Domino's Pizza Scandinavia A/S

Præstemarksvej 19, DK-4000 Roskilde

Annual Report for 1 October 2016 - 30 September 2017

CVR No 33 75 95 17

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 15/1 2018

Gustave Charles Eric Geisendorf
Chairman

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Domino's Pizza Scandinavia A/S for the financial year 1 October 2016 - 30 September 2017.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 30 September 2017 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2016/17.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Roskilde, 11 January 2018

Executive Board

Carsten Kjems Falk

Board of Directors

Gustave Charles Eric Geisendorf Chairman	Daniel Thrane	Carsten Kjems Falk

Independent Auditor's Report

To the Shareholder of Domino's Pizza Scandinavia A/S

Opinion
In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 30 September 2017 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 October 2016 - 30 September 2017 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Domino's Pizza Scandinavia A/S for the financial year 1 October 2016 - 30 September 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

Management's responsibilities for the Financial Statements
Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, 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 Company's and the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements 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 and the Company'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 Statements 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

Independent Auditor's Report

may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

Hillerød, 11 January 2018
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Michael Blom
State Authorized Public Accountant
mne32797

Henrik Aslund Pedersen
State Authorized Public Accountant
mne17120

Company Information

The Company	Domino's Pizza Scandinavia A/S Præstemarksvej 19 DK-4000 Roskilde CVR No: 33 75 95 17 Financial period: 1 October - 30 September Municipality of reg. office: Roskilde
Moderselskab	Nordic Pizza Sarl., Luxembourg, 100 %
Board of Directors	Gustave Charles Eric Geisendorf, Chairman Daniel Thrane Carsten Kjems Falk
Executive Board	Carsten Kjems Falk
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Milnersvej 43 DK-3400 Hillerød

Management's Review

Key activities

Domino's Pizza Scandinavia A/S and affiliates ("Domino's", the "Company", the "Group", "we" or "us") has the exclusive master franchise in Denmark for Domino's Pizza, the world's leading pizza brand. We have the exclusive right to develop, operate and sub-franchise to others the right to develop and operate Domino's Pizza stores in Denmark.

Strategy

The long-term goal is to be the largest fast food company in Denmark in number of stores. The strategy is to get there by growing the Company profitably and making measured and long-term good investment decisions.

Our eCommerce platforms are fundamental to how we manage our business. Approximately 75% of our sales is now coming from online sales and that growth continues. The customer experience that we can offer through our online channels is very strong and we continue to lead not only the Danish fast food market in this space but also within the Domino's Pizza system worldwide. This strategy is supported by not only our centralized customer care support but also by a rapidly growing customer database that we continue to develop how we work with.

We have been focused on establishing a strong presence in the Copenhagen market and we are now the largest fast food company in number of stores. Over the course of this past year, we have been equally focused on the Aarhus area where we have now established a strong presence with strategically well-placed locations. We will continue to apply the same strategy to our establishment in the rest of the country.

Our supply chain will continue to be a central part of our strategy. We have during the year made material investments into our supply chain and logistics infrastructure and we now have capacity in our Roskilde supply chain for around 100 stores.

Our environmental strategy is important to us and we are continuously working on ways to improve our contribution to a better environment. In Copenhagen, we have during the year, as the first company in our industry, almost entirely replaced our delivery fleet and we are now delivering on electric bicycles rather than on petrol fueled delivery vehicles.

Our growth will come from continue opening stores as well as growing organically. The new store and our strategy is in line with history which is to open between six to eight stores per year. We also aim to expand our strong network of franchisees who execute the strategy locally and we will continue to support them both operationally and financially.

Management's Review

We will support our stores with:

• leading eCommerce platforms;
• centralized customer care support;
• effective management of stores both operationally and financially;
• new product development;
• well invested supply chain;
• best-in-class operations standards;
• cost and time efficient new store openings; and
• a proven business model.

Market

Overall the market is going digital and the delivery segment is the fastest growing sub-segment of the fast food market. We believe that within the whole range of delivery services, meal deliveries, with the combination of high quality, ready-to-be-eaten food, delivered in less than 30 minutes, are bound to be the fastest-growing segment of the delivery segment, and eventually take market share from other ways of obtaining food.

