonnes of cheese, with the New Yorker 1 kilo Ultimate Cheese the figurehead of the range. The newest offering secured international media coverage, social media discussions, and a place in local pizza-lovers' hearts.

Extensive customer research, testing, and piloting of new pricing strategies has allowed for the introduction of a new 50% off carry-out approach. While the price per pizza is similar to the previous, "Buy One, Get One Free" pricing tactic, the new approach allows Domino's to reach the single customer household, the fastest growing segment of the local market. Domino's Japan has also launched a new 'no minimum spend' delivery offering aimed at the same customer segment; initial results have been very positive.

DIGITAL INNOVATION

The significant growth in orders was largely serviced through Domino's Japan's online ordering – with the country's stores serviced by OneDigital, the platform used by Domino's Pizza Enterprises Ltd globally.

In prior years, Domino's Japan had invested in adopting customer-facing technology that had proven success in other markets, such as Just Time Cooking and the Coupon App. With the stability of the OneDigital platform, management simplified Domino's Japan's digital investment, removing legacy platforms to boost efficiency and reduce costs. These decisions had been taken before COVID-19, but paid dividends for customers, stores, and franchisees, during this time.

In the Second Half, Domino's Japan's total sales increased to ¥9.4b, with 68.9% of these orders sold online. Christmas in Japan is traditionally one of the busiest online ordering times for the OneDigital platform, but during the peak ordering through COVID-19, Domino's technology platform was servicing similar volumes for weeks at a time. At its highest, OneDigital was processing more than 1,400 orders every five minutes.

OPERATIONAL EXCELLENCE

Sales growth, particularly in the Second Half, was driven by more orders, not just larger orders. This posed challenges for stores, servicing more customers than ever before. In any business, doubling orders in a short timeframe would be expected to have an equal and negative impact on customer service. But Domino's Japan has been proud to live up to the Company's value 'Crush Convention'. A sustained hiring program that advertised for 5,200 team members actually employed more than 8,000 people; including more than 4,000 delivery experts and 450 ebike riders. This allowed for a relentless focus on Project 3TEN – and Domino's Japan purchased 600 bikes to serve this larger delivery fleet.

By focusing on single deliveries (where a driver leaves the store with one customer's order and then returns for another) rather than 'doubles' or 'triples', delivery times stayed low throughout the pandemic peaks, and customer satisfaction scores were lifted to record levels.

In June, Domino's Japan set a new record for the market, with an average delivery time of 18 minutes 52 seconds, across almost 670 stores for an entire week – outperforming all competitors in the country.

Satisfied customers helped to drive record sales, with 186 stores in May setting a new record for their highest monthly sales, with a new store (opened that month) breaking the country's monthly record, at more than ¥30.4m.

YOSHIAKI & RYOTA

"the right thinking determines 90% of results"

JAPAN
YOSHIAKI & RYOTA

WE ARE
FRIENDS

& BUSINESS
PARTNERS OF
8 MONTHS

WE OWN
8 STORES

TOGETHER
WE ARE DOMINO'S

A shared dream and a little competition have proven a winning formula for business partners, Yoshiaki and Ryota.

"We seem to motivate each other because of this healthy rivalry," says Yoshiaki. "We enhance each other, and that great synergy is leading to our success and growth."

Ryota was once a manager for Yoshiaki, before deciding to take the next step in his Domino's journey. "When he expressed interest in owning a business himself, I encouraged his aspiration to do so." Today, they are well on their way to writing the next chapter of their success story.

"The 3TEN initiative is what we are chasing with our utmost pride and considerable emphasis."

ANDRE TEN WOLDE

CEO EUROPE

I am proud to present my first report as the CEO of Domino's Pizza Enterprises Ltd's European operations.

In previous updates to investors, I have made clear that the view of Europe as a single-minded entity does not capture the many differences in culture, governments, and business practices of the different countries that make up our operations. That has never been more clear than during this pandemic.

From temporarily closing our operations in France, catering to new, short-term changes in customer ordering in the Benelux, through to recording record sales in Germany (all while opening new markets in Denmark and Luxembourg). Each of our markets needed a locally-focused approach that reflected the virus progression, government response and concerns of our franchisees and team members.

This was a challenging year, and yet each of our team members impressed; with their commitment to our customers and communities, our team safely delivered more meals and provided more charitable giving, than in our history.

Despite short-term challenges, I am very proud that we continued to grow the foundations of our business; advertising for more than 2,000 new team members, and opening 78 new stores. We reached the milestones of 400 stores in France, 300 stores in the Netherlands, and 100 stores in Belgium.

The most concrete example of our long-term growth focus was the commissioning of our new Commissary in Nieuwegein, the Netherlands. This state-of-the-art facility will service not only the 400 stores in the Benelux, but also will allow for more expansion as we open new stores in these three countries.

I was privileged to work alongside my friend and colleague Andrew Rennie for almost a decade, as we expanded our operations to Germany, then Luxembourg and Denmark. Now, with 1161 stores in nine countries, Domino's Europe is ready for the next phase of growth.

I look forward to keeping our team members, franchisees and investors updated as we deliver on this opportunity.

EUROPE

TOP HIGHLIGHTS & ACHIEVEMENTS

OCTOBER

FRANCE OPENS 400TH STORE

DECEMBER

LUXEMBOURG OPENED FIRST STORE

MAY

NETHERLANDS OPENS 300TH STORE

JUNE

BELGIUM OPENS 100TH STORE

"OUR TEAM MEMBERS IMPRESSED WITH THEIR COMMITMENT TO OUR CUSTOMERS AND COMMUNITIES."

RETIREMENT OF CEO, EUROPE

ANDREW RENNIE

In February, Domino's Pizza Enterprises Ltd announced the retirement of Andrew Rennie, the Chief Executive Officer of its Europe operations, after a quarter of a century in the pizza business.

Andrew first purchased a store as a franchisee with Silvio's Dial-A-Pizza (now Domino's) in the Northern Territory (Australia). Within 18 months his store became the number one store by sales in the country, winning multiple awards. After a decade as a franchisee, Andrew merged his stores with Domino's in 2004, became a shareholder and joined the corporate team. He served in Europe twice, first from 2006 to 2010, then from 2013 to 2020.

In that time, he helped to grow the brand in Europe from 153 stores, to more than 1,100 stores on his retirement from the business.

On announcing Andrew's retirement, Group CEO & Managing Director Don Meij said: "I'm privileged to count Andrew as both a teammate, trusted advisor, and friend.

"When we entered Europe in 2006, many questioned whether an Australian company could be successful in expanding offshore – that is no longer in doubt, and Andrew's leadership has been a key driver of this success.

"True leaders empower others, and Andrew's lasting Domino's legacy is the team of leaders he has built in Europe; now we have a cohesive team of regional CEOs and country managers in every market, supported by team members and franchisees that will continue to innovate and grow."

The new CEO, Europe is Andre Ten Wolde, a 15-year veteran of Domino's, whom Andrew appointed as Europe Chief Operating Officer in 2018.

With 1,161 stores, Domino's Pizza Enterprises Ltd's European operations are the largest by store count and represent the greatest opportunity for future growth. These markets have the advantage of working together where there are shared benefits while still having the flexibility to provide an authentic local experience for their customers.

MAKING CONNECTIONS

Shared technology development and shared purchasing are two key areas in which Domino's European operations maximise the benefits of scale.

This year, Domino's invested in a common customer relationship management (CRM) marketing platform, allowing all European markets to collaborate on CRM projects, delivering a greater return on marketing investments.

Domino's also launched website customisation in France, Germany and the Netherlands, which provides personalised homepage content to customers for a more engaging experience.

Domino's further invested in projects to progress Project 3TEN, including rolling-out a new version of Predictive Ordering in Germany, France, and the Netherlands (as well as in Japan), to reduce the time taken between a customer's order and delivery.

Domino's European markets also worked closely throughout the phases of the COVID-19 pandemic, sharing best practice techniques. More information on Domino's response to COVID-19 is provided on page 12.

FRANCE

Domino's operations in France best reflected "Before COVID-19" and "During COVID-19" this Financial Year. In the First Half, France opened 12 new stores - including the country's 400th store - equalling the total number of stores opened in the prior 12 months.

Short-term financial support for franchisees was delivering results, with improved alignment between management and franchisees and improved operational execution. For the Full Year, Domino's opened 21 new stores.

On March 19, shortly after the French Government enacted a COVID-19 lockdown period, Domino's announced it would voluntarily close stores in France for 15 days. The decision was made after consultation with franchisees and team members, consistent with the Company's approach throughout the pandemic to be responsive to community expectations.

In France, it was clear our communities preferred businesses to close and, in an environment where other quick service restaurants were closed, the community expected the same of Domino's.

Stores began reopening April 1st with Zero Contact Delivery immediately implemented.

FOOD INNOVATION

For those customers looking for even more pizza, Domino's France launched new XL options for larger pizzas, larger Cal'z and larger chicken boxes. The Big One, or the biggest pizza yet, also made its debut, serving up to 10 people with three different offerings each providing four pizzas in one.

A new sauce, Boursin® Garlic & herbs, which was used in two new recipes, Pizza Boursin® and Poulet Boursin® (on a Cal'z or Big Cal'z), was a highlight of the local menu this year.

DIGITAL INNOVATION

During summer, traditionally a period in which many customers choose to holiday abroad, Domino's France launched a "Digital Summer" campaign, with online-only, value-focused offerings boosting sales by targeting both delivery and carry-out. The campaign resonated with customers, boosting online ordering by more than 20%, and more than doubling delivery orders made online.

Customers in France can now create more than one million possible pizza combinations, using 32 ingredients, four types of dough, three sizes and three base sauces with the Crée ta pizza platform. This follows similar successful offerings in other countries, including the award-winning Pizza Chef in Australia. The ability to have your pizza exactly how you want it has proven consistently popular, and a significant differentiator from other meal options that force customers to choose from a limited selection. With more people staying home, Domino's also focused on in-home entertainment as an important channel to reach customers this year. This included a unique activation partnering with popular television show Casa De Papel (Money Heist in Australia), and a MyMovie offer, which provided a free film for viewing at home with any delivery order. To target time-conscious lunchtime customers, Domino's France launched a 15-Minute Guarantee, which considers oven cooking time and current order volumes, to make sure an order will be ready for take-out in 15 minutes.

The Jeudi Fou (Crazy Thursday) promotion, a simple and impactful offer to build mid-week sales, was launched in September 2019 following the success of the Mardi Fou (Crazy Tuesday) campaign. Supported by a multi-channel communication campaign, this new message reached more than 100 million contacts, helping to build double digit same store sales growth for both days.

OPERATIONAL EXCELLENCE

PROJECT RESET

Domino's France launched Project RESET this year to showcase best practice operations to the rest of the country's store network.

Running at two corporate stores in Paris, RESET is designed to show what stores must be today, and in the future, to be competitive; harnessing technology and in-store operations to improve efficiency and speed.

The project is based on Domino's Values: to Invest to Create Devotion, and Crush Convention, demonstrating it is possible to offer a high-quality product, speed, and exceptional value at the same time.

RESET demands 100% customer satisfaction, ensuring high-frequency repeat ordering. To never lose a customer, RESET aims for a maximum delivery time of less than 15 minutes (ideally less than 10 minutes, in line with Project 3TEN), and a wait time for carry-out orders of less than one minute.

Behind the scenes the RESET stores are using the latest technology and best practice operations from throughout Domino's Pizza Enterprises Ltd. This includes predictive ordering, fast bake ovens, and flat boxing (where the pizza box is not pre-folded, reducing double-handling).

To drive down delivery times, the delivery territories require a maximum travel time of five minutes, using electric bikes for deliveries and runners (team members who hustle orders from the store to the rider outside, to minimise down-time). Managers use Tanda to optimise rosters, ensuring the right number of team members are in each role for each shift.

The two Parisian stores in RESET; Paris 13 BNF and Paris 11 Auguste, are consistently setting the pace for Domino's stores globally, and franchisees from across the country are visiting the stores to watch the teams' performance in person.

Project RESET store in France

FABRICE & CAROLE

“the only limits we have are the ones we give ourselves”

FRANCE
FABRICE & CAROLE

WE ARE
HUSBAND & WIFE

& BUSINESS PARTNERS OF
21 YEARS

WE OWN
13 STORES

TOGETHER
WE ARE DOMINO'S

After more than two decades in the pizza business, and as the current sales record holders of France, Fabrice and Carole know better than most what true success looks like.

"Our greatest satisfaction is helping our managers to become franchisees," Fabrice says. "Three of our managers are now franchisees with 11 stores in all. "Being able to create, energise and motivate our teams comes back to the Golden Rules of Domino's Pizza and the teachings of (founder) Tom Monaghan. Our watchwords have always been consistency, thoroughness, and customer satisfaction."

The couple have also worked hard to ensure each of their stores is a pillar of the neighbourhoods they operate in, supporting local parades, sports clubs and schools. "We have been loyal to our community partners for over 21 years and they have been good to us."

BENELUX

This was a milestone year for the Benelux, with new store openings pushing the store network past 300 in the Netherlands (May), 100 in Belgium (June), and debuting the first store in Luxembourg (December).

With more stores contributing to advertising funds, Domino's was able to expand its marketing presence, including the first television campaigns in Belgium.

During COVID-19, Domino's stores in the Benelux acted fast - including ordering additional personal protective equipment and thermometers - to protect staff and customers.

As in other markets, sales during COVID-19 reflected the changing behaviour of customers who were staying home from work and university. This initially had a larger impact on carry-out sales, with growth in deliveries as new customers chose delivery for the first time or increased their delivery frequency.

Where some stores were previously sceptical of their ability to resource a larger number of deliveries, COVID-19 brought forward future delivery demand and franchisees rapidly hired new team members to service this need.

FOOD INNOVATION

The Benelux demonstrated Domino's ability to offer local flavours to local customers, with the launch of the Bicky Pizza, based on a Belgian burger famous for its sweet, sour and spicy bicky sauces.

A campaign initially planned around sharing, coinciding with the European Football championships, was adjusted during COVID-19, with local management instead focused on demonstrating Domino's industry-leading safety credentials, including Zero Contact Delivery.

DIGITAL INNOVATION

The Benelux has been a leader in recent times for new technology and this year continued the trend.

In October, the Netherlands launched the first loyalty program for Domino's Pizza Enterprises Ltd called Domino's Rewards, with the program now being trialled in selected Australian markets.

In March, Domino's Netherlands also launched 'Tip the Driver' which is an optional and contactless way for customers to tip their Domino's Delivery Expert if they wish. With most deliveries now ordered and paid online, the traditional avenues for customers to tip have become less frequent or accessible, particularly in light of COVID-19. This online solution has been very popular for customers and delivery experts, helping to support a new campaign to recruit more team members.

Netherlands operators are increasingly using Tanda to optimise rostering, to aid with labour law compliance and to reduce labour costs without affecting customer service.

Predictive Ordering V2, noted above, was initially implemented in 40 stores, with more than 95% accuracy, helping to provide customers with a faster delivery without compromising safety.

In Luxembourg, the first store was launched using the OneDigital platform. This ensures future growth can be resourced through a world-class online sales platform, with the availability of future customer-facing offerings that have been successful throughout Domino's Pizza Enterprises Ltd.

OPERATIONAL EXCELLENCE

The Benelux has consistently been at the forefront of Project 3TEN – setting the first sub-five minute delivery week in the world, and frequently performing as one of the fastest markets in the Domino's global network.

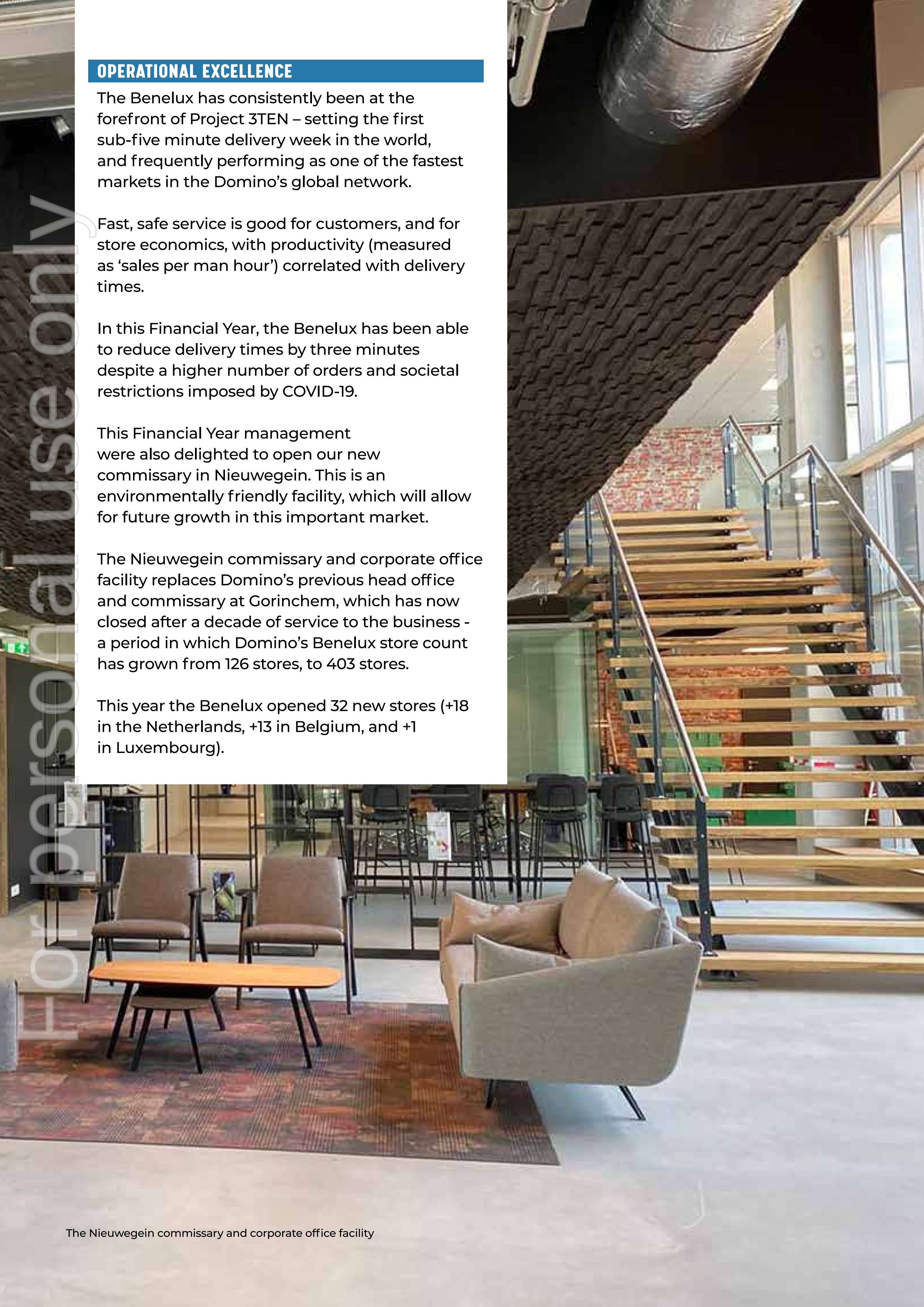
Fast, safe service is good for customers, and for store economics, with productivity (measured as 'sales per man hour') correlated with delivery times.

In this Financial Year, the Benelux has been able to reduce delivery times by three minutes despite a higher number of orders and societal restrictions imposed by COVID-19.

This Financial Year management were also delighted to open our new commissary in Nieuwegein. This is an environmentally friendly facility, which will allow for future growth in this important market.

The Nieuwegein commissary and corporate office facility replaces Domino's previous head office and commissary at Gorinchem, which has now closed after a decade of service to the business - a period in which Domino's Benelux store count has grown from 126 stores, to 403 stores.

This year the Benelux opened 32 new stores (+18 in the Netherlands, +13 in Belgium, and +1 in Luxembourg).



The Nieuwegein commissary and corporate office facility

BENELUX COMMISSARY

The Nieuwegein Supply Chain Centre represents both an important milestone in the history of Domino's Pizza Enterprises Ltd's European operations, and a platform for future growth. The new facility, opened June 15th, 2020, replaces the previous facility at Gorinchem, which was commissioned 11 years prior and which Domino's Benelux has since grown out of.

The original facility was built to service 250 stores, a capacity that Domino's operations in Belgium, the Netherlands and Luxembourg quickly expanded beyond. The markets now operate more than 400 stores, and the Nieuwegein centre can resource 600 stores at its current configuration. The new centre will now be Domino's Netherlands headquarters, as well as supplying fresh dough, fresh ingredients, and other store requirements, from the centrally located facility. Nieuwegein is a planned city, and the new centre is in a triangle of three major transport arteries, allowing efficient supply throughout the three countries.


Office at Nieuwegein


Dough making at the Nieuwegein commissary

A WORLD-CLASS FACILITY

The Nieuwegein Supply Chain Centre is more than twice as large as the Gorinchem facility, at 8,000sqm (previously 3,000sqm), providing space for 1,800 pallets for dry storage, 800 pallets in a cool room, and 1,000 pallets in frozen storage. Scale is important, not just because of the volume of materials that can be stored, but also to allow for packing lines to be more efficiently laid out, and providing safer, more efficient dispatching and truck movements, using 24 truck loading docks (an increase from six).

Technology also makes the Nieuwegein Supply Chain Centre a world-class facility, allowing Domino's to supply stores with fresh, high-quality ingredients, fast, efficiently, and with a high degree of accuracy.

Dough is at the centre of every Domino's meal, and so it is at the centre of this new facility. It is the first Domino's dough production facility to have a fully automatic production line, from mixing and making dough balls, through to placing these dough balls in a reusable tray ready for dispatch to a predetermined store.

This means the new facility can produce three tonnes of pizza bases an hour (enough for 11,000 pizzas) – each made to Domino's exacting specifications; from the correct amount of flour, water, and yeast through to mixing duration, so that every customer's pizza starts with the highest quality base.

Team members use pick-to-light technology, making collating orders for stores faster and more accurate than previous systems – this allows for 500 work containers (containing 2,500 packages from more than 600 product lines) to be dispatched each hour. From there, a fleet of trucks, using 22 routes (which are GPS optimised for efficiency and energy reduction) deliver to Domino's stores across the region.

ENVIRONMENTAL BENEFITS

From its inception, the Nieuwegein Supply Chain Centre has been built for efficiency, which has not come at the expense of the environment. Indeed, this facility is an example where environmental benefits deliver business benefits.

Solar panels to supply energy to the facility will be installed in the future, but for now electricity is supplied from the main grid which, since 2019, has sourced more electricity from renewable sources than from coal.

By using less energy to produce dough, and more efficient delivery routes, not only is there less environmental cost, but also less financial cost to supply Domino's stores.

Starting with the dough production line, a new style of mixer (which combines dough ingredients and then mixes them in a vacuum), reduces processing time from seven minutes per batch, to now just two minutes. That reduces energy requirements and increases throughout, without sacrificing quality.

Every batch of dough needs to be cooled and previously this required trays of dough to be kept in a cool room for up to eight hours. The new centre uses a rotational system, where each tray of dough constantly moves through a cool room, increasing the flow of cool air around each tray, and reducing the cooling time to just 90 minutes – a significant energy saving.

Even then, the excess heat produced from the facility's cooling units is pumped through the office space, to save on the need to separately heat these areas.

Domino's European team are delighted with the new facility and look forward to its multiple benefits flowing through to this growing market in the months and years ahead.

JULIUS & YANNICK

"sell more pizza,
have more fun!"

NETHERLANDS
JULIUS & YANNICK

WE ARE
CHILDHOOD FRIENDS

& BUSINESS PARTNERS OF
5 YEARS

WE OWN
7 STORES

TOGETHER
WE ARE DOMINO'S

Franchising your first Domino's store at 21-years-old might seem ambitious. But six more stores later, the Netherlands' youngest franchisees, Julius and Yannick, continue to prove that age is no barrier to success.
In fact, they believe 'growing up' in the Domino's system – starting out as Delivery Experts in their teens – has helped them build such a thriving business.

"We went through every step there is to take in Domino's, from riding the delivery scooter to running our own franchise," Julius says.

"We are able to identify with our staff and this is probably one of the key reasons why we are so successful and were able to open several more franchises. We went through the same steps and were driven to climb the ladder from the get-go. We aim to give our people the same sense of freedom and confidence, and that motivates them."

GERMANY

For the first time, following the completed conversion of acquired Hallo Pizza stores, the Domino's Germany team is focused on a single brand.

This unified focus delivered notably strong Same Store Sales growth in the First Half. With Germany a newer market for Domino's Pizza Enterprises Ltd, and sales already skewed towards delivery orders, stores recorded very strong, ongoing, double-digit like for like sales growth during COVID-19. Same Store Sales growth in May was a record for a mature European market for Domino's Pizza Enterprises Ltd.

Management reported close alignment between franchisees and corporate team members. For the former, this crisis demonstrated the benefits of joining a large, multi-national business with decades of experience in franchised operations. Examples of these benefits included the implementation of Zero Contact Delivery, including modifications to these procedures for German stores to allow for receiving cash, with lessons applied from Domino's Japan operations.

This year, Domino's Germany opened 13 new stores, including eight new stores since the start of the COVID-19 pandemic.

FOOD INNOVATION

In the prior year Domino's Germany focused on core ingredient improvements, including the recipe for dough and tomato base sauce. Extensive customer research this year has found customers are crediting Domino's for delivering these improvements – the Company is reviewing and conducting further research to identify more ways to improve.

Domino's Germany launched a new product to help customers choose to have their pizza the way they like it: "Half & Half", emphasising pizzas being made fresh to order and increasing the average ticket.

The Company also launched a new dessert, Cinnamon Bread, which proved incredibly popular. The new dessert went viral on TikTok, reaching more than 100,000 followers, with customers even trying to recreate this recipe at home, and within three months it became the top selling dessert on the menu.

The popular pizza roll category added a new vegan offering which received positive customer feedback. As a result, vegan pizzas, which use plant-based meat, will be added to the menu in the first half of the next Financial Year. Domino's vegan offerings have not only been popular with vegans and vegetarians, but also 'flexitarians' who may seek out plant-based options as part of their broader diet.

Cinnamon Bread

DIGITAL INNOVATION

Domino's Germany undertook a suite of projects to improve digital performance, benefiting from the single-brand focus. All store details are now available on all relevant German websites, with information updated automatically (for example, when store opening hours are modified).

The digital strategy aims to serve customers wherever they choose to order, and however they choose to pay. This year Domino's Germany's website added additional payment options including Klarna (Direct Payment) and Domino's own giftcards. Combined, these provide access for customers using the cashless payment options they prefer.

As in the Netherlands, Germany is trialling a Tip the Driver program, to reflect customers' latest payment preferences.

Even though most of the growth is coming from Domino's own online channels, management recognises some customers prefer to order through a third-party aggregator website. The digital technology team accelerated connections between the Domino's website and third parties – improving the customer experience and allowing for faster handling in stores. These new initiatives lifted online sales in the First Half by more than 40% compared to the prior corresponding period.

OPERATIONAL EXCELLENCE

In March Germany introduced predictive ordering, challenging stores to adopt the new technology with a prize for stores that achieved seven days with delivery times under 12 minutes.

Franchisee duo Romi Heuser and Christian Schenke, (Berlin Steglitz store), managed to break the German record for a single delivery order; 4 minutes and 30 seconds.

As members of an international brand, Domino's German franchisees are currently adopting the Company's Operational Evaluation Report (OER) audits, which measure store performance and adherence to international standards on a five-star scale. Germany's performance lifted to 3 stars (from a previous high of 2.4 stars), with the number of stores achieving a 5-star audit lifting by 40%.

The Company has also extended the use of its own training academy to teach best practice operations, with 30 coaching sessions undertaken this year for crew trainers, shift leaders and store managers. Eight of the academy attendees became franchisees for the first time this year.

Combined, these initiatives delivered a record year for Domino's Germany. From first surpassing €5 million in sales/week in October, the German network broke this threshold 21 times in FY20, including seven weeks in a row. In 11 months, Germany recorded double digit same-store-sales growth.

Franchisee duo Christian Schenke and Romi Heuser

JOSY & PETER

"pizza is our medium; making the world a better place is our mission"

GERMANY
JOSY & PETER

WE ARE
BUSINESS PARTNERS

FOR THE LAST
4 YEARS

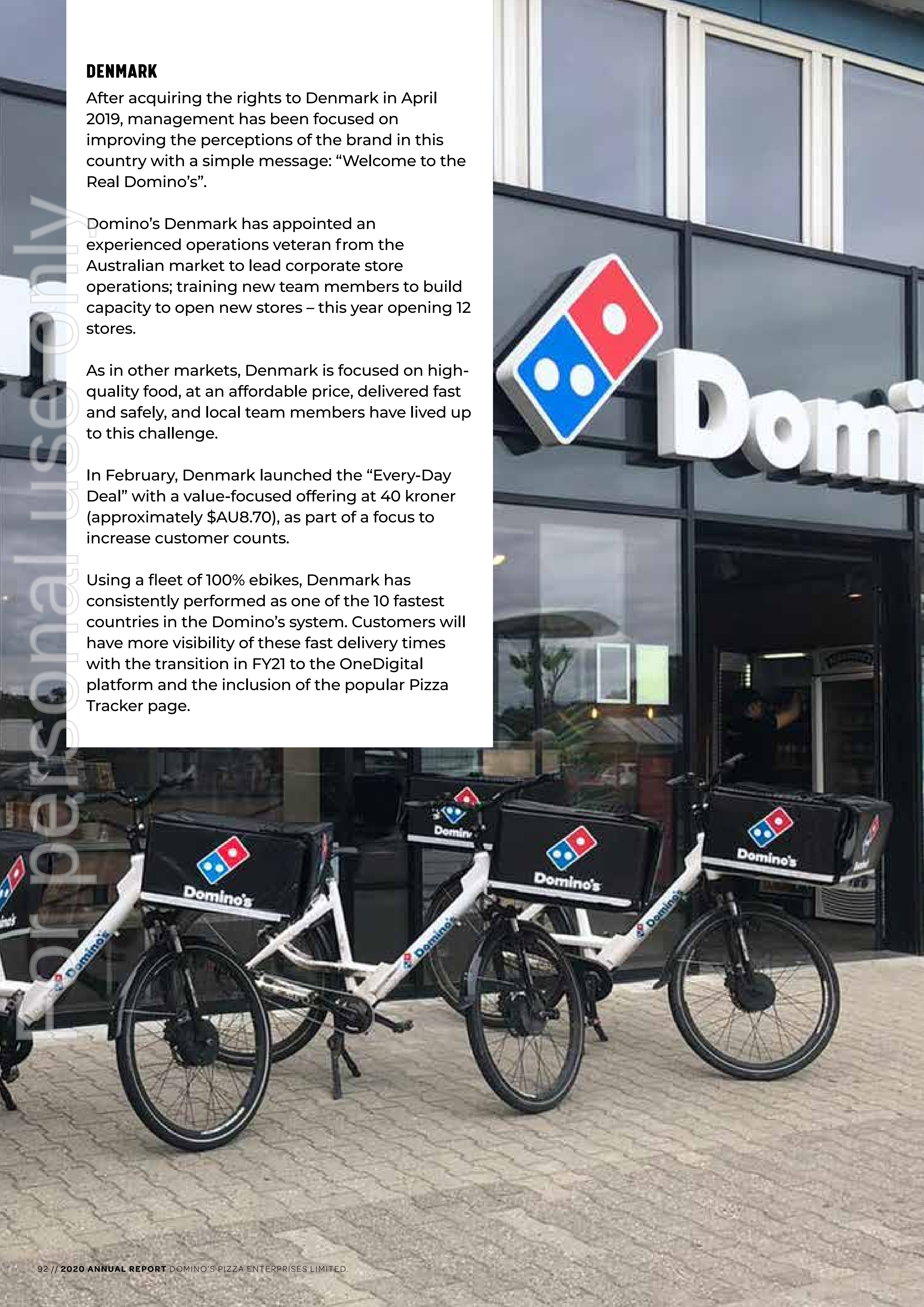
WE OWN
12 STORES

TOGETHER
WE ARE DOMINO'S

Four years ago, a hot opportunity arrived in Germany in a box with the dots. Peter was looking to sell his Joey's Pizza business to fellow franchisees Josy and her husband Daniel when Domino's Pizza Enterprises Ltd acquired Joey's and changed their lives forever.

"We very quickly recognised the huge potential and expansion possibilities of the world market leader Domino's." They joined forces and today own and operate 12 Domino's stores in four different cities across Germany, with many more planned. "100 stores is our goal. A little crazy, maybe, but "Think Big" is our motto and Germany is currently the world's largest growth market for Domino's."

With such reach comes responsibility, and they strongly believe in always being ambassadors for good. "A nice greeting and a great smile, can go a long way."



DENMARK

After acquiring the rights to Denmark in April 2019, management has been focused on improving the perceptions of the brand in this country with a simple message: "Welcome to the Real Domino's".

Domino's Denmark has appointed an experienced operations veteran from the Australian market to lead corporate store operations; training new team members to build capacity to open new stores – this year opening 12 stores.

As in other markets, Denmark is focused on high-quality food, at an affordable price, delivered fast and safely, and local team members have lived up to this challenge.

In February, Denmark launched the "Every-Day Deal" with a value-focused offering at 40 kroner (approximately $AU8.70), as part of a focus to increase customer counts.

Using a fleet of 100% ebikes, Denmark has consistently performed as one of the 10 fastest countries in the Domino's system. Customers will have more visibility of these fast delivery times with the transition in FY21 to the OneDigital platform and the inclusion of the popular Pizza Tracker page.

DOMINO'S PIZZA ENTERPRISES LIMITED

DIRECTORS' REPORT

GROUP HIGHLIGHTS

	FY 19 UNDERLYING $ MIL	FY 20 UNDERLYING[i] $ MIL	+/(-) FY 19 UNDERLYING %	FY 20 STATUTORY $ MIL
Network Sales	2,897.3	3,267.9	12.8%	3,267.9
Revenue	1,435.4	1,920.4	33.8%	1,905.3
EBITDA	**282.4**	**303.0**	**7.3%**	**343.4**
Depreciation & Amortisation	(61.6)	(74.3)	(20.7%)	(125.5)
EBIT	**220.8**	**228.7**	**3.6%**	**217.9**
EBIT Margin	*15.4%*	*11.9%*		*11.4%*
Interest	(14.0)	(12.4)	11.4%	(14.5)
NPBT	**206.8**	**216.3**	**4.6%**	**203.4**
Tax Expense	(60.0)	(64.4)	(7.4%)	(60.5)
NPAT before Minority Interest	**146.8**	**151.9**	**3.5%**	**142.9**
Minority Interest	5.6	6.1	(8.1%)	4.4
NPAT attributable to DMP shareholders	**141.2**	**145.8**	**3.3%**	**138.5**

PERFORMANCE INDICATORS				
Earnings per Share (basic)	165.0 cps	169.4 cps	2.7%	160.9 cps
Dividend per Share	115.5 cps	119.3 cps	3.3%	119.3 cps
Same Store Sales %	3.6%	5.8%		5.8%

(i) Underlying excludes significant integration and legal dispute costs as well as the impact of AASB 16 Leases.

