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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 20, 2021

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

Commission file number: 001-32242

Domino's Pizza, Inc.
(Exact Name of Registrant as Specified in Its Charter)

Delaware **(State or Other Jurisdiction of Incorporation or Organization)**	**38-2511577** **(I.R.S. Employer Identification No.)**
30 Frank Lloyd Wright Drive **Ann Arbor, Michigan** **(Address of Principal Executive Offices)**	**48105** **(Zip Code)**

(734) 930-3030
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Exchange Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Domino's Pizza, Inc. Common Stock, $0.01 par value	**DPZ**	**New York Stock Exchange**

Indicate by check mark whether registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of July 15, 2021, Domino’s Pizza, Inc. had 36,854,211 shares of common stock, par value $0.01 per share, outstanding.

Domino's Pizza, Inc.

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements.

Domino's Pizza, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(Unaudited)

(In thousands)	June 20, 2021	January 3, 2021 (1)
Assets		
Current assets:		
Cash and cash equivalents	$ 292,095	$ 168,821
Restricted cash and cash equivalents	184,695	217,453
Accounts receivable, net	235,954	244,560
Inventories	59,182	66,683
Prepaid expenses and other	43,785	24,169
Advertising fund assets, restricted	165,139	147,698
Total current assets	980,850	869,384
Property, plant and equipment:		
Land and buildings	93,801	88,063
Leasehold and other improvements	189,094	186,456
Equipment	305,491	292,456
Construction in progress	9,650	13,014
	598,036	579,989
Accumulated depreciation and amortization	(302,504)	(282,625)
Property, plant and equipment, net	295,532	297,364
Other assets:		
Operating lease right-of-use assets	220,845	228,268
Goodwill	15,034	15,061
Capitalized software, net	88,733	81,306
Investments (Note 6)	82,500	40,000
Other assets	36,636	33,881
Deferred income taxes	1,663	1,904
Total other assets	445,411	400,420
Total assets	$ 1,721,793	$ 1,567,168
Liabilities and stockholders' deficit		
Current liabilities:		
Current portion of long-term debt	$ 54,769	$ 2,855
Accounts payable	104,515	94,499
Operating lease liabilities	36,542	35,861
Insurance reserves	27,463	26,377
Dividends payable	35,452	729
Advertising fund liabilities	157,513	141,175
Other accrued liabilities	138,100	169,323
Total current liabilities	554,354	470,819
Long-term liabilities:		
Long-term debt, less current portion	5,026,765	4,116,018
Operating lease liabilities	195,926	202,268
Insurance reserves	40,895	37,125
Other accrued liabilities	35,996	35,244
Deferred income taxes	8,427	6,099
Total long-term liabilities	5,308,009	4,396,754
Stockholders' deficit:		
Common stock	369	389
Additional paid-in capital	7,771	5,122
Retained deficit	(4,146,702)	(3,303,492)
Accumulated other comprehensive loss	(2,008)	(2,424)
Total stockholders' deficit	(4,140,570)	(3,300,405)
Total liabilities and stockholders' deficit	$ 1,721,793	$ 1,567,168

(1) The balance sheet at January 3, 2021 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements.

The accompanying notes are an integral part of these condensed consolidated statements.

Domino's Pizza, Inc. and Subsidiaries
Condensed Consolidated Statements of Income
(Unaudited)

(In thousands, except per share data)	Fiscal Quarter Ended June 20, 2021	Fiscal Quarter Ended June 14, 2020	Two Fiscal Quarters Ended June 20, 2021	Two Fiscal Quarters Ended June 14, 2020
Revenues:				
U.S. Company-owned stores	$ 116,589	$ 114,240	$ 229,333	$ 216,566
U.S. franchise royalties and fees	126,836	113,098	251,322	217,844
Supply chain	602,962	539,141	1,171,300	1,051,841
International franchise royalties and fees	69,745	48,104	136,515	105,600
U.S. franchise advertising	116,340	105,440	227,700	201,274
Total revenues	1,032,472	920,023	2,016,170	1,793,125
Cost of sales:				
U.S. Company-owned stores	88,019	87,831	173,761	167,219
Supply chain	536,763	475,101	1,045,568	928,658
Total cost of sales	624,782	562,932	1,219,329	1,095,877
Operating margin	407,690	357,091	796,841	697,248
General and administrative	100,448	88,068	191,701	176,557
U.S. franchise advertising	116,340	105,440	227,700	201,274
Income from operations	190,902	163,583	377,440	319,417
Other income	—	—	2,500	—
Interest income	68	640	90	1,572
Interest expense	(45,877)	(39,727)	(85,299)	(79,197)
Income before provision for income taxes	145,093	124,496	294,731	241,792
Provision for income taxes	28,474	5,828	60,351	1,522
Net income	$ 116,619	$ 118,668	$ 234,380	$ 240,270
Earnings per share:				
Common stock - basic	$ 3.10	$ 3.04	$ 6.14	$ 6.18
Common stock - diluted	3.06	2.99	6.06	6.05

The accompanying notes are an integral part of these condensed consolidated statements.

Domino’s Pizza, Inc. and Subsidiaries
Condensed Consolidated Statements of Comprehensive Income
(Unaudited)

(In thousands)	Fiscal Quarter Ended June 20, 2021	Fiscal Quarter Ended June 14, 2020	Two Fiscal Quarters Ended June 20, 2021	Two Fiscal Quarters Ended June 14, 2020
Net income	$116,619	$118,668	$ 234,380	$ 240,270
Currency translation adjustment	230	1,533	416	(793)
Comprehensive income	$116,849	$120,201	$ 234,796	$ 239,477

The accompanying notes are an integral part of these condensed consolidated statements.

Domino's Pizza, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(In thousands)	Two Fiscal Quarters Ended June 20, 2021	Two Fiscal Quarters Ended June 14, 2020
Cash flows from operating activities:		
Net income	$ 234,380	$ 240,270
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	33,641	28,789
Loss on sale/disposal of assets	456	544
Amortization of debt issuance costs	4,438	2,575
Provision for deferred income taxes	2,561	1,510
Non-cash equity-based compensation expense	13,500	10,029
Excess tax benefits from equity-based compensation	(4,264)	(53,440)
Provision for losses on accounts and notes receivable	296	1,592
Unrealized gain on investments	(2,500)	—
Changes in operating assets and liabilities	(17,098)	(19,421)
Changes in advertising fund assets and liabilities, restricted	30,005	(620)
Net cash provided by operating activities	295,415	211,828
Cash flows from investing activities:		
Capital expenditures	(33,163)	(33,732)
Purchase of investments (Note 6)	(40,000)	(40,000)
Other	293	(479)
Net cash used in investing activities	(72,870)	(74,211)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	1,850,000	158,000
Repayments of long-term debt and finance lease obligations	(882,547)	(122,040)
Proceeds from exercise of stock options	9,025	24,801
Purchases of common stock	(1,025,000)	(79,590)
Tax payments for restricted stock upon vesting	(1,087)	(1,827)
Payments of common stock dividends and equivalents	(36,432)	(30,266)
Cash paid for financing costs	(14,938)	—
Other	(244)	—
Net cash used in financing activities	(101,223)	(50,922)
Effect of exchange rate changes on cash	302	(253)
Change in cash and cash equivalents, restricted cash and cash equivalents	121,624	86,442
Cash and cash equivalents, beginning of period	168,821	190,615
Restricted cash and cash equivalents, beginning of period	217,453	209,269
Cash and cash equivalents included in advertising fund assets, restricted, beginning of period	115,872	84,040
Cash and cash equivalents, restricted cash and cash equivalents and cash and cash equivalents included in advertising fund assets, restricted, beginning of period	502,146	483,924
Cash and cash equivalents, end of period	292,095	247,952
Restricted cash and cash equivalents, end of period	184,695	238,233
Cash and cash equivalents included in advertising fund assets, restricted, end of period	146,980	84,181
Cash and cash equivalents, restricted cash and cash equivalents and cash and cash equivalents included in advertising fund assets, restricted, end of period	$ 623,770	$ 570,366

The accompanying notes are an integral part of these condensed consolidated statements.

Domino's Pizza, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(Unaudited; tabular amounts in thousands, except percentages, share and per share amounts)

June 20, 2021

1. Basis of Presentation and Updates to Significant Accounting Policies

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. For further information, refer to the consolidated financial statements and footnotes for the fiscal year ended January 3, 2021 included in the Company's 2020 Annual Report on Form 10-K, filed with the Securities and Exchange Commission on February 25, 2021 (the "2020 Form 10-K").

In the opinion of management, all adjustments, consisting of normal recurring items, considered necessary for a fair statement have been included. Operating results for the fiscal quarter ended June 20, 2021 are not necessarily indicative of the results that may be expected for the fiscal year ending January 2, 2022.

2. Segment Information

The following table summarizes revenues and earnings before interest, taxes, depreciation, amortization and other, which is the measure by which the Company allocates resources to its segments and which the Company refers to as Segment Income, for each of its reportable segments. Intersegment revenues are comprised of sales of food, equipment and supplies from the supply chain segment to the Company-owned stores in the U.S. stores segment. Intersegment sales prices are market based. The "Other" column as it relates to Segment Income below primarily includes corporate administrative costs that are not allocable to a reportable segment, including labor, computer expenses, professional fees, travel and entertainment, rent, insurance and other corporate administrative costs.

	Fiscal Quarters Ended June 20, 2021 and June 14, 2020					
	U.S. Stores	Supply Chain	International Franchise	Intersegment Revenues	Other	Total
Revenues						
2021	$359,765	$635,592	$ 69,745	$ (32,630)	$ —	$1,032,472
2020	332,778	570,104	48,104	(30,963)	—	920,023
Segment Income						
2021	$111,847	$ 58,593	$ 56,365	N/A	$ (9,627)	$ 217,178
2020	102,934	56,904	36,410	N/A	(12,555)	183,693

	Two Fiscal Quarters Ended June 20, 2021 and June 14, 2020					
	U.S. Stores	Supply Chain	International Franchise	Intersegment Revenues	Other	Total
Revenues						
2021	$708,355	$1,234,769	$ 136,515	$ (63,469)	$ —	$2,016,170
2020	635,684	1,111,743	105,600	(59,902)	—	1,793,125
Segment Income						
2021	$219,283	$ 111,145	$ 110,833	N/A	$(15,715)	$ 425,546
2020	191,211	108,341	79,914	N/A	(20,687)	358,779

The following table reconciles Total Segment Income to consolidated income before provision for income taxes.

	Fiscal Quarter Ended		Two Fiscal Quarters Ended	
	June 20, 2021	June 14, 2020	June 20, 2021	June 14, 2020
Total Segment Income	$217,178	$183,693	$ 425,546	$ 358,779
Depreciation and amortization	(17,176)	(14,757)	(33,641)	(28,789)
Loss on sale/disposal of assets	(295)	(238)	(456)	(544)
Non-cash equity-based compensation expense	(8,296)	(5,115)	(13,500)	(10,029)
Recapitalization-related expenses	(509)	—	(509)	—
Income from operations	190,902	163,583	377,440	319,417
Other income	—	—	2,500	—
Interest income	68	640	90	1,572
Interest expense	(45,877)	(39,727)	(85,299)	(79,197)
Income before provision for income taxes	$145,093	$124,496	$ 294,731	$ 241,792

3. Earnings Per Share

	Fiscal Quarter Ended		Two Fiscal Quarters Ended	
	June 20, 2021	June 14, 2020	June 20, 2021	June 14, 2020
Net income available to common stockholders - basic and diluted	$ 116,619	$ 118,668	$ 234,380	$ 240,270
Basic weighted average number of shares	37,590,369	39,058,292	38,145,297	38,862,108
Earnings per share – basic	$ 3.10	$ 3.04	$ 6.14	$ 6.18
Diluted weighted average number of shares	38,122,515	39,746,479	38,665,325	39,688,663
Earnings per share – diluted	$ 3.06	$ 2.99	$ 6.06	$ 6.05

The denominator used in calculating diluted earnings per share for the second quarter of 2021 did not include 84,955 options to purchase common stock, as the effect of including these options would have been anti-dilutive. The denominator used in calculating diluted earnings per share for the two fiscal quarters of 2021 did not include 92,689 options to purchase common stock, as the effect of including these options would have been anti-dilutive. The denominators used in calculating diluted earnings per share for the second quarter and two fiscal quarters of 2021 each did not include 64,110 restricted performance shares, as the performance targets for these awards had not yet been met.

The denominator used in calculating diluted earnings per share for the two fiscal quarters of 2020 did not include 263 options to purchase common stock and 1,760 restricted stock awards, as the effect of including these options and awards would have been anti-dilutive. The denominators used in calculating diluted earnings per share for the second quarter and two fiscal quarters of 2020 each did not include 90,472 restricted performance shares, as the performance targets for these awards had not yet been met.

4. Stockholders' Deficit

The following table summarizes changes in stockholders' deficit for the second quarter of 2021.

	Common Stock		Additional Paid-in Capital	Retained Deficit	Accumulated Other Comprehensive Loss
	Shares	Amount			
Balance at March 28, 2021	38,818,197	$ 388	$ 6,612	$(3,240,842)	$ (2,238)
Net income	—	—	—	116,619	—
Dividends declared on common stock and equivalents ($0.94 per share)	—	—	—	(34,680)	—
Issuance and cancellation of stock awards, net	837	—	—	—	—
Tax payments for restricted stock upon vesting	(110)	—	(43)	—	—
Purchases of common stock	(2,012,596)	(20)	(12,181)	(987,799)	—
Exercise of stock options	47,243	1	5,331	—	—
Non-cash equity-based compensation expense	—	—	8,296	—	—
Other	—	—	(244)	—	—
Currency translation adjustment	—	—	—	—	230
Balance at June 20, 2021	36,853,571	$ 369	$ 7,771	$(4,146,702)	$ (2,008)

The following table summarizes changes in stockholders' deficit for the two fiscal quarters of 2021.

	Common Stock		Additional Paid-in Capital	Retained Deficit	Accumulated Other Comprehensive Loss
	Shares	Amount			
Balance at January 3, 2021	38,868,350	$ 389	$ 5,122	$(3,303,492)	$ (2,424)
Net income	—	—	—	234,380	—
Dividends declared on common stock and equivalents ($1.88 per share)	—	—	—	(71,155)	—
Issuance and cancellation of stock awards, net	(1,918)	—	—	—	—
Tax payments for restricted stock upon vesting	(2,901)	—	(1,087)	—	—
Purchases of common stock	(2,078,466)	(21)	(18,544)	(1,006,435)	—
Exercise of stock options	68,506	1	9,024	—	—
Non-cash equity-based compensation expense	—	—	13,500	—	—
Other	—	—	(244)	—	—
Currency translation adjustment	—	—	—	—	416
Balance at June 20, 2021	36,853,571	$ 369	$ 7,771	$(4,146,702)	$ (2,008)

On April 30, 2021, the Company entered into a $1.0 billion accelerated share repurchase agreement (the "ASR Agreement") with a counterparty. Refer to Note 5 for additional information related to this transaction.

Subsequent to the end of the second quarter, on July 20, 2021, the Company's Board of Directors authorized a new share repurchase program to repurchase up to $1.0 billion of the Company's common stock. This repurchase program replaces the Company's previously approved $1.0 billion share repurchase program, which was fully utilized in connection with the ASR Agreement.

Also on July 20, 2021, the Company's Board of Directors declared a $0.94 per share quarterly dividend on its outstanding common stock for shareholders of record as of September 15, 2021, to be paid on September 30, 2021.

The following table summarizes changes in stockholders' deficit for the second quarter of 2020.

	Common Stock		Additional Paid-in Capital	Retained Deficit	Accumulated Other Comprehensive Loss
	Shares	Amount			
Balance at March 22, 2020	39,039,599	$ 390	$ 12,474	$(3,398,986)	$ (6,068)
Net income	—	—	—	118,668	—
Dividends declared on common stock and equivalents ($0.78 per share)	—	—	—	(30,697)	—
Issuance and cancellation of stock awards, net	4,068	—	—	—	—
Tax payments for restricted stock upon vesting	(91)	—	(31)	—	—
Exercise of stock options	303,637	3	14,693	—	—
Non-cash equity-based compensation expense	—	—	5,115	—	—
Currency translation adjustment	—	—	—	—	1,533
Balance at June 14, 2020	39,347,213	$ 393	$ 32,251	$(3,311,015)	$ (4,535)

The following table summarizes changes in stockholders' deficit for the two fiscal quarters of 2020.