In addition, we have observed that customers are demanding more value, better experience and a higher level of convenience. We believe we are well positioned to be a leading supplier of "to the door" ready-made food services in Denmark driven by that pizza is one of the few products that caters well to home deliveries, our high-quality products and the fact that we on average deliver in less than 30 minutes.

Group performance

Our fiscal year ended September 30, 2017 was the best year for the Company in our 20 year history and we managed to further capitalize on our established platforms for growth. A recognition that long-term profitable growth profitability is a critical component of our success is that during the year we were awarded the Gazelle price by the Danish business newspaper Børsen.

We saw a 26% increase in net sales in the Group which was the 4th year in a row with sales growing annually in excess of 25%. We have during the year made substantial investments into our supply chain during which time we experienced slower growth.

Our EBITDA, before non-recurring costs, increased from DKK9.7m to DKK12.3m during the year. Our non-recurring costs this year were primarily attributed to pre-opening costs for our newly opened stores and due to net impairments from the stores we closed during the year. Our results were above our expectations for the year.

We have over the past three years made strategic investments in marketing, technology and human resources. We have in particular made significant investments in our IT platforms to improve customer experience and ease of ordering. This has been a key factor in us having approximately 75% of our sales online. We still have plenty of investments to do but we have gradually started seeing the results from these investments and this year we continued to materialize on the investments made.

Management's Review

Our overall financial position is strong and we have access to capital which is important as our growth going forwards will continue to require funding.

(DKK million)	**October 1, 2016 to September 30, 2017**	**October 1, 2015 to September 30, 2016**
Income statement		
Net sales	91.6	72.9
Gross profit	41.3	34.6
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	11.3	8.4
Operating profit (EBIT)	5.2	4.6
Profit before tax (PBT)	3.8	3.7
Net income	2.1	2.9
Adjusted EBITDA(1)	12.3	9.7
Adjusted EBIT(1, 2)	7.2	5.9
Adjusted PBT(1, 2)	5.8	5.0
Adjusted net income(1, 2, 3)	4.5	3.9
Balance sheet		
Shareholder's equity	21.5	19.3
Total assets	64.4	55.4
Net debt	19.0	15.0
Cash and liquid assets	4.5	6.5
Cash flow		
Operating cash flow before finance	5.5	11.6
Cash flow from investments	-12.3	-22.9
Change in financing activities	6.2	12.5
Change in cash	-2.0	1.3
Ratios		
Gross profit margin	45.1%	47.5%
Adjusted EBITDA margin	13.4%	13.3%
Adjusted EBIT margin	7.9%	8.1%
Solidity	33.4%	34.8%
Net debt/Adjusted EBITDA	1.5x	1.5x

(1)Adjustment of DKK1.0m and DKK1.3m for primarily pre-opening expenses in 2016/17 and 2015/16 respectively.

(2)Adjustment of DKK1.0m for net impairment charges. No adjustment in 2015/16.

(3)Assumption of 22% effective tax rate. No cash taxes were paid in either year.

Management’s Review

Stores

We opened five new stores during the year and continued to expand our franchise base. During the time of our supply chain build-out we held back from opening stores which slowed down our new store development. The new stores opened during the year completed our core strategic objective of having complete coverage in Copenhagen. In addition, we introduced a new store design and this new design was first launched in two relocated stores with great success. We also optimized our store portfolio and closed two underperforming stores which we believe will provide better growth and profits for next year.

Stores	Oct 1, 2016	Opened	Net sold to Franchisees	Closed	Sept 30, 2017
Corporate	20	5	-1	-2	22
Franchised	6	-	1	-	7
Total	**26**	**5**	**-**	-2	**29**

Unusual events

The financial position at 30 September 2017 of the Group and the results of the activities and cash flows of the Group for the financial year for 2016/17 have not been affected by any unusual events.

Outlook and current trading

We believe that the growth in sales and profits that we enjoyed last year will continue next year. We expect to consolidate our market position further during the next year thorough cutting edged consumer centric technology innovations and opening new stores in strategically important locations.

Growing the number of Domino’s store is central to our business plan and follows our vision of becoming a +100 fast food operator in Denmark. We are observant that this accelerated expansion has required and will require time and investment. We remain convinced of the opportunity as also documented by the performance of our Company.

