

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

**FORM 8-K**

**CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

**Date of report (Date of earliest event reported) July 16, 2020**

**Domino's Pizza, Inc.**

(Exact Name of Registrant as Specified in Its Charter)

**Delaware**

(State or Other Jurisdiction of Incorporation or Organization)

**001-32242**  
(Commission File Number)

**38-2511577**  
(I.R.S. Employer Identification No.)

**30 Frank Lloyd Wright Drive**  
**Ann Arbor, Michigan**  
(Address of Principal Executive Offices)

**48105**  
(Zip Code)

**Registrant's telephone number, including area code (734) 930-3030**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Exchange Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
<b>Domino's Pizza, Inc. Common Stock, \$0.01 par value</b>	<b>DPZ</b>	<b>New York Stock Exchange</b>

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

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**Item 2.02. Results of Operations and Financial Condition.**

On July 16, 2020, Domino's Pizza, Inc. issued a press release announcing financial results for the second quarter ended June 14, 2020. A copy of the press release is attached hereto as Exhibit 99.1. The information in this Form 8-K and the Exhibit attached hereto are being furnished pursuant to Item 2.02 of Form 8-K and therefore shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934.

**Item 9.01. Financial Statements and Exhibits.**

*(d) Exhibits.*

<u>Exhibit Number</u>	<u>Description</u>
99.1	<a href="#">Domino's Pizza, Inc. second quarter 2020 financial results press release, dated July 16, 2020.</a>
104	The cover page from this Current Report on Form 8-K, formatted in Inline XBRL (included as 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.

Date: July 16, 2020

DOMINO'S PIZZA, INC.  
(Registrant)

/s/ Jeffrey D. Lawrence

Jeffrey D. Lawrence  
Chief Financial Officer



For Immediate Release

Contact: Chris Brandon  
Director - Investor Relations  
(734) 323-7932

**Domino's Pizza® Announces Second Quarter 2020 Financial Results**

Global retail sales growth (excluding foreign currency impact) of 8.1%

U.S. same store sales growth of 16.1%

International same store sales growth of 1.3%

Global net store growth of 84

Diluted EPS up 36.5% to \$2.99

**ANN ARBOR, Michigan, July 16, 2020: Domino's Pizza, Inc. (NYSE: DPZ)**, the largest pizza company in the world based on global retail sales, announced results for the second quarter. Global retail sales increased 5.7% in the second quarter, or 8.1% excluding foreign currency impact. Global retail sales in the second quarter were positively impacted by U.S. same store sales, but were negatively impacted by temporary store closures in certain international markets. U.S. same store sales grew 16.1% during the quarter versus the year-ago period and were positively impacted by customer ordering behavior during the COVID-19 pandemic, continuing the positive sales momentum in the Company's U.S. stores business. The international business also posted positive same store sales results, with growth of 1.3% during the quarter. The second quarter marked the 106<sup>th</sup> consecutive quarter of international same store sales growth and the 37<sup>th</sup> consecutive quarter of U.S. same store sales growth.

The Company had second quarter net store growth of 84 stores, comprised of 39 net new U.S. stores and 45 net new international stores. The number of temporary store closures in certain of the Company's international markets has declined from its peak of approximately 2,400 temporary closures. Based on information reported to the Company by its master franchisees, the Company estimates that as of July 8, 2020, there were fewer than 600 international stores temporarily closed.

Diluted EPS for the second quarter was \$2.99, up 36.5% over the prior year quarter.

On July 15, 2020, the Company's Board of Directors declared a \$0.78 per share quarterly dividend for shareholders of record as of September 15, 2020 to be paid on September 30, 2020.

"Our focus as a global brand and the commitment of our local operators remains steadfast on serving our customers and our communities with a convenient, affordable and safe food and service experience," said Ritch Allison, Domino's Chief Executive Officer. "I have never been more proud of our system of franchisees, operators and corporate team members for their continued passion and innovative spirit, which was evident during the second quarter."

