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gaap:AllOtherSegmentsMember2022-12-262023-09-240000901491us-gaap:AllOtherSegmentsMember2022-12-262023-09-24UNITED STATESSECURITIES AND EXCHANGE COMMISSIONWashington, D.C. 20549FORM 10-Q(Mark One)xÂ Â Â Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934For the quarterly period ended SeptemberÂ 29, 2024ORoÂ Â Â Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934Commission File Number: 0-21660PAPA JOHNâ€™S INTERNATIONAL, INC.(Exact name of Registrant as specified in its charter)Delaware61-1203323(State or other jurisdiction of incorporation or organization)(I.R.S. Employer Identification number)2002 Papa Johnâ€™s BoulevardLouisville, KY40299-2367(Address of principal executive offices)(Zip Code)(502) 261-7272(Registrantâ€™s telephone number, including area code)Securities registered pursuant to Section 12(b) of the Act:Titleâ€¯ofâ€¯eachâ€¯class:Trading SymbolNameâ€¯ofâ€¯eachâ€¯exchangeâ€¯onâ€¯whichâ€¯registered:Common stock, $0.01 par valuePZZAThe NASDAQ Stock Market LLCIndicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes x No oIndicate by check mark whether the Registrant has submitted electronically every interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes x No oIndicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of â€œlarge accelerated filer,â€ â€œaccelerated filer,â€ â€œsmaller reporting companyâ€ and â€œemerging growth companyâ€ in Rule 12b-2 of the Exchange Act.Large Accelerated Filer xAccelerated filer oNon-accelerated filer oSmaller reporting company oEmerging growth company oIf 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.oIndicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No xAt NovemberÂ 1, 2024, there were 32,641,623 shares of the Registrantâ€™s common stock outstanding.INDEXPage No.PART I.FINANCIAL INFORMATIONItem 1.Financial StatementsCondensed Consolidated Balance Sheets â€" September 29, 2024 and December 31, 20231Condensed Consolidated Statements of Operations â€" Three and nine months ended September 29, 2024 and September 24, 2023 2Condensed Consolidated Statements of Comprehensive Income â€" Three and nine months ended September 29, 2024 and September 24, 20233Condensed Consolidated Statements of Stockholdersâ€™ Deficit â€" Three and nine months ended September 29, 2024 and September 24, 20234Condensed Consolidated Statements of Cash Flows â€" Nine months ended September 29, 2024 and September 24, 20236Notes to Condensed Consolidated Financial Statements7Item 2.Managementâ€™s Discussion and Analysis of Financial Condition and Results of Operations23Item 3.Quantitative and Qualitative Disclosures About Market Risk41Item 4.Controls and Procedures42PART II.OTHER INFORMATIONItem 1.Legal Proceedings42Item 1A.Risk Factors42Item 2.Unregistered Sales of Equity Securities and Use of Proceeds42Item 5.Other Information43Item 6.Exhibits44iPART I. FINANCIAL INFORMATIONItem 1. Financial StatementsPapa Johnâ€™s International, Inc. and SubsidiariesCondensed Consolidated Balance Sheets(In thousands, except per share amounts)September 29,2024December 31,2023(Unaudited)AssetsCurrent assets:Cash and cash equivalents$17,550Â $40,587Â Accounts receivable, net101,804Â 104,244Â Notes receivable, current portion5,728Â 5,199Â Income tax receivable2,414Â 2,577Â Inventories36,488Â 36,126Â Prepaid expenses and other current assets51,873Â 42,285Â Total current assets215,857Â 231,018Â Property and equipment, net266,508Â 282,812Â Finance lease right-of-use assets, net25,535Â 31,740Â Operating lease right-of-use assets191,194Â 164,158Â Notes receivable, less current portion, net7,346Â 12,346Â Goodwill76,460Â 76,206Â Other assets77,975Â 76,725Â Total assets$860,875Â $875,005Â Liabilities, Redeemable noncontrolling interests and Stockholdersâ€™ deficitCurrent liabilities:Accounts payable$62,800Â $74,949Â Income and other taxes payable10,166Â 17,948Â Accrued expenses and other current liabilities139,301Â 158,167Â Current deferred revenue19,645Â 20,427Â Current finance lease liabilities6,962Â 9,029Â Current operating lease liabilities26,001Â 24,076Â Current portion of long-term debt5,650Â â€"Â Total current liabilities270,525Â 304,596Â Deferred revenue18,737Â 20,366Â Long-term finance lease liabilities19,921Â 24,144Â Long-term operating lease liabilities180,137Â 151,050Â Long-term debt, less current portion, net721,355Â 757,422Â Other long-term liabilities64,882Â 60,192Â Total liabilities1,275,557Â 1,317,770Â Redeemable noncontrolling interests937Â 851Â Stockholdersâ€™ deficit:Common stock ($0.01 par value per share; issued 49,282 at SeptemberÂ 29, 2024 and 49,235 at DecemberÂ 31, 2023)493Â 492Â Additional paid-in capital449,141Â 452,290Â Accumulated other comprehensive loss(6,580)(7,803)Retained earnings242,269Â 219,027Â Treasury stock (16,645 shares at SeptemberÂ 29, 2024 and 16,747 shares at DecemberÂ 31, 2023, at cost)(1,116,256)(1,123,098)Total stockholdersâ€™ deficit(430,933)(459,092)Noncontrolling interests in subsidiaries15,314Â 15,476Â Total Stockholdersâ€™ deficit (415,619)(443,616)Total Liabilities, Redeemable noncontrolling interests and Stockholdersâ€™ deficit$860,875Â $875,005Â  See accompanying notes.1Papa Johnâ€™s International, Inc. and SubsidiariesCondensed Consolidated Statements of Operations(Unaudited)Three Months EndedNine Months Ended(In thousands, except per share amounts)September 29,2024September 24,2023September 29,2024September 24,2023Revenues:Domestic Company-owned restaurant sales$168,672Â $177,195Â $518,103Â $532,841Â North America franchise royalties and fees33,831Â 35,041Â 103,937Â 105,824Â North America commissary revenues210,389Â 204,887Â 611,873Â 624,433Â International revenues33,024Â 42,927Â 113,433Â 108,998Â Other revenues60,891Â 62,762Â 181,271Â 192,295Â Total revenues506,807Â 522,812Â 1,528,617Â 1,564,391Â Costs and expenses:Operating costs (excluding depreciation and amortization shown separately below):Domestic Company-owned restaurant expenses142,403Â 145,433Â 419,189Â 436,922Â North America commissary expenses193,818Â 189,551Â 561,316Â 576,434Â International expenses19,001Â 29,796Â 74,424Â 67,542Â Other expenses55,543Â 57,587Â 164,261Â 177,661Â General and administrative expenses13,553Â 52,173Â 129,726Â 154,441Â Depreciation and amortization17,260Â 16,404Â 52,528Â 46,815Â Total costs and expenses441,578Â 490,944Â 1,401,444Â 1,459,815Â Operating income65,229Â 31,868Â 127,173Â 104,576Â Net interest expense(10,629)(11,378)(32,588)(31,674)Income before income taxes54,600Â 20,490Â 94,585Â 72,902Â Income tax expense12,812Â 4,539Â 25,347Â 16,546Â Net income before attribution to noncontrolling interests41,788Â 15,951Â 69,238Â 56,356Â Net loss (income) attributable to noncontrolling interests20Â (90)(551)(351)Net income attributable to the Company$41,808Â $15,861Â $68,687Â $56,005Â Basic earnings per common share$1.28Â $0.49Â $2.10Â $1.69Â Diluted earnings per common share$1.27Â $0.48Â $2.09Â $1.68Â Basic weighted average common shares outstanding32,745Â 32,564Â 32,701Â 33,053Â Diluted weighted average common shares outstanding32,930Â 32,800Â 32,850Â 33,287Â Dividends declared per common share$0.46Â $0.46Â $1.38Â $1.30Â See accompanying notes. 2Papa Johnâ€™s International, Inc. and SubsidiariesCondensed Consolidated Statements of Comprehensive

Income(Unaudited)Three Months EndedNine Months Ended(In thousands)September 29,2024September 24,2023September 29,2024September 24,2023Net income before attribution to noncontrolling interests$41,788Â $15,951Â $69,238Â $56,356Â Other comprehensive income (loss), before tax:Foreign currency translation adjustments2,051Â (1,854)1,670Â (7)Interest rate swaps (1)(1,059)1,039Â (103)2,889Â Other comprehensive income (loss), before tax992Â (815)1,567Â 2,882Â Income tax effect: Foreign currency translation adjustments(453)426Â (367)1Â Interest rate swaps (2)239Â (238)23Â (664)Income tax effect(214)188Â (344)(663)Other comprehensive income (loss), net of tax778Â (627)1,223Â 2,219Â Comprehensive income before attribution to noncontrolling interests42,566Â 15,324Â 70,461Â 58,575Â Less: comprehensive income, redeemable noncontrolling interests(43)(30)(233)(135)Less: comprehensive loss (income), nonredeemable noncontrolling interests63Â (60)(318)(216)Comprehensive income attributable to the Company$42,586Â $15,234Â $69,910Â $58,224Â _______________________________________(1)Â Â Â Â Amounts reclassified out of accumulated other comprehensive loss into net interest income (expense) include $194 and $591 for the three and nine months ended SeptemberÂ 29, 2024, respectively, and $203 and $(40) for the three and nine months ended SeptemberÂ 24, 2023, respectively.(2)Â Â Â Â The income tax effects of amounts reclassified out of accumulated other comprehensive loss were $(43) and $(133) for the three and nine months ended SeptemberÂ 29, 2024, respectively, and $(46) and $9 for the three and nine months ended SeptemberÂ 24, 2023, respectively. See accompanying notes.3Papa Johnâ€™s International, Inc. and SubsidiariesCondensed Consolidated Statements of Stockholdersâ€™ Deficit(Unaudited)Papa Johnâ€™s International, Inc. (In thousands)CommonStockSharesOutstandingCommonStockAdditionalPaid-InCapitalAccumulatedOtherComprehensiveLoss (2)RetainedEarningsTreasuryStockNoncontrollingInterests inSubsidiariesTotalStockholdersâ€™DeficitFor the three months ended September 29, 2024Balance at June 30, 202432,622Â $493Â $446,547Â $(7,358)$215,800Â $(1,117,140)$15,518Â $(446,140)Net income (1)â€”Â â€”Â â€”Â 41,808Â â€”Â (63)41,745Â Other comprehensive income (loss), net of taxâ€”Â â€”Â â€”Â 778Â â€”Â â€”Â â€”Â 778Â Dividends on common stockâ€”Â â€”Â 31Â â€”Â (15,339)â€”Â â€”Â (15,308)Exercise of stock options2Â â€”Â 88Â â€”Â â€”Â â€”Â â€”Â 88Â Stock-based compensation expenseâ€”Â â€”Â 3,358Â â€”Â â€”Â â€”Â â€”Â 3,358Â Issuance of restricted stock14Â â€”Â (632)â€”Â â€”Â 632Â â€”Â â€”Â Tax effect of restricted stock awards(4)â€”Â (178)â€”Â â€”Â â€”Â â€”Â (178)Distributions to noncontrolling interestsâ€”Â â€”Â â€”Â â€”Â â€”Â â€”Â (141)(141)Other3Â â€”Â (73)â€”Â â€”Â 252Â â€”Â 179Â Balance at September 29, 202432,637Â $493Â $449,141Â $(6,580)$242,269Â $(1,116,256)$15,314Â $(415,619)For the nine months ended September 29, 2024Balance at December 31, 202332,488Â $492Â $452,290Â $(7,803)$219,027Â $(1,123,098)$15,476Â $(443,616)Net income (1)â€”Â â€”Â â€”Â â€”Â 68,687Â â€”Â 318Â 69,005Â Other comprehensive income (loss), net of taxâ€”Â â€”Â â€”Â 1,223Â â€”Â â€”Â â€”Â 1,223Â Dividends on common stockâ€”Â â€”Â 95Â â€”Â (45,445)â€”Â â€”Â (45,350)Exercise of stock options22Â 1Â 1,020Â â€”Â â€”Â â€”Â â€”Â 1,021Â Stock-based compensation expenseâ€”Â â€”Â 5,903Â â€”Â â€”Â â€”Â â€”Â 5,903Â Issuance of restricted stock171Â â€”Â (6,242)â€”Â â€”Â 6,242Â â€”Â â€”Â Tax effect of restricted stock awards(52)â€”Â (3,508)â€”Â â€”Â â€”Â â€”Â (3,508)Distributions to noncontrolling interestsâ€”Â â€”Â â€”Â â€”Â â€”Â â€”Â (480)(480)Other8Â â€”Â (417)â€”Â â€”Â 600Â â€”Â 183Â Balance at September 29, 202432,637Â $493Â $449,141Â $(6,580)$242,269Â $(1,116,256)$15,314Â $(415,619)(1)Â Â Â Â Net income to the Company for the three and nine months ended SeptemberÂ 29, 2024 excludes $43 and $233, respectively, allocable to the redeemable noncontrolling interests for our joint venture arrangements. (2)Â Â Â Â At SeptemberÂ 29, 2024, the accumulated other comprehensive loss of $6,580 was comprised of net unrealized foreign currency translation loss of $6,186 and net unrealized loss on the interest rate swap agreements of $394.See accompanying notes.4Papa Johnâ€™s International, Inc. and SubsidiariesCondensed Consolidated Statements of Stockholdersâ€™ Deficit (continued)(Unaudited)Papa Johnâ€™s International, Inc.(In thousands)CommonStockSharesOutstandingCommonStockAdditionalPaid-InCapitalAccumulatedOtherComprehensiveLoss (2)RetainedEarningsTreasuryStock (3)NoncontrollingInterests inSubsidiariesTotalStockholdersâ€™DeficitFor the three months ended September 24, 2023Balance at June 25, 202332,394Â $492Â $445,964Â $(7,289)$207,461Â $(1,127,669)$15,562Â $(465,479)Net income (1)â€”Â â€”Â â€”Â â€”Â 15,861Â â€”Â 60Â 15,921Â Other comprehensive income (loss), net of taxâ€”Â â€”Â â€”Â (627)â€”Â â€”Â â€”Â (627)Dividends on common stockâ€”Â â€”Â 34Â â€”Â (15,190)â€”Â â€”Â (15,156)Exercise of stock options18Â â€”Â 1,134Â â€”Â â€”Â â€”Â â€”Â 1,134Â Stock-based compensation expenseâ€”Â â€”Â 4,726Â â€”Â â€”Â â€”Â â€”Â 4,726Â Issuance of restricted stock7Â â€”Â (315)â€”Â â€”Â 315Â â€”Â â€”Â Tax effect of restricted stock awards(2)â€”Â (171)â€”Â â€”Â â€”Â â€”Â (171)Distributions to noncontrolling interestsâ€”Â â€”Â â€”Â â€”Â â€”Â â€”Â (328)(328)Other56Â â€”Â (3,673)â€”Â â€”Â 3,755Â â€”Â 82Â Balance at September 24, 202332,473Â $492Â $447,699Â $(7,916)$208,132Â $(1,123,599)$15,294Â $(459,898)For the nine months ended September 24, 2023Balance at December 25, 202234,736Â $491Â $449,829Â $(10,135)$195,856Â $(922,434)$15,729Â $(270,664)Net income (1)â€”Â â€”Â â€”Â â€”Â 56,005Â â€”Â 216Â 56,221Â Other comprehensive income (loss), net of taxâ€”Â â€”Â â€”Â 2,219Â â€”Â â€”Â â€”Â 2,219Â Dividends on common stockâ€”Â â€”Â 88Â â€”Â (43,729)â€”Â â€”Â (43,641)Exercise of stock options35Â 1Â 1,816Â â€”Â â€”Â â€”Â â€”Â 1,817Â Acquisition of Company common stock (3)(2,523)â€”Â â€”Â â€”Â â€”Â (212,444)â€”Â (212,444)Stock-based compensation expenseâ€”Â â€”Â 13,224Â â€”Â â€”Â â€”Â â€”Â 13,224Â Issuance of restricted stock234Â â€”Â (6,857)â€”Â â€”Â 6,857Â â€”Â â€”Â Tax effect of restricted stock awards(75)â€”Â (6,279)â€”Â â€”Â â€”Â â€”Â (6,279)Distributions to noncontrolling interestsâ€”Â â€”Â â€”Â â€”Â â€”Â â€”Â (651) (651)Other66Â â€”Â (4,122)â€”Â â€”Â 4,422Â â€”Â 300Â Balance at September 24, 202332,473Â $492Â $447,699Â $(7,916)$208,132Â $(1,123,599)$15,294Â $(459,898)(1)Â Â Â Â Net income to the Company for the three and nine months ended SeptemberÂ 24, 2023 excludes $30 and $135, respectively, allocable to the redeemable noncontrolling interests for our joint venture arrangements. (2)Â Â Â Â At SeptemberÂ 24, 2023, the accumulated other comprehensive loss of $7,916 was comprised of net unrealized foreign currency translation loss of $8,702 and net unrealized gain on the interest rate swap agreements of $786.(3)Â Â Â Â Acquisition of Company common stock for the nine months ended SeptemberÂ 24, 2023, includes $2,804 of transaction costs directly attributable to share repurchases, including a 1% excise tax incurred under the Inflation Reduction Act of 2022.See accompanying notes.5Papa Johnâ€™s International, Inc. and SubsidiariesCondensed Consolidated Statements of Cash Flows(Unaudited)Nine Months Ended(In thousands)September 29,2024September 24,2023Operating activitiesNet income before attribution to noncontrolling interests$69,238Â $56,356Â Adjustments to reconcile net income to net cash provided by operating activities:Provision for allowance for credit losses on accounts and notes receivable2,936Â 1,348Â Depreciation and amortization52,528Â 46,815Â Refranchising and impairment loss17,433Â â€”Â Deferred income taxes3,877Â 3,481Â Stock-based compensation expense5,903Â 13,224Â Gain on disposal of property and equipment(42,034)â€”Â Other614Â 331Â Changes in operating assets and liabilities, net of acquisitions:Accounts receivable879Â (11,643)Income tax receivable232Â 7,617Â Inventories(207)3,875Â Prepaid expenses and other current assets(1,684)(2,104)Other assets and liabilities(5,923)2,057Â Accounts payable(12,389)15,237Â Income and other taxes payable(7,609)1,087Â Accrued expenses and other current liabilities(25,837)(6,579)Deferred revenue(2,073)(4,166)Net cash provided by operating activities55,884Â 126,936Â Investing activitiesPurchases of property and equipment(46,931)(50,905)Notes issued(154)(7,310)Repayments of notes issued3,148Â 5,759Â Acquisitions, net of cash acquiredâ€”Â (5,599)Proceeds from dispositions49,012Â â€”Â Other2,373Â 401Â Net cash provided by (used in) investing activities7,448Â (57,654)Financing activitiesNet (repayments) proceeds of revolving credit facilities(31,589)185,789Â Proceeds from exercise of stock options1,021Â 1,816Â Acquisition of Company common stockâ€”Â (210,348)Dividends paid to common stockholders(45,381)(43,641)Tax payments for equity award issuances(3,508)(6,279)Distributions to noncontrolling interests(627)(651)Principal payments on finance leases(6,778)(5,975)Other278Â 150Â Net cash used in financing activities(86,584)(79,139)Effect of exchange rate changes on cash and cash equivalents215Â (24)Change in cash and cash equivalents(23,037)(9,881)Cash and cash equivalents at beginning of period40,587Â 47,373Â Cash and cash equivalents at end of period$17,550Â $37,492Â See accompanying notes.6Papa Johnâ€™s International, Inc. and SubsidiariesNotes to Condensed Consolidated Financial Statements (Unaudited)SeptemberÂ 29, 20241. Basis of PresentationThe accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States (â€œGAAPâ€ or â€œU.S. GAAPâ€) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete annual financial statements. In the opinion of management, all adjustments, consisting of normal recurring accruals, considered necessary for a fair presentation have been included. Operating results for the three and nine months ended SeptemberÂ 29, 2024 are not necessarily indicative of the results that may be expected for the fiscal year ending DecemberÂ 29, 2024. For further information, refer to the consolidated financial statements and footnotes thereto included in the Annual Report on Form 10-K for Papa Johnâ€™s International, Inc. (referred to as the â€œCompany,â€ â€œPapa Johnâ€™s,â€ â€œPapa Johnsâ€ or in the first-person notations of â€œwe,â€ â€œusâ€ and â€œourâ€) for the year ended DecemberÂ 31, 2023.In discussions of our business, â€œDomesticâ€ is defined as within the contiguous United States, â€œNorth Americaâ€ includes Canada, and â€œInternationalâ€ includes the rest of the world other than North America.2. Significant Accounting PoliciesPrinciples of ConsolidationThe accompanying Condensed Consolidated Financial Statements include the accounts of Papa Johnâ€™s International, Inc. and its subsidiaries. All intercompany balances and transactions have been eliminated. Variable Interest EntityPapa Johns North American restaurants, both Company-owned and franchised, participate in Papa Johnâ€™s Marketing Fund, Inc. (â€œPJMFâ€), a nonstock corporation designed to operate at break-even as it spends all annual contributions received from the system. PJMF collects a percentage of revenues from Company-owned and franchised restaurants in the United States and Canada for the purpose of designing and administering advertising and promotional programs. PJMF is a variable interest entity (â€œVIEâ€) that funds its operations with ongoing financial support and contributions from the North American restaurants, of which approximately 85 percent are franchised, and does not have sufficient equity to fund its operations without these ongoing financial contributions. Based on an assessment of the governance structure and operating procedures of PJMF, the Company determined it has the power to control certain significant activities of PJMF, and therefore, is the primary beneficiary. The Company has consolidated PJMF in its financial results in accordance with Accounting Standards Codification (â€œASCâ€) 810, â€œConsolidation.â€Use of EstimatesThe preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. Significant items that are subject to such estimates and assumptions include the allowance for credit losses on accounts and notes receivable, intangible assets, contract assets and contract liabilities including the customer loyalty program obligation, property and equipment, right-of-use assets and lease liabilities, gift card breakage, insurance reserves and tax reserves. Although management bases its estimates on historical experience and assumptions that are believed to be reasonable under the circumstances, actual results could significantly differ from these estimates. Noncontrolling InterestsPapa Johns has joint venture arrangements in which there are noncontrolling interests held by third parties that included 98 restaurants at SeptemberÂ 29, 2024 and SeptemberÂ 24, 2023, respectively. Consolidated net income is required to be reported separately at amounts attributable to both the Company and the noncontrolling interests held by third parties. 7Net income attributable to these joint ventures for the three and nine months ended SeptemberÂ 29, 2024 and SeptemberÂ 24, 2023 was as follows: Three Months EndedNine Months Ended(In thousands) September 29,2024September 24,2023September 29,2024September 24,2023Papa Johnâ€™s International, Inc.