

**Popeyes Louisiana Kitchen, Inc.**  
**Consolidated Balance Sheets**  
**As of December 27, 2015 and December 28, 2014**  
(In millions, except share data)

	2015	2014
<b>Current assets:</b>		
Cash and cash equivalents	\$ 9.1	\$ 8.4
Accounts and current notes receivable, net	9.2	8.6
Other current assets	8.5	7.4
Advertising cooperative assets, restricted	35.4	32.4
Total current assets	62.2	56.8
<b>Long-term assets:</b>		
Property and equipment, net	97.7	95.7
Goodwill	11.1	11.1
Trademarks and other intangible assets, net	94.2	94.7
Other long-term assets, net	1.5	2.0
Total long-term assets	204.5	203.5
Total assets	\$ 266.7	\$ 260.3
<b>Current liabilities:</b>		
Accounts payable	\$ 6.7	\$ 7.4
Other current liabilities	13.9	12.4
Current debt maturities	0.3	0.3
Advertising cooperative liabilities	35.4	32.4
Total current liabilities	56.3	52.5
<b>Long-term liabilities:</b>		
Long-term debt	112.3	109.6
Deferred credits and other long-term liabilities	38.5	32.4
Total long-term liabilities	150.8	142.0
<b>Commitments and contingencies</b>		
<b>Shareholders' equity:</b>		
Preferred stock (\$.01 par value; 2,500,000 shares authorized; 0 issued and outstanding)	—	—
Common stock (\$.01 par value; 150,000,000 shares authorized; 22,449,697 and 23,143,609 shares issued and outstanding at the end of fiscal years 2015 and 2014, respectively)	0.2	0.2
Capital in excess of par value	—	46.4
Retained earnings	59.6	19.3
Accumulated other comprehensive loss	(0.2)	(0.1)
Total shareholders' equity	59.6	65.8
Total liabilities and shareholders' equity	\$ 266.7	\$ 260.3

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

**Popeyes Louisiana Kitchen, Inc.**  
**Consolidated Statements of Operations**  
**For Fiscal Years 2015, 2014, and 2013**  
(In millions, except per share data)

	2015	2014	2013
<b>Revenues:</b>			
Sales by Company-operated restaurants	\$ 109.5	\$ 97.2	\$ 78.7
Franchise royalties and fees	144.0	131.3	121.9
Rent from franchised restaurants	5.5	7.1	5.4
Total revenues	259.0	235.6	206.0
<b>Expenses:</b>			
Restaurant food, beverages and packaging	35.3	32.0	26.1
Restaurant employee, occupancy and other expenses	52.3	46.8	37.9
General and administrative expenses	84.3	78.9	73.4
Occupancy expenses - franchise restaurants	3.1	3.2	3.4
Depreciation and amortization	9.7	8.7	6.7
Other expenses (income), net	—	1.2	0.3
Total expenses	184.7	170.8	147.8
<b>Operating profit</b>	74.3	64.8	58.2
Interest expense, net	3.7	3.0	3.7
<b>Income before income taxes</b>	70.6	61.8	54.5
Income tax expense	26.5	23.8	20.4
<b>Net income</b>	\$ 44.1	\$ 38.0	\$ 34.1
<b>Earnings per common share, basic:</b>	\$ 1.94	\$ 1.63	\$ 1.44
<b>Earnings per common share, diluted:</b>	\$ 1.91	\$ 1.60	\$ 1.41
<b>Weighted-average shares outstanding:</b>			
Basic	22.7	23.3	23.6
Diluted	23.1	23.8	24.1

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**Popeyes Louisiana Kitchen, Inc.**  
**Consolidated Statements of Comprehensive Income**  
**For Fiscal Years 2015, 2014, and 2013**  
(In millions)

	2015	2014	2013
<b>Net income</b>	\$ 44.1	\$ 38.0	\$ 34.1
<b>Other comprehensive income</b>			
Net change in fair value of cash flow hedge	(0.4)	—	0.4
Reclassification adjustments for derivative losses included in earnings	0.2	0.8	—
Other comprehensive income (loss), before income tax	(0.2)	0.8	0.4
Income tax expense (benefit) on other comprehensive income	(0.1)	0.3	0.2
Other comprehensive income (loss), net of income taxes	(0.1)	0.5	0.2
<b>Comprehensive income</b>	<u>\$ 44.0</u>	<u>\$ 38.5</u>	<u>\$ 34.3</u>

