

**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):  
May 4, 2023

Commission File Number: 0-21660

**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**

---

## **Section 2 – Financial Information**

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

On May 4, 2023, Papa John’s International, Inc. issued a press release announcing first quarter 2023 financial results.

## **Section 9 – Financial Statements and Exhibits**

### **Item 9.01 Financial Statements and Exhibits**

(d) Exhibits

| <b>Exhibit<br/>Number</b> | <b>Description</b> |
|---------------------------|--------------------|
|---------------------------|--------------------|

|      |   |
|------|---|
| 99.1 | Papa John’s International, Inc. press release dated May 4, 2023.            |
| 104  | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

---

## 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 thereunto duly authorized.

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

(Registrant)

Date: May. 4, 2023

/s/ Chris Collins

---

Chris Collins

Principal Financial and Accounting Officer

EXHIBIT INDEX

**Exhibit  
Number**

**Description of Exhibit**

---

|                      |  |
|----------------------|--|
| <a href="#">99.1</a> | <a href="#">Papa John's International, Inc. press release dated May 4, 2023.</a> |
| 104                  | Cover Page Interactive Data File (embedded within the Inline XBRL document)      |



## PAPA JOHN'S ANNOUNCES FIRST QUARTER 2023 FINANCIAL RESULTS

- Reports another quarter of record global system-wide restaurant sales<sup>(a)</sup>
- Launches new proprietary menu innovation, Doritos® Cool Ranch® Papadia
- Reaffirms long-term development target of 1,400 to 1,800 net new units between 2022 and 2025

**Louisville, Kentucky** (May 4, 2023) – Papa John's International, Inc. (NASDAQ: PZZA) ("Papa John's®") today announced financial results for the first quarter ended March 26, 2023.

### **Highlights**

- North America comparable sales were flat lapping last year's record first quarter sales as menu innovation and operational efficiencies drove 3% growth in Domestic Company-owned Restaurants; International comparable sales were down 6% from a year ago primarily due to continued economic pressure in the UK.
- 27 net unit openings in the first quarter driven by International growth; On track to achieve 270 to 310 net new units in 2023.
- Global system-wide restaurant sales were \$1.24 billion, a 2%<sup>(a)</sup> increase from the prior year first quarter.
- Total revenues of \$527 million were down 3% from a record first quarter a year ago. Revenues were up slightly when excluding the impact of refranchising 90 restaurants in 2022.
- Diluted earnings per common share was \$0.65, compared with \$0.29 for the first quarter of 2022; Adjusted diluted earnings per common share<sup>(b)</sup> was \$0.68, compared with \$0.95 for the first quarter a year ago.

"We delivered another solid quarter, achieving the highest system-wide sales in Company history through strong performing innovation and continued strength of company operations," said Rob Lynch, Papa John's president and CEO. "Customers are responding favorably to our marketing and menu innovation strategy and our teams are doing an excellent job executing our Back to BETTER initiative. In our corporate-owned restaurants, our teams are delivering significant improvements in out-the-door times, increasing overall customer satisfaction, and driving operational efficiencies and profitability, which is helping to offset continued wage inflation. The Company-owned restaurant comp sales growth of more than 3% in the first quarter is a testament to the strength of our product offerings and the operational improvements our team is making."

Papa John's recently announced its latest menu innovation, Doritos® Cool Ranch® Papadia. Commenting on the new offering that launches nationwide today, Lynch stated, "Our recent collaboration with the teams at Pepsi and Frito Lay inspired our newest proprietary menu offering, Doritos® Cool Ranch® Papadia. This new offering is covered with bold Doritos® Cool Ranch® seasoning and includes Doritos® Cool Ranch® flavored dipping sauce only available at Papa John's. We are thrilled to roll out our steak, chicken, and ground beef options nationwide beginning today."

---

<sup>(a)</sup> Excludes the impact of foreign currency and previously disclosed franchisee suspended restaurants.