**Second Quarter Highlights (Unaudited):**

	Second Quarter of 2020	Second Quarter of 2019	Two Fiscal Quarters of 2020	Two Fiscal Quarters of 2019
<i>(dollars in millions, except per share data)</i>				
<b>Net income</b>	\$ 118.7	\$ 92.4	\$ 240.3	\$ 185.0
<b>Weighted average diluted shares</b>	39,746,479	42,236,507	39,688,663	42,219,649
<b>Diluted EPS</b>	\$ 2.99	\$ 2.19	\$ 6.05	\$ 4.38

- **Revenues** increased \$108.4 million, or 13.4%, in the second quarter of 2020. This increase was primarily due to higher global retail sales resulting from U.S. same store sales growth and an increase in U.S. store counts during the trailing four quarters, resulting in higher supply chain, U.S. franchise and U.S. Company-owned stores revenues. These increases in revenues were partially offset by lower international franchise revenues resulting from temporary store closures in certain of the Company's international markets due to the COVID-19 pandemic as well as pressure from the negative impact of changes in foreign currency exchange rates.
- **Net Income** increased \$26.3 million, or 28.5%, in the second quarter of 2020. This increase was primarily driven by higher income from operations resulting from increased U.S. franchise royalty revenues as well as higher supply chain margins and a lower effective tax rate as compared to the prior year quarter driven by higher tax benefits from equity-based compensation. The increase in net income was partially offset by lower international franchise revenues and higher net interest expense resulting from a higher average debt balance and borrowings under the Company's variable funding notes during the second quarter.

- **Diluted EPS** was \$2.99 for the second quarter of 2020 versus \$2.19 in the prior year quarter. This represents a \$0.80, or 36.5%, increase over the prior year quarter. The increase in diluted EPS was driven by higher net income, as well as lower diluted share count, primarily resulting from the Company's share repurchases during the trailing four quarters.

The table below outlines certain statistical measures utilized by the Company to analyze its performance (unaudited). Refer to the *Comments on Regulation G* section below for additional details.

	Second Quarter of 2020	Second Quarter of 2019
<b>Same store sales growth:</b> (versus prior year period)		
U.S. Company-owned stores	+ 16.9%	+ 2.1%
U.S. franchise stores	+ 16.0%	+ 3.1%
U.S. stores	+ 16.1%	+ 3.0%
International stores (excluding foreign currency impact)	+ 1.3%	+ 2.4%
<b>Global retail sales growth:</b> (versus prior year period)		
U.S. stores	+ 19.9%	+ 6.8%
International stores	(8.1)%	+ 3.5%
Total	+ 5.7%	+ 5.1%
<b>Global retail sales growth:</b> (versus prior year period, excluding foreign currency impact)		
U.S. stores	+ 19.9%	+ 6.8%
International stores	(3.4)%	+ 9.8%
Total	+ 8.1%	+ 8.4%

	U.S. Company- owned Stores	U.S. Franchise Stores	Total U.S. Stores	International Stores	Total
<b>Store counts:</b>					
Store count at March 22, 2020	345	5,811	6,156	10,933	17,089
Openings	1	39	40	85	125
Closings <sup>(1)</sup>	—	(1)	(1)	(40)	(41)
Store count at June 14, 2020	346	5,849	6,195	10,978	17,173
Second quarter 2020 net store growth	1	38	39	45	84
Trailing four quarters net store growth	13	237	250	609	859

(1) Temporary store closures are not treated as store closures and affected stores are included in the ending store count.

### Conference Call Information

The Company will file its Quarterly Report on Form 10-Q this morning. As previously announced, Domino's Pizza, Inc. will hold a **conference call today** at 10 a.m. (Eastern) to review its second quarter 2020 financial results. The call can be accessed by dialing (866) 470-5929 (U.S./Canada) or (409) 217-8311 (International). Ask for the Domino's Pizza conference call, ID 1184103. The call will also be webcast, and will be archived for one year, on [biz.dominos.com](http://biz.dominos.com).

