

**BRIGHT HORIZONS FAMILY SOLUTIONS INC.
CONSOLIDATED BALANCE SHEETS**

	December 31,	
	2020	2019
	(In thousands, except share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 384,344	\$ 27,872
Accounts receivable — net of allowance for credit losses of \$2,357 and \$1,226 at December 31, 2020 and 2019, respectively	176,617	148,855
Prepaid expenses and other current assets	63,224	52,161
Total current assets	624,185	228,888
Fixed assets — net	628,757	636,153
Goodwill	1,431,967	1,412,873
Other intangible assets — net	274,620	304,673
Operating lease right-of-use assets	717,821	700,956
Other assets	49,298	46,877
Total assets	\$ 3,726,648	\$ 3,330,420
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 10,750	\$ 10,750
Accounts payable and accrued expenses	194,551	167,059
Current portion of operating lease liabilities	87,181	83,123
Deferred revenue	197,939	191,117
Other current liabilities	40,393	31,241
Total current liabilities	530,814	483,290
Long-term debt — net	1,020,137	1,028,049
Operating lease liabilities	729,754	685,910
Other long-term liabilities	105,980	92,865
Deferred revenue	10,215	10,098
Deferred income taxes	45,951	58,940
Total liabilities	2,442,851	2,359,152
Commitments and contingencies (Note 19)		
Stockholders' equity:		
Preferred stock, \$0.001 par value; 25,000,000 shares authorized and no shares issued or outstanding at December 31, 2020 and 2019	—	—
Common stock, \$0.001 par value; 475,000,000 shares authorized; 60,466,168 and 57,884,020 shares issued and outstanding at December 31, 2020 and 2019, respectively	60	58
Additional paid-in capital	910,304	648,031
Accumulated other comprehensive loss	(27,069)	(50,331)
Retained earnings	400,502	373,510
Total stockholders' equity	1,283,797	971,268
Total liabilities and stockholders' equity	\$ 3,726,648	\$ 3,330,420

See accompanying notes to consolidated financial statements.

BRIGHT HORIZONS FAMILY SOLUTIONS INC.
CONSOLIDATED STATEMENTS OF INCOME

	Years ended December 31,		
	2020	2019	2018
	(In thousands, except share data)		
Revenue	\$ 1,515,093	\$ 2,062,017	\$ 1,903,182
Cost of services	1,210,544	1,539,081	1,429,927
Gross profit	304,549	522,936	473,255
Selling, general and administrative expenses	219,563	221,496	201,591
Amortization of intangible assets	31,652	33,621	32,569
Income from operations	53,334	267,819	239,095
Interest expense — net	(37,682)	(45,154)	(47,508)
Income before income tax	15,652	222,665	191,587
Income tax benefit (expense)	11,340	(42,279)	(33,606)
Net income	\$ 26,992	\$ 180,386	\$ 157,981
Allocation of net income to common stockholders:			
Common stock — basic	\$ 26,876	\$ 179,520	\$ 157,096
Common stock — diluted	\$ 26,878	\$ 179,536	\$ 157,114
Earnings per common share:			
Common stock — basic	\$ 0.45	\$ 3.10	\$ 2.72
Common stock — diluted	\$ 0.45	\$ 3.05	\$ 2.66
Weighted average common shares outstanding:			
Common stock — basic	59,533,104	57,838,245	57,812,602
Common stock — diluted	60,309,985	58,947,240	59,000,669

See accompanying notes to consolidated financial statements.

