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 March 27, 2022

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 April 21, 2022, Domino's Pizza, Inc. had 36,045,067 shares of common stock, par value $0.01 per share, outstanding.

Domino's Pizza, Inc.

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Item 1. Financial Statements.

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

(In thousands)	March 27, 2022	January 2, 2022 (1)
Assets		
Current assets:		
Cash and cash equivalents	$ 164,962	$ 148,160
Restricted cash and cash equivalents	168,241	180,579
Accounts receivable, net	246,978	255,327
Inventories	77,711	68,328
Prepaid expenses and other	27,857	27,242
Advertising fund assets, restricted	175,488	180,904
Total current assets	861,237	860,540
Property, plant and equipment:		
Land and buildings	108,426	108,372
Leasehold and other improvements	195,355	193,572
Equipment	318,504	312,772
Construction in progress	26,652	27,815
	648,937	642,531
Accumulated depreciation and amortization	(329,290)	(318,466)
Property, plant and equipment, net	319,647	324,065
Other assets:		
Operating lease right-of-use assets	209,099	210,702
Goodwill	16,153	15,034
Capitalized software, net	96,790	95,558
Investments	125,840	125,840
Other assets	43,009	37,968
Deferred income taxes	2,247	2,109
Total other assets	493,138	487,211
Total assets	$ 1,674,022	$ 1,671,816
Liabilities and stockholders' deficit		
Current liabilities:		
Current portion of long-term debt	$ 55,632	$ 55,588
Accounts payable	92,353	91,547
Operating lease liabilities	37,384	37,155
Insurance reserves	31,658	32,588
Dividends payable	40,632	918
Advertising fund liabilities	168,161	173,737
Other accrued liabilities	169,004	199,208
Total current liabilities	594,824	590,741
Long-term liabilities:		
Long-term debt, less current portion	5,002,092	5,014,638
Operating lease liabilities	182,369	184,471
Insurance reserves	38,689	36,913
Other accrued liabilities	49,825	50,667
Deferred income taxes	4,865	3,922
Total long-term liabilities	5,277,840	5,290,611
Stockholders' deficit:		
Common stock	360	361
Additional paid-in capital	3,545	840
Retained deficit	(4,200,341)	(4,207,917)
Accumulated other comprehensive loss	(2,206)	(2,820)
Total stockholders' deficit	(4,198,642)	(4,209,536)
Total liabilities and stockholders' deficit	$ 1,674,022	$ 1,671,816

(1) The condensed consolidated balance sheet at January 2, 2022 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 financial statements.

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

(In thousands, except per share data)	Fiscal Quarter Ended March 27, 2022	Fiscal Quarter Ended March 28, 2021
Revenues:		
U.S. Company-owned stores	$ 103,895	$ 112,744
U.S. franchise royalties and fees	122,285	124,486
Supply chain	609,547	568,338
International franchise royalties and fees	68,833	66,770
U.S. franchise advertising	106,589	111,360
Total revenues	1,011,149	983,698
Cost of sales:		
U.S. Company-owned stores	87,375	85,742
Supply chain	555,150	508,805
Total cost of sales	642,525	594,547
Operating margin	368,624	389,151
General and administrative	97,494	91,253
U.S. franchise advertising	106,589	111,360
Income from operations	164,541	186,538
Other income	—	2,500
Interest income	49	22
Interest expense	(46,872)	(39,422)
Income before provision for income taxes	117,718	149,638
Provision for income taxes	26,754	31,877
Net income	$ 90,964	$ 117,761
Earnings per share:		
Common stock - basic	$ 2.53	$ 3.04
Common stock - diluted	2.50	3.00

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

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

(In thousands)	Fiscal Quarter Ended March 27, 2022		Fiscal Quarter Ended March 28, 2021	
Net income	$	90,964	$	117,761
Currency translation adjustment		614		186
Comprehensive income	$	91,578	$	117,947

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

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

(In thousands)	Fiscal Quarter Ended March 27, 2022	Fiscal Quarter Ended March 28, 2021
Cash flows from operating activities:		
Net income	$ 90,964	$ 117,761
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	18,976	16,465
Loss on sale/disposal of assets	195	161
Amortization of debt issuance costs	1,319	1,203
Provision for deferred income taxes	1,319	1,578
Non-cash equity-based compensation expense	7,265	5,204
Excess tax benefits from equity-based compensation	(86)	(914)
Provision for losses on accounts and notes receivable	1,462	180
Unrealized gain on investments	—	(2,500)
Changes in operating assets and liabilities	(34,718)	(1,634)
Changes in advertising fund assets and liabilities, restricted	(7,907)	15,347
Net cash provided by operating activities	78,789	152,851
Cash flows from investing activities:		
Capital expenditures	(12,454)	(16,561)
Purchase of investments	—	(40,000)
Purchase of franchise operations and other assets	(6,814)	—
Other	(1,368)	121
Net cash used in investing activities	(20,636)	(56,440)
Cash flows from financing activities:		
Repayments of long-term debt and finance lease obligations	(13,861)	(704)
Proceeds from exercise of stock options	266	3,693
Purchases of common stock	(47,661)	(25,000)
Tax payments for restricted stock upon vesting	(789)	(1,044)
Payments of common stock dividends and equivalents	(51)	(64)
Net cash used in financing activities	(62,096)	(23,119)
Effect of exchange rate changes on cash	374	161
Change in cash and cash equivalents, restricted cash and cash equivalents	(3,569)	73,453
Cash and cash equivalents, beginning of period	148,160	168,821
Restricted cash and cash equivalents, beginning of period	180,579	217,453
Cash and cash equivalents included in advertising fund assets, restricted, beginning of period	161,741	115,872
Cash and cash equivalents, restricted cash and cash equivalents and cash and cash equivalents included in advertising fund assets, restricted, beginning of period	490,480	502,146
Cash and cash equivalents, end of period	164,962	267,719
Restricted cash and cash equivalents, end of period	168,241	176,029
Cash and cash equivalents included in advertising fund assets, restricted, end of period	153,708	131,851
Cash and cash equivalents, restricted cash and cash equivalents and cash and cash equivalents included in advertising fund assets, restricted, end of period	$ 486,911	$ 575,599

The accompanying notes are an integral part of these condensed consolidated financial 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)

March 27, 2022

1. Basis of Presentation

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 2, 2022 included in the Company's 2021 Annual Report on Form 10-K, filed with the Securities and Exchange Commission on March 1, 2022 (the "2021 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 March 27, 2022 are not necessarily indicative of the results that may be expected for the fiscal year ending January 1, 2023.