	Common Stock		Additional Paid-in Capital	Retained Deficit	Accumulated Other Comprehensive Loss
	Shares	Amount			
Balance at December 29, 2019	38,934,009	$ 389	$ 243	$(3,412,649)	$ (3,742)
Net income	—	—	—	240,270	—
Dividends declared on common stock and equivalents ($1.56 per share)	—	—	—	(61,139)	—
Issuance and cancellation of stock awards, net	5,713	—	—	—	—
Tax payments for restricted stock upon vesting	(6,020)	—	(1,827)	—	—
Purchases of common stock	(271,064)	(3)	(988)	(78,599)	—
Exercise of stock options	684,575	7	24,794	—	—
Non-cash equity-based compensation expense	—	—	10,029	—	—
Adoption of credit losses standard	—	—	—	1,102	—
Currency translation adjustment	—	—	—	—	(793)
Balance at June 14, 2020	39,347,213	$ 393	$ 32,251	$(3,311,015)	$ (4,535)

5. Recapitalization

On April 16, 2021 (the “closing date”), the Company completed a recapitalization transaction (the “2021 Recapitalization”) in which certain of the Company’s subsidiaries issued new notes pursuant to an asset-backed securitization. The new notes consist of $850.0 million Series 2021-1 2.662% Fixed Rate Senior Secured Notes, Class A-2-I with an anticipated term of 7.5 years (the “2021 A-2-I Fixed Rate Notes”) and $1.0 billion Series 2021-1 3.151% Fixed Rate Senior Secured Notes, Class A-2-II with an anticipated term of 10 years (collectively with the 2021 A-2-I Fixed Rate Notes, the “2021 Notes”) in an offering exempt from registration under the Securities Act of 1933, as amended. As of June 20, 2021, the 2021 Notes had scheduled principal payments of $9.3 million in 2021, $18.5 million in each of 2022 through 2027, $804.8 million in 2028, $10.0 million in each of 2029 and 2030 and $905.0 million in 2031. Gross proceeds from the issuance of the 2021 Notes were $1.85 billion.

Concurrently, certain of the Company’s subsidiaries also issued a new variable funding note facility which allows for advances of up to $200.0 million of Series 2021-1 Variable Funding Senior Secured Notes, Class A-1 Notes and certain other credit instruments, including letters of credit (the “2021 Variable Funding Notes”). The 2021 Variable Funding Notes were undrawn on the closing date. In connection with the issuance of the 2021 Variable Funding Notes, the Company’s previous $200.0 million variable funding note facility was canceled.

A portion of proceeds from the 2021 Recapitalization was used to repay the remaining $291.0 million in outstanding principal under the Company’s 2017 five-year floating rate notes and $582.0 million in outstanding principal under the Company’s 2017 five-year fixed rate notes, prefund a portion of the interest payable on the 2021 Notes and pay transaction fees and expenses. In connection with the repayment of the 2017 five-year floating rate notes and 2017 five-year fixed rate notes, the Company expensed approximately $2.0 million for the remaining unamortized debt issuance costs associated with these notes. Additionally, in connection with the 2021 Recapitalization, the Company capitalized $14.9 million of debt issuance costs, which are being amortized into interest expense over the 7.5 and 10-year expected terms of the 2021 Notes.

As of the fourth quarter of 2020, the Company had a leverage ratio of less than 5.0x, and accordingly, did not make the previously scheduled debt amortization payment for its then-outstanding notes beginning in the first quarter of 2021. Accordingly, all principal amounts of the Company’s outstanding notes were classified as long-term debt in the consolidated balance sheet as of January 3, 2021. Subsequent to the closing of the 2021 Recapitalization, the Company had a leverage ratio of greater than 5.0x and, accordingly, the Company resumed making the scheduled amortization payments on its notes in the second quarter of 2021.

On April 30, 2021, the Company entered into the $1.0 billion ASR Agreement. Pursuant to the terms of the ASR Agreement, on May 3, 2021, the Company used a portion of the proceeds from the 2021 Recapitalization to pay the counterparty $1.0 billion in cash and received and retired 2,012,596 shares of its common stock. Final settlement of the ASR Agreement occurred on July 21, 2021. In connection with the ASR Agreement, the Company received and retired a total of 2,250,786 shares of its common stock at an average price of $444.29, including the 2,012,596 shares of its common stock received and retired during the second quarter of 2021.

6. Fair Value Measurements

Fair value measurements enable the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The Company classifies and discloses assets and liabilities carried at fair value in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

Fair Value of Cash Equivalents and Investments

The fair values of the Company’s cash equivalents and investments in marketable securities are based on quoted prices in active markets for identical assets. The fair value of the Company’s Level 3 investment is not readily determinable. The fair value represents its cost with adjustments for observable changes in prices resulting from orderly transactions for the identical or a similar investment of the same issuer or impairments.

The following tables summarize the carrying amounts and fair values of certain assets at June 20, 2021 and January 3, 2021:

	At June 20, 2021			
		Fair Value Estimated Using		
	Carrying Amount	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Cash equivalents	$261,183	$261,183	$ —	$ —
Restricted cash equivalents	117,783	117,783	—	—
Investments in marketable securities	14,195	14,195	—	—
Advertising fund cash equivalents, restricted	129,810	129,810	—	—
Investments	82,500	—	—	82,500

	At January 3, 2021			
		Fair Value Estimated Using		
	Carrying Amount	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Cash equivalents	$151,502	$151,502	$ —	$ —
Restricted cash equivalents	126,595	126,595	—	—
Investments in marketable securities	13,251	13,251	—	—
Advertising fund cash equivalents, restricted	104,197	104,197	—	—
Investments	40,000	—	—	40,000

During the second quarter of 2020, a subsidiary of the Company acquired a non-controlling interest in Dash Brands Ltd., a privately-held business company limited by shares incorporated with limited liability under the laws of the British Virgin Islands ("Dash Brands"), for $40.0 million. Through its subsidiaries, Dash Brands serves as the Company's master franchisee in China that owns and operates Domino's Pizza stores in that market. The Company's investment in Dash Brands' senior ordinary shares, which are not in-substance common stock, represents an equity investment without a readily determinable fair value and is recorded at cost with adjustments for observable changes in prices resulting from orderly transactions for the identical or a similar investment of the same issuer or impairments.

In the first quarter of 2021, the Company invested an additional $40.0 million in Dash Brands based on Dash Brands' achievement of certain pre-established performance conditions. In the first quarter of 2021, the Company recorded a positive adjustment of $ 2.5 million to the original carrying amount of $40.0 million resulting from the observable change in price from the valuation of the additional investment. This amount was recorded in other income in the Company's condensed consolidated statements of income. The Company did not record any adjustments to the carrying amount of $82.5 million in the second quarter of 2021.

The following table summarizes the reconciliation of the carrying amount of the Company's investment in Dash Brands from the opening balance at January 3, 2021 to the closing balance at June 20, 2021.

	Two Fiscal Quarters of 2021			
	Carrying Amount January 3, 2021	Purchases	Unrealized Gain	Carrying Amount June 20, 2021
Investments	$ 40,000	$ 40,000	$ 2,500	$82,500

Fair Value of Debt

The estimated fair values of the Company's fixed and floating rate notes are classified as Level 2 measurements, as the Company estimates the fair value amount by using available market information. The Company obtained quotes from two separate brokerage firms that are knowledgeable about the Company's fixed and floating rate notes and, at times, trade these notes. The Company also performed its own internal analysis based on the information gathered from public markets, including information on notes that are similar to those of the Company. However, considerable judgment is required to interpret market data to estimate fair value. Accordingly, the fair value estimates presented are not necessarily indicative of the amount that the Company or the debtholders could realize in a current market exchange. The use of different assumptions and/or estimation methodologies may have a material effect on the estimated fair values stated below.

Management estimated the approximate fair values of the 2015 fixed rate notes, the 2017 fixed and floating rate notes, the 2018 fixed rate notes, the 2019 fixed rate notes and the 2021 fixed rate notes as follows:

	June 20, 2021		January 3, 2021	
	Principal Amount	Fair Value	Principal Amount	Fair Value
2015 Ten-Year Fixed Rate Notes	$ 764,000	$ 802,200	$ 766,000	$ 809,662
2017 Five-Year Fixed Rate Notes	—	—	582,000	582,582
2017 Ten-Year Fixed Rate Notes	967,500	1,032,323	970,000	1,035,960
2017 Five-Year Floating Rate Notes	—	—	291,000	291,000
2018 7.5-Year Fixed Rate Notes	414,375	433,022	415,438	437,456
2018 9.25-Year Fixed Rate Notes	390,000	422,370	391,000	422,280
2019 Ten-Year Fixed Rate Notes	666,563	715,222	668,250	712,355
2021 7.5-Year Fixed Rate Notes	850,000	872,950	—	—
2021 Ten-Year Fixed Rate Notes	1,000,000	1,042,000	—	—

The Company's variable funding notes are a variable rate loan, and the fair value of this loan approximates book value based on the borrowing rates currently available for variable rate loans obtained from third party lending institutions. This fair value represents a Level 2 measurement. The Company did not have any outstanding borrowings under its variable funding notes at June 20, 2021 or January 3, 2021.

7. Revenue Disclosures

Contract Liabilities

Contract liabilities primarily consist of deferred franchise fees and deferred development fees. Changes in deferred franchise fees and deferred development fees for the two fiscal quarters of 2021 and the two fiscal quarters of 2020 were as follows:

	Two Fiscal Quarters Ended	
	June 20, 2021	June 14, 2020
Deferred franchise fees and deferred development fees at beginning of period	$ 19,090	$ 20,463
Revenue recognized during the period	(2,691)	(2,793)
New deferrals due to cash received and other	3,805	3,092
Deferred franchise fees and deferred development fees at end of period	$ 20,204	$ 20,762

Advertising Fund Assets

As of June 20, 2021, advertising fund assets, restricted of $165.1 million consisted of $147.0 million of cash and cash equivalents, $16.2 million of accounts receivable and $1.9 million of prepaid expenses. As of June 20, 2021, advertising fund cash and cash equivalents included $7.6 million of cash contributed from U.S. Company-owned stores that had not yet been expended.

As of January 3, 2021, advertising fund assets, restricted of $147.7 million consisted of $115.9 million of cash and cash equivalents, $27.0 million of accounts receivable and $4.8 million of prepaid expenses. As of January 3, 2021, advertising fund cash and cash equivalents included $6.5 million of cash contributed from U.S. Company-owned stores that had not yet been expended.

8. Leases

The Company leases certain retail store and supply chain center locations, supply chain vehicles, equipment and its corporate headquarters with expiration dates through 2041.

The components of operating and finance lease cost for the second quarter and two fiscal quarters of 2021 and the second quarter and two fiscal quarters of 2020 were as follows:

	Fiscal Quarter Ended		Two Fiscal Quarters Ended	
	June 20, 2021	June 14, 2020	June 20, 2021	June 14, 2020
Operating lease cost	$10,326	$10,250	$ 20,750	$ 19,832
Finance lease cost:				
Amortization of right-of-use assets	1,003	451	1,922	700
Interest on lease liabilities	722	897	1,748	1,272
Total finance lease cost	$ 1,725	$ 1,348	$ 3,670	$ 1,972

Rent expense totaled $17.9 million and $36.1 million in the second quarter and two fiscal quarters of 2021, respectively. Rent expense totaled $16.2 million and $32.6 million in the second quarter and two fiscal quarters of 2020, respectively. Rent expense includes operating lease cost, as well as expense for non-lease components including common area maintenance, real estate taxes and insurance for the Company’s real estate leases. Rent expense also includes the variable rate per mile driven and fixed maintenance charges for the Company’s supply chain center tractors and trailers and expense for short-term rentals. Variable rent expense and rent expense for short-term leases were immaterial for the second quarter and two fiscal quarters of 2021 and 2020, respectively.

Supplemental balance sheet information related to the Company’s finance leases as of June 20, 2021 and January 3, 2021 was as follows:

	June 20, 2021	January 3, 2021
Land and buildings	$ 73,822	$ 68,084
Accumulated depreciation and amortization	(11,979)	(10,049)
Finance lease assets, net	$ 61,843	$ 58,035
Current portion of long-term debt	$ 3,269	$ 2,855
Long-term debt, less current portion	61,697	57,700
Total principal payable on finance leases	$ 64,966	$ 60,555

As of June 20, 2021 and January 3, 2021, the weighted average remaining lease term and weighted average discount rate for the Company’s operating and finance leases were as follows:

	June 20, 2021		January 3, 2021	
	Operating Leases	Finance Leases	Operating Leases	Finance Leases
Weighted average remaining lease term	7 years	15 years	7 years	16 years
Weighted average discount rate	3.7%	6.5%	3.7%	6.8%

Supplemental cash flow information related to leases for the second quarter and two fiscal quarters of 2021 and the second quarter and two fiscal quarters of 2020 were as follows:

	Fiscal Quarter Ended		Two Fiscal Quarters Ended	
	June 20, 2021	June 14, 2020	June 20, 2021	June 14, 2020
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from operating leases	$9,105	$10,048	$ 19,292	$ 20,167
Operating cash flows from finance leases	722	897	1,748	1,272
Financing cash flows from finance leases	593	691	1,297	1,040
Right-of-use assets obtained in exchange for lease obligations:				
Operating leases	6,681	6,596	11,353	15,578
Finance leases	5,261	18,746	5,660	18,746

Maturities of lease liabilities as of June 20, 2021 were as follows:

	Operating Leases	Finance Leases
2021	$ 26,194	$ 3,996
2022	43,813	7,202
2023	38,220	6,722
2024	36,928	7,181
2025	30,470	6,983
Thereafter	89,142	74,290
Total future minimum rental commitments	264,767	106,374
Less – amounts representing interest	(32,299)	(41,408)
Total lease liabilities	$232,468	$ 64,966

As of June 20, 2021, the Company has additional leases for one supply chain center and certain supply chain tractors and trailers that had not yet commenced with estimated future minimum rental commitments of approximately $51.1 million. These leases are expected to commence in 2021 and 2022 with lease terms of up to 16 years. These undiscounted amounts are not included in the table above.

The Company has guaranteed lease payments related to certain franchisees' lease arrangements. The maximum amount of potential future payments under these guarantees was $11.1 million and $12.6 million as of June 20, 2021 and January 3, 2021, respectively. The Company does not believe these arrangements have or are likely to have a material effect on its results of operations, financial condition, revenues, expenses or liquidity.

9. Supplemental Disclosures of Cash Flow Information

The Company had non-cash investing activities related to accruals for capital expenditures of $4.6 million at June 20, 2021 and $4.3 million at January 3, 2021. The Company also had less than $0.1 million of non-cash investing activities related to lease incentives in the two fiscal quarters of 2021.

10. Equity Incentive Plans

The Company's current equity incentive plan, named the Domino's Pizza, Inc. 2004 Equity Incentive Plan (the "2004 Equity Incentive Plan"), benefits certain of the Company's employees and members of the Company's Board of Directors. In the two fiscal quarters of 2021, the Company granted non-qualified stock options, restricted stock awards, restricted stock units and performance-based restricted stock units to certain employees and members of its Board of Directors under the 2004 Equity Incentive Plan. As a result of the changes to the characteristics and types of awards granted to date in 2021 under the 2004 Equity Incentive Plan, the Company has included disclosure of the nature and terms of these awards granted in the two fiscal quarters of 2021, as well as the methods used to estimate their fair values below.

The cost of all employee stock options, as well as other equity-based compensation arrangements, is reflected in the condensed consolidated statements of income based on the estimated fair value of the awards and is amortized over the requisite service period of each award. All non-cash compensation expense amounts are recorded in general and administrative expense.

<u>Stock Options</u>

Stock options granted in fiscal 2021 were granted with an exercise price equal to the market price of the Company's common stock at the date of the grant, expire ten years from the date of grant and generally vest over three years from the date of grant, generally subject to the holder's continued employment. Additionally, all stock options granted become fully exercisable upon vesting. These awards also contain provisions for accelerated vesting upon the retirement eligibility of holders that have achieved specified service and age requirements. Management estimated the fair value of each option grant using the Black-Scholes option pricing method. The risk-free interest rate is based on the estimated expected life and is estimated based on U.S. Treasury Bond rates as of the grant date. The expected life is based on several factors, including, among other things, the vesting term and contractual term as well as historical experience. The expected volatility is based principally on the historical volatility of the Company's share price.

Other Equity-Based Compensation Arrangements

Restricted stock awards granted to members of the Company's Board of Directors in fiscal 2021 were granted with a fair value equal to the market price of the Company's stock on the grant date and vest one year from the date of grant, generally subject to the director's continued service. These awards also contain provisions for accelerated vesting upon the retirement eligibility of holders that have achieved specified service and age requirements.

Restricted stock units granted in fiscal 2021 were granted with a fair value equal to the market price of the Company's stock on the grant date. These restricted stock units are separated into three tranches and have time-based ratable vesting conditions with the last tranche of the award vesting three years from the grant date, generally subject to the holder's continued employment. These awards also contain provisions for accelerated vesting upon the retirement eligibility of holders that have achieved specified service and age requirements.

Performance-based restricted stock units granted in fiscal 2021 were granted with a fair value equal to the market price of the Company's stock on the grant date, adjusted for the estimated fair value of the market condition included in the award. These performance-based restricted stock units may vest three years from the date of grant, generally subject to the holder's continued employment, and have time and performance-based vesting conditions which provide for potential payouts of the target award amount between zero percent and two hundred percent, based on the Company's three-year cumulative achievement as compared to the specified target performance conditions. The performance-based restricted stock units also include provisions for a potential modifier (upward or downward) based on the Company's cumulative three-year common stock performance relative to that of a pre-established peer group. These awards also contain provisions for accelerated vesting of the time-based vesting condition upon the retirement eligibility of holders that have achieved specified service and age requirements. Management estimated the fair value of each performance-based restricted stock unit using a Monte-Carlo simulation pricing method. The risk-free interest rate is based on the estimated expected life and is estimated based on U.S. Treasury Bond rates as of the grant date. The Monte-Carlo simulation also includes assumptions for expected volatility based principally on the historical volatility of the Company's share price, as well as the correlation of the Company's share price as compared to that of the pre-established peer group.

