

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

	December 28, 2019	December 29, 2018
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 621,152	517,594
Restricted cash	85,644	79,008
Accounts receivable, net	76,019	75,963
Notes and other receivables, net	57,174	64,412
Prepaid income taxes	16,701	27,005
Prepaid expenses and other current assets	50,611	49,491
Total current assets	907,301	813,473
Property, equipment, and software, net	223,120	209,202
Operating lease assets	371,264	—
Equity method investments	154,812	146,395
Goodwill	888,286	888,265
Other intangible assets, net	1,302,721	1,334,767
Other assets	72,520	64,479
Total assets	\$ 3,920,024	3,456,581
<b>Liabilities and Stockholders' Deficit</b>		
Current liabilities:		
Current portion of long-term debt	\$ 31,150	31,650
Operating lease liabilities	35,863	—
Accounts payable	89,413	80,037
Deferred revenue	39,950	38,541
Other current liabilities	386,050	389,353
Total current liabilities	582,426	539,581
Long-term debt, net	3,004,216	3,010,626
Operating lease liabilities	380,647	—
Deferred revenue	324,854	331,980
Deferred income taxes, net	197,673	204,027
Other long-term liabilities	18,218	83,164
Total long-term liabilities	3,925,608	3,629,797
Commitments and contingencies (note 16)		
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; 82,835,830 shares issued and 82,834,830 shares outstanding at December 28, 2019; 82,587,373 shares issued and 82,560,596 shares outstanding at December 29, 2018	83	82
Additional paid-in capital	561,345	642,017
Treasury stock, at cost; 1,000 shares and 26,777 shares at December 28, 2019 and December 29, 2018, respectively	(64)	(1,060)
Accumulated deficit	(1,129,565)	(1,338,709)
Accumulated other comprehensive loss	(19,809)	(15,127)
Total stockholders' deficit	(588,010)	(712,797)
Total liabilities and stockholders' deficit	\$ 3,920,024	3,456,581

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 28, 2019	December 29, 2018	December 30, 2017
Revenues:			
Franchise fees and royalty income	\$ 604,431	578,342	555,206
Advertising fees and related income	499,303	493,590	470,984
Rental income	122,671	104,413	104,643
Sales of ice cream and other products	91,362	95,197	96,388
Other revenues	52,460	50,075	48,330
Total revenues	1,370,227	1,321,617	1,275,551
Operating costs and expenses:			
Occupancy expenses—franchised restaurants	79,244	58,102	60,301
Cost of ice cream and other products	75,771	77,412	77,012
Advertising expenses	506,755	498,019	476,157
General and administrative expenses	238,678	246,792	243,828
Depreciation	18,429	19,932	20,084
Amortization of other intangible assets	18,454	21,113	21,335
Long-lived asset impairment charges	551	1,648	1,617
Total operating costs and expenses	937,882	923,018	900,334
Net income of equity method investments	17,517	14,903	15,198
Other operating income (loss), net	1,188	(1,670)	627
Operating income	451,050	411,832	391,042
Other income (expense), net:			
Interest income	9,934	7,200	3,313
Interest expense	(128,411)	(128,748)	(104,423)
Loss on debt extinguishment and refinancing transactions	(13,076)	—	(6,996)
Other income (loss), net	(235)	(1,083)	391
Total other expense, net	(131,788)	(122,631)	(107,715)
Income before income taxes	319,262	289,201	283,327
Provision for income taxes	77,238	59,295	12,118
Net income	242,024	229,906	271,209
Earnings per share:			
Common—basic	\$ 2.92	2.75	2.99
Common—diluted	2.89	2.71	2.94

See accompanying notes to consolidated financial statements.

**DUNKIN' BRANDS GROUP, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
(In thousands)

	Fiscal year ended		
	December 28, 2019	December 29, 2018	December 30, 2017
Net income	\$ 242,024	229,906	271,209
Other comprehensive income (loss), net:			
Effect of foreign currency translation, net of deferred tax benefit (expense) of \$(10), \$93, and \$(621) for the fiscal years ended December 28, 2019, December 29, 2018, and December 30, 2017, respectively	(4,534)	(6,223)	14,824
Effect of interest rate swaps, net of deferred tax benefit of \$778 for the fiscal year ended December 30, 2017	—	—	(1,144)
Other, net	(148)	631	658
Total other comprehensive income (loss), net	(4,682)	(5,592)	14,338
Comprehensive income	<u>\$ 237,342</u>	<u>224,314</u>	<u>285,547</u>