### Liquidity and Use of Cash Update

As of June 14, 2020, the Company had approximately:

- \$248.0 million of unrestricted cash and cash equivalents;
- \$4.17 billion in total debt; and
- \$102.0 million of available borrowings under its \$200.0 million variable funding notes, net of letters of credit issued of \$40.0 million and borrowings outstanding of \$58.0 million.

As previously disclosed, given the market uncertainty arising from COVID-19, the Company took a precautionary measure and borrowed \$158.0 million under its variable funding notes during the second quarter of 2020. The Company repaid \$100.0 million of these borrowings during the second quarter of 2020. Subsequent to the second quarter of 2020, the Company repaid an additional \$15.0 million under its variable funding notes, and as of July 8, 2020, the Company had \$117.0 million of available borrowings under its \$200.0 million variable funding notes, net of letters of credit issued of \$40.0 million and borrowings outstanding of \$43.0 million.

Net cash provided by operating activities was \$211.8 million during the two fiscal quarters of 2020. The Company invested \$33.7 million in capital expenditures during the two fiscal quarters of 2020. Free cash flow, as reconciled below to net cash provided by operating activities, as determined under accounting principles generally accepted in the United States of America (“GAAP”), was approximately \$178.1 million during the two fiscal quarters of 2020 (refer to the *Comments on Regulation G* section below for additional details).

<i>(in thousands)</i>	<b>Two Fiscal Quarters of 2020</b>
Net cash provided by operating activities	\$ 211,828
Capital expenditures	<u>(33,732)</u>
Free cash flow	<u>\$ 178,096</u>

#### **Investment in Dash Brands Ltd.**

During the second quarter of 2020, a subsidiary of the Company acquired a non-controlling interest in Dash Brands Ltd., for \$40.0 million. Dash Brands Ltd. is a privately-held company that, through its subsidiaries, serves as the Company’s master franchisee in China that owns and operates Domino’s Pizza stores in that market. The Company is contractually required to invest an additional \$40.0 million in Dash Brands Ltd. in the first quarter of 2021, assuming certain performance conditions are satisfied. If such performance conditions are not satisfied, the Company has the option to make such investment in its discretion.

#### **Comments on Regulation G**

In addition to the GAAP financial measures set forth in this press release, the Company has included non-GAAP financial measures within the meaning of Regulation G, including free cash flow metrics. The Company has also included metrics such as global retail sales, global retail sales growth, global retail sales growth, excluding foreign currency impact and same store sales growth, which are commonly used statistical measures in the quick-service restaurant industry that are important to understanding Company performance.

The Company uses “**Global retail sales**” to refer to total worldwide retail sales at Company-owned and franchise stores. The Company believes global retail sales information is useful in analyzing revenues because franchisees pay royalties and advertising fees that are based on a percentage of franchise retail sales. The Company reviews 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. Retail sales for franchise stores are reported to the Company by its franchisees and are not included in Company revenues. “**Global retail sales growth**” is calculated as the change of U.S. Dollar global retail sales against the comparable period of the prior year. “**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.

The Company uses “**Same store sales growth**,” which is calculated for a given period by including only sales from stores that 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.

The Company uses “**Free cash flow**,” which is calculated as net cash provided by operating activities, less capital expenditures, both as reported under GAAP. The Company believes that the free cash flow measure is important to investors and other interested persons, and that such persons benefit from having a measure which communicates how much cash flow is available for working capital needs or to be used for repurchasing debt, making acquisitions, repurchasing common stock or paying dividends.

