

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 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):  
March 28, 2022

Commission File Number: 000-21660

**PAPA JOHN'S INTERNATIONAL, INC.**

(Exact name of registrant as specified in its charter)

**Delaware** **61-1203323**  
(State or other jurisdiction of (I.R.S. Employer Identification  
incorporation or organization) Number)

**2002 Papa Johns Boulevard**  
**Louisville, Kentucky 40299-2367**  
(Address of principal executive offices)

**(502) 261-7272**  
(Registrant's telephone number, including area code)

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))

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.

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

| <b>Title of each class:</b>    | <b>Trading Symbol</b> | <b>Name of each exchange on which registered:</b> |
|--------------------------------|-----------------------|---|
| Common stock, \$0.01 par value | PZZA                  | The NASDAQ Stock Market LLC                       |

Securities registered pursuant to Section 12(g) of the Act: **None**

## Item 7.01 Regulation FD Disclosure

On March 31, 2022, Papa John's International, Inc. (the "Company") issued a press release announcing it has refranchised its controlling interests in a joint venture between the Company and Blue and Silver Ventures, Ltd. A copy of the press release is furnished herewith as Exhibit 99.1. The Company is furnishing the additional information below with respect to the expected financial impact of the refranchising transaction.

By strategically refranchising its controlling interests in its 90-restaurant joint venture with Blue and Silver Ventures, Ltd., to Sun Holdings, the Company expects to provide Sun Holdings substantial scale to support new restaurant openings under its current, 100-restaurant development agreement with the Company, which commitment is in addition to the 90 refranchised restaurants. As a result, the deal is expected to accelerate the Company's domestic development, contributing to long-term earnings via high-margin franchise royalty growth.

With respect to the 90 joint-venture restaurants, the Company expects the impact of refranchising on net income attributable to the Company and on earnings per diluted share to be neutral. For the fiscal year ended December 26, 2021, the majority-controlled restaurants, which were consolidated in the Company's results, contributed approximately \$106.0 million of revenue and \$8.6 million of operating income. Net income attributable to the Company related to the restaurants was \$4.8 million or \$0.135 per diluted share in fiscal 2021.

By way of illustration, on a pro forma basis during the same period, the Company would have recorded total revenue of \$34.1 million and operating income of \$5.7 million, related to the 90 joint-venture restaurants if they had been fully franchised under the terms of the current transaction. On a pro forma basis, the restaurants would have contributed net income attributable to the Company of \$4.7 million or \$0.134 per diluted share in fiscal 2021.

See the table below for a more detailed explanation of the pro forma impact of the refranchising transaction had it closed at the beginning of the fiscal year ended December 26, 2021, including segment-level revenue impacts.

As a result of the sale, the Company also expects to recognize a one-time, non-cash charge in the first quarter of 2022 of approximately \$7 to \$9 million pre-tax (\$0.15 to \$0.20 per diluted share), which considers an unearned royalty stream to be recognized over the period of the franchise agreement pertaining to the refranchised restaurants, in accordance with ASC 810, Consolidation.

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**Actual and Pro-Forma Contribution of 90 Refranchised Restaurants for  
Year Ended December 26, 2021**

| In thousands, except per share amounts                   | Actual <sup>(1)</sup> | Pro-Forma, if<br>Refranchised <sup>(2)</sup> |
|--|-----------------------|--|
| Sales  |                       |  |
| Domestic Company-owned restaurant sales                  | \$ 105,986            | \$ -   |
| North America franchise royalties and fees               | -                     | 4,529  |
| North America commissary revenues                        | -                     | 29,587                                       |
| Total revenues   | <u>105,986</u>        | <u>34,116</u>                                |
| Operating Income   | 8,648                 | 5,712  |
| Net income before attribution to noncontrolling interest | 7,159                 | 4,729  |
| Net income to noncontrolling interest                    | (2,373)               | -  |
| Net income attributable to the Company                   | 4,787                 | 4,729  |
| Diluted earnings attributable to common shareholders     | 0.135                 | 0.134  |

(1) Majority-controlled joint venture consolidated in Company's results.

(2) Assumes 90 joint-venture restaurants fully refranchised under terms of new franchise agreement with Sun Holdings.

**Forward-Looking Statements**

The Company cautions that this Current Report on Form 8-K contains forward-looking statements, including, without limitation, projections or guidance concerning the financial impacts of the refranchising transaction including its effects on the Company's earnings per share, royalty, commissary and franchise revenues, operating income, net income, and the one-time charge to related to an unearned royalty stream, as well as other statements relating to expected business performance, including franchise and unit development, refranchising plans and other financial and operational measures. These forward-looking statements are based on management's current expectations and involve a number of risks and uncertainties, including, among other things, material adverse changes in economic or industry conditions generally and risks associated with or related to the COVID-19 pandemic. If one or more of these risks or other risks materialize, actual results may vary materially from those expressed or implied in these forward-looking statements. For a more complete discussion of other risk factors affecting the Company, see the Company's filings with the Securities and Exchange Commission, including the Company's Annual Report on Form 10-K for the fiscal year ended December 26, 2021. The Company cautions not to place undue reliance on these forward-looking statements, which speak only as of the date of this release, and undertakes no obligation to update or revise any forward-looking statement, except to the extent required by applicable law.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

[99.1](#)

[Press Release dated March 31, 2022](#)

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**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.