<sup>(b)</sup> Represents a non-GAAP financial measure. See "Non-GAAP Measures" for a reconciliation to the most comparable US GAAP measure.

---

“On the development front, we are very excited about our recently announced expanded partnership with PJP Investments to open 650 new restaurants in India by 2033,” added Lynch. “This agreement is another great example of the vast white space development opportunities available to us globally and the quality of the franchisees that are investing in our future. Papa Johns remains a sought-after brand both domestically and internationally driven by the strong underlying long-term fundamentals of our franchisee model, and attractive franchisee payback and unit economics. We continue on our path to achieve our long-term unit growth targets as we execute our plan to build the world’s best pizza company.”

## Financial Highlights

| <i>(In thousands, except per share amounts)</i>           | Three Months Ended |                   |                     |
|---|--------------------|-------------------|---------------------|
|   | March 26,<br>2023  | March 27,<br>2022 | Increase (Decrease) |
| Total revenues  | \$ 527,049         | \$ 542,692        | \$ (15,643)         |
| Operating income  | \$ 37,796          | \$ 14,435         | \$ 23,361           |
| Adjusted operating income <sup>(a)</sup>                  | \$ 39,152          | \$ 45,231         | \$ (6,079)          |
| Net income attributable to the Company                    | \$ 22,376          | \$ 10,494         | \$ 11,882           |
| Diluted earnings per common share                         | \$ 0.65            | \$ 0.29           | \$ 0.36             |
| Adjusted diluted earnings per common share <sup>(a)</sup> | \$ 0.68            | \$ 0.95           | \$ (0.27)           |

Total revenues of \$527.0 million decreased \$15.6 million, or 2.9%, in the first quarter of 2023 compared with the prior year period. Excluding the impact of refranchising 90 restaurants in the second quarter of 2022, total revenues increased \$2.2 million, or 0.4%. The higher total revenue was primarily driven by comparable sales growth from Domestic Company-owned restaurants, which was partially offset by lower revenue in the North American commissary and lower comparable sales in the UK market.

For the first quarter of 2023, global system-wide restaurant sales were \$1.24 billion, up 2.0% from a year ago (excluding the impact of foreign currency and previously disclosed franchisee suspended restaurants). The increase reflected higher equivalent units from net restaurant openings primarily in International markets.

Operating income of \$37.8 million for the first quarter of 2023 increased \$23.4 million compared with the first quarter last year, primarily due to the impact of \$30.8 million in certain charges incurred in the first quarter of 2022 (\$17.4 million related to the conflict in Ukraine, \$8.4 million related to a refranchising transaction and \$5.0 million from legal settlements). Adjusted operating income<sup>(a)</sup> was \$39.2 million, down \$6.1 million from the prior year comparable period. The decrease in adjusted operating income was driven by higher costs in 2023 resulting from commodity and wage inflation and reduced International operating income primarily in the UK. These decreases were partially offset by increased revenues from Domestic Company-owned restaurants.

Diluted earnings per common share was \$0.65 for the first quarter of 2023 compared with \$0.29 in the first quarter of 2022. Adjusted diluted earnings per common share<sup>(a)</sup> was \$0.68 for the first quarter of 2023 compared with \$0.95 in the first quarter of 2022. These changes were driven by the same factors impacting operating income and adjusted operating income as discussed above. In addition, diluted earnings per common share and adjusted diluted earnings per common share reflected higher interest expense compared with the first quarter of 2022. Interest expense increased in the first quarter of 2023 largely due to higher borrowings used to fund share repurchases.

See the Management's Discussion and Analysis of Financial Condition and Results of Operations section of our Quarterly Report on Form 10-Q filed with the SEC for additional information concerning our operating results for the three months ended March 26, 2023.

<sup>(a)</sup> Represents a Non-GAAP financial measure. See "Non-GAAP Measures" for a reconciliation to the most comparable US GAAP measures.