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## About Domino's Pizza®

Founded in 1960, Domino's Pizza is the largest pizza company in the world based on retail sales, with a significant business in both delivery and carryout pizza. It ranks among the world's top public restaurant brands with a global enterprise of more than 17,100 stores in over 90 markets. Domino's had global retail sales of over \$14.3 billion in 2019, with over \$7.0 billion in the U.S. and nearly \$7.3 billion internationally. In the second quarter of 2020, Domino's had global retail sales of over \$3.4 billion, with over \$1.9 billion in the U.S. and over \$1.5 billion internationally. Its system is comprised of independent franchise owners who accounted for 98% of Domino's stores as of the end of the second quarter of 2020. Emphasis on technology innovation helped Domino's achieve more than half of all global retail sales in 2019 from digital channels, primarily online ordering and mobile applications. In the U.S., Domino's generates over 65% of sales via digital channels and has developed several innovative ordering platforms, including those developed for Google Home, Facebook Messenger, Apple Watch, Amazon Echo and Twitter – as well as Domino's Hotspots®, an ordering platform featuring over 200,000 unique, non-traditional delivery locations. In June 2019, through an announced partnership with Nuro, Domino's furthered its exploration and testing of autonomous pizza delivery. In late 2019, Domino's opened the Domino's Innovation Garage adjacent to its headquarters in Ann Arbor, Michigan to fuel continued technology and operational innovation – while also launching its GPS technology, allowing customers to follow the progress of the delivery driver from store to doorstep. In mid-2020, Domino's launched a brand new way to order contactless carryout nationwide via Domino's Carside Delivery™, which customers can choose when placing a prepaid online order.

Order – [dominos.com](https://www.dominos.com)

AnyWare Ordering – [anyware.dominos.com](https://anyware.dominos.com)

Company Info – [biz.dominos.com](https://biz.dominos.com)

Twitter – [twitter.com/dominos](https://twitter.com/dominos)

Facebook – [facebook.com/dominos](https://facebook.com/dominos)

Instagram – [instagram.com/dominos](https://instagram.com/dominos)

YouTube – [youtube.com/dominos](https://youtube.com/dominos)

Please visit our Investor Relations website at [biz.dominos.com](https://biz.dominos.com) to view news, announcements, earnings releases, investor presentations and conference webcasts.

## **SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995:**

This press release 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, 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 in our filings with the Securities and Exchange Commission, including under the section headed “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 29, 2019 and Quarterly Reports on Form 10-Q for the quarterly periods ended March 22, 2020 and June 14, 2020. 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; the effectiveness of our advertising, operations and promotional initiatives; 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; our ability to manage difficulties associated with or related to the COVID-19 pandemic and the effects of COVID-19 on our business and supply chain; the impact of social media and other consumer-oriented technologies on our business, brand and reputation; new product, digital ordering and concept developments by us, and other food-industry competitors; the impact of new or improved technologies and alternative methods of delivery on consumer behavior; our ability to maintain good relationships with and attract new franchisees, and franchisees’ ability to profitably manage their operations without negatively impacting 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; 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 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; 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 consumer protection and social media; adverse legal judgments or settlements; food-borne illness or contamination of products; data breaches, power loss, technological failures, user error or other cyber risks threatening us or our franchisees; the effect of war, terrorism, catastrophic events or climate change; our ability to pay dividends and repurchase shares; changes in consumer preferences, 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 press release might not occur. All forward-looking statements speak only as of the date of this press release 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 press release, 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 press release 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.