CONTENTS

DIRECTORS' REPORT

The directors of Domino's Pizza Enterprises Limited ("DPE Limited", or the "Company") submit herewith the annual financial report of the Company and its controlled entities ("the Group") for the financial year ended 28 June 2020. In order to comply with the provisions of the *Corporations Act 2001*, the Directors' Report as follows:

INFORMATION ABOUT THE DIRECTORS AND SENIOR MANAGEMENT

The names and particulars of the directors of the Company during or since the end of the financial year are:

NAME	POSITION	
Jack Cowin	Non-Executive Chairman	Appointed 20 March 2014
Ross Adler	Non-Executive Deputy Chairman	Appointed 23 March 2005
Grant Bourke	Non-Executive Director	Appointed 24 August 2001
Lynda O'Grady	Non-Executive Director	Appointed 16 April 2015
Ursula Schreiber	Non-Executive Director	Appointed 30 November 2018
Doreen Huber	Non-Executive Director	Appointed 21 February 2020
Don Meij	Managing Director/Group Chief Executive Officer	Appointed 24 August 2001

DIRECTORSHIPS OF OTHER LISTED COMPANIES

Jack Cowin resigned as a director of Fairfax Media Limited on 28 November 2018. Grant Bourke resigned as a director of Pacific Smiles Group Limited on 05 March 2018. Lynda O'Grady was appointed a director of Wagners Holding Company Limited on 08 November 2017. There were no other directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year.

DIRECTORS' SHAREHOLDINGS

The following table sets out each director's relevant interest in shares, debentures, and rights or options in shares or debentures of the Company as at the date of this report.

	DOMINO'S PIZZA ENTERPRISES LIMITED		
DIRECTORS	FULLY PAID ORDINARY SHARES NUMBER	SHARE OPTIONS NUMBER	CONVERTIBLE NOTES NUMBER
Jack Cowin	23,050,966	-	-
Ross Adler	200,000	-	-
Grant Bourke	1,628,344	-	-
Lynda O'Grady	2,000	-	-
Ursula Schreiber	1,000	-	-
Doreen Huber	-	-	-
Don Meij	1,800,001	737,000	-

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Information about the remuneration of directors and senior management is set out in the Remuneration Report of this Directors' Report on pages 101 to 125.

SHARE OPTIONS GRANTED TO DIRECTORS AND SENIOR MANAGEMENT

During and since the end of the financial year, an aggregate 501,301 share options were granted to the following directors and senior management of the Company as part of their remuneration.

DIRECTORS AND SENIOR MANAGEMENT	NUMBER OF OPTIONS GRANTED	ISSUING ENTITY	NUMBER OF ORDINARY SHARES UNDER OPTION
Don Meij	297,000	DPE Limited	737,000
Richard Coney	41,385	DPE Limited	119,385
Andrew Rennie	-	DPE Limited	494,000
Josh Kilimnik	31,421	DPE Limited	100,921
Nick Knight	43,578	DPE Limited	130,578
Andre Ten Wolde	19,081	DPE Limited	84,081
Michael Gillespie	29,734	DPE Limited	82,234
Allan Collins	39,102	DPE Limited	106,602

COMPANY SECRETARY

Craig Ryan:
General Counsel & Company Secretary

Craig is a solicitor of the Supreme Court of Queensland, Australian Capital Territory and New South Wales and a Solicitor of the High Court of Australia with over 22 years' experience. Craig joined the Company as General Counsel on 8 August 2006 and was appointed to the position of Company Secretary on 18 September 2006. Craig holds a Bachelor of Arts and a Bachelor of Laws from the University of Queensland and a Masters of Laws from the University of New South Wales. Craig is also a Chartered Secretary with the Governance Institute Australia.

PRINCIPAL ACTIVITIES

The Group's principal activities in the course of the financial year were the operation of retail food outlets and the operation of franchise services. During the financial year there were no significant changes in the nature of those activities.

REVIEW OF OPERATIONS

The activities and financial performance of the Group and each of its operating segments for the financial year are set out on pages 6 to 7.

CHANGES IN STATE OF AFFAIRS

There has been no significant changes in the state of affairs of the Group that occurred during the financial year.

SUBSEQUENT EVENTS

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years other than the matters disclosed in note 30.

ENVIRONMENTAL AND SOCIAL SUSTAINABILITY RISKS

The Group is not subject to any significant environmental regulation or mandatory emissions reporting and does not consider that it has material exposure to environmental and social sustainability risks.

To the best of the directors' knowledge the Group complies with its obligations under environmental regulations and holds all licenses required to undertake its business activities.

CORPORATE GOVERNANCE

A copy of Domino's Pizza Enterprises full 2020 Corporate Governance Statement, which provides detailed information about governance, and a copy of Domino's Pizza Enterprises' Appendix 4G which sets out the Group's compliance with the recommendations in the third edition of the ASX Corporate Governance Council's Principles and Recommendations (ASX Principles) is available on the corporate governance section of the Group's website at **https://investors.dominos.com.au/corporate-governance**.

DIVIDENDS

In respect of the financial year ended 28 June 2020, an interim dividend of 66.7 cents per share franked to 100% at 30% corporate income tax rate was paid to the holders of fully paid ordinary shares on 13 March 2020. The Company will be paying a final dividend of 52.6 cents per share franked to 100% at 30% corporate income tax rate to the holders of fully paid ordinary shares on 10 September 2020.

SHARES UNDER OPTION OR ISSUED ON EXERCISE OF OPTIONS

Details of unissued shares or interests under option as at the date of this report are:

ISSUING ENTITY	SERIES	NUMBER OF SHARES UNDER OPTION	CLASS OF SHARES	EXERCISE PRICE OF OPTION	EXPIRY DATE OF OPTIONS
DPE Limited	26	200,000	Ordinary	$76.23	31 Aug 20
DPE Limited	27	64,500	Ordinary	$76.23	31 Aug 20
DPE Limited	28	220,000	Ordinary	$46.63	31 Aug 21
DPE Limited	29	541,750	Ordinary	$45.25	31 Aug 21
DPE Limited	30	147,000	Ordinary	$45.25	31 Aug 21
DPE Limited	31	220,000	Ordinary	$51.96	31 Aug 22
DPE Limited	32	626,000	Ordinary	$51.96	31 Aug 22
DPE Limited	33	297,000	Ordinary	$50.25	01 Sep 23
DPE Limited	34	183,225	Ordinary	$50.25	26 Nov 23
DPE Limited	35	294,092	Ordinary	$50.25	01 Sep 23
DPE Limited	36	6,250	Ordinary	$0.00	20 Aug 29

The holders of these options do not have the right, by virtue of the option, to participate in any share issue or interest issue of the Company or of any other body corporate or registered scheme. Details of shares or interests issued during or since the end of the financial year as a result of exercise of an option are:

ISSUING ENTITY	SERIES	NUMBER OF SHARES ISSUED UNDER OPTION	CLASS OF SHARES	AMOUNT PER SHARE	AMOUNT UNPAID ON SHARES
DPE Limited	23	300,000	Ordinary	$8.20	$nil
DPE Limited	24	154,250	Ordinary	$8.18	$nil
DPE Limited	24	150,000	Ordinary	$8.57	$nil

INDEMNIFICATION OF OFFICERS AND AUDITORS

The Company has entered into deeds of indemnity, insurance and access with each director. To the extent permitted by law and subject to the restrictions in s.199A of the *Corporations Act 2001*, the Company must continuously indemnify each director against liability (including liability for costs and expenses) for an act or omission in the capacity of director. However, this does not apply in respect of any of the following:

- a liability to the Company or a related body corporate;
- a liability to some other person that arises from conduct involving a lack of good faith;
- a liability for costs and expenses incurred by the director in defending civil or criminal proceedings in which judgement is given against the officer or in which the officer is not acquitted; or
- a liability for costs and expenses incurred by the director regarding an unsuccessful application for relief under the *Corporations Act 2001* in connection with the proceedings referred to above.

The Company has also agreed to provide the directors with access to Board documents circulated during the directors' term in office.

During the financial year, the Company paid a premium in respect of a contract insuring the directors of the Company, the Company Secretary and all senior management of the Company and of any related body corporate against a liability incurred as such a director, secretary or senior management to the extent permitted by the *Corporations Act 2001*.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor. The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses insurance contract as such disclosure is prohibited under the terms of the contract.

DIRECTORS' MEETINGS

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, nine (9) board meetings, seven (7) nomination and remuneration committee meetings and six (6) audit committee meetings were held.

	BOARD OF DIRECTORS		NOMINATION & REMUNERATION COMMITTEE		AUDIT COMMITTEE	
	HELD	ATTENDED	HELD	ATTENDED	HELD	ATTENDED
Jack Cowin	9	9	7	7	-	-
Ross Adler	9	9	7	7	6	6
Grant Bourke	9	9	7	7	6	6
Lynda O'Grady	9	9	7	7	-	-
Ursula Schreiber	9	9	7	7	6	6
Doreen Huber	4	4	3	3	-	-
Don Meij	9	9	-	-	-	-

NON-AUDIT SERVICES

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 34 to the financial statements. The directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence of auditors imposed by the *Corporations Act 2001*.

The directors are of the opinion that the services as disclosed in note 34 to the financial statements do not compromise the external auditor's independence, based on the advice received from the Audit Committee, for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct *APES 110 Code of Ethics for Professional Accountants* issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 126 of the Annual Report.

ROUNDING OF AMOUNTS

The Company is a company of the kind referred to in ASIC Corporations Legislative Instrument 2016/191 (Rounding in Financial/Directors' Report), dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

DIRECTORS' REPORT

CONTINUED

LETTER FROM THE CHAIR OF THE NOMINATION AND REMUNERATION COMMITTEE

Dear fellow Shareholders,

On behalf of the Nomination and Remuneration Committee (NRC) and Board, I am pleased to present the remuneration report for FY20.

Domino's Pizza Enterprises Limited (DPE) is a geographically diverse business with a long history of innovation and growth. The Board remains committed to ensuring the remuneration frameworks developed for Key Management Personnel (KMP) are focused and aligned with shareholder value creation over the long term.

COMPANY PERFORMANCE

This has been a record year for Domino's Pizza Enterprises Ltd; for group sales, earnings and returns to shareholders. A prudent approach to growth and investment has delivered a return on equity of 40.8%, with a three-year average return on equity of 41%; on an underlying basis and excluding the impact of AASB 16.

Our shareholders have benefited from our long-term focus, with a total shareholder returns of 83.79% this Financial Year, ranking 2nd in the ASX100.

The results this year reflect the hard-work of tens of thousands of team members in nine countries, and a people-first approach. This required significant investment in personal protective equipment and other safety measures (including changes to operational procedures) to protect the safety and wellbeing of team members and our customers, who credited Domino's approach in protecting our communities.

Full Year global food sales increased 12.8% (+5.8% on a Same Store Sales basis) to $3.27 billion, with online sales now accounting for 72% of total sales, increasing 21.4%. Underlying EBIT of $228.7 million, increased +3.6% on the prior year, and the store network expanded with 163 new stores opening. This growth and expansion came despite two short-term market closures, in France and in New Zealand.

The results this year, particularly Domino's ability to trade through an ongoing pandemic while maintaining a strong balance sheet and cashflow position throughout, were testament to a global team effort. Domino's demonstrated the importance of pursuing a consistent strategy of delivering high-quality meals for customers, delivered fast, for an affordable price.

FY2020 REMUNERATION OUTCOMES

Fixed pay increases of 2.06% on average were applied in FY20 for executives to align with our objective of rewarding for capability, experience and performance, and to ensure we continue to meet the market on executive remuneration.

Short-term incentive results for FY20 averaged at 27.6% of bonus opportunity, with the Group CEO/Managing Director receiving 15% of his bonus opportunity. Long-term incentive outcomes are detailed in the report.

APPLICATION OF DISCRETION DURING THE COVID-19 PANDEMIC

For financial year 2020, the Board considered the impact of the COVID-19 pandemic on the company and its shareholders to determine whether discretion should be exercised in relation to STI outcomes for the year. Having considered all the impacts, including the business shut downs in Europe and New Zealand, and the less impacted business in Australia and Japan, as well as the increased costs associated with keeping our staff and customers safe, the Board determined that the outcomes are a fair reflection of the year as a whole, and have elected not to exercise discretion to adjust STI outcomes.

FY21 REMUNERATION FRAMEWORK CHANGES

During FY20 a comprehensive review of the Domino's remuneration framework was undertaken to ensure it remains effective, fit for purpose, and aligned with shareholders given our continued growth and leadership in our sector. Further details on these outcomes are found in the report.

This year we have sought to improve the level of detail in our remuneration report to address feedback from our Shareholders, and trust that the link between pay and performance is apparent.

We thank you for your support and interest in our Company, and look forward to your attendance at our Annual General Meeting currently planned to be held in November 2020.

Grant Bourke
Chair, Nomination and Remuneration Committee (Outgoing)

REMUNERATION REPORT

This Remuneration Report (Audited), which forms part of the Directors' Report, sets out information about the remuneration of the Company's KMP including directors for the financial year ended 28 June 2020.

The prescribed details for each person covered by this report are detailed below under the following headings:

- KEY MANAGEMENT PERSONNEL (KMP) INCLUDED IN THIS REPORT
- REMUNERATION AT DOMINO'S AT A GLANCE
- REMUNERATION GOVERNANCE
- EXECUTIVE REMUNERATION POLICY AND STRUCTURE
- OVERVIEW OF MANAGING DIRECTOR/GROUP CHIEF EXECUTIVE (GROUP CEO) REMUNERATION STRUCTURE FOR FY20
- OVERVIEW OF EXECUTIVE KMP REMUNERATION FRAMEWORK FOR FY20
- REMUNERATION FRAMEWORK CHANGES FOR FY21
- LINK BETWEEN PAY AND PERFORMANCE
- REMUNERATION OF EXECUTIVE KMP
- CONTRACTS FOR SERVICES OF EXECUTIVE KMP
- NON-EXECUTIVE DIRECTOR REMUNERATION

KMP MANAGEMENT PERSONNEL (KMP) INCLUDED IN THIS REPORT

The following persons acted as directors of the Company during or since the end of the financial year:

NAME	POSITION
Jack Cowin	Non-Executive Chairman
Ross Adler	Non-Executive Deputy Chairman
Grant Bourke	Non-Executive Director
Lynda O'Grady	Non-Executive Director
Ursula Schreiber	Non-Executive Director
Doreen Huber	Non-Executive Director (appointed 21 February 2020)
Don Meij	Managing Director/ Group Chief Executive Officer (Group CEO)

The term Executive KMP is used in this report to refer to the following persons, who were considered to be KMP for part or all of the financial year:

NAME	POSITION
Don Meij	Managing Director/Group Chief Executive Officer (Group CEO)
Richard Coney	Group Chief Financial Officer
Andrew Rennie	Chief Executive Officer Europe
Josh Kilimnik	President and Chief Executive Officer of Japan
Nick Knight	Chief Executive Officer ANZ
Andre Ten Wolde	Chief Operating Officer Europe
Michael Gillespie	Group Chief Digital and Technology Officer
Allan Collins	Chief Marketing Officer ANZ, formally Group Chief Marketing Officer

REMUNERATION REPORT (CONTINUED)

REMUNERATION AT DOMINO'S AT A GLANCE

EXECUTIVE REMUNERATION OBJECTIVES

Our executive remuneration structures are designed to support the following objectives:

Attract, motivate and retain highly skilled executives across diverse geographies.	Reward capability and experience and provide recognition for the contribution to the Company's overall objectives.	An appropriate balance between fixed and variable remuneration.	Align to shareholder interests through equity components.

OVERVIEW OF EXECUTIVE REMUNERATION FRAMEWORK

Our remuneration framework is designed to attract suitably qualified executives, reward them for the achievement of strategic objectives, and achieve the broader outcome of value creation for shareholders.

ELEMENT OF REWARD	PURPOSE & PHILOSOPHY	LINK TO PERFORMANCE	PERFORMANCE MEASURES
Fixed remuneration Base remuneration which is calculated on a total cost basis and includes any fringe benefits tax ("FBT" charges related to employee benefits including motor vehicles) as well as employer contributions to superannuation funds or equivalents.	• Set with reference to relevant market remuneration data. • Set at a level to attract and retain experienced executives in the geographies in which Domino's operates.	• Considers performance in the role and Domino's performance based on market capitalisation and revenue.	• Reflects accountability, performance, experience and geographic location.
Short-term Incentive (STI) Annual incentive opportunity delivered as either cash, or as a combination of cash and Rights (depending on role) that are deferred for two years.	• Designed to achieve Board approved targets, reflective of the Group plan.	• Key Performance Indicators (KPIs) are set each year by the Board reflective of the Group or Geographically relevant segment and include financial and individual performance targets relevant to the specific position.	• Financial measures include EBITDA, EBIT in local currencies, Same Store Sales, Franchise operations EBITDA, and Franchisee profitability compared to budget and last year. • Non-financial measures such as Group organic new store openings and delivery of projects (such as Project 3-10).
Long-term Incentive (LTI) Three year incentive opportunity delivered through options which vest subject to service and performance.	• Reward executives for sustainable long-term growth aligned to shareholder value creation.	• Awards only vest on achievement of predetermined targets. • Options only provide value to executives where the share price has increased.	• LTI targets are linked to either EPS growth, or a combination of EPS growth and EBIT over three years depending on whether the role has Group or segment responsibility.

REMUNERATION REPORT (CONTINUED)

FY20 PERFORMANCE AND REMUNERATION OUTCOMES

The Managing Director / Group CEO and other Executive KMP received fixed remuneration increases averaging 2.06% during FY20.

Our business has performed well during the unprecedented impacts of COVID-19 and continued to safely prepare and deliver meals for our customers. Our executives and staff have mobilised quickly to respond to the rapidly changing environment, including implementing new operational measures to increase delivery capacity and move to zero contact carry-out and delivery and contactless payments where possible.

Despite the uncertainty surrounding COVID-19, the Group results were positive with record sales and year on year earnings growth. As in prior years, STI targets were below target, with the exception of Japan.

The options granted under our FY17 LTI plan were eligible to vest during FY20. The following vesting applied for each Executive KMP:

EXECUTIVE KMP	PERFORMANCE MEASURE	RESULT	PROPORTION OF OPTIONS VESTING	CAN BE EXERCISED UNTIL
Managing Director/Group CEO	Group EPS percentage growth over the relevant performance period	<9% EPS Growth	0%	N/A
ANZ Executives	Group EPS percentage growth over the relevant performance period	<9% EPS Growth	0%	N/A
Europe Executives	Europe EBIT performance	>100% of target	100%	31 Aug 2020
Japan Executives	Japan EBIT Performance	<96% of target	0%	N/A

The following table outlines actual remuneration received in the year ended 28 June 2020. This table is not the statutory remuneration table (please see section REMUNERATION OF EXECUTIVE KMP):

EXECUTIVE KMP	FIXED REMUNERATION(i) $	STI(ii) $	DEFERRED STI(iii) $	LTI VESTED(iv) $	TOTAL REMUNERATION $
Managing Director / Group CEO	1,250,736	150,000	-	-	1,400,736
Group Chief Financial Officer	519,821	67,059	70,212	-	657,092
Chief Executive Officer Europe(v)	405,741	-	-	-	405,741
President and Chief Executive Officer of Japan	796,670	311,873	-	-	1,108,543
Chief Executive Officer ANZ	520,380	-	-	-	520,380
Chief Operating Officer Europe(vi)	180,297	-	-	-	180,297
Group Chief Digital and Technology Officer	500,526	74,420	77,940	-	652,886

(i) Reflects salaries and superannuation.

(ii) The value of STI paid in cash during the year ended 28 June 2020, which is in relation to the performance targets achieved for FY19.

(iii) The value of deferred STI is determined based the number of rights granted during the year ended 28 June 2020, for performance targets achieved for FY19, multiplied by the share price at the date of grant.

(iv) LTI vested is determined based on the LTI vested during the year ended 28 June 2020 and is valued based on the intrinsic value being the share price at the first exercise date less the exercise price, then multiplied by the number of options vested.

(v) On 18 February 2020, the Chief Executive Officer of Europe, Andrew Rennie, announced his retirement effective from 29 June 2020. The Chief Operations Officer of Europe, Andre Ten Wolde, will assume the Chief Executive Officer of Europe from 29 June 2020. During FY20 Andrew Rennie, has taken long service leave entitlements as well as leave without pay.

(vi) From the 19 February 2020, given the announced retirement of the now previous Chief Executive Officer of Europe, the Chief Operations Officer of Europe is considered a KMP. The fixed remuneration is based on the salary entitlement from 19 February 2020 to 28 June 2020.

REMUNERATION REPORT (CONTINUED)

LOOKING AHEAD TO FY21

During FY20 we undertook a comprehensive review of our executive remuneration framework to ensure that it is contemporary, remains fit for purpose, and delivers on our objectives. We have also sought to respond to the uncertainty inherent in the COVID-19 pandemic period in the year ahead.

As a result of this review, we have made the following changes for FY21:

- Recognising the difficulty in determining robust performance ranges during this uncertain time, we have introduced wider target and payout ranges for our STI plan, with a commitment from the Board to review the targets at the six month period and adjust if required.
- Extended our STI deferral (33% of any STI earned) to all Executive KMP, including the Managing Director / Group CEO.
- Moved our LTI options to net-settled options, where only the value above the exercise price is provided to participants in the form of shares. The same economic value as options and cost to the company, but simpler for participants and doesn't require a cash outlay.

Further details of the changes are in section REMUNERATION FRAMEWORK CHANGES FOR FY21 and will also be communicated in our FY21 Remuneration Report.

REMUNERATION GOVERNANCE

ROLE OF THE NOMINATION & REMUNERATION COMMITTEE

The following chart outlines the key stakeholders in the governance of remuneration at Domino's:

Shareholders and advisory bodies

- Includes consultation, engagement at the Annual General Meeting and investor meetings.

Board

The Board is responsible for:

- Approving Domino's remuneration strategy.
- Approving the performance objectives and measures for the Group CEO and providing input into the evaluation of performance against them.

The Board has overarching discretion with respect to any awards made under the Company's incentive plans.

Remuneration consultants

- Provide independent advice, information and recommendations relevant to remuneration decisions.

Nominations & Remuneration Committee

The NRC is responsible for:

- Making recommendations to the Board on remuneration policies and packages applicable to the Board members and the Group CEO.
- Review and approve remuneration packages applicable to other KMPs of the Company.

Audit Committee

- Supports the NRC by reviewing figures which form the basis for incentive awards.

Management

Management are responsible for:

- Preparing recommendations on remuneration packages applicable to the other KMPs of the Company.
- Obtains remuneration information from external advisors / independent consultants to assist the NRC.

REMUNERATION REPORT (CONTINUED)

USE OF INDEPENDENT REMUNERATION CONSULTANTS

During the year an independent remuneration consultant was engaged by the Remuneration Committee to provide advice and guidance in relation to market practice and Domino's remuneration matters. The Company made payments totalling $154,535 (2019: $118,450) to the remuneration consultant in relation to the remuneration advice and guidance provided. The Committee considers the advice and forms its own views on all remuneration matters. No remuneration recommendation was sought from or provided by the remuneration consultant. The remuneration consultant is engaged directly to the Committee and is free of any undue influence by Executive KMP/ management.

OVERARCHING BOARD DISCRETION

The Board retains the discretion to alter the treatment of awards to ensure there is appropriate alignment between executive pay outcomes and the performance of the company. That discretionary assessment (and exercise where required) is conducted at the conclusion of each year when incentive outcomes are determined.

For example, where an acquisition is anticipated to have a meaningful effect on EPS growth, the board may increase LTI targets accordingly, to ensure these reflect the prudent use of capital.

For financial year 2020, the Board considered the impact of the COVID-19 pandemic on the company and its shareholders to determine whether discretion should be exercised in relation to STI outcomes for the year. Having considered all the impacts, including the business shut downs in Europe and New Zealand, and the less impacted business in Australia and Japan, as well as the increased costs associated with keeping our staff and customers safe, the Board determined that the outcomes are a fair reflection of the year as a whole, and have elected not to exercise discretion to adjust STI outcomes.

MALUS AND CLAWBACK

The Board retains the discretion to lapse any unvested (or vested but not yet exercised) STI or LTI equity awards if, at the discretion of the Board, a trigger event has occurred (for example, fraud or dishonesty, breach of contractual obligations, serious misconduct or gross negligence, or material reputational damage to the company).

The Board also retains the discretion, in the same circumstances outlined above, to clawback equity awards that have been exercised but are held in escrow.

CHANGE OF CONTROL EVENTS

The Board retains the discretion to determine the treatment of awards in the event of a change of control. A change in control occurs when any shareholder (either alone or together with its associates) having a relevant interest in less than 50% of the issued shares in the Company acquires a relevant interest in 50% or more of the shares on issue at any time.

EXECUTIVE REMUNERATION POLICY AND STRUCTURE

The performance of the Company depends upon the quality of its Executive KMP including directors and their support teams. To prosper, the Company must attract, motivate and retain highly skilled directors and other Executive KMP. The remuneration structure is designed to strike an appropriate balance between fixed and variable pay, rewarding capability and experience and providing recognition for contribution to the Company's overall goals and objectives.

REMUNERATION REPORT (CONTINUED)

The Board Remuneration Policy is to ensure that Executive KMP remuneration packages properly reflect the individual's duties and accountabilities and level of performance; and that remuneration is market competitive in order to attract, retain and motivate people of the highest quality. This Policy can be described in four key remuneration objectives outlined in the table below:

EXECUTIVE REMUNERATION OBJECTIVES

Attract, motivate and retain highly skilled executives across diverse geographies.	Reward capability and experience and provide recognition for the contribution to the Company's overall objectives.	An appropriate balance between fixed and variable remuneration.	Alignment to shareholder interests through equity components.

OVERVIEW OF MANAGING DIRECTOR/GROUP CHIEF EXECUTIVE (GROUP CEO) REMUNERATION STRUCTURE FOR FY20

The following remuneration structure applied to the Managing Director / Group CEO for the year ended 28 June 2020. The table also shows the changes for the Managing Director / Group CEO's remuneration structure in FY21:

	PERFORMANCE-LINKED REMUNERATION	
FIXED REMUNERATION	**SHORT-TERM INCENTIVE**	**LONG-TERM INCENTIVE**
$1,228,800 per annum, inclusive of base salary and superannuation contributions.	STI is awarded up to a maximum of $1,024,000, subject to the achievement of KPIs set annually, and approved by the Board.	Options approved by shareholders at the 2017 AGM worth $7,569,430 in total (using a Black Scholes option pricing model) were granted progressively from 2017 to 2019.
This represents an increase of 2.4% from FY19, and was applied after the Board undertook a review in accordance with its annual processes.	This is an increase of 2.4% from FY19, commensurate with the increase in fixed remuneration. Paid as 100% cash.	The Options vest progressively from 2020 to 2022 subject to achievement of cumulative compound annual growth in Earnings Per Share hurdles, measured over rolling three year performance periods. Value is only delivered to the Group CEO where the Domino's share price increases from grant (the exercise price) in addition to achieving the performance condition.

SHORT-TERM INCENTIVE

The Board set the KPIs for the Managing Director / Group CEO during the financial year ended 28 June 2020 to be in line with the plan for the Group. The first and largest consideration was the financial performance of the Group. This accounts for 95% of the total weighting for the short-term incentive bonus, based on year on year EBIT performance in Group and individual markets. The second consideration was the net increase in organic new stores across the Group with 5% of the total weighting for the short-term incentive. The specific measures for each KPI include a threshold, target and strong performance levels. These levels are not disclosed because they are commercially sensitive in nature.

KPI	WEIGHTING	MEASURES
Financial Performance	95%	• Group EBIT ($) • Australia and New Zealand EBIT ($) • Europe EBIT (€) • Japan EBIT (¥)
New Store Growth	5%	• Group organic new store openings

REMUNERATION REPORT (CONTINUED)

LONG-TERM INCENTIVE (EXECUTIVE SHARE AND OPTION PLAN)

MANAGING DIRECTOR / GROUP CEO LTI AWARDS ON-FOOT

The Long-Term incentive approved by shareholder resolution on the 8 November 2017 resulted in the granting of three tranches of options over a three year period. The options were granted under the terms and conditions of the Company's Executive Share and Option Plan. The plan rules are available for inspection on the ASX's announcements platform.

The Options are subject to a performance condition, including continuous employment, that must be achieved, and have an exercise price set at grant. The value that the Managing Director / Group CEO derives from the LTI plan is subject to the partial or whole achievement of the performance condition, as well as the share price following vesting. Over the exercise period, if the share price does not exceed the exercise price (set at grant), then the Options are "underwater" and no value is delivered to the Managing Director / Group CEO.

The number of Options granted and on-foot under each Tranche, and the relevant exercise prices, are outlined in the table below. The first exercise date is shown, and the exercise period is one year from the first exercise date, after which any options not exercised will lapse.

SERIES	NUMBER GRANTED	EXERCISE PRICE	FAIR VALUE	GRANT DATE	FIRST EXERCISE DATE
Tranche 1 (Series 28)	220,000	$46.63	$11.22	8 Nov 2017	1 Sept 2020
Tranche 2 (Series 31)	220,000	$51.96	$7.27	23 Jan 2019	1 Sept 2021
Tranche 3 (Series 33)	297,000	$50.25	$11.79	26 Nov 2019	1 Sept 2022

PERFORMANCE CONDITION FOR ON-FOOT LTI AWARDS

The options approved by shareholders at the 2017 AGM vest if the Company's cumulative annual compound earnings per share (EPS) growth over the relevant performance period, as determined by the Board acting reasonably based on the audited financial statements of the Company, is at least 12% in Tranches 1,2 and 3, as shown in the table below.

ANNUAL COMPOUND EPS GROWTH DURING THE PERFORMANCE PERIOD	CUMULATIVE EPS TARGET (TRANCHE 1)	CUMULATIVE EPS TARGET (TRANCHE 2)	CUMULATIVE EPS TARGET (TRANCHE 3)	PROPORTION OF OPTIONS WHICH VEST
Less than 12%	less than 5.049	less than 5.775	less than 6.235	0%
12% up to less than 13%	5.049 up to less than 5.143	5.775 up to less than 5.882	6.235 up to less than 6.351	20%
13% up to less than 14%	5.143 up to less than 5.239	5.882 up to less than 5.992	6.351 up to less than 6.469	30%
14% up to less than 15%	5.239 up to less than 5.335	5.992 up to less than 6.102	6.469 up to less than 6.588	40%
15% up to less than 16%	5.335 up to less than 5.433	6.102 up to less than 6.214	6.588 up to less than 6.708	50%
16% up to less than 17%	5.433 up to less than 5.532	6.214 up to less than 6.327	6.708 up to less than 6.831	60%
17% up to less than 18%	5.532 up to less than 5.632	6.327 up to less than 6.441	6.831 up to less than 6.954	70%
18% up to less than 19%	5.632 up to less than 5.733	6.441 up to less than 6.557	6.954 up to less than 7.079	80%
19% up to less than 20%	5.733 up to less than 5.836	6.557 up to less than 6.674	7.079 up to less than 7.206	90%
20% or over	5.836 or over	6.674 or over	7.206 or over	100%

REMUNERATION REPORT (CONTINUED)

ANALYSIS OF PAY OUTCOMES

For the year ended 28 June 2020, the following outcomes were applied to the Managing Director / Group CEO in respect of his STI and LTI.

STI OUTCOMES FOR FY20

In FY20, the Managing Director / Group CEO achieved 15% of his short-term incentive opportunity (15% in FY19). See section LINK BETWEEN PAY AND PERFORMANCE for more detail.

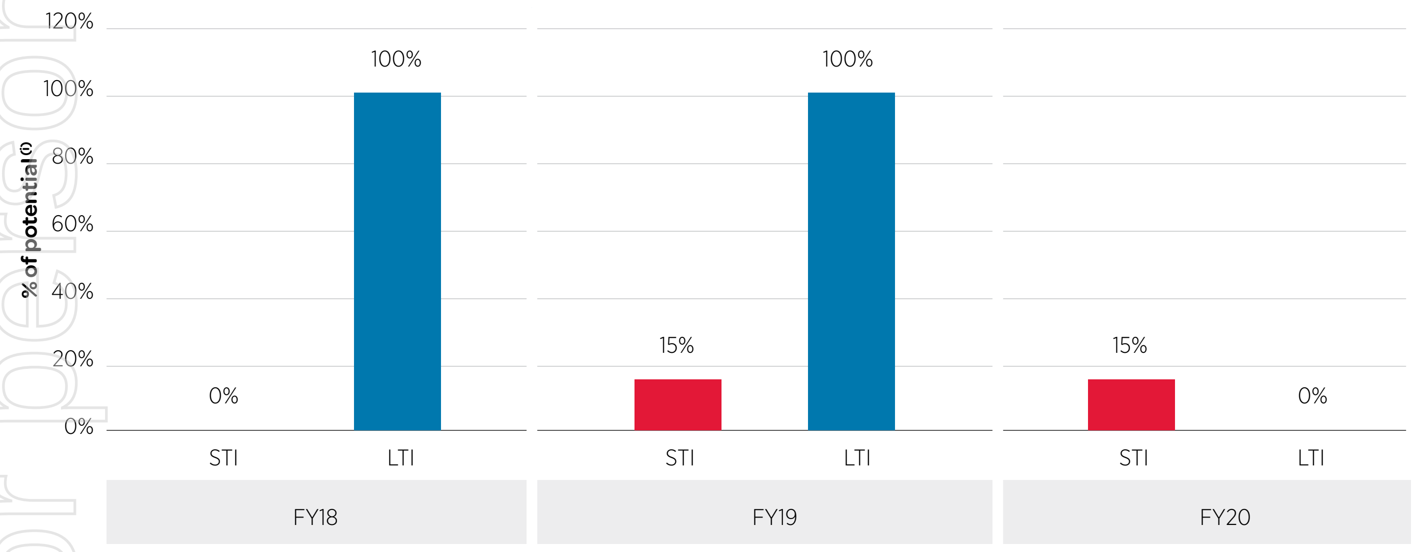
LTI OUTCOMES FOR FY20

The following table outlines the vesting outcome for the LTI award made to the Managing Director / Group CEO in 2016:

SERIES	NUMBER GRANTED	EXERCISE PRICE	FIRST EXERCISE DATE	PERFORMANCE CONDITION	PROPORTION VESTING
Series 25 (granted 1/9/16)	400,000	$76.23	1 Sept 2019	Not met	0%

INCENTIVE OUTCOMES OVER TIME

The board considers both STI and LTI to be true 'at risk' elements of the executive's remuneration. Over the past three years, the Managing Director / Group CEO's STI and LTI payouts and vesting have varied significantly. The following chart shows the outcomes of the Group CEO's STI and LTI plans in the year ended 28 June 2020, and the two prior financial years. The Group CEO's LTI did not vest in FY20.



(i) STI reflects that which was earned and paid in relation to each financial year, and LTI reflects that which vested and became exercisable in each financial year (in relation to the grant made three years prior).