## Global Restaurant Sales Information

Global restaurant and comparable sales information for the three months ended March 26, 2023, compared with the three months ended March 27, 2022 are as follows (See “Supplemental Information and Financial Statements” below for related definitions):

|   | Three Months Ended |                   |
|---|--------------------|-------------------|
|   | March 26,<br>2023  | March 27,<br>2022 |
| <i>Amounts below exclude the impact of foreign currency</i> |                    |                   |
| <b>Comparable sales growth (decline):</b>                   |                    |                   |
| Domestic Company-owned restaurants                          | 3.4%               | (1.2)%            |
| North America franchised restaurants                        | (0.8)%             | 2.8%              |
| North America restaurants                                   | —%                 | 1.9%              |
| International restaurants                                   | (5.8)%             | 0.8%              |
| Total comparable sales growth (decline)                     | (1.3)%             | 1.6%              |
| <b>System-wide restaurant sales growth (decline):</b>       |                    |                   |
| Domestic Company-owned restaurants                          | 4.9%               | 0.8%              |
| North America franchised restaurants                        | 0.8%               | 4.0%              |
| North America restaurants                                   | 1.6%               | 3.3%              |
| International restaurants <sup>(a)</sup>                    | 3.3%               | 11.6%             |
| Total global system-wide restaurant sales growth (decline)  | 2.0%               | 5.3%              |

<sup>(a)</sup> The three months ended March 26, 2023 excludes the impact of franchisee suspended restaurants.

## Global Restaurant Unit Data

As of March 26, 2023, there were 5,733 Papa Johns restaurants operating in 48 countries and territories, as follows:

| First Quarter                                     | Domestic Company<br>Owned | Franchised North<br>America | Total North America | International | System-wide |
|---|---------------------------|-----------------------------|---------------------|---------------|-------------|
| Beginning - December 25, 2022                     | 522                       | 2,854                       | 3,376               | 2,330         | 5,706       |
| Opened  | —                         | 16                          | 16                  | 43            | 59          |
| Closed  | (2)                       | (6)                         | (8)                 | (24)          | (32)        |
| Ending - March 26, 2023                           | 520                       | 2,864                       | 3,384               | 2,349         | 5,733       |
| Net Unit Growth                                   | (2)                       | 10                          | 8                   | 19            | 27          |
| Trailing four quarters net store growth/(decline) | (89)                      | 119                         | 30                  | 179           | 209         |

### **Free Cash Flow**

Free cash flow, a non-GAAP financial measure which the Company defines as net cash provided by operating activities, less purchases of property and equipment, was \$22.4 million for the three months ended March 26, 2023, compared with \$15.2 million in the prior year period. The year over year change primarily reflects higher cash flow from operating activities as a result of overall business performance partially offset by increases in purchases of property and equipment.

| <i>(in thousands)</i>                     | Three Months Ended |                   |
|---|--------------------|-------------------|
|   | March 26,<br>2023  | March 27,<br>2022 |
| Net cash provided by operating activities | \$ 40,788          | \$ 25,394         |
| Purchases of property and equipment       | (18,410)           | (10,233)          |
| Free cash flow                            | <u>\$ 22,378</u>   | <u>\$ 15,161</u>  |

We view free cash flow as an important financial measure because it is one factor that management uses in determining the amount of cash available for discretionary investment. Free cash flow is not a term defined by GAAP, and as a result, our measure of free cash flow might not be comparable to similarly titled measures used by other companies. Free cash flow should not be construed as a substitute for or a better indicator of the Company's performance than the Company's GAAP measures.

### **Cash Dividend and Share Repurchases**

The Company paid cash dividends of \$14.6 million (\$0.42 per common share) in the first quarter of 2023. On April 25, 2023, our Board of Directors declared a second quarter dividend of \$0.42 per common share. The dividend will be paid on May 26, 2023 to stockholders of record as of the close of business on May 15, 2023.