*See accompanying notes to consolidated financial statements.*

**DUNKIN' BRANDS GROUP, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Stockholders' Deficit**  
(In thousands)

	Stockholders' deficit						
	Common stock		Additional paid-in capital	Treasury stock, at cost	Accumulated deficit	Accumulated other comprehensive loss	Total
	Shares	Amount					
Balance at December 31, 2016	91,293	\$ 91	807,492	(1,060)	(1,129,238)	(23,873)	(346,588)
Net income	—	—	—	—	271,209	—	271,209
Other comprehensive income, net	—	—	—	—	—	14,338	14,338
Exercise of stock options	1,158	1	36,494	—	—	—	36,495
Dividends paid on common stock (\$1.29 per share)	—	—	(117,003)	—	—	—	(117,003)
Share-based compensation expense	46	—	14,926	—	—	—	14,926
Repurchases of common stock	—	—	—	(127,186)	—	—	(127,186)
Retirement of treasury stock	(2,271)	(2)	(18,861)	127,186	(108,323)	—	—
Other	28	—	1,066	—	(1,796)	—	(730)
Balance at December 30, 2017	90,254	90	724,114	(1,060)	(968,148)	(9,535)	(254,539)
Net income	—	—	—	—	229,906	—	229,906
Other comprehensive loss, net	—	—	—	—	—	(5,592)	(5,592)
Exercise of stock options	2,721	3	95,177	—	—	—	95,180
Dividends paid on common stock (\$1.39 per share)	—	—	(114,828)	—	—	—	(114,828)
Share-based compensation expense	61	—	14,879	—	—	—	14,879
Repurchases of common stock	—	—	—	(680,368)	—	—	(680,368)
Retirement of treasury stock	(10,629)	(11)	(81,160)	680,368	(599,197)	—	—
Other	30	—	3,835	—	(1,270)	—	2,565
Balance at December 29, 2018	82,437	82	642,017	(1,060)	(1,338,709)	(15,127)	(712,797)
Net income	—	—	—	—	242,024	—	242,024
Other comprehensive loss, net	—	—	—	—	—	(4,682)	(4,682)
Exercise of stock options	655	1	30,728	—	—	—	30,729
Dividends paid on common stock (\$1.50 per share)	—	—	(124,089)	—	—	—	(124,089)
Share-based compensation expense	164	—	14,042	—	—	—	14,042
Repurchases of common stock	—	—	—	(29,715)	—	—	(29,715)
Retirement of treasury stock	(441)	—	(3,048)	32,942	(29,894)	—	—
Other	21	—	1,695	(2,231)	(2,986)	—	(3,522)
Balance at December 28, 2019	82,836	\$ 83	561,345	(64)	(1,129,565)	(19,809)	(588,010)

See accompanying notes to consolidated financial statements.

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

	Fiscal year ended		
	December 28, 2019	December 29, 2018	December 30, 2017
Cash flows from operating activities:			
Net income	\$ 242,024	229,906	271,209
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	42,378	45,031	45,239
Amortization of debt issuance costs	4,977	5,019	6,179
Loss on debt extinguishment and refinancing transactions	13,076	—	6,996
Deferred income taxes	(6,257)	(9,897)	(121,247)
Provision for bad debt	2,862	631	457
Share-based compensation expense	14,042	14,879	14,926
Net income of equity method investments	(17,517)	(14,903)	(15,198)
Dividends received from equity method investments	4,367	4,509	4,711
Other, net	(714)	2,791	(1,767)
Change in operating assets and liabilities:			
Accounts, notes, and other receivables, net	4,392	(19,776)	(18,496)
Prepaid income taxes, net	10,408	(4,996)	(2,441)
Prepaid expenses and other current assets	(5,677)	(1,561)	(6,481)
Accounts payable	7,735	26,974	5,066
Other current liabilities	(3,407)	34,144	30,031
Deferred revenue	(5,743)	(41,071)	59,606
Other, net	(9,212)	(2,725)	4,567
Net cash provided by operating activities	297,734	268,955	283,357
Cash flows from investing activities:			
Additions to property, equipment, and software	(36,762)	(51,855)	(21,055)
Other, net	1,270	20	752
Net cash used in investing activities	(35,492)	(51,835)	(20,303)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	1,700,000	—	1,400,000
Repayment of long-term debt	(1,707,025)	(31,600)	(754,375)
Payment of debt issuance and other debt-related costs	(17,937)	—	(18,441)
Repurchases of common stock, including accelerated share repurchases	(29,715)	(680,368)	(127,186)
Dividends paid on common stock	(124,089)	(114,828)	(117,003)
Exercise of stock options	30,729	95,331	36,344
Other, net	(4,611)	(895)	(698)
Net cash provided by (used in) financing activities	(152,648)	(732,360)	418,641
Effect of exchange rates on cash, cash equivalents, and restricted cash	62	(538)	572
Increase (decrease) in cash, cash equivalents, and restricted cash	109,656	(515,778)	682,267
Cash, cash equivalents, and restricted cash, beginning of year	598,321	1,114,099	431,832
Cash, cash equivalents, and restricted cash, end of year	\$ 707,977	598,321	1,114,099
Supplemental cash flow information:			
Cash paid for income taxes	\$ 73,383	74,775	135,927
Cash paid for interest	123,459	126,868	91,606
Noncash operating activities:			
Leased assets obtained in exchange for operating lease liabilities, net	15,702	—	—
Noncash investing activities:			
Property, equipment, and software included in accounts payable and other current liabilities	4,253	2,713	2,637
Leased assets obtained in exchange for finance lease liabilities, net	—	325	449
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.