2. Segment Information

The following tables summarize 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 March 27, 2022 and March 28, 2021					
	U.S. Stores	Supply Chain	International Franchise	Intersegment Revenues	Other	Total
Revenues						
2022	$ 332,769	$ 641,962	$ 68,833	$ (32,415)	$ —	$ 1,011,149
2021	348,590	599,177	66,770	(30,839)	—	983,698
Segment Income						
2022	$ 97,292	$ 46,349	$ 55,046	N/A	$ (7,710)	$ 190,977
2021	107,436	52,552	54,468	N/A	(6,088)	208,368

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

	Fiscal Quarter Ended	
	March 27, 2022	March 28, 2021
Total Segment Income	$ 190,977	$ 208,368
Depreciation and amortization	(18,976)	(16,465)
Loss on sale/disposal of assets	(195)	(161)
Non-cash equity-based compensation expense	(7,265)	(5,204)
Income from operations	164,541	186,538
Other income	—	2,500
Interest income	49	22
Interest expense	(46,872)	(39,422)
Income before provision for income taxes	$ 117,718	$ 149,638

3. Earnings Per Share

	Fiscal Quarter Ended	
	March 27, 2022	March 28, 2021
Net income available to common stockholders - basic and diluted	$ 90,964	$ 117,761
Basic weighted average number of shares	36,000,896	38,700,225
Earnings per share – basic	$ 2.53	$ 3.04
Diluted weighted average number of shares	36,435,038	39,208,383
Earnings per share – diluted	$ 2.50	$ 3.00

The denominators used in calculating diluted earnings per share for common stock for the fiscal quarters ended March 27, 2022 and March 28, 2021 do not include the following because the effect of including these shares would be anti-dilutive or because the performance targets for these awards had not yet been met:

	Fiscal Quarter Ended	
	March 27, 2022	March 28, 2021
Anti-dilutive shares underlying stock-based awards		
Stock options	74,152	51,490
Restricted stock awards and units	469	—
Performance condition not met		
Restricted stock awards and units	42,777	65,967

4. Stockholders' Deficit

The following table summarizes the changes in stockholders' deficit for the first quarter of 2022.

	Common Stock		Additional Paid-in Capital	Retained Deficit	Accumulated Other Comprehensive Loss
	Shares	Amount			
Balance at January 2, 2022	36,138,273	$ 361	$ 840	$ (4,207,917)	$ (2,820)
Net income	—	—	—	90,964	—
Dividends declared on common stock and equivalents ($1.10 per share)	—	—	—	(39,765)	—
Issuance and cancellation of stock awards, net	340	—	—	—	—
Tax payments for restricted stock upon vesting	(1,875)	—	(789)	—	—
Purchases of common stock	(100,810)	(1)	(4,037)	(43,623)	—
Exercise of stock options	1,445	—	266	—	—
Non-cash equity-based compensation expense	—	—	7,265	—	—
Currency translation adjustment	—	—	—	—	614
Balance at March 27, 2022	36,037,373	$ 360	$ 3,545	$ (4,200,341)	$ (2,206)

Subsequent to the end of the first quarter of 2022, on April 26, 2022, the Company's Board of Directors declared a $1.10 per share quarterly dividend on its outstanding common stock for shareholders of record as of June 15, 2022 to be paid on June 30, 2022.

The following table summarizes the changes in stockholders' deficit for the first quarter 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	—	—	—	117,761	—
Dividends declared on common stock and equivalents ($0.94 per share)	—	—	—	(36,475)	—
Issuance and cancellation of stock awards, net	(2,755)	—	—	—	—
Tax payments for restricted stock upon vesting	(2,791)	—	(1,044)	—	—
Purchases of common stock	(65,870)	(1)	(6,363)	(18,636)	—
Exercise of stock options	21,263	—	3,693	—	—
Non-cash equity-based compensation expense	—	—	5,204	—	—
Currency translation adjustment	—	—	—	—	186
Balance at March 28, 2021	38,818,197	$ 388	$ 6,612	$ (3,240,842)	$ (2,238)

5. 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 March 27, 2022 and January 2, 2022:

	At March 27, 2022			
		Fair Value Estimated Using		
	Carrying Amount	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Cash equivalents	$ 130,561	$ 130,561	$ —	$ —
Restricted cash equivalents	119,832	119,832	—	—
Investments in marketable securities	14,417	14,417	—	—
Advertising fund cash equivalents, restricted	139,780	139,780	—	—
Investments	125,840	—	—	125,840

	At January 2, 2022			
		Fair Value Estimated Using		
	Carrying Amount	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Cash equivalents	$ 87,384	$ 87,384	$ —	$ —
Restricted cash equivalents	115,185	115,185	—	—
Investments in marketable securities	15,433	15,433	—	—
Advertising fund cash equivalents, restricted	140,115	140,115	—	—
Investments	125,840	—	—	125,840

The Company holds a non-controlling interest in DPC Dash Ltd, a privately-held business company limited by shares incorporated with limited liability under the laws of the British Virgin Islands ("DPC Dash"). Through its subsidiaries, DPC Dash 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 DPC Dash's 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.

The Company did not record any adjustments to the carrying amount of $125.8 million in the first quarter of 2022. The following table summarizes the reconciliation of the carrying amount of the Company's investment in DPC Dash from the opening balance at January 3, 2021 to the closing balance at March 28, 2021.