$(46)$196Â $1,285Â $821Â Redeemable noncontrolling interests43Â 30Â 233Â 135Â Nonredeemable noncontrolling interests(63)60Â 318Â 216Â Total net income$(66)$286Â $1,836Â $1,172Â The following summarizes the redemption feature, location and related accounting within the Condensed Consolidated Balance Sheets for these joint venture arrangements:Type of Joint Venture ArrangementLocation within the Condensed Consolidated Balance SheetsRecorded ValueJoint ventures with no redemption featurePermanent equityCarrying valueJoint ventures with option to require the Company to purchase the noncontrolling interest - not currently redeemable or redemption not probableTemporary equityCarrying valueDeferred Income Tax Accounts and Tax ReservesWe are subject to income taxes in the United States and several foreign jurisdictions. Significant judgment is required in determining the provision for income taxes and the related assets and liabilities. The provision for income taxes includes income taxes paid, currently payable or receivable and those deferred. We use an estimated annual effective rate based on expected annual income to determine our quarterly provision for income taxes. The effective income tax rate includes the estimated domestic state effective income tax rate and applicable foreign income tax rates. The effective income tax rate is also impacted by various permanent items and credits, net of any related valuation allowances, and can vary based on changes in estimated annual income. Discrete items are recorded in the quarter in which they occur.Deferred tax assets and liabilities are determined based on differences between financial reporting and tax basis of assets and liabilities and are measured using enacted tax rates and laws that are expected to be in effect when the differences reverse. Deferred tax assets and liabilities are netted by tax jurisdiction. Deferred tax assets are also recognized for the estimated future effects of tax attribute carryforwards (e.g., net operating losses, capital losses, and foreign tax credits). The effect on deferred taxes due to changes in tax rates is recognized in the period in which the new tax rate is enacted. Valuation allowances are established when necessary on a jurisdictional basis to reduce deferred tax assets to the amounts we expect to realize. Deferred tax assets and liabilities are recorded within Other assets and Other long-term liabilities on the Condensed Consolidated Balance Sheets.Tax authorities periodically audit the Company. We record reserves and related interest and penalties for identified exposures as income tax expense. We evaluate these issues on a quarterly basis to adjust for events, such as statute of limitations expirations, court rulings or audit settlements, which may impact our ultimate payment for such exposures.Fair Value Measurements and DisclosuresThe Company determines the fair value of financial assets and liabilities based on the price that would be received to sell the asset or paid to transfer the liability to a market participant. Certain assets and liabilities are measured at fair value on a recurring basis and are required to be classified and disclosed in one of the following three categories:â€¢Level 1: Quoted market prices in active markets for identical assets or liabilities.â€¢Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.â€¢Level 3: Unobservable inputs that are not corroborated by market data.Fair value is a market-based measurement, not an entity-specific measurement. Considerable judgment is required to interpret market data to estimate fair value; accordingly, the fair values presented do not necessarily indicate what the Company or its debtholders could realize in a current market exchange.8Our financial assets and liabilities that were measured at fair value on a recurring basis as of SeptemberÂ 29, 2024 and DecemberÂ 31, 2023 are as follows: Fair Value Measurements(In thousands)CarryingValueLevel 1Level 2Level 3September 29, 2024Financial assets:Cash surrender value of life insurance policies (a)$30,822Â $30,822Â $â€”Â $â€”Â Financial liabilities:Interest rate swaps (b)$479Â $â€”Â $479Â $â€”Â December 31, 2023Financial assets:Cash surrender value of life insurance policies (a)$29,449Â $29,449Â $â€”Â $â€”Â Interest rate swaps (b)$107Â $â€”Â $107Â $â€”Â Financial liabilities:Interest rate swaps (b)$483Â $â€”Â $483Â $â€”Â _______________________________________(a)Represents life insurance policies held in our non-qualified deferred compensation plan, which are classified as Other assets on the Condensed Consolidated Balance Sheets(b)The fair value of our interest rate swaps is based on the sum of all future net present value cash flows. The future cash flows are derived based on the terms of our interest rate swaps, as well as considering published discount factors, and projected Secured Overnight Financing Rates (â€œSOFRâ€). Interest rate swaps entered into prior to 2023 were based on London Interbank Offered Rates (â€œLIBORâ€).There were no transfers among levels within the fair value hierarchy during the three and nine months ended SeptemberÂ 29, 2024 or fiscal year 2023.The fair value of certain assets and liabilities approximates carrying value because of the short-term nature of the accounts, including cash and cash equivalents, accounts receivable, net of allowances, and accounts payable. The carrying value of notes receivable, net of allowances, also approximates fair value. The Companyâ€™s revolving credit facilities under the Companyâ€™s credit agreement approximate carrying value due to their variable market-based interest rate. The Companyâ€™s 3.875% senior notes are classified as a Level 2 fair value measurement since the Company estimates the fair value by using recent trading transactions, and have the following estimated fair values and carrying values (excluding the impact of unamortized debt issuance costs) as of SeptemberÂ 29, 2024 and DecemberÂ 31, 2023: September 29, 2024December 31, 2023(In thousands)CarryingValueFairValueCarryingValueFairValue3.875% Senior Notes$400,000Â $368,608Â $400,000Â $352,500Â Allowance for Credit Losses Estimates of expected credit losses, even if remote, are based upon historical account write-off trends, facts about the current financial condition of the debtor, forecasts of future operating results based upon current trends of select operating metrics, and macroeconomic factors. Credit quality is monitored through the timing of payments compared to the prescribed payment terms and known facts regarding the financial condition of the franchisee or customer. Account and note balances are charged against the allowance after recovery efforts have ceased. 9The following table summarizes changes in our allowances for credit losses for accounts receivable and notes receivable: (In thousands)Accounts ReceivableNotes ReceivableBalance at December 31, 2023$8,353Â $16,092Â Current period provision for expected credit losses, net1,612Â 1,324Â Write-offs charged against the allowance(1,235)â€”Â Balance at September 29, 2024$8,730Â $17,416Â Impairment of Long-lived Assets The Company evaluates its property and equipment and other long-lived assets for potential indicators of impairment at least annually, or as facts and circumstances arise that indicate the carrying value of the asset group may not be recoverable. For Domestic Company-owned restaurants, the evaluation is performed at the operating market level while International Company-owned restaurants are evaluated at the restaurant level as these represent the lowest level for which identifiable cash flows and are largely independent of the cash flows of other assets and liabilities. If the carrying amount of the long-lived asset group exceeds the amount of estimated future undiscounted cash flows, the fair value of the asset group is estimated and an impairment loss is recorded if the carrying value exceeds the estimated fair value. The assumptions used in the undiscounted cash flow calculation related to future growth are subjective and may be negatively impacted by future changes in operating performance or economic conditions.Recent Accounting PronouncementsSegment DisclosuresIn November 2023, the Financial Accounting Standards Board (â€œFASBâ€) issued Accounting Standard Update (â€œASUâ€) 2023-07, â€œImprovements to Reportable Segment Disclosures.â€ The ASU expands the scope and frequency of segment disclosures and introduces the concept of a â€œsignificant expense principle,â€ which requires entities to disclose significant expense categories and amounts that are regularly provided to the chief operating decision maker (â€œCODMâ€) and included within the reported measure of a segmentâ€™s profit or loss. The ASU also changes current disclosure requirements by allowing entities to report multiple measures of a segmentâ€™s profit or loss, provided the reported measures are used by the CODM to assess performance and allocate resources and that the measure closest to GAAP is also provided. Finally, the ASU requires all segment profit or loss and assets disclosures to be provided on both an annual and interim basis and requires entities to disclose the title and position of the individual identified as the CODM. The ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024 and shall be applied retrospectively to all periods presented in the financial statements. The Company is currently evaluating the standard and determining the extent of additional interim and annual segment disclosures that will be required.Income Tax DisclosuresIn December 2023, the FASB issued ASU 2023-09, â€œIncome Taxes (Topic 740): Improvements to Income Tax Disclosures.â€ The ASU provides for additional levels of details within the required rate reconciliation table to include additional categories of information about federal, state, and foreign income taxes and requires entities to further disaggregate information about income taxes paid, net of refunds. The ASU is effective for fiscal years beginning after December 15, 2024 and shall be applied prospectively. The Company is currently evaluating the standard and determining the extent of additional disclosures that will be required.3. LeasesLessor Operating LeasesThe Company subleases certain retail space to our franchisees in the UK, which are primarily operating leases. At SeptemberÂ 29, 2024, we leased and subleased approximately 350 Papa Johns restaurants to franchisees in the UK. The initial lease terms on the franchised sites in the UK are generally 15 years. The Company has the option to negotiate an extension toward the end of the lease term at the landlordâ€™s discretion. The initial lease terms of the franchisee subleases are generally five to ten years. Rental income, primarily derived from properties leased and subleased to franchisees in the UK, is recognized on a straight-line basis over the respective operating lease terms. The Company recognized total sublease income of $2.7 million and $7.1 million for the three and nine months ended SeptemberÂ 29, 2024, respectively, 10and $2.3 million and $8.0 million for the three and nine months ended SeptemberÂ 24, 2023, respectively, within Other revenues in the Condensed Consolidated Statements of Operations.Lease Guarantees As a result of assigning our interest in obligations under property leases as a condition of the refranchising of certain restaurants, we are contingently liable for payment of 75 Domestic leases. These leases have varying terms, the latest of which expires in 2029. As of SeptemberÂ 29, 2024, the estimated maximum amount of undiscounted payments the Company could be required to make in the event of nonpayment by the primary lessees was $6.9 million. This contingent liability is not included in the Condensed Consolidated Balance Sheets as it is not probable to occur. The fair value of the guarantee is not material.Supplemental Cash Flow & Other InformationSupplemental cash flow information related to leases for the periods reported is as follows: Nine Months Ended(In thousands)September 29, 2024September 24, 2023Cash paid for amounts included in the measurement of lease liabilities:Operating cash flows from finance leases$1,096Â $1,128Â Financing cash flows from finance leases6,778Â 5,975Â Operating cash flows from operating leases (a)30,045Â 28,394Â Right-of-use assets obtained in exchange for new finance lease liabilities3,809Â 16,518Â Right-of-use assets obtained in exchange for new operating lease liabilities60,120Â 17,652Â Cash received from sublease income5,287Â 7,160Â ____________________________________(a)Â Â Â Â Included within the change in Other assets and liabilities within the Condensed Consolidated Statements of Cash Flows offset by non-cash operating lease right-of-use asset amortization and lease liability accretion.4. Papa Johnâ€™s Marketing Fund, Inc.PJMF, which is a consolidated VIE where the Company has been identified as the primary beneficiary, collects a percentage of revenues from Company-owned and franchised restaurants in the United States for the purpose of designing and administering advertising and promotional programs for all participating Domestic restaurants. Contributions and expenditures are reported on a gross basis in the Condensed Consolidated Statements of Operations within Other revenues and Other expenses. PJMF also has a wholly-owned subsidiary, Papa Card, Inc., which administers the Companyâ€™s gift card programs.11Assets and liabilities of PJMF, which are utilized solely for the Companyâ€™s advertising and promotional programs, were as follows in the Condensed Consolidated Balance Sheets (in thousands):September 29,2024December 31, 2023AssetsCurrent assets:Cash and cash equivalents$3,753Â $5,494Â Accounts receivable, net16,250Â 18,026Â Prepaid expenses and other current assets7,872Â 2,223Â Total current assets27,875Â 25,743Â Deferred income taxes674Â 674Â Total assets$28,549Â $26,417Â LiabilitiesCurrent liabilities:Accounts payable$10Â $1,509Â Accrued expenses and other current liabilities21,515Â 22,245Â Current portion of long-term debt5,650Â â€”Â Current deferred revenue3,832Â 4,327Â Total current liabilities 31,007Â 28,081Â Deferred revenue2,165Â 2,627Â Total liabilities$33,172Â $30,708Â 5. Revenue RecognitionContract BalancesOur contract liabilities primarily relate to franchise fees, unredeemed gift card liabilities, and loyalty program obligations, which we classify as Deferred revenue on the Condensed Consolidated Balance Sheets. During the three and nine months ended SeptemberÂ 29, 2024, the Company recognized $7.8 million and $24.1 million in revenue, respectively, related to deferred revenue compared to $8.1 million and $24.4 million, respectively, for the three and nine months ended SeptemberÂ 24, 2023.The following table includes a breakout of contract liability balances (in thousands):Contract LiabilitiesSeptember 29, 2024December 31, 2023ChangeFranchise fee liabilities$19,670Â $20,564Â $(894)Unredeemed gift card liabilities5,997Â 6,955Â (958)Customer loyalty program obligations12,715Â 13,274Â (559)Total contract liabilities$38,382Â $40,793Â $(2,411)Our contract assets consist primarily of equipment incentives provided to franchisees. Equipment incentives are related to the future value of commissary revenue the Company will receive over the term of the incentive agreement. Contract assets were approximately $13.4 million and $7.9 million, respectively, at SeptemberÂ 29, 2024 and DecemberÂ 31, 2023. For the three and nine months ended SeptemberÂ 29, 2024 and SeptemberÂ 24, 2023, revenue was reduced approximately $1.3 million and $4.0 million and $0.9 million and $2.7 million, respectively, for the amortization of contract assets over the applicable contract terms. Contract assets are included in Prepaid expenses and other current assets and Other assets on the Condensed Consolidated Balance Sheets.12Transaction Price Allocated to the Remaining Performance ObligationsThe following table (in thousands) includes estimated revenue expected to be recognized in the future related to performance obligations that are unsatisfied at the end of the reporting period. Performance Obligations by PeriodLess than 1 Year1-2 Years2-3 Years3-4 Years4-5 YearsThereafterTotalFranchise fees$2,991Â $2,615Â $2,421Â $2,175Â $1,939Â $4,193Â $16,334Â At SeptemberÂ 29, 2024, approximately $3.4 million of area development fees related to unopened restaurants and International unearned franchise fees are included in Deferred revenue. Timing of revenue recognition is dependent upon the timing of restaurant openings and franchiseesâ€™ revenues. Gift card liabilities, which are included in Deferred revenue, will be recognized in Company-owned restaurant revenues when gift cards are redeemed. The Company will recognize redemption fee revenue in Other revenues when cards are redeemed at franchised restaurant locations. The Company applies the practical expedient in ASC 606, â€œRevenue Recognitionâ€ and does not disclose information about remaining performance obligations that have original expected durations of one year or less.6. Common StockShares Authorized and OutstandingThe Company has authorized 100.0 million shares of common stock as of SeptemberÂ 29, 2024 and DecemberÂ 31, 2023. The Companyâ€™s outstanding shares of common stock, net of repurchased shares of common stock held as treasury stock, were 32.6 million shares at SeptemberÂ 29, 2024, compared to 32.5 million shares at DecemberÂ 31, 2023.Share Repurchase ProgramOn OctoberÂ 28, 2021, our Board of Directors (the â€œBoardâ€) approved a share repurchase program with an indefinite duration for up to $425.0 million of the Companyâ€™s common stock. The following table summarizes our repurchase activity under our share repurchase programs for the three and nine months ended SeptemberÂ 29, 2024 and SeptemberÂ 24, 2023:(In thousands, except average price per share)Total Number of Shares PurchasedAverage Price Paid per ShareAggregate Cost of Shares Purchased Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or ProgramsThree Months EndedSeptember 29, 2024â€”Â $â€”Â $â€”Â $90,160Â September 24, 2023â€”Â $â€”Â $â€”Â $90,160Â (In thousands, except average price per share)Total Number of Shares Purchased (a)Average Price Paid per ShareAggregate Cost of Shares Purchased (b)Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or ProgramsNine Months EndedSeptember 29, 2024â€”Â $â€”Â $â€”Â $90,160Â September 24, 20232,523Â $83.10Â $209,640Â $90,160Â (a)Â Â Â Â Shares repurchased during the nine months ended SeptemberÂ 24, 2023 included 2,176,928 shares repurchased on March 1, 2023 from certain funds affiliated with, or managed by, Starboard Value LP (collectively, â€œStarboardâ€), at a price of $82.52 per share, for aggregate consideration of $179.6 million.