During the first quarter of 2023, the Company repurchased 2.5 million shares of common stock for \$209.6 million, pursuant to its share repurchase program. Included in these repurchases were approximately 2.2 million shares repurchased on March 1, 2023 from certain funds affiliated with, or managed by, Starboard Value LP (collectively, "Starboard"), at a price of \$82.52 per share, for aggregate consideration of \$179.6 million. As of March 26, 2023, the Company had \$90.2 million remaining available for repurchase under its outstanding share repurchase authorization.

## **Conference Call**

Papa John's will host a call with analysts today, May 4, 2023, at 8:00 a.m. Eastern Time. To access the conference call or webcast, please register online at: [ir.papajohns.com/events-presentations](http://ir.papajohns.com/events-presentations). A replay of the webcast will be available two hours after the call and archived on the same web page.

## **About Papa John's**

Papa John's International, Inc. (NASDAQ: PZZA) opened its doors in 1984 with one goal in mind: BETTER INGREDIENTS. BETTER PIZZA.® Papa John's 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 John's 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 John's is co-headquartered in Atlanta, Ga. and Louisville, Ky. and is the world's third-largest pizza delivery company with more than 5,700 restaurants in approximately 50 countries and territories. For more information about the Company or to order pizza online, visit [www.PapaJohns.com](http://www.PapaJohns.com) or download the Papa John's mobile app for iOS or Android.

## **Forward-Looking Statements**

Certain matters discussed in this press release and other Company communications that are not statements of historical fact constitute forward-looking statements within the meaning of the federal securities laws. Generally, the use of words such as "expect," "intend," "estimate," "believe," "anticipate," "will," "forecast," "outlook," "plan," "project," or similar words identify forward-looking statements that we intend to be included within the safe harbor protections provided by the federal securities laws. Such forward-looking statements include or may relate to projections or guidance concerning business performance, revenue, earnings, cash flow, earnings per share, share repurchases, the current economic environment, commodity and labor costs, currency fluctuations, profit margins, net unit growth, unit level performance, capital expenditures, restaurant and franchise development, labor shortages, labor cost increases, inflation, royalty relief, franchisee support, the effectiveness of our menu innovations and other business initiatives, investments in product and digital innovation, marketing efforts and investments, liquidity, compliance with debt covenants, impairments, strategic decisions and actions, dividends, effective tax rates, regulatory changes and impacts, adoption of new accounting standards, and other financial and operational measures. Such statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions, which are difficult to predict and many of which are beyond our control. Therefore, actual outcomes and results may differ materially from those matters expressed or implied in such forward-looking statements.

Our forward-looking statements are based on our assumptions which are based on currently available information. Actual outcomes and results may differ materially from those matters expressed or implied in our forward-looking statements as a result of various factors, including but not limited to risks related to: deteriorating economic conditions in the U.S. and international markets, including the United Kingdom; labor shortages at Company and/or franchised stores and our quality control centers; increases in labor costs, commodity costs or sustained higher other operating costs, including as a result of supply

chain disruption, inflation or climate change; the potential for delayed new store openings, both domestically and internationally, or lower net unit development due to changing circumstances outside of our control; the increased risk of phishing, ransomware and other cyber-attacks; risks and disruptions to the global economy and our business related to the conflict in Ukraine and other international conflicts; risks related to a possible economic recession or downturn that could reduce consumer spending or demand; and continuing risks related to outbreak of COVID-19 and other health crises. These and other risks, uncertainties and assumptions that are involved in our forward-looking statements are discussed in detail in “Part I. Item 1A. – Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 25, 2022. We undertake no obligation to update publicly any forward-looking statements, whether as a result of future events, new information or otherwise, except as required by law.

\* \* \* \*

For more information about the company, please visit [www.papajohns.com](http://www.papajohns.com).

