

DUNKIN' BRANDS GROUP, INC. AND SUBSIDIARIES
Consolidated Balance Sheets
(In thousands, except share data)

	December 29, 2018	December 30, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 517,594	1,018,317
Restricted cash	79,008	94,047
Accounts receivable, net	75,963	69,517
Notes and other receivables, net	64,412	52,332
Prepaid income taxes	27,005	21,927
Prepaid expenses and other current assets	49,491	48,193
Total current assets	<u>813,473</u>	<u>1,304,333</u>
Property, equipment, and software, net	209,202	181,542
Equity method investments	146,395	140,615
Goodwill	888,265	888,308
Other intangible assets, net	1,334,767	1,357,157
Other assets	64,479	65,478
Total assets	<u><u>\$ 3,456,581</u></u>	<u><u>3,937,433</u></u>
Liabilities and Stockholders' Deficit		
Current liabilities:		
Current portion of long-term debt	\$ 31,650	31,500
Capital lease obligations	476	596
Accounts payable	80,037	53,417
Deferred revenue	38,082	44,876
Other current liabilities	389,336	355,110
Total current liabilities	<u>539,581</u>	<u>485,499</u>
Long-term debt, net	3,010,626	3,035,857
Capital lease obligations	6,998	7,180
Unfavorable operating leases acquired	8,236	9,780
Deferred revenue	327,333	361,458
Deferred income taxes, net	204,027	214,345
Other long-term liabilities	72,577	77,853
Total long-term liabilities	<u>3,629,797</u>	<u>3,706,473</u>
Commitments and contingencies (note 17)		
Stockholders' deficit:		
Preferred stock, \$0.001 par value; 25,000,000 shares authorized; no shares issued and outstanding	—	—
Common stock, \$0.001 par value; 475,000,000 shares authorized; 82,587,373 shares issued and 82,560,596 shares outstanding at December 29, 2018; 90,404,022 shares issued and 90,377,245 shares outstanding at December 30, 2017	82	90
Additional paid-in capital	642,017	724,114
Treasury stock, at cost; 26,777 shares at December 29, 2018 and December 30, 2017	(1,060)	(1,060)
Accumulated deficit	(1,338,709)	(968,148)
Accumulated other comprehensive loss	(15,127)	(9,535)
Total stockholders' deficit	<u>(712,797)</u>	<u>(254,539)</u>
Total liabilities and stockholders' deficit	<u><u>\$ 3,456,581</u></u>	<u><u>3,937,433</u></u>

See accompanying notes to consolidated financial statements.

DUNKIN' BRANDS GROUP, INC. AND SUBSIDIARIES
Consolidated Statements of Operations
(In thousands, except per share data)

	Fiscal year ended		
	December 29, 2018	December 30, 2017	December 31, 2016
Revenues:			
Franchise fees and royalty income	\$ 578,342	555,206	536,396
Advertising fees and related income	493,590	470,984	453,553
Rental income	104,413	104,643	101,020
Sales of ice cream and other products	95,197	96,388	100,542
Sales at company-operated restaurants	—	—	11,975
Other revenues	50,075	48,330	44,869
Total revenues	1,321,617	1,275,551	1,248,355
Operating costs and expenses:			
Occupancy expenses—franchised restaurants	58,102	60,301	57,409
Cost of ice cream and other products	77,412	77,012	77,608
Company-operated restaurant expenses	—	—	13,591
Advertising expenses	498,019	476,157	458,568
General and administrative expenses, net	246,792	243,828	241,824
Depreciation	19,932	20,084	20,458
Amortization of other intangible assets	21,113	21,335	22,079
Long-lived asset impairment charges	1,648	1,617	149
Total operating costs and expenses	923,018	900,334	891,686
Net income of equity method investments	14,903	15,198	14,552
Other operating income (loss), net	(1,670)	627	9,381
Operating income	411,832	391,042	380,602
Other income (expense), net:			
Interest income	7,200	3,313	582
Interest expense	(128,748)	(104,423)	(100,852)
Loss on debt extinguishment and refinancing transactions	—	(6,996)	—
Other income (loss), net	(1,083)	391	(1,195)
Total other expense, net	(122,631)	(107,715)	(101,465)
Income before income taxes	289,201	283,327	279,137
Provision for income taxes	59,295	12,118	103,848
Net income	229,906	271,209	175,289
Earnings per share:			
Common—basic	\$ 2.75	2.99	1.91
Common—diluted	2.71	2.94	1.89
Cash dividends declared per common share	1.39	1.29	1.20