	Fiscal Quarter Ended March 28, 2021			
	Carrying Amount January 3, 2021	Purchases	Unrealized Gain	Carrying Amount March 28, 2021
Investments	$ 40,000	$ 40,000	$ 2,500	$ 82,500

Fair Value of Debt

The estimated fair values of the Company’s fixed 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 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 Company's 2015, 2017, 2018, 2019 and 2021 notes as follows:

	March 27, 2022		January 2, 2022	
	Principal Amount	**Fair Value**	**Principal Amount**	**Fair Value**
2015 Ten-Year Notes	$ 758,000	$ 764,064	$ 760,000	$ 777,480
2017 Ten-Year Notes	960,000	951,360	962,500	1,000,038
2018 7.5-Year Notes	411,188	411,599	412,250	420,907
2018 9.25-Year Notes	387,000	386,226	388,000	407,788
2019 Ten-Year Notes	661,500	635,702	663,188	693,031
2021 7.5-Year Notes	843,625	773,604	845,750	849,133
2021 Ten-Year Notes	992,500	912,108	995,000	1,017,885

The Company did not have any outstanding borrowings under its variable funding notes at March 27, 2022 or January 2, 2022.

6. Revenue Disclosures

Contract Liabilities

Contract liabilities primarily consist of deferred franchise fees and deferred development fees. Deferred franchise fees and deferred development fees of $5.4 million were included in current other accrued liabilities as of March 27, 2022 and January 2, 2022. Deferred franchise fees and deferred development fees of $24.0 million and $24.3 million were included in long-term other accrued liabilities as of March 27, 2022 and January 2, 2022, respectively.

Changes in deferred franchise fees and deferred development fees for the first quarter of 2022 and the first quarter of 2021 were as follows:

	Fiscal Quarter Ended	
	March 27, 2022	**March 28, 2021**
Deferred franchise fees and deferred development fees at beginning of period	$ 29,694	$ 19,090
Revenue recognized during the period	(1,420)	(1,390)
New deferrals due to cash received and other	1,159	803
Deferred franchise fees and deferred development fees at end of period	$ 29,433	$ 18,503

Advertising Fund Assets

As of March 27, 2022, advertising fund assets, restricted of $175.5 million consisted of $153.7 million of cash and cash equivalents, $15.4 million of accounts receivable and $6.4 million of prepaid expenses. As of March 27, 2022, advertising fund cash and cash equivalents included $7.3 million of cash contributed from U.S. Company-owned stores that had not yet been expended.

As of January 2, 2022, advertising fund assets, restricted of $180.9 million consisted of $161.7 million of cash and cash equivalents, $14.5 million of accounts receivable and $4.7 million of prepaid expenses. As of January 2, 2022, advertising fund cash and cash equivalents included $7.2 million of cash contributed from U.S. Company-owned stores that had not yet been expended.

7. 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 first quarter of 2022 and the first quarter of 2021 were as follows:

	Fiscal Quarter Ended	
	March 27, 2022	March 28, 2021
Operating lease cost	$ 10,275	$ 10,424
Finance lease cost:		
Amortization of right-of-use assets	1,208	919
Interest on lease liabilities	1,104	1,026
Total finance lease cost	$ 2,312	$ 1,945

Rent expense totaled $18.9 million and $18.2 million in the first quarter of 2022 and the first quarter of 2021, 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. Rent expense for certain short-term supply chain center tractor and trailer rentals was $2.2 million and $1.8 million in the first quarter of 2022 and the first quarter of 2021, respectively. Variable rent expense and rent expense for other short-term leases were immaterial in both the first quarter of 2022 and the first quarter of 2021.

Supplemental balance sheet information related to the Company's finance leases as of March 27, 2022 and January 2, 2022 was as follows:

	March 27, 2022	January 2, 2022
Land and buildings	$ 87,019	$ 86,965
Accumulated depreciation and amortization	(15,641)	(14,423)
Finance lease assets, net	$ 71,378	$ 72,542
Current portion of long-term debt	$ 4,132	$ 4,088
Long-term debt, less current portion	71,260	72,250
Total principal payable on finance leases	$ 75,392	$ 76,338

As of March 27, 2022 and January 2, 2022, the weighted average remaining lease term and weighted average discount rate for the Company's operating and finance leases were as follows:

	March 27, 2022		January 2, 2022	
	Operating Leases	Finance Leases	Operating Leases	Finance Leases
Weighted average remaining lease term	7 years	15 years	7 years	15 years
Weighted average discount rate	3.5%	5.8%	3.5%	5.8%

Supplemental cash flow information related to leases for the first quarter of 2022 and the first quarter of 2021 were as follows:

	Fiscal Quarter Ended	
	March 27, 2022	March 28, 2021
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 10,637	$ 10,187
Operating cash flows from finance leases	1,104	1,026
Financing cash flows from finance leases	986	704
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	7,758	4,672
Finance leases	—	399

Maturities of lease liabilities as of March 27, 2022 were as follows:

	Operating Leases	Finance Leases
2022	$ 35,957	$ 6,078
2023	40,220	7,542
2024	39,100	8,121
2025	33,501	7,942
2026	30,487	8,640
Thereafter	67,721	78,139
Total future minimum rental commitments	246,986	116,462
Less – amounts representing interest	(27,233)	(41,070)
Total lease liabilities	$ 219,753	$ 75,392

As of March 27, 2022, the Company had 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 $63.0 million. These leases are expected to commence in 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 $8.6 million and $9.1 million as of March 27, 2022 and January 2, 2022, 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.

8. Supplemental Disclosures of Cash Flow Information

The Company had non-cash investing activities related to accruals for capital expenditures of $6.9 million at March 27, 2022 and $5.4 million at January 2, 2022.

9. Company-owned Store Transactions

During the first quarter of 2022, the Company purchased 23 U.S. franchised stores from certain of the Company's existing U.S. franchisees for $6.8 million, which included $4.0 million of intangibles, $1.7 million of equipment and leasehold improvements and $1.1 million of goodwill.

10. New Accounting Pronouncements

Accounting Standards Not Yet Adopted

The Company has considered all new accounting standards issued by the Financial Accounting Standards Board ("FASB"). The Company has not yet completed its assessment of the following standard.

Accounting Standards Update ("ASU") 2020-04, Facilitation of the Effects of Reference Rate Reform on Financial Reporting

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. The Company's 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 may currently be adopted and 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 2022 and 2021 first quarters referenced herein represent the twelve-week periods ended March 27, 2022 and March 28, 2021, respectively. In this section, we discuss the results of our operations for the first quarter of 2022 as compared to the first quarter of 2021.