**Contacts:**

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

## **Supplemental Information and Financial Statements**

### **Definitions**

“Comparable sales” represents sales for the same base of restaurants for the same fiscal periods. “Comparable sales growth (decline)” represents the change in year-over-year comparable sales. “Global system-wide restaurant sales” represents total restaurant sales for all Company-owned and franchised restaurants open during the comparable periods, and “Global system-wide restaurant sales growth (decline)” represents the change in global system-wide restaurant sales year-over-year. Comparable sales, Comparable sales growth (decline), Global system-wide restaurant sales and Global system-wide sales growth (decline) exclude franchisees for which we suspended corporate support.

“Equivalent units” represents the number of restaurants open at the beginning of a given period, adjusted for restaurants opened, closed, acquired or sold during the period on a weighted average basis.

We believe Domestic Company-owned, North America franchised, and International Comparable sales growth (decline) and Global system-wide restaurant sales information is useful in analyzing our results since our franchisees pay royalties and marketing fund contributions that are based on a percentage of franchise sales. Comparable sales and Global system-wide restaurant sales results for restaurants operating outside of the United States are reported on a constant dollar basis, which excludes the impact of foreign currency translation. Franchise sales also generate commissary revenue in the United States and in certain international markets. Comparable sales growth (decline) and Global system-wide restaurant sales information is also useful for comparison to industry trends and evaluating the strength of our brand. Management believes the presentation of Global system-wide restaurant sales growth, excluding the impact of foreign currency, provides investors with useful information regarding underlying sales trends and the impact of new unit growth without being impacted by swings in the external factor of foreign currency. Franchise restaurant sales are not included in the Company’s revenues.

## Non-GAAP Measures

In addition to the results provided in accordance with U.S. GAAP, we provide certain non-GAAP measures, which present results on an adjusted basis. These are supplemental measures of performance that are not required by or presented in accordance with U.S. GAAP and include the following: adjusted operating income, adjusted net income attributable to common shareholders and adjusted diluted earnings per common share. We believe that our non-GAAP financial measures enable investors to assess the operating performance of our business relative to our performance based on U.S. GAAP results and relative to other companies. We believe that the disclosure of these non-GAAP measures is useful to investors as they reflect metrics that our management team and Board utilize to evaluate our operating performance, allocate resources and administer employee incentive plans. The most directly comparable U.S. GAAP measures to adjusted operating income, adjusted net income attributable to common shareholders and adjusted diluted earnings per common share are operating income, net income attributable to common shareholders and diluted earnings per common share, respectively. These non-GAAP measures should not be construed as a substitute for or a better indicator of the Company's performance than the Company's U.S. GAAP results. The table below reconciles our GAAP financial results to our non-GAAP financial measures.

|   | Three Months Ended |                   |
|---|--------------------|-------------------|
|   | March 26,<br>2023  | March 27,<br>2022 |
| (In thousands, except per share amounts)                                      |                    |                   |
| <b>Operating income</b>   | \$ 37,796          | \$ 14,435         |
| Refranchising and impairment losses <sup>(a)</sup>                            | —                  | 25,796            |
| Legal settlement <sup>(b)</sup>   | —                  | 5,000             |
| Other costs <sup>(c)</sup>  | 1,356              | —                 |
| <b>Adjusted operating income</b>  | <u>\$ 39,152</u>   | <u>\$ 45,231</u>  |
| <b>Net income attributable to common shareholders</b>                         | \$ 22,376          | \$ 10,434         |
| Refranchising and impairment losses <sup>(a)</sup>                            | —                  | 25,796            |
| Legal settlement <sup>(b)</sup>   | —                  | 5,000             |
| Other costs <sup>(c)</sup>  | 1,356              | —                 |
| Tax effect of adjustments <sup>(d)</sup>                                      | (309)              | (6,929)           |
| <b>Adjusted net income attributable to common shareholders <sup>(e)</sup></b> | <u>\$ 23,423</u>   | <u>\$ 34,301</u>  |
| <b>Diluted earnings per common share</b>                                      | \$ 0.65            | \$ 0.29           |
| Refranchising and impairment losses <sup>(a)</sup>                            | —                  | 0.71              |
| Legal settlement <sup>(b)</sup>   | —                  | 0.14              |
| Other costs <sup>(c)</sup>  | 0.04               | —                 |
| Tax effect of adjustments <sup>(d)</sup>                                      | (0.01)             | (0.19)            |
| <b>Adjusted diluted earnings per common share <sup>(e)</sup></b>              | <u>\$ 0.68</u>     | <u>\$ 0.95</u>    |