Income Statement 1 October - 30 September

	Note	Group		Parent Company	
		2016/17	2015/16	2016/17	2015/16
		DKK´000	DKK´000	DKK´000	DKK´000
Revenue		**91,572**	**72,860**	**0**	**0**
Other operating income		1,091	935	0	0
Expenses for raw materials and consumables		-25,627	-19,897	0	0
Other external expenses		-25,782	-19,271	-21	-12
Gross profit/loss		**41,254**	**34,627**	**-21**	**-12**
Staff expenses	2	-29,961	-26,257	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-5,791	-3,814	0	0
Other operating expenses	4	-299	0	0	0
Profit/loss before financial income and expenses	5	**5,203**	**4,556**	**-21**	**-12**
Income from investments in subsidiaries		0	0	2,108	3,209
Financial income	6	13	200	10	0
Financial expenses	7	-1,437	-1,068	-10	-36
Profit/loss before tax		**3,779**	**3,688**	**2,087**	**3,161**
Tax on profit/loss for the year	8	-1,638	-789	54	8
Net profit/loss for the year		**2,141**	**2,899**	**2,141**	**3,169**

Distribution of profit

Proposed distribution of profit

Reserve for net revaluation under the equity method	0	0	1,874	2,983
Minority interests' share of net profit/loss of subsidiaries	0	-270	0	0
Retained earnings	2,141	3,169	267	186
	2,141	**2,899**	**2,141**	**3,169**

Balance Sheet 30 September

Assets

	Note	Group		Parent Company	
		2016/17	2015/16	2016/17	2015/16
		DKK´000	DKK´000	DKK´000	DKK´000
Completed development projects		5,328	3,399	0	0
Acquired rights		2,358	2,290	0	0
Goodwill		1,302	1,844	0	0
Intangible assets	9	**8,988**	**7,533**	**0**	**0**
Other fixtures and fittings, tools and equipment		18,316	14,824	0	0
Leasehold improvements		12,230	12,727	0	0
Property, plant and equipment	10	**30,546**	**27,551**	**0**	**0**
Investments in subsidiaries	11	0	0	65,780	21,688
Deposits	12	2,136	1,995	0	0
Other receivables	12	7,724	1,979	0	0
Fixed asset investments		**9,860**	**3,974**	**65,780**	**21,688**
Fixed assets		**49,394**	**39,058**	**65,780**	**21,688**
Inventories		**2,512**	**3,139**	**0**	**0**
Trade receivables		1,152	624	0	0
Receivables from group enterprises		2,154	347	1,924	60
Other receivables		589	275	11	14
Deferred tax asset	15	2,911	4,612	10	16
Prepayments	13	1,228	858	0	0
Receivables		**8,034**	**6,716**	**1,945**	**90**
Cash at bank and in hand		**4,472**	**6,470**	**0**	**502**
Currents assets		**15,018**	**16,325**	**1,945**	**592**
Assets		**64,412**	**55,383**	**67,725**	**22,280**

Balance Sheet 30 September

Liabilities and equity

	Note	Group 2016/17 DKK´000	Group 2015/16 DKK´000	Parent Company 2016/17 DKK´000	Parent Company 2015/16 DKK´000
Share capital		502	502	502	502
Reserve for net revaluation under the equity method		0	0	4,900	3,026
Retained earnings		20,983	19,076	16,083	16,050
Equity attributable to shareholders of the Parent Company		**21,485**	**19,578**	**21,485**	**19,578**
Minority interests		0	-250	0	0
Equity	14	**21,485**	**19,328**	**21,485**	**19,578**
Provisions relating to investments in group enterprises		0	0	6,501	0
Provisions		**0**	**0**	**6,501**	**0**
Credit institutions		16,798	13,088	6,257	0
Lease obligations		5,000	3,813	0	0
Long-term debt	16	**21,798**	**16,901**	**6,257**	**0**
Credit institutions	16	7,946	5,562	689	0
Lease obligations	16	1,499	977	0	0
Trade payables		6,817	4,233	0	0
Payables to group enterprises		0	0	32,774	2,679
Other payables		4,352	7,763	19	23
Deferred income	17	515	619	0	0
Short-term debt		**21,129**	**19,154**	**33,482**	**2,702**
Debt		**42,927**	**36,055**	**39,739**	**2,702**
Liabilities and equity		**64,412**	**55,383**	**67,725**	**22,280**