**PAPA JOHN'S INTERNATIONAL, INC.**

By: /s/ Ann B. Gugino  
Ann B. Gugino  
Chief Financial Officer

Date: March 31, 2022

## **Papa John's International Announces Major Strategic Refranchising Agreement With Sun Holdings to Accelerate Domestic Development**

*Top U.S. franchise operator Sun Holdings to assume ownership and operation of Papa Johns share in 90-restaurant joint venture with Blue and Silver Ventures, Ltd.*

LOUISVILLE, Ky.--(BUSINESS WIRE)--March 31, 2022--Papa John's International, Inc. (NASDAQ: PZZA) ("Papa Johns®") today announced that it has refranchised its majority stake in a joint venture between Papa Johns and Blue and Silver Ventures, Ltd. Sun Holdings, a leading multi-brand franchisee operator and one of Papa Johns largest domestic franchise partners, has assumed control of 90 Papa Johns restaurants in Texas. Blue and Silver Ventures continues to be a limited partner in the venture and their share of ownership remains unchanged. Financial terms of the transaction were not disclosed.

The strategic refranchising deal between Papa Johns and Sun Holdings builds upon the historic development agreement signed by the two parties in September 2021, under which Sun Holdings will open 100 new restaurants across high-growth markets, including in Texas, by 2029, in addition to the restaurants it has acquired. Now with significant operational scale with the brand, Sun Holdings is strongly positioned to accelerate its development plans and Papa John's domestic growth.

"Sun Holdings is a proven, well-capitalized operator who understands our ambitious goals to expand the footprint of our brand," said Amanda Clark, Papa John's Chief Development Officer. "We will continue to build new corporate restaurants as well as refranchise when we can provide our franchisees strategic scale to support the brand's long-term growth, with this deal as a great example."

"We are excited to partner on an even larger scale with Papa Johns, an innovative brand that is well-positioned in the QSR industry and has already begun to deliver a high return on our investment," said Guillermo Perales, President and CEO of Sun Holdings. "We look forward to growing together and are thankful to the team at Papa Johns for the trust they are placing in Sun Holdings."

The agreement continues a rapid acceleration of unit growth and development activity by Papa Johns in the U.S. and across the globe. In January, Papa Johns announced its biggest franchisee development agreement in the company's history – a partnership with FountainVest Partners to open more than 1,350 new stores across South China by 2040.

For more details on the expected financial impacts of the transaction, please see the Company's Form 8-K filed today with Securities and Exchange Commission.

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## **Forward-Looking Statements**

Papa John's cautions that this press release contains forward-looking statements, including, without limitation, statements relating to expectations concerning the refranchising transaction, business performance, franchise and unit development, refranchising plans and other financial and operational measures. These forward-looking statements are based on management's current expectations and involve a number of risks and uncertainties, including, among other things, material adverse changes in economic or industry conditions generally and risks associated with or related to the COVID-19 pandemic. If one or more of these risks or other risks materialize, actual results may vary materially from those expressed or implied in these forward-looking statements. For a more complete discussion of other risk factors affecting Papa John's, see Papa John's filings with the Securities and Exchange Commission, including Papa John's annual report on Form 10-K for the fiscal year ended December 26, 2021. Papa John's cautions not to place undue reliance on these forward-looking statements, which speak only as of the date of this release, and undertakes no obligation to update or revise any forward-looking statement, except to the extent required by applicable law.

## **About Papa Johns**

Papa John's International, Inc. (NASDAQ: PZZA) opened its doors in 1984 with one goal in mind: BETTER INGREDIENTS. BETTER PIZZA.® Papa Johns believes that using high-quality ingredients leads to superior quality pizzas. Its original dough is made of only six ingredients and is fresh, never frozen. Papa Johns tops its pizzas with real cheese made from mozzarella, pizza sauce made with vine-ripened tomatoes that go from vine to can in the same day and meat free of fillers. It was the first national pizza delivery chain to announce the removal of artificial flavors and synthetic colors from its entire food menu. Papa Johns is co-headquartered in Atlanta, Ga. and Louisville, Ky. and is the world's third-largest pizza delivery company with more than 5,600 restaurants in 50 countries and territories as of Dec. 26, 2021. For more information about the company or to order pizza online, visit [www.PapaJohns.com](http://www.PapaJohns.com) or download the Papa Johns mobile app for iOS or Android.

## **About Sun Holdings**

Sun Holdings, Inc. was founded in 1997 by Guillermo Perales, funded by an SBA loan. Sun's portfolio has been ranked as the second-largest franchisee group in the U.S. by Mega 99, 2021 Rankings. Mr. Perales has developed a portfolio that includes companies that own and operate more than 1,300 locations in 12 states, creating more than 28,000 jobs. He has also overseen the development of over 200 new stores and completed 200 store remodels in the last three years. Today, his companies own and operate Taco Bueno and also operate Burger King, Popeyes, Arby's, Applebee's, T-Mobile, McAlister's, IHOP, GNC and several airport restaurant locations. Mr. Perales' organization has been awarded the MUFSSO Golden Chain Award and Nation's Restaurant News' Top 10 Power List. He has also been named Ernst & Young's Entrepreneur of the Year, IFA's Entrepreneur of the Year, Dealmaker of the Year and Latino Executive of the Year by D CEO Magazine and Nation's Restaurant News' Most Influential CEO for 2021, as well as appearing on Latino Leaders Magazine's 101 Most Influential Latinos for several consecutive years.

## **Contacts**

### Investors:

Papa John's Investor Relations  
[investor\\_relations@papajohns.com](mailto:investor_relations@papajohns.com)

### Media:

Harrison Sheffield  
Sr. Communications Manager  
Papa John's International  
[Harrison\\_Sheffield@papajohns.com](mailto:Harrison_Sheffield@papajohns.com)  
470-751-4483