See footnotes on following page

## Footnotes to Non-GAAP Financial Measures

(a) Refranchising and impairment losses consisted of the following pre-tax adjustments:

| <i>(In thousands)</i>                        | <b>Three Months Ended March 27,<br/>2022</b> |
|--|--|
| Refranchising impairment loss <sup>(1)</sup> | \$ 8,412                                     |
| Ukraine-related charge <sup>(2)</sup>        | 17,384                                       |
| Total adjustment                             | <u>\$ 25,796</u>                             |

(1) Represents a one-time, non-cash charge of \$8.4 million (\$0.23 loss per diluted share) recorded in the first quarter of 2022 associated with the refranchising of the Company's controlling interest in the 90-restaurant joint venture, recorded as Refranchising and impairment loss.

(2) Represents a one-time non-cash charge of \$17.4 million (\$0.48 loss per diluted share) recorded in the first quarter of 2022 related to the reserve of certain loans and impairment of reacquired franchised rights related to the conflict in Ukraine and subsequent international government actions and sanctions, which were recorded as Refranchising and impairment loss of \$2.8 million and General and administrative expenses of \$14.6 million.

(b) Represents an accrual of a certain legal settlement, recorded in General and administrative expenses.

(c) Represents severance and related costs associated with the transition of certain executives.

(d) The tax effect on non-GAAP adjustments was calculated by applying the marginal tax rates of 22.8% and 22.5% for the three-month periods ended March 26, 2023 and March 27, 2022, respectively.

(e) Amounts shown exclude the impact of allocation of undistributed earnings to participating securities.

**Papa John's International, Inc. and Subsidiaries**  
**Condensed Consolidated Balance Sheets**

(In thousands, except per share amounts)