REMUNERATION REPORT (CONTINUED)

The following table outlines actual remuneration received by the Managing Director / Group CEO in the year ended 28 June 2020 and the two prior financial years. This table is not the statutory remuneration table (please see section REMUNERATION OF EXECUTIVE KMP):

ELEMENT OF REWARD		FY18(iv)	FY19(v)	FY20(vi)
Total fixed remuneration(i)		$1,100,000	$1,200,000	$1,228,800
Short-term incentive(ii)	% Earned	0%	15%	15%
	$ Earned	$0	$150,000	$153,600
Value of prior long-term incentive vested in financial year(iii)		$5,874,000	$3,957,000	$0
TOTAL REMUNERATION EARNED IN THE YEAR		**$6,974,000**	**$5,307,000**	**$1,382,400**

(i) Reflects salary and superannuation.

(ii) The value of STI earned during the relevant financial year, relates to the achievement of performance targets in the relevant financial year based on an accrual basis of accounting.

(iii) The value of the LTI is determined based on the share price at the first exercise date less the exercise price, then multiplied by the number of options vested.

(iv) The value of LTI that vested in FY18, in relation to Series 18 and the performance period from 2014 to 2017.

(v) The value of LTI that vested in FY19, in relation to Series 23 and the performance period from 2015 to 2018.

(vi) The FY17 grant performance condition was not met, and no LTI has subsequently vested in FY20.

The following chart shows the performance and exercise/escrow periods for all LTI awards since FY15, as well as the change in the Domino's share price since the start of FY15. As the chart demonstrates, significant shareholder wealth has been generated through this time period. The Managing Director / Group CEO's LTI did not vest in FY20 as the performance conditions were not met.

SERIES	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	% vested
18		Performance period								100%
23			Performance period							100%
25				Performance period						0%
28					Performance period					*TBC*
31						Performance period				*TBC*
33							Performance period			*TBC*

Share price percentage change from FY15

REMUNERATION REPORT (CONTINUED)

The table below outlines the timeline and terms for each LTI Options series awarded to the Managing Director / Group CEO since FY15. Please note, the FY16 award that vested in full was exercised and paid in FY20, while the FY17 award did not vest in FY20:

GRANT YEAR	SERIES	NUMBER	GRANT DATE	FIRST EXERCISE	LAST EXERCISE DATE	HOLDING STOCK	EXERCISE PRICE	VESTING	SHARE PRICE AT VEST	VALUE AT VEST(i)	EXERCISE DATE
FY15	18	300,000	29/10/2014	01/09/2017	28/10/2020	28/10/2020	$22.89	100%	$42.47	$5,874,000	05/09/2017
FY16	23	300,000	03/09/2015	01/09/2018	28/10/2020	28/10/2020	$40.95	100%	$54.14	$3,957,000	12/11/2019
FY17	25	400,000	01/09/2016	01/09/2019	28/10/2020	28/10/2020	$76.23	0%	-	-	-
FY18	28	220,000	08/11/2017	01/09/2020	31/08/2021	31/08/2021	$46.63	*TBC*	*TBC*	*TBC*	*TBC*
FY19	31	220,000	23/01/2019	01/09/2021	31/08/2022	31/08/2022	$51.96	*TBC*	*TBC*	TBC	*TBC*
FY20	33	297,000	26/11/2019	01/09/2022	31/08/2023	31/08/2023	$50.25	*TBC*	*TBC*	TBC	*TBC*

(i) The value at vesting is determined based on the share price at the first exercise date less the exercise price, then multiplied by the number of options vested.

OVERVIEW OF EXECUTIVE KMP REMUNERATION FRAMEWORK FOR FY20

The remuneration structures explained below are designed to attract suitably qualified candidates, reward them for the achievement of strategic objectives, and achieve the broader outcome of value creation for shareholders. The remuneration framework takes into account:

- the capability and experience of the Executive KMP;
- the Executive KMPs ability to control the relevant segments' performance;
- the Group's performance including:
  - the Group's earnings;
  - growth in earnings per share;
  - return on shareholders' investment.

PAY MIX

Remuneration packages include a mix of fixed, short-term and long-term performance-based incentives. The mix of these components is based on the role the individual performs.

REMUNERATION REPORT (CONTINUED)

SUMMARY OF REMUNERATION ELEMENTS

The framework is illustrated in the following table:

FIXED REMUNERATION	SHORT-TERM INCENTIVE (STI)	LONG-TERM INCENTIVE (LTI)
Strategic intent		
Fixed remuneration will take into account the relevant market data, provided by an independent remuneration consultant, or other independent data (e.g. Mercer), considering the individual's expertise and performance in the role.	Short-term Incentives are paid for achieving Board approved targets, reflective of the Group plan.	Long-term incentives are intended to reward Executives for sustainable long-term growth aligned to shareholder value creation.
Domino's approach		
Fixed remuneration is set relative to the market, reflecting the Executive KMPs accountability, performance, experience, and geographic location.	Key Performance Indicators (KPIs) are set each year by the Board reflective of the Group or Geographically relevant segment and include financial and individual performance targets relevant to the specific position.	LTI targets are linked to EPS growth, or EPS and EBIT depending on whether the role has Group or segment responsibility.
Delivery		
Base remuneration which is calculated on a total cost basis and includes any fringe benefits tax ("FBT" charges related to employee benefits including motor vehicles) as well as employer contributions to superannuation funds or equivalents.	Depending on the role, provided as cash only, or a combination of cash and Rights which are deferred and if exercised, are held in escrow for a period of two years from grant.	Equity in options. All equity is held subject to service and performance for a minimum of three years from grant date. The equity is at risk until vesting. Performance is tested once at the vesting date. Executives have 12 months after the vesting date to exercise the options. For Australian participants other than the Managing Director / Group CEO, shares received on exercise of the options are held in escrow for a further two years from the date of vest.

FIXED REMUNERATION

Remuneration levels are reviewed annually by the Nomination and Remuneration Committee and Managing Director / Group CEO through a process that considers individual, segment and overall performance of the Group. In addition, external consultants provide analysis and advice to ensure the directors and Executive KMP remuneration is competitive in the marketplace.

Remuneration levels are reviewed each year to take into account cost-of-living changes, any change in the scope of the role performed by the Executive KMP and any changes required to meet the principles of the Remuneration Policy. All roles are benchmarked against comparable market data. An Executive KMPs remuneration is also reviewed on promotion.

Fixed pay increases of 2.06% on average were applied in FY20 for executives to align with our objective of rewarding for capability, experience and performance, and to ensure we continue to meet the market on executive remuneration.

PERFORMANCE-LINKED REMUNERATION

Performance-linked remuneration includes both short-term and long-term incentives and is designed to reward Executive KMP for meeting or exceeding their financial and personal objectives. The short-term incentive ("STI") is an 'at risk' bonus provided in the form of cash or a combination of cash and a deferred component (equity or cash settled), while the long-term incentive ("LTI") is provided as options over ordinary shares of the Company under the rules of the employee share options plan ("ESOP").

REMUNERATION REPORT (CONTINUED)

SHORT-TERM INCENTIVE

Each year the Nomination and Remuneration Committee sets the key performance indicators ("KPI's") for the Group CEO and the Managing Director / Group CEO proposes the KPI's for the other Executive KMP. The KPI's generally include measures relating to the Group, the relevant segment, and the individual, and include financial and operational measures. The measures chosen directly aligned the individual's reward to the KPI's of the Group and to its strategy and performance.

The Company undertakes a rigorous and detailed annual forecasting and budget process. The Board believes achievement of the annual forecast and budget is the most relevant short-term performance condition, and for each KPI sets a range that reflects:

- A threshold level of performance, below which no payment is made;
- A target level of performance that meets the annual forecast and budget; and
- A stretch level of performance for exceeding the challenging KPIs.

The financial performance objectives include but are not limited to:

- Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA");
- Earnings before Interest and Tax ("EBIT") in local currencies;
- Same Store Sales;
- Franchise operations EBITDA and;
- Franchisee profitability (EBITDA) compared to budget and last year.

The specific targets are not detailed in this report due to their commercial sensitivity but will be discussed retrospectively in future remuneration reports.

STI OPPORTUNITY

The table below expresses the annual standard STI opportunity for each Executive KMP during FY20:

EXECUTIVE KMP	STI OPPORTUNITY (% OF FIXED REMUNERATION)
Group Chief Financial Officer	65%
Chief Executive Officer Europe	55%
President and Chief Executive Officer of Japan(i)	59%
Chief Executive Officer ANZ	65%
Chief Operating Officer Europe(i)	50%
Group Chief Digital and Technology Officer	60%

(i) The President and Chief Executive Officer of Japan and Chief Operating Officer Europe had access to a stretch bonus opportunity for FY20 to promote additional organic new store openings and growth. This stretch bonus is not shown in the standard STI opportunity percentages shown above.

REMUNERATION REPORT (CONTINUED)

DELIVERY

In the year ended 28 June 2020, delivery was in the form of cash, or a combination of cash and equity, depending on role. For those eligible to receive the combination of cash and equity, it was broadly split 67% and 33% respectively, with the equity deferred for a minimum of two years.

The equity is in the form of Rights. The Rights can be exercised by the participant at any time up to ten years from the date of grant. If the Rights are exercised within the period two years from the date of grant, they remain under escrow until the two year deferral period has concluded. Dividends are earned from the time at which the Right is exercised into a fully paid ordinary share.

LONG-TERM INCENTIVE

The Company established the Employee Share Option Plan (ESOP) to assist in the recruitment, reward, retention and motivation of the company's Executive KMP ("the participants"). In accordance with the provisions of the scheme, Executive KMP are granted options for no consideration to purchase parcels of shares at various exercise prices, subject to the meeting of performance conditions, including Annual Compound Earnings Per Share (EPS) Growth for Group roles (and the Managing Director / Group CEO), or a combination of EPS Growth and Earnings Before Interest and Tax (EBIT) for regional roles.

The value an Executive KMP member derives from the LTI plan is subject to the partial or whole achievement of the performance condition, as well as the share price following vesting. If the share price does not exceed the exercise price (as set at grant), then the Options are "underwater" and no value is delivered to the Executive KMP member. Dividends are only payable once the options have vested and been exercised into an ordinary share.

The Nomination and Remuneration Committee considers this equity performance-linked remuneration structure to be appropriate as Executive KMP only receive a benefit where there is a corresponding direct benefit to shareholders.

LTI OPPORTUNITY

The LTI opportunity, as a percentage of fixed remuneration, awarded to each Executive KMP is outlined in the table below (excludes the Managing Director for whom the LTI award was approved at the 2017 AGM). The number of options awarded is determined by dividing the LTI dollar opportunity by the fair value of the relevant option series:

EXECUTIVE KMP	LTI OPPORTUNITY (% OF FIXED REMUNERATION)
Group Chief Financial Officer	75%
Chief Executive Officer Europe	0%
President and Chief Executive Officer of Japan	80%
Chief Executive Officer ANZ	75%
Chief Operating Officer Europe	56%
Group Chief Digital and Technology Officer	60%

VESTING CONDITIONS FOR OPTIONS ISSUED DURING FY20

Options awarded during the year ended 28 June 2020 vest subject to the achievement of performance conditions set at the time of grant. These performance conditions are based on a sliding scale of the Company's cumulative annual compound earnings per share (EPS) growth for Group based roles, or a combination of the Company's cumulative annual compound EPS 30% of LTI and the cumulative regional EBIT target 70% of LTI over the performance period for regional specific relevant roles.

Please see section OVERVIEW OF MANAGING DIRECTOR/GROUP CHIEF EXECUTIVE (GROUP CEO) REMUNERATION STRUCTURE FOR FY20 for details of the LTI award for the Managing Director / Group CEO.

REMUNERATION REPORT (CONTINUED)

The EPS Growth performance condition applicable to 100% of the FY20 LTI grant for the Group Chief Financial Officer and Group Chief Digital and Technology Officer vest in accordance with the schedule shown in the tables below:

GROUP CHIEF FINANCIAL OFFICER AND GROUP CHIEF DIGITAL AND TECHNOLOGY OFFICER (100% OF THE LTI AWARD)

ANNUAL COMPOUND EPS GROWTH DURING THE PERFORMANCE PERIOD	PROPORTION OF OPTIONS WHICH VEST
Less than 9%	0%
At 9%	20%
Above 9% and up to less than 14%	Straight line vesting
14% or over	100%

The EPS Growth performance condition applicable to 30% of the FY20 LTI grant and cumulative regional EBIT performance condition applicable to 70% of the FY20 LTI grant for the Chief Executive Officer ANZ vest in accordance with the schedule shown in the tables below:

CEO ANZ (30% OF THE LTI AWARDS)

ANNUAL COMPOUND EPS GROWTH DURING THE PERFORMANCE PERIOD	PROPORTION OF OPTIONS WHICH VEST
Less than 9%	0%
At 9%	20%
Above 9% and up to less than 14%	Straight line vesting
14% or over	100%

CEO ANZ (70% OF THE LTI AWARDS)

PERCENTAGE OF CUMULATIVE EBIT TARGET (IN ANZ)	PROPORTION OF OPTIONS WHICH VEST
Less than 95%	0%
At 95%	20%
Above 95% and up to less than 105%	Straight line vesting
105% or over	100%

The EPS Growth performance condition applicable to 30% of the FY20 LTI grant and cumulative regional EBIT performance condition applicable to 70% of the FY20 LTI grant for the Chief Executive Officer Europe, Chief Operating Officer Europe, and President and Chief Executive Officer of Japan vest in accordance with the schedule shown in the tables below:

CEO AND COO EUROPE, AND PRESIDENT AND CEO OF JAPAN (30% OF THE LTI AWARD)

ANNUAL COMPOUND EPS GROWTH DURING THE PERFORMANCE PERIOD	PROPORTION OF OPTIONS WHICH VEST
Less than 9%	0%
At 9%	20%
Above 9% and up to less than 14%	Straight line vesting
14% or over	100%

CEO AND COO EUROPE, AND PRESIDENT AND CEO OF JAPAN (70% OF THE LTI AWARD)

PERCENTAGE OF CUMULATIVE EBIT TARGET (IN EUROPE AND JAPAN RESPECTIVELY)	PROPORTION OF OPTION WHICH VEST
Less than 93%	0%
At 93%	20%
Above 93% and up to less than 107%	Straight line vesting
107% or over	100%

Participants are not permitted, without the prior written consent of the Chairman, to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme. Participants have 12 months after the vesting date in which to exercise their options. For Australian participants, any shares received on exercise are subject to a two-year holding lock from the vesting date (i.e. five years from grant).

REMUNERATION REPORT (CONTINUED)

REMUNERATION FRAMEWORK CHANGES FOR FY21

During FY20, a comprehensive review of the Domino's remuneration framework was undertaken to ensure it remains effective, fit for purpose, and aligned with shareholders given our continued growth and leadership in our sector.

The outcomes of the review are outlined in the table below:

ELEMENT OF REWARD	CHANGE FOR FY21	RATIONALE FOR CHANGE
SHORT-TERM INCENTIVES	Recognising the uncertainty inherent in the COVID-19 pandemic and the impact that will have on the year ahead, the Board has elected to make the following changes for FY21: • The use of wider STI targets and payout ranges, to recognise the difficulty in setting narrow performance ranges; and	• The use of wider target and payout ranges allows us to take account of uncertainty in the year ahead, given the challenges in setting accurate budgets.
	• Commitment to review the assumptions that underpinned the targets after six months to determine whether any adjustments need to be made.	• It will protect against unintended consequences, for example, where performance exceeds expectations due to external factors.
	In addition, all KMP who do not currently have a deferred Rights component to their STI will do so for FY21, with a split of 67% cash and 33% Rights deferred for two years. This includes the Managing Director / Group CEO, for which shareholder approval will be sought at the next AGM. All STI Rights awards made from FY21 will have a malus and clawback component as part of the broader annual Board assessment of performance and application of discretion.	• The shift to all KMP being rewarded in a combination of cash and equity is permanent and further aligns the whole KMP group with shareholders.
	The weighting of organic new store openings will increase for all executives that have responsibility for increasing store count.	• A higher weighting on organic new store openings will drive greater accountability to open new stores.
LONG-TERM INCENTIVES	For LTI grants made in FY21, the instrument will change from options to net-settled options, under which the number of shares issued upon vesting and exercise is equivalent only to the increase in the share price above the exercise price. As with the Options that were previously awarded, the Group CEO and other executive KMP will only see economic value in the LTI if the share price is above the challenging exercise price set. For the Managing Director / Group CEO, shareholder approval will be sought for the new LTI award at the next AGM.	• The use of net-settled options is simpler for participants and doesn't require a cash outlay in order to exercise the options.
	All LTI grants will continue to have a three year performance period, with a two year exercise and escrow period (including the Managing Director / Group CEO from FY21). All Domino's KMP are therefore required to hold their LTI equity for a minimum period of five years, strengthening the alignment of Executive KMP interests with those of our shareholders.	• The net-settled options continue to incentivise executive KMP to grow the share price in addition to achieving the performance conditions.
	The EPS Growth and EBIT hurdles will be retained (EPS for all roles, and a split of EPS Growth and EBIT hurdles for Regional roles). For FY21 we plan to increase the ratio of EPS targets for Regional Roles to 70% and reduce the local EBIT targets to 30% to align all roles to a greater weighting on Group targets.	• Economically the same value as the existing options and retains our desire to only reward executives where there has been an increase in shareholder value over the performance period.
	The Board considered a wide range of hurdles in its review, including Relative Total Shareholder Return and return-based measures. EPS Growth and EBIT (for Regional roles) were confirmed as the most appropriate for the Domino's business given they are how we measure our success and generate shareholder returns.	• EPS and EBIT are our measures of success as a business, and represent both the profitability of the business and shareholder wealth generation over time. The reweighting of regional roles to a higher EPS target aligns these roles with the overall Group's result.
	All LTI net-settled options awards made from FY21 will have a malus and clawback component as part of the broader annual Board assessment of performance and application of discretion.	• Relative TSR was deemed to be inappropriate for our business given the challenge in identifying appropriate listed peers globally, and the significant differences across regions. • The Board has oversight of capital expenditure and can increase LTI targets to reflect the earnings benefit from acquisitions. As a result, the Board did not feel it necessary to include a return on capital measure in the LTI.

REMUNERATION REPORT (CONTINUED)

LINK BETWEEN PAY AND PERFORMANCE

BUSINESS OUTCOMES FOR FY20

The following table outlines performance against each of the Key Performance Indicators that have been used across our Executive KMP group for STI purposes in FY20:

KEY PERFORMANCE INDICATOR	PERFORMANCE[(i)]
EBITDA - Group	$303.0m +7.3% growth YoY
EBIT:	
Group	$228.7m + 3.6% growth YoY
ANZ	$101.8m – 9.3% decline YoY
Europe	$60.3m – 6.9% decline YoY
Japan	$79.7m + 49.5% growth YoY
Same Store Sales - Group	+5.8%
NPAT attributable to shareholder	$145.8m +3.3% growth YoY

(i) The performance measure is on an underlying basis which excludes significant non-recurring costs as well as the impact of AASB 16 *Leases*.

HISTORICAL COMPANY PERFORMANCE

The tables below set out summary information about the Group's earnings and movements in shareholder wealth for the five years to 28 June 2020:

	28 JUNE 2020 $'000	30 JUNE 2019 $'000	01 JULY 2018 $'000	02 JULY 2017 $'000	03 JULY 2016 $'000
Revenue	**1,905,261**	1,435,410	1,153,952	1,073,125	930,218
Net profit before tax	**203,436**	159,413	174,476	150,680	125,819
Net profit after tax	**142,921**	114,379	121,693	105,804	86,592

	28 JUNE 2020	30 JUNE 2019	01 JULY 2018	02 JULY 2017	03 JULY 2016
Share price at start of year ($)	**37.64**	52.22	52.08	68.82	36.16
Share price at end of year ($)	**67.79**	37.64	52.22	52.08	68.82
Interim dividend per share (cents)[(i)]	**66.7**	62.7	58.1	48.4	34.7
Final dividend per share (cents)[(i)(ii)]	**52.6**	52.8	49.7	44.9	38.8
Basic earnings per share (cents)	**160.9**	135.5	139.4	116.0	94.4
Diluted earnings per share (cents)	**160.8**	135.4	139.0	114.7	92.2

(i) The interim and final dividends for the year ended 28 June 2020 are franked at 100%. The interim and final dividends for the year ended 30 June 2019 are franked at 75% and 100%, respectively. Interim and final dividends for the year ended 01 July 2018 are franked to 40% and 75%, respectively. For the year ended 02 July 2017 interim and final dividends are franked to 50% and prior periods interim and final dividends were franked to 100%, The Company's tax rate has remained at 30% for franking purposes over this 5 year period.

(ii) The final dividend for the financial year ended 28 June 2020 was declared after the end of the reporting period and is not reflected in the financial statements.

REMUNERATION REPORT (CONTINUED)

SHORT-TERM INCENTIVE

On 18 August 2020, Don Meij, Richard Coney, Josh Kilimnik, Nick Knight, Michael Gillespie and Allan Collins were granted a cash or a combination of cash and a deferred component (equity or cash) incentive for their performance during the year ended 28 June 2020. The incentive conditions were agreed by the Board during the year. The amounts were determined and approved by the Board based on a recommendation by the Nomination and Remuneration Committee and are outlined in the table below:

DIRECTOR OR KMP	INCLUDED IN COMPENSATION $(i)	DEFERRED COMPONENT TO BE RECOGNISED IN FUTURE PERIODS $	AMOUNT FORFEITED IN YEAR $	PERCENTAGE AWARDED IN YEAR %(ii)	PERCENTAGE FORFEITED IN YEAR %(iii)
Don Meij	153,600	-	870,400	15.0%	85.0%
Richard Coney	50,918	25,459	263,078	22.5%	77.5%
Andrew Rennie	-	-	428,477	0.0%	100%
Josh Kilimnik	312,571	-	86,565	78.3%	21.7%
Nick Knight	88,747	44,373	199,680	40.0%	60.0%
Andre Ten Wolde(iv)	-	-	162,059	0.0%	100%
Michael Gillespie	96,594	41,397	147,705	48.3%	51.7%
Allan Collins(v)	10,231	5,115	15,346	50.0%	50.0%

(i) Amounts included in compensation represent the amount that was awarded based on the achievement of specified performance criteria for the financial year ending 28 June 2020.

(ii) Percentage awarded in the year is inclusive of full fair value of the deferred STI payable as equity or cash, of the short-term incentive awarded for the year ended 28 June 2020.

(iii) The amounts forfeited are due to the performance or service criteria not being met in relation to the financial year ended 28 June 2020.

(iv) From the 19 February 2020, given the announced retirement of the now previous Chief Executive Officer of Europe, the Chief Operations Officer of Europe is considered a KMP. The amount forfeited in year is proportioned for the period that he is considered KMP.

(v) On the 7 August 2020, Allan Collins was appointed to the role of Chief Marketing Officer ANZ and commenced reporting directly to Nick Knight. As a result, Allan Collins ceases to meet the definition of KMP. The remuneration reported is for the period that he is considered KMP.

As noted previously, in FY21 all Executive KMP, including the Managing Director / Group CEO will shift to a combination of cash and equity for future incentive payments.

No other incentives were granted during the financial year ended 28 June 2020.

LONG-TERM INCENTIVE OUTCOMES

The table below outlines the options series for which the performance period concluded in FY20, including the vesting result and the relevant proportion of options that vested:

OPTIONS SERIES	PERFORMANCE MEASURE	RESULT	PROPORTION OF OPTIONS VESTING	CAN BE EXERCISED UNTIL
25 (Don Meij)	Group EPS percentage growth over the relevant performance period	<9% EPS Growth	0%	N/A
26 (Andrew Rennie)	Europe EBIT performance	>100% of target	100%	31 Aug 2020
27 (ANZ Employees)	Group EPS percentage growth over the relevant performance period	<9% EPS Growth	0%	N/A
27 (Europe Employees)	Europe EBIT performance	>100% of target	100%	31 Aug 2020
27 (Japan Employees)	Japan EBIT performance	<96% of target	0%	N/A

REMUNERATION REPORT (CONTINUED)

REMUNERATION OF EXECUTIVE KMP

		SHORT-TERM BENEFITS			LONG-TERM BENEFITS	POST-EMPLOYMENT BENEFITS	SHARE BASED-PAYMENTS(v)		TOTAL	PERFORMANCE RELATED
		SALARIES $	BONUS(i) $	OTHER SHORT-TERM BENEFITS(vii) $	LONG SERVICE LEAVE(ix) $	SUPER-ANNUATION $	DEFERRED COMPONENT (STI)(i)(viii) $	OPTIONS (LTI) $	$	%
Executive Director										
Don Meij	**2020**	**1,229,733**	**153,600**	**-**	**(68,673)**	**21,003**	**-**	**-**	**1,335,663**	**11.5%**
	2019(vi)	1,181,028	150,000	-	28,513	20,540	-	(429,233)	950,848	(29.4)%
Executive Officers										
Richard Coney	**2020(v)**	**498,818**	**50,918**	**-**	**649**	**21,003**	**31,316**	**75,038**	**677,742**	**23.2%**
	2019(vi)	468,208	67,059	-	11,106	20,540	17,336	42,508	626,757	20.2%
Andrew Rennie	**2020(ii)(x)**	**400,014**	**-**	**176,498**	**(204,315)**	**5,727**	**-**	**189,811**	**567,735**	**33.4%**
	2019(ii)	757,576	-	498,767	6,705	-	-	1,167,253	2,430,301	48.0%
Josh Kilimnik	**2020**	**737,042**	**312,571**	**253,575**	**-**	**59,628**	**-**	**160,963**	**1,523,779**	**31.1%**
	2019	655,375	311,873	260,007	-	50,890	-	45,881	1,324,026	27.0%
Nick Knight	**2020**	**499,377**	**88,747**	**-**	**69,699**	**21,003**	**12,037**	**73,568**	**764,431**	**22.8%**
	2019(vi)	452,124	-	-	21,654	20,540	-	34,856	529,174	6.6%
Andre Ten Wolde	**2020(iii)**	**180,297**	**-**	**-**	**-**	**-**	**-**	**29,277**	**209,574**	**14.0%**
Michael Gillespie	**2020**	**479,523**	**96,594**	**-**	**9,477**	**21,003**	**38,319**	**54,735**	**699,651**	**27.1%**
	2019(vi)	444,059	74,420	-	24,052	20,540	19,239	(6,032)	576,278	15.2%
Former Executive Officers										
Allan Collins	**2020(iv)**	**45,611**	**10,231**	**-**	**1,104**	**2,423**	**2,516**	**7,350**	**69,235**	**29.0%**
	2019(vi)	461,023	29,684	-	15,140	20,540	7,674	26,727	560,788	11.4%
Total	**2020**	**4,070,415**	**712,661**	**430,073**	**(192,059)**	**151,790**	**84,188**	**590,742**	**5,847,810**	**23.7%**
	2019	4,419,393	633,036	758,774	107,170	153,590	44,249	881,960	6,998,172	22.3%

REMUNERATION REPORT (CONTINUED)

(i) The incentives are dependent on satisfaction of performance conditions.

(ii) Included in salaries and other short-term benefits are amounts relating to tax equalisation.

(iii) From the 19 February 2020, given the announced retirement of the now previous Chief Executive Officer of Europe, the Chief Operations Officer of Europe is considered a KMP. The remuneration reported is for the period that he is considered KMP.

(iv) On the 7 August 2020, Allan Collins was appointed to the role of Chief Marketing Officer ANZ and reporting directly to Nick Knight. As a result, Allan Collins ceases to meet the definition of KMP. The remuneration reported is for the period that he is considered KMP.

(v) Share-based payment is calculated using the number of instruments expected to vest by the grant date fair value and amortised over the relevant performance and service periods.

(vi) The share-based payments remuneration amount for the financial year ended 30 June 2019 includes the derecognition of prior year's remuneration for options series 28 or 29 for Australian and New Zealand employees and options series 29 for European employees. The derecognition of the remuneration is due to a re-assessment of the probability of achievement of the non-market option vesting conditions in the current financial year ended 30 June 2019 principally being the cumulative annual compound EPS and cumulative EBIT target over the performance period.

(vii) Amounts relate to expatriate allowances including but not limited to housing, schooling and healthcare.

(viii) The expense relating to the deferred STI payable as equity or cash is recognised over a 2.9 year vesting period for accounting purposes.

(ix) Long service leave includes the movement in the leave balance during the year. The accounting value of long service leave may be negative, for example where an Executive's leave balance decreases as a result of taking more leave than they accrue during the current year.

(x) On 18 February 2020, the Chief Executive Officer of Europe, Andrew Rennie, announced his retirement effective from 29 June 2020. The Chief Operations Officer of Europe, Andre Ten Wolde, will assume the Chief Executive Officer of Europe from 29 June 2020. During FY20 Andrew Rennie, has taken long service leave entitlements as well as leave without-pay.

No director or Executive KMP appointed during the period received a payment as part of his or her consideration for agreeing to hold their position.

EXECUTIVE SHARE AND OPTION PLAN (ESOP)

During the prior and current financial year, the following share-based payment arrangements were in existence.

For terms, including vesting conditions, of prior year grants, please see relevant year remuneration reports. See section OVERVIEW OF MANAGING DIRECTOR/GROUP CHIEF EXECUTIVE (GROUP CEO) REMUNERATION STRUCTURE FOR FY20 for terms relating to option awards made in the year ended 28 June 2020:

OPTIONS SERIES	ISSUE & GRANT DATE	GRANTED TO	EXPIRY DATE	GRANT DATE FAIR VALUE	EXERCISE PRICE	VESTING DATE
(18)	29 Oct 2014	Don Meij(i)	28 Oct 2020	$7.16	$22.89	01 Sep 2017
(20)	27 Jan 2015	Andrew Rennie(i)	31 Aug 2020	$10.51	$16.52	01 Sep 2017
(23)	03 Sep 2015	Don Meij(i)	28 Oct 2020	$8.20	$40.95	01 Sep 2018
(24)	03 Sep 2015	Andrew Rennie(i)	31 Aug 2020	$8.57	$40.95	01 Sep 2018
(25)	01 Sep 2016	Don Meij(i)	31 Aug 2020	$17.00	$76.23	01 Sep 2019
(26)	01 Sep 2016	Andrew Rennie(i)	31 Aug 2020	$16.50	$76.23	01 Sep 2019
(27)	01 Sep 2016	ANZ Employees	31 Aug 2020	$16.80	$76.23	01 Sep 2019
(27)	01 Sep 2016	Europe Employees	31 Aug 2020	$16.80	$76.23	01 Sep 2019
(27)	01 Sep 2016	Japan Employees	31 Aug 2020	$16.80	$76.23	01 Sep 2019
(28)	08 Nov 2017	Don Meij	31 Aug 2021	$11.22	$46.63	01 Sep 2020
(29)	19 Apr 2018	ANZ Employees	31 Aug 2021	$5.88	$45.25	01 Sep 2020
(29)	19 Apr 2018	Europe Employees	31 Aug 2021	$5.88	$45.25	01 Sep 2020
(29)	19 Apr 2018	Japan Employees	31 Aug 2021	$5.88	$45.25	01 Sep 2020
(30)	14 Aug 2018	Andrew Rennie	31 Aug 2021	$9.58	$45.25	01 Sep 2020
(31)	23 Jan 2019	Don Meij	31 Aug 2022	$7.27	$51.96	01 Sep 2021

REMUNERATION REPORT (CONTINUED)

OPTIONS SERIES	ISSUE & GRANT DATE	GRANTED TO	EXPIRY DATE	GRANT DATE FAIR VALUE	EXERCISE PRICE	VESTING DATE
(32)	25 May 2019	ANZ Employees	31 Aug 2022	$3.98	$51.96	01 Sep 2021
(32)	25 May 2019	Europe Employees	31 Aug 2022	$3.98	$51.96	01 Sep 2021
(32)	25 May 2019	Japan Employees	01 Sep 2022	$3.98	$51.96	01 Sep 2021
(33)	26 Nov 2019	Don Meij	01 Sep 2023	$11.79	$50.25	01 Sep 2022
(34)	26 Nov 2019	ANZ Employees	26 Nov 2023	$9.84	$50.25	21 Aug 2022
(35)	26 Nov 2019	ANZ Employees	01 Sep 2023	$11.79	$50.25	01 Sep 2022
(35)	26 Nov 2019	Europe Employees	01 Sep 2023	$11.79	$50.25	01 Sep 2022
(35)	26 Nov 2019	Japan Employees	01 Sep 2023	$11.79	$50.25	01 Sep 2022
(36)	20 Aug 2019	ANZ Employees	20 Aug 2029	$42.41	$0.00	21 Aug 2019

(i) Options and shares issued on the exercise of options to Don Meij and Andrew Rennie are subject to an escrow. Don Meij's escrow period commencing on the date of issue and ending on 28 October 2019. Andrew Rennie's escrow period commencing on the date of issue and ending on 01 January 2019.

EXERCISED OPTIONS

During the year, the following KMP exercised options that were granted to them as part of their remuneration. Each option converts into one ordinary share of DPE Limited.

DIRECTORS AND SENIOR MANAGEMENT	NO. OF OPTIONS EXERCISED	NO. OF ORDINARY SHARES OF DPE LIMITED ISSUED	AMOUNT PAID	AMOUNT UNPAID
Don Meij	300,000	300,000	$12,285,000	$nil
Richard Coney	24,000	24,000	$982,800	$nil
Andrew Rennie	150,000	150,000	$6,142,500	$nil
Josh Kilimnik	-	-	-	$nil
Nick Knight(i)	48,500	48,500	$1,986,075	$nil
Andre Ten Wolde	-	-	-	$nil
Michael Gillespie	-	-	-	$nil
Allan Collins	-	-	-	$nil

(i) Includes options exercised by a related party during the period.

REMUNERATION REPORT (CONTINUED)

The following table summarises the value of options exercised or lapsed during the financial year to directors and senior management:

DIRECTORS AND SENIOR MANAGEMENT	VALUE OF OPTIONS GRANTED AT THE GRANT DATE(i) $	VALUE OF OPTIONS EXERCISED AT THE EXERCISE DATE(ii) $	VALUE OF OPTIONS LAPSED AT THE DATE OF LAPSE(iii) $
Don Meij	2,460,000	2,811,000	6,800,000
Richard Coney	196,320	43,680	907,200
Andrew Rennie	1,285,500	1,362,000	-
Josh Kilimnik	-	-	-
Nick Knight(iv)	396,730	90,730	814,800
Andre Ten Wolde	-	-	-
Michael Gillespie	-	-	512,400
Allan Collins	-	-	646,800

(i) The value of options granted during the period is recognised in remuneration over the vesting period of the grant, in accordance with Australian accounting standards.

(ii) Determined at the time of exercise at the intrinsic value, being the share price at the date of exercise less the exercise price, then multiplied by the number of shares exercised.

(iii) The value of options lapsing during the period due to the failure to satisfy a vesting condition is determined assuming the vesting condition had been satisfied. This is determined based on the share price at the date of lapse less the exercise price, then multiplied by the number of lapsed options.

(iv) Includes options granted to a related party.