(b)Â Â Â Â Aggregate cost of shares purchased for the nine months ended SeptemberÂ 24, 2023 excluded $2.8 million of transaction costs directly attributable to share repurchases, including a 1% excise tax incurred under the Inflation Reduction Act of 2022. Of these costs, $2.1 million were classified as non-cash financing activities during the nine months ended SeptemberÂ 24, 2023.The timing and volume of share repurchases under the Companyâ€™s share repurchase programs may be executed at the discretion of management on an opportunistic basis, subject to market and business conditions, regulatory requirements and other factors, or pursuant to trading plans or other arrangements. Repurchases under the programs may be made through open market, block, and privately negotiated transactions, including Rule 10b5-1 plans, at times and in such amounts as management deems appropriate. Repurchases under the Companyâ€™s share repurchase programs may be commenced or 13suspended from time to time at the Companyâ€™s discretion without prior notice. Funding for the share repurchase programs will be provided through our credit facility, operating cash flow, stock option exercises and cash and cash equivalents. DividendsThe Company paid aggregate cash dividends of approximately $45.4Â million ($1.38 per share) for the nine months ended SeptemberÂ 29, 2024. On OctoberÂ 29, 2024, our Board of Directors declared a fourth quarter dividend of $0.46 per common share (approximately $15.2 million in the aggregate), which will be paid on NovemberÂ 29, 2024 to stockholders of record as of the close of business on NovemberÂ 18, 2024. The declaration and payment of any future dividends will be at the discretion of our Board of Directors.7. Earnings per ShareBasic earnings per common share are computed by dividing net income attributable to common shareholders by the weighted-average common shares outstanding. Diluted earnings per common share are computed by dividing the net income attributable to common shareholders by the diluted weighted average common shares outstanding. Diluted weighted average common shares outstanding consist of basic weighted average common shares outstanding plus weighted average awards outstanding under our equity compensation plans, which are dilutive securities.The calculations of basic and diluted earnings per common share are as follows (in thousands, except per share data): Three Months EndedNine Months EndedSeptember 29,2024September 24,2023September 29,2024September 24,2023Net income available to common stockholders$41,808$15,861$68,687$56,005Basic weighted average number of shares32,745Â 32,56432,70133,053Dilutive effect of outstanding equity awards (a)185Â 236Â 149234Diluted weighted average number of shares32,930Â 32,800Â 32,85033,287Basic earnings per common share$1.28$0.49$2.10$1.69Diluted earnings per common share$1.27$0.48$2.09$1.68____________________________________(a)Â Â Â Â Excludes 345,000 and 384,000 shares underlying equity awards for the three and nine months ended SeptemberÂ 29, 2024, respectively, and 48,000 and 147,000 shares underlying awards for the three and nine months ended SeptemberÂ 24, 2023, respectively, as the effect of including such awards would have been anti-dilutive.8. Debt Long-term debt, net, consists of the following (in thousands):September 29,2024December 31,2023Senior notes$400,000$400,000Revolving facilities (a)332,412364,000Outstanding debt$732,412$764,000Unamortized debt issuance costs(5,407)(6,578)Current portion of long-term debt(5,650)â€”Total long-term debt, net$721,355$757,422____________________________________(a)Â Â Â Â Revolving facilities as of SeptemberÂ 29, 2024 includes $5.7 million outstanding under the PJMF Revolving Facility as defined and discussed below.Senior NotesOn SeptemberÂ 14, 2021, the Company issued $400.0 million of 3.875% senior notes (the â€œNotesâ€) which will mature on September 15, 2029. Interest on the Notes is payable semi-annually in cash in arrears on March 15 and September 15 of each year at a fixed interest rate of 3.875% per annum. Refer to Note 12 of the consolidated financial statements in our 14Annual Report on Form 10-K for the year ended DecemberÂ 31, 2023 for further description of the provisions and covenant requirements under the Senior Notes. Credit AgreementThe Companyâ€™s amended and restated credit agreement, dated SeptemberÂ 14, 2021 and amended May 30, 2023 (as amended, the â€œCredit Agreementâ€), provides for a senior secured revolving credit facility in an aggregate available principal amount of $600.0 million (the â€œPJI Revolving Facilityâ€), of which up to $40.0 million is available as swingline loans and up to $80.0 million is available as letters of credit. The PJI Revolving Facility will mature on September 14, 2026. The remaining availability under the PJI Revolving Facility was approximately $273.2 million as of SeptemberÂ 29, 2024. Refer to Note 12 of the consolidated financial statements in our Annual Report on Form 10-K for the year ended DecemberÂ 31, 2023 for further description of the provisions and covenant requirements under the Credit Agreement. PJMF Revolving FacilityPJMF has a $30.0 million revolving line of credit (the â€œPJMF Revolving Facilityâ€) pursuant to a Revolving Loan Agreement, dated September 30, 2015, and most recently amended on September 30, 2024. The PJMF Revolving Facility is secured by substantially all assets of PJMF. The PJMF Revolving Facility matures on September 30, 2025, but is subject to annual renewals. The borrowings under the PJMF Revolving Facility accrue interest at a variable rate of a one month SOFR plus 1.975%. The applicable interest rate on the PJMF Revolving facility was 7.2% for the three months ended SeptemberÂ 29, 2024. As of SeptemberÂ 29, 2024, the principal amount of debt outstanding under the PJMF Revolving Facility was approximately $5.7 million and is classified as Current portion of long-term debt in the Condensed Consolidated Balance Sheets. The PJMF operating results and the related debt outstanding do not impact the financial covenants under the Companyâ€™s Credit Agreement.Derivative Financial Instruments On June 23, 2023, the Company entered into a new interest rate swap with an initial notional value of $100.0 million to replace the Companyâ€™s prior interest rate swaps, which had a notional value of $125.0 million and matured on AprilÂ 30, 2023. The objective of the interest rate swap is to mitigate the Companyâ€™s exposure to the impact of interest rate changes associated with our variable rate debt under the PJI Revolving Facility. We designated the interest rate swap as a cash flow hedge and assess hedge effectiveness at regular intervals through the maturity date of JuneÂ 30, 2025. The interest rate swaps are recorded at fair value at each reporting date, and any unrealized gains or losses are included in Accumulated other comprehensive loss in the Condensed Consolidated Balance Sheets and reclassified to Net interest expense in the Condensed Consolidated Statements of Operations in the same period or periods during which the hedged transaction affect earnings.As of SeptemberÂ 29, 2024, we have the following interest rate swap agreements:Effective DatesFloating Rate Debt Fixed Rates June 23, 2023 through June 30, 2025$50Â million4.55%June 23, 2023 through June 30, 2025$50Â million4.55%The following table provides information on the location and amounts of our current swaps in the accompanying condensed consolidated financial statements (in thousands):Interest Rate Swap DerivativesBalance Sheet LocationFair ValueSeptember 29,2024Fair ValueDecember 31,2023Prepaid and other current assets$â€”$107Accrued expenses and other current liabilities$479$â€”Other long-term liabilities$â€”$48315The effect of derivative instruments on the accompanying condensed consolidated financial statements is as follows (in thousands): Derivatives - Cash FlowHedgingRelationshipsAmount of Gain or(Loss) Recognizedin AOCLon DerivativeLocation of (Loss)or GainReclassified fromAOCL intoIncomeAmount of (Loss) or GainReclassified fromAOCL intoIncomeTotal Net Interest Expenseon Condensed Consolidated Statementsof OperationsInterest rate swaps for the three months ended:September 29, 2024$(820)Interest expense$194Â $(10,629)September 24, 2023$801Interest expense$203Â $(11,378)Interest rate swaps for the nine months ended:September 29, 2024$(80)Interest expense$591Â $(32,588)September 24, 2023$2,225Interest expense$(40)$(31,674)Net interest paid, including payments made or received under the swaps, was $13.9 million and $34.3 million for the three and nine months ended SeptemberÂ 29, 2024, respectively, and $11.2 million and $28.0 million for the three and nine months ended SeptemberÂ 24, 2023, respectively.169. RestructuringInternational Restructuring In December 2023, the Company announced international transformation initiatives (â€œInternational Transformation Planâ€) designed to evolve our business structure to deliver an enhanced value proposition to our International customers and franchisees, ensure targeted investments and efficient resource management, and better position our largest markets, including the UK, for long-term profitable growth and brand strength. During the fourth quarter of the year ended DecemberÂ 31, 2023, the Company commenced approved initiatives under the International Transformation Plan related to establishing new regional hubs across APAC (Asia Pacific), EMEA (Europe, Middle East and Africa), and Latin America that will be led by experienced general managers and their teams.During the first quarter of 2024, the Company commenced the next phase of the International Transformation Plan as approved by the Board, which involves strategic restaurant closures and divestitures in the UK. The purpose of this plan is to optimize the Companyâ€™s restaurant portfolio in the UK and improve overall profitability by closing unprofitable locations and enhancing profitability across the remaining portfolio of Company-owned restaurants. The execution of this phase of the International Transformation Plan resulted in the closure of 43 underperforming UK Company-owned restaurants and 30 franchised locations closed during the first nine months of 2024. Due to indicators of potential impairment associated with the UK Company-owned and franchised restaurant closures, the Company performed an impairment analysis and determined that the carrying amount of the assets related to the closing UK restaurants were not recoverable. For the three and nine months ended SeptemberÂ 29, 2024, we recognized impairment charges of $1.1 million and $10.1 million for the amount by which the carrying value exceeded the estimated fair value of the asset groups. Fair values were determined based on an income approach, specifically a discounted cash flow ("DCF") model, primarily using estimated sublease income considering market rental rates. Management judgment is involved in determining the estimated fair value and includes uncertainties that under different assumptions and circumstances could drive material changes in the fair value determination.During the second and third quarters of 2024, the Company also completed the refranchising of 60 formerly Company-owned restaurants to primarily existing franchisees, which resulted in a loss on sale of $1.7 million during the nine months ended SeptemberÂ 29, 2024. We have completed nearly all of the strategic restaurant closures in the UK market and the Companyâ€™s efforts are turning towards growth opportunities and mitigating closure-related costs as we complete optimization of the portfolio.The following table summarizes restructuring related costs recorded for the three and nine months ended SeptemberÂ 29, 2024 (in thousands):Three Months EndedNine Months EndedSeptember 29,2024September 24,2024Long-lived asset impairment charges$1,145Â $10,121Â Loss on franchisee notes receivable171Â 1,735Â Loss on refranchising Company-owned restaurants7Â 1,744Â Professional services and other related costs2,029Â 4,730Â Employee termination costs, net (a)84Â 452Â Operating lease terminations426Â 732Â Total international transformation costs, net$3,862Â $19,514Â (a) Includes noncash reversal of $0.1 million related to the forfeiture of unvested stock-based compensation awards during the nine months ended SeptemberÂ 29, 2024The Company has incurred total restructuring related costs of $21.7 million since commencement of the International Transformation Plan, all of which were included in General and administrative expenses in the Condensed Consolidated Statements of Operations. Total estimated pre-tax costs associated with the International Transformation Plan are approximately $25 million to $35 million (inclusive of the $21.7 million incurred through the third quarter of 2024), all of which will be recorded within our International segment, and we expect to incur the remainder of these costs through 2024 and 2025. 17The following table presents changes in the balance of accrued expenses relating to approved initiatives, which are recorded in accrued expenses and other current liabilities in the Condensed Consolidated Balance Sheets (in thousands):Employee severanceProfessional services and other related costsOtherTotalBalance as of December 31, 2023$1,227Â $527Â $29Â $1,783Â Charges542Â 4,730Â â€”Â 5,272Â Payments (1,519)(4,181)(29)(5,729)Balance as of September 29, 2024$250Â $1,076Â $â€”Â $1,326Â  10. Litigation, Commitments and ContingenciesLitigationThe Company is involved in a number of lawsuits, claims, investigations and proceedings, including those specifically identified below, consisting of intellectual property, employment, consumer, commercial and other matters arising in the ordinary course of business. In accordance with ASC 450, â€œContingencies,â€ the Company has made accruals with respect to these matters, where appropriate, which are reflected in the Companyâ€™s condensed consolidated financial statements. We review these provisions at least quarterly and adjust these provisions to reflect the impact of negotiations, settlements, rulings, advice of legal counsel and other information and events pertaining to a particular case.In re Papa Johnâ€™s Employee & Franchise Employee Antitrust Litigation is a putative class action filed in December 2018 in the United States District Court for the Western District of Kentucky. The suit alleges that the â€œno-poachingâ€ provision previously contained in the Companyâ€™s franchise agreement constituted an unlawful agreement or conspiracy in restraint of trade and commerce in violation of Section 1 of the Sherman Antitrust Act. On AprilÂ 14, 2022, the parties reached a settlement in principle to resolve the case. Pursuant to the terms of the proposed settlement, in exchange for the Companyâ€™s payment of a total aggregate settlement amount of $5.0 million and other non-monetary consideration, all claims in the action will be dismissed, the litigation will be terminated, and the Company will receive a release. The settlement amount was recorded in General and administrative expenses in the Condensed Consolidated Statements of Operations in the first quarter of 2022 and remained accrued in Accrued expenses and other current liabilities in the Condensed Consolidated Balance Sheets as of SeptemberÂ 29, 2024. The proposed settlement remains subject to approval by the District Court and contains certain customary contingencies. The Company continues to deny any liability or wrongdoing in this matter. 1811. DivestituresSale-Leaseback of Texas and Florida Quality Control CentersOn August 2, 2024, the Company finalized the sale and subsequent leaseback of two Domestic Quality Control Center properties (â€œQC Centersâ€) in Texas and Florida for an aggregate purchase price of $46.7Â million. Under the terms of the leases, each of which commenced on August 2, 2024, we will lease the QC Centers for 17 years with two five-year renewal options. The Company will pay annual rents under the operating leases of the Texas and Florida QC Centers of $2.0Â million and $1.0Â million, respectively, for the first year with annual rents increasing by 2.75% thereafter. During the three months ended SeptemberÂ 29, 2024, we recorded a pre-tax gain on sale of approximately $41.3Â million, net of transaction costs, which was recorded within General and administrative expenses in the Condensed Consolidated Statements of Operations, and sales proceeds of $46.7Â million were recorded as investing cash inflows within the Condensed Consolidated Statements of Cash Flows.Refranchising LossOn SeptemberÂ 30, 2024, the Company refranchised 15 Domestic Company-owned restaurants to an existing franchisee for a purchase price of approximately $2.6Â million. In connection with the divestiture, we recorded non-cash charges of $1.5 million and $5.5 million during the three and nine months ended SeptemberÂ 29, 2024 to remeasure the net assets within the disposal group to fair value, less estimated costs to sell. The remeasurement charges were recorded within General and administrative expenses in the Condensed Consolidated Statements of Operations. 12. Segment InformationWe have four reportable segments: Domestic Company-owned restaurants, North America franchising, North America commissaries, and International operations. The Domestic Company-owned restaurant segment consists of the operations of all Domestic Company-owned restaurants and derives its revenues principally from retail sales of pizza, Papadias, and side items, including breadsticks, Papa Bites, cheesesticks, boneless chicken wings and bone-in chicken wings, dessert items and canned or bottled beverages. The North America franchising segment consists of our franchise sales and support activities and derives its revenues from sales of franchise and development rights and collection of royalties from our franchisees located in the United States and Canada. The North America commissary segment consists of the operations of our regional dough production and product distribution centers and derives its revenues principally from the sale and distribution of food and paper products to Domestic Company-owned and franchised restaurants in the United States and Canada. The International segment consists of the operations of all Company-owned restaurants located in the UK, as well as distribution sales to franchised Papa Johns restaurants located in the UK and our franchise sales and support activities, which derive revenues from sales of franchise and development rights and the collection of royalties from our International franchisees. All other business units that do not meet the quantitative thresholds for determining reportable segments, which are not operating segments, we refer to as â€œall other,â€ which consists of operations that derive revenues from the sale, principally to Company-owned and franchised restaurants, of information systems and related services used in restaurant operations, including our point-of-sale system, online and other technology-based ordering platforms, as well as franchise contributions to marketing funds.Generally, we evaluate performance and allocate resources based on operating income. Certain administrative and capital costs are allocated to segments based upon predetermined rates or estimated resource usage. We account for intercompany sales and transfers as if the sales or transfers were to third parties and eliminate the activity in consolidation.Our reportable segments are business units that provide different products or services. Separate management of each segment is required because each business unit is subject to different operational issues and strategies. No single external customer accounted for 10% or more of our consolidated revenues. 19The following tables present our segment information.Three Months EndedNine Months Ended(In thousands)September 29,2024September 24,2023September 29,2024September 24,2023Revenues:Domestic Company-owned restaurants$168,672$177,195$518,103$532,841North America franchising33,83135,041103,937105,824North America commissaries210,389204,887611,873624,433International39,09848,481132,318128,539All others54,81757,208162,386172,754Total revenues $506,807$522,812$1,528,617$1,564,391Intersegment revenues:North America franchising$1,011$1,040$3,101$3,117North America commissaries52,06351,237151,633154,640All others13,47216,18040,42249,363Total intersegment revenues$66,546$68,457$195,156$207,120Operating income:Domestic Company-owned restaurants (a)$(1,748)$6,147$13,388$19,438North America franchising31,86532,23497,98597,745North America commissaries (b)53,59910,69177,33731,818International (c)422,270(8,612)13,265All others2,8342,3798,2026,879Unallocated corporate expenses (d)(21,106)(20,792)(60,346)(63,859)Elimination of intersegment (profits) losses(257)(1,061)(781)(710)Total operating income$65,229$31,868$127,173$104,576Property and equipment, net:Domestic Company-owned restaurants$265,002North America commissaries150,527International26,902All others140,900Unallocated corporate assets248,855Accumulated depreciation and amortization(565,678)Total property and equipment, net$266,508___________________________________(a)Â Â Â Â The three and nine months ended SeptemberÂ 29, 2024 includes $1.5 million and $5.5 million, respectively, of non-cash impairment and remeasurement charges related primarily to fixed and intangible assets from the refranchising of 15 Domestic restaurants. See â€œNote 11. Divestituresâ€.(b)Â Â Â Â The three and nine months ended SeptemberÂ 29, 2024 includes $41.3 million pre-tax gain on sale of Texas and Florida QC Center properties, net of transaction costs. See â€œNote 11. Divestituresâ€.(c)Â Â Â Â The three and nine months ended SeptemberÂ 29, 2024 includes $3.9 million and $19.5 million, respectively, of costs related to the International Transformation Plan. See â€œNote 9. Restructuringâ€ for additional information. The three and nine months ended SeptemberÂ 24, 2023 includes $1.2 million and $2.5 million of costs associated with repositioning the UK portfolio as well as transaction costs related to the acquisition of restaurants from franchisees.