Overview

Domino's is the largest pizza company in the world with more than 19,000 locations in over 90 markets around the world as of March 27, 2022, and operates two distinct service models within its stores with a significant business in both delivery and carryout. 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 worldwide 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 United States. 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. We believe we have a proven business model for success, which includes leading with technology, service and product innovation and leveraging our global scale, which has historically driven strong returns for our shareholders.

First Quarter of 2022 Highlights

- Global retail sales, excluding foreign currency impact (which includes total retail sales at Company-owned and franchised stores worldwide), increased 3.6% as compared to the first quarter of 2021. U.S. retail sales declined 1.4% and international retail sales, excluding foreign currency impact, increased 8.4% as compared to the first quarter of 2021.
- Same store sales declined 3.6% in our U.S. stores and increased 1.2% in our international stores (excluding foreign currency impact).
- Revenues increased 2.8%.
- Income from operations decreased 11.8%.
- Net income decreased 22.8%.
- Diluted earnings per share decreased 16.7%.

Domino's experienced global retail sales growth during the first quarter of 2022. We believe our commitment to value, convenience, quality and new products continues to keep consumers engaged with the brand. We continued our strong international same store sales performance with the 113th consecutive quarter of positive international same store sales (excluding foreign currency impact). U.S. same store sales declined 3.6% in the first quarter of 2022, rolling over an increase in U.S. same store sales of 13.4% in the first quarter of 2021. The decrease in U.S. same store sales was attributable in part to lower order counts resulting from labor shortages affecting store hours and staffing levels in many of our markets, as well as economic stimulus activity in the U.S in the first quarter of 2021 in response to the COVID-19 pandemic which did not recur in the first quarter of 2022. The decline in U.S. store order counts was partially offset by a higher average ticket per transaction resulting from higher menu prices as well as more items purchased per transaction and increases to our average delivery fee.

During the first quarter of 2022, we experienced significant inflationary pressures in our commodity, labor and fuel costs resulting from the macroeconomic environment in the U.S., which had a significant impact on our overall operating results as compared to the prior year quarter. Internationally, we continued to experience increases in retail sales during the first quarter of 2022. Our U.S. and international same store sales (excluding foreign currency impact) continue to be 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 213 net stores in the first quarter of 2022. We had 37 net stores open in the U.S. and 176 net stores open internationally during the first quarter of 2022.

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 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.

	First Quarter of 2022	First Quarter of 2021
U.S. stores	(1.4)%	+15.3%
International stores (excluding foreign currency impact)	+8.4%	+12.8%
Total (excluding foreign currency impact)	+3.6%	+14.0%

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 excluding foreign currency impacts, which reflect changes in international local currency sales.

	First Quarter of 2022	First Quarter of 2021
U.S. Company-owned stores (1)	(10.5)%	+6.3%
U.S. franchise stores (1)	(3.2)%	+13.9%
U.S. stores	(3.6)%	+13.4%
International stores (excluding foreign currency impact)	+1.2%	+11.8%

(1) During the first quarter of 2022, we purchased 23 U.S. franchised stores from certain of our existing U.S. franchisees. The same store sales growth for these stores is reflected in U.S. Company-owned stores in the first quarter of 2022.

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 January 2, 2022	375	6,185	6,560	12,288	18,848
Openings	2	38	40	217	257
Closings (1)	—	(3)	(3)	(41)	(44)
Transfers (2)	23	(23)	—	—	—
Store count at March 27, 2022	400	6,197	6,597	12,464	19,061
First quarter 2022 net store growth	2	35	37	176	213
Trailing four quarters net store growth	13	193	206	1,036	1,242

(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 March 27, 2022, there were approximately 200 international stores temporarily closed.

(2) Net store growth does not include the effect of transfers. During the first quarter of 2022, we purchased 23 U.S. franchised stores from certain of our existing U.S. franchisees.

Income Statement Data

	First Quarter of 2022		First Quarter of 2021	
U.S. Company-owned stores	$ 103.9		$ 112.7	
U.S. franchise royalties and fees	122.3		124.5	
Supply chain	609.5		568.3	
International franchise royalties and fees	68.8		66.8	
U.S. franchise advertising	106.6		111.4	
Total revenues	1,011.1	100.0 %	983.7	100.0 %
U.S. Company-owned stores	87.4		85.7	
Supply chain	555.2		508.8	
Total cost of sales	642.5	63.5 %	594.5	60.4 %
Operating margin	368.6	36.5 %	389.2	39.6 %
General and administrative	97.5	9.7 %	91.3	9.3 %
U.S. franchise advertising	106.6	10.5 %	111.4	11.3 %
Income from operations	164.5	16.3 %	186.5	19.0 %
Other income	—	0.0 %	2.5	0.2 %
Interest expense, net	(46.8)	(4.7)%	(39.4)	(4.0)%
Income before provision for income taxes	117.7	11.6 %	149.6	15.2 %
Provision for income taxes	26.8	2.6 %	31.9	3.2 %
Net income	$ 91.0	9.0 %	$ 117.8	12.0 %

<u>Revenues</u>

	First Quarter of 2022		First Quarter of 2021	
U.S. Company-owned stores	$ 103.9	10.3 %	$ 112.7	11.4 %
U.S. franchise royalties and fees	122.3	12.1 %	124.5	12.7 %
Supply chain	609.5	60.3 %	568.3	57.8 %
International franchise royalties and fees	68.8	6.8 %	66.8	6.8 %
U.S. franchise advertising	106.6	10.5 %	111.4	11.3 %
Total revenues	$ 1,011.1	100.0 %	$ 983.7	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.

