

## Participating Securities Earnings Per Share

We compute earnings per common share using the two-class method, by which net income attributable to participating securities, in addition to preferred stock dividends and accretion, is deducted from net income attributable to the company to determine net income attributable to common shareholders. Net income attributable to participating securities is the portion of undistributed earnings, defined as net income attributable to the company, less dividends paid to common and preferred shareholders, that would be allocated to the holders of participating securities on an as-converted basis.

The calculation to determine the amount of undistributed earnings to allocate to participating securities is as follow (in thousands):

	<b>Three Months Ended</b>		<b>Year Ended</b>	
	<b>Dec. 27, 2020</b>	<b>Allocation %</b>	<b>Dec. 27, 2020</b>	<b>Allocation %</b>
<b>Calculation of net income attributable to participating securities and common shareholders:</b>				
Share count allocation calculation:				
Diluted weighted average common shares outstanding	32,981	85.8%	32,717	85.7%
Participating preferred stock weighted average shares outstanding, as-converted (252,530,000/\$50.06)	5,045	13.1%	5,045	13.2%
Participating unvested restricted stock weighted average shares outstanding	412	1.1%	425	1.1%
<b>Total share count</b>	<b>38,438</b>	<b>100.0%</b>	<b>38,187</b>	<b>100.0%</b>
Undistributed earnings allocation:				
Net income attributable to the company	\$ 13,167		\$ 57,932	
Dividends paid to common and preferred stock	(10,797)		(43,011)	
<b>Total undistributed earnings</b>	<b>\$ 2,370</b>		<b>\$ 14,921</b>	
Net income attributable to participating securities:				
Total undistributed earnings - allocable to participating preferred stock	\$ (311)	13.1%	\$ (1,971)	13.2%
Total undistributed earnings - allocable to participating unvested restricted stock	(24)	1.1%	(165)	1.1%
<b>Total net income attributable to participating securities</b>	<b>\$ (335)</b>	<b>14.2%</b>	<b>\$ (2,136)</b>	<b>14.3%</b>
Net income attributable to common shareholders:				
Net income attributable to the company	\$ 13,167		\$ 57,932	
Dividends paid to participating securities and accretion	(3,513)		(14,059)	
<b>Net income attributable to participating securities</b>	<b>(335)</b>		<b>(2,136)</b>	
<b>Net income attributable to common shareholders</b>	<b>\$ 9,319</b>		<b>\$ 41,737</b>	

**Papa John's International, Inc.**  
**Supplemental Financial Data**

Effective as of the first quarter of 2020, the company modified its presentation of adjusted (non-GAAP) financial results to no longer present certain financial assistance provided to the North America system in the form of royalty relief and discretionary marketing fund investments as Special charges. This financial assistance, which began in the third quarter of 2018 in response to declining sales in North America, continued through the third quarter of 2020, as announced in a formal plan in July 2019. The Non-GAAP Measures data below has been adjusted to exclude the Temporary Franchise Support:

**Non-GAAP Measures**

	Three Months Ended												Year Ended		
	Apr. 1, 2018	July 1, 2018	Sept. 30, 2018	Dec. 30, 2018	Mar. 31, 2019	Jun. 30, 2019	Sept. 29, 2019	Dec. 29, 2019	Mar. 29, 2020	Jun. 28, 2020	Sept. 27, 2020	Dec. 27, 2020	Dec. 30, 2018	Dec. 29, 2019	Dec. 27, 2020
(In thousands, except per share amounts)															
GAAP operating income (loss)	\$ 28,139	\$ 24,910	\$ (14,170)	\$ (7,326)	\$ 5,509	\$ 14,231	\$ 4,927	\$ (132)	\$ 15,472	\$ 30,534	\$ 24,549	\$ 19,698	\$ 31,553	\$ 24,535	\$ 90,253
Strategic corporate reorganization costs	-	-	-	-	-	-	-	-	-	-	-	5,985	-	-	5,985
Special charges:															
Legal and advisory fees	-	-	11,349	8,123	5,067	396	459	-	-	-	-	-	19,472	5,922	-
Mark to market adjustment on option valuation	-	-	-	-	5,914	-	-	-	-	-	-	-	-	5,914	-
Reimaging costs and write-off of branded assets	-	-	3,600	2,244	-	-	-	-	-	-	-	-	5,844	-	-
Other costs	-	-	-	-	-	-	2,385	-	-	-	-	-	-	2,385	-
Refranchising (gains) losses, net	(204)	2,122	-	(1,629)	-	(163)	(1,726)	(2,850)	-	-	-	-	289	(4,739)	-
<b>Adjusted operating income (loss)</b>	<b>\$ 27,935</b>	<b>\$ 27,032</b>	<b>\$ 779</b>	<b>\$ 1,412</b>	<b>\$ 16,490</b>	<b>\$ 14,464</b>	<b>\$ 6,045</b>	<b>\$ (2,982)</b>	<b>\$ 15,472</b>	<b>\$ 30,534</b>	<b>\$ 24,549</b>	<b>\$ 25,683</b>	<b>\$ 57,158</b>	<b>\$ 34,017</b>	<b>\$ 96,238</b>
GAAP net income (loss) attributable to common shareholders	\$ 17,368	\$ 11,127	\$ (13,300)	\$ (12,868)	\$ (3,801)	\$ 4,868	\$ (3,088)	\$ (5,612)	\$ 4,972	\$ 15,707	\$ 11,457	\$ 9,319	\$ 2,474	\$ (7,633)	\$ 41,737
Strategic corporate reorganization costs	-	-	-	-	-	-	-	-	-	-	-	5,985	-	-	5,985
Special charges:															
Legal and advisory fees	-	-	11,349	8,123	5,067	396	459	-	-	-	-	-	19,472	5,922	-
Mark to market adjustment on option valuation	-	-	-	-	5,914	-	-	-	-	-	-	-	-	5,914	-
Reimaging costs and write-off of branded assets	-	-	3,600	2,244	-	-	-	-	-	-	-	-	5,844	-	-
Other costs	-	-	-	-	-	-	2,385	-	-	-	-	-	-	2,385	-
Refranchising (gains) losses, net	(204)	2,122	-	(1,629)	-	(163)	(1,726)	(2,850)	-	-	-	-	289	(4,739)	-
Tax effect of Non-GAAP items	45	(475)	(3,349)	(2,161)	(1,175)	(22)	(237)	635	-	-	-	(1,346)	(5,940)	(799)	(1,346)
Tax effect of China refranchising	-	2,435	-	-	-	-	-	-	-	-	-	-	2,435	-	-
Two-class impact for Non-GAAP adjustment to net income	-	-	-	-	-	-	-	-	-	-	-	(658)	-	-	(662)
<b>Adjusted net income (loss) attributable to common shareholders</b>	<b>\$ 17,209</b>	<b>\$ 15,209</b>	<b>\$ (1,700)</b>	<b>\$ (6,291)</b>	<b>\$ 6,005</b>	<b>\$ 5,079</b>	<b>\$ (2,207)</b>	<b>\$ (7,827)</b>	<b>\$ 4,972</b>	<b>\$ 15,707</b>	<b>\$ 11,457</b>	<b>\$ 13,300</b>	<b>\$ 24,574</b>	<b>\$ 1,050</b>	<b>\$ 45,714</b>
GAAP diluted earnings (loss) per share	\$ 0.52	\$ 0.35	\$ (0.42)	\$ (0.41)	\$ (0.12)	\$ 0.15	\$ (0.10)	\$ (0.18)	\$ 0.15	\$ 0.48	\$ 0.35	\$ 0.28	\$ 0.08	\$ (0.24)	\$ 1.28
Strategic corporate reorganization costs	-	-	-	-	-	-	-	-	-	-	-	0.18	-	-	0.18
Special charges:															
Legal and advisory fees	-	-	0.36	0.26	0.16	0.01	0.01	-	-	-	-	-	0.60	0.19	-
Mark to market adjustment on option valuation	-	-	-	-	0.19	-	-	-	-	-	-	-	-	0.19	-
Reimaging costs and write-off of branded assets	-	-	0.11	0.07	-	-	-	-	-	-	-	-	0.18	-	-
Other costs	-	-	-	-	-	-	0.08	-	-	-	-	-	-	0.07	-
Refranchising (gains) losses, net	-	0.06	-	(0.05)	-	-	(0.05)	(0.09)	-	-	-	-	0.02	(0.15)	-
Tax effect of Non-GAAP items	-	(0.01)	(0.10)	(0.07)	(0.04)	-	(0.01)	0.02	-	-	-	(0.04)	(0.18)	(0.03)	(0.04)
Tax effect of China refranchising	-	0.08	-	-	-	-	-	-	-	-	-	-	0.07	-	-
Two-class impact for Non-GAAP adjustment to net income	-	-	-	-	-	-	-	-	-	-	-	(0.02)	-	-	(0.02)
<b>Adjusted diluted earnings (loss) per share</b>	<b>\$ 0.52</b>	<b>\$ 0.48</b>	<b>\$ (0.05)</b>	<b>\$ (0.20)</b>	<b>\$ 0.19</b>	<b>\$ 0.16</b>	<b>\$ (0.07)</b>	<b>\$ (0.25)</b>	<b>\$ 0.15</b>	<b>\$ 0.48</b>	<b>\$ 0.35</b>	<b>\$ 0.40</b>	<b>\$ 0.77</b>	<b>\$ 0.03</b>	<b>\$ 1.40</b>