See accompanying notes to consolidated financial statements.

DUNKIN' BRANDS GROUP, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(In thousands)

	Fiscal year ended		
	December 29, 2018	December 30, 2017	December 31, 2016
Cash flows from operating activities:			
Net income	\$ 229,906	271,209	175,289
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	45,031	45,239	46,267
Amortization of debt issuance costs	5,019	6,179	6,398
Loss on debt extinguishment and refinancing transactions	—	6,996	—
Deferred income taxes	(9,897)	(121,247)	(26,362)
Provision for bad debt	631	457	53
Share-based compensation expense	14,879	14,926	17,181
Net income of equity method investments	(14,903)	(15,198)	(14,552)
Dividends received from equity method investments	4,509	4,711	5,247
Gain on sale of real estate and company-operated restaurants	—	(1)	(9,373)
Other, net	2,791	(1,766)	(2,172)
Change in operating assets and liabilities:			
Accounts, notes, and other receivables, net	(19,776)	(18,496)	40,607
Prepaid income taxes, net	(4,996)	(2,441)	5,022
Prepaid expenses and other current assets	(1,561)	(6,481)	(3,695)
Accounts payable	26,974	5,066	5,374
Other current liabilities	34,144	30,031	(2,696)
Deferred revenue	(41,071)	59,606	33,651
Other, net	(2,725)	4,567	6,240
Net cash provided by operating activities	<u>268,955</u>	<u>283,357</u>	<u>282,479</u>
Cash flows from investing activities:			
Additions to property, equipment, and software	(51,855)	(21,055)	(20,826)
Proceeds from sale of real estate and company-operated restaurants	—	854	20,523
Other, net	20	(102)	(4,006)
Net cash used in investing activities	<u>(51,835)</u>	<u>(20,303)</u>	<u>(4,309)</u>
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	—	1,400,000	—
Repayment of long-term debt	(31,600)	(754,375)	(25,000)
Payment of debt issuance and other debt-related costs	—	(18,441)	—
Repurchases of common stock, including accelerated share repurchases	(680,368)	(127,186)	(55,000)
Dividends paid on common stock	(114,828)	(117,003)	(109,703)
Exercise of stock options	95,331	36,344	10,647
Other, net	(895)	(698)	(122)
Net cash provided by (used in) financing activities	<u>(732,360)</u>	<u>418,641</u>	<u>(179,178)</u>
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	<u>(538)</u>	<u>572</u>	<u>(275)</u>
Increase (decrease) in cash, cash equivalents, and restricted cash	<u>(515,778)</u>	<u>682,267</u>	<u>98,717</u>
Cash, cash equivalents, and restricted cash, beginning of year	<u>1,114,099</u>	<u>431,832</u>	<u>333,115</u>
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 598,321</u>	<u>1,114,099</u>	<u>431,832</u>
Supplemental cash flow information:			
Cash paid for income taxes	\$ 74,775	135,927	125,681
Cash paid for interest	126,868	91,606	94,212
Noncash investing activities:			
Property, equipment, and software included in accounts payable and other current liabilities	2,713	2,637	1,847
Purchase of leaseholds in exchange for capital lease obligations	325	449	624
Purchase of property, equipment, and software in exchange for note payable	1,500	—	—
Noncash financing activities:			
Receivable from exercise of stock options included in notes and other receivables, net	—	151	—

See accompanying notes to consolidated financial statements.