## **TABLES TO FOLLOW**



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

	Fiscal Quarter Ended			
	June 14, 2020	% of Total Revenues	June 16, 2019	% of Total Revenues
(In thousands, except per share data)				
<b>Revenues:</b>				
U.S. Company-owned stores	\$ 114,240		\$ 105,001	
U.S. franchise royalties and fees	113,098		95,594	
Supply chain	539,141		467,577	
International franchise royalties and fees	48,104		54,975	
U.S. franchise advertising	105,440		88,500	
<b>Total revenues</b>	<b>920,023</b>	<b>100.0%</b>	<b>811,647</b>	<b>100.0%</b>
<b>Cost of sales:</b>				
U.S. Company-owned stores	87,831		80,366	
Supply chain	475,101		414,610	
<b>Total cost of sales</b>	<b>562,932</b>	<b>61.2%</b>	<b>494,976</b>	<b>61.0%</b>
<b>Operating margin</b>	<b>357,091</b>	<b>38.8%</b>	<b>316,671</b>	<b>39.0%</b>
<b>General and administrative</b>	<b>88,068</b>	<b>9.5%</b>	<b>89,248</b>	<b>11.0%</b>
<b>U.S. franchise advertising</b>	<b>105,440</b>	<b>11.5%</b>	<b>88,500</b>	<b>10.9%</b>
<b>Income from operations</b>	<b>163,583</b>	<b>17.8%</b>	<b>138,923</b>	<b>17.1%</b>
<b>Interest expense, net</b>	<b>(39,087)</b>	<b>(4.3)%</b>	<b>(32,944)</b>	<b>(4.0)%</b>
<b>Income before provision for income taxes</b>	<b>124,496</b>	<b>13.5%</b>	<b>105,979</b>	<b>13.1%</b>
<b>Provision for income taxes</b>	<b>5,828</b>	<b>0.6%</b>	<b>13,620</b>	<b>1.7%</b>
<b>Net income</b>	<b>\$ 118,668</b>	<b>12.9%</b>	<b>\$ 92,359</b>	<b>11.4%</b>
<b>Earnings per share:</b>				
Common stock – diluted	\$ 2.99		\$ 2.19	

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

	Two Fiscal Quarters Ended			
	June 14, 2020	% of Total Revenues	June 16, 2019	% of Total Revenues
(In thousands, except per share data)				
<b>Revenues:</b>				
U.S. Company-owned stores	\$ 216,566		\$ 228,451	
U.S. franchise royalties and fees	217,844		192,302	
Supply chain	1,051,841		939,677	
International franchise royalties and fees	105,600		109,559	
U.S. franchise advertising	201,274		177,621	
<b>Total revenues</b>	<u>1,793,125</u>	<u>100.0%</u>	<u>1,647,610</u>	<u>100.0%</u>
<b>Cost of sales:</b>				
U.S. Company-owned stores	167,219		175,906	
Supply chain	928,658		832,744	
<b>Total cost of sales</b>	<u>1,095,877</u>	<u>61.1%</u>	<u>1,008,650</u>	<u>61.2%</u>
Operating margin	697,248	38.9%	638,960	38.8%
General and administrative	176,557	9.9%	178,912	10.9%
U.S. franchise advertising	201,274	11.2%	177,621	10.8%
Income from operations	319,417	17.8%	282,427	17.1%
Interest expense, net	(77,625)	(4.3)%	(67,305)	(4.0)%
Income before provision for income taxes	241,792	13.5%	215,122	13.1%
Provision for income taxes	1,522	0.1%	30,113	1.9%
<b>Net income</b>	<u>\$ 240,270</u>	<u>13.4%</u>	<u>\$ 185,009</u>	<u>11.2%</u>
<b>Earnings per share:</b>				
Common stock – diluted	\$ 6.05		\$ 4.38	