REMUNERATION REPORT (CONTINUED)

FULLY PAID ORDINARY SHARES OF DOMINO'S PIZZA ENTERPRISES LIMITED

The numbers of shares in the Company held during the financial year by each director of Domino's Pizza Enterprises Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

	BALANCE AT BEGINNING OF FINANCIAL YEAR NO.	GRANTED AS COMPENSATION NO.	RECEIVED ON EXERCISE OF OPTIONS NO.	NET OTHER CHANGE NO.	BALANCE AT THE END OF FINANCIAL YEAR NO.	BALANCE HELD NOMINALLY NO.
2020						
Jack Cowin	**-**	**-**	**-**	**23,050,966**	**23,050,966**	**-**
Ross Adler	**200,000**	**-**	**-**	**-**	**200,000**	**-**
Grant Bourke	**1,628,344**	**-**	**-**	**-**	**1,628,344**	**-**
Lynda O'Grady	**2,000**	**-**	**-**	**-**	**2,000**	**-**
Ursula Schreiber	**-**	**-**	**-**	**1,000**	**1,000**	**-**
Doreen Huber	**-**	**-**	**-**	**-**	**-**	**-**
Don Meij	**1,843,344**	**-**	**300,000**	**(343,343)**	**1,800,001**	**-**
Richard Coney	**25,454**	**-**	**24,000**	**(23,735)**	**25,719**	**-**
Andrew Rennie	**700,225**	**-**	**150,000**	**(350,000)**	**500,225**	**-**
Josh Kilimnik	**2,600**	**-**	**-**	**-**	**2,600**	**-**
Nick Knight(i)	**384**	**-**	**48,500**	**(48,500)**	**384**	**-**
Andre Ten Wolde	**-**	**-**	**-**	**3,000**	**3,000**	**-**
Michael Gillespie	**-**	**-**	**-**	**-**	**-**	**-**
Allan Collins	**192**	**-**	**-**	**-**	**192**	**-**
2019						
Jack Cowin	-	-	-	-	-	-
Ross Adler	201,796	-	-	(1,796)	200,000	-
Grant Bourke	1,778,344	-	-	(150,000)	1,628,344	-
Lynda O'Grady	2,000	-	-	-	2,000	-
Ursula Schreiber	-	-	-	-	-	-
Don Meij	1,843,344	-	-	-	1,843,344	-
Richard Coney	25,454	-	30,000	(30,000)	25,454	-
Andrew Rennie	900,225	-	-	(200,000)	700,225	-
Josh Kilimnik	2,600	-	-	-	2,600	-
Nick Knight(i)	61,942	-	500	(62,058)	384	-
Michael Gillespie	-	-	8,000	(8,000)	-	-
Allan Collins	262	-	38,500	(38,570)	192	-

(i) Includes shares held during the period by a related party.

REMUNERATION REPORT (CONTINUED)

EXECUTIVE SHARE OPTIONS OF DOMINO'S PIZZA ENTERPRISES LIMITED

	BALANCE AT BEGINNING OF FINANCIAL YEAR NO.	GRANTED AS COMPENSATION NO.	EXERCISED NO.	NET OTHER CHANGE NO.	BALANCE AT THE END OF FINANCIAL YEAR NO.	OPTIONS VESTED DURING YEAR NO.
2020						
Don Meij	**1,140,000**	**297,000**	**(300,000)**	**(400,000)**	**737,000**	**-**
Richard Coney	**156,000**	**41,385**	**(24,000)**	**(54,000)**	**119,385**	**-**
Andrew Rennie	**644,000**	**-**	**(150,000)**	**-**	**494,000**	**200,000**
Josh Kilimnik	**69,500**	**31,421**	**-**	**-**	**100,921**	**-**
Nick Knight(i)	**184,000**	**43,578**	**(48,500)**	**(48,500)**	**130,578**	**-**
Andre Ten Wolde	**65,000**	**19,081**	**-**	**-**	**84,081**	**15,000**
Michael Gillespie	**83,000**	**29,734**	**-**	**(30,500)**	**82,234**	**-**
Allan Collins	**106,000**	**39,102**	**-**	**(38,500)**	**106,602**	**-**
2019						
Don Meij	920,000	220,000	-	-	1,140,000	300,000
Richard Coney	160,000	26,000	(30,000)	-	156,000	54,000
Andrew Rennie	350,000	294,000	-	-	644,000	150,000
Josh Kilimnik	29,500	40,000	-	-	69,500	-
Nick Knight(i)	144,000	25,000	(500)	15,500	184,000	48,500
Michael Gillespie	73,500	17,500	(8,000)	-	83,000	8,000
Allan Collins	122,000	22,500	(38,500)	-	106,000	38,500

(i) Includes options relating to a related party.

CONTRACTS FOR SERVICES OF KMP

NAME	TERM OF CONTRACT	CONTRACT COMMENCEMENT	NOTICE TERMINATION – BY COMPANY	NOTICE TERMINATION – BY EXECUTIVE	TERMINATION PAYMENT - AMOUNT EQUAL TO
Don Meij	5 years	8 November 2017	12 months	12 months	12 months remuneration
Richard Coney	Ongoing	16 May 2005	6 months	6 months	6 months remuneration
Andrew Rennie	5 years	1 January 2018	12 months	12/6 months	12/6 months remuneration
Josh Kilimnik	3 years	1 January 2018	6 months	6 months	6 months remuneration
Nick Knight	Ongoing	1 October 2012	3 months	3 months	3 months remuneration
Andre Ten Wolde	Ongoing	2 July 2012	3 months	6 months	8 months remuneration
Michael Gillespie	Ongoing	15 September 2017	3 months	3 months	3 months remuneration
Allan Collins	Ongoing	8 January 2013	6 months	6 months	6 months remuneration

The directors believe that the remuneration for each of the Executive KMP is appropriate given their allocated accountabilities, the scale of the Company's business and the industry in which the Company operates. The service contracts outline the components of remuneration paid to the executive directors and Executive KMP but do not prescribe how the remuneration levels are modified year to year.

REMUNERATION REPORT (CONTINUED)

TERMS RELATED TO THE MANAGING DIRECTOR/GROUP CEO'S CONTRACT:

- Don Meij, Managing Director / Group CEO, has a contract of employment with Domino's Pizza Enterprises Limited dated 8 November 2017.
- His contract provides that he may terminate the agreement by giving 12 month's written notice.
- He may also resign on one month's notice if there is a change in control of the Company, and he forms the reasonable opinion that there have been material changes to the policies, strategies or future plans of the Board and, as a result, he will not be able to implement his strategy or plans for the development of the Company or its projects.
- If Don Meij resigns for this reason, then in recognition of his past service to the Company, on the date of termination, in addition to any payment made to him during the notice period or by the Company in lieu of notice, the Company must pay him an amount equal to the salary component and superannuation that would have been paid to him in the 12 months after the date of termination.
- A change in control occurs when any shareholder (either alone or together with its associates) having a relevant interest in less than 50% of the issued shares in the Company acquires a relevant interest in 50% or more of the shares on issue at any time in the capital of the Company or the composition of a majority of the Board changes for a reason other than retirement in the normal course of business or death.

NON-EXECUTIVE DIRECTOR REMUNERATION

Non-executive directors are remunerated by way of cash fees and superannuation contributions in accordance with the Superannuation Guarantee legislation. The level of directors' fees reflects their time commitment and responsibilities in accordance with market standards. During the reporting period, non-executive directors did not receive any performance-based remuneration or equity-based remuneration. Non-executive directors are not entitled to receive any termination payments on ceasing to be a director.

Non-executive directors are entitled to be reimbursed for their reasonable expenses incurred in connection with the affairs of the Company. A non-executive director may also be compensated as determined by the directors if that director performs additional or special duties for the Company.

The maximum aggregate amount of directors' fees (which does not include remuneration of executive directors and other non-director services provided by directors) is $1,400,000 per annum.

NON-EXECUTIVE DIRECTORS

Details of the fees associated for the Non-executive Directors roles are set out in the following table.

ROLE		FY20 FEES
Chairman		$290,531
Non-executive Director		$140,000
Audit Committee	Deputy Chairman of the Board / Chairman of the Audit Committee	$186,150
Nomination and Remuneration Committee	Director / Chairman of the NRC	$147,825

REMUNERATION REPORT (CONTINUED)

NON-EXECUTIVE DIRECTOR REMUNERATION FOR FY20

Details of the audited remuneration for FY20 for each Non-executive Director of the Company are set out in the following table:

		SHORT-TERM BENEFITS FEES - DOMINO'S PIZZA ENTERPRISES LIMITED	POST- EMPLOYMENT BENEFITS	TOTAL
		FEES $	SUPERANNUATION $	$
Non-executive directors				
Jack Cowin	**2020**	**269,528**	**21,003**	**290,531**
	2019	263,231	20,540	283,771
Ross Adler	**2020**	**170,000**	**16,150**	**186,150**
	2019	166,615	15,829	182,444
Grant Bourke	**2020**	**135,000**	**12,825**	**147,825**
	2019	127,333	12,097	139,430
Lynda O'Grady	**2020**	**127,854**	**12,146**	**140,000**
	2019	117,762	11,187	128,949
Ursula Schreiber	**2020**	**127,854**	**12,146**	**140,000**
	2019	73,762	7,007	80,769
Doreen Huber	**2020**(i)	**49,000**	**-**	**49,000**
Former non-executive directors				
Paul Cave	**2020**	**-**	**-**	**-**
	2019	36,154	3,435	39,589
Total	**2020**	**879,236**	**74,270**	**953,506**
	2019	784,857	70,095	854,952

(i) On 21 February 2020, Doreen Huber was appointed to the board.

Signed in accordance with a resolution of the directors made pursuant to s.298(2) of the *Corporations Act 2001*.

On behalf of the directors

Jack Cowin

Non-Executive Chairman
18 August 2020

Don Meij

Managing Director/ Group Chief Executive Officer
18 August 2020

AUDITOR'S INDEPENDENCE DECLARATION

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Level 23, Riverside Centre
123 Eagle Street
Brisbane, QLD, 4000
Australia

Phone: +61 7 3308 7000
www.deloitte.com.au

18 August 2020

The Directors
Domino's Pizza Enterprises Limited
Level 1, KSD1
485 Kingsford Smith Drive
HAMILTON QLD 4007

Dear Directors

Auditor's Independence Declaration to Domino's Pizza Enterprises Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Domino's Pizza Enterprises Limited.

As lead audit partner for the audit of the financial statements of Domino's Pizza Enterprises Limited for the financial year ended 28 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

DELOITTE TOUCHE TOHMATSU

Matthew Donaldson
Partner
Chartered Accountants

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Level 23, Riverside Centre
123 Eagle Street
Brisbane, QLD, 4000
Australia

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Independent Auditor's Report to the Members of Domino's Pizza Enterprises Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Domino's Pizza Enterprises Limited (the "Entity"), and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 28 June 2020, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ending, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by directors.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Entity's and Group's financial position as at 28 June 2020 and of their financial performance for the year then ending; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Entity, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Carrying Value of Goodwill and Indefinite Life Intangible Assets in the German and France/Belgium Cash Generating Units (CGUs) As at 28 June 2020, the carrying value of the of the German CGU included goodwill of \$86.8 million and indefinite life intangible assets of \$182.8 million. The carrying value of the France/Belgium CGU included goodwill of \$50.3 million and indefinite life intangible assets of \$49.6 million, as disclosed in Note 11. Management is required to exercise significant judgement in estimating future cash flows, market growth rates and discount rates, which are used to determine the recoverable amount of the CGUs.	In conjunction with our valuation experts, our procedures included, but were not limited to: • Evaluating the Group's identification of CGUs and the allocation of goodwill to the carrying value of CGUs based on our understanding of the Group's business; • Evaluating the appropriateness of the methodology applied by management in calculating the recoverable amounts of the CGUs; • Challenging the assumptions used to calculate the discount rates and recalculating these rates; • Agreeing the projected cash flows to Board approved budgets and assessing the cash flows, expected growth rates and terminal growth rates against historical performance and published industry economic data; • Testing the mathematical accuracy of the impairment models used to calculate recoverable amount. We also assessed whether the impairment models appropriately reflected the impact of AASB 16 Leases; and • Performing sensitivity analysis on the recoverable amount of the CGU's in relation to the assumed growth rates during the 3 year budget period, terminal growth rates and discount rates. Our analysis also included consideration of the potential impacts of COVID-19. We also assessed the appropriateness of the disclosures included in Note 11 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ending 28 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Deloitte.

Responsibilities of the Directors for the Financial Report

The directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 101 to 125 of the Director's Report for the year ended 28 June 2020.

In our opinion, the Remuneration Report of Domino's Pizza Enterprises Limited, for the year ended 28 June 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The director's of Domino's Pizza Enterprises Limited are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Matthew Donaldson
Partner
Chartered Accountants
Brisbane, 18 August 2020

DIRECTORS' DECLARATION

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in the basis of preparation note to the financial statements;

(c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group; and

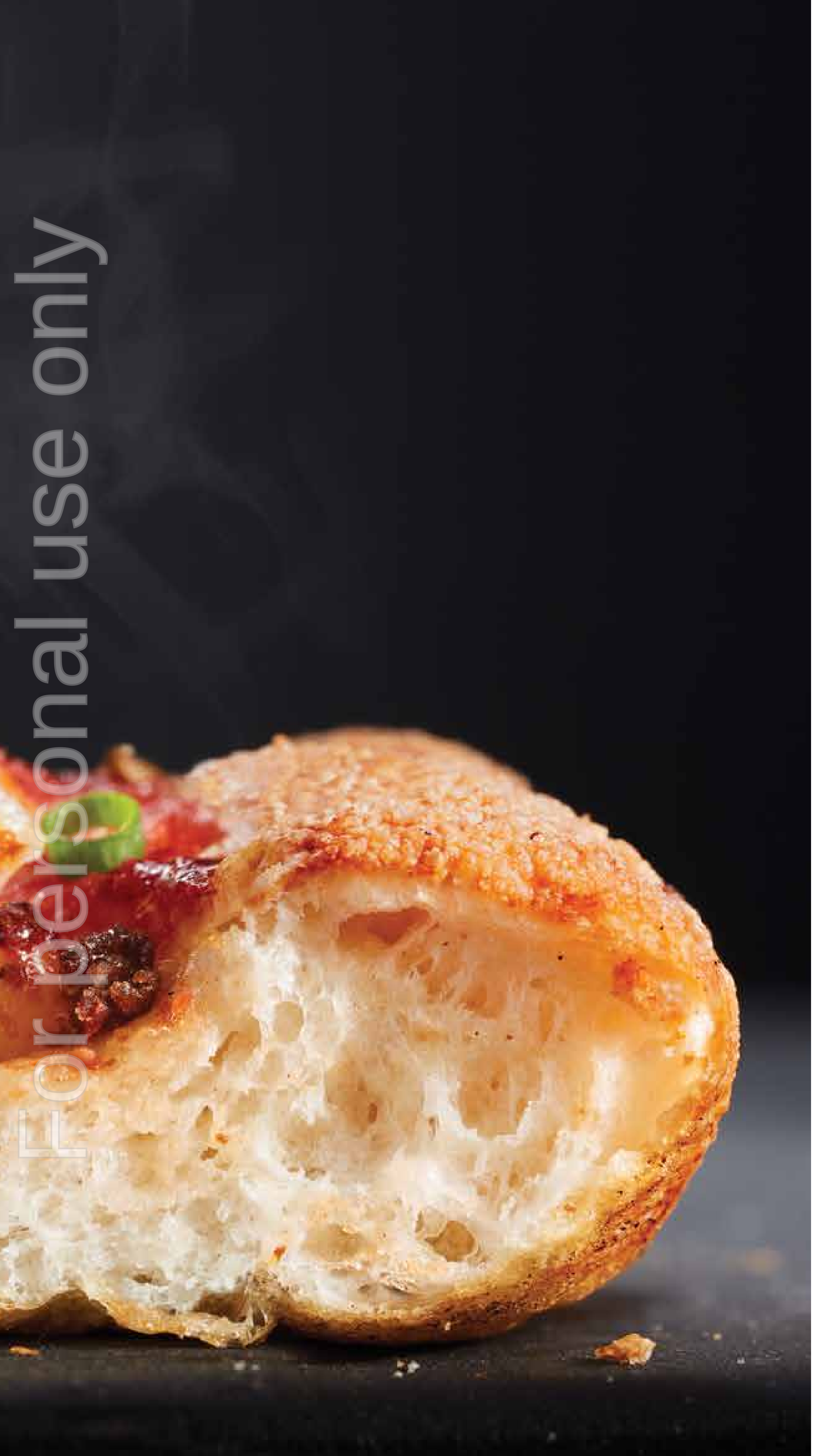
(d) the directors have been given the declarations required by s.295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the directors

Don Meij
Managing Director/Group Chief Executive Officer

18 August 2020



DOMINO'S PIZZA ENTERPRISES LIMITED

FINANCIALS

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FINANCIAL REPORT

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 28 JUNE 2020

	NOTE	2020 $'000	2019 $'000
Continuing operations			
Revenue	2	**1,905,261**	1,435,410
Other gains and losses	3	**21,174**	17,433
Finance income	4	**4,777**	-
Food, equipment and packaging expenses		**(772,254)**	(451,768)
Employee benefits expense	5	**(356,988)**	(297,484)
Plant and equipment costs	5	**(23,850)**	(24,560)
Depreciation and amortisation expense	5	**(125,498)**	(62,785)
Occupancy expenses	5	**(4,931)**	(49,512)
Finance costs	5	**(19,281)**	(14,004)
Marketing expenses		**(181,842)**	(150,999)
Royalties expense		**(79,551)**	(68,827)
Store related expenses		**(27,931)**	(24,636)
Communication expenses		**(27,680)**	(20,666)
Acquisition, integration, conversion and legal settlement costs		**(12,417)**	(46,216)
Other expenses		**(95,553)**	(81,973)
Profit before tax		**203,436**	159,413
Income tax expense	7	**(60,515)**	(45,034)
Profit for the period from continuing operations		**142,921**	114,379
Profit is attributable to:			
Owners of the parent		**138,483**	115,912
Non-controlling interests		**4,438**	(1,533)
Total profit for the period		**142,921**	114,379
		Cents	Cents
Earnings per share from continuing operations			
Basic (cents per share)	19	**160.9**	135.5
Diluted (cents per share)	19	**160.8**	135.4

The above Statement should be read in conjunction with the accompany notes. The 28 June 2020 period results include the impact of AASB 16 Leases, whilst the 30 June 2019 period results were prepared under the previous lease accounting standard; refer to note 35 for the nature and effect of the implementation of this new accounting standard.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 28 JUNE 2020

	2020 $'000	2019 $'000
Profit for the period	**142,921**	114,379
Other comprehensive income **Items that may be reclassified subsequently to profit or loss**		
Gain/(loss) on net investment hedge taken to equity	**(1,145)**	(2,230)
Exchange differences arising on translation of foreign operations	**6,720**	26,926
Gain/(loss) on cash flow hedges taken to equity	**1,877**	(2,551)
Income tax relating to components of other comprehensive income	**(242)**	2,012
Other comprehensive gain/(loss) for the period, net of tax	**7,210**	24,157
Total comprehensive income for the period	**150,131**	138,536
Items not to be reclassified to profit or loss		
Remeasurement of defined benefit obligation	**(109)**	(47)
Income tax relating to components of other comprehensive income	**38**	17
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods for the period	**(71)**	(30)
Other comprehensive income/(loss) for the year, net of tax	**7,139**	24,127
Total comprehensive income for the year	**150,060**	138,506
Total comprehensive income for the period is attributable to:		
Owners of the parent	**145,781**	138,768
Non-controlling interests	**4,279**	(262)
Total comprehensive income for the year	**150,060**	138,506

The above Statement should be read in conjunction with the accompany notes. The 28 June 2020 period results include the impact of AASB 16 Leases, whilst the 30 June 2019 period results were prepared under the previous lease accounting standard; refer to note 35 for the nature and effect of the implementation of this new accounting standard.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 28 JUNE 2020

	NOTE	2020 $'000	2019 $'000
Assets			
Current assets			
Cash and cash equivalents	6	**245,678**	101,404
Trade and other receivables	12	**146,462**	93,902
Other financial assets	22	**14,404**	16,528
Inventories	15	**27,912**	22,110
Current tax assets	7	**774**	1,579
Other assets	12	**38,612**	29,784
Investment in lease assets	10	**48,557**	-
Total current assets		**522,399**	265,307
Non-current assets			
Other financial assets	22	**75,582**	70,413
Investment in joint venture	27	**2,201**	3,121
Property, plant and equipment	9	**272,837**	253,152
Deferred tax assets	7	**6,005**	2,618
Goodwill	11	**492,549**	475,005
Intangible assets	11	**386,705**	368,797
Right-of-use assets	10	**378,993**	-
Investment in lease assets	10	**333,834**	-
Total non-current assets		**1,948,706**	1,173,106
Total assets		**2,471,105**	1,438,413
Liabilities			
Current liabilities			
Trade and other payables	13	**323,618**	188,608
Contract liabilities	2	**2,985**	3,051
Lease liabilities	10	**105,203**	-
Borrowings	21	**50,195**	5,373
Other financial liabilities	23	**21,650**	12,360
Provisions	14	**12,887**	11,136
Current tax liabilities	7	**19,121**	25,944
Total current liabilities		**535,659**	246,472
Non-current liabilities			
Borrowings	21	**657,241**	646,076
Contract liabilities	2	**14,787**	15,645
Lease liabilities	10	**663,049**	-
Other financial liabilities	23	**131,486**	114,146
Provisions	14	**10,488**	9,979
Deferred tax liabilities	7	**65,022**	60,088
Total non-current liabilities		**1,542,073**	845,934
Total liabilities		**2,077,732**	1,092,406
Net assets		**393,373**	346,007
Equity			
Issued capital	16	**235,420**	206,218
Reserves	16	**(70,016)**	(57,271)
Retained earnings	16	**227,969**	197,060
Total equity		**393,373**	346,007

The above Statement should be read in conjunction with the accompany notes. The 28 June 2020 period include the impact of AASB 16 Leases, whilst the 30 June 2019 period were prepared under the previous lease accounting standard; refer to note 35 for the nature and effect of the implementation of this new accounting standard.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 28 JUNE 2020

	ISSUED CAPITAL $'000	HEDGING RESERVE $'000	FOREIGN CURRENCY TRANSLATION RESERVE $'000	OTHER RESERVE $'000	RETAINED EARNINGS $'000	NON-CONTROLLING INTERESTS $'000	TOTAL $'000
Balance at 01 July 2018 as originally presented	**192,808**	**(3,945)**	**17,206**	**(89,632)**	**191,227**	**-**	**307,664**
Changes in accounting policies	**-**	**-**	**-**	**-**	**(13,955)**	**(17)**	**(13,972)**
Restated equity at 02 July 2018	**192,808**	**(3,945)**	**17,206**	**(89,632)**	**177,272**	**(17)**	**293,692**
Profit for the period	-	-	-	-	115,912	(1,533)	114,379
Other comprehensive income	-	(2,769)	25,655	(30)	-	1,271	24,127
Total comprehensive income for the period	**-**	**(2,769)**	**25,655**	**(30)**	**115,912**	**(262)**	**138,506**
Transactions with non-controlling interests	-	-	-	-	-	(4,708)	(4,708)
Dividends provided for or paid	-	-	-	-	(96,124)	-	(96,124)
Employee share scheme	12,617	-	-	-	-	-	12,617
Issue of share capital for acquisition of businesses	793	-	-	-	-	-	793
Share options trust	-	-	-	(1,318)	-	-	(1,318)
Recognition of share-based payments	-	-	-	(1,072)	-	-	(1,072)
Non-controlling interest put option	-	-	-	(1,366)	-	4,987	3,621
Balance at 30 June 2019	206,218	(6,714)	42,861	(93,418)	197,060	-	346,007
Balance at 30 June 2019 as originally presented	**206,218**	**(6,714)**	**42,861**	**(93,418)**	**197,060**	**-**	**346,007**
Changes in accounting standards (Refer to note 35)	-	-	-	-	(4,768)	(18)	(4,786)
Restated equity at 01 July 2019	**206,218**	**(6,714)**	**42,861**	**(93,418)**	**192,292**	**(18)**	**341,221**
Profit for the period	**-**	**-**	**-**	**-**	**138,483**	**4,438**	**142,921**
Other comprehensive income	**-**	**490**	**6,879**	**(71)**	**-**	**(159)**	**7,139**
Total comprehensive income for the period	**-**	**490**	**6,879**	**(71)**	**138,483**	**4,279**	**150,060**
Share options trust	**-**	**-**	**-**	**1,282**	**-**	**-**	**1,282**
Transactions with non-controlling interests	**-**	**-**	**-**	**-**	**-**	**2,100**	**2,100**
Dividends provided for or paid	**-**	**-**	**-**	**-**	**(102,806)**	**-**	**(102,806)**
Employee share scheme	**29,202**	**-**	**-**	**-**	**-**	**-**	**29,202**
Non-controlling interest put option	**-**	**-**	**-**	**(18,410)**	**-**	**(6,361)**	**(24,771)**
Recognition of share-based payments	**-**	**-**	**-**	**(2,915)**	**-**	**-**	**(2,915)**
Balance at 28 June 2020	**235,420**	**(6,224)**	**49,740**	**(113,532)**	**227,969**	**-**	**393,373**

The above Statement should be read in conjunction with the accompany notes. The 28 June 2020 period include the impact of AASB 16 Leases, whilst the 30 June 2019 period were prepared under the previous lease accounting standard; refer to note 35 for the nature and effect of the implementation of this new accounting standard.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 28 JUNE 2020

	NOTE	2020 $'000	2019 $'000
Cash flows from operating activities			
Receipts from customers		**2,008,011**	1,574,571
Payments to suppliers and employees		**(1,627,988)**	(1,348,549)
Interest received		**9,074**	4,916
Interest and other finance costs		**(18,244)**	(12,892)
Income taxes paid		**(59,443)**	(41,645)
Net cash generated from operating activities	6	**311,410**	176,401
Cash flows from investing activities			
Proceeds from/(loans to) franchisees		**38,294**	64,249
Payments for intangible assets		**(29,404)**	(33,795)
Payments for property, plant and equipment		**(95,878)**	(89,200)
Proceeds from sale of non-current assets		**13,731**	7,332
Acquisition of stores net of cash		**(24,269)**	(38,990)
Acquisition of subsidiaries		**(1,500)**	(650)
Net cash inflow/(outflow) on investment in joint ventures		**150**	(406)
Net cash used in investing activities		**(98,876)**	(91,460)
Cash flows from financing activities			
Proceeds from issues of equity securities		**24,744**	10,135
Contributions from non-controlling interests		**-**	1,595
Proceeds from borrowings		**261,959**	208,846
Repayment of borrowings		**(195,646)**	(182,541)
Payments for establishment of borrowings		**(30)**	(62)
Lease principal payments		**(103,863)**	(6,312)
Receipts from subleases		**45,499**	-
Dividends paid		**(102,806)**	(96,124)
Net cash used in financing activities		**(70,143)**	(64,463)
Net increase/(decrease) in cash and cash equivalents held		**142,391**	20,478
Cash and cash equivalents at the beginning of the period		**101,404**	75,996
Effects of exchange rate changes on the balance of cash held in foreign currencies		**1,883**	4,930
Cash and cash equivalents at the end of the period	**6**	**245,678**	101,404

The above Statement should be read in conjunction with the accompany notes. The 28 June 2020 period results include the impact of AASB 16 Leases, whilst the 30 June 2019 period results were prepared under the previous lease accounting standard; refer to note 35 for the nature and effect of the implementation of this new accounting standard.

NOTES TO THE FINANCIAL STATEMENTS

BASIS OF PREPARATION

Domino's Pizza Enterprises Limited (Domino's) is a for-profit public company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchanges and trading under the symbol 'DMP'. The nature of the operations and principal activities of Domino's and its subsidiaries (the Group) are described in the segment information.

The consolidated general purpose financial report of the Group for the year ended 28 June 2020 was authorised for issue in accordance with a resolution of the directors on 18 August 2020. The directors have the power to amend and reissue the financial report.

The financial report is a general purpose financial report which:

- has been prepared on a going concern basis in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
- has been prepared on a historical cost basis, except for certain financial instruments which have been measured at fair value (refer to note 24) and equity-settled share-based payments (refer to note 20). The carrying values of recognised assets and liabilities that are the hedged items in fair value hedge relationships, which are otherwise carried at amortised costs, are adjusted to record changes in the fair values attributable to the risks that are being hedged;
- is presented in Australian dollars with all values rounded to the nearest thousand dollars ($'000) unless otherwise stated which is in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191;
- presents reclassified comparative information where required for consistency with the current year's presentation;
- adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the Group and effective for reporting periods beginning on or before 01 July 2019 as listed in note 35;
- does not early adopt Accounting Standards and Interpretations that have been issued or amended but are not yet effective; and
- accounts for associates and joint ventures using the equity method as listed in note 27.

GOING CONCERN

The financial statements have been prepared on the basis that the Group will continue as a going concern. The Group has a net current liability position of $13.3 million at 28 June 2020 (30 June 2019: net current asset position $18.8 million) which is due to the implementation of AASB 16 which increased the net current liability position by $51.0 million. Refer to note 35, which outlines the impact AASB 16 had on adoption and on the Group as at 28 June 2020.

The Directors have concluded that there are reasonable grounds to believe that the going concern basis is appropriate, and that assets are likely to be realised, and liabilities are likely to be discharged, at the amounts recognised in the financial statements in the ordinary course of business.

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Group. A list of controlled entities (subsidiaries) at year-end is contained in note 25.

Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group using the acquisition method of accounting described in note 8. They are deconsolidated from the date that control ceases.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

In preparing the consolidated financial statements all inter-company balances and transactions, income and expenses and profits and losses resulting from intra-Group transactions have been eliminated.

FOREIGN CURRENCY

The functional currency of Domino's Pizza Enterprises Limited is Australian dollars ('$'), the functional currencies of overseas subsidiaries are listed in note 25. As at the reporting date, the assets and liabilities of overseas subsidiaries are translated into Australian dollars at the rate of exchange ruling at the balance sheet date and the income statements are translated at the average exchange rates for the year. The exchange differences arising on the retranslation of overseas subsidiaries are taken directly to a separate component of equity.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising from the application of these procedures are taken to the income statement, with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity, which are taken directly to equity until the disposal of the net investment and are then recognised in the income statement. Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

GOODS AND SERVICES TAX

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

COMPARATIVE INFORMATION

Comparative amounts have, where necessary and immaterial, been reclassified or adjusted so as to be consistent with current year disclosures.

OTHER ACCOUNTING POLICIES

Significant and other accounting policies that summarise the measurement basis used and are relevant to the understanding of the financial statements are provided throughout the notes the financial statements.

KEY JUDGEMENTS AND ESTIMATES

In applying the Group's accounting policies, the directors are required to make estimates, judgements and assumptions that affect amounts reported in this Financial Report. The estimates, judgements and assumptions are based on historical experience, adjusted for current market conditions and other factors that are believed to be reasonable under the circumstances and are reviewed on a regular basis. Actual results may differ from these estimates.

The estimates and judgements which involve a higher degree of complexity or that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next period are included in the following notes:

NOTE	KEY JUDGEMENTS AND ESTIMATES
Note 11	Master Franchise Rights & Franchise Network Assets
Note 11	Useful Lives of Other Intangible Assets
Note 11	Recoverable Amount of Cash Generating Units
Note 23	Germany Put Option Liability
Note 29	Legal and Regulatory Matters
Note 35	Adoptions of AASB 16 Leases

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; or in the period and future periods if the revision affects both current and future periods.

KEY NUMBERS

Key numbers provides a breakdown of individual line items in the financial statements that the directors consider most relevant and summarises the accounting policies, judgements and estimates relevant to understanding these items.

1 SEGMENT INFORMATION

RECOGNITION AND MEASUREMENT

The consolidated entity has identified its operating segments on the basis of internal reports about components of the consolidated entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Information reported to the consolidated entity's Chief Executive Officer for the purpose of resource allocation and assessment of performance is specifically focused on the geographical location the consolidated entity operates in. The consolidated entity's reportable segments under AASB 8 are therefore as follows:

- Australia / New Zealand ("ANZ")
- Europe
- Japan

The Group provides services to and derives revenue from a number of customers. The Group does not derive more than 10% of the total consolidated revenue from any one customer.

UNDERSTANDING THE SEGMENT RESULT

SEGMENT REVENUES AND RESULTS

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment.

	YEAR ENDED 28 JUNE 2020				
	ANZ $'000	**EUROPE $'000**	**JAPAN $'000**	**UN-ALLOCATED[i] $'000**	**TOTAL $'000**
Continuing operations					
Revenue	**693,382**	**560,117**	**651,762**	**-**	**1,905,261**
EBITDA	**138,308**	**84,435**	**133,830**	**(13,135)**	**343,438**
Depreciation & amortisation	**(37,851)**	**(33,586)**	**(54,061)**	**-**	**(125,498)**
EBIT	**100,457**	**50,849**	**79,769**	**(13,135)**	**217,940**
Net finance costs					**(14,504)**
Net profit before tax					**203,436**

1 SEGMENT INFORMATION (CONTINUED)

	YEAR ENDED 30 JUNE 2019				
	ANZ $'000	EUROPE $'000	JAPAN $'000	UN-ALLOCATED[(i)] $'000	TOTAL $'000
Continuing operations					
Revenue	414,300	537,414	483,696	-	1,435,410
EBITDA	123,448	49,701	72,583	(9,530)	236,202
Depreciation & amortisation	(25,132)	(18,392)	(19,261)	-	(62,785)
EBIT	98,316	31,309	53,322	(9,530)	173,417
Net finance costs					(14,004)
Net profit before tax					159,413

(i) During the period the Group has changed the structure of the internal organisation through the introduction of a "Unallocated" segment. The Unallocated segment represents corporate costs associated with the management and oversight of global functions which are shared by all jurisdictions in which the Group operates. The Group has restated the comparative segment information.

Revenue reported above represents revenue generated from external customers and franchisees. There were no inter-segment sales during the period (2019: Nil).

The accounting policies of the reportable segments are the same as the Group's policies described throughout the financial report. Segment net profit before tax represents the profit earned by each segment using the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

SEGMENT ASSETS AND LIABILITIES FROM CONTINUING OPERATIONS

The amounts provided to the chief operating decision-makers in respect of total assets and liabilities are measured in a manner consistent with that of the financial statements.

2020	**ASSETS $'000**	**LIABILITIES $'000**
Continuing operations		
Australia/New Zealand	**653,292**	**(870,281)**
Europe	**879,657**	**(561,831)**
Japan	**938,156**	**(645,620)**
Total segment assets/(liabilities)	**2,471,105**	**(2,077,732)**
Unallocated liabilities	**-**	**-**
Consolidated assets/(liabilities)	**2,471,105**	**(2,077,732)**

2019	ASSETS $'000	LIABILITIES $'000
Continuing operations		
Australia/New Zealand	295,821	(546,966)
Europe	564,705	(255,758)
Japan	577,887	(289,682)
Total segment assets/(liabilities)	1,438,413	(1,092,406)
Unallocated liabilities	-	-
Consolidated assets/(liabilities)	1,438,413	(1,092,406)

1 SEGMENT INFORMATION (CONTINUED)

OTHER SEGMENT INFORMATION

The non-current assets by geographical location are detailed below:

	DEPRECIATION AND AMORTISATION		ADDITIONS TO NON-CURRENT ASSETS		NON-CURRENT ASSETS	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000	**2020 $'000**	2019 $'000
Australia / New Zealand	**37,851**	25,132	**43,903**	56,950	**467,512**	236,677
Europe	**33,586**	18,392	**106,408**	65,749	**724,470**	469,189
Japan	**54,061**	19,261	**95,263**	50,004	**756,724**	467,240
Total	**125,498**	62,785	**245,574**	172,703	**1,948,706**	1,173,106

2 REVENUE

RECOGNITION AND MEASUREMENT

Revenue is recognised when or as the performance obligation under the relevant customer contract is completed. Performance obligations may be completed at a point in time or over time.