Subsequent events	1
Contingent assets, liabilities and other financial obligations	20
Related parties	21
Accounting Policies	22

Statement of Changes in Equity

Group

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
	DKK´000	DKK´000	DKK´000	DKK´000
Equity at 1 October	502	0	19,076	19,578
Other equity movements	0	0	-234	-234
Net profit/loss for the year	0	0	2,141	2,141
Equity at 30 September	**502**	**0**	**20,983**	**21,485**

Parent Company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
	DKK´000	DKK´000	DKK´000	DKK´000
Equity at 1 October	502	3,026	16,050	19,578
Other equity movements	0	0	-234	-234
Net profit/loss for the year	0	1,874	267	2,141
Equity at 30 September	**502**	**4,900**	**16,083**	**21,485**

Cash Flow Statement 1 October - 30 September

	Note	Group 2016/17 DKK´000	Group 2015/16 DKK´000
Net profit/loss for the year		2,141	2,899
Adjustments	18	4,862	5,471
Change in working capital	19	-1,516	3,184
Cash flows from operating activities before financial income and expenses		**5,487**	**11,554**
Financial income		13	200
Financial expenses		-1,437	-1,065
Cash flows from ordinary activities		**4,063**	**10,689**
Corporation tax paid		0	1,039
Cash flows from operating activities		**4,063**	**11,728**
Purchase of intangible assets		-3,696	-4,011
Purchase of property, plant and equipment		-10,831	-16,765
Fixed asset investments made etc		-299	-2,504
Sale of intangible assets		838	0
Sale of property, plant and equipment		7,443	270
Loans		-8,536	0
Instalments received		2,791	121
Cash flows from investing activities		**-12,290**	**-22,889**
Repayment of loans from credit institutions		-5,832	-1,164
Reduction of lease obligations		-1,492	-994
Raising of loans from credit institutions		11,926	6,440
Lease obligations incurred		3,200	4,411
Loans to group enterprises		-1,807	0
Cash capital increase		0	4,000
Other adjustments		234	-210
Cash flows from financing activities		**6,229**	**12,483**
Change in cash and cash equivalents		**-1,998**	**1,322**
Cash and cash equivalents at 1 October		6,470	5,148
Cash and cash equivalents at 30 September		**4,472**	**6,470**

Pengestrømsopgørelse 1. oktober - 30. september

	Note	2016/17	2015/16
		DKK´000	DKK´000
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		4,472	6,470
Cash and cash equivalents at 30 September		**4,472**	**6,470**

Notes to the Financial Statements

1 Subsequent events

The group has decided to close a number of subsidiaries after 30 September 2017. The close down led to write down of assets etc. Please refer to note 5.

2 Staff expenses

	Group		Parent Company	
	2016/17	2015/16	2016/17	2015/16
	DKK´000	DKK´000	DKK´000	DKK´000
Wages and salaries	28,211	24,534	0	0
Pensions	437	446	0	0
Other social security expenses	1,212	1,124	0	0
Other staff expenses	101	153	0	0
	29,961	**26,257**	**0**	**0**
Average number of employees	**646**	**559**	**0**	**0**

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

The average number of employees is based on the actual number of hired people.

3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

	Group 2016/17	Group 2015/16	Parent Company 2016/17	Parent Company 2015/16
Amortisation of intangible assets	1,159	1,138	0	0
Depreciation of property, plant and equipment and leasehold improvements	3,033	2,676	0	0
Impairment of intangible assets	244	0	0	0
Impairment of property, plant and equipment	1,355	0	0	0
	5,791	**3,814**	**0**	**0**

Notes to the Financial Statements

	Group		Parent Company	
	2016/17	2015/16	2016/17	2015/16
	DKK´000	DKK´000	DKK´000	DKK´000

4 Other operating expenses

Other expenses	299	0	0	0
	299	**0**	**0**	**0**

Other operating expenses is write down of deposits in closed stores.

5 Special items

Impairment of fixed assets	-1,893	0	0	0
Reversal of deferred rental	896	0	0	0
	-997	**0**	**0**	**0**

Management has decided to close a number of companies after year-end. The close down has resulted in write-downs of fixed assets etc. This has effected the result for the year negative.