(d)Â Â Â Â The nine months ended SeptemberÂ 24, 2023 includes $2.0 million of severance and related costs associated with the transition of certain executives. The three and nine months ended SeptemberÂ 24, 2023 includes $0.6 million for certain legal settlements.20Disaggregation of RevenueIn the following tables, revenues are disaggregated by major product/service line. The tables also include a reconciliation of the disaggregated revenues by the reportable segment (in thousands): Reportable SegmentsThree Months Ended September 29, 2024Major Products/Services LinesDomestic Company-owned restaurantsNorth America franchisingNorth America commissariesInternationalAll othersTotalCompany-owned restaurant sales$168,672Â $â€”Â $â€”Â $2,425Â $â€”Â $171,097Â Franchise royalties and feesâ€”Â 34,842Â â€”Â 11,999Â â€”Â 46,841Â Commissary salesâ€”Â â€”Â 262,452Â 18,600Â â€”Â 281,052Â Other revenuesâ€”Â â€”Â â€”Â 6,074Â 68,289Â 74,363Â Eliminationsâ€”Â (1,011)(52,063)â€”Â (13,472)(66,546)Total segment revenues168,672Â 33,831Â 210,389Â 39,098Â 54,817Â 506,807Â International other revenues (a)â€”Â â€”Â â€”Â (6,074)6,074Â â€”Â Total revenues$168,672Â $33,831Â $210,389Â $33,024Â $60,891Â $506,807Â Reportable SegmentsThree Months Ended September 24, 2023Major Products/Services LinesDomestic Company-owned restaurantsNorth America franchisingNorth America commissariesInternationalAll othersTotalCompany-owned restaurant sales$177,195Â $â€”Â $â€”Â $14,013Â $â€”Â $191,208Â Franchise royalties and feesâ€”Â 36,081Â â€”Â 12,219Â â€”Â 48,300Â Commissary salesâ€”Â â€”Â 256,124Â 16,695Â â€”Â 272,819Â Other revenuesâ€”Â â€”Â â€”Â 5,554Â 73,388Â 78,942Â Eliminationsâ€”Â (1,040)(51,237)â€”Â (16,180)(68,457)Total segment revenues177,195Â 35,041Â 204,887Â 48,481Â 57,208Â 522,812Â International other revenues (a)â€”Â â€”Â â€”Â (5,554)5,554Â â€”Â Total revenues$177,195Â $35,041Â $204,887Â $42,927Â $62,762Â $522,812Â Reportable SegmentsNine Months Ended September 29, 2024Major Products/Services LinesDomestic Company-owned restaurantsNorth America franchisingNorth America commissariesInternationalAll othersTotalCompany-owned restaurant sales$518,103Â $â€”Â $â€”Â $28,885Â $â€”Â $546,988Â Franchise royalties and feesâ€”Â 107,038Â â€”Â 35,598Â â€”Â 142,636Â Commissary salesâ€”Â â€”Â 763,506Â 48,950Â â€”Â 812,456Â Other revenuesâ€”Â â€”Â â€”Â 18,885Â 202,808Â 221,693Â Eliminationsâ€”Â (3,101)(151,633)â€”Â (40,422)(195,156)Total segment revenues518,103Â 103,937Â 611,873Â 132,318Â 162,386Â 1,528,617Â International other revenues (a)â€”Â â€”Â â€”Â (18,885)18,885Â â€”Â Total revenues$518,103Â $103,937Â $611,873Â $113,433Â $181,271Â $1,528,617Â 21Reportable SegmentsNine Months Ended September 24, 2023Major Products/Services LinesDomestic Company-owned restaurantsNorth America franchisingNorth America commissariesInternationalAll othersTotalCompany-owned restaurant sales$532,841Â $â€”Â $â€”Â $17,031Â $â€”Â $549,872Â Franchise royalties and feesâ€”Â 108,941Â â€”Â 36,906Â â€”Â 145,847Â Commissary salesâ€”Â â€”Â 779,073Â 55,061Â â€”Â 834,134Â Other revenuesâ€”Â â€”Â â€”Â 19,541Â 222,117Â 241,658Â Eliminationsâ€”Â (3,117)(154,640)â€”Â (49,363)(207,120)Total segment revenues532,841Â 105,824Â 624,433Â 128,539Â 172,754Â 1,564,391Â International other revenues (a)â€”Â â€”Â â€”Â (19,541)19,541Â â€”Â Total revenues$532,841Â $105,824Â $624,433Â $108,998Â $192,295Â $1,564,391Â ___________________________________(a)Â Â Â Â Other revenues as reported in the Condensed Consolidated Statements of Operations include $6.1 million and $18.9 million of revenues for the three and nine months ended SeptemberÂ 29, 2024, respectively, and $5.6 million and $19.5 million of revenues for the three and nine months ended SeptemberÂ 24, 2023, respectively, that are part of the International reporting segment. These amounts include marketing fund contributions and sublease rental income from international franchisees in the United Kingdom that provide no significant contribution to income before income taxes but must be reported on a gross basis under accounting requirements. The related expenses for these Other revenues are reported in Other expenses in the Condensed Consolidated Statements of Operations.22Item 2. Managementâ€™s Discussion and Analysis of Financial Condition and Results of OperationsOverviewPapa Johnâ€™s International, Inc. (referred to as the â€œCompany,â€ â€œPapa Johnâ€™s,â€ â€œPapa Johnsâ€ or in the first-person notations of â€œwe,â€ â€œusâ€ and â€œourâ€) operates and franchises pizza delivery and carryout restaurants and, in certain international markets, dine-in and delivery restaurants under the trademark â€œPapa Johnâ€™s.â€ Papa Johns began operations in 1984. As of SeptemberÂ 29, 2024, there were 5,908 Papa Johnâ€™s restaurants in operation, consisting of 550 Company-owned and 5,358 franchised restaurants operating in 49 countries and territories. Our revenues are derived from retail sales of pizza and other food and beverage products to the general public by Company-owned restaurants, franchise royalties, and sales of franchise and development rights. Additionally, we derive revenues from sales to franchisees of various items including food and paper products from our Domestic Quality Control Centers (â€œQC Centersâ€), operation of our International QC Center in the United Kingdom (â€œUKâ€), contributions received by Papa Johnâ€™s Marketing Fund (â€œPJMFâ€) which is our national marketing fund, information systems equipment, and software and related services. We believe that in addition to supporting both Company and franchised profitability and growth, these activities contribute to product quality and consistency throughout the Papa Johns system.In discussions of our business, â€œDomesticâ€ is defined as within the contiguous United States, â€œNorth Americaâ€ includes Canada, and â€œInternationalâ€ includes the rest of the world other than North America. Recent Developments and Trends The Company has focused on executing strategic priorities and building a foundation for long-term success, while navigating a challenging macroeconomic environment. In this current economic cycle, consumers have become more deliberate in managing their overall ticket and are showing a preference for brands that are offering compelling value. As such, we are shifting our efforts and investments to focus on initiatives that improve our price/value perception and improve our digital and loyalty experience to increase conversion and reduce friction within the customer experience. While we are making progress against our strategic initiatives in 2024, as described below, we anticipate the challenging sales trends we experienced in the third quarter to continue throughout the remainder of the fiscal year and into 2025.North America Strategic Initiativesâ€¢Product innovation and marketing strategy: In the second quarter, the approved contribution rate increase to PJMF became effective, while local marketing spend remains optional. This strategy shift was intended to increase the productivity of franchiseesâ€™ marketing contributions by leveraging the scale that national investments deliver. Additionally, in the first half of 2024 we launched an all-new brand platform â€œBetter Get You Someâ€ that was part of our deepened commitment to, and investment in, our new marketing strategy. These investments were focused on improving audience segmentation, building consumer loyalty and driving cultural relevance. In the third quarter, we evolved our messaging and promotions to showcase our better ingredients, better pizza at appropriately-valued price points to improve our overall value perception. We believe if we maintain an appropriate balance of value offerings and premium products, it will lead to improving sales trends over time.â€¢Digital and loyalty strategy: Most of our sales occur through digital channels and we are actively identifying opportunities to more quickly access information, streamline the ordering journey and improve the overall user experience. In the third quarter, we rolled out an App update that improves call to actions and navigation, elevates imagery and more prominently features loyalty rewards.â€¢Domestic commissary growth strategy: Our previously-announced change in the Domestic Commissary profit model was implemented during the first quarter, with the fixed operating margin that Domestic QC Centers charge increasing to 5% paired with increased rebate opportunities for franchisees. The operating income of the North America Commissary business has also increased, reflecting benefits for both franchisees as well as the Commissary. We also continue to pursue productivity efficiencies throughout the supply chain through improved operations and supplier relationships.23International Transformation Plan In December 2023, the Company announced international transformation initiatives (â€œInternational Transformation Planâ€) designed to evolve our business structure to deliver an enhanced value proposition to our International customers and franchisees, ensure targeted investments and efficient resource management, and better position our largest markets, including the UK, for long-term profitable growth and brand strength. Total estimated pre-tax costs associated with the International Transformation Plan are expected to be approximately $25 million to $35 million (inclusive of the $21.7 million incurred through the third quarter of 2024), which the Company currently expects to be recognized in 2024 and 2025. See â€œNote 9. Restructuringâ€ of â€œNotes to Condensed Consolidated Financial Statementsâ€ for additional details. During 2024, the Company has made significant progress in executing the International Transformation Plan, with specific actions around UK Optimization as follows: â€¢During the second quarter, we completed the planned closure of 43 underperforming UK Company-owned restaurants and successfully refranchised 40 formerly Company-owned restaurants to existing franchisees. â€¢During the third quarter, we refranchised an additional 20 formerly Company-owned restaurants to primarily existing franchisees, with only 13 Company-owned restaurants remaining in operation in the UK. We have also continued evaluating and right-sizing the UK franchise base, resulting in the closure of 11 franchised locations during the third quarter and 30 total franchised locations during the first nine months of 2024. As a result of these actions, we saw year-over-year improvement in the profitability of the UK market in the third quarter, and we continue to optimize the region through exiting leases and other contracts as well as transforming our operations to increase efficiency and effectiveness.â€¢We have completed nearly all of the strategic restaurant closures in the UK market and the Companyâ€™s efforts are turning towards growth opportunities and mitigating closure-related costs as we complete optimization of the portfolio.Global Restaurant Sales and Unit Informationâ€œComparable salesâ€ represents sales for the same base of restaurants for the same fiscal periods. â€œComparable sales growth (decline)â€ represents the change in year-over-year comparable sales. â€œGlobal system-wide restaurant salesâ€ represents total restaurant sales for all Company-owned and franchised restaurants open during the comparable periods, and â€œGlobal system-wide restaurant sales growth (decline)â€ 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. â€œEquivalent unitsâ€ 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 Companyâ€™s revenues.24Three Months EndedNine Months EndedAmounts below exclude the impact of foreign currencySeptember 29,2024September 24,2023September 29,2024September 24,2023Comparable sales growth (decline):Domestic Company-owned restaurants(6.7)%5.9%(4.6)%3.8%North America franchised restaurants(5.3)%2.2%(3.4)%(0.4)%North America restaurants(5.6)%2.9%(3.6)%0.4%International restaurants(2.8)%(0.3)%(1.8)%(2.3)%Total comparable sales growth (decline)(4.9)%2.2%(3.2)%(0.2)%System-wide restaurant sales growth (decline):Domestic Company-owned restaurants(4.8)%6.7%(2.8)%4.7%North America franchised restaurants(3.8)%3.2%(2.4)%1.1%North America restaurants(4.0)%3.9%(2.5)%1.8%International restaurants (a)â€”%8.8%2.2%6.8%Total global system-wide restaurant sales growth (decline) (a)(3.0)%5.1%(1.4)%3.0%_________________________________(a) System-wide sales for the nine months ended September 29, 2024 includes $7.1 million of International sales related to the first and second quarters of 2024 that were erroneously omitted in prior periods. 25Restaurant ProgressionThree Months EndedNine Months EndedSeptember 29,2024September 24,2023September 29,2024September 24,2023North America Company-owned:Beginning of period537521531522Openedâ€”â€”6â€”Closedâ€”â€”Â â€”(2)Acquiredâ€”9Â â€”10Refranchisedâ€”(4)â€”(4)End of period537526537526North America franchised:Beginning of period2,9102,8682,9022,854Opened18154344Closed(11)(7)(28)(21)Soldâ€”Â (9)â€”Â (10)Refranchisedâ€”Â 4Â â€”Â 4Â End of period2,9172,8712,9172,871International Company-ownedBeginning of period3391Â 117Â â€”Â Closedâ€”Â â€”Â (43)â€”Â Acquiredâ€”Â 27Â â€”Â 118Â Refranchised(20)â€”Â (61)â€”Â End of period1311813118International franchised:Beginning of period2,4032,2922,3562,322Opened3655115153Closed(18)(18)(91)(55)Soldâ€”Â (27)â€”Â (118)Refranchised20Â â€”61Â â€”End of period2,4412,3022,4412,302Total restaurants â€“ end of period5,9085,8175,9085,817Trailing four quarters net restaurant growth9123626Results of OperationsRevenuesThe following table sets forth the various components of Revenues from the Condensed Consolidated Statements of Operations.Three Months EndedNine Months EndedIncrease(Decrease)(In thousands)September 29,2024September 24,2023September 29,2024September 24,2023QTDYTDRevenues:Domestic Company-owned restaurant sales$168,672Â $177,195Â $518,103Â $532,841Â (4.8)%(2.8)%North America franchise royalties and fees33,831Â 35,041Â 103,937Â 105,824Â (3.5)%(1.8)%North America commissary revenues210,389Â 204,887Â 611,873Â 624,433Â 2.7Â %(2.0)%International revenues33,024Â 42,927Â 113,433Â 108,998Â (23.1)%4.1Â %Other revenues60,891Â 62,762Â 181,271Â 192,295Â (3.0)%(5.7)%Total revenues$506,807$522,812$1,528,617$1,564,391(3.1)%(2.3)%The comparability of results between 2024 and 2023 is impacted by transactions that have changed the composition of restaurants in the UK during the periods presented. In the second and third quarters of 2023, the Company acquired 118 formerly franchised restaurants in the UK (the â€œUK franchisee acquisitionsâ€). In the second and third quarters of 2024, the Company completed the closure of 43 Company-owned restaurants in the UK and also refranchised 60 formerly Company-owned restaurants in the UK. After prior disposals of two mobile restaurants, the Company operated 13 UK Company-owned restaurants during the third quarter of 2024. These transactions impact the composition of International revenues and the results of the International segment during the periods presented. See â€œNote 9. Restructuringâ€ of the â€œNotes to Condensed Consolidated Financial Statementsâ€ for additional information on these transactions.Total revenues decreased $16.0 million, or 3.1%, to $506.8 million for the three months ended SeptemberÂ 29, 2024 and decreased $35.8 million, or 2.3%, to $1.5Â billion for the nine months ended SeptemberÂ 29, 2024, as compared to each prior year comparable period. Domestic Company-owned restaurant sales decreased $8.5 million, or 4.8%, for the three months ended SeptemberÂ 29, 2024 and decreased $14.7 million, or 2.8%, for the nine months ended SeptemberÂ 29, 2024, as compared to each prior year comparable period. The decreases were primarily due to declines in comparable sales of 6.7% and 4.6% for the three and nine months ended SeptemberÂ 29, 2024, respectively, due to lower transaction volumes. The comparable sales declines were partially offset by increased equivalent units of 3.8% and 2.2% for the same respective periods. North America franchise royalties and fees decreased $1.2 million, or 3.5%, for the three months ended SeptemberÂ 29, 2024 and decreased $1.9 million, or 1.8%, for the nine months ended SeptemberÂ 29, 2024, as compared to each prior year comparable period. The decreases are primarily due to comparable sales declines of 5.3% and 3.4% for the three and nine months ended SeptemberÂ 29, 2024, respectively, partially offset by growth in equivalent units and lower royalty waivers in 2024 as compared to 2023. Equivalent units increased 3.5% and 2.7% for the three and nine months ended SeptemberÂ 29, 2024, respectively, as compared to each prior year comparable period.North America franchise restaurant sales decreased 3.9% to $720.7Â million for the three months ended SeptemberÂ 29, 2024 compared to the prior year comparable period. North America franchise restaurant sales decreased 2.5% to $2.2Â billion for the nine months ended SeptemberÂ 29, 2024 as compared to the prior year comparable period. North America franchise restaurant sales are not included in Company revenues; however, our North America franchise royalties are derived from these sales. The main drivers in the lower franchise restaurant sales were the North America comparable sales declines, partially offset by equivalent unit growth noted above.North America commissary revenues increased $5.5 million or 2.7% for the three months ended SeptemberÂ 29, 2024 and decreased $12.6 million, or 2.0% for the nine months ended SeptemberÂ 29, 2024, as compared to each prior year 27comparable period. The increase for the three months ended SeptemberÂ 29, 2024 was primarily due to higher commodity prices during the quarter, particularly cheese and chicken, partially offset by lower volumes. The decline for the nine months ended SeptemberÂ 29, 2024 was due to a combination of lower commodity prices during the first half of the year and lower volumes. North America commissary revenues during the three and nine months ended SeptemberÂ 29, 2024 also benefited from the previously-disclosed increase to the fixed operating margin charged to Domestic QC Centers that took effect during the first quarter of 2024.International revenues decreased $9.9 million, or 23.1%, for the three months ended SeptemberÂ 29, 2024 and increased $4.4 million, or 4.1% for the nine months ended SeptemberÂ 29, 2024, as compared to each prior year comparable period. As mentioned above, the UK franchisee acquisitions in 2023 and the UK restaurant closures and refranchising transactions in the second and third quarters of 2024 impacted the comparability of International revenues earned in each period. The net change in revenue related to the UK franchisee acquisitions was a decrease of approximately $9.0 million and an increase of approximately $6.3 million for the three and nine months ended SeptemberÂ 29, 2024, respectively, representing sales and royalties attributable to this group of restaurants compared to prior year. Excluding the impact of the UK franchisee acquisitions, International revenues would have decreased $0.9 million and $1.8 million for the three and nine months ended SeptemberÂ 29, 2024, respectively, due primarily to comparable sales declines of 2.8% and 1.8%, respectively. International franchise restaurant sales increased $8.3 million to $297.6 million and decreased $15.4 million to $864.8 million for the three and nine months ended SeptemberÂ 29, 2024, respectively. As mentioned above, the UK franchisee acquisitions in 2023 and the UK refranchising transactions in the second and third quarters of 2024 impacted the comparability of International franchise restaurant sales. Excluding the impact of the UK franchisee acquisitions and foreign currency fluctuations, International franchise restaurant sales would have increased $5.7 million, or 2.0%, and increased $26.6Â million, or 3.1%, for the three and nine months ended SeptemberÂ 29, 2024, respectively. International franchise restaurant sales are not included in Company revenues; however, our international royalty revenue is derived from these sales. Other revenues, which primarily includes our national marketing funds and online and mobile ordering business, decreased $1.9 million, or 3.0%, and decreased $11.0 million, or 5.7%, for the three and nine months ended SeptemberÂ 29, 2024 compared to the prior year comparable periods. Our results for the three and nine months ended SeptemberÂ 24, 2023 included revenues of $4.8 million and $14.7 million, respectively, related to Preferred Marketing, our formerly wholly-owned print and promotions company which was sold in the fourth quarter of 2023. This decrease was offset during the three and nine months ended SeptemberÂ 29, 2024 by a $3.5 million and $7.7 million increase in marketing fees, respectively, due primarily to a planned increase in the national marketing fund contribution percentage that went into effect during the quarter and an increased in franchised locations.28Costs and ExpensesThe following table sets forth the various components of Costs and expenses from the Condensed Consolidated Statements of Operations, expressed as a percentage of the associated revenue component.