U.S. Stores Revenues

	First Quarter of 2022		First Quarter of 2021	
U.S. Company-owned stores	$ 103.9	31.2 %	$ 112.7	32.3 %
U.S. franchise royalties and fees	122.3	36.8 %	124.5	35.7 %
U.S. franchise advertising	106.6	32.0 %	111.4	32.0 %
U.S. stores	$ 332.8	100.0 %	$ 348.6	100.0 %

U.S. Company-owned Stores

Revenues from U.S. Company-owned store operations decreased $8.8 million, or 7.8%, in the first quarter of 2022 due to a decrease in U.S. Company-owned same store sales. This decrease was partially offset by an increase in the average number of U.S. Company-owned stores open during the period. U.S. Company-owned same store sales decreased 10.5% in the first quarter of 2022 and increased 6.3% in the first quarter of 2021.

U.S. Franchise Royalties and Fees

Revenues from U.S. franchise royalties and fees decreased $2.2 million, or 1.8%, in the first quarter of 2022 due primarily to a decrease in U.S. franchise same store sales. This decrease was partially offset by an increase in the average number of U.S. franchised stores open during the period resulting from net store growth. U.S. franchise same store sales decreased 3.2% in the first quarter of 2022 and increased 13.9% in the first quarter of 2021.

U.S. Franchise Advertising

Revenues from U.S. franchise advertising decreased $4.8 million, or 4.3%, in the first quarter of 2022 due to a decrease in U.S. franchise same store sales as well as approximately $2.5 million in advertising incentives related to certain brand promotions. These decreases were partially offset by 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 $41.2 million, or 7.3%, in the first quarter of 2022 due to higher market basket pricing to stores, partially offset by lower order volumes at our U.S. franchise stores. Our market basket pricing to stores increased 11.9% during the first quarter of 2022, which resulted in an estimated $56.1 million increase in supply chain revenues.

International Franchise Royalties and Fee Revenues

Revenues from international franchise royalties and fees increased $2.1 million, or 3.1%, in the first quarter of 2022 due primarily to higher international retail sales resulting from international same store sales growth (excluding foreign currency impact) and an increase in the average number of international franchised stores open during the period, resulting from net store growth. The negative impact of changes in foreign currency exchange rates of $4.3 million in the first quarter of 2022 partially offset the increase in international franchise royalties and fees revenues.

Excluding the impact of foreign currency exchange rates, international franchise same store sales increased 1.2% in the first quarter of 2022 and increased 11.8% in the first quarter of 2021.

Cost of Sales / Operating Margin

	First Quarter of 2022		First Quarter of 2021	
Consolidated revenues	$ 1,011.1	100.0 %	$ 983.7	100.0 %
Consolidated cost of sales	642.5	63.5 %	594.5	60.4 %
Consolidated operating margin	$ 368.6	36.5 %	$ 389.2	39.6 %

Consolidated cost of sales consists 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) decreased $20.6 million, or 5.3%, in the first quarter of 2022, due primarily to lower U.S. Company-owned store revenues, as well as higher food, labor and delivery costs and lower 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. Additionally, as our market basket prices fluctuate, our revenues and margin percentages in our supply chain segment also fluctuate; however, actual product-level dollar margins remain unchanged.

As a percentage of revenues, the consolidated operating margin decreased 3.1 percentage points in the first quarter of 2022. U.S. Company-owned store operating margin decreased 8.0 percentage points in the first quarter of 2022. Supply chain operating margin decreased 1.6 percentage points in the first quarter of 2022. These changes in operating margin are described below.

U.S. Company-Owned Store Operating Margin

	First Quarter of 2022		First Quarter of 2021	
Revenues	$ 103.9	100.0 %	$ 112.7	100.0 %
Cost of sales	87.4	84.1 %	85.7	76.1 %
Store operating margin	$ 16.5	15.9 %	$ 27.0	23.9 %

U.S. Company-owned store operating margin (which does not include certain store-level costs such as royalties and advertising) decreased $10.5 million, or 38.8%, in the first quarter of 2022, due primarily to lower same store sales, as well as higher food costs. As a percentage of store revenues, the U.S. Company-owned store operating margin decreased 8.0 percentage points in the first quarter of 2022. These changes in operating margin as a percentage of revenues are discussed in additional detail below.

- Food costs increased 3.8 percentage points to 30.9% in the first quarter of 2022 as a result of higher food basket prices.
- Labor costs increased 2.4 percentage points to 30.8% in the first quarter of 2022 due primarily to continued investments in frontline team member wage rates in our U.S. Company-owned stores in the first quarter of 2022, as well as lower sales leverage. These increases were partially offset by lower headcount attributable to labor shortages affecting store hours and staffing levels in many of our markets.
- Occupancy costs, which include rent, telephone, utilities and depreciation, increased 1.3 percentage points to 9.1% in the first quarter of 2022 due primarily to lower sales leverage.
- Insurance costs increased 0.9 percentage points to 4.2% in the first quarter of 2022 due primarily to unfavorable claims experience, as well as lower sales leverage.

Supply Chain Operating Margin

	First Quarter of 2022		First Quarter of 2021	
Revenues	$ 609.5	100.0 %	$ 568.3	100.0 %
Cost of sales	555.2	91.1 %	508.8	89.5 %
Supply chain operating margin	$ 54.4	8.9 %	$ 59.5	10.5 %

Supply chain operating margin decreased $5.1 million, or 8.6%, in the first quarter of 2022, due primarily to higher labor and delivery costs. As a percentage of supply chain revenues, the supply chain operating margin decreased 1.6 percentage points in the first quarter of 2022 due to higher food, labor and delivery costs resulting from inflationary pressures due to the macroeconomic environment in the U.S., as well as lower sales leverage.

General and Administrative Expenses

General and administrative expenses increased $6.2 million, or 6.8%, in the first quarter of 2022, driven primarily by higher labor costs, including non-cash equity-based compensation expense, as well as higher amortization expense for capitalized software. These increases were partially offset by lower variable performance-based compensation expense.

U.S. Franchise Advertising Expenses

U.S. franchise advertising expenses decreased $4.8 million, or 4.3%, in the first quarter of 2022, consistent with the decrease 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 other activities that promote the Domino’s brand and these revenues cannot be used for general corporate purposes.

Other Income

During the first quarter of 2021, we recorded a $2.5 million unrealized gain on our investment in DPC Dash (Note 5) resulting from the observable change in price from the valuation of the additional $40.0 million investment we made in the first quarter of 2021. We did not record any adjustments to the carrying amount of $125.8 million in the first quarter of 2022.