The write down includes impairments of intangibles of DKK 244k, property, plant and equipment of DKK 1,355k and impairment of deposits of DKK 299k.

6 Financial income

Interest received from group enterprises	0	0	10	0
Other financial income	13	200	0	0
	13	**200**	**10**	**0**

7 Financial expenses

Interest paid to group enterprises	0	0	0	35
Other financial expenses	1,437	1,068	10	1
	1,437	**1,068**	**10**	**36**

Notes to the Financial Statements

	Group		Parent Company	
	2016/17	2015/16	2016/17	2015/16
	DKK´000	DKK´000	DKK´000	DKK´000
8 Tax on profit/loss for the year				
Current tax for the year	0	0	0	0
Deferred tax for the year	1,638	789	-54	-8
	1,638	**789**	**-54**	**-8**

The realized tax rate is 43.3 percentage. Closing four stores led to reversing a part of the deferred tax assets in these closed companies. A tax one-off with an impact of DKK 818k. Adjusted for the closed stores the tax rate is 20.8 percentage. This year taxable income led to no payable taxes.

9 Intangible assets

Group

	Completed development projects	Acquired rights	Goodwill
	DKK´000	DKK´000	DKK´000
Cost at 1 October	5,214	3,060	3,144
Additions for the year	2,726	970	0
Disposals for the year	0	-653	-625
Cost at 30 September	7,940	3,377	2,519
Impairment losses and amortisation at 1 October	1,815	885	1,380
Impairment losses for the year	0	0	244
Amortisation for the year	797	144	218
Reversal of amortisation of disposals for the year	0	-10	-625
Impairment losses and amortisation at 30 September	2,612	1,019	1,217
Carrying amount at 30 September	**5,328**	**2,358**	**1,302**

The completed development projects and development projects in progress relates to development of software to both internally and externally use. The developed IT-systems is used in the group on a daily basis of existing and new customers in the process of their purchase. This in the use of new mobile and internet platform.

The developments projects also relates to the construction of existing and new restaurants to optimize working processes and to improve the customers experience of purchase from Domino’s.

The current projects progress is as planned compared to the expected timeline, cost and quality, which had been expected by management.

Notes to the Financial Statements

10 Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK´000	DKK´000
Cost at 1 October	19,856	15,971
Additions for the year	7,384	3,448
Disposals for the year	-3,040	-3,234
Cost at 30 September	24,200	16,185
Impairment losses and depreciation at 1 October	5,032	3,244
Impairment losses for the year	0	1,355
Depreciation for the year	2,221	810
Reversal of impairment and depreciation of sold assets	-1,369	-1,454
Impairment losses and depreciation at 30 September	5,884	3,955
Carrying amount at 30 September	**18,316**	**12,230**
Including assets under finance leases amounting to	8,190	0

11 Investments in subsidiaries

	Parent Company	
	2016/17	2015/16
	DKK´000	DKK´000
Cost at 1 October	18,662	14,662
Additions for the year	35,717	4,000
Cost at 30 September	54,379	18,662
Value adjustments at 1 October	3,026	43
Net profit/loss for the year	2,108	3,209
Other equity movements, net	-234	-226
Value adjustments at 30 September	4,900	3,026
Equity investments with negative net asset value transferred to provisions	6,501	0
Carrying amount at 30 September	**65,780**	**21,688**

Notes to the Financial Statements

11 Investments in subsidiaries (continued)

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
The Scandinavian Pizza Company ApS	Roskilde	3,348,857	100%	40,881	19,427
The Scandinavian Pizza Food Company ApS	Roskilde	125,000	100%	9,074	3,748
Roskilde Pizza ApS	Roskilde	125,000	100%	7,191	-1,079
Dominos Søborg ApS	Roskilde	80,000	100%	0	0
Dominos Køge ApS	Roskilde	80,000	100%	-157	-279
Dominos Herlev ApS	Roskilde	50,000	100%	-191	-241
Dominos Lyngby ApS	Roskilde	50,000	100%	50	0
Dominos Viborg ApS	Roskilde	50000	100%	-1,028	-403
Dominos RAV ApS	Roskilde	50,000	100%	-2,006	-1,380
Dominos Hillerød ApS	Roskilde	80,000	100%	-732	-530
Dominos Midtjylland ApS	Roskilde	2,000,000	100%	-340	-1,442
Dominos Næstved ApS	Roskilde	50,000	100%	0	0
Dominos Bagsværd ApS	Roskilde	80,000	100%	0	0
Dominos Hillerød ApS	Roskilde	80,000	100%	0	0