SALE OF GOODS

The revenue from the sale of food and beverages is recognised when the performance obligation has been satisfied. The performance obligation is assessed to be satisfied when control of the goods is passed to the customer (at a point in time).

FRANCHISE REVENUE

Initial fees are recognised as revenue on a straight-line basis over the term of the respective franchise agreement. This is on the basis that the Group has determined that the services provided in exchange for the initial fees are highly interrelated with the franchise right and are not individually distinct from the ongoing services provided to the franchisees.

Revenue associated with continuing sales-based royalties and marketing fund royalties is recognised when the related franchisee sale occurs. The Group considers there to be one performance obligation, being the franchise right.

SERVICE REVENUE

The Group provides services to franchisees and other third parties which are carried out in accordance with the contract. Service revenue is recognised on satisfaction of the performance obligation which is when the services are rendered.

INTEREST INCOME ON FRANCHISEE LOANS AND CASH AND CASH EQUIVALENTS

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest is determined using the effective interest rate method, which accrues interest on a time basis, with reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2 REVENUE (CONTINUED)

	YEAR ENDED 28 JUNE 2020			
	ANZ $'000	**EUROPE $'000**	**JAPAN $'000**	**TOTAL $'000**
Revenue type				
Revenue from sale of goods[(i)]	**479,968**	**403,334**	**581,603**	**1,464,905**
Revenue from rendering of services	**210,721**	**156,491**	**68,847**	**436,059**
Interest income	**2,693**	**292**	**1,312**	**4,297**
Total	**693,382**	**560,117**	**651,762**	**1,905,261**
Timing of revenue recognition				
At a point in time	**513,298**	**413,487**	**590,862**	**1,517,647**
Over time	**180,084**	**146,630**	**60,900**	**387,614**
Total	**693,382**	**560,117**	**651,762**	**1,905,261**

(i) Revenue from the sales of goods for 2020 in the ANZ segment has been impacted from changes made to the Australian warehouse and distribution arrangements which resulted in the agreements being accounted for as a principal arrangement and hence the associated revenue being recognised on a gross basis.

	YEAR ENDED 30 JUNE 2019			
	ANZ $'000	EUROPE $'000	JAPAN $'000	TOTAL $'000
Revenue				
Revenue from sale of goods	145,889	382,085	464,047	992,021
Revenue from rendering of services	265,775	154,981	17,717	438,473
Interest income	2,636	348	1,932	4,916
Total	414,300	537,414	483,696	1,435,410
Timing of revenue recognition				
At a point in time	240,263	398,543	464,324	1,103,130
Over time	174,037	138,871	19,372	332,280
Total	414,300	537,414	483,696	1,435,410

CONTRACT LIABILITIES

Contract liabilities consist of deferred franchise fees. The Group's franchise agreements typically require certain one-off fees. These fees include initial fees paid upon executing a franchise agreement, renewal of the franchise right and fees paid in the event the franchise agreement is transferred to another franchisees (collectively termed initial fees). The Group has determined that the initial fees are highly interrelated with the franchise right and are not individually distinct from the ongoing services provided to the franchisees. As a result, initial fees are recognised as revenue over the term of each respective franchise agreement; which generally ranges from a 5 to 10 year period. Revenue from these initial franchise fees are recognised overtime on straight-line basis with which is determined with reference to the franchisee's right to use and access and benefit from the intellectual property.

The Group has recognised the following deferred franchise fees:

	2020 $'000	2019 $'000
Contract liabilities		
Within one year	**2,985**	3,051
More than one year	**14,787**	15,645
Total	**17,772**	18,696

Contract liabilities at the beginning of the period was $18.6 million (2019: $20.1 million). The Group recognised $3.8 million (2019:$4.5 million) of revenue related to contract liabilities. Management expects to recognise $3.0 million (2019: $3.1 million) related to deferred franchise fees during the next reporting period.

The Group has applied the sales-based royalty exemption which permits exclusion of variable consideration in the form of sales-based royalties from the disclosure of remaining performance obligations.

3 OTHER GAINS AND LOSSES

	2020 $'000	2019 $'000
Net gain on disposal of property, plant & equipment, goodwill and other non-current assets	**21,174**	17,433
Total other gains and losses	**21,174**	17,433

No other gains or losses have been recognised in respect of loans and receivables other than as disclosed in note 2 and impairment losses recognised/reversed in respect of trade and other receivables (see note 12).

4 FINANCE INCOME

	2020 $'000	2019 $'000
Finance income	**4,777**	-
Total finance income	**4,777**	-

Finance income relates to interest income on Investment in lease assets as a result of the adoption of AASB 16. Refer to note 35 in relation to adoption of AASB 16.

5 EXPENSES

RECOGNITION AND MEASUREMENT

EMPLOYEE BENEFITS

The Group's accounting policy for liabilities associated with employee benefits is set out in note 14. The policy relating to share-based payments is set out in note 20.

The majority of employees in Australia and New Zealand are party to defined contribution schemes and fixed contributions from Group companies and the Group's legal or constructive obligation is limited to these contributions. Contributions to defined contribution funds are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payment is available.

OCCUPANCY EXPENSES

Occupancy expenses relate to non-lease components of lease contracts and are recognised as an expense when they are incurred.

Prior to the adoption of AASB 16, occupancy expenses were recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset were consumed. Operating lease incentives were recognised as a liability when received and released to the income statement on a straight-line basis over the lease term.

Refer to note 35 in relation to the adoption of AASB 16.

DEPRECIATION AND AMORTISATION

Refer to notes 9 and 11 for details on depreciation and amortisation.

FINANCE COSTS

Finance costs are recognised as an expense when they are incurred, except for interest charges attributable to major projects with substantial development and construction phases that are capitalised.

Provisions and other payables are discounted to their present value when the effect of the time value of money is significant. The impact of the unwinding of these discounts and any changes to the discounting is shown as a discount rate adjustment in finance costs.

5 EXPENSES (CONTINUED)

PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

Profit for the year from continuing operations was arrived at after charging (crediting):

	NOTE	2020 $'000	2019 $'000
Remuneration, bonuses and on-costs		**341,307**	284,126
Defined contribution plans		**13,085**	11,014
Defined benefit plans	31	**1,051**	935
Share-based payments expense		**1,545**	1,409
Employee benefits expenses		**356,988**	297,484
Depreciation of property, plant and equipment		**44,441**	40,847
Depreciation of right-of-use assets		**57,373**	-
Amortisation of intangible assets		**23,122**	21,454
Amortisation of other assets		**562**	484
Depreciation and amortisation expense		**125,498**	62,785
Net rental expense[(i)]		**-**	49,512
Non-lease component occupancy expenses		**4,931**	-
Occupancy expenses		**4,931**	49,512
Equipment operating costs		**20,891**	24,560
Expense in relation to leases of low value assets		**2,959**	-
Plant and equipment costs		**23,850**	24,560
Interest on commercial bills and loans		**11,231**	12,892
Amortisation of borrowing costs		**1,077**	1,112
Interest expense on lease liabilities		**6,973**	-
Finance costs		**19,281**	14,004

(i) Net rental expenditure includes in 2019: $27.9m rental receipts arising under sublease arrangements. Refer to note 35 in relation to adoption of AASB 16.

6 CASH AND CASH EQUIVALENTS

RECOGNITION AND MEASUREMENT

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less from date of inception. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	2020 $'000	2019 $'000
Cash and cash equivalents	**245,678**	101,404
	245,678	101,404

RECONCILIATION OF PROFIT FOR THE PERIOD TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	2020 $'000	2019 $'000
Profit for the period	**142,921**	114,379
Profit on sale of non-current assets	**(21,270)**	(17,873)
Equity settled share-based payments	**1,545**	1,409
Depreciation and amortisation	**125,498**	62,785
Share of joint venture entities net (profit)/loss	**378**	113
Amortisation of loan establishment costs	**1,077**	1,112
Other	**(1,559)**	2,470
	248,590	164,395

MOVEMENT IN WORKING CAPITAL	**2020 $'000**	2019 $'000
(Increase)/decrease in assets:		
Trade and other receivables	**(51,896)**	(12,297)
Inventory	**(5,632)**	(1,801)
Other current assets	**(12,875)**	8,512
Increase/(decrease) in liabilities:		
Trade and other payables	**134,052**	14,791
Provisions	**2,018**	1,712
Current tax assets and liabilities	**(6,041)**	5,848
Deferred tax balances	**3,194**	(4,759)
Net cash generated from operating activities	**311,410**	176,401

6 CASH AND CASH EQUIVALENTS (CONTINUED)

NET DEBT RECONCILIATION

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	2020 $'000	2019 $'000
Cash and cash equivalents	**245,678**	101,404
Borrowings - repayable within one year	**(50,195)**	(5,373)
Borrowings - repayable after one year	**(659,057)**	(648,940)
Net debt	**(463,574)**	(552,909)
Cash and cash equivalents	**245,678**	101,404
Gross debt - fixed interest rates	**(428,982)**	(425,264)
Gross debt - variable interest rates	**(280,270)**	(229,049)
Net debt	**(463,574)**	(552,909)

	CASH $'000	FINANCE LEASES DUE WITHIN 1 YEAR $'000	FINANCE LEASES DUE AFTER 1 YEAR $'000	BORROWINGS DUE WITHIN 1 YEAR $'000	BORROWINGS DUE AFTER 1 YEAR $'000	TOTAL $'000
Balances as at 02 July 2018	75,996	(3,700)	(9,436)	-	(589,196)	(526,336)
Cash flows	20,478	-	6,312	-	(27,274)	(484)
Finance lease additions	-	(1,298)	(7,300)	-	-	(8,598)
Foreign exchange adjustments	4,930	(375)	(835)	-	(21,146)	(17,426)
Other non-cash movements	-	-	-	-	(65)	(65)
Balances as at 30 June 2019	101,404	(5,373)	(11,259)	-	(637,681)	(552,909)

	CASH $'000	**LEASE LIABILITIES DUE WITHIN 1 YEAR $'000**	**LEASE LIABILITIES DUE AFTER 1 YEAR $'000**	**BORROWINGS DUE WITHIN 1 YEAR $'000**	**BORROWINGS DUE AFTER 1 YEAR $'000**	**TOTAL $'000**
Balances as at 30 June 2019	**101,404**	**(5,373)**	**(11,259)**	**-**	**(637,681)**	**(552,909)**
Changes in accounting standards(i)	**-**	**(97,838)**	**(616,630)**	**-**	**-**	**(714,468)**
Cash flows	**142,391**	**-**	**103,863**	**(50,195)**	**(16,118)**	**179,941**
Lease liabilities additions	**-**	**(1,099)**	**(133,587)**	**-**	**-**	**(134,686)**
Foreign exchange adjustments	**1,883**	**(893)**	**(5,436)**	**-**	**(5,258)**	**(9,704)**
Balances as at 28 June 2020	**245,678**	**(105,203)**	**(663,049)**	**(50,195)**	**(659,057)**	**(1,231,826)**

(i) Refer to note 35 in relation to adoption of AASB 16.

7 TAX

RECOGNITION AND MEASUREMENT

Income tax expense represents the sum of the tax currently payable and deferred tax.

CURRENT TAXES

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities at the tax rates and tax laws enacted or substantively enacted by the balance sheet date in respective jurisdictions.

DEFERRED TAXES

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carried forward unused tax assets and unused tax losses, to the extent that it is probable that taxable profits will be available to utilise them.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on temporary differences at balance sheet date between accounting carrying amounts and the tax bases of assets and liabilities, other than for the following:

- where they arise from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- where taxable temporary differences relate to investments in subsidiaries, associates and interests in joint ventures.

Deferred tax liabilities are not recognised if the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are not recognised if it is not probable that the temporary differences will reverse in the foreseeable future and taxable profit will not be available to utilise the temporary differences.

Deferred tax liabilities are not recognised on the recognition of goodwill.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

OFFSETTING DEFERRED TAX BALANCES

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

UNRECOGNISED TAXABLE TEMPORARY DIFFERENCES ASSOCIATED WITH INVESTMENTS AND INTERESTS

At the end of the financial year, an aggregate deferred tax liability of $98,721 thousand (2019: $97,886 thousand) was not recognised in relation to investments in subsidiaries as the parent Company is able to control the timing of the reversal of the temporary differences and it is not probable that the temporary difference will reverse in the foreseeable future.

7 TAX (CONTINUED)

INCOME TAX RECOGNISED IN THE PROFIT OR LOSS

	2020 $'000	2019 $'000
Tax expense comprises:		
Current tax expense in respect of the current year	**55,351**	49,773
Adjustments recognised in the current year in relation to the current tax of prior years	**817**	330
	56,168	50,103
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	**4,930**	(5,069)
Deferred tax expense/(income) relating to the origination in relation to change in tax rate in other jurisdiction	**(583)**	-
Total tax expense relating to continuing operations	**60,515**	45,034

RECONCILIATION OF INCOME TAX EXPENSE TO PRIMA FACIE TAX RATE:

	2020 $'000	2019 $'000
Profit before tax from continuing operations	**203,436**	159,413
Income tax expense calculated at 30%	**61,031**	47,824
Non-assessable/(non-deductible) amounts	**537**	(1,801)
Effect of tax concessions (research and development and other allowances)	**(2,587)**	(1,445)
Adjustments recognised in the current year in relation to the current tax of prior year	**707**	330
Adjustments recognised in the current year in relation to the deferred tax of prior year	**(345)**	(484)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**1,755**	610
Effect of change in tax rate in other jurisdictions	**(583)**	-
Income tax expense recognised in profit or loss	**60,515**	45,034

The tax rate used for the 2020 and 2019 reconciliation above is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

INCOME TAX RECOGNISED IN EQUITY

	2020 $'000	2019 $'000
Arising on income and expenses in other comprehensive income:		
(Gain)/Loss on hedges taken to equity	**(242)**	2,012
(Gain)/Loss on defined benefit plan taken to equity	**38**	17
Share option trust	**1,282**	(1,318)
	1,078	711

7 TAX (CONTINUED)

CURRENT TAX ASSETS AND LIABILITIES

	2020 $'000	2019 $'000
Current tax assets		
Income tax refund receivable	**774**	1,579
	774	1,579
Current tax liabilities		
Income tax payable	**(19,121)**	(25,944)
	(19,121)	(25,944)

DEFERRED TAX BALANCES

2020	OPENING BALANCE $'000	RESTATED OPENING BALANCE(i) $'000	CHARGED TO P&L $'000	CHARGED TO EQUITY $'000	ACQUISITIONS/ DISPOSALS $'000	EXCHANGE DIFFERENCE $'000	CLOSING BALANCE $'000
Temporary differences							
Property, plant & equipment	396	396	(168)	-	-	(23)	205
Intangible assets	(88,023)	(88,023)	(982)	-	-	(585)	(89,590)
Provision for employee entitlements	7,259	7,259	3,115	38	-	71	10,483
Doubtful debts	848	848	(199)	-	-	18	667
Other financial liabilities	3,146	5,522	637	(242)	-	42	5,959
Options reserve	-	-	(663)	1,282	-	-	619
Unearned income(i)	4,829	4,829	(1,086)	-	-	18	3,761
Other	2,859	2,504	140	-	-	34	2,678
	(68,686)	(66,665)	794	1,078	-	(425)	(65,218)
Unused tax losses and credits							
Tax losses	11,216	11,216	(5,139)	-	-	124	6,201
	(57,470)	(55,449)	(4,345)	1,078	-	(301)	(59,017)
Deferred tax asset							6,005
Deferred tax liability							(65,022)
							(59,017)

(i) The Group adopted the modified retrospective approach to the implementation of AASB 16. A transition adjustment has been recognised on transition at 01 July 2019, without adjustment of the comparative. The Group has recognised a deferred tax asset of $2,021 thousand as at 01 July 2019 relating to the adoption of AASB 16. Refer to note 35 for the impact of the adoption of AASB 16 on the Group.

7 TAX (CONTINUED)

2019	OPENING BALANCE $'000	RESTATED OPENING BALANCE[(i)] $'000	CHARGED TO P&L $'000	CHARGED TO EQUITY $'000	ACQUISITIONS/ DISPOSALS $'000	EXCHANGE DIFFERENCE $'000	CLOSING BALANCE $'000
Temporary differences							
Property, plant & equipment	(15)	(15)	449	-	-	(38)	396
Intangible assets	(84,221)	(84,221)	(1,161)	-	(64)	(2,577)	(88,023)
Provision for employee entitlements	5,216	5,216	1,655	17	22	349	7,259
Other provisions	143	143	(143)	-	-	-	-
Doubtful debts	609	609	188	-	-	51	848
Other financial liabilities	1,023	1,023	103	2,012	-	8	3,146
Options reserve	1,835	1,835	(517)	(1,318)	-	-	-
Unearned income	(996)	5,200	(572)	-	-	201	4,829
Other	2,576	2,576	156	-	-	127	2,859
	(73,830)	(67,634)	158	711	(42)	(1,879)	(68,686)
Unused tax losses and credits							
Tax losses	5,649	5,649	4,911	-	480	176	11,216
	(68,181)	(61,985)	5,069	711	438	(1,703)	(57,470)
Deferred tax asset							2,618
Deferred tax liability							(60,088)
							(57,470)

(i) The Group adopted the modified retrospective approach to the implementation of AASB 15. The standard has therefore been applied to contracts that remain in force at 02 July 2018. A transition adjustment has been recognised on transition at 02 July 2018. The Group has recognised a deferred tax asset of $6,196 thousand as at 02 July 2018 relating to the contract liability on adoption of AASB 15.

8 ACQUISITION OF BUSINESSES

RECOGNITION AND MEASUREMENT

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets acquired, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Standard.

8 ACQUISITION OF BUSINESSES (CONTINUED)

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 9, with the corresponding gain or loss being recognised in the statement of profit or loss.

Where a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 *Income Taxes* and AASB 119 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with AASB 2 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year.

CURRENT YEAR ACQUISITIONS

ACQUISITION OF DOMINO'S PIZZA STORES AND OTHER BUSINESSES

During the year the Group acquired a number of Domino's Pizza branded stores from former and current franchisees, as well as other minor acquisitions of businesses. The below provides a summary of these acquisitions during the year by segment:

2020	**ANZ**	**EUROPE**	**JAPAN**	**TOTAL**
Number of stores acquired	14	33	9	56
	ANZ $'000	**EUROPE $'000**	**JAPAN $'000**	**TOTAL $'000**
Fair value on acquisition				
Inventories	68	-	-	68
Property, plant & equipment	1,643	5,191	865	7,699
Other intangible assets	-	1,655	-	1,655
Total identifiable net assets	1,711	6,846	865	9,422
Cash consideration	7,493	15,911	865	24,269
Less fair value of net identifiable assets	(1,711)	(6,846)	(865)	(9,422)
Goodwill	5,782	9,065	-	14,847

8 ACQUISITION OF BUSINESSES (CONTINUED)

Goodwill arising on acquisition of stores in Europe is expected to be deductible for tax purposes. For the other jurisdictions, Goodwill arising on acquisitions is not deductible for tax purposes.

The cost of acquisitions comprise cash for all of the acquisitions. In each acquisition, the Group has paid a premium for the acquiree as it believes the acquisitions will introduce additional synergies to its existing operations.

Goodwill arose in the business combination as the consideration paid included a premium. In addition, the consideration paid for the stores effectively included amounts in relation to benefits from expected synergies, revenue growth and future market development. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

PRIOR YEAR ACQUISITIONS

ACQUISITION OF DOMINO'S PIZZA STORES AND OTHER BUSINESSES

During the prior year the Group acquired a number of Domino's Pizza branded stores from former and current franchisees. The below provides a summary of these acquisitions during the prior year by segment:

2019	ANZ(i)	EUROPE	JAPAN	TOTAL
Number of stores acquired	31	28	8	67

	ANZ $'000	EUROPE $'000	JAPAN $'000	TOTAL $'000
Fair value on acquisition				
Inventories	355	-	-	355
Other current assets	-	5,711	-	5,711
Property, plant & equipment	6,039	4,124	1,518	11,681
Other intangible assets	215	-	-	215
Deferred tax assets	-	480	-	480
Trade payables	-	(6,721)	-	(6,721)
Provisions	(75)	-	-	(75)
Loans	-	(1,034)	-	(1,034)
Deferred tax liabilities	(42)	-	-	(42)
Total identifiable net assets	6,492	2,560	1,518	10,570
Cash consideration	20,506	16,966	1,518	38,990
Shares issued at fair value	-	793	-	793
Less fair value of net identifiable assets	(6,492)	(2,560)	(1,518)	(10,570)
Goodwill	14,014	15,199	-	29,213

(i) included in ANZ are the acquisition of two minor businesses for $1,703 thousand of consideration.

9 PROPERTY, PLANT AND EQUIPMENT

RECOGNITION AND MEASUREMENT

The carrying value of property plant and equipment is stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of an item.

DEPRECIATION AND AMORTISATION

Items of property, plant and equipment are depreciated on a straight-line basis over their useful lives. The estimated useful life of plant and equipment is between 1 and 10 years and equipment under finance lease is between 3 and 10 years.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

DERECOGNITION

An item of property, plant and equipment is derecognised when it is sold or otherwise disposed of, or when its use is expected to bring no future economic benefits. Any gain or loss from derecognising the asset, being the difference between the proceeds of disposal and the carrying amount of the asset, is included in the income statement in the period the item is derecognised.

IMPAIRMENT

At the end of each reporting period, the Group reviews the carrying amounts of its property plant and equipment assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at the revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	PLANT & EQUIPMENT AT COST $'000	EQUIPMENT UNDER FINANCE LEASE AT COST $'000	TOTAL $'000
Year ended 28 June 2020			
Cost or fair value	**410,526**	**-**	**410,526**
Accumulated depreciation	**(137,689)**	**-**	**(137,689)**
Net carrying amount	**272,837**	**-**	**272,837**
Movement			
Opening net book amount	**236,481**	**16,655**	**253,136**
Change in accounting policy(i)	**-**	**(16,655)**	**(16,655)**
Additions	**95,878**	**-**	**95,878**
Acquisitions of Domino's Pizza stores and other businesses	**7,699**	**-**	**7,699**
Disposals and write-offs	**(25,037)**	**-**	**(25,037)**
Depreciation charge	**(44,441)**	**-**	**(44,441)**
Other including foreign exchange movements	**2,257**	**-**	**2,257**
Net carrying amount at the end of the year	**272,837**	**-**	**272,837**
Year ended 30 June 2019			
Cost or fair value	349,550	39,360	388,910
Accumulated depreciation	(113,053)	(22,705)	(135,758)
Net carrying amount	236,497	16,655	253,152
Movement			
Opening net book amount	187,615	12,488	200,103
Additions	89,200	8,598	97,798
Acquisitions of Domino's Pizza stores and other businesses	11,681	-	11,681
Disposals and write-offs	(25,890)	-	(25,890)
Depreciation charge	(35,220)	(5,627)	(40,847)
Other including foreign exchange movements	9,111	1,196	10,307
Net carrying amount at the end of the year	236,497	16,655	253,152

There was no depreciation during the period that was capitalised as part of the cost of other assets.

(i) Refer to note 35 in relation to adoption of AASB 16.

10 LEASES

GROUP AS A LESSEE

The Group's accounting policies for leases under AASB 16 Leases is disclosed in note 35.

The Group has lease contracts for various properties and equipment; including trucks and car equipment which is utilised in its operations. Leases of properties generally have lease terms of between 2 and 21 years, while operating equipment generally have lease terms between 2 and 7 years. The Group's obligations under its leases are secured by the lessor's title to the lease assets. The lease contracts include extension and termination options, which are further discussed below.

The Group also has certain leases of equipment with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low value assets' recognition exemptions for these leases. The costs associated with the lease exemption is disclosed in Note 5.

At the end of each reporting period, the Group reviews the carrying amount of its right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. Refer to Note 9 which outlines the Group's accounting policy in regards to impairment assessment.

10 LEASES (CONTINUED)

Set out below are the carrying amounts of the right-of-use assets recognised and movements during the year:

	PROPERTIES $'000	EQUIPMENT $'000	TOTAL $'000
As at 01 July 2019[(i)]	311,473	25,980	**337,453**
Net additions[(ii)]	85,021	12,346	**97,367**
Depreciation expense	(47,706)	(9,667)	**(57,373)**
Other including foreign exchange movement	1,161	385	**1,546**
As at 28 June 2020	**349,949**	**29,044**	**378,993**

(i) Refer to note 35 for adoption of AASB 16.

(ii) Additions include net movement between right-of-use assets and investments in lease assets which arises due to the Company's occupied-operated properties becoming franchised.

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2020 $'000
As at 01 July 2019	**(731,099)**
Additions	**(134,686)**
Accretion of interest	**(6,973)**
Payments	**110,836**
Other including foreign exchange movement	**(6,330)**
As at 28 June 2020	**(768,252)**
Current	**(105,203)**
Non-current	**(663,049)**
Total lease liabilities	**(768,252)**

The maturity analysis of lease liabilities is disclosed in note 24.

The amounts recognised in the profit and loss for the year are disclosed in note 4 and note 5.

The future cash outflows relating to leases that have not yet commenced are disclosed in note 28.

The average effective interest rate contracted is approximately 0.94% per cent per annum.

The Group has not recognised any variable payments in its finance lease arrangements.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

GROUP AS A LESSOR

The Group has a portfolio of long-term (greater than one year) 'back-to-back' property leases which secure competitive store locations on behalf of franchisees. Cash flows under these arrangements substantially offset each other.

These leases have terms of between 2 and 21 years. Leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

The Group's accounting policies for leases under AASB 16 is disclosed in note 35.

10 LEASES (CONTINUED)

Set out below are the carrying amounts of investment in lease assets and the movements during the period:

	2020 $'000
As at 01 July 2019	385,679
Net additions	40,393
Accretion of interest	4,777
Receipts	(50,276)
Other including foreign exchange movement	1,818
Total	**382,391**
Current	48,557
Non-current	333,834
Total investment in lease assets	**382,391**

Future minimum rentals receivable under non-cancellable operating leases as at end of the year are as follows:

	2020 $'000
Year 1	53,426
Year 2	53,394
Year 3	52,715
Year 4	51,964
Year 5	49,127
Onwards	145,189
Undiscounted lease payments	405,815
Less: unearned finance income	(23,424)
Net investment in leases	**382,391**
Current	48,557
Non-current	333,834
Total investment in lease assets	**382,391**

EXTENSION AND TERMINATION OPTIONS

Extension and termination options are included in a number of property and equipment lease agreements across the Group. These options provide operational flexibility in managing the lease portfolio.

The Group applies criteria to assess whether the exercise of extension options within lease contracts is reasonably certain, including consideration of tenure at existing location, the remaining useful life of the store, plant and equipment, remaining term of sub-franchise agreements (where applicable) and alignment to the assumptions used in the Group's short to mid-term planning process. Future cash outflows in respect of leases may differ from leases liabilities recognised due to future decisions that may be taken by the Group that will determine whether the options are exercised in respect of the use of leased assets. There is no exposure to these potential additional payments in excess of the recognised lease liabilities until these decisions have been taken by the Group.

The majority of the Group's property leases have option periods or are able to be extended beyond the initial lease term which is at the Group's (leasee) discretion. Lease options periods are typically made for fixed terms of between 1 to 10 years.

11 GOODWILL AND OTHER INTANGIBLES

RECOGNITION AND MEASUREMENT

GOODWILL

Goodwill acquired in a business combination is initially measured at cost. Cost is measured as the cost of the business combination minus the net fair value of the acquired and identifiable assets, liabilities and contingent liabilities. Following initial recognition, Goodwill is measured at cost less any accumulated impairment losses.

INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less amortisation and any impairment losses. Intangible assets with finite lives are amortised on a straight-line basis over their useful lives and tested for impairment whenever there is an indication that they may be impaired. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimates being accounted for on a prospective basis.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

The following useful lives are used in the calculation of amortisation:

- Capitalised development intangibles 2 – 10 years
- Licenses and other 2 – 10 years

Intangible assets with indefinite lives are tested for impairment in the same way as goodwill. Assets with an assumed indefinite useful life are reviewed at each reporting period to determine whether this assumption continues to be appropriate. If not, it is changed to a finite life intangible asset and amortised over its remaining useful life.

IMPAIRMENT

The Group tests intangibles and goodwill for impairment:

- at least annually for indefinite life intangibles and goodwill; and
- where there is an indication that the asset may be impaired, which is assessed at least each reporting period; or
- where there is an indication that previously recognised impairment, on assets other than goodwill, may have changed.

If the asset does not generate independent cash inflows and its value in use cannot be estimated to be close to its fair value, the asset is tested for impairment as part of the cash generating unit (CGU) to which it belongs.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

11 GOODWILL AND OTHER INTANGIBLES (CONTINUED)

Assets are impaired if their carrying value exceeds their recoverable amount. The recoverable amount of an asset or CGU is determined as the higher of its fair value less costs of disposal (FVLCOD) or value in use (VIU). An impairment loss recognised for goodwill is not reversed in subsequent periods.

IMPAIRMENT CALCULATIONS

In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining FVLCOD, a discounted cash flow model is used based on a methodology consistent with that applied by the Group in determining the value of potential acquisition targets, maximising the use of market observed inputs. These calculations, classified as Level 3 on the fair value hierarchy, are compared to valuation multiples or other fair value indicators where available to ensure reasonableness.

INPUTS TO IMPAIRMENT CALCULATIONS

For VIU calculations, cash flow projections are based on corporate plans and business forecasts prepared by management and approved by the Board. The corporate plans are developed annually with a five-year outlook.

On determining FVLCOD, the valuation model incorporates the cash flows projected over the duration of the current corporate plan period. These projections are discounted using a risk adjusted discount rate commensurate with a typical market participant's assessment of the risk associated with the projected cash flows.

For both the VIU and FVLCOD models, cash flows beyond the corporate plan period are extrapolated using estimated growth rates, which are based on Group estimates, taking into consideration historical performance as well as expected long-term operating conditions. Growth rates do not exceed the consensus forecasts of the long-term average rate for the industry in which the CGU operates.

Discount rates used in both calculations are based on the weighted average cost of capital determined by prevailing or benchmarked market inputs, risk adjusted where necessary. Other assumptions are determined with reference to external sources of information and use consistent, reasonable estimates for variables such as terminal cash flow multiples. Increases in discount rates or changes in other key assumptions, such as operating conditions or financial performance, may cause the recoverable amounts to reduce.

RECOGNISED IMPAIRMENT

There was no impairment recognised during the 2020 financial year (2019: nil).

ESTIMATES AND JUDGEMENTS – OTHER INTANGIBLES

MASTER FRANCHISE RIGHTS & FRANCHISE NETWORK ASSETS

Management has determined that the Master Franchise Rights ('MFA') relating to Domino's Pizza Germany and the Franchise Network Assets ('FNAs') arising on the acquisition of Hallo Pizza, Joey's Pizza and Pizza Sprint are to be treated as indefinite life intangible assets (2020: $31.7m, 2019: $31.6m). In addition, the same treatment has been applied to the MFA and associated franchise agreements recognised on the acquisition of Domino's Pizza Japan (2020: $47.1m, 2019: $46.0m). This judgement is based on the sufficiency of available evidence supporting the ability of the Group to renew the underlying agreements beyond their initial terms without incurring significant cost.

The liability associated with the Franchise Network Assets for Germany is valued using a multi-period excess earnings method income approach taking into account forecast revenue and EBITDA margin with a discount rate applied. These inputs are not observable therefore the liability is considered a level 3 in the hierarchy of fair value as disclosed in note 24.

11 GOODWILL AND OTHER INTANGIBLES (CONTINUED)

USEFUL LIVES OF OTHER INTANGIBLES

Management uses their judgement to assess the useful lives of capitalised development intangibles and licenses. This is based on the estimated life of the asset and future economic benefits of the asset. The majority of these assets have a life of between 2 - 10 years.

	GOODWILL $'000
Year ended 28 June 2020	
Cost	**492,549**
Accumulated amortisation and impairment	**-**
Net carrying amount	**492,549**
Movement	
Net carrying amount at the beginning of the year	**475,005**
Acquisitions of Domino's Pizza stores and other businesses	**14,847**
Disposals and write-offs	**(4,304)**
Other including foreign exchange movement	**7,001**
Net carrying amount at the end of the year	**492,549**
Year ended 30 June 2019	
Cost	475,005
Accumulated amortisation and impairment	-
Net carrying amount	475,005
Movement	
Net carrying amount at the beginning of the year	428,804
Acquisitions of Domino's Pizza stores and other businesses	29,213
Disposals and write-offs	(7,591)
Other including foreign exchange movement	24,579
Net carrying amount at the end of the year	475,005

11 GOODWILL AND OTHER INTANGIBLES (CONTINUED)

	FINITE LIFE		INDEFINITE LIFE		
	CAPITALISED DEVELOPMENT $'000	LICENSES AND OTHER $'000	OTHER INDEFINITE LIFE INTANGIBLES $'000	FRANCHISE NETWORK ASSET $'000	OTHER INTANGIBLE ASSETS TOTAL $'000
Year ended 28 June 2020					
Cost	**179,407**	**46,464**	**86,228**	**195,353**	**507,452**
Accumulated amortisation and impairment	**(90,251)**	**(30,496)**	**-**	**-**	**(120,747)**
Net carrying amount	**89,156**	**15,968**	**86,228**	**195,353**	**386,705**
Movement					
Net carrying amount at the beginning of the year	**80,842**	**15,785**	**77,781**	**194,389**	**368,797**
Additions	**26,071**	**3,712**	**-**	**-**	**29,783**
Acquisitions of Domino's Pizza stores and other businesses	**1,655**	**-**	**-**	**-**	**1,655**
Revaluation	**-**	**-**	**7,166**	**-**	**7,166**
Disposals and write-offs	**(196)**	**(162)**	**-**	**-**	**(358)**
Amortisation for the year	**(19,647)**	**(3,475)**	**-**	**-**	**(23,122)**
Other including foreign exchange movement	**431**	**108**	**1,281**	**964**	**2,784**
Net carrying amount at the end of the year	**89,156**	**15,968**	**86,228**	**195,353**	**386,705**
Year ended 30 June 2019					
Cost	151,205	44,564	77,781	194,389	467,939
Accumulated amortisation and impairment	(70,363)	(28,779)	-	-	(99,142)
Net carrying amount	80,842	15,785	77,781	194,389	368,797
Movement					
Net carrying amount at the beginning of the year	71,493	13,715	91,411	189,088	365,707
Additions	25,420	6,605	1,770	-	33,795
Acquisitions of Domino's Pizza stores and other businesses	-	215	-	-	215
Revaluation	-	-	(20,005)	-	(20,005)
Disposals and write-offs	(319)	(903)	-	-	(1,222)
Amortisation for the year	(17,104)	(4,350)	-	-	(21,454)
Other including foreign exchange movement	1,352	503	4,605	5,301	11,761
Net carrying amount at the end of the year	80,842	15,785	77,781	194,389	368,797

11 GOODWILL AND OTHER INTANGIBLES (CONTINUED)

ALLOCATION OF GOODWILL AND INDEFINITE LIFE INTANGIBLE ASSETS TO CGUS

Goodwill and indefinite life intangible assets have been allocated for impairment testing purposes to the following CGUs:

- Australia and New Zealand markets
- Europe market, which comprises:
  - The Netherlands & Belgium stores located in the region of Antwerp (NL) and Denmark
  - France & the rest of Belgium (FR) & (BE)
  - Germany (DE)
- Japan market

The carrying amount of goodwill and other indefinite life intangible assets was allocated to the following CGUs:

	ANZ $'000	FR & BE $'000	NL $'000	DE $'000	JAPAN $'000	TOTAL $'000
Goodwill						
2020	**66,031**	**50,339**	**11,328**	**86,803**	**278,048**	**492,549**
2019	63,289	49,434	6,488	84,331	271,463	475,005
Goodwill impairment						
2020	**-**	**-**	**-**	**-**	**-**	**-**
2019	-	-	-	-	-	-
Indefinite life intangible assets						
2020	**226**	**49,646**	**1,785**	**182,822**	**47,102**	**281,581**
2019	226	49,381	1,776	174,795	45,992	272,170
Indefinite life intangible assets impairment						
2020	**-**	**-**	**-**	**-**	**-**	**-**
2019	-	-	-	-	-	-

ESTIMATES AND JUDGEMENTS IN DETERMINING THE RECOVERABLE AMOUNT OF THE CASH GENERATING UNITS

In assessing the recoverable amount of CGUs, the calculations necessarily require estimates and assumptions around future cashflows, growth rates and discount rates. The resulting recoverable amount can be sensitive to these outputs. Key assumptions used are detailed further below.