(In thousands)Three Months EndedSeptember 29,2024% of RelatedRevenuesSeptember 24, 2023% of RelatedRevenuesIncrease (Decrease) in % of RevenuesCosts and expenses:Operating costs (excluding depreciation and amortization shown separately below):Domestic Company-owned restaurant expenses$142,403Â 84.4Â %$145,433Â 82.1Â %2.3Â %North America commissary expenses193,818Â 92.1Â %189,551Â 92.5Â %(0.4)%International expenses19,001Â 57.5Â %29,796Â 69.4Â %(11.9)%Other expenses55,543Â 91.2Â %57,587Â 91.8Â %(0.6)%General and administrative expenses13,553Â 2.7Â %52,173Â 10.0Â %(7.3)%Depreciation and amortization17,260Â 3.4Â %16,404Â 3.1Â %0.3Â %Total costs and expenses441,578Â 87.1Â %490,944Â 93.9Â %(6.8)%Operating income$65,229Â 12.9Â %$31,868Â 6.1Â %6.8Â %(In thousands)Nine Months EndedSeptember 29, 2024% of RelatedRevenuesSeptember 24, 2023% of RelatedRevenuesIncrease (Decrease) in % of RevenuesCosts and expenses:Operating costs (excluding depreciation and amortization shown separately below):Domestic Company-owned restaurant expenses$419,189Â 80.9Â %$436,922Â 82.0Â %(1.1)%North America commissary expenses561,316Â 91.7Â %576,434Â 92.3Â %(0.6)%International expenses74,424Â 65.6Â %67,542Â 62.0Â %3.6Â %Other expenses164,261Â 90.6Â %177,661Â 92.4Â %(1.8)%General and administrative expenses129,726Â 8.5Â %154,441Â 9.9Â %(1.4)%Depreciation and amortization52,528Â 3.4Â %46,815Â 3.0Â %0.4Â %Total costs and expenses1,401,444Â 91.7Â %1,459,815Â 93.3Â %(1.6)%Operating income$127,173Â 8.3Â %$104,576Â 6.7Â %1.6Â %Total costs and expenses were $441.6 million or 87.1% of total revenues for the three months ended SeptemberÂ 29, 2024 as compared to $490.9 million or 93.9% of total revenues for the prior year comparable period. Total costs and expenses for the three months ended SeptemberÂ 29, 2024 include a pre-tax gain on sale of two Domestic QC Centers of approximately $41.3Â million, net of transaction costs, which was recorded within General and administrative expenses in the Condensed Consolidated Statements of Operations. For the nine months ended SeptemberÂ 29, 2024, total costs and expenses were $1,401.4Â million, or 91.7% of total revenues, as compared to $1,459.8Â million, or 93.3% of total revenues for the prior year comparable period. The changes in total costs and expenses, as percentages of revenues, were primarily due to the following:Domestic Company-owned restaurant expenses were $142.4 million, or 84.4% of related revenues for the three months ended SeptemberÂ 29, 2024 as compared to expenses of $145.4 million, or 82.1% of related revenues for the prior year period. For the nine months ended SeptemberÂ 29, 2024 Domestic Company-owned restaurant expenses were $419.2 million, or 80.9% of related revenues as compared to expenses of $436.9 million, or 82.0% of related revenues for the prior year comparable period. The increase of 2.3% as a percentage of revenues during the third quarter was due mainly to higher food ingredient costs, particularly cheese and chicken. The 1.1% decrease as a percentage of revenues during the nine months ended SeptemberÂ 29, 2024 was primarily due to lower insurance expenses related to improved auto liability claims experience, lower utility costs, and lower advertising spend in the first half of the year. 29North America commissary expenses were $193.8 million, or 92.1% of related revenues for the three months ended SeptemberÂ 29, 2024 as compared to $189.6 million, or 92.5% of related revenues for the prior year comparable period. For the nine months ended SeptemberÂ 29, 2024 North America commissary expenses were $561.3 million, or 91.7% of related revenues as compared to $576.4 million, or 92.3% of related revenues for the prior year comparable period. The expense, as a percentage of related revenues, decreased 0.4% and 0.6% for the three and nine months ended SeptemberÂ 29, 2024, respectively, primarily due to an increase to the fixed operating margin charged to Domestic QC Centers that took effect during the first quarter of 2024 and lower commodity prices for cheese during the first half of the year.International expenses were $19.0 million, or 57.5% of related revenues for the three months ended SeptemberÂ 29, 2024, as compared to $29.8 million, or 69.4% of related revenues for the prior year comparable period. For the nine months ended SeptemberÂ 29, 2024, International expenses were $74.4 million, or 65.6% of related revenues as compared to expenses of $67.5 million, or 62.0% of related revenues for the prior year comparable period. As mentioned above, the UK franchisee acquisitions in 2023 and the UK restaurant closures and refranchising transactions in the second and third quarters of 2024 impacted the comparability of International expenses earned in each period. International expenses increased in the first six months of 2024 when compared to the prior year comparable period as a result of the UK franchisee acquisitions, which added operating costs related to Company-owned restaurants. The Company is only operating 13 UK Company-owned restaurants beginning in the third quarter of 2024, leading to a decrease in related expenses. Other expenses were $55.5 million, or 91.2% of related revenues for the three months ended SeptemberÂ 29, 2024, as compared to $57.6 million, or 91.8% for the prior year comparable period. For the nine months ended SeptemberÂ 29, 2024, Other expenses were $164.3 million, or 90.6% of related revenues as compared to expenses of $177.7 million, or 92.4% of related revenues for the prior year comparable period. The decrease primarily reflects $4.7 million and $14.2 million of expenses incurred for the three and nine months ended SeptemberÂ 24, 2023 related to Preferred Marketing, our formerly wholly-owned print and promotions company, which was sold in the fourth quarter of 2023. General and Administrative Expenses General and Administrative (â€œG&Aâ€) expenses were $13.6 million, or 2.7% of revenues for the three months ended SeptemberÂ 29, 2024, as compared to $52.2 million, or 10.0% of revenues for the prior year comparable period. For the nine months ended SeptemberÂ 29, 2024, G&A expenses were $129.7 million or 8.5% of revenues compared to $154.4 million or 9.9% of revenues for the prior year comparable period. G&A expenses consisted of the following:Three Months EndedNine Months Ended(In thousands)September 29,2024September 24,2023September 29,2024September 24,2023Administrative and other general expenses, net (a)$49,485Â $49,034Â $146,006Â $147,271Â Gain on sale of QC Center properties (b)(41,289)â€”Â (41,289)â€”Â International restructuring costs (c)3,862Â â€”Â 19,514Â â€”Â Other costs (d)1,495Â 1,369Â 5,495Â 4,092Â UK repositioning and acquisition-related costs (e)â€”Â 1,193Â â€”Â 2,501Â Legal settlement accruals (f)â€”Â 577Â â€”Â 577Â General and administrative expenses$13,553$52,173$129,726$154,441(a)Administrative and other general expenses, net increased by $0.5 million and decreased by $1.3 million during the three and nine months ended SeptemberÂ 29, 2024, respectively. The decrease during the nine months ended SeptemberÂ 29, 2024 was primarily due to lower equity compensation costs related to leadership changes and lower costs in 2024 as the bi-annual franchise operating conference took place in 2023, partially offset by higher labor costs and professional fees. (b)Represents pre-tax gain on sale of Texas and Florida QC Center properties, net of transaction costs. See â€œNote 11. Divestituresâ€.(c)Represents costs associated with the Companyâ€™s International Restructuring plan. See â€œNote 9. Restructuringâ€.(d)For the three and nine months ended SeptemberÂ 29, 2024, represents non-cash impairment charges related primarily to fixed and intangible assets from the refranchising of 15 Domestic Company-owned restaurants. See Note 11. Divestitures. For the three and nine months ended SeptemberÂ 24, 2023, represents severance and related costs associated with the transition of certain executives. (e)Represents costs associated with repositioning the UK portfolio as well as transaction costs related to the acquisition of restaurants from franchisees.(f)Represents accruals for certain legal settlements.30Depreciation and Amortization Depreciation and amortization expense was $17.3 million, or 3.4% of revenues for the three months ended SeptemberÂ 29, 2024, as compared to $16.4 million, or 3.1% of revenues for the prior year comparable period. For the nine months ended SeptemberÂ 29, 2024, depreciation and amortization expense was $52.5 million, or 3.4% of revenues as compared to $46.8 million, or 3.0% of revenues for the prior year comparable period. The increases of $0.9 million and $5.7 million, respectively, for the three and nine months ended SeptemberÂ 29, 2024, were primarily due to higher depreciation expense related to our investments in technology platforms. Operating Income by SegmentOperating income is summarized in the following table on a reporting segment basis. Adjusted operating income, a non-GAAP measure, is also presented below. See â€œNon-GAAP Measuresâ€ for a reconciliation to the most comparable U.S. GAAP measure. We believe this non-GAAP measure is important for comparability purposes. Three Months Ended September 29, 2024Three Months Ended September 24, 2023(In thousands)ReportedAdjustments (a)AdjustedReportedAdjustments (a)AdjustedReported Increase (Decrease)AdjustedIncrease(Decrease)Domestic Company-owned restaurants$(1,748)$1,495$(253)$6,147$â€"$6,147$(7,895)$(6,400)North America franchising31,865â€"31,86532,234â€"32,234(369)(369)North America commissaries53,599(41,289)12,31010,691â€"10,69142,9081,619International42Â 3,862Â 3,904Â 2,2701,193Â 3,463(2,228)441Â All others2,834Â â€"2,834Â 2,379â€"2,379455455Unallocated corporate expenses(21,106)â€"(21,106)(20,792)577(20,215)(314)(891)Elimination of intersegment (profits) losses(257)â€"Â (257)(1,061)â€"Â (1,061)804Â 804Â Total$65,229Â $(35,932)$29,297Â $31,868Â $1,770Â $33,638Â $33,361Â $(4,341)Nine Months Ended September 29, 2024Nine Months Ended September 24, 2023(In thousands)ReportedAdjustments (a)AdjustedReportedAdjustments (a)AdjustedReported Increase (Decrease)AdjustedIncrease(Decrease)Domestic Company-owned restaurants$13,388$5,495$18,883$19,438$â€"$19,438$(6,050)$(555)North America franchising97,985â€"97,98597,745â€"97,745240240North America commissaries77,337(41,289)36,04831,818â€"31,81845,5194,230International(8,612)19,514Â 10,902Â 13,2652,501Â 15,766(21,877)(4,864)All others8,202Â â€"8,202Â 6,879â€"6,8791,3231,323Unallocated corporate expenses(60,346)â€"(60,346)(63,859)2,594(61,265)3,513Â 919Â Elimination of intersegment (profits) losses(781)â€"Â (781)(710)â€"Â (710)(71)(71)Total$127,173Â $(16,280)$110,893Â $104,576Â $5,095Â $109,671Â $22,597Â $1,222Â ___________________________________(a)Â Â Â Â See â€œNon-GAAP Measuresâ€ below for a detail of the adjustments in each period and for a reconciliation to the most comparable U.S. GAAP measure.Operating income was $65.2 million and $127.2 million for the three and nine months ended SeptemberÂ 29, 2024, respectively, as compared to $31.9 million and $104.6 million for the prior year comparable periods, an increase of $33.4 million and $22.6 million, respectively. Adjusted operating income was $29.3 million and $110.9 million for the three and 31nine months ended SeptemberÂ 29, 2024, respectively, as compared to $33.6 million and $109.7 million for the prior year comparable periods, respectively, representing a decrease of $4.3 million and increase of $1.2 million, respectively. The fluctuations in adjusted operating income in 2024 compared to 2023 were primarily due to the following:â€¢Domestic Company-owned restaurants decreased $6.4 million and $0.6 million for the three and nine months ended SeptemberÂ 29, 2024. The decreases were primarily due to lower revenues from 6.7% and 4.6% declines in comparable sales for the respective periods and higher food ingredient costs during the third quarter of 2024, specifically cheese and chicken. For the most part, these food cost increases were not passed onto customers due to our focus on value perception. These factors were partially offset by lower insurance, utility costs, and commodity costs in the first half of 2024. â€¢North America franchising decreased $0.4 million and increased $0.2 million for the three and nine months ended SeptemberÂ 29, 2024. The variances are primarily driven by a 3.5% and 2.7% increase in equivalent units and a decrease in comparable sales of 5.3% and 3.4% for the respective periods as well as lower royalty waivers in 2024 as compared to 2023. â€¢North America commissaries increased $1.6 million and $4.2 million for the three and nine months ended SeptemberÂ 29, 2024, primarily due to the increase in the commissary fixed operating margin, which became effective in 2024, partially offset by anticipated franchisee rebates.â€¢International increased $0.4 million and decreased $4.9 million for the three and nine months ended SeptemberÂ 29, 2024. As mentioned above, we have closed 43 of the UK Company-owned restaurants and refranchised an additional 60 restaurants under the International Transformation Plan during 2024, resulting in operations of only 13 Company-owned restaurants in the UK beginning in the third quarter of 2024. These shifts in Company-owned restaurants favorably impacted International adjusted operating income during the third quarter. The year-to-date decrease in adjusted operating income was primarily driven by operating losses attributable to the UK Company-owned restaurants, including higher depreciation expense, during the periods where we were operating more restaurants. International adjusted operating income was also negatively impacted by comparable sales declines of 2.8% and 1.8% for the respective periods.â€¢All Others, which primarily includes our online and mobile ordering business and our marketing funds, increased $0.5 million and $1.3 million during the three and nine months ended SeptemberÂ 29, 2024 primarily due to prior year losses incurred by Preferred Marketing, our formerly wholly-owned print and promotions company, which was sold in the fourth quarter of 2023.â€¢Unallocated corporate expenses increased $0.9 million for three months ended September 29, 2024 and decreased $0.9 million for the nine months ended SeptemberÂ 29, 2024. The decrease during the year-to-date period was primarily due to the reversal of stock compensation expense for unvested equity compensation awards from leadership transitions incurred primarily during the first three months of 2024, which was partially offset by higher depreciation expense related to our investments in technology support initiatives. 32Items Below Operating IncomeThe following table sets forth the various items below Operating income from the Condensed Consolidated Statements of Operations:Three Months EndedNine Months EndedIncrease (Decrease)(In thousands, except per share amounts)September 29,2024September 24,2023September 29,2024September 24,2023QTDYTDOperating income$65,229Â $31,868Â $127,173Â $104,576Â $33,361Â $22,597Â Net interest expense(10,629)(11,378)(32,588)(31,674)749Â (914)Income before income taxes54,600Â 20,490Â 94,585Â 72,902Â 34,110Â 21,683Â Income tax expense12,812Â 4,539Â 25,347Â 16,546Â 8,273Â 8,801Â Net income before attribution to noncontrolling interests41,788Â 15,951Â 69,238Â 56,356Â 25,837Â 12,882Â Net loss (income) attributable to noncontrolling interests20Â (90)(551)(351)110Â (200)Net income attributable to the Company$41,808Â $15,861Â $68,687Â $56,005Â $25,947Â $12,682Â Basic earnings per common share $1.28Â $0.49Â $2.10Â $1.69Â $0.79Â $0.41Â Diluted earnings per common share$1.27Â $0.48Â $2.09Â $1.68Â $0.79Â $0.41Â Net Interest ExpenseNet interest expense decreased $0.7 million and increased $0.9 million for the three and nine months ended SeptemberÂ 29, 2024, respectively. The decrease for the three months ended SeptemberÂ 29, 2024 was due primarily to lower average outstanding debt during the quarter. The increase for the nine months ended SeptemberÂ 29, 2024 was due to higher average outstanding debt during the nine months ended SeptemberÂ 29, 2024. Income Tax Expense (Benefit) Our effective income tax rate was 23.5% and 26.8% for the three and nine months ended SeptemberÂ 29, 2024, respectively, as compared to an income tax rate of 22.2% and 22.7% for the prior year comparable periods. The higher effective tax rate for the three and nine months ended SeptemberÂ 29, 2024 was driven by impairment charges related to the International Restructuring that created unrecognized tax losses and prevented the Company from generating foreign tax credits as well as a tax shortfall generated by stock option exercises and vesting of restricted shares in 2024.Three Months EndedNine Months Ended(Dollars in thousands)September 29, 2024September 24, 2023September 29, 2024September 24, 2023Income before income taxes$54,600$20,490$94,585$72,902Income tax expense$12,812$4,539$25,347$16,546Effective tax rate23.5Â %22.2Â %26.8Â %22.7Â %Net Income Attributable to Noncontrolling Interests Net income included losses of less than $0.1 million and income of $0.6 million attributable to noncontrolling interests for the three and nine months ended SeptemberÂ 29, 2024, respectively, as compared to income of $0.1 million and $0.4 million for the prior year comparable periods. Diluted Earnings Per Common ShareDiluted earnings per common share was $1.27 and $2.09 for the three and nine months ended SeptemberÂ 29, 2024, respectively, as compared to $0.48 and $1.68 for the prior year comparable periods, representing increases of $0.79 and $0.41, respectively. Adjusted diluted earnings per common share, a non-GAAP measure, was $0.43 and $1.71 for the three 33and nine months ended SeptemberÂ 29, 2024 as compared to adjusted diluted earnings per common share of $0.53 and $1.80 for the prior year comparable periods, representing respective decreases of $0.10 and $0.09. See â€œNon-GAAP Measuresâ€ for additional information.34Non-GAAP MeasuresIn 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 Companyâ€™s performance than the Companyâ€™s U.S. GAAP results. The table below reconciles our GAAP financial results to our non-GAAP financial measures. Three Months EndedNine Months Ended(In thousands, except per share amounts)September 29,2024September 24,2023September 29,2024September 24,2023Operating income$65,229$31,868$127,173$104,576Gain on sale of QC Center properties (a)(41,289)â€"(41,289)â€"International restructuring costs (b)3,862â€"19,514â€"UK repositioning and acquisition-related costs (c)â€"1,193â€"2,501Legal settlements (d)â€"577â€"577Other costs (e)1,495â€"5,4952,017Adjusted operating income$29,297$33,638$110,893$109,671Net income attributable to common shareholders$41,808$15,861$68,687$56,005Gain on sale of QC Center properties (a)(41,289)â€"(41,289)â€"International restructuring costs (b)3,862â€"19,514â€"UK repositioning and acquisition-related costs (c)â€"1,193â€"2,501Legal settlements (d)â€"577â€"577Other costs (e)1,495Â â€"Â 5,495Â 2,017Â Tax effect of adjustments (f)8,121Â (404)3,679Â (1,162)Adjusted net income attributable to common shareholders$13,997$17,227$56,086$59,938Diluted earnings per common share$1.27$0.48$2.09$1.68Gain on sale of QC Center properties (a)(1.25)â€"(1.25)â€"International restructuring costs (b)0.12â€"0.59â€"UK repositioning and acquisition-related costs (c)â€"0.04â€"0.07Legal settlements (d)â€"0.02â€"0.02Other costs (e)0.04Â â€"Â 0.17Â 0.06Â Tax effect of adjustments (f)0.25Â (0.01)0.11Â (0.03)Adjusted diluted earnings per common share$0.43$0.53$1.71$1.8035___________________________________(a)Represents pre-tax gain on sale, net of transaction costs, realized upon the August 2, 2024 completion of the sale of our Texas and Florida QC Center properties. See â€œNote 11. Divestituresâ€ for additional details.(b)Represents costs associated with the Companyâ€™s International Restructuring plan. See â€œNote 9. Restructuringâ€ for additional details.(c)Represents costs associated with repositioning the UK portfolio as well as transaction costs related to the acquisition of restaurants from franchisees.(d)Represents accruals for certain legal settlements, recorded in General and administrative expenses.