The management decided to close Domino’s Bagsværd ApS, Domino’s Hillerød ApS, Domino’s Søborg ApS and Domino’s Næsted ApS after 30 September 2017. Accordingly, no Annual Reports have been prepared for 2016/17.

Notes to the Financial Statements

12 Other fixed asset investments

	Group	
	Deposits	Other receiv-ables
	DKK´000	DKK´000
Cost at 1 October	1,995	1,979
Additions for the year	141	8,536
Disposals for the year	0	-2,791
Cost at 30 September	2,136	7,724
Impairment losses at 1 October	0	0
Impairment losses at 30 September	0	0
Carrying amount at 30 September	**2,136**	**7,724**

The short term of long term "Other receivables" amounts to DKK 2,334 thousand. "Other Receivables" is loans to franchise stores.

13 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

14 Equity

The share capital consists of 5,020 shares of a nominal value of DKK´000 100. No shares carry any special rights.

The share capital has developed as follows:

	2016/17	2015/16	2014/15	2013/14	2012/13
	DKK´000	DKK´000	DKK´000	DKK´000	DKK´000
Share capital at 1 October	502	86	82	81	80
Capital increase	0	416	4	1	1
Capital decrease	0	0	0	0	0
Share capital at 30 September	**502**	**502**	**86**	**82**	**81**

Notes to the Financial Statements

	Group		Parent Company	
	2016/17	2015/16	2016/17	2015/16
	DKK´000	DKK´000	DKK´000	DKK´000
15 Deferred tax asset				
Tax loss carry-forward	-2,911	-4,612	-10	-16
Transferred to deferred tax asset	2,911	4,612	10	16
	0	**0**	**0**	**0**

Deferred tax has been provided at 22% corresponding to the current tax rate.

Deferred tax asset

Calculated tax asset	2,911	4,612	10	16
Carrying amount	**2,911**	**4,612**	**10**	**16**

The Company has taxable losses carry forward. The group has positive taxable income and expect to use the taxable losses and taxable depreciations to reduce tax payable. The management expect to use the tax assets within a short number of years.

Notes to the Financial Statements

16 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group		Parent Company	
	2016/17 DKK´000	2015/16 DKK´000	2016/17 DKK´000	2015/16 DKK´000
Credit institutions				
After 5 years	4,415	1,023	4,415	0
Between 1 and 5 years	12,383	12,065	1,842	0
Long-term part	16,798	13,088	6,257	0
Within 1 year	689	0	689	0
Other short-term debt to credit institutions	7,257	5,562	0	0
Short-term part	7,946	5,562	689	0
	24,744	**18,650**	**6,946**	**0**
Lease obligations				
Between 1 and 5 years	5,000	3,813	0	0
Long-term part	5,000	3,813	0	0
Within 1 year	1,499	977	0	0
	6,499	**4,790**	**0**	**0**

17 Deferred income

Deferred income comprises discounts received in respect of leasehold agreements. The discounts is reversed over the rental period.

Notes to the Financial Statements

		Group	
		2016/17	2015/16
		DKK´000	DKK´000
18	**Cash flow statement - adjustments**		
	Financial income	-13	-200
	Financial expenses	1,437	1,068
	Depreciation, amortisation and impairment losses, including losses and gains on sales	1,800	3,814
	Tax on profit/loss for the year	1,638	789
		4,862	**5,471**
19	**Cash flow statement - change in working capital**		
	Change in inventories	627	-1,123
	Change in receivables	-1,212	3,327
	Change in trade payables, other payables and deferred income	-931	980
		-1,516	**3,184**

Notes to the Financial Statements

20 Contingent assets, liabilities and other financial obligations

	Group		Parent Company	
	2016/17	2015/16	2016/17	2015/16
	DKK´000	DKK´000	DKK´000	DKK´000
Charges and security				
The following assets have been placed as security with bankers:				
Company charge on the Company's intangible assets as well as property, plant and equipment, inventories and unsecured claims; the company charge amounts to DKK 27,357k.	36,863	28,910	0	0
Rental and lease obligations				
Lease obligation in the non-cancellable period	25,933	21,624	0	0
Other contingent liabilities				
A bank guarantee has been provided in favour of lessors.	589	67	0	0

The company has issued a guarantee for the leasehold obligation in a number of stores in a number of subsidiaries. The debt amounts to DKK 2,435k at 30 September 2017.