The non-GAAP adjusted results shown above should not be construed as a substitute for or a better indicator of the company's performance than the company's GAAP results. Management believes presenting certain financial information excluding Special items is important for purposes of comparison to current year results. In addition, management uses these metrics to evaluate the company's underlying operating performance and to analyze trends.

The Company provided Temporary Franchise Support to its North America franchisees, representing royalty relief and discretionary marketing fund investments. The Temporary Franchise Support by quarter for 2018, 2019 and 2020 and for the full years ended 2018, 2019 and 2020 are included below:

**Temporary Franchise Support**

	Three Months Ended												Year Ended		
	Apr. 1, 2018	July 1, 2018	Sept. 30, 2018	Dec. 30, 2018	Mar. 31, 2019	Jun. 30, 2019	Sept. 29, 2019	Dec. 29, 2019	Mar. 29, 2020	Jun. 28, 2020	Sept. 27, 2020	Dec. 27, 2020	Dec. 30, 2018	Dec. 29, 2019	Dec. 27, 2020
(In thousands, except per share amounts)															
Royalty relief	\$ -	\$ -	\$ 9,884	\$ 5,532	\$ 4,873	\$ 2,466	\$ 6,353	\$ 5,404	\$ 5,656	\$ 5,145	\$ 3,469	\$ -	\$ 15,416	\$ 19,096	\$ 14,270
Marketing fund investments	-	-	-	10,000	-	2,500	5,000	20,000	5,000	-	10,000	-	10,000	27,500	15,000
Total Temporary Franchise Support	\$ -	\$ -	\$ 9,884	\$ 15,532	\$ 4,873	\$ 4,966	\$ 11,353	\$ 25,404	\$ 10,656	\$ 5,145	\$ 13,469	\$ -	\$ 25,416	\$ 46,596	\$ 29,270
Diluted loss per share	\$ -	\$ -	\$ 0.24	\$ 0.38	\$ 0.12	\$ 0.12	\$ 0.28	\$ 0.62	\$ 0.26	\$ 0.12	\$ 0.31	\$ -	\$ 0.60	\$ 1.14	\$ 0.69