Interest Expense, Net

Interest expense, net increased $7.4 million, or 18.8%, in the first quarter of 2022 driven by higher average borrowings resulting from our recapitalization transaction completed on April 16, 2021 (the “2021 Recapitalization”). The Company’s weighted average borrowing rate decreased to 3.7% in the first quarter of 2022 from 3.9% in the first quarter of 2021, resulting from the lower interest rates on the debt outstanding due to the 2021 Recapitalization.

Provision for Income Taxes

Income tax expense decreased $5.1 million, or 16.1%, in the first quarter of 2022 due to a decrease in income before provision for income taxes. The effective tax rate increased to 22.7% during the first quarter of 2022 as compared to 21.3% in the first quarter of 2021. The higher effective tax rate was driven in part by a 0.5 percentage point change in the impact of excess tax benefits from equity-based compensation, which are recorded as a reduction to the income tax provision, as a result of fewer stock option exercises in the first quarter of 2022 as compared to the first quarter of 2021.

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 a reportable segment, including labor, computer expenses, professional fees, travel and entertainment, rent, insurance and other corporate administrative costs.

	First Quarter of 2022	First Quarter of 2021
U.S. stores	$ 97.3	$ 107.4
Supply chain	46.3	52.6
International franchise	55.0	54.5
Other	(7.7)	(6.1)

U.S. Stores

U.S. stores Segment Income decreased $10.1 million, or 9.4%, in the first quarter of 2022, primarily due to the $10.5 million decrease in U.S. Company-owned store operating margin, as well as the $2.2 million decrease in U.S. franchise royalties and fees revenues, each as discussed above. U.S. franchise revenues do not have a cost of sales component, therefore 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.

Supply Chain

Supply chain Segment Income decreased $6.2 million, or 11.8%, in the first quarter of 2022, primarily due to the $5.1 million decrease in operating margin described above.

International Franchise

International franchise Segment Income increased $0.6 million, or 1.1%, in the first quarter of 2022, primarily due to the $2.1 million increase in international franchise royalties and fees revenues discussed above. International franchise revenues do not have a cost of sales component, therefore changes in these revenues have a disproportionate effect on international franchise Segment Income.

Other

Other Segment Income decreased $1.6 million, or 26.6%, in the first quarter of 2022, due primarily to higher labor, professional fees and travel costs. These increases were partially offset by lower variable performance-based compensation expense.

Liquidity and Capital Resources

Historically, our receivable collection periods and inventory turn rates are faster than the normal payment terms on our current liabilities resulting in efficient deployment of working capital. 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 variations in our working capital requirements. These factors allow us to manage our working capital and our ongoing cash flows from operations to invest in our business and other strategic opportunities, pay dividends and repurchase and retire shares of our common stock. As of March 27, 2022, we had working capital of $90.8 million, excluding restricted cash and cash equivalents of $168.2 million, advertising fund assets, restricted, of $175.5 million and advertising fund liabilities of $168.2 million. Working capital includes total unrestricted cash and cash equivalents of $165.0 million.

Our primary source of liquidity is cash flows from operations and availability of borrowings under our variable funding notes. During the first quarter of 2022, we experienced an increase in international same store sales (excluding foreign currency impact) versus the comparable periods in the prior year. While our U.S. same store sales declined, both the U.S. and international businesses grew store counts in the first quarter of 2022. These factors contributed to our global retail sales growth realized in the first quarter of 2022, which resulted in our continued ability to generate positive operating cash flows. As of March 27, 2022, 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 March 27, 2022, we had no outstanding borrowings and $155.8 million of available borrowing capacity under our 2021 Variable Funding Notes, net of letters of credit issued of $44.2 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 2021 Form 10-K. There can be no assurance that our business will generate sufficient cash flows from operations or that future borrowings will be available under our 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 March 27, 2022, we had $120.9 million of restricted cash held for future principal and interest payments and other working capital requirements of our asset-backed securitization structure, $47.1 million of restricted cash held in a three-month interest reserve as required by the related debt agreements and $0.2 million of other restricted cash for a total of $168.2 million of restricted cash and cash equivalents. As of March 27, 2022, we also held $153.7 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 March 27, 2022, we had approximately $5.06 billion of long-term debt, of which $55.6 million was classified as a current liability. As of March 27, 2022, our fixed rate notes from the recapitalizations we completed in 2021, 2019, 2018, 2017 and 2015 had original scheduled principal payments of $38.6 million in the remainder of 2022, $51.5 million in each of 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 in the first quarter of 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 notes beginning in the second quarter of 2021.

The notes are subject to certain financial and non-financial covenants, including a debt service coverage ratio calculation. The covenant requires a minimum coverage ratio of 1.75x total debt service to securitized net cash flow, as defined in the related agreements. In the event that certain covenants are not met, the notes may become due and payable on an accelerated schedule.

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. On July 20, 2021, our Board of Directors authorized a share repurchase program to repurchase up to $1.0 billion of our common stock.

During the first quarter of 2022, we repurchased and retired 100,810 shares of our common stock under our Board of Directors-approved share repurchase program for a total of approximately $47.7 million. As of March 27, 2022, we had a total remaining authorized amount for share repurchases of approximately $656.4 million.

Dividends

On February 24, 2022, our Board of Directors declared a $1.10 per share quarterly dividend on our outstanding common stock for shareholders of record as of March 15, 2022, which was paid on March 30, 2022. We had approximately $40.6 million accrued for common stock dividends at March 27, 2022. Subsequent to the end of the first quarter, on April 26, 2022, our Board of Directors declared a $1.10 per share quarterly dividend on our outstanding common stock for shareholders of record as of June 15, 2022 to be paid on June 30, 2022.