All CGUs have adopted the VIU valuation methodology to determine the recoverable amount. EBIT growth over the forecast period is based on past experience and expectations of average sale percentages growth rates. The post-tax discount rates incorporate a risk-adjustment relative to the risks associated with the net post-tax cash flows being achieved, whilst the terminal growth rates are based on market estimates of the long-term average industry growth rate.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

11 GOODWILL AND OTHER INTANGIBLES (CONTINUED)

	ANZ	FR & BE	NL	DE	JAPAN
Discount rate (post-tax)					
2020	**7.7%**	**9.0%**	**8.0%**	**8.0%**	**9.2%**
2019	8.5%	9.9%	8.8%	8.9%	9.7%
Compound annual growth rate for corporate plan[(i)]					
2020	**8.9%**	**36.3%**	**6.2%**	**14.3%**	**7.4%**
2019	11.2%	33.6%	14.8%	9.0%	17.3%
Nominal terminal growth rates					
2020	**1.0%**	**0.5%**	**0.5%**	**0.5%**	**0.2%**
2019	2.0%	2.0%	2.0%	2.0%	1.0%

(i) Compound annual growth rate (CAGR) for the corporate plan period has been calculated based on the compound EBITDA growth, which has been adjusted for impact of AASB16, over the forecast period adjusted for any non-recurring costs.

COVID-19:

In general, COVID-19 has not had a significant adverse impact on the operations of the Group. Other than when stores have been closed, which occurred briefly in France and New Zealand, sales have generally remained strong through lock-down periods, with an increase in delivery sales largely offsetting a decrease in store pick-up sales. Certain jurisdictions, notably Japan and Germany, have seen an increase in sales during COVID-19. In other jurisdictions, including Australia and BENELUX, store pick-up sales were initially impacted more than delivery sales growth, however, have subsequently continued to improve.

The impact and responses to the global outbreak of COVID-19 continue to evolve and there are difficulties in projecting the impact and duration of the pandemic on the Group's business. In setting its assumptions, the Group has considered its demonstrated capacity to respond to the impact of COVID-19 on the operational and financial performance of the business, including through government regulation (such as lock-downs and financial support initiatives) and changing customer requirements.

The FR & BE CGU has been adversely impacted by discretionary franchisee support provided during 2020, with the France stores being closed for a brief period during the initial outbreak of COVID-19. The discretionary support is not forecast to continue over the longer term. Therefore, this has increased the 2020 disclosed CAGR for the FR & BE CGU.

The Group has reviewed sensitivity on the key assumptions on which the recoverable amounts are based and believes that any reasonable change would not cause the cash-generating units carrying amount to exceed its recoverable amount. The sensitivity tests applied were to reduce the forecasted EBITDA growth rates by 2% and an increase to the post-tax discount rates by 1% for each cash-generating unit, which did not result in the cash-generating units carrying amounts exceeding the recoverable amounts.

12 TRADE, OTHER RECEIVABLES AND OTHER ASSETS

RECOGNITION AND MEASUREMENT

TRADE RECEIVABLES

At initial recognition, trade receivables and other debtors that do not have a significant financing component are recognised at their transaction price.

Trade receivables generally have terms of up 30 days. They are recognised initially at fair value and subsequently at amortised cost using the effective interest method, less an allowance for impairment. Allowance for impairment is determined using an expected credit loss approach.

Before accepting any new franchisees and business partners, the Group uses extensive credit verification procedures. Receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. With respect to trade receivables that are neither impaired nor past due, there are no indications as of the reporting date that the debtors will not meet their payment obligations.

INTEREST RATE RISK

Trade receivables are non-interest bearing and are therefore not subject to interest rate risk.

12 TRADE, OTHER RECEIVABLES AND OTHER ASSETS (CONTINUED)

FAIR VALUE

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

CREDIT RISK

Credit risk arises from exposure to retail customers and franchisees, including outstanding receivables and committed transactions.

Collectability and impairment are assessed on an ongoing basis at a regional level. Impairment is recognised in the income statement when there is objective evidence that the Group will not be able to collect the debts.

The Group applies the 'simplified approach' to measuring expected credit losses ("ECL") which uses a lifetime expected loss allowance for all trade receivables. The ECL is estimated using a provision matrix based on the Group's historical credit loss experiences.

The Group writes off trade receivables when there is information indicating the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed in liquidation or has entered bankruptcy proceedings. Trade receivables written off may still be subject to enforcement activities under the Group's recovery processes, considering legal advice where appropriate. Any recoveries made are recognised in profit and loss.

	2020 $'000	2019 $'000
Trade receivables	**147,249**	98,112
Allowance for expected credit loss	**(7,184)**	(6,990)
Other receivables	**6,397**	2,780
Total trade and other receivables	**146,462**	93,902

	2020 $'000	2019 $'000
Prepayments	**19,894**	15,193
Work in progress - store builds	**2,945**	5,052
Other - current	**15,773**	9,539
Total other assets	**38,612**	29,784

	2020 $'000	2019 $'000
Movement in allowance for expected credit loss		
Balance at the beginning of the year	**6,990**	4,307
Provision for expected credit loss	**3,029**	4,556
Amounts written off as uncollectible	**(2,675)**	(1,252)
Amounts recovered during the year	**(272)**	(533)
Unused amount reversed	**-**	(305)
Effect of foreign currency	**112**	217
Balance at the end of the year	**7,184**	6,990

Included in the Group's trade receivables balance are debtors with a carrying amount of $3,370 thousand (2019: $5,707 thousand), which are past due at the reporting date.

13 TRADE AND OTHER PAYABLES

RECOGNITION AND MEASUREMENT

These amounts represent liabilities for goods and services provided to the Group prior to the balance sheet date which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

	2020 $'000	2019 $'000
Current		
Trade payables	**223,202**	116,137
Goods and services tax (GST)/ Value added tax (VAT) payable	**11,974**	9,733
Other creditors and accruals	**88,442**	62,738
Total trade and other payables	**323,618**	188,608

14 PROVISIONS

RECOGNITION AND MEASUREMENT

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

EMPLOYEE BENEFITS

The provision for employee benefits represents annual leave, long service leave entitlements and incentives accrued by employees.

WAGES AND SALARIES

Liabilities for wages and salaries including non-monetary benefits expected to be settled within 12 months of the reporting date are recognised in provisions and other payables in respect of employees' services up to the balance sheet date. They are measured at the amounts expected to be paid when the liabilities are settled.

ANNUAL AND LONG SERVICE LEAVE

The liability for annual leave and long service leave is recognised in the provision for employee benefits. It is measured as the present value of expected future payments for the services provided by employees up to the reporting date. Expected future payments are discounted using market yields at the balance sheet date on terms to maturity and currencies that match as closely as possible to the estimated future cash outflows.

MAKE GOOD OBLIGATIONS

A provision is recognised for the make good obligations in respect of restoring sites to their original condition when the premises are vacated. Management has estimated the provision recognised on leases, based on historical data in relation to store closure numbers and costs, as well as future trends that could differ from historical amounts.

LEGAL PROVISION

The provision for legal costs relates to claims that have been brought against the company by a number of former and current Pizza Sprint franchisees.

ESTIMATES AND JUDGEMENTS

Management judgement is applied in determining the following key assumptions used in the calculation of long service leave and annual leave at balance date:

- future increases in wages and salaries;
- future on-cost rates; and
- experience of employee departures and period of service.

14 PROVISIONS (CONTINUED)

	NOTE	2020 $'000	2019 $'000
Employee benefits		**10,895**	8,878
Defined benefit plan	31	**7,710**	7,467
Other provisions		**4,770**	4,770
Total provisions		**23,375**	21,115
Current		**12,887**	11,136
Non-current		**10,488**	9,979
Total provisions		**23,375**	21,115

OTHER PROVISIONS

	MAKE GOOD $'000	STRAIGHT-LINE LEASING $'000	LEGAL PROVISIONS $'000	TOTAL $'000
Balance at 02 July 2018	1,891	205	3,247	5,343
Recognised in profit or loss	(93)	(79)	(60)	(232)
Reductions arising from payments	138	-	(569)	(431)
Movements resulting from remeasurement	-	-	90	90
Balance at 01 July 2019	**1,936**	**126**	**2,708**	**4,770**
Change in accounting standard	-	(126)	-	(126)
Recognised in profit or loss	323	-	-	323
Reductions arising from payments	-	-	(253)	(253)
Movements resulting from remeasurement	38	-	18	56
Balance at 28 June 2020	**2,297**	**-**	**2,473**	**4,770**

15 INVENTORY

RECOGNITION AND MEASUREMENT

Inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first out basis. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs to sell.

	2020 $'000	2019 $'000
Raw materials	**6,825**	5,219
Finished goods	**21,087**	16,891
Total inventory	**27,912**	22,110

There are no inventories (2019: $nil) expected to be recovered after more than 12 months. Expenses relating to inventories are recorded under Food, equipment and packaging expenses.

CAPITAL

Capital provides information about the capital management practices of the Group.

16 EQUITY

ISSUED CAPITAL

	2020 $'000	2019 $'000
86,238,290 fully paid ordinary shares (30 June 2019: 85,634,040)	**235,420**	206,218

Changes to the Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

FULLY PAID ORDINARY SHARES

	2020		2019	
	NUMBER OF SHARES '000	**SHARE CAPITAL $'000**	NUMBER OF SHARES '000	SHARE CAPITAL $'000
Balance at beginning of financial year	**85,634**	**206,218**	85,368	192,808
Shares issued:				
Issue of share capital for acquisition of businesses	**-**	**-**	18	793
Issue of shares under executive share option plan	**604**	**29,202**	248	12,617
Balance at end of financial year	**86,238**	**235,420**	85,634	206,218

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

OPTIONS

The Company approved the establishment of the Executive Share and Option Plan ("ESOP") to assist in the recruitment, reward and retention of its directors and executives. The Company will not apply for quotation of the options on the ASX.

Subject to any adjustment in the event of a bonus issue, rights issue or reconstruction of capital, each option is convertible into one ordinary share. Refer to note 20.

TERMS AND CONDITIONS OF THE ESOP

The Company must not issue any shares or grant any option under this plan if, immediately after the issue or grant, the sum of the total number of unissued shares over which options, rights or other options (which remain outstanding) have been granted under this plan and any other Group employee incentive scheme would exceed 7.5% of the total number of shares on issue on a fully diluted basis at the time of the proposed issue or grant.

Fully diluted basis means the number of shares which would be on issue if all those securities of the Company which are capable of being converted into shares, were converted into shares. If the number of shares into which the securities are capable of being converted cannot be calculated at the relevant time, those shares will be disregarded.

During the year, 604,250 options were exercised (2019: 248,350). A total of $29,201,780 was received as consideration for 604,250 fully paid ordinary shares of Domino's Pizza Enterprises Limited on exercise of the options in the current financial year (2019: $12,616,763).

DIVIDEND REINVESTMENT PLAN

On listing, the Board adopted but did not commence operation of a Dividend Reinvestment Plan ("DRP"). The DRP provides shareholders the choice of reinvesting some or all of their dividends in shares rather than receiving those dividends in cash.

The Board of Directors resolved to activate the DRP on 17 August 2006 with a commencement date of 21 August 2006. Shareholders with registered addresses in Australia or New Zealand are eligible to participate in the DRP. Shareholders outside Australia and New Zealand are not able to participate due to legal requirements applicable in their place of residence.

16 EQUITY (CONTINUED)

Shares allocated under the DRP rank equally with existing shares. Shares will be issued under the DRP at a price equal to the average of the daily volume weighted average market price of the Company's shares (rounded to the nearest cent) traded on the ASX during a period of ten trading days commencing on the second business day following the relevant record date, discounted by an amount determined by the Board.

Domino's Pizza Enterprises Limited entered into an underwriting agreement with Goldman Sachs JBWere for its first four dividend payments commencing with the final dividend for the year ended 2 July 2006. The Board decided to continue the DRP underwriting and entered into a renewed agreement with Goldman Sachs JBWere for the next four dividends commencing with the final dividend for the year ended 29 June 2008.

On 18 August 2009, the Board resolved to suspend the DRP until further notice. Therefore, the final dividend for the year ended 28 June 2020 will be paid in cash only.

RESERVES

FOREIGN CURRENCY TRANSLATION

Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency, Australian dollars, are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

HEDGING RESERVE

The hedging reserve represents hedging gains and losses recognised on the effective portion of net investment and cash flow hedges.

OTHER RESERVES

The equity settled share-based benefits reserve arises on the grant of share options to executives under the Executive Share and Option Plan (ESOP). Further information about ESOP is made in note 20 to the financial statements. The Group settled the Domino's Pizza Enterprises Limited Employee Share Trust to manage the share option plan.

	2020 $'000	2019 $'000
Foreign currency translation	**49,740**	42,861
Hedging	**(6,224)**	(6,714)
Other	**(113,532)**	(93,418)
Balance at the end of the year	**(70,016)**	(57,271)
Foreign currency translation reserve		
Balance at beginning of financial year	**42,861**	17,206
Translation of foreign operations	**6,879**	25,655
Balance at the end of the year	**49,740**	42,861
Hedging reserve		
Balance at beginning of financial year	**(6,714)**	(3,945)
Net investment hedge	**(1,145)**	(2,230)
Cash flow hedge	**1,877**	(2,551)
Income tax related to gain/(loss) on hedging items	**(242)**	2,012
Balance at the end of the year	**(6,224)**	(6,714)
Other Reserves		
Balance at beginning of financial year	**(93,418)**	(89,632)
Share-based payment	**(2,915)**	(1,072)
Movement in put option liability and non-controlling interest	**(18,410)**	(1,366)
Share option trust	**1,282**	(1,318)
Remeasurement of defined benefit plan	**(71)**	(30)
Balance at the end of the year	**(113,532)**	(93,418)

16 EQUITY (CONTINUED)

RETAINED EARNINGS

	NOTE	2020 $'000	2019 $'000
Balance at beginning of year		**197,060**	191,227
Change in accounting policies	35	**(4,768)**	(13,955)
Restated retained earnings		**192,292**	177,272
Net profit attributable to members of the Company		**138,483**	115,912
Payment of dividends	18	**(102,806)**	(96,124)
Balance at the end of the year		**227,969**	197,060

17 NON-CONTROLLING INTERESTS

RECOGNITION AND MEASUREMENT

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

We have applied the partial recognition of the non-controlling interest method (equity method) when accounting for the put option liability and non-controlling interest. This approach is appropriate given the Company has no present ownership of the minority interest shares. While the non-controlling interest remains, the accounting treatment is as follows:

(a) The amount that would have been recognised for the non-controlling interest, including an update to reflect allocations of profit or loss, allocations of changes in other comprehensive income and dividends declared for the reporting period, as required by AASB 10;

(b) The non-controlling interest is derecognised as if it was acquired at that date;

(c) A financial liability at the present value of the amount payable on exercise of the non-controlling put in accordance with AASB 9. There is no impact on the profit or loss from the unwinding of the discount due to the passage of time; and

(d) The difference between (b) and (c) as an equity transaction in other reserves.

If the non-controlling interest put or call is exercised, the same treatment is applied up to the date of exercise. The amount recognised as the financial liability at that date is extinguished by the payment of the exercise price.

The non-controlling interest relates to a 33.3% interest in the Group's operations in Germany.

	NOTE	2020 $'000	2019 $'000
Balance at beginning of year		**-**	-
Change in accounting policies	35	**(18)**	(17)
Restated equity at the end of the year		**(18)**	(17)
Non-controlling interest contributions during the period		**2,100**	(4,708)
Share of profit/(loss)		**4,438**	(1,533)
Foreign currency translation		**(159)**	1,271
Non-controlling interest put option adjustment		**(6,361)**	4,987
Balance at the end of the year		**-**	-

18 DIVIDENDS

	2020		2019	
	CENTS PER SHARE	**TOTAL $'000**	CENTS PER SHARE	TOTAL $'000
Recognised amounts				
Fully paid ordinary shares				
Interim dividend for half-year ended[(i)]	**66.7**	**57,521**	62.7	53,693
Dividend for full year ended[(ii)]	**52.8**	**45,285**	49.7	42,431
	119.5	**102,806**	112.4	96,124
Unrecognised amounts				
Fully paid ordinary shares				
Fully franked dividend for full year ended	**52.6**	**45,361**	52.8	45,215

(i) The interim dividend for half year ended was franked at 100% (2019: 75%)

(ii) The dividend for full year ended was franked at 100% (2019: 75%)

On 18 August 2020, the directors declared a final dividend of 52.6 cents per share to the holders of fully paid ordinary shares in respect of the financial year ended 28 June 2020, to be paid to shareholders on 10 September 2020. The dividend will be paid to all shareholders on the Register of Members on 26 August 2020. The total estimated dividend to be paid is $45,361 thousand.

FRANKED DIVIDENDS

The franked portions of the final dividends determined after 28 June 2020 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the financial year ended 28 June 2020.

	2020 $'000	2019 $'000
Franking credits available for subsequent financial years based on a tax rate of 30.0%	**7,545**	24,057

The above amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits and debits that will arise from the settlement of liabilities or receivables for income tax and dividends after the end of the year.

19 EARNINGS PER SHARE

BASIC EARNINGS PER SHARE

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

	2020 CENTS	2019 CENTS
From continuing operations attributable to the ordinary equity holders of the Company	**160.9**	135.5

DILUTED EARNINGS PER SHARE

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the year that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

19 EARNINGS PER SHARE (CONTINUED)

The diluted earnings per share calculation takes into account all options issued under the ESOP, as in accordance with AASB 133 Earnings per Share, the average market price of ordinary shares during the period exceeds the exercise price of the options or warrants.

	2020 CENTS	2019 CENTS
From continuing operations attributable to the ordinary equity holders of the Company	**160.8**	135.4

EARNINGS USED IN CALCULATING EARNINGS PER SHARE

	2020 $'000	2019 $'000
Profit from continuing operations	**138,483**	115,912
Profit attributable to the ordinary equity shareholders of the Company used in calculating basic and diluted earnings per share	**138,483**	115,912

WEIGHTED AVERAGE NUMBER OF SHARES USED AS DENOMINATOR

	2020 NO.'000	2019 NO.'000
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**86,049**	85,531
Adjustments for calculation of diluted earnings per share:		
Options on issue	**61**	80
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	**86,110**	85,611

20 SHARE-BASED PAYMENTS

RECOGNITION AND MEASUREMENT

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. The fair value is measured by use of a Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

EQUITY-SETTLED SHARE-BASED BENEFITS

The Company has one share plan and one share and option plan available for employees and directors and executives of the Company: the Domino's Pizza Exempt Employee Share Plan ("Plan") and the Domino's Pizza Executive Share and Option Plan (ESOP). Both plans were approved by a resolution of the Board of Directors on 11 April 2005. Fully paid ordinary shares issued under these plans rank equally with all other existing fully paid ordinary shares, in respect of voting and dividend rights and future bonus and rights issues.

20 SHARE-BASED PAYMENTS (CONTINUED)

EXECUTIVE SHARE AND OPTION PLAN

The Company established the ESOP to assist in the recruitment, reward, retention and motivation of directors and executives of the Company ("the participants").

In accordance with the provisions of the scheme, executives within the Company, to be determined by the Board, are granted options to purchase parcels of shares at various exercise prices. Each option confers an entitlement to subscribe for and be issued one share, credited as fully paid, at the exercise price.

Options issued under the ESOP may not be transferred unless the Board determines otherwise. The Company has no obligation to apply for quotation of the options on the ASX. However, the Company must apply to the ASX for official quotation of shares issued on the exercise of the options.

The Company must not issue any shares or grant any option under this plan if, immediately after the issue or grant, the sum of the total number of unissued shares over which options, rights or other options (which remain outstanding) have been granted under this plan and any other Group employee incentive scheme would exceed 7.5% of the total number of shares on issue on a fully diluted basis at the time of the proposed issue or grant.

Fully diluted basis means the number of shares which would be on issue if all those securities of the Company which are capable of being converted into shares, were converted into shares. If the number of shares into which the securities are capable of being converted cannot be calculated at the relevant time, those shares will be disregarded.

The following share-based payment arrangements were in existence during the current and comparative reporting period:

OPTIONS GRANTED UNDER THE INCENTIVE PLANS

Set out below are summaries of the performance options and rights granted in respect of the 2020 and 2019 financial years under the incentive plans:

2020

OPTIONS SERIES	ISSUE & GRANT DATE	EXPIRY DATE	BALANCE AT START OF THE YEAR	GRANTED DURING AND IN RESPECT OF THE YEAR	EXERCISED DURING THE YEAR	LAPSED / FORFEITED DURING THE YEAR	BALANCE AT END OF THE YEAR	EXERCISABLE AT END OF THE YEAR
			NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER
(23)	3 Sep 15	28 Oct 20	300,000	-	(300,000)	-	-	-
(24)	3 Sep 15	31 Aug 19	192,250	-	(154,250)	(38,000)	-	-
(24)	3 Sep 15	31 Aug 20	150,000	-	(150,000)	-	-	-
(25)	1 Sep 16	28 Oct 20	400,000	-	-	(400,000)	-	-
(26)	1 Sep 16	31 Aug 20	200,000	-	-	-	200,000	200,000
(27)	1 Sep 16	31 Aug 20	410,500	-	-	(346,000)	64,500	64,500
(28)	8 Nov 17	31 Aug 21	220,000	-	-	-	220,000	-
(29)	19 Apr 18	31 Aug 21	578,250	-	-	(36,500)	541,750	-
(30)	14 Aug 18	31 Aug 21	147,000	-	-	-	147,000	-
(31)	23 Jan 19	31 Aug 22	220,000	-	-	-	220,000	-
(32)	25 May 19	31 Aug 22	653,750	-	-	(27,750)	626,000	-
(33)	26 Nov 19	1 Sep 23	-	297,000	-	-	297,000	-
(34)	26 Nov 19	26 Nov 23	-	183,225	-	-	183,225	-
(35)	26 Nov 19	1 Sep 23	-	294,092	-	-	294,092	-
(36)	20 Aug 19	20 Aug 29	-	6,250	-	-	6,250	-
TOTAL			3,471,750	780,567	(604,250)	(848,250)	2,799,817	264,500

20 SHARE-BASED PAYMENTS (CONTINUED)

2019

OPTIONS SERIES	ISSUE & GRANT DATE	EXPIRY DATE	BALANCE AT START OF THE YEAR	GRANTED DURING AND IN RESPECT OF THE YEAR	EXERCISED DURING THE YEAR	LAPSED / FORFEITED DURING THE YEAR	BALANCE AT END OF THE YEAR	EXERCISABLE AT END OF THE YEAR
			NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER
(19)	29 Oct 14	31 Aug 18	500	-	(500)	-	-	-
(21)	3 Feb 15	31 Aug 18	4,000	-	-	(4,000)	-	-
(22)	20 Jun 15	31 Aug 18	5,600	-	(5,600)	-	-	-
(23)	3 Sep 15	28 Oct 20	300,000	-	-	-	300,000	-
(24)	3 Sep 15	31 Aug 19	437,500	-	(242,250)	(3,000)	192,250	-
(24)	3 Sep 15	31 Aug 20	150,000	-	-	-	150,000	-
(25)	1 Sep 16	28 Oct 20	400,000	-	-	-	400,000	-
(26)	1 Sep 16	31 Aug 20	200,000	-	-	-	200,000	-
(27)	1 Sep 16	31 Aug 20	423,000	-	-	(12,500)	410,500	-
(28)	8 Nov 17	31 Aug 21	220,000	-	-	-	220,000	-
(29)	19 Apr 18	31 Aug 21	616,000	-	-	(37,750)	578,250	-
(30)	14 Aug 18	31 Aug 21	-	147,000	-	-	147,000	-
(31)	23 Jan 19	31 Aug 22	-	220,000	-	-	220,000	-
(32)	25 May 19	31 Aug 22	-	653,750	-	-	653,750	-
TOTAL			2,756,600	1,020,750	(248,350)	(57,250)	3,471,750	-

The weighted average exercise price at the date of the exercise of options during the 2020 financial year was $48.33 (2019: $40.81).

The weighted average remaining contractual life of options outstanding at the end of the 2020 financial year was 1.97 years (2019: 1.92 years)

FAIR VALUE OF SHARE OPTIONS GRANTED IN THE YEAR

The weighted average fair value of the options granted during the 2020 year is $11.58 (2019: $3.98). Options were valued using a Black Scholes option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural conditions.

The model inputs for rights granted during 2020 financial year include:

PERFORMANCE CONDITIONS	SERIES 33	SERIES 34	SERIES 35
Grant date share price	**$52.95**	**$52.95**	**$52.95**
Exercise price	**$50.25**	**$50.25**	**$50.25**
Expected volatility	**34.6%**	**32.5%**	**34.6%**
Option life years	**3.77**	**4.00**	**3.77**
Dividend yield	**2.18%**	**2.70%**	**2.18%**
Risk-free interest rate	**0.76%**	**0.70%**	**0.76%**

Series 36 is a zero exercise price option, therefore the options share price at date of grant approximates the options fair value.

20 SHARE-BASED PAYMENTS (CONTINUED)

The model inputs for rights granted during 2019 financial year include:

PERFORMANCE CONDITIONS	SERIES 30	SERIES 31	SERIES 32
Grant date share price	$49.00	$45.17	$40.40
Exercise price	$45.25	$51.96	$51.96
Expected volatility	30%	34%	33%
Option life years	2.07	2.91	2.42
Dividend yield	2.10%	2.39%	2.67%
Risk-free interest rate	1.73%	1.73%	1.23%

SHARE OPTIONS EXERCISED DURING THE YEAR

The following share options granted under the ESOP were exercised during the year:

2020 OPTION SERIES	**NUMBER EXERCISED**	**EXERCISE DATE**	**SHARE PRICE AT EXERCISE DATE ($)**
(24) Issued 3 September 2015	**11,250**	**22 August 2019**	**$42.28**
(24) Issued 3 September 2015	**54,000**	**23 August 2019**	**$42.77**
(24) Issued 3 September 2015	**30,000**	**26 August 2019**	**$42.85**
(24) Issued 3 September 2015	**26,500**	**27 August 2019**	**$42.75**
(24) Issued 3 September 2015	**12,000**	**28 August 2019**	**$43.00**
(24) Issued 3 September 2015	**13,000**	**29 August 2019**	**$42.80**
(24) Issued 3 September 2015	**7,500**	**30 August 2019**	**$43.37**
(24) Issued 3 September 2015	**150,000**	**07 November 2019**	**$50.03**
(23) Issued 3 September 2015	**300,000**	**12 November 2019**	**$50.32**

2019 OPTION SERIES	NUMBER EXERCISED	EXERCISE DATE	SHARE PRICE AT EXERCISE DATE ($)
(19) Issued 29 October 2014	500	17 August 2018	$56.00
(22) Issued 20 June 2015	5,600	17 August 2018	$56.00
(24) Issued 3 September 2015	75,000	03 September 2018	$54.10
(24) Issued 3 September 2015	19,500	04 September 2018	$54.14
(24) Issued 3 September 2015	12,500	10 September 2018	$54.70
(24) Issued 3 September 2015	26,000	08 November 2018	$55.68
(24) Issued 3 September 2015	30,000	13 November 2018	$50.31
(24) Issued 3 September 2015	5,750	11 February 2019	$47.27
(24) Issued 3 September 2015	38,500	21 February 2019	$44.50
(24) Issued 3 September 2015	35,000	25 February 2019	$43.89

FINANCIAL MANAGEMENT

Financial management provides information about the debt management practices of the Group as well as the Group's exposure to various financial risks, how these affect the Group's financial position and performance and what the Group does to manage these risks.

21 BORROWINGS

RECOGNITION AND MEASUREMENT

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

SUMMARY OF BORROWING ARRANGEMENTS

	2020 $'000	2019 $'000
Loans from other entities		
Loans from other entities	**35,978**	35,786
Total from other entities	**35,978**	35,786
Uncommitted		
Bank loans	**50,195**	-
Total uncommitted borrowings	**50,195**	-
Committed		
Bank loans(i)	**621,263**	599,031
Finance lease liabilities(ii)	**-**	16,632
Total committed borrowings	**621,263**	615,663
Current	**50,195**	5,373
Non-current	**657,241**	646,076
Total borrowings	**707,436**	651,449

(i) Loans to meet the cost of DPE's acquisitions in Germany are secured by way of a mortgage over shares DPE holds in the joint venture entity that owns the German territory assets. DPE's borrowings are otherwise unsecured.

(ii) Refer to note 35 in relation to adoption of AASB 16.

The unused facilities available on the Group's bank overdraft are $5,807 thousand (2019: $5,868 thousand). For further information in respect of the Group's borrowings, refer to note 24.

22 FINANCIAL ASSETS

RECOGNITION AND MEASUREMENT

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVPL) or through other comprehensive income (FVOCI) and those held at amortised cost.

Classification depends on the business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of financial assets at initial recognition. Generally, the Group does not acquire financial assets for the purpose of selling in the short-term. When the Group enters into derivative contracts, these transactions are designed to reduce exposures relating to assets and liabilities, firm commitments or anticipated transactions.

FINANCIAL ASSETS HELD AT AMORTISED COST

This classification applies to debt instruments which are held under a hold to collect business model and which have cash flows that meet the 'Solely payment of principal and interest' (SPPI) criteria.

Other financial assets are initially recognised at fair value plus related transaction costs; they are subsequently measured at amortised cost using the effective interest method. Any gain or loss on derecognition or modification of a financial asset held at amortised cost is recognised in the income statement.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest rate basis for financial assets held at amortised cost.

FINANCIAL ASSETS HELD AT FVOCI

This classification applies to the following financial assets:

- Debt instruments that are held under a business model where they are held for the collection of contractual cash flows and also for sale ('collect and sell') and which have cash flows that meet the SPPI criteria.

  All movements in the fair value of these financial assets are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue (including transaction costs by applying the effective interest method), gains or losses arising on derecognition and foreign exchange gains and losses which are recognised in the income statement. When the financial assets are derecognised, the cumulative fair value gain or loss previously recognised in other comprehensive income is reclassified to the income statement.

- Equity investment where the Group has irrevocably elected to present fair value gains and losses on revaluation in other comprehensive income. The election can be made for each individual investment however it is not applicable to equity investments held for trading.

  Fair value gains or losses on revaluation of such equity investments, including any foreign exchange components, are recognised in other comprehensive income. When the equity investment is derecognised, there is no reclassification of fair value gains or losses previously recognised in other comprehensive income to the income statement. Dividends are recognised in the income statement when the right to receive payment is established.

FINANCIAL ASSETS AT FVPL

This classification applies to the following financial assets, and in all cases, transaction costs are immediately expensed to the income statement:

- Debt instruments that do not meet the criteria of amortised cost or fair value through other comprehensive income. Subsequent fair value gains or losses are taken to the income statement.
- Equity investments which are held for trading or where the FVOCI election has not been applied. All fair value gains or losses are related dividend income are recognised in the income statement.
- Derivatives which are not designated as a hedging instrument. All subsequent fair value gains or losses are recognised in the income statement.

22 FINANCIAL ASSETS (CONTINUED)

DERIVATIVE FINANCIAL INSTRUMENTS

The Group enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

NON-CASH FINANCING AND INVESTING ACTIVITIES

Included in the movement of other financial assets are non-cash transactions of $35.7 million (2019: $40.9 million) for loans to Franchisees.

IMPAIRMENT OF FINANCIAL ASSETS

A forward looking ECL review is required for: debt instruments measured at amortised cost or held at fair value through other comprehensive income, loan commitments and financial guarantees not measured at fair value through profit or loss; lease receivables and trade receivables that give rise to an unconditional right to consideration.

As permitted by AASB 9, the Group applies the 'simplified approach' to trade receivable balances and the 'general approach' to all other financial assets (refer to note 12). The general approach incorporates a review for any significant increase in counterparty credit risk since inception. The ECL reviews include assumptions about the risk of default and expected loss rates.

DERECOGNITION OF FINANCIAL ASSETS

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

FINANCIAL ASSETS	**2020 $'000**	**2019 $'000**
Current		
Loans to franchisees	**14,350**	16,528
Foreign exchange forward contracts	**54**	-
Total current financial assets	**14,404**	16,528
Non-current		
Loans to franchisees	**49,100**	50,081
Allowance for doubtful loans	**(182)**	(1,141)
Financial guarantee receivable	**1,024**	1,494
Long-term store rental security deposits	**25,640**	19,979
Total non-current financial assets	**75,582**	70,413
Current	**14,404**	16,528
Non-current	**75,582**	70,413
Total financial assets	**89,986**	86,941

22 FINANCIAL ASSETS (CONTINUED)

IMPAIRMENT

Before providing any new loans to franchisees, the Group reviews the potential franchisee's credit quality, which is determined by reviewing a business plan and the projected future cash flows for that store, to ensure the franchisee is able to meet its interest repayments on the loan. On average, the interest charged was 5.8% (2019: 6.7%) in Australia and New Zealand, the average interest charged in France is 5.91% (2019: 5.61%), in the Netherlands is 7.09% (2019: 7.79%), in Germany is 4.96% (2019:4.78%) and the average interest charged in Japan is 5.0% (2019: 5.0%).

The Group applies the 'general approach' to measuring expected credit losses which uses a lifetime expected loss allowance for franchisee loans. The general approach incorporates a review for any significant increase in counterparty credit risk since inception. The ECL review includes assumptions about the risk of default and expected credit loss rates.