11. New Accounting Pronouncements

Recently Adopted Accounting Standard

Accounting Standards Update ("ASU") 2019-12, Income Taxes – Simplifying the Accounting for Income Taxes (Topic 740)

In December 2019, the Financial Accounting Standards Board ("FASB") issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes ("ASU 2019-12")*, which simplifies the accounting for income taxes. ASU 2019-12 is effective for fiscal years beginning after December 15, 2020, including applicable interim periods. The Company adopted this accounting standard in the first quarter of 2021, and it did not have a material impact on its condensed consolidated financial statements.

Accounting Standards Not Yet Adopted

The Company has considered all new accounting standards issued by the FASB. The Company has not yet completed its assessment of the following standard.

ASU 2020-04, Facilitation of the Effects of Reference Rate Reform on Financial Reporting (Topic 848)

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting ("ASU 2020-04")*, which provides temporary optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships and other transactions affected by reference rate reform. Subsequent to the closing of the 2021 Recapitalization, the Company's 2021 Variable Funding Notes bear interest at fluctuating interest rates based on LIBOR. However, the associated loan documents contemplate a transition from LIBOR to secured overnight financing rate ("SOFR") in the event that LIBOR ceases to exist. If the Company further needs to renegotiate its loan documents, the Company cannot predict what alternative index would be negotiated with its lenders. ASU 2020-04 is currently effective and upon adoption may be applied prospectively to contract modifications made on or before December 31, 2022. The Company is currently assessing the impact of adopting this standard but does not expect the adoption of this guidance to have a material impact on its condensed consolidated financial statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.
(Unaudited; tabular amounts in millions, except percentages and store data)

The 2021 and 2020 second quarters referenced herein represent the twelve-week periods ended June 20, 2021 and June 14, 2020, respectively. The 2021 and 2020 two fiscal quarters referenced herein represent the twenty-four-week periods ended June 20, 2021 and June 14, 2020, respectively. In this section, we discuss the results of our operations for the second quarter and two fiscal quarters of 2021 as compared to the respective periods of 2020.

Overview

Domino's is the largest pizza company in the world based on global retail sales, with a significant business in both delivery and carryout, and more than 18,000 locations in over 90 markets around the world as of June 20, 2021. Founded in 1960, our roots are in convenient pizza delivery, while a significant amount of our sales also come from carryout customers. We are a highly recognized global brand, and we focus on serving neighborhoods locally through our large global network of franchise owners and U.S. Company-owned stores. We are primarily a franchisor, with approximately 98% of Domino's stores currently owned and operated by our independent franchisees. Franchising enables an individual to be his or her own employer and maintain control over all employment-related matters and pricing decisions, while also benefiting from the strength of the Domino's global brand and operating system with limited capital investment by us.

The Domino's business model is straightforward: Domino's stores handcraft and serve quality food at a competitive price, with easy ordering access and efficient service, enhanced by our technological innovations. Our hand-tossed dough is made fresh and distributed to stores around the world by us and our franchisees.

Domino's generates revenues and earnings by charging royalties and fees to our franchisees. Royalties are ongoing percent-of-sales fees for use of the Domino's® brand marks. We also generate revenues and earnings by selling food, equipment and supplies to franchisees through our supply chain operations, primarily in the U.S. and Canada, and by operating a number of Company-owned stores in the U.S. Franchisees profit by selling pizza and other complementary items to their local customers. In our international markets, we generally grant geographical rights to the Domino's Pizza® brand to master franchisees. These master franchisees are charged with developing their geographical area, and they may profit by sub-franchising and selling food and equipment to those sub-franchisees, as well as by running pizza stores. We believe that everyone in the system can benefit, including the end consumer, who can purchase Domino's menu items for themselves and their family conveniently and economically.

The Domino's business model can yield strong returns for our franchise owners and our Company-owned stores. It can also yield significant cash flows to us, through a consistent franchise royalty payment and supply chain revenue stream, with moderate capital expenditures. We have historically returned cash to shareholders through dividend payments and share repurchases. These factors emphasize our focus on our stakeholders, including our customers, team members, franchisees, communities and shareholders.

Second Quarter of 2021 Highlights

- Global retail sales, excluding foreign currency impact (which includes total retail sales at Company-owned and franchised stores worldwide), increased 17.1% as compared to 2020. U.S. retail sales increased 7.4% and international retail sales, excluding foreign currency impact, increased 29.5% as compared to 2020.
- Same store sales increased 3.5% in our U.S. stores and increased 13.9% in our international stores.
- Revenues increased 12.2%.
- Income from operations increased 16.7%.
- Net income decreased 1.7%.
- Diluted earnings per share increased 2.3%.

Two Fiscal Quarters of 2021 Highlights

- Global retail sales, excluding foreign currency impact, increased 15.6% as compared to 2020. U.S. retail sales increased 11.1% and international retail sales, excluding foreign currency impact, increased 20.6% as compared to 2020.
- Same store sales increased 8.1% in our U.S. stores and increased 12.8% in our international stores.
- Revenues increased 12.4%.
- Income from operations increased 18.2%.
- Net income decreased 2.5%.
- Diluted earnings per share increased 0.2%.

During the second quarter and two fiscal quarters of 2021, we experienced global retail sales growth and U.S. and international same store sales growth. We believe our commitment to value, convenience, quality and new products continues to keep consumers engaged with the brand. We also continued our strong U.S. and international same store sales performance with 41 straight quarters of positive U.S. same store sales and 110 straight quarters of positive international same store sales. We continued to experience sustained increases in U.S. and international same store sales during the second quarter and two fiscal quarters of 2021 resulting from evolving consumer trends during the COVID-19 pandemic. Additionally, our U.S. supply chain experienced higher volumes from the increases in U.S. retail sales in the second quarter and two fiscal quarters of 2021. Our international retail sales in the second quarter of 2021 were also benefited by the reopening and resumption of normal store hours at certain of our international franchised stores that had been temporarily closed for portions of the second quarter of 2020 as a result of the COVID-19 pandemic. Our U.S. and international same store sales growth has been pressured by our fortressing strategy, which includes increasing store concentration in certain markets where we compete, as well as from aggressive competitive activity.

We continued our global expansion with the opening of 238 net stores in the second quarter of 2021, bringing our year-to-date total to 413 net store openings. We had 35 net stores open in the U.S. and 203 net stores open internationally during the second quarter of 2021.

Overall, we believe our continued global store growth, along with our sales growth, emphasis on technology, operations, and marketing initiatives, have combined to strengthen our brand.

Statistical Measures

The tables below outline certain statistical measures we utilize to analyze our performance. This historical data is not necessarily indicative of results to be expected for any future period.

Global Retail Sales Growth (excluding foreign currency impact)

Global retail sales growth (excluding foreign currency impact) is a commonly used statistical measure in the quick-service restaurant industry that is important to understanding performance. Global retail sales growth refers to total worldwide retail sales at Company-owned and franchise stores. We believe global retail sales information is useful in analyzing revenues because franchisees pay royalties and, in the U.S., advertising fees that are based on a percentage of franchise retail sales. We review comparable industry global retail sales information to assess business trends and to track the growth of the Domino’s Pizza brand. In addition, supply chain revenues are directly impacted by changes in franchise retail sales in the U.S. and Canada. Retail sales for franchise stores are reported to us by our franchisees and are not included in our revenues. Global retail sales growth, excluding foreign currency impact, is calculated as the change of international local currency global retail sales against the comparable period of the prior year.

	Second Quarter of 2021	Second Quarter of 2020	Two Fiscal Quarters of 2021	Two Fiscal Quarters of 2020
U.S. stores	+7.4%	+19.9%	+11.1%	+12.4%
International stores (excluding foreign currency impact)	+29.5%	(3.4)%	+20.6%	+1.8%
Total (excluding foreign currency impact)	+17.1%	+8.1%	+15.6%	+7.0%

Same Store Sales Growth

Same store sales growth is a commonly used statistical measure in the quick-service restaurant industry that is important to understanding performance. Same store sales growth is calculated by including only sales from stores that also had sales in the comparable weeks of both years. International same store sales growth is calculated similarly to U.S. same store sales growth. Changes in international same store sales are reported on a constant dollar basis which reflects changes in international local currency sales.

	Second Quarter of 2021	Second Quarter of 2020	Two Fiscal Quarters of 2021	Two Fiscal Quarters of 2020
U.S. Company-owned stores	(2.6)%	+16.9%	+1.6%	+10.4%
U.S. franchise stores	+3.9%	+16.0%	+8.5%	+8.7%
U.S. stores	+3.5%	+16.1%	+8.1%	+8.8%
International stores (excluding foreign currency impact)	+13.9%	+1.3%	+12.8%	+1.4%

Store Growth Activity

Store counts and net store growth are commonly used statistical measures in the quick-service restaurant industry that are important to understanding performance.

	U.S. Company-owned Stores	U.S. Franchise Stores	Total U.S. Stores	International Stores	Total
Store count at March 28, 2021	364	6,027	6,391	11,428	17,819
Openings	2	37	39	217	256
Closings (1)	—	(4)	(4)	(14)	(18)
Store count at June 20, 2021	366	6,060	6,426	11,631	18,057
Second quarter 2021 net store growth	2	33	35	203	238
Trailing four quarters net store growth	20	211	231	653	884

(1) Temporary store closures are not treated as store closures and affected stores are included in the ending store count. Based on information reported to us by our master franchisees, we estimate that as of June 20, 2021, there were fewer than 175 international stores temporarily closed.

Income Statement Data

	Second Quarter of 2021		Second Quarter of 2020		Two Fiscal Quarters of 2021		Two Fiscal Quarters of 2020	
U.S. Company-owned stores	$ 116.6		$114.2		$ 229.3		$ 216.6	
U.S. franchise royalties and fees	126.8		113.1		251.3		217.8	
Supply chain	603.0		539.1		1,171.3		1,051.8	
International franchise royalties and fees	69.7		48.1		136.5		105.6	
U.S. franchise advertising	116.3		105.4		227.7		201.3	
Total revenues	1,032.5	100.0%	920.0	100.0%	2,016.2	100.0%	1,793.1	100.0%
U.S. Company-owned stores	88.0		87.8		173.8		167.2	
Supply chain	536.8		475.1		1,045.6		928.7	
Total cost of sales	624.8	60.5%	562.9	61.2%	1,219.3	60.5%	1,095.9	61.1%
Operating margin	407.7	39.5%	357.1	38.8%	796.8	39.5%	697.2	38.9%
General and administrative	100.4	9.7%	88.1	9.5%	191.7	9.5%	176.6	9.9%
U.S. franchise advertising	116.3	11.3%	105.4	11.5%	227.7	11.3%	201.3	11.2%
Income from operations	190.9	18.5%	163.6	17.8%	377.4	18.7%	319.4	17.8%
Other income	—	0.0%	—	0.0%	2.5	0.1%	—	0.0%
Interest expense, net	(45.8)	(4.4)%	(39.1)	(4.3)%	(85.2)	(4.2)%	(77.6)	(4.3)%
Income before provision for income taxes	145.1	14.1%	124.5	13.5%	294.7	14.6%	241.8	13.5%
Provision for income taxes	28.5	2.8%	5.8	0.6%	60.4	3.0%	1.5	0.1%
Net income	$ 116.6	11.3%	$118.7	12.9%	$ 234.4	11.6%	$ 240.3	13.4%

Revenues

	Second Quarter of 2021		Second Quarter of 2020		Two Fiscal Quarters of 2021		Two Fiscal Quarters of 2020	
U.S. Company-owned stores	$ 116.6	11.3%	$114.2	12.4%	$ 229.3	11.3%	$ 216.6	12.1%
U.S. franchise royalties and fees	126.8	12.3%	113.1	12.3%	251.3	12.5%	217.8	12.1%
Supply chain	603.0	58.4%	539.1	58.6%	1,171.3	58.1%	1,051.8	58.7%
International franchise royalties and fees	69.7	6.7%	48.1	5.2%	136.5	6.8%	105.6	5.9%
U.S. franchise advertising	116.3	11.3%	105.4	11.5%	227.7	11.3%	201.3	11.2%
Total revenues	$1,032.5	100.0%	$920.0	100.0%	$2,016.2	100.0%	$1,793.1	100.0%

Revenues primarily consist of retail sales from our Company-owned stores, royalties, advertising contributions and fees from our U.S. franchised stores, royalties and fees from our international franchised stores and sales of food, equipment and supplies from our supply chain centers to substantially all of our U.S. franchised stores and certain international franchised stores. Company-owned store and franchised store revenues may vary from period to period due to changes in store count mix. Supply chain revenues may vary significantly from period to period as a result of fluctuations in commodity prices as well as the mix of products we sell.

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U.S. Stores Revenues

	Second Quarter of 2021		Second Quarter of 2020		Two Fiscal Quarters of 2021		Two Fiscal Quarters of 2020	
U.S. Company-owned stores	$116.6	32.4%	$114.2	34.3%	$ 229.3	32.4%	$ 216.6	34.1%
U.S. franchise royalties and fees	126.8	35.3%	113.1	34.0%	251.3	35.5%	217.8	34.2%
U.S. franchise advertising	116.3	32.3%	105.4	31.7%	227.7	32.1%	201.3	31.7%
U.S. stores	$359.8	100.0%	$332.8	100.0%	$ 708.4	100.0%	$ 635.7	100.0%

U.S. Company-Owned Stores

Revenues from U.S. Company-owned store operations increased $2.4 million, or 2.1%, in the second quarter of 2021, and increased $12.7 million, or 5.9%, in the two fiscal quarters of 2021, due primarily to an increase in the average number of U.S. Company-owned stores open during the period, resulting from net store growth. Same store sales growth in the two fiscal quarters of 2021 also benefited U.S. Company-owned stores revenues. The decrease in U.S. Company-owned same store sales in the second quarter of 2021 partially offset the increase in U.S. Company-owned stores revenues.

U.S. Company-owned same store sales decreased 2.6% in the second quarter of 2021 and increased 1.6% in the two fiscal quarters of 2021. U.S. Company-owned same store sales increased 16.9% in the second quarter of 2020 and increased 10.4% in the two fiscal quarters of 2020.

U.S. Franchise Royalties and Fees

Revenues from U.S. franchise royalties and fees increased $13.7 million, or 12.1%, in the second quarter of 2021, and increased $33.5 million, or 15.4%, in the two fiscal quarters of 2021, due primarily to same store sales growth and an increase in the average number of U.S. franchised stores open during the period, resulting from net store growth. U.S. franchise royalties were also negatively impacted by $3.0 million in the second quarter and two fiscal quarters of 2020 as a result of funding we provided to our franchisees as part of an effort to donate 10 million slices of pizza to people and organizations at the frontlines of the COVID-19 pandemic in the franchisees' local communities. U.S. franchise royalties and fees further benefited in both the second quarter and the two fiscal quarters of 2021 from an increase in revenues from fees paid by franchisees for the use of our technology platforms.

U.S. franchise same store sales increased 3.9% in the second quarter of 2021 and increased 8.5% in the two fiscal quarters of 2021. U.S. franchise same store sales increased 16.0% in the second quarter of 2020 and increased 8.7% in the two fiscal quarters of 2020.

U.S. Franchise Advertising

Revenues from U.S. franchise advertising increased $10.9 million, or 10.3%, in the second quarter of 2021, and increased $26.4 million, or 13.1%, in the two fiscal quarters of 2021, due primarily to same store sales growth and an increase in the average number of U.S. franchised stores open during the period, resulting from net store growth.

Supply Chain

Supply chain revenues increased $63.9 million, or 11.8%, in the second quarter of 2021, and increased $119.5 million, or 11.4%, in the two fiscal quarters of 2021, due primarily to higher volumes from increased orders resulting from U.S. franchise retail sales growth. Our market basket pricing to stores increased 5.5% during the second quarter of 2021, which resulted in an estimated $29.7 million increase in supply chain revenues. Our market basket pricing to stores increased 2.9% during the two fiscal quarters of 2021, which resulted in an estimated $31.7 million increase in supply chain revenues.

International Franchise Royalties and Fee Revenues

Revenues from international franchise royalties and fees increased $21.6 million, or 45.0%, in the second quarter of 2021, and increased $30.9 million, or 29.3%, in the two fiscal quarters of 2021 due primarily to higher retail sales resulting from same store sales growth and an increase in the average number of international franchised stores open during the period, resulting from net store growth. These increases in retail sales were also benefited by the reopening and resumption of normal store hours and operating procedures at certain of the Company's international franchised stores that had been temporarily closed or affected by changes in operating procedures and store hours for portions of the second quarter of 2020 as a result of the COVID-19 pandemic. The positive impact of changes in foreign currency exchange rates of $4.0 million and $6.1 million in the second quarter of 2021 and two fiscal quarters of 2021, respectively, also contributed to the increases in international franchise royalties and fees revenues.

Excluding the impact of foreign currency exchange rates, international franchise same store sales increased 13.9% in the second quarter of 2021 and increased 12.8% in the two fiscal quarters of 2021. Excluding the impact of foreign currency exchange rates, international franchise same store sales increased 1.3% in the second quarter of 2020 and increased 1.4% in the two fiscal quarters of 2020.