(e)For the three and nine months ended SeptemberÂ 29, 2024, represents non-cash impairment and remeasurement charges related primarily to fixed and intangible assets from the refranchising of 15 Domestic Company-owned restaurants. Refer to â€œNote 11. Divestituresâ€ for further details. For the three and nine months ended SeptemberÂ 24, 2023, represents severance and related costs associated with the transition of certain executives, recorded in General and administrative expenses. (f)The tax effect on non-GAAP adjustments was calculated by applying the marginal tax rates of 22.6% and 22.8% for the three and nine months ended SeptemberÂ 29, 2024 and SeptemberÂ 24, 2023, respectively.In addition, we present free cash flow in this report, which is a non-GAAP measure. Please see â€œLiquidity and Capital Resources â€" Free Cash Flowâ€ for a discussion of why we believe free cash flow provides useful information regarding our financial condition and results of operations, and a reconciliation of free cash flow to the most directly comparable U.S. GAAP measure.36Liquidity and Capital ResourcesOur primary sources of liquidity and capital resources are cash flows from operations and borrowings under our senior secured revolving credit facility (the â€œPJI Revolving Facilityâ€). Our principal uses of cash are operating expenses, capital expenditures, and returning value to our shareholders in the form of cash dividends and/or share repurchases. Our capital priorities are:â€¢investing for growthâ€¢maintaining a strong balance sheet, andâ€¢returning capital to shareholdersThe Company believes that its balances of cash and cash equivalents and borrowing capacity, along with cash generated by operations, will be sufficient to satisfy its cash requirements, cash dividends, interest payments and share repurchases over the next twelve months and beyond.Cash FlowsThe table below summarizes our cash flows for the nine months ended SeptemberÂ 29, 2024 and SeptemberÂ 24, 2023 (in thousands):Nine Months EndedSeptember 29,2024September 24,2023Total cash provided by (used in):Operating activities$55,884$126,936Investing activities7,448Â (57,654)Financing activities(86,584)(79,139)Effect of exchange rate changes on cash and cash equivalents215(24)Change in cash and cash equivalents$(23,037)$(9,881)Operating Activities Total cash provided by operating activities was $55.9Â million for the nine months ended SeptemberÂ 29, 2024 compared to $126.9Â million for the corresponding period of 2023. The decrease of $71.1Â million primarily reflects lower net income after considering the gain on sale of QC Center properties as well as unfavorable working capital changes in the first nine months of 2024, principally related to the following:â€¢Higher tax payments in 2024 due to higher income before income taxes, compared to lower prior year tax payments stemming from the application of 2022 overpayments towards 2023 tax payments; â€¢Changes in the assets and liabilities of the advertising funds over the comparable periods related to the timing of cash receipts as compared to spending on advertising expense; andâ€¢Higher accrual balances at December 31, 2023 related to the 53rd week of our 2023 fiscal year, which resulted in higher cash outflows in 2024. Investing ActivitiesTotal cash provided by investing activities was $7.4Â million for the nine months ended SeptemberÂ 29, 2024 compared to cash used in investing activities of $57.7Â million for the same period in 2023. The cash generated from investing activities was primarily due to net proceeds of $46.7Â million from the sale of two Domestic QC Centers, lower capital expenditures and net repayments received on notes to franchisees in the first nine months of 2024 as compared to net issuances of notes to franchisees in 2023. We also received a $2.3Â million investment distribution related to our deferred compensation plan during the first nine months of 2024. Our capital expenditures consisted primarily of capital investments for existing restaurants and new restaurant locations as well as investments in technology platforms. We estimate that our capital expenditures during 2024 will be approximately $75 million to $85 million. This estimate includes the acquisition of sites and construction costs for new Company-owned 37restaurants that have opened or that we expect to open during 2024. We intend to fund our capital expenditures with cash generated by operations and borrowings under our PJI Revolving Facility, as necessary.Financing ActivitiesTotal cash used in financing activities was $86.6Â million for the nine months ended SeptemberÂ 29, 2024 compared to $79.1Â million for the same period of 2023. In the first nine months of 2024, the principal financing outflows were related to dividend payments of $45.4Â million, net repayments of $37.2Â million on the PJI Revolving Facility, $6.8Â million in payments related to financing leases, and $3.5Â million in tax payments on equity compensation award issuances. These outflows were offset by net borrowings of $5.7Â million from the PJMF revolving line of credit (the â€œPJMF Revolving Facilityâ€). There were no share repurchases in the first nine months of 2024. In the first nine months of 2023, cash used for financing activities primarily reflects the impact of share repurchases of $210.3Â million, which were financed through $185.8Â million in net borrowing from the PJI Revolving Facility. Other financing outflows in the first nine months of 2023 included $43.6Â million in dividend payments, $6.3Â million in tax payments on equity award issuances and $6.0Â million in payments related to financing leases. DebtOur outstanding debt as of SeptemberÂ 29, 2024 was $732.4Â million, which was comprised of $400.0Â million principal amount of our 3.875% senior notes (the â€œNotesâ€) and $332.4Â million outstanding under the PJI Revolving Facility and the PJMF Revolving Facility. Remaining availability under the PJI Revolving Facility was approximately $273.2Â million as of SeptemberÂ 29, 2024.Our Credit Agreement, dated SeptemberÂ 14, 2021 and amended May 30, 2023 (as amended, the â€œCredit Agreementâ€), contains affirmative and negative covenants that, among other things, require customary reporting obligations and restrict, subject to certain exceptions, the incurrence of additional indebtedness and liens, the consummation of certain mergers, consolidations, sales of assets and similar transactions, the making of investments, equity distributions and other restricted payments, and transactions with affiliates. The Company is also subject to certain financial covenants, as shown in the following table, that could restrict or impose constraints on the liquidity of our business: Permitted RatioActual Ratio as of September 29, 2024Leverage ratioNot to exceed 5.25 to 1.03.0 to 1.0Interest coverage ratioNot less than 2.00 to 1.03.2 to 1.0Our leverage ratio is defined as outstanding debt divided by Consolidated EBITDA (as defined in the Credit Agreement) for the most recent four fiscal quarters. Our interest coverage ratio is defined as the sum of Consolidated EBITDA and consolidated rental expense for the most recent four fiscal quarters divided by the sum of consolidated interest expense and consolidated rental expense for the most recent four fiscal quarters. We were in compliance with all financial covenants as of SeptemberÂ 29, 2024. In addition, the Indenture governing the Notes contains customary covenants that, among other things and subject to certain exceptions, limit our ability and the ability of certain of our subsidiaries to: incur additional indebtedness and guarantee indebtedness; pay dividends or make other distributions or repurchase or redeem our capital stock;

prepay, redeem or repurchase certain debt; issue certain preferred stock or similar equity securities; make loans and investments; sell assets; incur liens; enter into transactions with affiliates; enter into agreements restricting our subsidiariesâ€™ ability to pay dividends; and consolidate, merge or sell all or substantially all of our assets. The PJMF Revolving Facility consists of a $30.0Â million revolving line of credit pursuant to a Revolving Loan Agreement, dated September 30, 2015 and most recently amended on September 30, 2024. Debt outstanding under the PJMF Revolving Facility was approximately $5.7 million as of SeptemberÂ 29, 2024. The PJMF operating results and the related debt outstanding do not impact the financial covenants under the Companyâ€™s Credit Agreement.38Refer to Note 12 of the consolidated financial statements in our Annual Report on Form 10-K for the year ended DecemberÂ 31, 2023 for additional information.Share Repurchases As part of our long-term growth and capital allocation strategy, we may elect to invest in share repurchases to provide ongoing value and enhanced returns to our shareholders. On October 28, 2021, our Board of Directors approved a share repurchase program with an indefinite duration for up to $425.0 million of the Companyâ€™s common stock. As of SeptemberÂ 29, 2024, approximately $90.2Â million remained under the share repurchase authorization.The following table summarizes our repurchase activity under this program for the three and nine months ended SeptemberÂ 29, 2024 and SeptemberÂ 24, 2023: (In thousands, except average price per share)Total Number of Shares PurchasedAverage Price Paid per ShareAggregate Cost of Shares Purchased Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or ProgramsThree Months EndedSeptember 29, 2024â€”Â $â€”Â $â€”Â $90,160Â September 24, 2023â€”Â $â€”Â $â€”Â $90,160Â (In thousands, except average price per share)Total Number of Shares Purchased (a)Average Price Paid per ShareAggregate Cost of Shares Purchased (b)Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or ProgramsNine Months EndedSeptember 29, 2024â€”Â $â€”Â $â€”Â $90,160Â September 24, 20232,523Â $83.10Â $209,640Â $90,160Â (a)Â Â Â Â The shares repurchased during the nine months ended SeptemberÂ 24, 2023 included 2,176,928 shares repurchased on March 1, 2023 from certain funds affiliated with, or managed by, Starboard Value LP at a price of $82.52 per share for aggregate consideration of $179.6 million. (b)Â Â Â Â Aggregate cost of shares purchased for the nine months ended SeptemberÂ 24, 2023 excluded $2.8 million of transaction costs directly attributable to share repurchases, including a 1% excise tax incurred under the Inflation Reduction Act of 2022. Of these costs, $2.1 million were classified as non-cash financing activities during the nine months ended SeptemberÂ 24, 2023. The Company utilizes a written trading plan under Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, from time to time to facilitate the repurchase of shares of our common stock under this share repurchase program. There can be no assurance that we will repurchase shares of our common stock either through a Rule 10b5-1 trading plan or otherwise. Dividends The Company paid aggregate cash dividends to common stockholders of $45.4Â million ($1.38 per share) and $43.6 million ($1.30 per share) for the nine months ended SeptemberÂ 29, 2024 and SeptemberÂ 24, 2023, respectively. On OctoberÂ 29, 2024, our Board of Directors declared a fourth quarter dividend of $0.46 per common share (approximately $15.2 million in the aggregate), which will be paid on NovemberÂ 29, 2024 to stockholders of record as of the close of business on NovemberÂ 18, 2024. The declaration and payment of any future dividends will be at the discretion of our Board of Directors.Free Cash Flow Free cash flow, a non-GAAP measure, is defined as net cash provided by operating activities (from the Condensed Consolidated Statements of Cash Flows) less the purchases of property and equipment. 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 Companyâ€™s performance than the Companyâ€™s GAAP measures. 39The Companyâ€™s free cash flow was as follows for the nine month periods of 2024 and 2023 (in thousands):Nine Months EndedSeptember 29,2024September 24,2023Net cash provided by operating activities$55,884$126,936Purchases of property and equipment(46,931)(50,905)Free cash flow$8,953$76,031Cash RequirementsThere have been no material changes in our cash requirements other than in the ordinary course of business since the end of 2023. Refer to â€œContractual Obligationsâ€ presented within â€œItem 7. Managementâ€™s Discussion and Analysis of Financial Condition and Results of Operationsâ€ in our Annual Report on Form 10-K for the fiscal year ended DecemberÂ 31, 2023 for additional information regarding our cash requirements.Forward-Looking StatementsCertain matters discussed in this Quarterly Report on Form 10-Q 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 â€œexpect,â€ â€œintend,â€ â€œestimate,â€ â€œbelieve,â€ â€œanticipate,â€ â€œwill,â€ â€œforecast,â€ â€œoutlookâ€, â€œplan,â€ â€œproject,â€ 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, supply chain operating margin, net unit growth, unit level performance, capital expenditures, restaurant and franchise development, restaurant acquisitions, restaurant closures, labor shortages, labor cost increases, changes in management, inflation, royalty relief, franchisee support and incentives, 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, changes to our national marketing fund, changes to our commissary model, dividends, effective tax rates, regulatory changes and impacts, investments in and repositioning of the UK market, International restructuring plans, timing and costs, International consumer demand, 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. The risks, uncertainties and assumptions that are involved in our forward-looking statements include, but are not limited to:â€¢the ability of the Company to manage challenging macroeconomic conditions in the United States and internationally, including the United Kingdom;â€¢the ability of the Company to retain key management and manage staffing and labor shortages at Company and/or franchised restaurants and our Quality Control Centers; â€¢increases in labor costs, food costs or sustained higher other operating costs, including as a result of supply chain disruption, inflation or climate change; â€¢the potential for delayed new restaurant openings, both domestically and internationally; â€¢the increased risk of phishing, ransomware and other cyber-attacks; â€¢risks to the global economy and our business related to the conflict in Ukraine and the Middle East and other international conflicts;â€¢increased costs for branding initiatives and launching new advertising and marketing campaigns and promotions to boost consumer sentiment and sales trends, and the risk that such initiatives will not be effective;â€¢risks related to a possible economic slowdown that could, among other things, reduce consumer spending or demand and result in changing consumer practices;â€¢risks related to social media, including publicity adversely and rapidly impacting our brand and reputation;â€¢aggressive changes in pricing or other marketing or promotional strategies by competitors, which may adversely affect sales and profitability; and new product and concept developments by food industry competitors;â€¢changes in consumer preferences or consumer buying habits, including the growing popularity of delivery aggregators, as well as changes in general economic conditions or other factors that may affect consumer confidence and discretionary spending, including higher unemployment; 40â€¢the adverse impact on the Company or our results caused by global health concerns, product recalls, food quality or safety issues, incidences of foodborne illness, food contamination and other general public health concerns about our Company-owned or franchised restaurants or others in the restaurant industry;â€¢the effectiveness of our technology investments and changes in unit-level operations; â€¢the ability of the Company and its franchisees to meet planned growth targets and operate new and existing restaurants profitably, including difficulties finding qualified franchisees, restaurant level employees or suitable sites;â€¢increases in insurance claims and related costs for programs funded by the Company up to certain retention limits, including medical, owned and non-owned vehicles, workersâ€™ compensation, general liability and property;â€¢disruption of our supply chain or commissary operations which could be caused by our sole source of supply of mozzarella cheese, desserts, garlic cups or limited source of suppliers for other key ingredients or more generally due to weather, natural disasters including drought, disease, or geopolitical or other disruptions beyond our control;â€¢increased risks associated with our International operations, including economic and political conditions, instability or uncertainty in our international markets, especially emerging markets, fluctuations in currency exchange rates, difficulty in meeting planned sales targets and new restaurant growth;â€¢the impact of current or future claims and litigation and our ability to comply with current, proposed or future legislation that could impact our business;â€¢risks related to our indebtedness and borrowing costs, including prolonged higher interest rates, and the current state of the credit markets;â€¢the Companyâ€™s ability to continue to pay dividends to stockholders based upon profitability, cash flows and capital adequacy if restaurant sales and operating results decline;â€¢our ability to effectively operate and improve the performance of International Company-owned restaurants;â€¢disruption of critical business or information technology systems, or those of our suppliers, and risks associated with systems failures and data privacy and cybersecurity incidents, including theft of confidential Company, employee and customer information, including payment cards; andâ€¢changes in Federal or state income, general and other tax laws, rules and regulations and changes in generally accepted accounting principles.These and other risk factors are discussed in detail in â€œPart I. Item 1A. â€“ Risk Factorsâ€ in our Annual Report on Form 10-K for the fiscal year ended DecemberÂ 31, 2023. 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.Item 3. Quantitative and Qualitative Disclosures About Market RiskInterest Rate RiskWe are exposed to the impact of interest rate changes on our PJI Revolving Facility and PJMF Revolving Facility. We attempt to minimize interest rate risk exposure by fixing our interest rate through the utilization of interest rate swaps, which are derivative financial instruments. Our swaps are entered into with financial institutions that participate in the PJI Revolving Facility. By using a derivative instrument to hedge exposures to changes in interest rates, we expose ourselves to credit risk due to the possible failure of the counterparty to perform under the terms of the derivative contract. We do not enter into contracts for trading purposes and do not use leveraged instruments. The market risks associated with our debt obligations as of SeptemberÂ 29, 2024 have not changed from those reported in â€œPart II. Item 7A. Quantitative and Qualitative Disclosure About Market Riskâ€ in our Annual Report on Form 10-K for the fiscal year ended DecemberÂ 31, 2023. See â€œNote 8. Debtâ€ of â€œNotes to Condensed Consolidated Financial Statementsâ€ for additional information on our debt obligations and derivative instruments.Foreign Currency Exchange Rate RiskWe are exposed to foreign currency exchange rate fluctuations from our operations outside of the United States, which can adversely impact our revenues, net income and cash flows. Our International operations principally consist of distribution sales to franchised Papa Johns restaurants located in the UK, operation of Company-owned restaurants in the UK, and our franchise sales and support activities, which derive revenues from sales of franchise and development rights and the collection of royalties from our International franchisees. Approximately 6.5% and 7.4% of our revenues were derived from these operations for the three and nine months ended SeptemberÂ 29, 2024, as compared to 8.2% and 7.0% for the prior year comparable period.41We have not historically hedged our exposure to foreign currency fluctuations. Foreign currency exchange rate fluctuations had an unfavorable impact of approximately $0.1 million and a favorable impact of $1.6 million on International revenues for the three and nine months ended SeptemberÂ 29, 2024, respectively, and a favorable impact of $2.3 million and an unfavorable impact of $0.7 million on International revenues for the three and nine months ended SeptemberÂ 24, 2023, respectively. Foreign currency exchange rate fluctuations had an unfavorable impact of approximately $0.5 million and $1.7 million on operating income for the three and nine months ended SeptemberÂ 29, 2024, respectively, and an unfavorable impact of approximately $0.3 million and $0.8 million on operating income for the three and nine months ended SeptemberÂ 24, 2023, respectively. Commodity Price RiskIn the ordinary course of business, the food and paper products we purchase, including cheese (our largest ingredient cost), are subject to seasonal fluctuations, weather, availability, demand and other factors that are beyond our control. We have pricing agreements with some of our vendors, including forward pricing agreements for a portion of our cheese purchases for our Domestic Company-owned restaurants, which are accounted for as normal purchases; however, we still remain exposed to ongoing commodity volatility, and increases in commodity prices or food costs, including as a result of inflation, could negatively impact our business, financial condition or results of operations. We have not historically entered into other financial instruments that would be accounted for as hedging instruments to manage this risk.Item 4. Controls and ProceduresUnder the supervision and with the participation of the Companyâ€™s management, including its Chief Executive Officer and Chief Financial Officer, the Company has evaluated the effectiveness of the design and operation of its disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the â€œExchange Actâ€)). Based upon this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report, the Companyâ€™s disclosure controls and procedures were effective. Changes in Internal Control Over Financial ReportingDuring the most recently completed fiscal quarter, there was no change made in the Companyâ€™s internal control over financial reporting (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that has materially affected, or is reasonably likely to materially affect, the Companyâ€™s internal control over financial reporting. PART II. OTHER INFORMATIONItem 1. Legal ProceedingsThe Company is involved in a number of lawsuits, claims, investigations and proceedings consisting of intellectual property, employment, consumer, commercial and other matters arising in the ordinary course of business. In accordance with Financial Accounting Standards Board Accounting Standards Codification 450, â€œContingenciesâ€, the Company has made accruals with respect to these matters, where appropriate, which are reflected in the Companyâ€™s condensed consolidated financial statements. We review these provisions at least quarterly and adjust these provisions to reflect the impact of negotiations, settlements, rulings, advice of legal counsel and other information and events pertaining to a particular case. The legal proceedings described in â€œNote 10. Litigation, Commitments and Contingenciesâ€ of â€œNotes to Condensed Consolidated Financial Statementsâ€ within â€œPart I. Item 1. Financial Statementsâ€ of this Form 10-Q are incorporated herein by reference.Item 1A. Risk Factors There have been no material changes to the risk factors disclosed in the Companyâ€™s Annual Report on Form 10-K for the fiscal year ended DecemberÂ 31, 2023.Item 2. Unregistered Sales of Equity Securities and Use of ProceedsShare Repurchase ProgramOn October 28, 2021, our Board of Directors approved a share repurchase program with an indefinite duration for up to $425.0 million of the Companyâ€™s common stock. Funding for the share repurchase program is provided through our operating cash flows and cash provided from borrowings under our $600.0 million PJI Revolving Facility. 