	2020 $'000	2019 $'000
Franchisee loans	**63,450**	66,609
Allowance for doubtful loans	**(182)**	(1,141)
	63,268	65,468

	2020 $'000	2019 $'000
Ageing of Franchisee Loans		
Amounts not yet due	**63,268**	65,468
	63,268	65,468

	2020 $'000	2019 $'000
Movement in allowance for loss allowance		
Balance at the beginning of the year	**1,141**	1,232
Impairment losses recognised on loans	**90**	60
Amounts written off as uncollectible	**(1,066)**	(180)
Effect of foreign currency	**17**	29
Balance at the end of the year	**182**	1,141

23 FINANCIAL LIABILITIES

RECOGNITION AND MEASUREMENT

FINANCIAL LIABILITY AND EQUITY INSTRUMENTS

CLASSIFICATION AS DEBT AND EQUITY

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

EQUITY INSTRUMENTS

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Consolidated entity are recorded at the proceeds received, net of direct issue costs.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

23 FINANCIAL LIABILITIES (CONTINUED)

FINANCIAL GUARANTEES AND CONTRACT LIABILITIES

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVPL, are subsequently at the higher of:

- the amount of the obligation under the contract, as determined in accordance with AASB 137 *'Provisions, Contingent Liabilities and Contingent Assets'*; and
- the amount initially recognised less, where appropriate, cumulative amortisation in accordance with the revenue recognition policies set out in Note 2.

FINANCIAL LIABILITIES

Financial liabilities are classified as either financial liabilities 'at FVPL' or 'other financial liabilities'.

FINANCIAL LIABILITIES AT FVPL

Financial liabilities are classified as at FVPL when the financial liability is either held for trading or it is designated as at FVPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing in the near term; or
- on initial recognition it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading is designated as at FVPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance evaluated on a fair value basis, in accordance with the Consolidated entity's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 9 'Financial Instruments' permits the entire combined contract (asset or liability) to be designated as at FVPL.

Financial liabilities at FVPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statement of comprehensive income.

FINANCIAL BORROWINGS

Borrowing and other financial liabilities (including trade payables but excluding derivative liabilities) are recognised initially at fair value, net of transaction costs incurred, and are subsequently measured at amortised cost.

DERECOGNITION OF FINANCIAL LIABILITIES

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

23 FINANCIAL LIABILITIES (CONTINUED)

ESTIMATES AND JUDGEMENTS

GERMANY PUT OPTION LIABILITY

The put option associated with Domino's Pizza Germany (DPG) is valued by management by taking into account adjusted unlevered price/earnings multiple rates and estimate of the timing of the exercise of the put. This is based on management's experience and knowledge of market conditions of the German Pizza industry and dealings with the sellers of Joey's Pizza and Hallo Pizza. As the inputs are not observable the liability is considered Level 3 in the fair value hierarchy.

FINANCIAL LIABILITIES	2020 $'000	2019 $'000
Current		
Interest rate swaps	**472**	467
Foreign exchange contracts	**-**	436
Rent incentive liabilities	**-**	111
Security deposits	**9,416**	9,402
Market access right(i)	**9,173**	-
Contingent consideration	**47**	672
Deferred consideration	**1,253**	1,253
Other	**1,289**	19
Total current financial liabilities	**21,650**	12,360

FINANCIAL LIABILITIES	2020 $'000	2019 $'000
Non-current		
Interest rate swaps	**839**	1,882
Rent incentive liabilities	**-**	1,161
Market access right(i)	**15,517**	19,859
Contingent consideration	**586**	2,134
Deferred consideration	**-**	1,278
Put / call minority interest liability(ii)	**112,980**	87,832
Other	**1,564**	-
Total non-current financial liabilities	**131,486**	114,146
Current	**21,650**	12,360
Non-current	**131,486**	114,146
Total financial liabilities	**153,136**	126,506

(i) Market access right arising in respect of the Group's contractual arrangements with DPG.

(ii) Put / call option liability arises in respect of the minority interest in Domino's Germany.

FAIR VALUE OF DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

As described in note 24, management uses their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. Details of assumptions are provided in note 24.

24 FINANCIAL RISK MANAGEMENT

CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern, while maximising the return to stakeholders through optimisation of the debt and equity balances.

The capital structure of the Group consists of net debt, which includes borrowings, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves, retained earnings and non-controlling interest.

The Group operates globally, primarily through subsidiary companies established in the markets in which the Group trades, these companies are not subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand the Groups assets, as well as to make routine outflows of tax, dividends and repayment of maturing debt. The Group policy is to control borrowing centrally; using a variety of capital market issues and borrowing facilities, to meet anticipated funding requirements.

The Group's management and board of directors review the capital structure formally on an annual basis. The board of directors consider the cost of capital and associated risk. Based on recommendations from management and the board of directors, the Group will balance its overall capital structure through payment of dividends, new share issues and issue or redemption of debt.

GEARING RATIO

The gearing ratio at the end of the reporting period was as follows:

	2020 $'000	2019 $'000
Debt(i)	**707,436**	651,449
Cash and cash equivalent	**(245,678)**	(101,404)
Net debt	**461,758**	550,045
Equity(ii)	**393,373**	346,007
Net debt to equity ratio	**117.4%**	159.0%

(i) Debt is defined as long-term and short-term borrowings, excluding capitalised borrowing costs, as detailed in note 21.

(ii) Equity includes all capital and reserves that are managed as capital.

The categories of financial assets and liabilities are outlined below:

			2020		2019	
FINANCIAL ASSETS	**CLASSIFICATION**	**NOTE**	**INTEREST RATE %(1)**	**$'000**	INTEREST RATE %(1)	$'000
Trade and other receivables	Amortised cost	12	**-**	**146,462**	-	93,902
Loans receivable	Amortised cost	22	**3.61**	**63,268**	5.70	65,468
Financial guarantee contracts	Amortised cost	22	**6.10**	**1,024**	6.25	1,494
Deposits	Amortised cost	22	**-**	**25,640**	-	19,979
Investment in lease assets	Amortised cost	10	**1.24**	**382,391**	-	-
Forward exchange contracts	FVOCI	22	**-**	**54**	-	-

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

			2020		2019	
FINANCIAL LIABILITIES	**CLASSIFICATION**	**NOTE**	**INTEREST RATE %(i)**	**$'000**	INTEREST RATE %(i)	$'000
Trade and other payables	Amortised cost	13	**-**	**323,618**	-	188,608
Other financial liabilities	Amortised cost	23	**-**	**12,269**	-	9,421
Rent incentive liability	Amortised cost	23	**-**	**-**	-	1,272
Bank loans	Amortised cost	21	**1.81**	**621,263**	2.16	599,031
Other bank loans	Amortised cost	21	**0.77**	**50,195**	-	-
Loans from other entities	Amortised cost	21	**2.70**	**35,978**	2.70	35,786
Finance lease liability	Amortised cost	21	**-**	**-**	1.13	16,632
Lease liabilities	Amortised cost	10	**0.94**	**768,252**	-	-
Market access right	FVOCI	23	**-**	**24,690**	-	19,859
Put-option liability	FVOCI	23	**-**	**112,980**	-	87,832
Contingent consideration	FVPL	23	**-**	**633**	-	2,806
Deferred consideration	FVPL	23	**-**	**1,253**	-	2,531
Interest rates swaps	Derivative financial instrument	23	**-**	**1,311**	-	2,349
Foreign exchange contracts	Derivative financial instrument	23	**-**	**-**	-	436

(i) Interest rates represent the weighted average effective interest rate.

FINANCIAL RISK MANAGEMENT

Group treasury co-ordinates access to financial markets, monitors and manages the financial risks relating to the operations of the Group in line with its policies. These risks include:

- Liquidity risk;
- Market risk, including foreign currency, interest rate and commodity price risk; and
- Credit risk.

The Group seeks to manage and minimise its exposure to these financial risks by using derivative financial instruments to hedge the risk, governed by the approved Group policies, which provides written principles on foreign exchange risk, interest rate risk, credit risk and the use of derivatives and investment of excess liquidity. Compliance with policies and exposure limits are reviewed by the board of directors. The Group does not enter into or trade financial instruments, including derivative instruments, for speculative purposes.

LIQUIDITY RISK

NATURE OF THE RISK

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, continuously monitoring forecast and actual cash flows, and matching the maturity profiles of financial assets and liabilities. Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

FINANCING FACILITIES

	2020 $'000	2019 $'000
Unsecured bank overdraft, reviewed annually and payable at call:		
Amount used	-	-
Amount unused	5,807	5,868
Total	5,807	5,868
Committed commercial bill facility, reviewed annually:		
Amount used	675,350	601,894
Amount unused	137,914	162,258
Total	813,264	764,152
Uncommitted facilities, at call:		
Amount used	33,903	-
Amount unused	8,146	54,435
Total	42,049	54,435

MATURITY OF FINANCIAL ASSETS AND LIABILITIES

The following tables analyse the Group's financial assets and liabilities, including net and gross settled financial instruments, into relevant maturity periods based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows and hence will not necessarily reconcile with the amounts disclosed in the balance sheet.

Expected future interest payments on loans and borrowings exclude accruals already recognised in trade and other payables.

For foreign exchange derivatives and cross-currency interest rate swaps, the amounts disclosed are the gross contractual cash flows to be paid.

For interest rate swaps, the cash flows are the net amounts to be paid at each quarter, excluding accruals included in trade and other payables, and have been estimated using forward interest rates applicable at the reporting date.

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

28 JUNE 2020	LESS THAN 1 YEAR $'000	1-5 YEARS $'000	MORE THAN 5 YEARS $'000
Financial assets			
Trade and other receivables	**146,462**	**-**	**-**
Loans receivable	**14,350**	**35,473**	**13,445**
Cash and cash equivalents	**245,678**	**-**	**-**
Financial guarantee contracts	**-**	**1,024**	**-**
Forward exchange contracts	**54**	**-**	**-**
Investment in lease assets	**48,557**	**195,696**	**138,138**
Deposits	**-**	**25,640**	**-**
Financial liabilities			
Trade and other payables	**(323,618)**	**-**	**-**
Derivative instruments in designated hedge accounting relationships	**(472)**	**(839)**	**-**
Bank loans	**-**	**(621,263)**	**-**
Other bank loans	**(50,195)**	**-**	**-**
Loans from other entities	**-**	**(35,978)**	**-**
Lease liabilities	**(105,203)**	**(399,438)**	**(263,611)**
Market access right	**(9,173)**	**(15,517)**	**-**
Put option liability	**-**	**(112,980)**	**-**
Contingent consideration	**(47)**	**(586)**	**-**
Deferred consideration	**(1,253)**	**-**	**-**
Other financial liabilities	**(10,705)**	**(1,564)**	**-**

30 JUNE 2019			
Financial assets			
Trade and other receivables	93,902	-	-
Loans receivable	16,528	26,271	22,669
Cash and cash equivalents	101,404	-	-
Financial guarantee contracts	-	1,494	-
Deposits	-	19,979	-
Financial liabilities			
Trade and other payables	(188,608)	-	-
Derivative instruments in designated hedge accounting relationships	(903)	(1,882)	-
Bank loans	-	(599,031)	-
Loans from other entities	-	(35,786)	-
Finance lease liability	(5,373)	(11,259)	-
Market access right	-	(19,859)	-
Put option liability	-	(87,832)	-
Contingent consideration	(672)	(2,134)	-
Deferred consideration	(1,253)	(1,278)	-
Rent incentive liability and other	(130)	(1,161)	-
Other financial liabilities	(9,402)	-	-

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

The following table details the Group's liquidity analysis for is derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

2020	LESS THAN 1 MONTH $'000	1-3 MONTHS $'000	3 MONTHS TO 1 YEAR $'000	1-5 YEARS $'000
Net Settled				
Interest rate swaps	-	-	**(472)**	**(839)**
Gross Settled				
Forward foreign exchange contracts - Inflow	**5,685**	**11,951**	**15,940**	-
Forward foreign exchange contracts - (Outflows)	**(5,676)**	**(11,932)**	**(15,914)**	-
	9	**19**	**26**	**-**
2019				
Net Settled				
Interest rate swaps	-	-	(467)	(1,882)
Gross Settled				
Forward foreign exchange contracts - Inflow	-	4,228	20,763	-
Forward foreign exchange contracts - (Outflow)	-	(4,302)	(21,125)	-
	-	(74)	(829)	(1,882)

MARKET RISK

NATURE OF FOREIGN CURRENCY RISK

The Group's activities expose it primarily to the Euro and Japanese Yen currencies and to interest rate risk through its borrowings. The Group's foreign operations are carried out in New Zealand, Japan and Europe, which exposes the Group's investments to movements in the AUD/NZD, AUD/JPY and AUD/EUR exchange rates. The Group mitigates and manages the effect of its translational currency exposure by borrowing in NZ dollars, Japanese Yen and Euro.

The Group enters into a variety of derivative and non-derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including:

- Interest rate swaps to mitigate risk of rising interest rates;
- Cross currency interest rate swap to mitigate rising interest rates and foreign exchange fluctuation;
- Debt to manage currency risk; and
- Forward foreign exchange contracts to hedge the exchange rate risk of purchases.

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

EXPOSURE

The Group's exposure, before hedging arrangements, to the NZ dollar, Euro and Japanese Yen at the balance sheet date were as follows:

	ASSETS		LIABILITIES	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000
New Zealand Dollar	**10,507**	8,063	**(4,375)**	(4,432)
Euro	**110,586**	67,408	**(521,785)**	(497,362)
Japanese Yen	**203,620**	105,898	**(332,492)**	(262,024)

FOREIGN CURRENCY RISK MANAGEMENT

The hedging function of the Group is to address foreign currency risk and is managed centrally. The Group requires all subsidiaries to hedge foreign exchange exposures for firm commitments relating to sale or purchases or when highly probable forecast transactions have been identified. Before hedging, the subsidiaries are also required to take into account their competitive position. The hedging instrument must be in the same currency as the hedged item.

The objective of the Group's policy on foreign exchange hedging is to protect the Group from adverse currency fluctuations.

SENSITIVITY TO FOREIGN EXCHANGE MOVEMENTS

The sensitivity analysis below shows the impact that a reasonable possible change in foreign exchange rates over a financial year would have on profit after tax and equity, based solely on the Group's foreign exchange rate exposure existing at the balance sheet date. The Group has used the observed range of actual historical rates for the preceding five-year period, with a heavier weighting placed on recently observed market data, in determining reasonable possible exchange movements to be used for the current year's sensitivity analysis. Past movements are not necessarily indicative of future movements.

The following exchange rates have been used in performing the sensitivity analysis:

	EURO	JPY	NZD
Actual 2020	**0.61**	**73.74**	**1.07**
+ 10%	**0.68**	**81.11**	**1.18**
-10%	**0.55**	**66.37**	**0.96**
Actual 2019	0.62	75.54	1.05
+ 10%	0.68	83.09	1.15
-10%	0.56	67.99	0.94

The Group's exposure to changes in market interest rates relates primarily to the Group's debt obligations that have floating interest rates.

The impact on profit and equity is estimated by relating the hypothetical changes in the NZ Dollar, Japanese Yen and Euro exchange rate to the balance of financial instruments at the reporting date. Foreign currency risks, as defined by AASB 7 Financial Instruments: disclosure, arise on account of the financial instruments being denominated in a currency that is not the functional currency in which the financial instruments are measured.

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Differences from the translation of the financial statements into the Group's presentation currency are not taken into consideration in the sensitivity analysis. The results of the foreign exchange rate sensitivity analysis are driven by three main factors, as outlined below:

- The impact of applying the above foreign exchange movements to financial instruments that are not in hedge relationships will be recognised directly in profit or loss;
- To the extent that the foreign currency denominated derivatives on balance sheet form part of an effective cash flow hedge relationship, any fair value movements caused by applying the above sensitivity movements will be deferred in equity and will not affect profit or loss; and
- Movements in financial instruments forming part of an effective fair value hedge relationship will be recognised in profit or loss. However, as a corresponding entry will be recognised for the hedged item, the net effect on profit or loss will be nil.

The below table details the impact of the Group's profit after tax and other equity had there been a movement in the NZ dollar, Japanese Yen and Euro with all other variables held constant.

	TOTAL IMPACT	
	2020 $'000	2019 $'000
Profit or (loss)		
If there was a 10% increase in exchange rates with all other variables held constant	**-**	-
If there was a 10% decrease with all other variables held constant	**-**	-
Other equity		
If there was a 10% increase in exchange rates with all other variables held constant	**4,428**	8,707
If there was a 10% decrease with all other variables held constant	**(6,718)**	(10,642)

NATURE OF INTEREST RATE RISK

INTEREST RATE RISK MANAGEMENT

The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swaps. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

From a Group perspective, any internal contracts are eliminated as part of the consolidation process, leaving only external contracts.

EXPOSURE

As at the balance sheet date, the Group had financial assets and liabilities with exposure to interest rate risk. Interest on financial instruments classified as floating rate, is repriced at intervals of less than one year. Interest on financial instruments, classified as fixed rate, is fixed until maturity of the instrument. The classification between fixed and floating interest takes into account applicable hedge instruments. Other financial instruments of the Group that are not included in the following table are non-interest bearing and are therefore not subject to interest rate risk.

SENSITIVITY TO INTEREST RATE MOVEMENTS

The following sensitivity analysis shows the impact that a reasonable possible change in interest rates would have on Group profit after tax and equity. The impact is determined by assessing the effect that such a reasonable possible change in interest rates would have had on the interest income/(expense) and the impact on financial instrument fair values. This sensitivity is based on reasonable possible changes over a financial year, determined using observed historical interest rate movements of the preceding five-year period, with a heavier weighting given to more recent market data.

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

If interest rates had moved by 100 basis points and with all other variables held constant, profit before tax and equity would be affected as follows:

	IMPACT ON PROFIT BEFORE TAX	
	2020 $'000	2019 $'000
Interest rates - increase by 100 basis points	**(2,378)**	(1,961)
Interest rates - decrease by 100 basis points	**1,154**	1,917

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts and estimated fair values of all Group's financial instruments recognised in the financial statements are materially the same.

The methods and assumptions used to estimate the fair value of financial instruments are as follows:

CASH

The carrying amount is the fair value due to the asset's liquid nature.

RECEIVABLES/PAYABLES

Due to the short-term nature of these financial rights and obligations, carrying amounts represent the fair values.

OTHER FINANCIAL ASSETS/LIABILITIES

Loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'Other financial Assets'. Loans are measured at amortised cost using the effective interest method less impairment. Interest income is recognised by applying the effective interest rate.

DERIVATIVES

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Foreign exchange forward contracts, interest rate swap contracts and cross-currency interest rate swaps are all valued using forward pricing techniques. This includes the use of market observable inputs, such as foreign exchange spot and forward rates, yield curves of the respective currencies, interest rate curves and forward rate curves of the underlying commodity. Accordingly, these derivatives are classified as Level 2.

INTEREST BEARING LOANS AND BORROWINGS

Quoted market prices or dealer quotes for similar instruments are used to value long-term (greater than one year) debt instruments.

VALUATION OF FINANCIAL INSTRUMENTS

For all fair value measurements and disclosures, the Group uses the following to categorise the method used:

- Level 1: the fair value is calculated using quoted prices in active markets.
- Level 2: the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3: the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

The following table presents the Group's assets and liabilities measured and recognised at fair value at the reporting date.

28 JUNE 2020	LEVEL 1 $'000	LEVEL 2 $'000	LEVEL 3 $'000	TOTAL $'000
Recurring fair value measurements				
Financial assets				
Foreign exchange contracts	-	54	-	54
Total financial assets	-	54	-	54
Financial liabilities				
Interest rate swaps	-	1,311	-	1,311
Put option over non-controlling interest	-	-	112,980	112,980
Market access right	-	-	24,690	24,690
Contingent consideration	-	-	633	633
Total financial liabilities	-	1,311	138,303	139,614
30 JUNE 2019				
Recurring fair value measurements				
Financial liabilities				
Interest rate swaps	-	2,349	-	2,349
Foreign exchange contracts	-	436	-	436
Put option over non-controlling interest	-	-	87,832	87,832
Market access right	-	-	19,859	19,859
Contingent consideration	-	-	2,806	2,806
Total financial liabilities	-	2,785	110,497	113,282

There have been no transfers between Level 1 and Level 2.

The only financial liabilities subsequently measured at fair value on Level 3 fair value measurement represent the fair value of the put option and market access right relating to the acquisition of Domino's Pizza Germany and contingent consideration for previous acquisitions. No gain or loss for the year relating to these liabilities has been recognised in profit or loss.

The opening balance for the put option liabilities was $87.8 million and has a closing balance at year end of $113.0 million. The movement of the put liability is recorded in reserves.

No gain or loss relating to level 3 liabilities has been recognised in profit or loss.

VALUATION TECHNIQUES USED TO DERIVE LEVEL 2 AND 3 FAIR VALUES

The fair values of the financial assets and financial liabilities included in the level 2 and 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties and long-term revenue and profit growth rates.

The level 2 financial instruments have been valued using the discounted cash flow technique. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

Specific valuation techniques used to value level 3 financial instruments include:

PUT OPTION OVER NON-CONTROLLING INTEREST

The valuation technique used is the unlevered price/earnings multiple which requires future earnings to be estimated. The significant unobservable inputs include adjusted unlevered price/earnings multiple and the put option is exercisable 4 years (January 2020) from date of the joint venture agreement (December 2015). The call option is exercisable 6 years (January 2022) from the date of the joint venture agreement. The earnings and margins are based on management's experience and knowledge of the market conditions of the industry, with the higher earnings resulting in a higher fair value and the shorter the time period resulting in a lower fair value.

MARKET ACCESS RIGHT

The valuation technique used is the income approach. In this approach the discounted cash flows are used to capture the future cost of the asset. The significant unobservable inputs include adjusted unlevered price/earnings multiples. The earnings and margins are based on management's experience and knowledge of the market conditions of the industry, with the higher earnings resulting in a higher fair value.

CONTINGENT CONSIDERATION IN A BUSINESS COMBINATION

The discounted cash flow method was used to calculate the present value of the expected future economic benefits that will flow out of the Group arising from the contingent consideration. The significant unobservable inputs include the projected gross margin based on management's experience and knowledge of market and industry conditions. Significant increase/(decrease) in the gross profit would result in a higher/(lower) fair value of the contingent consideration liability.

OFFSETTING FINANCIAL INSTRUMENTS

The Group presents its derivative assets and liabilities on a gross basis. Derivative financial instruments entered into by the Group are subject to enforceable master netting arrangements, such as International Swaps and Derivatives Association (ISDA) master netting agreements. In certain circumstances, for example, when a credit event such as a default occurs, all outstanding transactions under ISDA agreements are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The amounts set out in note 22 and 23 represent the derivative financial assets and liabilities of the Group, that are subject to the above arrangements and are presented on a gross basis.

HEDGING

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges, or hedges of net investment in foreign operations as appropriate. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedge relationship meet all of the hedge effectiveness requirements prescribed in AASB 9.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjust the hedge ratio for the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group holds the following hedging instruments:

FORWARD EXCHANGE CONTRACTS

Contracts denominated in US dollar to hedge highly probable sale and purchase transactions (cash flow hedges).

INTEREST RATE SWAPS

To optimise the Group's exposure to fixed and floating interest rates arising from borrowings. These hedges incorporate cash hedges, which fix future interest payments, and fair value hedges, which reduce the Group's exposure to changes in the value of its assets and liabilities arising from interest rate movements.

CROSS-CURRENCY INTEREST RATE SWAPS

To either reduce the Group's exposure to exchange rate variability in its interest repayments of foreign currency denominated debt (cash flow hedges) or to hedge against movements in the fair value of those liabilities due to exchange and interest rate movements (fair value hedges). The borrowing margin on the Group's cross-currency interest rate swap has been treated as a cost of hedging and deferred into equity. These costs are then amortised to the profit and loss as a finance cost over the remaining life of the borrowing.

CASH FLOW HEDGES

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria. This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur the gain or loss accumulated in equity is recognised immediately in profit or loss.

The Group uses cash flow hedges to mitigate the risk of variability of future cash flows attributable to foreign currency fluctuations over the hedging period associated with foreign currency borrowings and ongoing business activities, predominantly where there are highly probable purchases or settlement commitments in foreign currencies. The Group also uses cash flow hedges to hedge variability in cash flows due to interest rates associated with borrowings.

At 28 June 2020, the Group have interest rate swap agreements in place with a notional amount of €131 million and ¥12 billion, whereby the Group receives a fixed rate of interest of EURIBOR (floored at 0%) and TIBOR +0% and pays interest at rate equal to 0.168% and 0.242% on the notional amount. The swap is being used to hedge the exposure to changes in the fair value of its fixed rate secured loans.

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at the end of the financial year.

As the critical terms of the interest rate swap contracts and their corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness and it is expected that the value of the interest rate swap contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying interest rates. The main source of hedge ineffectiveness in these hedge relationships is the effect of the counterparty and the Group's own credit risk on the fair value of the interest rate swap contracts, which is not reflected in the fair value of the hedged item attributable to the change in interest rates. No other sources of ineffectiveness emerged from these hedging relationships.

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

The impact of the hedging instruments on the statement of financial position as at 28 June 2020 is, as follows:

	2020 $'000	2019 $'000
Interest Rate Swap		
Notional Amount (Euro)	**131,000**	131,000
Carrying Amount (AUD)	**213,425**	212,283
Change in intrinsic value of outstanding hedging instrument since 01 July 2019 (AUD)	**(370)**	(715)
Change in value of hedged item used to determine hedge effectiveness (AUD)	**370**	715
Notional Amount (JPY)	**12,000,000**	12,000,000
Carrying Amount (AUD)	**162,734**	158,856
Change in intrinsic value of outstanding hedging instrument since 01 July 2019 (AUD)	**(941)**	(1,634)
Change in value of hedged item used to determine hedge effectiveness (AUD)	**941**	1,634

The line item in the statement of financial position which is impacted by the hedging instrument is current financial liabilities.

Amounts recognised in equity are transferred to income statement when the hedged transaction affects profit or loss, such as when hedged income or expenses are recognised or when a forecast sale occurs or the asset is consumed. When the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or roll over, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs.

HEDGES OF NET INVESTMENT IN FOREIGN OPERATIONS

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in Other Comprehensive Income and accumulated under the heading of foreign currency transaction reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal or partial disposal of the foreign operations.

Included in borrowings at 28 June 2020 is borrowings of $150,972 thousand, which has been designated as hedge of the net investments in the Group's European subsidiaries. These borrowings are being used to hedge the Group's exposure to the foreign exchange risk on these investments.

There are economic relationships between the hedged items and the hedging instruments as the net investment creates a transaction risk that will match the foreign exchange risk on the Euro borrowings. The Group has established a hedge ratio of 1:1 as the underlying risk of the hedging instruments are identical to the hedged risk component. The hedge ineffectiveness will arise when the amount of the investment in the foreign subsidiary become lower than the amount of the fixed rate borrowing.

The impact of the hedging instruments on the statement of financial position is, as follows:

	2020 $'000	2019 $'000
Hedge of Net Investment in Foreign Operations		
Notional amount (EURO)	**92,667**	92,667
Carrying amount (AUD)	**150,972**	150,165
Change in intrinsic value of outstanding hedging instrument since 02 July 2018 (AUD)	**1,145**	(4,059)
Change in value of hedged item used to determine hedge effectiveness (AUD)	**(1,145)**	4,059

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

HEDGING RESERVES

The Group's hedging reserves are disclosed in note 16.

CREDIT RISK

NATURE OF CREDIT RISK

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument or customer contract that will result in a financial loss to the Group. The Group is exposed to credit risk from its operating activities (primarily from customer receivables and from its financing activities, including deposits with financial institutions, foreign exchange transactions and other financial instruments).

CREDIT RISK MANAGEMENT: RECEIVABLES & LOANS

Customer credit risk is managed by each division subject to established policies, procedures and controls relating to customer credit risk management. The Group trades with recognised well-established franchisees. Depending on the division, credit terms for receivables are generally up to 30 days from date of invoice. Loans payments are received weekly in arrears. The Group's exposure to bad debts is not significant and default rates have historically been very low on both receivables and loans.

Franchisee's and customers who trade on credit terms are subject to credit verification procedures, including an assessment of financial position, past experience and industry reputation. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. In the event that a loan defaults, the Group's policy is to purchase and operate the store as a corporate store.

The credit quality of trade receivables and loans neither past due nor impaired has been assessed as high based on information on counterparty and historical counter party default. The carrying value of the Groups trade, other receivables and loans are denominated in Australian dollars, NZ dollars, Japanese Yen and Euros.

EXPOSURE

The Group's maximum credit exposure to current receivables, finance advances and loans are shown below:

	2020 $'000	2019 $'000
ANZ	**110,832**	74,985
Europe	**51,940**	53,915
Japan	**47,141**	30,470
Total	**209,913**	159,370

CREDIT RISK MANAGEMENT: FINANCIAL INSTRUMENTS AND CASH DEPOSITS

Credit risk from balances with banks and financial institutions is managed by the Group in accordance with the Board-approved policy. Investments of surplus funds are made only with approved counterparties.

The carrying amount of financial assets represents the maximum credit exposure. There is also exposure to credit risk when the Group provides a guarantee to another party. Details of contingent liabilities are disclosed in note 29. There are no significant concentrations of credit risk within the Group.

GROUP STRUCTURE

Group structure explains aspects of the Group structure and how changes have affected the financial position and performance of the Group.

25 SUBSIDIARIES

Details of the Company's subsidiaries at 28 June 2020 are as follows:

NAME OF ENTITY	PLACE OF INCORPORATION AND OPERATION	FUNCTIONAL CURRENCY	PROPORTION OF OWNERSHIP AND VOTING POWER HELD 2020 %	2019 %
Domino's Development Fund Pty Ltd(i)	Australia	AUD	**100**	100
Hot Cell Pty Ltd(i)	Australia	AUD	**100**	100
Silvio's Dial-a-Pizza Pty Ltd(i)	Australia	AUD	**100**	100
IPG Marketing Solutions Pty Ltd(i)	Australia	AUD	**100**	100
Catering Service & Supply Pty Ltd(i)	Australia	AUD	**100**	100
Domino's Pizza Enterprises Ltd Employee Share Trust	Australia	AUD	**100**	100
Construction, Supply & Service Pty Ltd(i)	Australia	AUD	**100**	100
Ride Sports ANZ Pty Ltd(i)	Australia	AUD	**100**	100
Domino's Pizza New Zealand Limited	New Zealand	NZD	**100**	100
DPH NZ Holdings Limited	New Zealand	NZD	**100**	100
Domino's Pizza Japan, Inc.	Japan	JPY	**100**	100
Domino's Pizza Europe B.V.	The Netherlands	EUR	**100**	100
Domino's Pizza Netherlands B.V.	The Netherlands	EUR	**100**	100
DOPI Vastgoed B.V.	The Netherlands	EUR	**100**	100
Domino's Pizza Geo B.V.	The Netherlands	EUR	**100**	100
Domino's Pizza WOW Group B.V	The Netherlands	EUR	**50**	50
N4N B.V.	The Netherlands	EUR	**50**	50
Domino's Pizza Belgium S.P.R.L	Belgium	EUR	**100**	100
Daytona Holdco Limited (UK)	UK	EUR	**100**	100
Daytona JV Limited (UK)	UK	EUR	**67**	67
Ausmark Holdco Limited	UK	EUR	**100**	100
Ausmark ApS	Denmark	DKK	**100**	100
Daytona Germany HRB	Germany	EUR	**67**	67
Domino's Pizza Deutschland GmbH (previously Joey's Pizza International GmbH)	Germany	EUR	**67**	67
Hallo Pizza GmbH	Germany	EUR	**67**	67
DPEU Holdings S.A.S.	France	EUR	**100**	100
Domino's Pizza France S.A.S.	France	EUR	**100**	100
HVM Pizza S.A.R.L.	France	EUR	**100**	100
Fra-Ma-Pizz S.A.S.	France	EUR	**100**	100
Double Six S.A.S(ii)	France	EUR	**-**	100
Pizza Centre France S.A.S.	France	EUR	**100**	100
Groupe AVB S.A.S.	France	EUR	**100**	100
AVB2 S.A.R.L.	France	EUR	**100**	100
AVB Services S.A.R.L.	France	EUR	**100**	100
AVB3 S.A.R.L.	France	EUR	**100**	100
AVB4 S.A.R.L.	France	EUR	**100**	100
AVB5 S.A.R.L.	France	EUR	**100**	100

(i) This entity is a member of the tax-consolidated group where Domino's Pizza Enterprises Limited is the head entity within the tax-consolidated group.

(ii) Entity has been liquidated.

26 PARENT ENTITY INFORMATION

PARENT ENTITIES

The parent entity and the ultimate parent entity in the Consolidated entity is Domino's Pizza Enterprises Limited.

FINANCIAL POSITION

	2020 $'000	2019 $'000
Assets		
Current assets	**167,973**	46,203
Non-current assets	**855,993**	678,589
Total assets	**1,023,966**	724,792
Liabilities		
Current liabilities	**140,060**	73,290
Non-current liabilities	**694,292**	467,066
Total liabilities	**834,352**	540,356
Equity		
Issued capital	**235,420**	206,218
Retained earnings	**33,504**	57,170
Reserves		
Equity-settled share-based benefits	**(77,423)**	(76,509)
Hedging	**(1,887)**	(2,443)
Total equity	**189,614**	184,436

FINANCIAL PERFORMANCE

	2020 $'000	2019 $'000
Profit for the year	**80,821**	86,156
Other comprehensive income	**556**	(966)
Total comprehensive income	**81,377**	85,190

TAX CONSOLIDATED GROUP

The Company and all its wholly-owned Australian resident entities are part of a tax consolidated group under Australian taxation law. Domino's Pizza Enterprises Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group approach' by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

The entities in the tax-consolidated group have not entered into a tax sharing agreement or tax funding agreement. Income tax liabilities payable to the tax authorities in respect of the tax-consolidated group are recognised in the financial statements of the parent entity.

A tax-consolidated group was formed with effect from 1 July 2003 and is therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Domino's Pizza Enterprises Limited. The members of the tax-consolidated group are identified at note 25.

CONTINGENT LIABILITIES OF THE PARENT ENTITY

Guarantees are provided to third party financial institutions in relation to franchisee loans. The amount disclosed as a contingent liability represents the amounts guaranteed in respect of franchisees that would not, without the guarantee, have been granted the loans. The directors believe that if the guarantees are ever called on, the Company will be able to recover the amounts paid upon disposal of the stores. Refer to note 29 for further information regarding the contingent liabilities of the parent entity.

27 INVESTMENT IN JOINT VENTURE

RECOGNITION AND MEASUREMENT

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results, assets and liabilities of the joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of AASB 9 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with AASB 9. The difference between the carrying amount of the joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would be required if that joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group transacts with a joint venture of the group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

On 24 November 2014, the Group acquired 50% equity of a joint venture called Stuart Preston Pty Ltd as Trustee for the Preston Holdings Family Trust / Hot Cell Pty Ltd Partnership. On 30 March 2015, the Group acquired 50% equity of a joint venture called Triumphant Pizza Pty Ltd / Hot Cell Partnership.