Cost of Sales / Operating Margin

	Second Quarter of 2021		Second Quarter of 2020		Two Fiscal Quarters of 2021		Two Fiscal Quarters of 2020	
Consolidated revenues	$1,032.5	100.0%	$920.0	100.0%	$2,016.2	100.0%	$1,793.1	100.0%
Consolidated cost of sales	624.8	60.5%	562.9	61.2%	1,219.3	60.5%	1,095.9	61.1%
Consolidated operating margin	$ 407.7	39.5%	$357.1	38.8%	$ 796.8	39.5%	$ 697.2	38.9%

Consolidated cost of sales consists primarily of U.S. Company-owned store and supply chain costs incurred to generate related revenues. Components of consolidated cost of sales primarily include food, labor, delivery and occupancy costs.

Consolidated operating margin (which we define as revenues less cost of sales) increased $50.6 million, or 14.2%, in the second quarter of 2021, and increased $99.6 million, or 14.3%, in the two fiscal quarters of 2021, due primarily to higher global franchise revenues. Franchise revenues do not have a cost of sales component, so changes in these revenues have a disproportionate effect on the operating margin.

As a percentage of revenues, the consolidated operating margin increased 0.7 percentage points in the second quarter of 2021 and increased 0.6 percentage points in the two fiscal quarters of 2021. U.S. Company-owned store operating margin increased 1.4 percentage points in both the second quarter and the two fiscal quarters of 2021. Supply chain operating margin decreased 0.9 percentage points in the second quarter of 2021 and decreased 1.0 percentage point in the two fiscal quarters of 2021. These changes in margin are described below.

U.S. Company-Owned Store Operating Margin

	Second Quarter of 2021		Second Quarter of 2020		Two Fiscal Quarters of 2021		Two Fiscal Quarters of 2020	
Revenues	$116.6	100.0%	$114.2	100.0%	$ 229.3	100.0%	$ 216.6	100.0%
Cost of sales	88.0	75.5%	87.8	76.9%	173.8	75.8%	167.2	77.2%
Store operating margin	$ 28.6	24.5%	$ 26.4	23.1%	$ 55.6	24.2%	$ 49.3	22.8%

U.S. Company-owned store operating margin (which does not include certain store-level costs such as royalties and advertising) increased $2.2 million, or 8.2%, in the second quarter of 2021, due primarily to lower labor costs. U.S. Company-owned store operating margin increased $6.3 million, or 12.6%, in the two fiscal quarters of 2021, due primarily to higher same store sales and lower labor costs. As a percentage of store revenues, the U.S. Company-owned store operating margin increased 1.4 percentage points in both the second quarter and two fiscal quarters of 2021. These changes in operating margin as a percentage of revenues are discussed in more detail below.

- Food costs increased 1.8 percentage points to 27.5% in the second quarter of 2021, due to higher food prices. Food costs increased 0.6 percentage points to 27.3% in the two fiscal quarters of 2021, due to higher food prices, partially offset by the leveraging of higher same store sales.
- Labor costs decreased 4.5 percentage points to 27.4% in the second quarter of 2021, and decreased 2.6 percentage points to 27.9% in the two fiscal quarters of 2021, due primarily to additional bonus pay incurred during the second quarter of 2020 for frontline team members during the COVID-19 pandemic.
- Insurance costs increased 0.6 percentage points to 3.9% in the second quarter of 2021, and increased 0.3 percentage points to 3.6% in the two fiscal quarters of 2021.
- Occupancy costs increased 0.5 percentage points to 7.4% in the second quarter of 2021, and increased 0.3 percentage points to 7.7% in the two fiscal quarters of 2021, due primarily to higher rent expense.

Supply Chain Operating Margin

	Second Quarter of 2021		Second Quarter of 2020		Two Fiscal Quarters of 2021		Two Fiscal Quarters of 2020	
Revenues	$603.0	100.0%	$539.1	100.0%	$1,171.3	100.0%	$1,051.8	100.0%
Cost of sales	536.8	89.0%	475.1	88.1%	1,045.6	89.3%	928.7	88.3%
Supply chain operating margin	$ 66.2	11.0%	$ 64.0	11.9%	$ 125.7	10.7%	$ 123.2	11.7%

Supply chain operating margin increased $2.2 million, or 3.4%, in the second quarter of 2021, and increased $2.5 million, or 2.1%, in the two fiscal quarters of 2021, primarily driven by higher volumes from increased store orders. As a percentage of supply chain revenues, the supply chain operating margin decreased 0.9 percentage points in the second quarter of 2021, and decreased 1.0 percentage point in the two fiscal quarters of 2021, primarily due to higher insurance, food and delivery costs, as well as higher depreciation and amortization expense as a result of the new supply chain facilities that were opened in fiscal 2020. These decreases in the supply chain operating margin as a percentage of revenues were partially offset by lower labor costs in the second quarter of 2021 as a result of higher sales leverage.

General and Administrative Expenses

General and administrative expenses increased $12.3 million, or 14.1%, in the second quarter of 2021, and increased $15.1 million, or 8.6%, in the two fiscal quarters of 2021, driven primarily by higher labor costs, including variable performance-based compensation and non-cash equity-based compensation expense. These increases were partially offset by lower professional fees in both the second quarter and two fiscal quarters of 2021.

U.S. Franchise Advertising Expenses

U.S. franchise advertising expenses increased $10.9 million, or 10.3%, in the second quarter of 2021, and increased $26.4 million, or 13.1%, in the two fiscal quarters of 2021, consistent with the increase in U.S. franchise advertising revenues. U.S. franchise advertising costs are accrued and expensed when the related U.S. franchise advertising revenues are recognized, as our consolidated not-for-profit advertising fund is obligated to expend such revenues on advertising and these revenues cannot be used for general corporate purposes.

Other Income

Other income was $2.5 million in the two fiscal quarters of 2021, representing the unrealized gain recorded on the Company's investment in Dash Brands (Note 6) resulting from the observable change in price from the valuation of the additional $40.0 million investment made in the first quarter of 2021.

Interest Expense, Net

Interest expense, net increased $6.7 million, or 17.2%, in the second quarter of 2021, and increased $7.6 million, or 9.8%, in the two fiscal quarters of 2021. These increases were driven by higher average borrowings resulting from our recapitalization transaction completed on April 16, 2021 (the "2021 Recapitalization"), offset in part by a lower weighted average borrowing rate in the second quarter and two fiscal quarters of 2021. In connection with the 2021 Recapitalization, we recorded approximately $2.3 million of incremental interest expense in the second quarter of 2021, primarily representing the expense for approximately $2.0 million of the remaining unamortized debt issuance costs associated with the 2017 five-year fixed rate notes and 2017 five-year floating rate notes, and approximately $0.3 million of additional interest expense incurred on the 2017 five-year fixed rate notes and 2017 five-year floating rate notes subsequent to the closing of the 2021 Recapitalization but prior to the repayment of the 2017 five-year fixed rate notes and 2017 five-year floating rate notes, resulting in the payment of interest on both the 2017 five-year fixed rate notes and 2017 five-year floating rate notes and the 2021 Notes (as defined below) for a short period of time.

The Company's weighted average borrowing rate decreased to 3.8% in both the second quarter of 2021 and two fiscal quarters of 2021 from 3.9% in both the second quarter of 2020 and two fiscal quarters of 2020, resulting from the lower interest rates on the debt outstanding due to the 2021 Recapitalization.

Provision for Income Taxes

Income tax expense increased $22.7 million, or 388.6%, in the second quarter of 2021, and increased $58.9 million, or 3,865.2%, in the two fiscal quarters of 2021, due primarily to lower excess tax benefits on equity-based compensation, which are recorded as a reduction to the income tax provision, as well as higher pre-tax income. The Company recognized $3.4 million in excess tax benefits in the second quarter of 2021 as compared to $23.0 million in the second quarter of 2020, and $4.3 million in excess tax benefits in the two fiscal quarters of 2021 as compared to $53.4 million in the two fiscal quarters of 2020. These decreases in excess tax benefits resulted from a significant decrease in stock options exercised in the second quarter and two fiscal quarters of 2021 as compared to the same periods in 2020. The effective tax rate increased to 19.6% during the second quarter of 2021 as compared to 4.7% in the second quarter of 2020. The effective tax rate increased to 20.5% during the two fiscal quarters of 2021 as compared to 0.6% in the two fiscal quarters of 2020.

Segment Income

We evaluate the performance of our reportable segments and allocate resources to them based on earnings before interest, taxes, depreciation, amortization and other, referred to as Segment Income. Segment Income for each of our reportable segments is summarized in the table below. Other Segment Income primarily includes corporate administrative costs that are not allocable to an operating segment, including labor, computer expenses, professional fees, travel and entertainment, rent, insurance and other corporate administrative costs.

	Second Quarter of 2021	Second Quarter of 2020	Two Fiscal Quarters of 2021	Two Fiscal Quarters of 2020
U.S. Stores	$ 111.8	$ 102.9	$ 219.3	$ 191.2
Supply Chain	58.6	56.9	111.1	108.3
International Franchise	56.4	36.4	110.8	79.9
Other	(9.6)	(12.6)	(15.7)	(20.7)

U.S. Stores

U.S. stores Segment Income increased $8.9 million, or 8.7%, in the second quarter of 2021, primarily due to the $13.7 million increase in U.S. franchise royalties and fees revenues, as discussed above. U.S. stores Segment Income increased $28.1 million, or 14.7%, in the two fiscal quarters of 2021, primarily due to the $33.5 million increase in U.S. franchise royalties and fees revenues as discussed above. U.S. franchise revenues do not have a cost of sales component, so changes in these revenues have a disproportionate effect on U.S. stores Segment Income. U.S. franchise advertising costs are accrued and expensed when the related U.S. franchise advertising revenues are recognized and had no impact on U.S. stores Segment Income. The $2.2 million and $6.3 million increases in U.S. Company-owned store operating margins in the second quarter and two fiscal quarters of 2021 discussed above also contributed to the increases in U.S. stores Segment Income for the respective periods. These increases in U.S. stores Segment Income were partially offset by increased investments in technological initiatives for the respective periods.

Supply Chain

Supply chain Segment Income increased $1.7 million, or 3.0%, in the second quarter of 2021, primarily due to the $2.2 million increase in operating margin described above. Supply chain Segment Income increased $2.8 million, or 2.6%, in the two fiscal quarters of 2021, primarily due to the $2.5 million increase in operating margin described above.

International Franchise

International franchise Segment Income increased $20.0 million or 54.8%, in the second quarter of 2021, due primarily to the $21.6 million increase in international franchise royalties and fees revenues discussed above. The increase in international franchise Segment Income was partially offset by increased investments in technological initiatives in the second quarter of 2021. International franchise Segment Income increased $30.9 million, or 38.7%, in the two fiscal quarters of 2021, due primarily to the $30.9 million increase in international franchise royalties and fees revenues discussed above. International franchise revenues do not have a cost of sales component, so changes in these revenues have a disproportionate effect on international franchise Segment Income.

Other

Other Segment Income increased $3.0 million, or 23.3%, in the second quarter of 2021, and increased $5.0 million, or 24.0%, in the two fiscal quarters of 2021, due primarily to higher corporate administrative costs allocated to our segments as compared to 2020, as well as lower professional fees. The increase in allocated costs in the second quarter and two fiscal quarters of 2021 was due primarily to higher investments in technological initiatives to support technology for our U.S. and international franchise stores. Higher labor costs, including variable performance-based compensation expense, partially offset the increases in other Segment Income.

Liquidity and Capital Resources

Historically, we have operated with minimal positive working capital or negative working capital, primarily because our receivable collection periods and inventory turn rates are faster than the normal payment terms on our current liabilities. We generally collect our receivables within three weeks from the date of the related sale and we generally experience multiple inventory turns per month. In addition, our sales are not typically seasonal, which further limits our working capital requirements. These factors, coupled with the use of our ongoing cash flows from operations to service our debt obligations, invest in our business, pay dividends and repurchase our common stock, reduce our working capital amounts. As of June 20, 2021, we had working capital of $234.2 million, excluding restricted cash and cash equivalents of $184.7 million, advertising fund assets, restricted, of $165.1 million and advertising fund liabilities of $157.5 million. Working capital includes total unrestricted cash and cash equivalents of $292.1 million.

Our primary source of liquidity is cash flows from operations and availability of borrowings under our variable funding notes. During the second quarter and two fiscal quarters of 2021, we experienced increases in both U.S. and international same store sales versus the comparable periods in the prior year. Additionally, our U.S. and international businesses grew store counts in the second quarter and two fiscal quarters of 2021. These factors contributed to our continued ability to generate positive operating cash flows. As of June 20, 2021, we had a variable funding note facility which allowed for advances of up to $200.0 million of Series 2021-1 Variable Funding Senior Secured Notes, Class A-1 Notes and certain other credit instruments, including letters of credit (the “2021 Variable Funding Notes”). The letters of credit are primarily related to our casualty insurance programs and certain supply chain center leases. As of June 20, 2021, we had no outstanding borrowings and $157.5 million of available borrowing capacity under our 2021 Variable Funding Notes, net of letters of credit issued of $42.5 million.

We expect to continue to use our unrestricted cash and cash equivalents, cash flows from operations, excess cash from our recapitalization transactions and available borrowings under our variable funding notes to, among other things, fund working capital requirements, invest in our core business, service our indebtedness, pay dividends and repurchase shares of our common stock.

Our ability to continue to fund these items and continue to service our debt could be adversely affected by the occurrence of any of the events described under “Risk Factors” in our filings with the Securities and Exchange Commission. There can be no assurance that our business will generate sufficient cash flows from operations or that future borrowings will be available under the variable funding notes or otherwise to enable us to service our indebtedness, or to make anticipated capital expenditures. Our future operating performance and our ability to service, extend or refinance our outstanding senior notes and to service, extend or refinance our variable funding notes will be subject to future economic conditions and to financial, business and other factors, many of which are beyond our control.

Restricted Cash

As of June 20, 2021, we had approximately $136.9 million of restricted cash held for future principal and interest payments and other working capital requirements of our asset-backed securitization structure, $47.5 million of restricted cash held in a three-month interest reserve as required by the related debt agreements and $0.3 million of other restricted cash for a total of $184.7 million of restricted cash and cash equivalents. As of June 20, 2021, we also held $147.0 million of advertising fund restricted cash and cash equivalents, which can only be used for activities that promote the Domino’s brand.

Long-Term Debt

As of June 20, 2021, we had approximately $5.08 billion of long-term debt, of which $54.8 million was classified as a current liability. As of June 20, 2021, our fixed rate notes from the recapitalizations we completed in 2021, 2019, 2018, 2017 and 2015 had original scheduled principal payments of $25.8 million in the remainder of 2021, $51.5 million in each of 2022, 2023 and 2024, $1.17 billion in 2025, $39.3 million in 2026, $1.31 billion in 2027, $811.5 million in 2028, $625.9 million in 2029, $10.0 million in 2030 and $905.0 million in 2031.

In accordance with our debt agreements, the payment of principal on the outstanding senior notes may be suspended if our leverage ratio is less than or equal to 5.0x total debt to adjusted EBITDA, as defined in the related agreements, and no catch-up provisions are applicable. As of the fourth quarter of 2020, we had a leverage ratio of less than 5.0x, and accordingly, did not make the previously scheduled debt amortization payment on our then-outstanding notes beginning in the first quarter of 2021. Accordingly, all principal amounts of our outstanding notes were classified as long-term debt in the consolidated balance sheet as of January 3, 2021. Subsequent to the closing of the 2021 Recapitalization, we had a leverage ratio of greater than 5.0x, and accordingly, resumed making the previously scheduled debt amortization payment on our outstanding notes beginning in the second quarter of 2021.

2021 Recapitalization

During the second quarter of 2021, on April 16, 2021 (the "closing date"), we completed the 2021 Recapitalization in which certain of our subsidiaries issued new notes pursuant to our asset-backed securitization structure. The new notes consist of $850.0 million Series 2021-1 2.662% Fixed Rate Senior Secured Notes, Class A-2-I with an anticipated term of 7.5 years (the "2021 A-2-I Fixed Rate Notes"), and $1.0 billion Series 2021-1 3.151% Fixed Rate Senior Secured Notes, Class A-2-II with an anticipated term of 10 years (collectively with the 2021 A-2-I Fixed Rate Notes, the "2021 Notes") in an offering exempt from registration under the Securities Act of 1933, as amended. As of June 20, 2021, the 2021 Notes had scheduled principal payments of $9.3 million in 2021, $18.5 million in each of 2022 through 2027, $804.8 million in 2028, $10.0 million in each of 2029 and 2030 and $905.0 million in 2031. Gross proceeds from the issuance of the 2021 Notes were $1.85 billion.

Concurrently, certain of our subsidiaries also issued the 2021 Variable Funding Notes, which allow for advances of up to $200.0 million of Series 2021-1 Variable Funding Senior Secured Notes, Class A-1 Notes and certain other credit instruments, including letters of credit. The 2021 Variable Funding Notes were undrawn on the closing date. In connection with the issuance of our 2021 Variable Funding Notes, our previous variable funding note facility was canceled.