42The following table summarizes our repurchase activity by fiscal period during the three months ended September 29, 2024 (in thousands, except per share amounts):Fiscal PeriodTotalNumberof SharesPurchasedAveragePricePaid perShareTotal Numberof Shares Purchasedas Part of PubliclyAnnounced Plansor ProgramsMaximum DollarValue of Sharesthat May Yet BePurchased Under thePlans or Programs7/01/2024 - 7/28/2024â€”$â€”â€”$90,1607/29/2024 - 8/25/2024â€”$â€”â€”$90,1608/26/2024 - 9/29/2024â€”$â€”â€”$90,160Totalâ€”$â€”â€”$90,160The Company utilizes a written trading plan under Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, from time to time to facilitate the repurchase of shares of our common stock under this share repurchase program. There can be no assurance that we will repurchase shares of our common stock either through a Rule 10b5-1 trading plan or otherwise. Repurchases of Stock for Tax WithholdingsDuring the fiscal quarter ended SeptemberÂ 29, 2024, the Company acquired approximately 4,000 shares of its common stock from employees to satisfy minimum tax withholding obligations that arose upon (i) vesting of restricted stock granted pursuant to approved plans and (ii) distribution of shares of common stock issued pursuant to deferred compensation obligations.Item 5. Other InformationDuring the three months ended SeptemberÂ 29, 2024, no director or officer of the Company adopted or terminated a â€œRule 10b5-1 trading arrangementâ€ or â€œnon-Rule 10b5-1 trading arrangementâ€, as each term is defined in Item 408(a) of Regulation S-K.43Item 6. ExhibitsExhibitNumberDescription10.1**Papa Johnâ€™s International, Inc. Nonqualified Deferred Compensation Plan Amended and Restated Effective January 1, 2025.10.2Amendment No. 1 to the Companyâ€™s Amended and Restated Change of Control Severance Plan, dated August 6, 2024 (incorporated by reference to our Exhibit 10.1 to our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2024 filed on August 8, 2024).10.3Employment Agreement between Papa Johnâ€™s International, Inc. and Todd Penegor dated and effective July 31, 2024 (incorporated by reference to our Exhibit 10.1 to our Current Report on Form 8-K filed on August 5, 2024).10.4Form of Performance-Based Retention Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on July 19, 2024).31.1Certification of Chief Executive Officer Pursuant to Exchange Act Rule 13a-15(e), As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.31.2Certification of Chief Financial Officer Pursuant to Exchange Act Rule 13a-15(e), As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.32.1Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.32.2Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.101Financial statements from the quarterly report on Form 10-Q of Papa Johnâ€™s International, Inc. for the quarter ended SeptemberÂ 29, 2024, filed on NovemberÂ 7, 2024, formatted in iXBRL: (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Operations, (iii) the Condensed Consolidated Statements of Comprehensive Income, (iv) the Condensed Consolidated Statements of Stockholdersâ€™ Deficit, (v) the Condensed Consolidated Statements of Cash Flows and (vi) the Notes to Condensed Consolidated Financial Statements.104Cover

Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).** Filed herewith.44SIGNATUREPursuant 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 JOHNâ€™S INTERNATIONAL, INC.(Registrant)Date: NovemberÂ 7, 2024/s/ Ravi ThanawalaRavi ThanawalaChief Financial Officer & EVP, International45DocumentExhibit 10.1PAPA JOHN'S INTERNATIONAL, INC. NONQUALIFIED DEFERRED COMPENSATION PLANAmended and Restated Effective January 1, 20251.PURPOSES AND AUTHORITY.1.1.Purposes. The purposes of the Papa John's International, Inc. Nonqualified Deferred Compensation Plan (the "Plan") of Papa John's International, Inc., a Delaware corporation (the "Company"), are to provide a means for a select group of management or highly compensated key employees and non-employee directors to defer a portion of their compensation or director fees, as applicable, and the income taxation thereof, and to provide flexibility to the Company in attracting and retaining key employees and non-employee directors. This Plan is an unfunded arrangement and is intended to be exempt from the participation, vesting, funding, and fiduciary requirements set forth in Sections 201(2), 301(a)(3) and 401(a)(1) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). It is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended ("Code Section 409A").1.2.Combination and Restatement of Plans.a.The Plan, as set forth herein (the "Restated Plan"), is a combination and continuation of each of (i) the "Papa John's International, Inc. Deferred Compensation Plan," originally effective September 28, 1998 (the "PJI Team Members Plan"), and (ii) the "Papa John's International, Inc. Board of Directors Deferred Compensation Plan," adopted November 6, 2003 (and applicable to compensation earned after December 31, 2003) (the "PJI Directors Plan").b.The Plan as so combined, is amended and restated in its entirety as set forth herein, and, except as provided in Section 1.3, is effective for deferrals of compensation applicable to Plan Years commencing on and after January 1, 2005. For the period commencing January 1, 2005 and ending December 31, 2008, the combined Plan (and each component part of the combined Plan) has been administered in good faith reliance on guidance published by the Internal Revenue Service.1.3.Grandfathered Accounts.a.PJI Team Members Plan. Notwithstanding the combination of Plans as described in Section 1.2, Participant Accounts (defined in Section 4.2 below) in the PJI Team Members Plan representing compensation deferred for the 2004 and earlier Plan Years ("Grandfathered Accounts") shall be held, Page 1maintained and administered separately from Participant Accounts credited with compensation deferred for Plan Years commencing on and after January 1, 2005, subject to the following:1.Grandfathered Accounts (including earnings thereon, whether earned before or after January 1, 2005) shall remain subject to, and be administered in accordance with, the terms and conditions of the PJI Team Members Plan as in effect on October 3, 2004 (incorporated herein by reference), except that, to the extent the terms and conditions of the Restated Plan do not materially enhance an existing benefit or right, or add a new material benefit or right with regard to Grandfathered Accounts as provided in Treasury Regulations Â§1.409A-6(a)(4)(i), the terms and conditions of the Restated Plan shall apply.2.the Company shall adopt no amendments to the PJI Team Members Plan that would materially enhance an existing benefit or right, or add a new material benefit or right with regard to Grandfathered Accounts as provided in Treasury Regulations Â§1.409A-6(a)(4)(i).b.PJI Directors Plan. Participant Accounts in the PJI Directors Plan (i.e., amounts deferred for the 2004 Plan Year) shall not be treated as Grandfathered Accounts, but shall be subject to the terms and conditions of the Restated Plan. The PJI Directors Plan, as restated in combination with the Restated Plan, brings the PJI Directors Plan into compliance with Code Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and does not enhance an existing benefit or right or add a new material benefit or right to Participant Accounts in the PJI Directors Plan.2.ADMINISTRATION.2.1.The Plan Administrator. The Plan shall be administered by the Compensation Committee (the "Committee") of the Board of Directors (the "Board") of the Company. For purposes of ERISA, the Committee is the Plan Administrator. Except as provided in Section 2.2, the Committee shall have sole discretion to construe and interpret the Plan and apply its provisions; promulgate, amend and rescind rules and regulations relating to the administration of the Plan; interpret, administer, reconcile any inconsistency in, correct any defect in and/or supply any omission in the Plan and any instrument, Election Form or agreement relating to the Plan; and make all determinations which may be necessary or advisable for the administration of the Plan. All such determinations and decisions made pursuant to the provisions of the Plan shall be final, conclusive and binding upon all persons, including the Company, Participants and their Beneficiaries, unless such decisions are determined by a court having jurisdiction to be arbitrary and capricious. The Committee's determinations under the Plan need not be uniform and any such determinations may be made selectively among Participants.Page 22.2Delegation of Administrative Duties. The Committee may appoint an Administrative Committee comprised of the functional head of each of the human resources, finance and legal departments of the Company, or their respective delegates, to carry out its duties (including duties having discretion) under the Plan. Upon appointment, the term "Committee" as used in the Plan shall mean the "Administrative Committee" appointed pursuant to this Section 2.2 (except as to the appointment of the Committee as the Plan Administrator as provided in Section 2.1).3.ELIGIBILITY AND PARTICIPATION.3.1.Â Â Â Â Eligibility.a.Team Members.1.Eligibility: The following employee team members are eligible to participate in the Plan and shall hereinafter be referred to as "Eligible Employees": any team member of the Company (and any affiliate that has been authorized by the Company to participate in the Plan as to its eligible employees) who (i) is part of a select group of management or highly compensated employees within the meaning of ERISA Â§Â§ 201(2), 30l(a)(4) and 40l(a)(l), (ii) is at the director level or above, and (iii) has been specifically designated as eligible to participate in writing by the Chief Executive Officer of the Company or by an Officer of the Company authorized by the Chief Executive Officer to make such determinations of eligibility.2.Loss of Eligibility: An Eligible Employee shall remain an Eligible Employee until such time as he or she is specifically designated as ineligible to participate by the Chief Executive Officer of the Company (or by an Officer of the Company authorized by the Chief Executive Officer to make such determinations of eligibility).b.Directors. A member of the Board of Directors ("Director") shall be eligible to participate in the Plan with respect to compensation received for services performed as a Director, regardless of whether the Director is also an employee of the Company who receives compensation with respect to services performed as an employee. A Director who is not a common law employee of the Company shall be referred to as a "Non-employee Director." Terms and conditions specific to compensation received with respect to services performed as a Director are included in Exhibit A attached, and to the extent consistent with said Exhibit A, the term "Eligible Employee" shall include and apply to Non-employee Directors and employed Directors who receive compensation with respect to services performed as a Director.Page 33.2. Participation. An Eligible Employee may become a participant in the Plan ("Participant") by filing an Election Form in accordance with the provisions of Section 4.1. Effective as of January 1, 2025, a Participant who is no longer an Eligible Employee shall not be permitted to submit an Election Form and all deferrals of such Participant shall cease as of the end of the Plan Year in which such Participant is determined to no longer be an Eligible Employee. A Participant shall remain a Participant with respect to amounts deferred until such time as the Participant has received all payments to which the Participant is entitled under the terms of the Plan.4.DEFERRAL ELECTIONS.4.1.Making of Election.a.Except as otherwise provided in this Section 4, each Eligible Employee may submit a separate agreement in the manner and on the form (an "Election Form") prescribed by the Committee, to participate in the Plan and make an election to defer payment of all or any part of the Total Compensation (defined below) which would otherwise be paid to such Eligible Employee by the Company for services rendered with respect to a Plan Year. A deferral election must be made separately for each Plan Year, and must specify the time and form of payment as set forth in Section 9. Any such deferral election cannot be revoked, terminated or otherwise amended or modified after the beginning of the Plan Year or other applicable period with respect to which it applies, except as otherwise specifically provided in this Plan and in compliance with Code Section 409A.b.For purposes of this Section 4, the term "Total Compensation" means an Eligible Employee's base salary, non-annual incentive compensation, annual incentive bonuses, commissions paid with respect to a Plan Year, and such other types of compensation as may be designated by Committee from time to time.c.An election shall be subject to the following limitations and shall be effective as follows:(l)Â Â Â Â Deferral of salary, non-annual cash incentive compensation, and commissions. The maximum allowable deferral of salary and commissions for a Plan Year is one hundred percent (100%) of salary, non-annual cash incentive compensation, and commissions earned with respect to such Plan Year. If an election is made and filed on or before the last day of a Plan Year, such election shall be effective for the next following Plan Year. An election to defer annual incentive bonuses or other incentive compensation that does not qualify as Performance-based Compensation (defined in Section 4.1(c)(2)), e.g., Page 4non-annual incentive compensation, must likewise be made and filed on or before the last day of a Plan Year to be effective as of the first pay period beginning on or after January 1 of the next following Plan Year.(2)Â Â Â Â Deferral of Performance-based Compensation. The maximum allowable deferral of Performance-based Compensation (defined below) for a Plan Year is one hundred percent (100%) of the amount of Performance-based Compensation earned with respect to such Plan Year. If an election to defer such Performance-based Compensation is made and filed no later than six (6) months before the end of an applicable Plan Year, and before the compensation payable under the Performance-based Compensation becomes "readily ascertainable" as determined in accordance with Code Section 409A, such election shall be effective for Performance-based Compensation earned with respect to such Plan Year. "Performance-based Compensation" means compensation the amount of which, or the entitlement to which, is contingent on the satisfaction of pre-established organizational or individual performance criteria relating to a performance period of at least twelve (12) consecutive months and that otherwise satisfies the requirements for "performance-based compensation" as determined under Code Â§409A. Organizational or individual performance criteria are considered pre-established if established in writing by not later than ninety (90) days after the commencement of the period of service to which the criteria relates, provided that the outcome is substantially uncertain at the time the criteria are established. The term Performance-based Compensation shall be interpreted within the meaning of regulations and guidance promulgated under Code Section 409A. d.In the case of a newly hired Eligible Employee or an employee who newly becomes an Eligible Employee after the first day of a Plan Year (a "Newly Eligible Employee) and such employee is not eligible to participate in any other similar account balance arrangement subject to Code Section 409A that is maintained by the Company, (i) if the Newly Eligible Employee makes an election with respect to salary within 30 days of the date of becoming a Newly Eligible Employee, the election shall apply to salary earned during the remainder of the Plan Year after such election is made; and (ii) if the Newly Eligible Employee makes an election with respect to a bonus within 30 days of the date of becoming a Newly Eligible Employees and before October 1 of such Plan Year, the election shall apply with respect to the bonus earned after the Newly Eligible Employee makes such election.e.Notwithstanding the foregoing provisions of this Section 4.1, no deferral election may reduce a Participant's compensation from the Company to an amount less than the sum of (i) the applicable employment taxes payable by the Participant with respect to the amount deferred, (ii) withholding from compensation required under the Company's other benefit plans, and (iii) the income taxes which the Company is required to withhold on the Participant's taxable compensation.4.2.Â Â Â Â Participant Accounts. A bookkeeping account shall be established for each Participant (a "Participant Account"). Deferred compensation shall be credited to a Page 5Participant's Participant Account as of the last day of the week in which such compensation would otherwise be payable to the Participant. A Participant Account shall be credited or debited, as applicable, with the net notional investment return or loss of the deemed investment of the amount in the Participant Account in accordance with the provisions of Section 8.3, and shall be debited for all payments made to the Participant or the Participant's Beneficiaries. If a Participant elects to receive the payout of his or her Participant Account other than in a lump sum, the Participant's Account may be debited with the additional cost incurred by the Company as a result of such election as determined by the Company in its sole discretion. If the Company, in its sole discretion, makes Discretionary Contributions (described in Section 7.1) on behalf of any Participant in accordance with the provisions of Section 8.1, the applicable Participant Account shall be credited with such Discretionary Contributions.5.INTENTIONALLY OMITTED.6.INTENTIONALLY OMITTED.7.DISCRETIONARY CONTRIBUTIONS.7.1.Discretionary Contributions. The Company, in its sole and absolute discretion, may make discretionary contributions (the "Discretionary Contributions") to the Participant Account of one or more Participants. Except with respect to vesting, Discretionary Contributions shall be treated in the same manner as a Participant's elective deferrals. All Discretionary Contributions shall be deemed invested in the same manner as the balance of the Participant's Participant Account is invested unless the Participant elects otherwise by written notice to the Committee given in the manner provided in Section 8.2.7.2.Vesting. If the Company makes Discretionary Contributions with respect to any Participant or Participants in accordance with Section 7.1, the Committee shall determine, at the time of the making of such Discretionary Contributions, the manner in which such Discretionary Contributions, together with the net earnings resulting from the deemed investment of such Discretionary Contributions, shall vest. Vesting may be based upon years of service, obtaining of performance criteria or any other method that the Committee shall determine, within its sole discretion.8.DEEMED INVESTMENTS.8.1.Investment Alternatives.Page 6a.Specified Investments. The Company, from time to time, shall determine the investments which the Participants may select to have the amounts in their Participant Accounts deemed invested, including without limitation, notional Company stock as described in ("Investment Alternatives"). The Company shall have the right to change the Investment Alternatives in its sole discretion.b.Company "Notional" Stock. The Company may provide a Participant the right to invest some part or all of his or her Participant Account in notional Company stock (a "Stock Account"). The value of such notional stock shall be the market closing price of shares of common stock of the Company traded on the NASDAQ exchange on the date of allocation, as determined in Section 8.2. Once allocated to the Participant Account, notional Company stock may not thereafter be invested in any other Investment Alternative, and shall continue to be so invested until an applicable distribution event. In the event of any change in the outstanding stock of the Company by reason of a stock dividend or distribution, recapitalization, merger, consolidation, split-up, combination, exchange of shares or the like, the Committee may make equitable adjustments in the number of notional shares then held in a Participant's Account.8.2.Selection of Investment Alternatives.a.