BRIGHT HORIZONS FAMILY SOLUTIONS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years ended December 31,		
	2020	2019	2018
	(In thousands)		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ 26,992	\$ 180,386	\$ 157,981
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	111,662	108,269	100,943
Amortization of original issue discount and deferred financing costs	2,785	1,929	1,901
Impairment losses on long-lived assets	26,227	261	—
Impairment losses on equity investment	2,128	—	—
Loss (gain) on foreign currency transactions	2,875	(42)	116
(Gain) loss on disposal of fixed assets	(2,110)	(2,261)	488
Stock-based compensation expense	20,996	17,283	13,811
Deferred income taxes	(12,277)	(11,344)	(5,469)
Deferred rent	—	—	1,317
Other non-cash adjustments	(150)	(442)	—
Changes in assets and liabilities:			
Accounts receivable	(27,470)	(15,718)	(14,498)
Prepaid expenses and other current assets	(10,656)	1,818	2,795
Accounts payable and accrued expenses	22,998	9,032	15,912
Income taxes	(4,218)	4,999	(3,320)
Deferred revenue	3,686	23,038	12,073
Leases	20,411	11,762	4,543
Other assets	3,162	(904)	100
Other current and long-term liabilities	22,531	2,287	6,054
Net cash provided by operating activities	209,572	330,353	294,747
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of fixed assets	(84,740)	(111,845)	(92,491)
Proceeds from the disposal of fixed assets	11,906	7,080	1,826
Purchases of debt securities and other investments	(25,705)	(28,015)	(767)
Proceeds from the maturity of debt securities and sale of other investments	22,968	3,000	—
Payments and settlements for acquisitions — net of cash acquired	(8,254)	(53,425)	(67,111)
Purchase of equity method investment	—	(5,865)	—
Net cash used in investing activities	(83,825)	(189,070)	(158,543)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from stock issuance — net of issuance costs	249,790	—	—
Borrowings under revolving credit facility	43,200	288,674	679,900
Payments under revolving credit facility	(43,200)	(406,532)	(688,800)
Principal payments of long-term debt	(10,750)	(10,750)	(10,750)
Payments for debt issuance costs	(2,818)	—	(292)
Proceeds from issuance of common stock upon exercise of options and restricted stock upon purchase	38,843	26,559	22,933
Purchase of treasury stock	(32,658)	(31,553)	(126,679)
Taxes paid related to the net share settlement of stock options and restricted stock	(12,173)	(11,326)	(7,540)
Payments of deferred and contingent consideration for acquisitions	(1,238)	(4,200)	(2,965)
Net cash provided by (used in) financing activities	228,996	(149,128)	(134,193)
Effect of exchange rates on cash, cash equivalents and restricted cash	2,530	559	(103)
Net increase (decrease) in cash, cash equivalents and restricted cash	357,273	(7,286)	1,908
Cash, cash equivalents and restricted cash — beginning of year	31,192	38,478	36,570
Cash, cash equivalents and restricted cash — end of year	\$ 388,465	\$ 31,192	\$ 38,478

See accompanying notes to consolidated financial statements.

BRIGHT HORIZONS FAMILY SOLUTIONS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

	Years ended December 31,		
	2020	2019	2018
	(In thousands)		
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH TO THE CONSOLIDATED BALANCE SHEETS:			
Cash and cash equivalents	\$ 384,344	\$ 27,872	\$ 15,450
Restricted cash and cash equivalents, included in prepaid expenses and other current assets	4,121	3,320	3,028
Restricted cash and cash equivalents, included in other assets	—	—	20,000
Total cash, cash equivalents and restricted cash — end of year	<u>\$ 388,465</u>	<u>\$ 31,192</u>	<u>\$ 38,478</u>
SUPPLEMENTAL CASH FLOW INFORMATION:			
Cash payments of interest	\$ 35,349	\$ 43,051	\$ 46,122
Cash payments of income taxes	\$ 10,982	\$ 50,553	\$ 41,936
Cash paid for amounts included in the measurement of lease liabilities	\$ 121,046	\$ 126,071	\$ —
NON-CASH TRANSACTIONS:			
Fixed asset purchases recorded in accounts payable and accrued expenses	\$ 6,132	\$ 4,549	\$ 6,359
Contingent consideration issued for acquisitions	\$ —	\$ 13,870	\$ —
Operating right-of-use assets obtained in exchange for operating lease liabilities — net	\$ 103,668	\$ 133,043	\$ —

See accompanying notes to consolidated financial statements.