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

	<u>June 14,</u> <u>2020</u>	<u>December 29,</u> <u>2019</u>
<i>(In thousands)</i>		
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 247,952	\$ 190,615
Restricted cash and cash equivalents	238,233	209,269
Accounts receivable, net	232,114	210,260
Inventories	66,850	52,955
Prepaid expenses and other	28,873	19,129
Advertising fund assets, restricted	<u>113,087</u>	<u>105,389</u>
<b>Total current assets</b>	<b>927,109</b>	<b>787,617</b>
Property, plant and equipment, net	257,384	242,881
Operating lease right-of-use assets	227,114	228,785
Other assets	<u>170,081</u>	<u>122,809</u>
<b>Total assets</b>	<b><u>\$ 1,581,688</u></b>	<b><u>\$ 1,382,092</u></b>
<b>Liabilities and stockholders' deficit</b>		
<b>Current liabilities:</b>		
Current portion of long-term debt	\$ 42,999	\$ 43,394
Accounts payable	102,896	111,101
Operating lease liabilities	36,883	33,318
Advertising fund liabilities	108,859	101,921
Other accrued liabilities	<u>168,231</u>	<u>164,097</u>
<b>Total current liabilities</b>	<b>459,868</b>	<b>453,831</b>
<b>Long-term liabilities:</b>		
Long-term debt, less current portion	4,128,576	4,071,055
Operating lease liabilities	198,868	202,731
Other accrued liabilities	<u>77,282</u>	<u>70,234</u>
<b>Total long-term liabilities</b>	<b>4,404,726</b>	<b>4,344,020</b>
<b>Total stockholders' deficit</b>	<b><u>(3,282,906)</u></b>	<b><u>(3,415,759)</u></b>
<b>Total liabilities and stockholders' deficit</b>	<b><u>\$ 1,581,688</u></b>	<b><u>\$ 1,382,092</u></b>

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

	<b>Two Fiscal Quarters Ended</b>	
	<b>June 14, 2020</b>	<b>June 16, 2019</b>
<i>(In thousands)</i>		
<b>Cash flows from operating activities:</b>		
Net income	\$ 240,270	\$ 185,009
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	28,789	27,850
Loss on sale/disposal of assets	544	2,829
Amortization of debt issuance costs	2,575	2,198
Provision for deferred income taxes	1,510	2,276
Non-cash compensation expense	10,029	8,589
Excess tax benefits from equity-based compensation	(53,440)	(18,446)
Provision for losses and accounts and notes receivable	1,592	550
Changes in operating assets and liabilities	(19,421)	(10,713)
Changes in advertising fund assets and liabilities, restricted	(620)	1,411
<b>Net cash provided by operating activities</b>	<b>211,828</b>	<b>201,553</b>
<b>Cash flows from investing activities:</b>		
Capital expenditures	(33,732)	(25,708)
Purchase of investments	(40,000)	—
Proceeds from sale of assets	6	8,161
Maturities of advertising fund investments, restricted	—	15,152
Other	(485)	(132)
<b>Net cash used in investing activities</b>	<b>(74,211)</b>	<b>(2,527)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of long-term debt	158,000	—
Repayments of long-term debt and finance lease obligations	(122,040)	(82,886)
Proceeds from exercise of stock options	24,801	9,290
Purchases of common stock	(79,590)	(11,453)
Tax payments for restricted stock upon vesting	(1,827)	(2,567)
Payments of common stock dividends and equivalents	(30,266)	(26,680)
<b>Net cash used in financing activities</b>	<b>(50,922)</b>	<b>(114,296)</b>
<b>Effect of exchange rate changes on cash</b>	<b>(253)</b>	<b>111</b>
<b>Change in cash and cash equivalents, restricted cash and cash equivalents</b>	<b>86,442</b>	<b>84,841</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>190,615</b>	<b>25,438</b>
<b>Restricted cash and cash equivalents, beginning of period</b>	<b>209,269</b>	<b>166,993</b>
<b>Cash and cash equivalents included in advertising fund assets, restricted, beginning of period</b>	<b>84,040</b>	<b>44,988</b>
<b>Cash and cash equivalents, restricted cash and cash equivalents and cash and cash equivalents included in advertising fund assets, restricted, beginning of period</b>	<b>483,924</b>	<b>237,419</b>
<b>Cash and cash equivalents, end of period</b>	<b>247,952</b>	<b>108,259</b>
<b>Restricted cash and cash equivalents, end of period</b>	<b>238,233</b>	<b>152,713</b>
<b>Cash and cash equivalents included in advertising fund assets, restricted, end of period</b>	<b>84,181</b>	<b>61,288</b>
<b>Cash and cash equivalents, restricted cash and cash equivalents and cash and cash equivalents included in advertising fund assets, restricted, end of period</b>	<b>\$ 570,366</b>	<b>\$ 322,260</b>

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