A portion of proceeds from the 2021 Recapitalization was used to repay the remaining $291.0 million in outstanding principal under our 2017 five-year floating rate notes and $582.0 million in outstanding principal under our 2017 five-year fixed rate notes. The proceeds were also used to pre-fund a portion of the interest payable on the 2021 Notes and pay transaction fees and expenses. In connection with the repayment of the 2017 five-year floating rate notes and 2017 five-year fixed rate notes, we expensed approximately $2.0 million for the remaining unamortized debt issuance costs associated with these notes. Additionally, in connection with the 2021 Recapitalization, we capitalized $14.9 million of debt issuance costs, which are being amortized into interest expense over the 7.5 and 10-year expected terms of the 2021 Notes. We used the remaining proceeds for general corporate purposes, which primarily included a $1.0 billion accelerated share repurchase agreement (the "ASR Agreement") with a counterparty. The ASR Agreement is described in additional detail below.

Share Repurchase Programs

Our share repurchase programs have historically been funded by excess operating cash flows, excess proceeds from our recapitalization transactions and borrowings under our variable funding notes.

During the first quarter of 2021, we repurchased and retired 65,870 shares of our common stock in open market repurchases under our Board of Directors-approved share repurchase program for a total of approximately $25.0 million. Our Board of Directors authorized a new share repurchase program to repurchase up to $1.0 billion of our common stock on February 24, 2021.

On April 30, 2021, we entered into the ASR Agreement. Pursuant to the terms of the ASR Agreement, on May 3, 2021, we used a portion of the proceeds from the 2021 Recapitalization to pay the counterparty $1.0 billion in cash and received and retired 2,012,596 shares of our common stock. Final settlement of the ASR Agreement occurred on July 21, 2021. In connection with the ASR Agreement, we received and retired a total of 2,250,786 shares of our common stock at an average price of $444.29, including the 2,012,596 shares of our common stock received and retired during the second quarter of 2021.

Subsequent to the end of the second quarter, on July 20, 2021, our Board of Directors authorized a new share repurchase program to repurchase up to $1.0 billion of our common stock. This repurchase program replaces our previously approved $1.0 billion share repurchase program, which was fully utilized in connection with the ASR Agreement.

Dividends

On April 27, 2021, our Board of Directors declared a $0.94 per share quarterly dividend on our outstanding common stock for shareholders of record as of June 15, 2021, which was paid on June 30, 2021. We had approximately $35.5 million accrued for common stock dividends at June 20, 2021.

Subsequent to the end of the second quarter, on July 20, 2021, our Board of Directors declared a $0.94 per share quarterly dividend on our outstanding common stock for shareholders of record as of September 15, 2021, to be paid on September 30, 2021.

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Sources and Uses of Cash

The following table illustrates the main components of our cash flows:

(In millions)	Two Fiscal Quarters of 2021	Two Fiscal Quarters of 2020
Cash Flows Provided By (Used In)		
Net cash provided by operating activities	$ 295.4	$ 211.8
Net cash used in investing activities	(72.9)	(74.2)
Net cash used in financing activities	(101.2)	(50.9)
Exchange rate changes	0.3	(0.3)
Change in cash and cash equivalents, restricted cash and cash equivalents	$ 121.6	$ 86.4

Operating Activities

Cash provided by operating activities increased $83.6 million in the two fiscal quarters of 2021 primarily due to the positive impact of changes in operating assets and liabilities of $51.5 million. The positive impact of changes in operating assets and liabilities was primarily related to the timing of collections on accounts receivable and payments for accrued liabilities in 2021 as compared to 2020. The increase in cash provided by operating activities was also due to a $30.6 million positive impact of changes in advertising fund assets and liabilities, restricted, in 2021 as compared to 2020 due to the receipt of advertising contributions outpacing payments for advertising activities.

Investing Activities

Cash used in investing activities was $72.9 million in the two fiscal quarters of 2021, which primarily consisted of an additional investment in Dash Brands (Note 6) of $40.0 million and $33.2 million of capital expenditures (driven primarily by investments in technological initiatives, supply chain centers and corporate store operations).

Financing Activities

Cash used in financing activities was $101.2 million in the two fiscal quarters of 2021, primarily related to the repurchase of approximately $1.025 billion in common stock under our Board of Directors-approved share repurchase program (including $1.0 billion under the ASR Agreement), repayments of long-term debt and finance lease obligations of $882.5 million, dividend payments of $36.4 million and cash paid for financing costs as part of the 2021 Recapitalization of $14.9 million. Of the total amount of repayments of long-term debt and finance lease obligations, $873.0 million represents the repayment of the remaining principal under our then-outstanding 2017 five-year floating rate notes and 2017 five-year fixed rate notes as part of the 2021 Recapitalization. These uses of cash were partially offset by proceeds from our 2021 Recapitalization of $1.85 billion and proceeds from the exercise of stock options of $9.0 million.

Critical Accounting Policies and Estimates

For a description of the Company's critical accounting policies and estimates, refer to "Part II—Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations" in the 2020 Form 10-K. The Company considers its most significant accounting policies and estimates to be revenue recognition, long-lived assets, insurance and legal matters, share-based payments and income taxes. There have been no material changes to the Company's critical accounting policies and estimates since January 3, 2021.

Forward-Looking Statements

This filing contains various forward-looking statements about the Company within the meaning of the Private Securities Litigation Reform Act of 1995 (the “Act”) that are based on current management expectations that involve substantial risks and uncertainties which could cause actual results to differ materially from the results expressed in, or implied by, these forward-looking statements. The following cautionary statements are being made pursuant to the provisions of the Act and with the intention of obtaining the benefits of the “safe harbor” provisions of the Act. You can identify forward-looking statements by the use of words such as “anticipates,” “believes,” “could,” “should,” “estimates,” “expects,” “intends,” “may,” “will,” “plans,” “predicts,” “projects,” “seeks,” “approximately,” “potential,” “outlook” and similar terms and phrases that concern our strategy, plans or intentions, including references to assumptions. These forward-looking statements address various matters including information concerning future results of operations and business strategy, our anticipated profitability, estimates in same store sales growth, the growth of our U.S. and international business, our ability to service our indebtedness, our future cash flows, our operating performance, trends in our business and other descriptions of future events reflect the Company’s expectations based upon currently available information and data. While we believe these expectations and projections are based on reasonable assumptions, such forward-looking statements are inherently subject to risks, uncertainties and assumptions. Important factors that could cause actual results to differ materially from our expectations are more fully described under the section headed “Risk Factors” in this filing and in our other filings with the Securities and Exchange Commission, including under the section headed “Risk Factors” in our 2020 Form 10-K. Actual results may differ materially from those expressed or implied in the forward-looking statements as a result of various factors, including but not limited to: our substantial increased indebtedness as a result of our recapitalization transactions and our ability to incur additional indebtedness or refinance or renegotiate key terms of that indebtedness in the future; the impact a downgrade in our credit rating may have on our business, financial condition and results of operations; our future financial performance and our ability to pay principal and interest on our indebtedness; our ability to manage difficulties associated with or related to the COVID-19 pandemic and the effects of COVID-19 on our business and supply chain; the effectiveness of our advertising, operations and promotional initiatives; the strength of our brand, including our ability to compete in the U.S. and internationally in our intensely competitive industry, including the food service and food delivery markets; the impact of social media and other consumer-oriented technologies on our business, brand and reputation; the impact of new or improved technologies and alternative methods of delivery on consumer behavior; new product, digital ordering and concept developments by us, and other food-industry competitors; our ability to maintain good relationships with and attract new franchisees, and franchisees’ ability to successfully manage their operations without negatively impacting our royalty payments and fees or our brand’s reputation; our ability to successfully implement cost-saving strategies; our ability and that of our franchisees to successfully operate in the current and future credit environment; changes in the level of consumer spending given general economic conditions, including interest rates, energy prices and consumer confidence; our ability and that of our franchisees to open new restaurants and keep existing restaurants in operation; changes in operating expenses resulting from changes in prices of food (particularly cheese), fuel and other commodity costs, labor, utilities, insurance, employee benefits and other operating costs; the impact that widespread illness, health epidemics or general health concerns, severe weather conditions and natural disasters may have on our business and the economies of the countries where we operate; changes in foreign currency exchange rates; changes in income tax rates; our ability to retain or replace our executive officers and other key members of management and our ability to adequately staff our stores and supply chain centers with qualified personnel; our ability to find and/or retain suitable real estate for our stores and supply chain centers; changes in government legislation and regulations, including changes in laws and regulations regarding information privacy, payment methods consumer protection and social media; adverse legal judgments or settlements; food-borne illness or contamination of products; data breaches, power loss, technological failures, user error or other cyber risks threatening us or our franchisees; the effect of war, terrorism, catastrophic events or climate change; our ability to pay dividends and repurchase shares; changes in consumer tastes, spending and traffic patterns and demographic trends; actions by activist investors; changes in accounting policies; and adequacy of our insurance coverage. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this filing might not occur. All forward-looking statements speak only as of the date of this filing and should be evaluated with an understanding of their inherent uncertainty. Except as required under federal securities laws and the rules and regulations of the Securities and Exchange Commission, or other applicable law, we will not undertake, and specifically disclaim, any obligation to publicly update or revise any forward-looking statements to reflect events or circumstances arising after the date of this filing, whether as a result of new information, future events or otherwise. You are cautioned not to place undue reliance on the forward-looking statements included in this filing or that may be made elsewhere from time to time by, or on behalf of, us. All forward-looking statements attributable to us are expressly qualified by these cautionary statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Market Risk

We do not engage in speculative transactions nor do we hold or issue financial instruments for trading purposes. In connection with the recapitalizations of our business, we have issued fixed rate notes and entered into variable funding notes and, at June 20, 2021, we are exposed to interest rate risk on borrowings under our variable funding notes. As of June 20, 2021, we had no outstanding borrowings under our 2021 Variable Funding Notes.

Our 2021 Variable Funding Notes bear interest at fluctuating interest rates based on LIBOR. There is currently uncertainty around whether LIBOR will continue to exist after 2023. Our 2021 Variable Funding Notes loan documents contemplate a transition from LIBOR to secured overnight financing rate ("SOFR") in the event that LIBOR ceases to exist. Because the composition and characteristics of SOFR are not the same as those of LIBOR, in such event, there can be no assurance that SOFR will perform the same way LIBOR would have at any given time or for any applicable period. As a result, our interest expense could increase, in which event we may have difficulties making interest payments and funding our other fixed costs, and our available cash flow for general corporate requirements may be adversely affected.

Our fixed rate debt exposes the Company to changes in market interest rates reflected in the fair value of the debt and to the risk that the Company may need to refinance maturing debt with new debt at a higher rate.

We are exposed to market risks from changes in commodity prices. During the normal course of business, we purchase cheese and certain other food products that are affected by changes in commodity prices and, as a result, we are subject to volatility in our food costs. We may periodically enter into financial instruments to manage this risk, although we have not done so historically. We do not engage in speculative transactions or hold or issue financial instruments for trading purposes. In instances when we use fixed pricing agreements with our suppliers, these agreements cover our physical commodity needs, are not net-settled and are accounted for as normal purchases.

We have exposure to various foreign currency exchange rate fluctuations for revenues generated by our operations outside the U.S., which can adversely impact our net income and cash flows. Approximately 6.7% of our total revenues in the second quarter of 2021, approximately 6.8% of our total revenues in the two fiscal quarters of 2021, approximately 5.2% of our total revenues in the second quarter of 2020 and approximately 5.9% of our total revenues in the two fiscal quarters of 2020 were derived from our international franchise segment, a majority of which were denominated in foreign currencies. We also operate dough manufacturing and distribution facilities in Canada, which generate revenues denominated in Canadian dollars. We do not enter into financial instruments to manage this foreign currency exchange risk. A hypothetical 10% adverse change in the foreign currency rates for our international markets would have resulted in a negative impact on royalty revenues of approximately $12.1 million in the two fiscal quarters of 2021.

Item 4. Controls and Procedures.

Management, with the participation of the Company's Chief Executive Officer (who is also serving as the Company's interim principal financial officer), Richard E. Allison, Jr., performed an evaluation of the effectiveness of the Company's disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report. Based on that evaluation, Mr. Allison concluded that the Company's disclosure controls and procedures were effective.

During the quarterly period ended June 20, 2021, there were no changes in the Company's internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

We are a party to lawsuits, revenue agent reviews by taxing authorities and administrative proceedings in the ordinary course of business which include, without limitation, workers' compensation, general liability, automobile and franchisee claims. We are also subject to suits related to employment practices.

While we may occasionally be party to large claims, including class action suits, we do not believe that any existing matters, individually or in the aggregate, will materially affect our financial position, results of operations or cash flows.

Item 1A. Risk Factors.

There have been no material changes with respect to those risk factors previously disclosed in Item 1A "Risk Factors" in Part I of our 2020 Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

c. Purchases of Equity Securities by the Issuer and Affiliated Purchasers.

Period	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Program (2)	Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program (in thousands)
Period #4 (March 29, 2021 to April 25, 2021)	1,017	$ 373.78	—	$ 1,000,000
Period #5 (April 26, 2021 to May 23, 2021)	2,013,806(2)	434.73(3)	2,012,596(2)	—
Period #6 (May 24, 2021 to June 20, 2021)	945	427.25	—	—
Total	2,015,768	$ 412.96	2,012,596	$ —

(1) 3,172 shares in the second quarter of 2021 were purchased as part of the Company's employee stock payroll deduction plan. During the second quarter, the shares were purchased at an average price of $412.96.

(2) On February 24, 2021, the Company's Board of Directors authorized a new share repurchase program to repurchase up to $1.0 billion of the Company's common stock.

On April 30, 2021, the Company entered into the ASR Agreement. Pursuant to the terms of the ASR Agreement, on May 3, 2021, the Company received and retired 2,012,596 shares of its common stock. Final settlement of the ASR Agreement occurred on July 21, 2021. In connection with the ASR Agreement, the Company received and retired a total of 2,250,786 shares of its common stock at an average price of $444.29, including the 2,012,596 shares of its common stock received and retired during the second quarter of 2021.

Subsequent to the end of the second quarter, on July 20, 2021, the Company's Board of Directors authorized a new share repurchase program to repurchase up to $1.0 billion of the Company's common stock. This repurchase program replaces the Company's previously approved $1.0 billion share repurchase program that was authorized by the Company's Board of Directors on February 24, 2021 which was fully utilized in connection with the ASR Agreement.

Authorization for the repurchase program may be modified, suspended, or discontinued at any time. The repurchase of shares in any particular period and the actual amount of such purchases remain at the discretion of the Board of Directors, and no assurance can be given that shares will be repurchased in the future.

(3) The average price paid per share of $434.73 for Period #5 (April 26, 2021 to May 23, 2021) excludes the average price paid per share for shares purchased under the ASR Agreement. Because the total number of shares ultimately delivered was not determined until the end of the applicable purchase period in the third quarter of 2021, the average purchase price per share was not determinable until July 21, 2021, subsequent to the end of the second quarter.