Sources and Uses of Cash

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

(In millions)	First Quarter of 2022	First Quarter of 2021
Cash flows provided by (used in)		
Net cash provided by operating activities	$ 78.8	$ 152.9
Net cash used in investing activities	(20.6)	(56.4)
Net cash used in financing activities	(62.1)	(23.1)
Effect of exchange rate changes on cash	0.4	0.2
Change in cash and cash equivalents, restricted cash and cash equivalents	$ (3.6)	$ 73.5

Operating Activities

Cash provided by operating activities decreased $74.1 million in the first quarter of 2022, primarily due to the negative impact of changes in operating assets and liabilities of $32.2 million. The negative impact of changes in operating assets and liabilities related to the timing of payments on accounts payable, accrued liabilities and income taxes as well as the timing and pricing of inventory in the first quarter of 2022 as compared to the first quarter of 2021. The decrease in cash provided by operating activities was also due to a $23.3 million negative impact of changes in advertising fund assets and liabilities, restricted, in the first quarter of 2022 as compared to the first quarter of 2021 due to payments for advertising activities outpacing receipts for advertising contributions. Additionally, net income decreased $26.8 million; however, this included an $8.2 million increase in non-cash adjustments, resulting in an overall decrease to cash provided by operating activities in the first quarter of 2022 as compared to the first quarter of 2021 of $18.6 million.

Investing Activities

Cash used in investing activities was $20.6 million in the first quarter of 2022, which primarily consisted of $12.5 million of capital expenditures (driven primarily by investments in technological initiatives, supply chain centers and corporate store operations). We also acquired 23 U.S. franchise stores from certain of our existing U.S. franchisees for $6.8 million.

Financing Activities

Cash used in financing activities was $62.1 million in the first quarter of 2022, which primarily consisted of the repurchase of approximately $47.7 million in common stock under our Board of Directors-approved share repurchase program, repayments of long-term debt and finance lease obligations of $13.9 million and tax payments for the vesting of restricted stock of $0.8 million. These uses of cash were partially offset by proceeds from the exercise of stock options of $0.3 million.

Critical Accounting Estimates

For a description of the Company’s critical accounting estimates, refer to “Part II—Item 7—Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the 2021 Form 10-K. The Company considers its most significant accounting policies and estimates to be long-lived assets, casualty insurance reserves and income taxes. There have been no material changes to the Company’s critical accounting estimates since January 2, 2022.

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 2021 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 ongoing COVID-19 pandemic and the effects of COVID-19 and related regulations and policies on our business and supply chain, including impacts on the availability of labor; labor shortages or 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 effectiveness of our advertising, operations and promotional initiatives; shortages, interruptions or disruptions in the supply or delivery of fresh food products and store equipment; 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; 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 and consumer protection and social media; adverse legal judgments or settlements; food-borne illness or contamination of products or food tampering; data breaches, power loss, technological failures, user error or other cyber risks threatening us or our franchisees; the impact that environmental, social and governance matters may have on our business and reputation; 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 March 27, 2022, we are exposed to interest rate risk on borrowings under our variable funding notes. As of March 27, 2022, 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. Severe increases in commodity prices or food costs, including as a result of inflation, could affect the global and U.S. economies and could also adversely impact our business, financial condition or results of operations. 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 6.8% of our total revenues in the first quarter of 2022 and the first quarter of 2021 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 $6.2 million in the first quarter of 2022.

Item 4. Controls and Procedures.

Management, with the participation of the Company's Chief Executive Officer (who is also serving as the Company's 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 March 27, 2022, 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.

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 2021 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 (2) (in thousands)
Period #1 (January 3, 2022 to January 30, 2022)	46,661	$ 498.29	45,517	$ 681,437
Period #2 (January 31, 2022 to February 27, 2022)	56,600	452.20	55,293	656,437
Period #3 (February 28, 2022 to March 27, 2022)	3,451	416.51	—	656,437
Total	106,712	$ 471.20	100,810	$ 656,437

(1) 5,902 shares in the first quarter of 2022 were purchased as part of the Company's employee stock payroll deduction plan. During the first quarter, the shares were purchased at an average price of $444.24.

(2) On July 20, 2021, the Company's Board of Directors authorized a share repurchase program to repurchase up to $1.0 billion of the Company's common stock. As of March 27, 2022, $656.4 million remained available for future purchases of the Company's common stock under this share repurchase program.

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.

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
10.1	Amended and Restated Employment Agreement dated as of February 24, 2022 by and among Domino's Pizza, Inc., Domino's Pizza LLC and Russell J. Weiner (Incorporated by reference to Exhibit 10.1 to the registrant's current report on Form 8-K filed on March 1, 2022).
10.2	Time Sharing Agreement dated as of February 24, 2022 by and between Domino's Pizza LLC and Russell J. Weiner (Incorporated by reference to Exhibit 10.2 to the registrant's current report on Form 8-K filed on March 1, 2022).
10.3	Employment Agreement dated as of February 25, 2022 by and between Domino's Pizza LLC and Sandeep Reddy (Incorporated by reference to Exhibit 10.3 to the registrant's current report on Form 8-K filed on March 1, 2022).
10.4	Amended and Restated Employment Agreement dated as of March 2, 2022 by and between Domino's Pizza LLC and Joseph H. Jordan (Incorporated by reference to Exhibit 10.1 to the registrant's current report on Form 8-K filed on March 4, 2022).
10.5	Addendum to Employment Agreement effective as of February 24, 2022 by and among Domino's Pizza, Inc., Domino's Pizza LLC and Richard E. Allison, Jr.
10.6	Form of Restricted Stock Unit Award Agreement (three vesting dates) under the Amended Domino's Pizza, Inc. 2004 Equity Incentive Plan.
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: April 28, 2022

/s/ Richard E. Allison, Jr.

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

Exhibit 10.5

ADDENDUM TO EMPLOYMENT AGREEMENT

THIS ADDENDUM to the Employment Agreement dated January 8, 2018 and effective as of July 1, 2018 (the "Agreement") by and among Richard E. Allison, Jr. (the "Executive"), Domino's Pizza, Inc. (the "Company") and Domino's Pizza LLC (the "Principal Subsidiary") is effective as of February 24, 2022 (the "Addendum").

Recitals

WHEREAS, the parties desire to amend certain obligations contained in the Agreement as set forth herein;

NOW THEREFORE, in consideration of the premises and mutual agreements set forth herein, and in the Agreement, the parties hereto agree as follows.