|  | March 26,<br>2023 | December 25,<br>2022 |
|--|-------------------|----------------------|
|  | (Unaudited)       |                      |
| <b>Assets</b>  |                   |                      |
| <b>Current assets:</b>   |                   |                      |
| Cash and cash equivalents  | \$ 46,708         | \$ 47,373            |
| Accounts receivable, net   | 99,997            | 102,533              |
| Notes receivable, current portion  | 7,207             | 6,848                |
| Income tax receivable  | 5,957             | 8,780                |
| Inventories  | 37,112            | 41,382               |
| Prepaid expenses and other current assets  | 49,917            | 44,123               |
| <b>Total current assets</b>  | <b>246,898</b>    | <b>251,039</b>       |
| Property and equipment, net  | 253,144           | 249,793              |
| Finance lease right-of-use assets, net   | 27,847            | 24,941               |
| Operating lease right-of-use assets  | 170,148           | 172,425              |
| Notes receivable, less current portion, net  | 21,242            | 21,248               |
| Goodwill   | 70,788            | 70,616               |
| Deferred income taxes  | 553               | 1,920                |
| Other assets   | 74,241            | 72,245               |
| <b>Total assets</b>  | <b>\$ 864,861</b> | <b>\$ 864,227</b>    |
| <b>Liabilities, Redeemable noncontrolling interests and Stockholders' deficit</b>                          |                   |                      |
| <b>Current liabilities:</b>  |                   |                      |
| Accounts payable   | \$ 68,622         | \$ 62,316            |
| Income and other taxes payable   | 8,180             | 8,766                |
| Accrued expenses and other current liabilities   | 134,988           | 142,535              |
| Current deferred revenue   | 20,508            | 21,272               |
| Current finance lease liabilities  | 7,473             | 6,850                |
| Current operating lease liabilities  | 24,959            | 23,418               |
| Current portion of long-term debt  | 8,200             | —                    |
| <b>Total current liabilities</b>   | <b>272,930</b>    | <b>265,157</b>       |
| Deferred revenue   | 21,733            | 23,204               |
| Long-term finance lease liabilities  | 21,392            | 19,022               |
| Long-term operating lease liabilities  | 157,211           | 160,905              |
| Long-term debt, less current portion, net  | 797,362           | 597,069              |
| Deferred income taxes  | 1,112             | —                    |
| Other long-term liabilities  | 67,183            | 68,317               |
| <b>Total liabilities</b>   | <b>1,338,923</b>  | <b>1,133,674</b>     |
| <b>Redeemable noncontrolling interests</b>   | <b>1,263</b>      | <b>1,217</b>         |
| <b>Stockholders' deficit:</b>  |                   |                      |
| Common stock (\$0.01 par value per share; issued 49,207 at March 26, 2023 and 49,138 at December 26, 2022) | 492               | 491                  |
| Additional paid-in capital   | 443,686           | 449,829              |
| Accumulated other comprehensive loss   | (8,766)           | (10,135)             |
| Retained earnings  | 203,569           | 195,856              |
| Treasury stock (16,851 shares at March 26, 2023 and 14,402 shares at December 26, 2022, at cost)           | (1,130,136)       | (922,434)            |
| <b>Total stockholders' deficit</b>   | <b>(491,155)</b>  | <b>(286,393)</b>     |
| Noncontrolling interests in subsidiaries   | 15,830            | 15,729               |
| <b>Total Stockholders' deficit</b>   | <b>(475,325)</b>  | <b>(270,664)</b>     |
| <b>Total Liabilities, Redeemable noncontrolling interests and Stockholders' deficit</b>                    | <b>\$ 864,861</b> | <b>\$ 864,227</b>    |



**Papa John's International, Inc. and Subsidiaries**  
**Condensed Consolidated Statements of Operations**  
(Unaudited)

| (In thousands, except per share amounts)  | Three Months Ended |                   |
|---|--------------------|-------------------|
|   | March 26,<br>2023  | March 27,<br>2022 |
| <b>Revenues:</b>  |                    |                   |
| Domestic Company-owned restaurant sales   | \$ 179,866         | \$ 198,765        |
| North America franchise royalties and fees  | 36,072             | 34,268            |
| North America commissary revenues   | 212,566            | 209,679           |
| International revenues  | 31,463             | 34,617            |
| Other revenues  | 67,082             | 65,363            |
| <b>Total revenues</b>   | <b>527,049</b>     | <b>542,692</b>    |
| <b>Costs and expenses:</b>  |                    |                   |
| Operating costs (excluding depreciation and amortization shown separately below): |                    |                   |
| Domestic Company-owned restaurant expenses  | 147,784            | 161,661           |
| North America commissary expenses   | 196,415            | 197,090           |
| International expenses  | 17,311             | 19,914            |
| Other expenses  | 61,078             | 60,555            |
| General and administrative expenses   | 51,944             | 65,937            |
| Depreciation and amortization   | 14,721             | 11,940            |
| <b>Total costs and expenses</b>   | <b>489,253</b>     | <b>517,097</b>    |
| Refranchising and impairment loss   | —                  | (11,160)          |
| <b>Operating income</b>   | <b>37,796</b>      | <b>14,435</b>     |
| Net interest expense  | (9,021)            | (4,264)           |
| <b>Income before income taxes</b>   | <b>28,775</b>      | <b>10,171</b>     |
| Income tax expense (benefit)  | 6,229              | (1,256)           |
| <b>Net income before attribution to noncontrolling interests</b>                  | <b>22,546</b>      | <b>11,427</b>     |
| Net income attributable to noncontrolling interests                               | (170)              | (933)             |
| <b>Net income attributable to the Company</b>                                     | <b>\$ 22,376</b>   | <b>\$ 10,494</b>  |
| <b>Calculation of net income for earnings per share:</b>                          |                    |                   |
| Net income attributable to the Company  | \$ 22,376          | \$ 10,494         |
| Dividends paid to participating securities  | —                  | (60)              |
| Net income attributable to common shareholders                                    | <b>\$ 22,376</b>   | <b>\$ 10,434</b>  |
| Basic earnings per common share   | <b>\$ 0.66</b>     | <b>\$ 0.29</b>    |
| Diluted earnings per common share   | <b>\$ 0.65</b>     | <b>\$ 0.29</b>    |
| Basic weighted average common shares outstanding                                  | <b>34,155</b>      | <b>35,927</b>     |
| Diluted weighted average common shares outstanding                                | <b>34,324</b>      | <b>36,236</b>     |
| Dividends declared per common share   | <b>\$ 0.42</b>     | <b>\$ 0.35</b>    |