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Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit Number	Description
4.1	Sixth Supplement to the Amended and Restated Base Indenture, dated as of April 16, 2021, by and among Domino's Pizza Master Issuer LLC, Domino's SPV Canadian Holding Company Inc., Domino's Pizza Distribution LLC and Domino's IP Holder LLC, each as Co-Issuer, and Citibank, N.A., as Trustee and Securities Intermediary (Incorporated by reference to Exhibit 4.1 to the registrant's Current Report on Form 8-K filed on April 20, 2021 (the "April 2021 8-K")).
4.2	Supplemental Indenture, dated April 16, 2021, among Domino's Pizza Master Issuer LLC, Domino's SPV Canadian Holding Company Inc., Domino's Pizza Distribution LLC and Domino's IP Holder LLC, each as Co-Issuer of Series 2021-1 2.662% Fixed Rate Senior Secured Notes, Class A-2-I and Series 2021-1 3.151% Fixed Rate Senior Secured Notes, Class A-2-II, and Citibank, N.A., as Trustee and Securities Intermediary (Incorporated by reference to Exhibit 4.2 to the April 2021 8-K).
10.1	Form of 2021 Employee Stock Option Agreement under the Amended Domino's Pizza, Inc. 2004 Equity Incentive Plan.
10.2	Form of Performance-Based Restricted Stock Unit Award Agreement under the Amended Domino's Pizza, Inc. 2004 Equity Incentive Plan.
10.3	Form of Restricted Stock Unit Award Agreement under the Amended Domino's Pizza, Inc. 2004 Equity Incentive Plan.
10.4	Purchase Agreement, dated April 8, 2021, among Domino's Pizza Master Issuer LLC, Domino's SPV Canadian Holding Company Inc., Domino's Pizza Distribution LLC and Domino's IP Holder LLC, each as Co-Issuer, Domino's SPV Guarantor LLC, Domino's Pizza Franchising LLC, Domino's Pizza International Franchising Inc., Domino's Pizza Canadian Distribution ULC, Domino's RE LLC and Domino's EQ LLC, each as Guarantor, Domino's Pizza LLC, as manager, the Company and Domino's Inc., as parent companies, and Guggenheim Securities, LLC and Barclays Capital Inc., as initial purchasers (Incorporated by reference to Exhibit 99.1 to the registrant's Current Report on Form 8-K filed on April 9, 2021).
10.5	Class A-1 Note Purchase Agreement, dated April 16, 2021, among Domino's Pizza Master Issuer LLC, Domino's SPV Canadian Holding Company Inc., Domino's Pizza Distribution LLC and Domino's IP Holder LLC, each as Co-Issuer, Domino's SPV Guarantor LLC, Domino's Pizza Franchising LLC, Domino's Pizza International Franchising Inc., Domino's Pizza Canadian Distribution ULC, Domino's RE LLC and Domino's EQ LLC, each as Guarantor, Domino's Pizza LLC, as manager, certain conduit investors, financial institutions and funding agents, and Coöperatieve Rabobank U.A., New York Branch, as provider of letters of credit, as swingline lender and as administrative agent (Incorporated by reference to Exhibit 10.1 to the April 2021 8-K).
10.6	Amendment No. 3 to Amended and Restated Management Agreement, dated as of April 16, 2021, among Domino's Pizza Master Issuer LLC, certain subsidiaries of Domino's Pizza Master Issuer LLC party thereto, Domino's SPV Guarantor LLC, Domino's Pizza LLC, as manager and in its individual capacity, Domino's Pizza NS Co., and Citibank, N.A., as Trustee (Incorporated by reference to Exhibit 10.2 to the April 2021 8-K).
10.7	Amendment No. 2 to Parent Company Support Agreement dated April 16, 2021 made by Domino's Pizza, Inc. in favor of Citibank, N.A., as Trustee (Incorporated by reference to Exhibit 10.3 to the April 2021 8-K).
10.8	Fixed Dollar Accelerated Share Repurchase Transaction Confirmation, dated April 30, 2021 (Incorporated by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K filed on May 3, 2021).
10.9	Separation Agreement dated as of May 19, 2021 between Domino's Pizza LLC and Stuart A. Levy.
31.1	Certification by Richard E. Allison, Jr. pursuant to Rule 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, relating to Domino's Pizza, Inc.
32.1	Certification by Richard E. Allison, Jr. pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, relating to Domino's Pizza, Inc.
101.INS	XBRL Instance Document – The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
104	Cover page Interactive Data File (formatted as Inline XBRL and contained in exhibit 101).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DOMINO'S PIZZA, INC.
(Registrant)

Date: July 22, 2021

/s/ Richard E. Allison, Jr.
Richard E. Allison, Jr.
Chief Executive Officer
(Principal Executive Officer and Principal Financial Officer)

Exhibit 10.1

Name: **[●]**
No. of Options: **[●]**
Grant Price: **[●]**
Grant Date: **[●]**
Expiration Date: **[●]**
Grant Type: **[●]**

DOMINO'S PIZZA, INC.
2004 EQUITY INCENTIVE PLAN

NON-QUALIFIED STOCK OPTION AGREEMENT

Domino's Pizza, Inc., a Delaware corporation (the "Company"), hereby grants this non-qualified stock option (the "Stock Option") to the above named individual (the "Participant"), pursuant to the Company's 2004 Equity Incentive Plan (as from time to time in effect, the "Plan"). Under the Stock Option, the Participant may purchase, from the Company during the period commencing on the Grant Date set forth above, and expiring on the Expiration Date set forth above ("Expiration Date"), the aggregate number of shares set forth above (the "Shares") of the Common Stock of the Company at the price per Share set forth above (the "Grant Price"), all in accordance with and subject to the following terms and conditions:

1. Vesting. The term "**vest**" as used herein with respect to the Stock Option or any portion thereof means to become exercisable and the term "**vested**" with respect to the Stock Option (or any portion thereof) means that the Stock Option (or portion thereof) is then exercisable. Unless earlier terminated, forfeited, relinquished or expired, the Stock Option will vest as provided for in Exhibit A hereto.

2. Exercise of Stock Option. Each election to exercise the Stock Option shall be made, in the manner prescribed by the Company, with the third party stock plan administrator appointed by the Company, by the Participant or the Participant's executor, administrator, or legally appointed representative (in the event of the Participant's incapacity) or the person or persons to whom the Stock Option is transferred by will or the applicable laws of descent and distribution (collectively, the "Option Holder") and received by the third party stock plan administrator, accompanied by this Agreement and payment in full as provided in the Plan. The purchase price shall be paid to the third party stock plan administrator appointed by the Company by either (i) delivery of cash or check; (ii) wire transfer; or (iii) through a broker-assisted cashless exercise program implemented in connection with the Plan. In the event that the Stock Option is exercised by an Option Holder other than the Participant, the Company will be under no obligation to deliver Shares hereunder unless and until it is satisfied as to the authority of the Option Holder to exercise the Stock Option. Subject to such earlier exercise periods as are set forth in Exhibit A, the latest date on which the Stock Option or any portion thereof may be exercised is the Expiration Date and, if not exercised by such date, the Stock Option or any remaining portion thereof will thereupon immediately terminate.

3. Restrictions on Transfer of Shares. If at the time the Stock Option is exercised the Company or any of its stockholders is a party to any agreement restricting the transfer of any outstanding shares of the Company's Common Stock, the Administrator may provide that the Stock Option may be exercised only if the Shares so acquired are made subject to the transfer restrictions set forth in that agreement (or if more than one such agreement is then in effect, the agreement or agreements specified by the Administrator).

4. Withholding; Agreement to Provide Security. The Company will not deliver Shares being purchased upon any exercise of the Stock Option unless it has received payment in a form acceptable to the Company for all applicable withholding taxes (or the Participant makes other arrangements satisfactory to the Company for the payment of such taxes).

5. Nontransferability of Stock Option. The Stock Option is not transferable by the Participant otherwise than by will or the laws of descent and distribution, and is exercisable during the Participant's lifetime only by the Participant (or in the event of the Participant's incapacity, the person or persons legally appointed to act on the Participant's behalf).

6. Provisions of the Plan. The Stock Option is subject to the provisions of the Plan, which are incorporated herein by reference. A copy of the Plan as in effect on the date of the grant of the Stock Option is available from the Company. By exercising all or any part of the Stock Option, the Participant agrees to be bound by the terms of the Plan and this Agreement. All initially capitalized terms used herein will have the meaning specified in the Plan, unless another meaning is specified herein.

7. Non-Statutory Option. The Stock Option evidenced by this Agreement is intended to be, and is hereby designated, a non-statutory option, that is, an option that does *not* qualify as an incentive stock option as defined in section 422 of the Internal Revenue Code of 1986, as amended from time to time (the "Code").

8. Governing Law. The Stock Option is governed by, and subject to, the laws of the State of Delaware, as provided in the Plan. For purposes of litigating any dispute that arises under this Agreement or the Plan, the parties hereby submit to and consent to the jurisdiction of the State of Delaware, agree that such litigation shall be conducted in the courts of Delaware, or the federal courts for the United States for the District of Delaware, where this grant is made and/or to be performed.

9. Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the Stock Option and participation in the Plan or future options that may be granted under the Plan by electronic means or to request the Participant's consent to participate in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and, if requested, to agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

10. Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

IN WITNESS WHEREOF, the Company has caused this instrument to be executed by its duly authorized officer.

DOMINO'S PIZZA, INC.

____

Name: Richard E. Allison, Jr.
Title: Chief Executive Officer

Dated:

Acknowledged and Agreed:

By: ______________________________________
[●]

Exhibit 10.2

Name:	[●]
Target Number of PSUs subject to Award:	[●]
Date of Grant:	[●]

DOMINO'S PIZZA, INC.
2004 EQUITY INCENTIVE PLAN
PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT

This agreement (including any exhibits hereto, this "Agreement") evidences an award (this "Award") of performance-based restricted stock units (the "PSUs") granted by Domino's Pizza, Inc. (the "Company") to the undersigned (the "Participant") pursuant and subject to the terms and conditions of the Domino's Pizza, Inc. 2004 Equity Incentive Plan (as amended from time to time, the "Plan"), which is incorporated herein by reference. Except as otherwise defined herein, all capitalized terms used herein have the same meaning as in the Plan.

1. PSU Award. The Company grants to the Participant on the date set forth above (the "Date of Grant") this Award consisting of the target number of PSUs set forth above (the "Target Award") and giving the Participant the conditional right to receive, on the terms and conditions provided herein and in the Plan, one share of Stock with respect to each resulting PSU earned pursuant to this Award, in each case, subject to adjustment pursuant to Section 7 of the Plan in respect of transactions occurring after the date hereof.

2. Calculation of PSUs Earned. The percentage of the Target Award that may be earned by the Participant, together with the vesting conditions applicable thereto, will be determined in accordance with Exhibit A hereto.

3. Delivery of Shares; Settlement of Award.

The Company shall, as soon as practicable and in all events no later than thirty (30) days following the applicable Settlement Date (but not later than [●] if the Settlement Date is the Determination Date (as defined in Exhibit A hereto)), transfer to the Participant (or, in the event of the Participant's death, to the person to whom this Award has passed by will or the laws of descent and distribution) the number of shares of Stock that equal the earned and vested portion of this Award; it being understood that if the Settlement Date is the date of consummation of a Covered Transaction (as defined in the Plan), the Company shall transfer such shares of Stock immediately prior to the consummation of such Covered Transaction. No shares of Stock will be transferred pursuant to this Award unless and until all legal requirements applicable to the issuance or transfer of such shares have been satisfied. "Settlement Date" means the date on or following and by reference to which any earned and vested PSUs subject to this Award are to be settled, if at all, in whole or in part, through the delivery of shares of Stock. Other than in the event of a Covered Transaction, the Settlement Date shall be the Determination Date; in the event of a Covered Transaction, the Settlement Date shall be the date of consummation of the Covered Transaction.

4. Forfeiture; Recovery of Compensation.

The Administrator may cancel, rescind, withhold or otherwise limit or restrict this Award at any time if the Participant is not in compliance with all applicable provisions of this Agreement and the Plan. By accepting this Award, the Participant expressly acknowledges and agrees that his or her rights under this Award, and those of any permitted transferee of this Award, including the right to any shares of Stock acquired under this Award or proceeds from the disposition thereof, are subject to any applicable clawback or incentive compensation recovery policy of the Company as may be in effect from time to time. Nothing in the preceding sentence shall be construed as limiting the general application of Section 10 of this Agreement.

5. Dividends; Other Rights.

This Award shall not be interpreted to bestow upon the Participant any equity interest or ownership in the Company or any Affiliate prior to the date on which the Company delivers shares of Stock (if any) to the Participant. The Participant is not entitled to vote any shares of Stock by reason of the granting of this Award, and the Participant shall have the rights of a shareholder only as to those shares of Stock, if any, that are actually delivered under this Award. Notwithstanding the foregoing, upon the delivery of any shares of Stock in respect of any earned and vested PSUs subject hereto, the Participant shall be entitled to a cash payment by the Company in an amount equal to the amount that the Participant would have received, if any, as a regular cash dividend had the Participant held such shares of Stock from the Date of Grant to the date such shares of Stock are delivered hereunder, less all applicable taxes and withholding obligations. Any such payment shall be paid, if at all, without interest on the date such shares of Stock are delivered hereunder.

6. Certain Tax Matters.

The Participant expressly acknowledges that because this Award consists of an unfunded and unsecured promise by the Company to deliver Stock in the future, subject to the terms hereof, it is not possible to make a so-called “83(b) election” with respect to this Award. This Award is intended to be exempt from Section 409A as a “short term deferral” arrangement and shall be construed by the Administrator accordingly. Notwithstanding the preceding, neither the Company, nor any Affiliate, nor the Administrator, nor any person acting on behalf of any of them, shall be liable to the Participant or any other person by reason of any acceleration of income, or any tax or additional tax, asserted (A) by reason of any failure of this Award or any portion thereof to satisfy the requirements for exemption from, or compliance with, Section 409A or (B) by reason of Section 4999 of the Code. All references to “Section 409A” in this Agreement shall be references to Section 409A of the Code, the Treasury Regulations promulgated thereunder and such other guidance as determined by the Company in its sole discretion.

7. Withholding. The Participant shall pay to the Company, or make provision satisfactory to the Company for payment of, any taxes required by law to be withheld in connection with the vesting and/or settlement of the PSUs (including, without limitation, any amount that is treated as “wages” for FICA/FUTA or Medicare tax purposes on a current basis rather than when

distributed). The Administrator may, in its sole discretion, require that a portion of the shares of Stock that would have otherwise been delivered to the Participant upon vesting and settlement of the PSUs be sold by the Participant or retained by the Company to satisfy any applicable federal, state or local income, employment or other tax withholding and payment obligations, or in the case of any such taxes due upon vesting and prior to delivery of shares of Stock hereunder that the number of shares subject to this Award may be reduced to satisfy such tax withholding and payment obligations (but, with respect to any amounts constituting deferred compensation subject to Section 409A, as determined by the Company in its sole discretion, not in excess of amounts permitted to be accelerated by Section 409A including Treasury Regulation Section 1.409A-3(j)(4)(vi)). The Company and its Affiliates may, to the extent permitted by law, deduct any unsatisfied tax obligations from any payment of any kind otherwise due to the Participant.

8. Transfer of Award.

This Award may not be transferred except as expressly permitted under Section 6(a)(4) of the Plan.

9. Effect on Employment.

This Agreement is not a contract of employment between the Company (or any Subsidiary) and the Participant. The Participant retains the right to terminate his or her employment with the Company (or one of its Subsidiaries, as applicable), and the Company (and its Subsidiaries as applicable) retains the right to terminate or modify the terms of the Participant's employment, subject to any rights retained by either party under the Participant's employment agreement, if Participant has an employment agreement, and no loss of rights, contingent or otherwise, under this Agreement upon termination of employment shall be claimed by the Participant as an element of damages in any dispute over such termination of employment.

10. Provisions of the Plan.

This Agreement is subject in its entirety to the provisions of the Plan, which are incorporated herein by reference. A copy of the Plan as in effect on the Date of Grant has been furnished to the Participant. By accepting all or any part of this Award, the Participant agrees to be bound by the terms of the Plan and this Agreement. In the event of any conflict between the terms of this Agreement and the Plan, the terms of the Plan shall control (except as otherwise expressly provided herein).

11. Acknowledgements.

The Participant acknowledges and agrees that (i) this Agreement may be executed in two or more counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument, (ii) this agreement may be executed and exchanged using facsimile, portable document format (PDF) or electronic signature, which, in each case, shall constitute an original signature for all purposes hereunder and (iii) such signature by the Company will be binding against the Company and will create a legally binding agreement when this Agreement is countersigned by the Participant.

[Signature page follows.]

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer.

DOMINO'S PIZZA, INC.

By: ______________________________
Name: Richard E. Allison, Jr.
Title: Chief Executive Officer

Dated:

Acknowledged and Agreed:

By: ______________________________
[●]

Exhibit 10.3

Name:	[●]
Number of RSUs subject to Award:	[●]
Date of Grant:	[●]

DOMINO'S PIZZA, INC.
2004 EQUITY INCENTIVE PLAN
RESTRICTED STOCK UNIT AWARD AGREEMENT

This agreement (including any exhibits hereto, this "Agreement") evidences an award (this "Award") of restricted stock units (the "RSUs") granted by Domino's Pizza, Inc. (the "Company") to the undersigned (the "Participant") pursuant and subject to the terms and conditions of the Domino's Pizza, Inc. 2004 Equity Incentive Plan (as amended from time to time, the "Plan"), which is incorporated herein by reference. Except as otherwise defined herein, all capitalized terms used herein have the same meaning as in the Plan.

1. RSU Award. The Company grants to the Participant on the date set forth above (the "Date of Grant") the number of restricted stock units (the "Restricted Stock Units") set forth above giving the Participant the conditional right to receive, without payment and pursuant to and subject to the terms and conditions set forth in this Agreement and in the Plan, one share of Stock with respect to each resulting Restricted Stock Unit that becomes vested pursuant to this Award, subject to adjustment pursuant to Section 7 of the Plan in respect of transactions occurring after the date hereof.

2. Vesting Conditions. The RSUs shall vest as provided for in Exhibit A hereto.

3. Delivery of Shares; Settlement of Award.

(a) In General. The Company shall, as soon as practicable and in all events no later than thirty (30) days following the applicable Settlement Date, transfer to the Participant (or, in the event of the Participant's death, to the person to whom this Award has passed by will or the laws of descent and distribution) the number of shares of Stock that equals the vested portion of this Award. No shares of Stock will be transferred pursuant to this Award unless and until all legal requirements applicable to the issuance or transfer of such shares have been satisfied.

(b) Settlement Date. For purposes of this Agreement, "Settlement Date" means the date on or following and by reference to which any vested RSUs subject to this Award are to be settled, if at all, in whole or in part, through the delivery of shares of Stock, as set forth below:

(i) Other than in the event of a Qualified Retirement or Covered Transaction (as defined in the Plan), the Settlement Date for the First RSU Tranche (as defined in Exhibit A) shall be the First Scheduled Vesting Date (as defined in Exhibit A), the Settlement Date for the Second RSU Tranche (as defined in Exhibit A) shall be the Second Scheduled Vesting Date (as defined in Exhibit A), and the Settlement Date for the Third RSU Tranche (as defined in Exhibit A) shall be the Third Scheduled Vesting Date (as defined in Exhibit A).

(ii) In the event of a Qualified Retirement (as defined in Exhibit A), the Settlement Date for any RSUs that become vested in connection therewith shall be the date of the Qualified Retirement.