Addendum

1. The defined terms set forth in the Agreement and Recitals above are incorporated by reference in this Addendum.
2. A new Sub-Section 4.5.3 is added to the Agreement after Sub-Section 4.5.2 and shall read as follows:

> Notwithstanding Section 4.5.2 above, effective July 16, 2022, the Company's obligation to provide the Executive and his spouse the entitlement to participate in the Company's health plan shall terminate and the Company shall instead provide to the Executive during his lifetime and to the Executive's spouse during her lifetime an annual payment in an amount to be determined by the Company and based on the methodology described in Appendix A (each such annual payment, a "Payment"). For the avoidance of doubt, the Executive's spouse will be entitled to receive a Payment only for so long as she is married to the Executive; provided, however, in the event that the Executive predeceases his spouse while they are married to each other, his spouse shall continue to receive a Payment for the remainder of her life. Each Payment shall be made in accordance with Appendix A. On a basis no less frequently than annually, the Company shall fund the trust in an amount as is sufficient, in the Company's discretion, to make the Payment contemplated by this Section 4.5.3 for the year following the year in which the Company makes such contribution to the trust. In the event that Executive or his spouse becomes eligible for health care coverage through another employer, the Payment for the Executive or his spouse, or both, as the case may be, shall cease until such time as the Executive or his spouse, or both, as the case may be, is no longer eligible for such other coverage. In addition to the Payments provided to the Executive and to the Executive's spouse, for so long as Executive or his spouse receives a Payment hereunder, the Company shall make available to the Executive and the Executive's spouse a Company resource to assist the Executive and the Executive's spouse in reviewing, evaluating and securing health care coverage. Any benefit associated with the provision of such resource shall be taxable to the Executive or the Executive's spouse, as applicable, on an annual basis. Alternatively, the Executive and/or the Executive's spouse may secure a resource of his/her choosing to assist in reviewing, evaluating and securing health care coverage.

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3. A new Appendix A is hereby inserted into the Agreement after the signature page and shall read as follows:

The Payment described in Section 4.5.3 of the Agreement will be based on the annual cost of (a) individual market coverage (for clarification purposes, this shall include medical insurance coverage, prescription medicine coverage, dental insurance coverage and vision insurance coverage) elected by the Executive and the Executive's spouse, and once each becomes Medicare-eligible, the cost of their Medicare supplemental coverage (inclusive of Part B premiums), (b) the cost of the annual membership fee to join a physician group, described at times as "concierge medicine" or "membership medicine," (c) seventy-five percent (75%) of the out-of-pocket costs not covered by the policies contemplated under (a) (including but not limited to deductibles, copayments and coinsurance for those items covered by a medical, prescription drug, dental or vision plan) as well as other health care expenses for services that are medically necessary but are excluded from coverage by the individual market plan or by Medicare (inclusive of medical, prescription drug, dental or vision expenses) (for the avoidance of doubt, the Executive or Executive's spouse shall pay the remaining twenty-five percent (25%) of such costs), and (d) the cost of any third-party resource retained by the Executive and/or the Executive's spouse to assist them in reviewing, evaluating and securing such healthcare coverage and to manage payments and act as advocates on claims for the Executive and/or the Executive's spouse; provided, that in no event shall the amount of the Payment by the Company exceed $150,000 per year, subject to the increase for inflation described below. For item (c) above, health care expenses that are excluded from coverage by the individual market plan or by Medicare should be substantiated with an explanation of benefits (EOB) or other document from the insurer stating the expense is not covered under the terms of the applicable plan, where possible without negative impact to the Executive and/or the Executive's spouse. Starting for calendar 2023, such $150,000 Payment limit shall be increased automatically by three percent (3%) once for every five (5) year period that the Payment is in effect for the Executive and/or the Executive's spouse.

By October 15th of each year, the Executive and/or his spouse shall notify the Company of the coverage they have elected for the following year or request the assistance of the Company resource in choosing such coverage. The Company will then make the payment of the Payment in two installments. The first installment, which will equal to the annual cost of the items described in subsections (a), (b), and (d) above, will be made by February 1st of each year, provided that the Executive and/or his spouse have provided documentation of such expenses by January 10th of that year. If receipt of such documentation is delayed, the first installment of the Payment will be equally delayed. The second installment of the Payment will cover any expenses covered under subsection (c) above and will be paid by the Company on or before December 31st of each year provided that the Executive or his spouse has delivered supporting documentation (including an Explanation of Benefits from Medicare or the individual market coverage as well as the document showing the substantiation described above) of such expenses on or before December 1st of that year. Again, if receipt of such documentation is delayed, the second installment of the Payment will be equally delayed. The Company will issue a Form 1099 to the Executive and/or his spouse on an annual basis covering the Payment made during each calendar year.

Receipt of the Payment is not conditioned on the Executive and his spouse agreeing to use the Payment to purchase health insurance or certifying or substantiating that they have done so. The amount of the Payment for any year shall not affect the amount of the Payment for a subsequent year, and the right to payment of the Payment shall not be subject to liquidation or exchange for any other benefit.

4. Any provisions in the Agreement not revised herein remain in full force and effect.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, this Addendum has been executed on behalf of the Company and the Principal Subsidiary by their respective duly authorized representatives and by the Executive, as of the date first above written.

THE COMPANY: **DOMINO'S PIZZA, INC.**

By: /s/ David A. Brandon
Name: David A. Brandon
Title: Chairman

PRINCIPAL SUBSIDIARY: **DOMINO'S PIZZA LLC**

By: /s/ Lisa V. Price
Name: Lisa V. Price
Title: Chief Human Resources Officer

THE EXECUTIVE: /s/ Richard E. Allison, Jr.
Name: Richard E. Allison, Jr.

Exhibit 10.6

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 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 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.

(iii) 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.

____

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

Dated:

Acknowledged and Agreed:

By: ____
[●]

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.

April 28, 2022	/s/ Richard E. Allison, Jr.
Date	Richard E. Allison, Jr.
	Chief Executive Officer
	(Principal Executive Officer and Principal Financial Officer)

EXHIBIT 31.1

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 September 12, 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: April 28, 2022

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.