On 4 April 2016, the Group acquired 50% equity of a joint venture called Northern Beaches Enterprises Pty Ltd as trustee for the Northern Beaches Trust/ Hot Cell Pty Ltd Partnership.

As per February 3, 2017 Domino's Pizza Netherlands B.V. entered into a joint venture named Domino's Pizza GEO B.V. with a franchisee, Mr. Steenks (50% each). Upon establishing this joint venture a total of three corporate stores previously owned by Domino's and two stores owned by the franchisee were transferred to the legal entity.

UNRECOGNISED ITEMS

Unrecognised items provides information about items that are not recognised in the financial statements but could potentially have a significant impact on the Group's financial position and performance.

28 COMMITMENTS

The Group has various lease contracts that have not yet commenced as at 28 June 2020. The future lease payments for these non-cancellable lease contracts are $1,422 thousands within one year, $3,832 thousands within five years and $3,115 thousands thereafter.

COMMITMENT DISCLOSURES UNDER AASB 117 LEASES

The following disclosures relate to the Group's accounting for leases under AASB 117. Refer to note 35 for disclosures relating to the adoption of AASB 16.

OPERATING LEASES COMMITMENTS

	2019 $'000
Not longer than 1 year	98,619
Longer than 1 year and not longer than 5 years	221,823
Longer than 5 years	103,472
Total	423,914

The operating lease commitments above include leases of franchised stores under sublease arrangements representing a future payment and future receivable to the Group. Future lease payments receivable under sub-leases in the prior year were:

	2019 $'000
Not longer than 1 year	44,220
Longer than 1 year and not longer than 5 years	98,031
Longer than 5 years	29,291
Total	171,542

In respect of non-cancellable operating leases the following liabilities have been recognised:

	NOTE	**2020 $'000**	2019 $'000
Current			
Make good	14	**188**	187
Non-current			
Straight-line leasing	14	**-**	126
Make good	14	**2,109**	1,749
Total		**2,297**	2,062

28 COMMITMENTS (CONTINUED)

FINANCE LEASES

FINANCE LEASE COMMITMENTS

The following disclosures relate to the Group's accounting for finance leases under AASB 117. Refer to note 35 in relation to adoption of AASB 16.

	PRESENT VALUE OF MINIMUM FUTURE LEASE PAYMENTS
	2019 $'000
No later than 1 year	5,373
Later than 1 year and not later than 5 years	11,259
Minimum lease payments[(i)]	16,632
Less future finance charges	-
Present value of minimum lease payments	16,632

(i) Minimum future lease payments include the aggregate of all lease payments and any guaranteed residual value.

CAPITAL EXPENDITURE COMMITMENTS

	2020 $'000	2019 $'000
Plant and equipment	**3,893**	5,817
Total	**3,893**	5,817

29 CONTINGENT LIABILITIES

RECOGNITION AND MEASUREMENT

Contingent liabilities acquired in a business combination are initially measured at fair value at the date of acquisition. At subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with AASB 137 *'Provisions, Contingent Liabilities and Contingent Assets'* and the amount initially recognised less cumulative amortisation.

	2020 $'000	2019 $'000
Guarantees - franchisee loans and leases	**12,374**	10,470
Total	**12,374**	10,470

Included above are guarantees provided to third party financial institutions in relation to franchisee loans. This is a contingent liability representing the amounts guaranteed in respect of franchisees that would not, without the guarantee, have been granted the loans. The directors believe that if the guarantees are ever called on, the Company will be able to recover the amounts paid upon disposal of the stores. Included in the above are contingent liabilities of the parent entity of $6,441 thousand.

29 CONTINGENT LIABILITIES (CONTINUED)

ESTIMATES AND JUDGEMENTS

LEGAL AND REGULATORY MATTERS

The Group operates in a number of jurisdictions with different regulatory and legal requirements. Given this complexity, management is at times required to exercise judgement in evaluating compliance with relevant laws and regulations.

SPEED RABBIT PIZZA

There are various separate French legal proceedings by a competitor, Speed Rabbit Pizza (SRP) against subsidiary, Domino's Pizza France (DPF) (the main claim) and seven SRP franchisees against DPF and the relevant DPF franchisees (the local claims). The allegations are that DPF and its franchisees breached French laws governing payment time limitations and lending, thereby giving DPF and its franchisees an unfair competitive advantage. SRP claimed significant damages for impediment of the development of its franchise network, lost royalty income from SRP franchisees and harm to SRP's image. DPF and its franchisees denied liability and vigorously defended the claims.

On 7 July 2014 the Court at first instance handed down its decision in the main claim, as well as in five of the local claims. All of the claims of SRP and the relevant SRP franchisees were dismissed. SRP filed an appeal to these decisions in the Court of Appeal, which dismissed the appeal of SRP in the main claim on 25 October 2017 and the appeal of SRP and/or SRP franchisees in five local claims on 12 December 2018. SRP then filed an appeal from the decision in the main claim and in 2 local claims to the Cour de Cassation i.e. the French highest Court.

The Cour de Cassation handed down its judgement on 15 January 2020 in the main claim which found errors of law in the Court of Appeal decision and set aside parts of the Court of Appeal's decision. The Cour de Cassation handed down its judgement on 7 July 2020 in one of the 2 local claims which found errors of law and cancelled the Court of Appeal's decision. The current status of these 2 claims ruled on by the Cour de Cassation is that the first instance decisions stand and SRP is entitled to file a fresh appeal of those 2 decisions to the Court of Appeal. SRP has not yet filed such appeals. The Cour de Cassation has not yet rendered its decision in the other above-mentioned local claim.

For the sixth local claim, the Court found in favour of DPF at first instance on 27 September 2016, and SRP filed an appeal from this decision to the Court of Appeal. On 30 January 2018, the Court of Appeal dismissed the appeal of SRP in the sixth local claim. The two SRP franchisees filed an appeal from that decision to the Cour de Cassation which dismissed the appeal on 29 January 2020.

The seventh local claim has yet to be heard by the Court at first instance.

DPE denies all claims made and is vigorously defending the proceedings brought against it. DPE is confident of its legal position. Accordingly, no provision has been recognised as at 28 June 2020.

PIZZA SPRINT

In May 2016, proceedings were brought against Fra-Ma Pizz SAS and Pizza Center France SAS, the Pizza Sprint entities, by a number of former and current franchisees (**Relevant Pizza Sprint Franchisees**) whom allege a significant imbalance in the rights and obligations by the franchisor (**Franchisees' Proceedings**). The alleged practices predated the acquisition of Pizza Sprint by the company, accordingly during the re-measurement period the company has adjusted the purchase price accounting to recognise a contingent liability and asset in relation to the above matter. A number of the claims by the Relevant Pizza Sprint Franchisees have been settled on a commercial basis.

The French Ministry for the Economy and Finance (**Ministry**) also brought proceedings (**Ministry Proceedings**) involving the same facts against Fra-Ma Pizz SAS, Pizza Center France SAS and Domino's Pizza France SAS (collectively, **DPF Companies**). The Ministry Proceedings are being defended by the DPF Companies. The Relevant Pizza Sprint Franchisees sought to join the Franchisees' Proceedings to the Ministry Proceedings. The request was rejected by the court on 15 February 2018.

On 24 June 2019 the Franchisees' Proceedings and Ministry Proceedings were heard separately. On 22 October 2019, a decision was made in relation to the Ministry Proceedings which did not result in any fine or financial charges against any of the DPF Companies. The Ministry has appealed the decision and the Relevant Pizza Sprint Franchisees have also filed an appeal in support.

Five decisions in the Franchisees' Proceedings were handed down on 3 December 2019 and the remaining decisions were handed down on 31 January 2020. Fra-Ma Pizz SAS and Domino's Pizza France SAS were ordered to pay a total amount of €3 million to certain Relevant Pizza Sprint Franchisees. Various appeals have been filed by the DPF Companies, on the one hand, and separately by some of the Relevant Pizza Sprint Franchisees, on the other, with the Paris Court of Appeal. The need to make the payment in each case has been suspended pending the outcome of the appeals.

29 CONTINGENT LIABILITIES (CONTINUED)

CLASS ACTION

On 24 June 2019, Riley Gall, as the lead applicant, commenced a representative proceeding (class action) against the Company in the Federal Court of Australia on behalf of an alleged group comprising Australian franchisee employees who were employed as delivery drivers or in-store workers between 24 June 2013 and 23 January 2018.

The statement of claim alleges that the Company misled its franchisees who, in reliance on the Company's representations and conduct, paid their delivery drivers and in-store workers in accordance with a number of industrial instruments rather than under the Fast Food Industry Award 2010.

The Company rejects the allegations and has been defending the action vigorously. A defence denying the allegations has been filed and an application to have the statement of claim (or parts thereof) struck out was heard on 9 June 2020. A decision on the strike out application is yet to be handed down.

The statement of claim does not quantify any loss by the lead applicant or the alleged group and, to date, the applicant's solicitors have not indicated how many members form part of the alleged group. Accordingly, the Company remains unable to determine any potential obligation or financial impact arising from the alleged damages claimed in the proceeding.

FRANCHISEE LITIGATION

As announced, on 20 December 2019, Fred White and his related franchisee companies (the Applicants) filed proceedings in the Federal Court of Australia against the Company, Don Meij and a former executive of the Company (the Respondents). On 18 May 2020, and before the Respondents filed a defence, the whole of the proceeding was discontinued against all Respondents with no order as to costs. As the matter was withdrawn, no contingent liability has been recognised.

GENERAL CONTINGENCIES

As a global business, from time to time DPE is also subject to various claims and litigation from third parties during the ordinary course of its business. The directors of DPE have considered such matters which are or may be subject to claims or litigation at 28 June 2020 and unless specific provisions have been made are of the opinion that no material contingent liability for such claims of litigation exist.

30 SUBSEQUENT EVENTS

On 18 August 2020, the directors declared a final dividend for the financial year ended 28 June 2020 as set out in note 18.

Other than the above, there has been no further matters or circumstance occurring subsequent to the end of the financial year that has significantly affected, the operations of the Group, the results of those operations, or the state of affairs.

OTHER INFORMATION

31 RETIREMENT BENEFIT PLANS

RECOGNITION AND MEASUREMENT

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Re-measurement.

The Group presents the first two components of defined benefit costs in profit or loss in the line item employee benefits expense. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available.

ESTIMATES AND JUDGEMENTS

DISCOUNT RATE USED TO DETERMINE THE CARRYING AMOUNT OF THE GROUP'S DEFINED BENEFIT OBLIGATION

The Group's defined benefit obligation is discounted at a rate set by reference to market yields at the end of the reporting period on high quality corporate bonds. Significant judgement is required when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the issue size of the corporate bonds, quality of the bonds and the identification of outliers which are excluded.

DEFINED BENEFIT PLANS – DOMINO'S PIZZA JAPAN, INC.

The Group operates an unfunded retirement benefit plan where a lump-sum amount is paid out to eligible full-time employees of Domino's Pizza Japan with more than three years of service as of retirement.

The lump-sum amount is calculated as monthly salary as of retirement multiplied by a multiple. The multiple is based on years of service up to a maximum of 41 years and whether retirement is voluntary or involuntary.

The plan typically exposes the Group to actuarial risks such as: interest rate risk, retention risk and salary risk which impacts the plan as follows:

- Interest rate risk: A decrease in the bond interest rate in Japan will increase the plan liability by reducing the discount rate;
- Retention risk: The present value of the defined benefit plan liability is calculated by reference to the expected length of service of full-time staff. As such, an increase in the length of service above the expected length will increase the plan's liability; and
- Salary risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out at 28 June 2020 by Mr. K. Taniguchi, Certified Pension Actuary.

31 RETIREMENT BENEFIT PLANS (CONTINUED)

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2020	2019
Discount rate	**0.10%**	(0.11%)
Expected rate of salary increase	**1.93%**	2.59%
Number of employees	**584**	467
Average service years	**4.4yrs**	4.9yrs
Expected service years	**5.2 yrs**	5.2 yrs

Amounts recognised in other comprehensive income in respect of these defined benefit plans are as follows:

	2020 $'000	2019 $'000
Service cost:		
Current service cost	**1,059**	929
Net interest expense	**(8)**	6
Components of defined benefit costs recognised in profit or loss	**1,051**	935
Remeasurement of the net defined benefit liability:		
Actuarial gain recognised in the period	**109**	68
Components of defined benefit costs recognised in other comprehensive income	**109**	68
Total	**1,160**	1,003

Of the expense for the year, an amount of $1.1 million has been included in profit or loss as administration expenses. (2019: $935 thousand).

Movements in the present value of the defined benefit obligation in the current year were as follows:

	2020 $'000	2019 $'000
Opening defined benefit obligation	**7,467**	6,418
Current service cost	**1,059**	929
Net interest expense	**(8)**	6
Remeasurements (gains)/losses:		
Actuarial gains and losses arising from changes in financial assumptions	**109**	68
Benefits paid	**(919)**	(512)
Exchange differences of foreign plans	**2**	558
Closing defined benefit obligation	**7,710**	7,467

The Group expects to make a contribution of $1.3 million (2019: $1.1 million) to the defined benefit plans during the next financial year.

32 KEY MANAGEMENT PERSONNEL COMPENSATION

	2020 $	2019 $
Short-term employee benefits	**6,092,385**	6,596,060
Post-employment benefits	**226,060**	223,685
Other long-term employee benefits	**(192,059)**	107,170
Equity settled share-based payments	**674,930**	926,209
Total	**6,801,316**	7,853,124

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

During the year independent remuneration consultants were engaged by the Remuneration Committee to ensure that the reward practices and levels of remuneration for KMPs are consistent with market practice. A statement of recommendation from the remuneration consultants has been received for the 2020 financial year. Payment of $154,535 (2019: $118,450) has been made to the remuneration consultant for the remuneration advisory services provided on the remuneration recommendation. No other advice has been provided by the remuneration consultant for the financial year.

In order to ensure that the remuneration recommendation would be free from undue influence by members of the key management personnel to whom the recommendation relates to, the board has ensured that the remuneration consultant is not a related party to any member of the key management personnel. As such, the Board is satisfied that the remuneration recommendation was made free from undue influence by the member or members of the key management personnel to whom the recommendation relates.

33 RELATED PARTY TRANSACTIONS

EQUITY INTEREST IN SUBSIDIARIES

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 25 to the financial statements.

EQUITY INTERESTS IN OTHER RELATED PARTIES

There are no equity interests in other related parties.

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

KEY MANAGEMENT PERSONNEL COMPENSATION

Details of key management personnel compensation are disclosed in note 32 to the financial statements.

LOANS TO KEY MANAGEMENT PERSONNEL

There were no loans outstanding at any time during the financial year to key management personnel or to their related parties.

All executive share options issued to the directors and key management personnel were made in accordance with the provisions of the ESOP. Each share option converts on exercise to one ordinary share of Domino's Pizza Enterprises Limited. No amounts are paid or payable by the recipient on receipt of the option.

Further details of the ESOP are contained in note 20 to the financial statements.

OTHER TRANSACTIONS WITH DIRECTORS OF THE GROUP

During the year the Group engaged the services of Mr Michael Cowin, a related party of Mr Jack Cowin, as a Board Member of DPE Japan Co. Ltd. The services rendered were based on market rates for such services and were due and payable under normal payment terms. A total of $54,750.11 was paid or payable to Mr Michael Cowin during the year ended 28 June 2020.

33 RELATED PARTY TRANSACTIONS (CONTINUED)

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL OF DOMINO'S PIZZA ENTERPRISES LIMITED

Comgroup Supplies Pty Ltd, an entity associated with Mr Jack Cowin, supplies food products to the Group on commercial arm's length terms. Comgroup was selected as a preferred supplier after a competitive tender process in which Mr Cowin had no involvement. During the year, the Group made purchases totalling $9,853,714 (2019: $76,941), excluding GST. As at 28 June 2020, $2,007,578 (2019: $76,941) was outstanding and there were no bad or doubtful debts.

The Group and Competitive Foods Australia Pty Ltd (CFAL), an entity associated with Mr Jack Cowin, acquire television media services from unrelated third party service providers under a joint venture arrangement and receive volume pricing benefits. The Group does not receive or provide any other benefits to CFAL under the joint venture.

During the financial year, key management personnel and their related parties purchased goods, which were domestic or trivial in nature, from the Company on the same terms and conditions available to employees and customers.

TRANSACTIONS WITH OTHER RELATED PARTIES

Other related parties include:

- associates;
- directors of related parties and their director-related entities; and
- other related parties.

TRANSACTIONS WITHIN THE GROUP

The Group includes the ultimate parent entity of the Group and its controlled entities.

The wholly-owned Australian entities within the Group are taxed as a single entity effective from 1 July 2003. The entities in the tax-consolidated group have not entered into a tax sharing agreement or tax funding agreement. Income tax liabilities payable to the taxation authorities in respect of the tax-consolidated group are recognised in the financial statements of the parent entity. Refer to note 25 to the financial statements for members of the tax-consolidated group.

The Company provided accounting, marketing, legal and administration services to entities in the wholly-owned group during the financial year. The Company also paid costs on behalf of entities in the wholly-owned group and subsequently on-charged these amounts to them.

During the year the Company extended or had in place loans to Joint Venture partnerships of which the Group has a 50% interest. The balance of these loans as at 28 June 2020 is $8.7 million and interest is charged based on commercial rates and terms.

During the financial year, Domino's Pizza New Zealand Limited provided management, franchisee and store development services to the Company. Domino's Pizza New Zealand Limited also collected debtor receipts on behalf of the Company.

During the financial year, services were provided between entities in the group in accordance with the relevant Service Agreements. All transaction were at arm's length.

34 REMUNERATION OF AUDITORS

The auditor of Domino's Pizza Enterprises Limited is Deloitte Touche Tohmatsu.

GROUP AUDITOR(i)	2020 $	2019 $
Audit or review of financial reports:		
Audit of the parent company	**482,349**	519,976
Audit of subsidiaries and other entities	**828,606**	843,252
Total audit services	**1,310,955**	1,363,228
Other assurance and agreed-upon procedures under other legislation or contractual agreements(ii)	**106,506**	173,694
Total assurance services	**106,506**	173,694
Tax consulting services(iii)	**138,090**	31,335
Digital advisory services(iv)	**148,710**	893,500
Total other services	**286,800**	924,835
Total Group auditor's remuneration	**1,704,261**	2,461,757

(i) All amounts were paid to Deloitte Touche Tohmatsu by the Company and its subsidiaries. Fees are billed in local currencies and converted into AUD at average rates. The auditor of the parent entity is Deloitte Touche Tohmatsu Australia.

(ii) Other assurance services relate principally to the Domino's Franchisee monitoring and whistleblower services payable to the parent company auditor.

(iii) Taxation services relate to tax compliance services and tax advisory services relating to acquisitions paid to related overseas practices of the parent company auditor.

(iv) Principally relate to digital advisory services payable to the parent company auditor.

35 OTHER ITEMS

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

In the current year, the Group has applied a number of amendments to Australian accounting standards and new interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatorily effective for an accounting period that begins on or after 01 July 2019 and therefore, relevant for the current year end.

STANDARDS AFFECTING PRESENTATION AND DISCLOSURE

AASB 16 LEASES

AASB 16 Leases ('AASB 16') replaces AASB 117 Leases for annual periods beginning on or after 01 July 2019, resulting in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases has been removed in respect of lessees. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low-value leases. The accounting for lessors has not significantly changed.

35 OTHER ITEMS (CONTINUED)

Impact of Adoption

The Group has adopted AASB 16 from 01 July 2019.

AASB 16 introduces new or amended requirements with respect to lease accounting. The impact of the adoption of AASB 16 on the Group's consolidated financial statements is described below.

The Group has applied AASB 16 using the cumulative catch-up approach which:

- requires the Group to recognise the cumulative effect of initially applying AASB 16 as an adjustment to the opening balance of retained earnings at the date of initial application; and
- does not permit restatement of comparatives, which continue to be presented under AASB 117 and IFRIC 4.

Impact of the new definition of a lease

The Group applies the definition of a lease and related guidance set out in AASB 16 to all lease contracts entered into or changed on or after 1 July 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of AASB 16, the Group has carried out an implementation project. The project has shown that the new definition in AASB 16 will not significantly change the scope of contracts that meet the definition of a lease for the Group.

Initial adoption practical expedients

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases, with reasonably similar characteristics;
- The exclusion of initial direct cost for the measurement of the right-of-use asset at the date of initial applicable;
- The use of hindsight in determining the lease term where the contract contains options to extend of terminate the lease;
- The Group has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application; and
- For leases of low-value assets (which includes tablets and, laptops computers, small items of office furniture and telephones), the Group has opted to recognise a lease expense on a straight-line basis as permitted by AASB 16. This expense is presented within 'other expenses' in profit or loss.

Group's leasing activities and how these are accounted for

The Group leases various properties, trucks and cars. Lease contracts are typically made for fixed periods of 3 to 10 years. The Group's leases may have extension options as noted below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Domino's Occupied-Operated Properties, Trucks and Cars

Leasehold properties occupied by the Group are primarily Group operated Domino's branded stores, warehouses and offices. For these properties, the balance sheet has been adjusted to recognise a right of use asset and associated liability. Leased trucks and cars are primarily Group branded vehicles utilised by Domino's branded stores. The financial liability is measured at the net present value of future payments under the lease, including optional renewal periods, where the Group has assessed that the probability of exercising the renewal is reasonably certain.

On transition, the right of use asset has been measured, on a lease by lease basis, at either (a) the value of lease liability adjusted for any prepaid or accrued lease payments; or (b) present value of committed lease payment since commencement of the lease term (this approach resulted in an adjustment to opening retained earnings).

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

In the income statement, net rental expense has been replaced by interest and straight-line depreciation expense (previously operating leases were an expense within occupancy costs). As the lease liability is carried at the present value, an interest expense will arise over the duration of the lease term. This impacts the Group's earnings before interest and tax ('EBIT'), which is a key measure used by the business. The principal component of lease payments has been reclassified in the current period in the statement of cash flows from operating to financing activities.

35 OTHER ITEMS (CONTINUED)

The Group has elected to use the exemptions in the standard on lease contracts for which the underlying asset is of low value and if the lease term is less than 12 months.

The right of use assets are depreciated on a straight-line basis over the lease term; which is inclusive of extension option periods where the Group is reasonably certain the lease term will be extended. The lease terms range from 1 to 7 years for equipment (trucks and cars) leases and 2 to 21 years for property leases.

Former finance leases

For leases that were classified as finance leases applying AASB 117, the carrying amount of the leased assets and obligations under finance leases measured applying AASB 117 immediately before the date of initial application is reclassified to right-of-use assets and lease liabilities respectively without any adjustments.

Subleases Arrangements

The Group has a portfolio of long-term (greater than one year) 'back-to-back' property leases which secure competitive store locations on behalf of franchisees. Cash flows under these arrangements substantially offset each other.

For back-to-back leases, the adoption of AASB 16 has resulted in the recognition of a financial asset and financial liability, representing the present value of future cash flows receivable on the subleases and payable on the head lease respectively. Both categories of financial instruments generate interest income and expense, which materially offset within the income statement.

The financial assets recognised in relation to back-to-back leases have been recognised as "Investment in lease assets" in the Statement of Financial Position. The receipts from these back-to-back leases are included in "Receipts from subleases" in the Statement of Cash Flows within the financing activities. Lease payments are now classified within financing activities which were previously in operating cash flows.

Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options held by the Group (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Refer to note 10 for the judgement regarding the exercise of extension options within lease contracts is reasonably certain.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the Group.

35 OTHER ITEMS (CONTINUED)

Financial impact of initial application of AASB 16

The weighted average incremental borrowing rate applied to lease liabilities recognised in the statement of financial position on 1 July 2019 is 0.97%.

The following table shows the operating lease commitments disclosed applying AASB 117 at 30 June 2019, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application.

	$,000
Operating lease commitments as at 30 June 2019	423,914
(Less): Discounted using incremental borrowing rate	(12,534)
(Less): Short-term and low-value assets recognised on straight line basis	(2,434)
(Less): Non-lease components	(15,864)
Add: Former finance leases reclassified from borrowings to lease liabilities	16,632
Add: Adjustments as result of a different treatment of extension and termination options	321,385
Lease liability recognised as at 01 July 2019	**731,099**

The change in accounting policy affected the following items in the balance sheet on 01 July 2019:

Extract - Consolidated Statement of Financial Position - 01 July 2019	**$,000**
Property, plant and equipment	**(16,655)**
Right of use assets	**337,453**
Investment in lease assets	**385,679**
Deferred tax assets	**2,021**
Total assets	**708,498**
Borrowings	**16,632**
Other financial liabilities	**1,183**
Lease liabilities	**(731,099)**
Total liabilities	**(713,284)**
Reserves	**(18)**
Retained earnings	**(4,768)**
Total equity	**(4,786)**

35 OTHER ITEMS (CONTINUED)

Set out below are the amounts by which the Group's results are affected for period ending 28 June 2020 as a result of the adoption of AASB 16. The adoption of AASB 16 did not have a material impact on the Group's net profit after tax or other comprehensive income. The first column shows amounts prepared under AASB 117, had AASB 16 not been adopted and the second column shows the amount under AASB 16, which the Group has adopted.

Impact on the Group's results for the period ending 28 June 2020	PREPARED UNDER AASB 117 $'000	PREPARED UNDER AASB 16 $'000	IMPACT $'000
EBITDA	**290,581**	**343,438**	**52,857**
Depreciation and amortisation expense	(74,329)	(125,498)	(51,169)
EBIT	**216,252**	**217,940**	**1,688**
Finance income	-	4,777	4,777
Finance costs	(12,406)	(19,281)	(6,875)
Profit before tax	**203,846**	**203,436**	**(410)**
Income tax expense	**(60,687)**	**(60,515)**	172
Profit for the period from continuing operations	**143,159**	**142,921**	**(238)**

Impact on the Group's Statement of Financial Position as at 28 June 2020	PREPARED UNDER AASB 117 $'000	PREPARED UNDER AASB 16 $'000	IMPACT $'000
Investment in lease assets	-	48,557	48,557
Total current assets	**473,842**	**522,399**	**48,557**
Property, plant and equipment	293,909	272,837	(21,072)
Deferred tax assets	3,663	6,005	2,342
Right of use asset	-	378,993	378,993
Investment in lease assets	-	333,834	333,834
Total non-current assets	**1,254,609**	**1,948,706**	**694,097**
Total assets	**1,728,451**	**2,471,105**	**742,654**
Borrowings	55,860	50,195	(5,665)
Other financial liabilities	21,640	21,650	10
Lease liabilities	-	105,203	105,203
Total current liabilities	**436,111**	**535,659**	**99,548**
Borrowings	671,266	657,241	(14,025)
Other financial liabilities	132,432	131,486	(946)
Provisions	10,614	10,488	(126)
Lease liabilities	-	663,049	663,049
Total non-current liabilities	**894,121**	**1,542,073**	**647,952**
Total liabilities	**1,330,232**	**2,077,732**	**747,500**
Net Assets	**398,219**	**393,373**	**(4,846)**
Reserves	(70,200)	(70,016)	184
Retained earnings	232,999	227,969	(5,030)
Total equity	**398,219**	**393,373**	**(4,846)**

35 OTHER ITEMS (CONTINUED)

Impact on the Group's Statement of Cash Flows for the year ending 28 June 2020	PREPARED UNDER AASB 117 $'000	PREPARED UNDER AASB 16 $'000	IMPACT $'000
Cash flows from operating activities			
Receipts from customers	2,023,186	2,008,011	(15,175)
Payments from customers	(1,696,021)	(1,627,988)	68,033
Interest received	4,297	9,074	4,777
Interest and other finance costs	(11,369)	(18,244)	(6,875)
Net cash generated from operating activities	**320,093**	**370,853**	**50,760**
Cash flows from financing activities			
Lease principal payments	-	(103,863)	(103,863)
Receipt from subleases	-	45,499	45,499
Payment of finance leases	(7,604)	-	7,604
Net cash used in financing activities	**(7,604)**	**(58,364)**	**(50,760)**

IFRIC Interpretation 23 *Uncertainty over Income Tax Treatment*

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of AASB 12 *Income Taxes*. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately;
- The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- How an entity considers changes in facts and circumstances.

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its consolidated financial statements.

Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company's and the subsidiaries' tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Group determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The Interpretation did not have an impact on the consolidated financial statements of the Group.

The adoption of these amendments did not have any impact on the amounts recognised in prior periods. The Group is unable to assess what impact these amendments (if any) will have on future reporting periods.

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Certain new accounting standards and interpretations have been published that are not mandatory for 01 July 2019 reporting periods and have not been early adopted by the group. The group's assessment of the impact of these new standards and interpretations is set out below.

AASB 2018-6 Amendments to AASs - *Definition of a Business*

The amendments to the definition of AASB 3 *Business Combinations* help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

The adoption of these amendments did not have any impact on the amounts recognised in prior periods and will also not affect the current period.

ADDITIONAL SECURITIES EXCHANGE INFORMATION

NUMBER OF HOLDERS OF EQUITY SECURITIES AS AT 04 AUGUST 2020

ORDINARY SHARE CAPITAL

- 86,238,290 fully paid ordinary shares are held by 10,027 individual shareholders.
- All issued ordinary shares carry one vote per share, however partly paid shares do not carry the rights to dividends.

OPTIONS

- 2,799,817 options are held by 100 individual option holders.
- Options do not carry a right to vote.

DISTRIBUTION OF HOLDERS OF EQUITY SECURITIES

	FULLY PAID ORDINARY SHARES	PARTLY PAID ORDINARY SHARES	CONVERTING CUMULATIVE PREFERENCE SHARES	REDEEMABLE PREFERENCE SHARES	CONVERTING NON-PARTICIPATING PREFERENCE SHARES	CONVERTIBLE NOTES	OPTIONS
100,001 and over	26	-	-	-	-	-	6
10,001 - 100,000	62	-	-	-	-	-	36
5,001 - 10,000	78	-	-	-	-	-	18
1,001 - 5,000	825	-	-	-	-	-	1
1 - 1000	9,036	-	-	-	-	-	39
	10,027	**-**	**-**	**-**	**-**	**-**	**100**

SUBSTANTIAL SHAREHOLDERS

	FULLY PAID		PARTLY PAID	
Ordinary shareholders	**NUMBER HELD**	**PERCENTAGE**	**NUMBER HELD**	**PERCENTAGE**
SOMAD HOLDINGS PTY LTD	23,050,966	26.73%	-	-%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	21,334,590	24.74%	-	-%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	14,037,315	16.28%	-	-%
	58,422,871	**67.75%**	**-**	**-%**

TWENTY LARGEST HOLDERS OF QUOTED EQUITY SECURITIES

	FULLY PAID		PARTLY PAID	
Ordinary shareholders	**NUMBER HELD**	**PERCENTAGE**	**NUMBER HELD**	**PERCENTAGE**
SOMAD HOLDINGS PTY LTD	23,050,966	26.73%	-	-%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	21,334,590	24.74%	-	-%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	14,037,315	16.28%	-	-%
CITICORP NOMINEES PTY LIMITED	6,845,640	7.94%	-	-%
NATIONAL NOMINEES LIMITED	2,901,655	3.36%	-	-%
CITICORP NOMINEES PTY LIMITED	2,575,966	2.99%	-	-%
BNP PARIBAS NOMS PTY LTD	1,801,438	2.09%	-	-%
BNP PARIBAS NOMINEES PTY LTD	1,750,157	2.03%	-	-%
MR GRANT BRYCE BOURKE	799,828	0.93%	-	-%
MR DONALD JEFFREY MEIJ	753,194	0.87%	-	-%
MRS ESME FRANCESCA MEIJ	700,000	0.81%	-	-%
MR GRANT BRYCE BOURKE & MRS SANDRA EILEEN BOURKE	698,516	0.81%	-	-%
INVIA CUSTODIAN PTY LIMITED	486,087	0.56%	-	-%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	371,441	0.43%	-	-%
MR DONALD JEFFREY MEIJ	369,868	0.43%	-	-%
SUCCESS PIZZAS PTY LTD	340,149	0.39%	-	-%
BOND STREET CUSTODIANS LIMITED	194,824	0.23%	-	-%
AVANTEOS INVESTMENTS LIMITED	172,865	0.20%	-	-%
MR ANDREW CHARLES RENNIE	160,076	0.19%	-	-%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	153,683	0.18%	-	-%
	79,498,258	**92.19%**	**-**	**-%**

UNMARKETABLE PARCELS

There were 149 members holding less than a marketable parcel of shares in the Company.

GLOSSARY

ASIC means the Australian Securities & Investments Commission.

ASX means Australian Securities Exchange Limited (ABN 98 008 624 691).

Australian Store Network means the network of Corporate Stores and Franchised Stores located in Australia.

Board or **Board of Directors** or **Directors** means the Board of Directors of the Company.

CAGR means Compound Annual Growth Rate.

Capital Reduction means the selective reduction of capital described in Section 11.4 of the prospectus.

Company or **Consolidated entity** means Domino's Pizza Enterprises Limited (ACN 010 489 326).

Corporate Store means a Domino's Pizza store owned and operated by the Company.

Corporate Store Network means the network of Corporate Stores.

Corporations Act means the *Corporations Act 2001* (Clth).

Directors means the Directors of the Company from time to time.

Director and Executive Share and Option Plan or **ESOP** means the Domino's Pizza Director and Executive Share and Option Plan summarised in note 23 to the financial statements.

Domino's means the Domino's Pizza brand and network, owned by Domino's Pizza, Inc.

Domino's Pizza means the Company and each of its subsidiaries.

Domino's Pizza Stores means Corporate Stores and Franchised Stores.

DPE Limited means Domino's Pizza Enterprises Limited (ACN 010 489 326)

Earnings Per Share or **EPS** means NPAT divided by the total number of Shares on issue.

EBIT means earnings before interest expense and tax.

EBITDA means earnings before interest expense, tax, depreciation and amortisation.

Franchised Store means a pizza store owned and operated by a Franchisee and Franchise Network means the network of Franchised Stores.

Franchisees means persons and entities who hold a franchise from the Company to operate a pizza store under the terms of a sub-franchise agreement.

Listing Rules means the Listing Rules of the ASX.

Network or **Domino's Pizza Network** or **Network Stores** means the network of Corporate Stores and Franchised Stores.

Network Sales means the total sales generated by the Network.

New Zealand Network means the network of Corporate Stores and Franchised Stores located in New Zealand.

NPAT means net profit after tax.

Related Bodies Corporate has the meaning given to it by section 50 of the Corporations Act.

Registry means Link Market Services Pty Limited.

Same Store Sales Growth means comparable growth in sales across Domino's stores that were in operation for at least 24 months prior to the date of the reporting period. Non-Domino's stores that have been acquired (e.g. Joey's, Pizza Sprint and Hallo) are included in the Same Store Sales Growth calculation upon conversion to Domino's for at least 12 months.

Share means any fully paid ordinary share in the capital of the Company.

Underlying EBITDA and **Underlying NPAT** excludes significant integration and legal dispute costs as well as the impact of AASB 16 Leases for FY20.

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Domino's Pizza Enterprises Limited shares are listed in the Australian Securities Exchange under ASX code DMP

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NOTES

Domino's

OUR PIZZA BRINGS PEOPLE CLOSER