(iii) In the event of a Covered Transaction, the Settlement Date shall be the date of consummation of the Covered Transaction, with the Company transferring shares of Stock underlying the RSUs immediately prior to the consummation of such Covered Transaction; *provided* that if the Covered Transaction does not meet the requirements for a "change in control event," as that term is defined in Treasury Regulations § 1.409A–3(i)(5)(i), the Settlement Date for any portion of this Award that is subject to, and not exempt from, the applicable requirements of Section 409A (the "409A Award Portion") shall be the Scheduled Vesting Date (as defined in Exhibit A) applicable to the 409A Award Portion.

(iv) Notwithstanding anything to the contrary in this Agreement, if the Participant is determined to be a "specified employee" within the meaning of Section 409A and the Treasury regulations thereunder, as determined by the Company, at the time of the Participant's "separation from service" within the meaning of Section 409A and the Treasury regulations thereunder (after giving effect to the presumptions contained therein), then to the extent necessary to prevent any accelerated or additional tax under Section 409A, the settlement and delivery of any shares of Stock hereunder upon such separation from service will be delayed until the earlier of: (a) the date that is six months and one day following the Participant's separation from service and (b) the Participant's death.

4. Forfeiture; Recovery of Compensation.

The Administrator may cancel, rescind, withhold or otherwise limit or restrict this Award at any time if the Participant is not in compliance with all applicable provisions of this Agreement and the Plan. By accepting this Award, the Participant expressly acknowledges and agrees that his or her rights under this Award, and those of any permitted transferee of this Award, including the right to any shares of Stock acquired under this Award or proceeds from the disposition thereof, are subject to any applicable clawback or incentive compensation recovery policy of the Company as may be in effect from time to time. Nothing in the preceding sentence shall be construed as limiting the general application of Section 10 of this Agreement.

5. Dividends; Other Rights.

This Award shall not be interpreted to bestow upon the Participant any equity interest or ownership in the Company or any Affiliate prior to the date on which the Company delivers shares of Stock (if any) to the Participant. The Participant is not entitled to vote any shares of Stock by reason of the granting of this Award, and the Participant shall have the rights of a shareholder only as to those shares of Stock, if any, that are actually delivered under this Award. Notwithstanding the foregoing, upon the delivery of any shares of Stock in respect of any vested RSUs subject hereto, the Participant shall be entitled to a cash payment by the Company in an amount equal to the amount that the Participant would have received, if any, as a regular cash dividend had the Participant held such shares of Stock from the Date of Grant to the date such shares of Stock are delivered hereunder, less all applicable taxes and withholding obligations. Any such payment shall be paid, if at all, without interest on the date such shares of Stock are delivered hereunder.

6. Certain Tax Matters.

The Participant expressly acknowledges that because this Award consists of an unfunded and unsecured promise by the Company to deliver Stock in the future, subject to the terms hereof, it is not possible to make a so-called "83(b) election" with respect to this Award. This Award is intended to be exempt from, or comply with, Section 409A and shall be construed by the Administrator accordingly. Notwithstanding the preceding, neither the Company, nor any Affiliate, nor the Administrator, nor any person acting on behalf of any of them, shall be liable to the Participant by reason of any acceleration of income, or any tax or additional tax, asserted (A) by reason of any failure of this Award or any portion thereof to satisfy the requirements for exemption from, or compliance with, Section 409A or (B) by reason of Section 4999 of the Code. All references to "Section 409A" in this Agreement shall be references to Section 409A of the Code, the Treasury Regulations promulgated thereunder and such other guidance as determined by the Company in its sole discretion.

7. Withholding. The Participant shall pay to the Company, or make provision satisfactory to the Company for payment of, any taxes required by law to be withheld in connection with the vesting and/or settlement of the RSUs (including, without limitation, any amount that is treated as "wages" for FICA/FUTA or Medicare tax purposes on a current basis rather than when distributed). The Administrator may, in its sole discretion, require that a portion of the shares of Stock that would have otherwise been delivered to the Participant upon vesting and settlement of the RSUs be sold by the Participant or retained by the Company to satisfy any applicable federal, state or local income, employment or other tax withholding and payment obligations, or in the case of any such taxes due upon vesting and prior to delivery of shares of Stock hereunder that the number of shares subject to this Award may be reduced to satisfy such tax withholding and payment obligations (but, with respect to any amounts constituting deferred compensation subject to Section 409A, as determined by the Company in its sole discretion, not in excess of amounts permitted to be accelerated by Section 409A including Treasury Regulation Section 1.409A-3(j)(4)(vi)). The Company and its Affiliates may, to the extent permitted by law, deduct any unsatisfied tax obligations from any payment of any kind otherwise due to the Participant.

8. Transfer of Award.

This Award may not be transferred except as expressly permitted under Section 6(a)(4) of the Plan.

9. Effect on Employment.

This Agreement is not a contract of employment between the Company (or any Subsidiary) and the Participant. The Participant retains the right to terminate his or her employment with the Company (or one of its Subsidiaries, as applicable), and the Company (and its Subsidiaries as applicable) retains the right to terminate or modify the terms of the Participant's employment, subject to any rights retained by either party under the Participant's employment agreement, if Participant has an employment agreement, and no loss of rights, contingent or otherwise, under this Agreement upon termination of employment shall be claimed by the Participant as an element of damages in any dispute over such termination of employment.

10. Provisions of the Plan.

This Agreement is subject in its entirety to the provisions of the Plan, which are incorporated herein by reference. A copy of the Plan as in effect on the Date of Grant has been furnished to the Participant. By accepting all or any part of this Award, the Participant agrees to be bound by the terms of the Plan and this Agreement. In the event of any conflict between the terms of this Agreement and the Plan, the terms of the Plan shall control (except as otherwise expressly provided herein).

11. Acknowledgements.

The Participant acknowledges and agrees that (i) this Agreement may be executed in two or more counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument, (ii) this agreement may be executed and exchanged using facsimile, portable document format (PDF) or electronic signature, which, in each case, shall constitute an original signature for all purposes hereunder and (iii) such signature by the Company will be binding against the Company and will create a legally binding agreement when this Agreement is countersigned by the Participant.

[Signature page follows.]

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer.

DOMINO'S PIZZA, INC.

By: ______________________________
Name: Richard E. Allison, Jr.
Title: Chief Executive Officer

Dated:

Acknowledged and Agreed:

By: ______________________________

SEPARATION AGREEMENT AND GENERAL RELEASE

This Separation Agreement and General Release ("Agreement") is entered into between Stuart A. Levy ("Employee") and Domino's Pizza LLC ("Company"). Employee and the Company are "the parties" to this Agreement.

BACKGROUND FACTS:

Employee has been employed by the Company as its Executive Vice President, Chief Financial Officer and previously executed an Employment Agreement with the Company effective as of August 20, 2020 (the "Employment Agreement"). Capitalized terms used but not otherwise defined herein shall have the respective meanings set forth in the Employment Agreement.

The parties desire to document certain understandings regarding Employee's resignation from the Company.

LEGAL OBLIGATIONS:

Pursuant to Section 6.3 of the Employment Agreement and in consideration of the mutual promises in the Employment Agreement and this Agreement, and other good and valuable consideration, the parties agree to be legally bound by the following promises and acknowledgements:

1. Separation Date and Immediate Cessation of Title and Signing Authority: Employee's resignation as the Company's Executive Vice President, Chief Financial Officer shall become effective at 11:59 p.m. ET on May 19, 2021. Effective at 11:59 p.m. ET on May 19, 2021, Employee's title as Executive Vice President, Chief Financial Officer and signing authority on behalf of the Company by virtue of his position as Executive Vice President, Chief Financial Officer shall be rescinded. Notwithstanding the foregoing, Employee shall remain an employee of the Company as a special advisor until August 31, 2021. Employee's employment relationship with the Company shall thereafter terminate effective at 11:59 p.m. ET on August 31, 2021 ("Separation Date"). Effective on the Separation Date, Employee will no longer report to work and will cease performing any work-related duties.

2. Payment and Benefits to Employee: Based upon the agreement of the parties, the Company shall pay Employee: (i) promptly following the Separation Date and in all events within 30 days thereof (or at such earlier time as may be required by applicable law), any Base Salary earned but unpaid through the Separation Date, plus (ii) payments for a period to end 12 months after the Separation Date, of which (a) the first payment shall be made on the date that is 6 months from the Separation Date and in an amount equal to 6 times the Employee's monthly base compensation in effect at the time of the Separation Date (but such rate shall not be less than the base compensation rate as of the date Employee executes this Agreement) ("Base Salary") and (b) the balance of the payments shall be paid in accordance with the Company's then current payroll practices (currently biweekly payments) over the next 6 months through the date that is 12 months from the date of termination, each such payment in an amount equal to the Base Salary in effect at the time of such termination dependent on payroll practices of the Company (i.e., 1/12th of the Base Salary, 1/24th of the Base Salary, 1/26th of Base Salary, etc.), plus (iii) promptly following the Separation Date and in all events within 30 days thereof, any unpaid portion of any Bonus for the fiscal year preceding the year in which such separation occurs that was earned but has not been paid, plus (iv) at the times the Company pays its executives bonuses generally, but no later than 2 1/2 months after the end of the fiscal year in which the Bonus is earned, an amount equal to that portion of any Bonus earned but unpaid during the fiscal year of such separation (prorated in accordance with Section 4.2 of the Employment Agreement), plus (v) vested, outstanding equity grants under the Stock Plan, in accordance with the terms thereof and any applicable award agreements. Additionally, if

Employee elects continuation of health coverage pursuant to Section 601 through 608 of the Employee Retirement Income Security Act of 1974, as amended ("COBRA"), the Company shall also pay Employee on a monthly basis an amount equal to the monthly COBRA premiums payable by Employee for up to 12 months following the Separation Date, provided that such payment will cease upon Employee's entitlement to other health insurance without charge. Employee agrees to notify the Company if s/he becomes entitled to other health insurance without charge during the 12-month period following the Separation Date.

3. Release of Claims: Employee acknowledges that the consideration set forth in the Employment Agreement and this Agreement represents full and final payment of all claims by Employee against the Company, and is in excess of what Employee would otherwise be entitled by virtue of her/his employment. By signing this Agreement, Employee completely and forever releases the Company and any past, present, or future direct or indirect owners, shareholders, directors, officers, employees, attorneys, agents, insurers, partners, employee benefit plans, predecessors and successors in interest, beneficiaries, executors, administrators, personal representatives, heirs, parents, subsidiaries, successors, and assigns of the Company and any other persons, firms, corporations, or entities with which the Company has been, is now, or may hereafter be affiliated (collectively, the "Released Parties"), from any and all known or unknown claims, demands, grievances, or lawsuits arising out of or in any way relating to any event, matter, or occurrence existing or occurring before Employee signs this Agreement including, but not limited to, claims that involve or arise from the employment relationship between Employee and the Company, or the termination of that relationship.

This general release includes, but is not limited to, claims, demands, grievances, or lawsuits that arise under any of the following: Title VII of the Civil Rights Act of 1964; 42 U.S.C. § 1981; the Age Discrimination in Employment Act of 1967; the Pregnancy Discrimination Act; the Employee Retirement Income Security Act; the Americans with Disabilities Act; the Family and Medical Leave Act; the Equal Pay Act; the Genetic Information Non-Discrimination Act; the Worker Adjustment and Retraining Notification Act; the Sarbanes-Oxley Act; the Health Insurance Portability and Accountability Act; the Fair Credit Reporting Act; the False Claims Act; the Occupational Safety and Health Act; the Uniformed Services Employment and Reemployment Rights Act; any amendments to the foregoing laws; any other federal, state, local, or foreign constitution, statute, ordinance, or regulation; or any other theory of recovery including, but not limited to, claims of discrimination, harassment, or retaliation of any kind, wrongful discharge, breach of contract, breach of the covenant of good faith and fair dealing, unfair business practices, wage and hour claims of any kind, whether for non-payment, late payment, overtime, misclassification, rest breaks, meal periods, bonuses, reimbursements, deductions, and/or penalties, tort claims of any kind, whether for intentional or negligent infliction of emotional distress, personal injury, defamation, and/or invasion of privacy, and any other common law legal or equitable claims.

This release includes any and all of Employee's claims against the Released Parties that exist as of Employee's execution of this Agreement, even if the facts and/or legal theories supporting those claims are unknown to Employee at this time. This release binds Employee as well as her/his marital community, heirs, and assigns. Excluded from this release are any claims or rights which cannot be waived by law, including Employee's right to seek unemployment compensation benefits.

Within 21 days of the Separation Date, Employee will execute the Additional Release of Claims attached hereto as Attachment A and return it to the Company representative identified below:

Domino's Pizza LLC
Attention: Kevin Morris, Executive Vice President, General Counsel & Corporate Secretary
30 Frank Lloyd Wright Drive
Ann Arbor, Michigan 48105

Employee understands and agrees that her/his right to receive and retain any of the payments otherwise payable pursuant to or described in the Employment Agreement or this Agreement or any of the benefits that may be provided in respect of or related to her/his termination of employment to which s/he is not currently entitled is expressly conditioned upon the Additional Release of Claims becoming fully effective and Employee fulfilling her/his obligations under the Employment Agreement including, but not limited to, the post-employment obligations in Sections 7 and 8 of the Employment Agreement. If the Additional Release of Claims does not become fully effective in accordance with its terms or Employee fails to fulfill her/his obligations under the Employment Agreement, Employee shall not be entitled to any amounts set forth in the Employment Agreement or this Agreement or any other benefits in respect of or related to her/his termination of employment to which s/he is not currently entitled.

4. Right to Participate in Governmental Agency Proceedings: **NOTHING IN THIS AGREEMENT IS INTENDED TO LIMIT OR IMPAIR IN ANY WAY EMPLOYEE'S RIGHT TO FILE A CHARGE OR COMPLAINT WITH ANY GOVERNMENTAL AGENCY INCLUDING, BUT NOT LIMITED TO, THE U.S. SECURITIES AND EXCHANGE COMMISSION ("SEC"), NATIONAL LABOR RELATIONS BOARD ("NLRB"), U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION ("EEOC"), OR COMPARABLE STATE AND LOCAL AGENCIES, OR EMPLOYEE'S RIGHT TO PARTICIPATE IN ANY INVESTIGATION CONDUCTED BY ANY GOVERNMENTAL AGENCY AND TO RECOVER ANY APPROPRIATE RELIEF IN ANY SUCH ACTION.** However, the parties agree that appropriate relief may not include remedies that personally benefit Employee and which s/he has released and waived under this Agreement, including all legal relief, equitable relief, statutory relief, reinstatement, back pay, front pay, and all other damages, benefits, remedies, or relief to which Employee may be entitled as a result of the filing or prosecution of any such charge or complaint against the Released Parties by Employee, or any resulting civil proceeding or lawsuit brought on behalf of Employee and which arises out of any matters that are released or waived by this Agreement. Employee expressly assigns to the Company any such remedies that personally benefit her/him. This Agreement shall not preclude Employee from bringing a charge or complaint to challenge the validity or enforceability of this Agreement under the Age Discrimination in Employment Act of 1967, as amended by the Older Workers Benefit Protection Act. **NOTHING IN THIS AGREEMENT PROHIBITS EMPLOYEE'S ACCEPTANCE OF A WHISTLEBLOWER AWARD FROM THE SEC PURSUANT TO § 21F OF THE FEDERAL SECURITIES EXCHANGE ACT.**

5. Ownership of Rights and Claims: Employee represents and warrants that: (a) no other person or entity has any interest in the claims, obligations, or damages referred to in this Agreement; (b) s/he has the sole right and exclusive authority to execute this Agreement and receive the consideration set forth herein; and (c) s/he has not sold, assigned, transferred, conveyed, or otherwise disposed of the right to pursue any claims referred to in this Agreement or damages associated with any such claims.

6. Beneficiaries: The parties agree that the rights and benefits to the Company created by this Agreement are intended to apply to any past, present, or future owners, shareholders, directors, officers, employees, attorneys, agents, partners, predecessors and successors in interest, beneficiaries, executors, administrators, personal representatives, heirs, successors, and assigns of the Company and any other persons, firms, corporations, or entities with which the Company has been, is now, or may hereafter be affiliated.

7. Acknowledgements Concerning Compensation/Leave/On-the-Job Injury: Employee acknowledges and agrees that the consideration set forth in the Employment Agreement and this Agreement shall constitute the total amount owed by the Company to Employee and that s/he has: (a) been paid by the Company for all hours s/he has worked for the Company; (b) received all amounts due

from the Company through the date Employee executes this Agreement including, but not limited to, compensation, wages, payments, bonuses, benefits, pay in lieu of notice, salary continuation or severance, reimbursements, or any other remuneration of whatever kind arising from or relating to the employment relationship with the Company, or the termination of that relationship, except for the payments and benefits expressly provided for under this Agreement; (c) received any leave (paid or unpaid) and accommodations to which s/he was entitled through the date Employee executes this Agreement; and (d) not suffered any on-the-job injury or occupational illness while working for the Company for which s/he has not already filed a claim. Employee confirms that s/he has no pending legal proceeding(s) against any of the Released Parties.