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**Popeyes Louisiana Kitchen, Inc.**  
**Consolidated Statements of Changes in Shareholders' Equity**  
**For Fiscal Years 2015, 2014, and 2013**  
(Dollars in millions)

	Common Stock			Capital in		Retained		Accumulated	
	Number of	Amount		Excess of		Earnings		Other	Total
	Shares			Par Value		(Deficit)		Comprehensive	
								Loss	
<b>Balance at December 30, 2012</b>	23,907,428	\$ 0.2	\$	87.6	\$	(52.8)	\$	(0.8)	\$ 34.2
Net income	—	—		—		34.1		—	34.1
Other comprehensive income, net of tax	—	—		—		—		0.2	0.2
Repurchases and retirement of shares	(504,295)	—		(19.9)		—		—	(19.9)
Excess tax benefit from stock-based compensation	—	—		3.4		—		—	3.4
Issuance of common stock under stock option plans	322,804	—		3.6		—		—	3.6
Issuance of restricted stock awards, net of forfeitures	58,104	—		(2.2)		—		—	(2.2)
Stock-based compensation expense	—	—		5.4		—		—	5.4
<b>Balance at December 29, 2013</b>	23,784,041	\$ 0.2	\$	77.9	\$	(18.7)	\$	(0.6)	\$ 58.8
Net income	—	—		—		38.0		—	38.0
Other comprehensive income, net of tax	—	—		—		—		0.5	0.5
Repurchases and retirement of shares	(891,931)	—		(40.0)		—		—	(40.0)
Excess tax benefit from stock-based compensation	—	—		2.6		—		—	2.6
Issuance of common stock under stock option plans	240,563	—		2.4		—		—	2.4
Issuance of restricted stock awards, net of forfeitures	10,936	—		(1.8)		—		—	(1.8)
Stock-based compensation expense	—	—		5.3		—		—	5.3
<b>Balance at December 28, 2014</b>	23,143,609	\$ 0.2	\$	46.4	\$	19.3	\$	(0.1)	\$ 65.8
Net income	—	—		—		44.1		—	44.1
Other comprehensive income (loss), net of tax	—	—		—		—		(0.1)	(0.1)
Repurchases and retirement of shares	(1,084,478)	—		(58.2)		(3.8)		—	(62.0)
Excess tax benefit from stock-based compensation	—	—		7.6		—		—	7.6
Issuance of common stock under stock option plans	275,973	—		2.5		—		—	2.5
Issuance of restricted stock awards, net of forfeitures	114,593	—		(5.0)		—		—	(5.0)
Stock-based compensation expense	—	—		6.7		—		—	6.7
<b>Balance at December 27, 2015</b>	<b>22,449,697</b>	<b>\$ 0.2</b>	<b>\$</b>	<b>—</b>	<b>\$</b>	<b>59.6</b>	<b>\$</b>	<b>(0.2)</b>	<b>\$ 59.6</b>

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

**Popeyes Louisiana Kitchen, Inc.**  
**Consolidated Statements of Cash Flows**  
**For Fiscal Years 2015, 2014, and 2013**  
(In millions)

	2015	2014	2013
<b>Cash flows provided by (used in) operating activities:</b>			
Net income	\$ 44.1	\$ 38.0	\$ 34.1
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	9.7	8.7	6.7
Net (gain) loss on sale and disposal of assets	(0.1)	(0.8)	0.3
Deferred income taxes	4.2	2.4	4.5
Non-cash interest expense, net	0.4	1.0	0.8
Provision for credit losses (recoveries)	0.1	—	(0.7)
Excess tax benefit from share-based payment arrangements	(7.6)	(2.6)	(3.4)
Stock-based compensation expense	6.7	5.3	5.4
Change in operating assets and liabilities:			
Accounts receivable	(0.6)	0.4	(1.6)
Other operating assets	6.7	4.9	(2.3)
Accounts payable and other operating liabilities	(0.9)	2.3	0.5
Net cash provided by operating activities	62.7	59.6	44.3
<b>Cash flows provided by (used in) investing activities:</b>			
Capital expenditures	(12.8)	(27.8)	(32.8)
Proceeds from dispositions of property and equipment	0.2	1.3	0.6
Capitalized interest	—	—	(0.2)
Investment in indefinite-lived assets	—	(41.8)	—
Net cash used in investing activities	(12.6)	(68.3)	(32.4)
<b>Cash flows provided by (used in) financing activities:</b>			
Principal payments — 2010 credit facility (revolver)	—	—	(37.0)
Principal payments — 2010 credit facility (term loan)	—	—	(31.3)
Borrowings under 2013 revolving credit facility	6.0	43.0	63.0
Payments under 2013 revolving credit facility	(3.0)	—	—
Excess tax benefits from share-based payment arrangements	7.6	2.6	3.4
Share repurchases	(62.0)	(40.0)	(19.9)
Proceeds from exercise of employee stock options	2.5	2.4	3.6
Debt issuance costs	—	—	(0.7)
Other financing activities, net	(0.5)	(0.5)	(0.4)
Net cash provided by (used in) financing activities	(49.4)	7.5	(19.3)
Net increase (decrease) in cash and cash equivalents	0.7	(1.2)	(7.4)
Cash and cash equivalents at beginning of year	8.4	9.6	17.0
<b>Cash and cash equivalents at end of year</b>	<b>\$ 9.1</b>	<b>\$ 8.4</b>	<b>\$ 9.6</b>