Parent Company

Domino's Pizza Scandinavia A/S has issued a guarantee as security of a number of subsidiaries debt to Swedbank. The debt amounts to DKK 2,971k at 30 September 2017.

Domino's Pizza Scandinavia A/S has issued a guarantee as security of a number of subsidiaries debt to Vækstfonden. The debt amounts to DKK 6,371k at 30 September 2017.

The company has issued a guarantee for the leasehold obligation in one store in Roskilde Pizza ApS. The debt amounts to DKK 939k at 30 September 2017.

The shares in the subsidiaries The Scandinavian Pizza Company A/S, The Scandinavian Pizza Food Production ApS and Roskilde Pizza ApS is pledged for security for all debt to Swedbank.

Notes to the Financial Statements

20 Contingent assets, liabilities and other financial obligations (continued)

In accordance with the rules of Danish tax legislation, the Danish group enterprises are jointly and severally liable for tax on the jointly taxed income and also for any obligations to withhold tax at source, dividend tax and royalty tax of the jointly taxed enterprises. Domino's Pizza Scandinavia A/S is the administration company for joint taxation purposes. The total tax liability for assessment year 2017 amounts to DKK 0.

No other security had been provided and there were no other contingent liabilities at 30 September 2017.

21 Related parties

	Basis
Controlling interest	
Nordic Pizza Sarl., Luxembourg	Parent company, 100 % ownership
Gustave Geisendorf	Owner of more than 25 % (indirect) of the company

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Nordic Pizza Sarl., Luxembourg

Notes to the Financial Statements

22 Accounting Policies

The Annual Report of Domino's Pizza Scandinavia A/S for 2016/17 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2016/17 are presented in DKK´000.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Domino's Pizza Scandinavia A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Notes to the Financial Statements

22 Accounting Policies (continued)

Business combinations

Acquisitions

On acquisition of subsidiaries, the difference between cost and net asset value of the enterprise acquired is determined at the date of acquisition after the individual assets and liabilities having been adjusted to fair value (the purchase method). Cost comprises the fair value of the consideration paid as well as expenses for consultants etc directly related to the acquisition. Any remaining positive differences are recognised in intangible assets in the balance sheet as goodwill, which is amortised in the income statement on a straightline basis over its estimated useful life. Any remaining negative differences are recognised as income in the income statement at the date of acquisition.

Positive and negative differences from enterprises acquired may, due to changes to the recognition and measurement of net assets, be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made. Moreover, any change in contingent consideration is adjusted in the value of goodwill or negative goodwill.

Amortisation of goodwill is recognised in “Amortisation, depreciation and impairment losses”.

Minority interests

Minority interests form part of the Group’s total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Notes to the Financial Statements

22 Accounting Policies (continued)

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Sale of stores and related equipment are recognized as revenue.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Notes to the Financial Statements

22 Accounting Policies (continued)

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 7 years.

Notes to the Financial Statements

22 Accounting Policies (continued)

Acquired rights are measured at the lower of cost less accumulated amortisation and recoverable amount. Acquired rights are amortised over the period where the rights belongs to the company; however not exceeding 20 years.

Development costs are measured at the lower costs less accumulared amortisationrelating and recoverable amount. The useful life is expected to be between 5 - 8 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-20 years
Leasehold improvements	3-15 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item"Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend

Notes to the Financial Statements

22 Accounting Policies (continued)

distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of leasehold deposits and receivables relate to sale og stores.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legisla-

22 Accounting Policies (continued)

tion at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Cash Flow Statement

The cash flow statement shows the Group´s cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group´s cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise ”Cash at bank and in hand”.

The cash flow statement cannot be immediately derived from the published financial records.