**Papa John's International, Inc. and Subsidiaries**  
**Condensed Consolidated Statements of Cash Flows**  
**(Unaudited)**

| (In thousands)  | Three Months Ended |                   |
|---|--------------------|-------------------|
|   | March 26,<br>2023  | March 27,<br>2022 |
| <b>Operating activities</b>   |                    |                   |
| Net income before attribution to noncontrolling interests                         | \$ 22,546          | \$ 11,427         |
| Adjustments to reconcile net income to net cash provided by operating activities: |                    |                   |
| Provision for allowance for credit losses on accounts and notes receivable        | 513                | 15,167            |
| Depreciation and amortization   | 14,721             | 11,940            |
| Refranchising and impairment loss   | —                  | 11,160            |
| Deferred income taxes   | 2,031              | (1,817)           |
| Stock-based compensation expense  | 3,898              | 4,176             |
| Other   | 496                | (2,135)           |
| Changes in operating assets and liabilities, net of acquisitions:                 |                    |                   |
| Accounts receivable   | 2,182              | (2,503)           |
| Income tax receivable   | 2,822              | (1,151)           |
| Inventories   | 4,330              | (4,731)           |
| Prepaid expenses and other current assets   | (4,351)            | 77                |
| Other assets and liabilities  | 71                 | (654)             |
| Accounts payable  | (310)              | 7,359             |
| Income and other taxes payable  | (512)              | 8,013             |
| Accrued expenses and other current liabilities                                    | (5,413)            | (29,469)          |
| Deferred revenue  | (2,236)            | (1,465)           |
| Net cash provided by operating activities   | 40,788             | 25,394            |
| <b>Investing activities</b>   |                    |                   |
| Purchases of property and equipment   | (18,410)           | (10,233)          |
| Notes issued  | (976)              | (272)             |
| Repayments of notes issued  | 1,069              | 3,432             |
| Acquisitions, net of cash acquired  | —                  | (1,250)           |
| Other   | 42                 | 8                 |
| Net cash used in investing activities   | (18,275)           | (8,315)           |
| <b>Financing activities</b>   |                    |                   |
| Net proceeds of revolving credit facilities                                       | 208,200            | 47,000            |
| Proceeds from exercise of stock options   | 614                | 741               |
| Acquisition of Company common stock   | (209,640)          | (32,709)          |
| Dividends paid to common stockholders   | (14,603)           | (12,608)          |
| Tax payments for equity award issuances   | (5,999)            | (7,461)           |
| Distributions to noncontrolling interests   | (23)               | (685)             |
| Other   | (1,761)            | (1,065)           |
| Net cash used in financing activities   | (23,212)           | (6,787)           |
| Effect of exchange rate changes on cash and cash equivalents                      | 34                 | (233)             |
| Change in cash and cash equivalents   | (665)              | 10,059            |
| Cash and cash equivalents at beginning of period                                  | 47,373             | 70,610            |
| Cash and cash equivalents at end of period  | \$ 46,708          | \$ 80,669         |