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

**Popeyes Louisiana Kitchen, Inc.**  
**Notes to Consolidated Financial Statements**  
**For Fiscal Years 2015, 2014, and 2013**

**Note 1 — Description of Business**

Popeyes Louisiana Kitchen, Inc. (“Popeyes” or “the Company”) develops, operates and franchises quick-service restaurants under the trade name Popeyes® Louisiana Kitchen and Popeyes® Chicken & Biscuits in 48 states, the District of Columbia, three territories, and 27 foreign countries.

**Note 2 — Summary of Significant Accounting Policies**

**Principles of Consolidation.** The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany balances and transactions are eliminated in consolidation.

**Use of Estimates.** The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires the Company’s management to make estimates and assumptions that affect the reported amounts of assets and liabilities. These estimates affect the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during each reporting period. Actual results could differ from those estimates.

**Fiscal Year.** The Company has a 52/53-week fiscal year that ends on the last Sunday in December. The 2015, 2014 and 2013 fiscal years all consisted of 52 weeks.

**Cash and Cash Equivalents.** The Company considers all money market investment instruments and certificates of deposit with original maturities of three months or less to be cash equivalents. Under the terms of the Company’s bank agreements, outstanding checks in excess of the cash balances in the Company’s primary disbursement accounts create a bank overdraft liability. Bank overdrafts were insignificant for both fiscal years 2015 and 2014.

**Supplemental Cash Flow Information.**

(in millions)	2015	2014	2013
Interest paid	\$ 3.0	\$ 1.8	\$ 3.1
Accrued purchase of property and equipment	1.7	3.0	3.8
Income taxes paid, net	13.6	14.9	16.2

**Accounts Receivable, Net.** At December 27, 2015 and December 28, 2014, accounts receivable, net were \$9.0 million and \$8.4 million, respectively. Accounts receivable consist primarily of amounts due from franchisees related to royalties, and rents, and various miscellaneous items. The accounts receivable balance is stated net of an allowance for doubtful accounts. The Company reserves a franchisee’s receivable balance based upon the age of the receivable and consideration of other factors and events. During 2015, 2014, and 2013, changes in the allowance for doubtful accounts were as follows:

(in millions)	2015	2014	2013
Balance, beginning of year	\$ 0.1	\$ 0.1	\$ 0.2
Provisions for credit (recoveries) losses	0.1	—	—
Write-offs	(0.1)	—	(0.1)
Balance, end of year	\$ 0.1	\$ 0.1	\$ 0.1

**Notes Receivable, Net.** Notes receivable primarily consist of notes from franchisees to finance certain past due franchise revenues and rents. The notes receivable balance is stated net of an allowance for uncollectible amounts which is evaluated each reporting period on a note-by-note basis. At December 27, 2015 and December 28, 2014, notes receivable, net, were approximately \$0.5 million and \$0.6 million, respectively, of which \$0.1 million was current. No notes were reserved at December 28, 2014. The balance in the allowance account at December 27, 2015 and December 29, 2013 was approximately \$0.1 million.

**Inventories.** Inventories are stated at the lower of cost (first-in, first-out method) or net realizable value and consist principally of food, beverage items, paper and supplies. At December 27, 2015 and December 28, 2014, inventory of \$0.9 million and \$0.8 million was included as a component of “Other current assets.”

**Property and Equipment.** Property and equipment is stated at cost less accumulated depreciation.