8. Confirmation: Employee is not aware, to the best of her/his knowledge, of any conduct on Employee's part or on the part of another past or present employee of the Company that violated the law or otherwise exposed the Company to any liability, whether criminal or civil, whether to any government, individual, or other entity. Further, Employee acknowledges that s/he is not aware of any material violations by the Company and/or its employees, officers, directors, and agents of any constitution, statute, ordinance, regulation, or other rules that have not been addressed by the Company through appropriate compliance and/or corrective action.

9. Non-Disclosure of Agreement: Employee agrees that s/he has and will hold in strict confidence the negotiations resulting in, contents, and terms of this Agreement, except: (a) as required by law; (b) to secure advice from a legal or tax advisor; (c) to her/his spouse; or (d) in a legal action to enforce the terms of this Agreement. Employee further agrees that s/he has and will use every effort to prevent disclosure of the negotiations resulting in, contents, and terms of this Agreement by any of the persons referred to in (b) and (c) of this Paragraph. Employee agrees that the contents of this Paragraph are material terms of the Agreement. **NOTHING IN THIS PARAGRAPH IS INTENDED TO LIMIT OR IMPAIR IN ANY WAY EMPLOYEE'S RIGHT TO PROVIDE INFORMATION TO ANY GOVERNMENTAL AGENCY INCLUDING, BUT NOT LIMITED TO, THE SEC, NLRB, EEOC, OR COMPARABLE STATE AND LOCAL AGENCIES.**

10. Non-Disparagement: Employee agrees that s/he has not and will not publicly make comments or statements that are disparaging of the Released Parties, Domino's franchisees, or the Domino's brand. A disparaging comment or statement is any communication, oral or written (including any online, social media, or digital communications), which may cause or tend to cause the recipient of the communication to question the business condition, reputation, integrity, competence, fairness, or good character of the person or entity to whom the communication relates. Employee further agrees that s/he has not and will not communicate with, give interviews, and/or provide statements to any member of the press or media including, without limitation, any print, broadcast, or electronic media, concerning any aspect of Employee's relationship or experiences with the Company or of the Company's business. This Paragraph shall not apply to communications required by law or that are otherwise privileged as a matter of law. Further, if any members of the Company's Leadership Team (comprised of those officers of the Company with a title of Executive Vice President and above) and/or Board of Directors publicly makes a disparaging statement about Employee to a third party (provided, however, that nothing in this Paragraph shall impair or interfere with the Company's ability to engage in business-related intra-corporate communications or to communicate with its shareholders, investors, auditors, and/or legal advisors), it shall not violate this Paragraph for Employee to respond in kind to such statement by a statement of fact that is true and accurate and limited to the specific scope of the statement made about Employee. At least 7 calendar days before issuing the statement, Employee must provide the Company with a written draft of the statement and obtain the Company's approval, and such approval will not be

unreasonably withheld. **NOTHING IN THIS PARAGRAPH IS INTENDED TO INTERFERE WITH OR RESTRICT THE ABILITY OF EMPLOYEE OR THE RELEASED PARTIES TO COMMUNICATE WITH ANY GOVERNMENTAL AGENCY INCLUDING ANY WITH WHICH A CHARGE OR COMPLAINT HAS BEEN FILED OR TO DEFEND THEMSELVES AGAINST ANY LEGAL CLAIMS.**

11. Violation of the Agreement: Employee understands that any violation or breach of a material term of this Agreement by her/him shall give rise to a claim against her/him by the Company and/or the Released Parties for a refund of the consideration paid pursuant to the Employment Agreement and this Agreement and shall forever release and discharge these entities from the performance of any obligations arising from the Employment Agreement and this Agreement but shall not release Employee from performance of her/his obligations under the Employment Agreement and this Agreement. Provided, however, that if Company contends that a violation or breach of a material term of this Agreement has occurred or will occur, then Company shall provide express written notice to Employee and 7 calendar days to cure such violation or breach, if it can be cured. The parties agree that Employee's violations or breaches of this Agreement that cannot be cured include, but are not limited to, those under Paragraphs 9 and 10. If the actual or threatened violation can be and is timely cured, then no violation or breach shall be deemed to have occurred under this Paragraph.

12. Assistance and Cooperation: Upon request by the Company, Employee agrees to personally provide reasonable assistance and cooperation to the Company in activities related to any past, present, or future lawsuits, claims, or other matters involving the Company. The Company will reimburse Employee for any reasonable out-of-pocket costs and expenses incurred in connection with providing such assistance and cooperation.

13. No External Representations or Agreements: With the exception of the Employment Agreement that Employee previously executed with the Company, this Agreement constitutes the sole and entire agreement between the parties regarding the subject matter addressed herein, and supersedes any and all understandings and agreements that may have been reached earlier on this subject matter. Employee understands and agrees that her/his obligations under the Employment Agreement including, but not limited to, the post-employment obligations in Sections 7 and 8 of the Employment Agreement, remain in effect except as specifically modified herein. There are no understandings, representations, or agreements other than those set forth in this Agreement and the Employment Agreement. No provision of this Agreement shall be amended, waived, or modified except in writing signed by the parties that specifically refers to this Agreement.

14. Choice of Law: This Agreement shall be governed in all respects, whether as to validity, construction, capacity, performance, or otherwise, by the laws of the State of Michigan, without regard to choice of law principles, and except as preempted by federal law.

15. Limited Admissibility of the Agreement: The parties agree that this Agreement may not be introduced in any proceeding, except to establish conclusively the settlement and release of the claims it encompasses or to otherwise ensure rights created by this Agreement. This Agreement is not to be interpreted as an admission of any liability or other obligation to Employee.

16. Severability: If any provision of this Agreement is held by a court, arbitrator, or other adjudicative body of competent jurisdiction to be invalid, void, or unenforceable for whatever reason, the remaining provisions of this Agreement shall nevertheless continue in full force and effect without being impaired in any manner whatsoever.

17. Attorneys' Fees and Costs: In any proceeding or action to enforce this Agreement or to recover damages arising out of its breach, the prevailing party shall be awarded its reasonable attorneys' fees and costs.

18. Employee Acknowledgements: Employee, by her/his execution of this Agreement, acknowledges and agrees that the following statements are true:

(a) S/he has carefully read this entire Agreement and has had any and all questions regarding its meaning answered to her/his satisfaction;

(b) The Agreement is written in language that s/he understands.

(c) S/he is hereby advised to seek independent legal advice and/or counsel of her/his own choosing prior to the execution of this Agreement;

(d) S/he fully understands that this Agreement is a waiver of any and all claims, known and unknown, that s/he may have against the Released Parties;

(e) S/he willingly waives any and all claims in exchange for the promises of the Company in the Employment Agreement and this Agreement, which s/he acknowledges constitute valuable consideration that s/he is not otherwise entitled to receive;

(f) S/he enters into this Agreement knowingly and voluntarily and is under no coercion or duress whatsoever in considering or agreeing to the provisions of this Agreement; and

(g) S/he understands that this Agreement is a contract and that either party may enforce it.

19. Periods for Considering and Revoking the Agreement: Employee acknowledges that s/he has been given at least 21 days to consider this Agreement. Employee agrees that, if s/he signs and returns this Agreement to the Company representative identified below before the end of the above 21-day period, her/his signature is intended to waive her/his right to consider the Agreement for 21 days. This proposed Agreement shall be deemed withdrawn if Employee fails to sign and return it to the Company representative identified below within 21 days of her/his receipt of the Agreement. The parties agree that Employee may revoke this Agreement at any time within 7 days after signing the Agreement by written notice delivered by certified mail to the Company representative identified below. The parties acknowledge and agree that this Agreement will become effective and enforceable once Employee signs and returns it to the Company representative identified below within 21 days of her/his receipt of the Agreement and following the expiration without exercise of the 7-day revocation period.

Domino’s Pizza LLC
Attention: Kevin Morris, Executive Vice President, General Counsel & Corporate Secretary
30 Frank Lloyd Wright Drive
Ann Arbor, Michigan 48105

20. Approval/Enforcement/Copies: Employee agrees to cooperate with the Company in seeking and obtaining approval of this Agreement from any governmental agency, court, arbitrator, or other adjudicative body. This Agreement shall be deemed drafted equally by the parties. The language of all parts of this Agreement shall be construed as a whole, according to its fair meaning, and any presumption or other principle that the language herein is to be construed against any party shall not apply. This Agreement may be executed in counterparts or by electronic means such as facsimile or electronic portable document format (pdf), and copies of the Agreement shall be considered as enforceable as if they were the original.

21. Headings Irrelevant: The headings in this Agreement are intended as a convenience to the reader and are not intended to convey any legal meaning.

EMPLOYEE ACKNOWLEDGES THAT S/HE HAS CAREFULLY READ THIS ENTIRE AGREEMENT CAREFULLY. EMPLOYEE IS HEREBY ADVISED BY THE COMPANY TO CONSULT AN ATTORNEY PRIOR TO EXECUTING THIS AGREEMENT, AND FULLY UNDERSTANDS THAT BY SIGNING BELOW, S/HE IS GIVING UP CERTAIN RIGHTS WHICH S/HE MAY HAVE TO SUE OR ASSERT A CLAIM AGAINST ANY OF THE RELEASED PARTIES AS DESCRIBED HEREIN AND THE OTHER PROVISIONS HEREOF. EMPLOYEE ACKNOWLEDGES THAT S/HE HAS NOT BEEN FORCED OR PRESSURED IN ANY MANNER WHATSOEVER TO SIGN THIS AGREEMENT AND S/HE AGREES TO ALL OF ITS TERMS VOLUNTARILY.

		DOMINO'S PIZZA LLC	
Employee:	/s/ Stuart A. Levy	By:	/s/ Richard E. Allison, Jr.
Date:	June 4, 2021	Its:	CEO
		Date:	June 8, 2021

ATTACHMENT A
Additional Release of Claims ("Additional Release")

As explained in Paragraph 2 of the Separation Agreement and General Release ("Agreement"), this Additional Release is for Employee to release and waive any and all claims that may have arisen since the Effective Date of the Agreement. This Additional Release is intended to supplement, but not to replace, the Agreement.

Release of Claims: Employee acknowledges that the consideration set forth in the Employment Agreement and the Agreement represents full and final payment of all claims by Employee against the Company, and is in excess of what Employee would otherwise be entitled by virtue of her/his employment. By signing this Additional Release, Employee completely and forever releases the Company and any past, present, or future direct or indirect owners, shareholders, directors, officers, employees, attorneys, agents, insurers, partners, employee benefit plans, predecessors and successors in interest, beneficiaries, executors, administrators, personal representatives, heirs, parents, subsidiaries, successors, and assigns of the Company and any other persons, firms, corporations, or entities with which the Company has been, is now, or may hereafter be affiliated (collectively, the "Released Parties"), from any and all known or unknown claims, demands, grievances, or lawsuits arising out of or in any way relating to any event, matter, or occurrence existing or occurring before Employee signs this Additional Release including, but not limited to, claims that involve or arise from the employment relationship between Employee and the Company, or the termination of that relationship.

This general release includes, but is not limited to, claims, demands, grievances, or lawsuits that arise under any of the following: Title VII of the Civil Rights Act of 1964; 42 U.S.C. § 1981; the Age Discrimination in Employment Act of 1967; the Pregnancy Discrimination Act; the Employee Retirement Income Security Act; the Americans with Disabilities Act; the Family and Medical Leave Act; the Equal Pay Act; the Genetic Information Non-Discrimination Act; the Worker Adjustment and Retraining Notification Act; the Sarbanes-Oxley Act; the Health Insurance Portability and Accountability Act; the Fair Credit Reporting Act; the False Claims Act; the Occupational Safety and Health Act; the Uniformed Services Employment and Reemployment Rights Act; any amendments to the foregoing laws; any other federal, state, local, or foreign constitution, statute, ordinance, or regulation; or any other theory of recovery including, but not limited to, claims of discrimination, harassment, or retaliation of any kind, wrongful discharge, breach of contract, breach of the covenant of good faith and fair dealing, unfair business practices, wage and hour claims of any kind, whether for non-payment, late payment, overtime, misclassification, rest breaks, meal periods, bonuses, reimbursements, deductions, and/or penalties, tort claims of any kind, whether for intentional or negligent infliction of emotional distress, personal injury, defamation, and/or invasion of privacy, and any other common law legal or equitable claims.

This release includes any and all Employee's claims against the Released Parties that exist as of Employee's execution of this Additional Release, even if the facts and/or legal theories supporting those claims are unknown to Employee at this time. This release binds Employee as well as her/his marital community, heirs, and assigns. Excluded from this release are any claims or rights which cannot be waived by law, including Employee's right to seek unemployment compensation benefits.

Acknowledgements Concerning Compensation/Leave/On-the-Job Injury: Employee acknowledges and agrees that the consideration set forth in the Employment Agreement and the Agreement shall constitute the total amount owed by the Company to Employee and that s/he has: (a) been paid by the Company for all hours s/he has worked for the Company; (b) received all amounts due from the Company through the Separation Date including, but not limited to, compensation, wages, payments, bonuses, benefits, pay in lieu of notice, salary continuation or severance, reimbursements, or any other remuneration of whatever kind arising from or relating to the employment relationship with the Company, or the termination of that relationship, except for the payments and benefits expressly provided for under the Agreement; (c) received any leave (paid or unpaid) and accommodations to which s/he was entitled through the Separation Date; and (d) not suffered any on-the-job injury or occupational illness while working for the Company for which s/he has not already filed a claim. Employee confirms that s/he has no pending legal proceeding(s) against any of the Released Parties.

Employee Acknowledgements: Employee, by her/his execution of this Additional Release, acknowledges and agrees that the following statements are true:

(a) S/he has carefully read this entire Additional Release and has had any and all questions regarding its meaning answered to her/his satisfaction;

(b) The Additional Release is written in language that s/he understands.

(c) S/he is hereby advised to seek independent legal advice and/or counsel of her/his own choosing prior to the execution of this Additional Release;

(d) S/he fully understands that this Additional Release is a waiver of any and all claims, known and unknown, that s/he may have against the Released Parties;

(e) S/he willingly waives any and all claims in exchange for the promises of the Company in the Employment Agreement and the Agreement, which s/he acknowledges constitute valuable consideration that s/he is not otherwise entitled to receive;

(g) S/he enters into this Additional Release knowingly and voluntarily and is under no coercion or duress whatsoever in considering or agreeing to the provisions of this Additional Release; and

(g) S/he understands that this Additional Release is a contract and that either party may enforce it.

23. Periods for Considering and Revoking the Additional Release: Employee acknowledges that s/he has been given at least 21 days to consider this Additional Release. Employee agrees that, if s/he signs and returns this Additional Release to the Company representative identified below before the end of the above 21-day period, her/his signature is intended to waive her/his right to consider the Additional Release for 21 days. This proposed Additional Release shall be deemed withdrawn if Employee fails to sign and return it to the Company representative identified below within 21 days of her/his receipt of the Additional Release. The parties agree that Employee may revoke this Additional Release at any time within 7 days after signing the Additional Release by written notice delivered by certified mail to the Company representative identified below. The parties acknowledge and agree that this Additional Release will become effective and enforceable once Employee signs and returns it to the Company representative identified below within 21 days of her/his receipt of the Additional Release and following the expiration without exercise of the 7-day revocation period.

Domino’s Pizza LLC
Attention: Kevin Morris, Executive Vice President, General Counsel & Corporate Secretary
30 Frank Lloyd Wright Drive
Ann Arbor, Michigan 48105

EMPLOYEE ACKNOWLEDGES THAT S/HE HAS CAREFULLY READ THIS ENTIRE ADDITIONAL RELEASE CAREFULLY. EMPLOYEE IS HEREBY ADVISED BY THE COMPANY TO CONSULT AN ATTORNEY PRIOR TO EXECUTING THIS ADDITIONAL RELEASE, AND FULLY UNDERSTANDS THAT BY SIGNING BELOW, S/HE IS

GIVING UP CERTAIN RIGHTS WHICH S/HE MAY HAVE TO SUE OR ASSERT A CLAIM AGAINST ANY OF THE RELEASED PARTIES AS DESCRIBED HEREIN AND THE OTHER PROVISIONS HEREOF. EMPLOYEE ACKNOWLEDGES THAT S/HE HAS NOT BEEN FORCED OR PRESSURED IN ANY MANNER WHATSOEVER TO SIGN THIS ADDITIONAL RELEASE AND S/HE AGREES TO ALL OF ITS TERMS VOLUNTARILY.

		DOMINO'S PIZZA LLC	
Employee:	________________	By:	________________
Date:	________________	Its:	________________
		Date:	________________

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER OF DOMINO'S PIZZA, INC.

I, Richard E. Allison, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Domino's Pizza, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

July 22, 2021	/s/ Richard E. Allison, Jr.
Date	Richard E. Allison, Jr. Chief Executive Officer *(Principal Executive Officer and* *Principal Financial Officer)*

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Domino’s Pizza, Inc. (the “Company”) on Form 10-Q for the period ended June 20, 2021, as filed with the Securities and Exchange Commission (the “Report”), I, Richard E. Allison, Jr., Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that based on my knowledge:

1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Richard E. Allison, Jr.
Richard E. Allison, Jr.
Chief Executive Officer
(Principal Executive Officer and Principal Financial Officer)

Dated: July 22, 2021

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Domino’s Pizza, Inc. and will be retained by Domino’s Pizza, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.