Â Â Â Â Participants, at the time a deferral election is made under this Plan, shall specify on the Election Form the Investment Alternatives in which the amounts subject to such deferral election are to be invested. Participants may elect to have all of the amount subject to a deferral election deemed invested in one Investment Alternative or in multiple Investment Alternatives. All selections of Investment Alternatives shall be in whole percentages. Except as provided in Section 8.1(b), the Investment Alternatives selected may be changed by the Participant from time to time, as authorized by the Committee.b.Â Â Â Â If an Investment Alternative selection is not made at the time of a deferral election, or such selection is otherwise ineffective, affected deferrals will be credited with a rate of return equivalent to the Money Market Fund.8.3. Notional Earnings on Deemed Investments. The notional earnings on a Participant's deemed investments will be credited to the Participant's Accounts as earned. If a Participant changes the Investment Alternatives in which any amount in their Participant Account is deemed invested, such change will be treated as a deemed sale of the former Investment Alternative and the notional profit or loss resulting therefrom, debited or credited to the Participant Account as of the effective date of the deemed sale.9.PAYMENT OF PARTICIPANT ACCOUNTS.Page 79.1.Limitation on Payment of Participant Accounts. No payment may be made from any Participant Account except as provided in this Section 9.9.2.Payment Upon Separation from Service.a.Definition of "Separation from Service". Provided that such term shall be interpreted within the meaning of regulations promulgated under Code Section 409A, the term "Separation from Service" means the date on which a Participant retires, dies or otherwise incurs a termination of employment with the Company; provided that military leave, sick leave or other bona fide leave of absence that does not exceed six (6) months (or if longer, so long as the individual remains employed under Company policy or retains a right to reemployment with the Company under an applicable statute or by contract) shall not be treated as a Separation from Service. If the period of leave exceeds six (6) months and the individual does not remain employed under Company policy or retain a right to reemployment under an applicable statute or by contract, the employment relationship is deemed to terminate on the first date immediately following such six month period. Notwithstanding the foregoing, where a leave is due to a medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for at least six (6) continuous months, and such impairment causes the individual to be unable to perform his or her regular (or similar) employment duties, a twenty-nine (29) month period of absence is substituted for such six (6) month period. For the avoidance of doubt, the definition of "separation from service" is intended to be interpreted in a manner consistent with the definition set forth in Code Â§409A. Upon a sale or other disposition of the assets of the Company to an unrelated purchaser, the Administrative Committee reserves the right, to the extent permitted by Code Section 409A to determine whether Participants providing services to the purchaser after and in connection with the purchase transaction have experienced a Separation from Service.b.Form of Payment.1.Lump Sum Payment. A Participant may elect to have amounts subject to a deferral election paid in a lump sum due to a Separation from Service as of: (i) the end of the calendar quarter in which the Participant incurs the Separation from Service (and no later than sixty (60) days thereafter), or (ii) as of the first day of any Plan Year occurring up to five (5) years after Separation from Service.Page 82.Installment Payments. A Participant may elect to have amounts subject to a deferral election paid in quarterly installments for a period of five (5), ten (10) or fifteen (15) years due to a Separation from Service. A Participant may elect for the first installment to commence as of the first day of any calendar quarter occurring up to five (5) years after Separation from Service. If a Participant dies prior to receiving all of the installments to which the Participant is entitled, the remaining installments shall be paid to the Participant's Beneficiary. Notwithstanding the foregoing, if the balance of post-2004 deferrals credited to Participant's Account is less than fifty-thousand dollars ($50,000) at the time installment payments are scheduled to commence, the Participant's post-2004 Account balance shall be paid instead in a lump-sum at such time.c.Â Â Â Â Specified Employees. Notwithstanding any provision of the Plan to the contrary, in the case of a Participant who is a key employee (as defined in Code Â§416(i) without regard to paragraph (5) thereof), and who becomes entitled to a distribution as a result of a separation from service, distribution may not be made or commence earlier than the date which is six (6) months after the date of separation from service (or, if earlier, the date of death of the Participant).9.3.Scheduled In-Service Distributions. A Participant may elect to receive a lump sum distribution of all or a portion of the vested amount in the Participant's Account with respect to any annual deferral election by specifying the amount thereof subject to distribution on the corresponding Election Form, which date must be at least three (3) years after the last day of the year of deferral (a "Scheduled Distribution"). If a Participant has made an election pursuant to this Section 9.3 and incurs a Separation from Service prior to the Scheduled Distribution date, the Scheduled Distribution shall be disregarded and distribution shall be made to the Participant or the Participant's Beneficiary within sixty (60) days following the end of the calendar quarter in which the Participant incurs the Separation from Service.9.4.Withdrawals Due to an Unforeseeable Emergency.a.In the event of an Unforeseeable Emergency (defined below) a Participant (or if applicable a Beneficiary) may request a distribution of some or all of the amount credited to the Participant's Account, determined as of the end of the month prior to such request.b.The Committee shall decide, in its sole and absolute discretion, whether and to the extent a distribution shall be made pursuant to the provisions of this Section 9.4, provided that a distribution on account of Unforeseeable Emergency may not be made to the extent that such emergency is or may be relieved through reimbursement or compensation from insurance or otherwise, by liquidation of the Participant's assets, Page 9to the extent the liquidation of such assets would not cause severe financial hardship, or by cessation of deferrals under the Plan. Distributions because of an Unforeseeable Emergency must be limited to the amount reasonably necessary to satisfy the emergency need (which may include an amount necessary to pay taxes reasonably anticipated to result from the distribution). To the extent a Participant has a deferral election in effect at the time the Committee approves a request for a distribution under this Section 9.4, such election shall be cancelled effective the date of approval.c.For purposes of this Section 9.4, the term "Unforeseeable Emergency'' means a severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant's spouse, the Participant's Beneficiary, or the Participant's dependent (as defined in Code Section152, without regard to Sectionsl52(b)(l), (b)(2) and (d)(l)(B)), loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant.9.5.Subsequent Distribution Election Change. A Participant may change a distribution election with respect to one or more or all deferral elections at any time to the extent permitted and in accordance with the requirements of Code Section 409A; provided that: (i) no change in an election shall take effect earlier than twelve (12) months from the date of the change election, (ii) no change in the election may be made less than twelve (12) months prior to the date of the first scheduled payment of the original distribution election, and (iii) with respect to a payment that is not the result of death, Disability (defined in Section 14.6 below) or Unforeseeable Emergency the first payment with respect to which such change in the election is made must be deferred for a period of not less than five (5) years from the date such payment would otherwise have been made under the prior election. Any change of a prior distribution election which does not meet the foregoing requirements shall be disregarded. Once a Participant Account begins distribution, no such changes to distributions shall be permitted.10.DESIGNATION OF BENEFICIARY.10.1. Designation of Beneficiary. A Participant shall be entitled to designate a beneficiary or beneficiaries to receive the payments of the amount in the Participant's Participant Account in the case of the Participant's death ("Beneficiary"). Such designation shall be made on a form prescribed by the Plan Administrator and may include a designation of a contingent Beneficiary or Beneficiaries. The Participant may from time to time, change such designation of Beneficiary or Beneficiaries by amending his or her previous designation in a form prescribed by the Plan Administrator e. Notice of the designation shall be given in Page 10writing by the Participant to the Committee and the trustee of the Rabbi Trust (as hereinafter defined). If no Beneficiary is validly designated or if the Beneficiary does not survive the Participant (or is otherwise unavailable to receive payment), the Beneficiary shall be deemed to be the Participant's estate. If a Beneficiary who is receiving benefits dies, all benefits that were payable to such Beneficiary shall then be payable to the estate of that Beneficiary.10.2. Lost Beneficiary. All Participants and Beneficiaries shall have the obligation to keep the Plan Administrator informed of their current address until such time as all benefits due have been paid. If a Participant or Beneficiary cannot be located by the Plan Administrator exercising due diligence, then, in its sole discretion, the Plan Administrator may presume that the Participant or Beneficiary is deceased for purposes of the Plan and all unpaid amounts (net of due diligence expenses) owed to the Participant or Beneficiary shall be paid accordingly or, if a Beneficiary cannot be so located, then such amounts may be forfeited. Any such presumption of death shall be final, conclusive and binding on all parties.11.RABBI TRUST.11.1.Rabbi Trust. All amounts deferred by a Participant shall be contributed by the Company at least monthly to a trust ("Rabbi Trust") of which the Company will be considered the owner for Federal income tax purposes. The assets of the Rabbi Trust shall be subject to the claims of the Company's creditors. The Rabbi Trust will be established to provide a source of funds to enable the Company to make payments to the Participants and their Beneficiaries pursuant to the terms of the Plan. Payments to which Participants are entitled under the terms of the Plan shall be paid out of the Rabbi Trust to the extent of the assets therein.12.PLAN YEAR.12.1.Plan Year. The fiscal year of the Plan (the "Plan Year") shall be the calendar year.13.WITHHOLDING.13.1.Withholding. The Company shall withhold from all amounts otherwise payable to a Participant or Beneficiary hereunder such amount as the Company is required by law to withhold with respect to such payments.14.CLAIMS ADMINISTRATION.Page 1114.1Â Â Â Â General. If a Participant, Beneficiary or his or her representative is denied all or a portion of an expected Plan benefit for any reason and the Participant, Beneficiary or his or her representative desires to dispute the decision of the Plan Administrator, he or she must file a written notification of his or her claim with the Plan Administrator.14.2Â Â Â Â Claims Procedure. Upon receipt of any written claim for benefits, the Plan Administrator shall be notified and shall give due consideration to the claim presented. If any Participant or Beneficiary claims to be entitled to benefits under the Plan and the Plan Administrator determines that the claim should be denied in whole or in part, the Plan Administrator shall, in writing, notify such claimant within ninety (90) days of receipt of the claim that the claim has been denied. The Plan Administrator may extend the period of time for making a determination with respect to any claim for a period of up to ninety (90) days, provided that the Plan Administrator determines that such an extension is necessary because of special circumstances and notifies the claimant, prior to the expiration of the initial ninety (90) day period, of the circumstances requiring the extension of time and the date by which the Plan expects to render a decision. Notwithstanding the forgoing, if the claim relates to a Disability determination the decision shall be rendered within forty-five (45) days which may be extended up to an additional thirty (30) days if due to matters beyond the control of the Plan, the Plan Administrator needs additional time to process a claim, which may be further extended up to an additional thirty (30) days if due to matters beyond the control of the Plan, the Plan Administrator needs additional time to process a claim. If the claim is denied to any extent by the Plan Administrator, the Plan Administrator shall furnish the claimant with a written notice setting forth:a.the specific reason or reasons for denial of the claim;b.a specific reference to the Plan provisions on which the denial is based;c.a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary;d.an explanation of the provisions of this Section;e.a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits, and whether a document, record, or other information is relevant to a claim for benefits shall be determined by Department of Labor Regulation Section 2560.503-1(m)(8);f.a statement of the claimant's right to bring a civil action under ERISA Â§502(a) following an adverse benefit determination on review, and a description of any time limit that applies under the Plan for bringing such an action;Page 12g.in addition, with respect to a claim that related to Disability benefits:(1)Â Â Â Â a discussion of the decision, including an explanation or basis for disagreeing with or not following: (A) the views presented by the claimant of health care professionals treating the claimant and vocational professionals who evaluated the claimant; (B) the views of medical or vocational experts whose advice was obtained on behalf of the Plan in connection with a claimant's adverse benefit determination, without regard to whether the advice was relied upon in making the benefit determination; and (C) a disability determination regarding the claimant presented by the claimant made by the Social Security Administration;(2)Â Â Â Â if the adverse benefit determination is based on a medical necessity or experimental treatment or similar exclusion or limit, either an explanation of the scientific or clinical judgment for the determination, applying the terms of the Plan to the claimant's medical circumstances, or a statement that such explanation will be provided free of charge upon request; and(3)Â Â Â Â either the specific internal rules, guidelines, protocols, standards or other similar criteria of the Plan relied upon in making the adverse determination or, alternatively, a statement that such rules, guidelines, protocols, standards or other similar criteria of the Plan do not exist.14.3Â Â Â Â Right of Appeal. A claimant who has a claim denied wholly or partially under Section 14.2 may appeal to the Plan Administrator for reconsideration of that claim. A request for reconsideration under this Section must be filed by written notice within sixty (60) days (one-hundred and eighty (180) days in the case of a Disability claim) after receipt by the claimant of the notice of denial under Section 14.2.14.4Â Â Â Â Review of Appeal. Upon receipt of an appeal the Plan Administrator shall promptly take action to give due consideration to the appeal. Such consideration may include a hearing of the parties involved, if the Plan Administrator feels such a hearing is necessary. In preparing for this appeal the claimant shall be given the right to review pertinent documents and the right to submit in writing a statement of issues and comments. After consideration of the merits of the appeal the Plan Administrator shall issue a written decision which shall be binding on all parties. The decision shall specifically state its reasons and pertinent Plan provisions on which it relies and the other content requirements of Section 14.2. The Plan Administrator's decision shall be issued within sixty (60) days (forty-five (45) days in the case of a Disability claim) after the appeal is filed, except that the Plan Administrator may extend the period of time for making a determination with respect to any claim for Page 13a period of up to sixty (60) days or forty-five (45) days in the case of a Disability claim, provided that the Plan Administrator determines that such an extension is necessary because of special circumstances and notifies the claimant, prior to the expiration of the initial sixty (60) day period or forty-five (45) days in the case of a Disability claim, of the circumstances requiring the extension of time and the date by which the Plan expects to render a decision.14.5Â Â Â Â Designation. The Plan Administrator may designate any other person of its choosing to make any determination otherwise required under this Section. Any person so designated shall have the same authority and discretion granted to the Plan Administrator hereunder.14.6Â Â Â Â Failure to Follow Disability Claims Procedures In the case of a claim for Disability benefits, if the Plan fails to strictly adhere to all the requirements of this claims procedure with respect to a Disability claim, the claimant is deemed to have exhausted the administrative remedies available under the Plan, and shall be entitled to pursue any available remedies under ERISA Section 502(a) on the basis that the Plan has failed to provide a reasonable claims procedure that would yield a decision on the merits of the claim, except where the violation was: (i) de minimis; (ii) non-prejudicial; (iii) attributable to good cause or matters beyond the Plan's control; (iv) in the context of an ongoing good-faith exchange of information; and (v) not reflective of a pattern or practice of noncompliance. The claimant may request a written explanation of the violation from the Plan, and the Plan must provide such explanation within ten (10) days, including a specific description of its basis, if any, for asserting that the violation should not cause the administrative remedies to be deemed exhausted. If a court rejects the claimant's request for immediate review on the basis that the Plan met the standards for the exception, the claim shall be considered as re-filed on appeal upon the Plan's receipt of the decision of the court. Within a reasonable time after the receipt of the decision, the Plan shall provide the claimant with notice of the resubmission. For purposes of the Plan, a Participant shall be considered to have incurred a Disability if: (1) the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months; (ii) the Participant is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of the Company; or (iii) determined to be totally disabled by the Social Security Administration.15.MISCELLANEOUS.Page 1415.1.Assignability. Any amounts to which a Participant or his or her Beneficiary may become entitled under this Plan are not subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, garnishment by creditors or encumbrance, and any attempt to do so is void. Amounts credited to a Participant Account are not subject to attachment or legal process for the debts, contracts, liabilities, engagements or torts of the Participant or his or her Beneficiary.15.2.Amendment or Termination. The Plan may be amended, modified or terminated by the Board (or its delegate) at any time or from time to time. No amendment, modification or termination shall, without the consent of a Participant, adversely affect such Participant's existing rights under the Plan.15.3.Change in Ownership or Effective Control. The Company shall consider all available options available under IRC Â§409A(a)(2)(A)(v) and regulations promulgated thereunder in the event of a change in control event (as defined in IRC Reg. Â§ l.409A-3(i)(5)(i)), without obligation to amend, terminate or otherwise modify the Plan based thereon.15.4.Continued Employment. Nothing in the Plan, nor any action taken under the Plan, shall be construed as giving any Participant a right to continue as an employee of the Company.15.5.Participant's Rights Unsecured. The Plan is unfunded. The right of any Participant to receive payment of deferred amounts under the provisions of the Plan shall be an unsecured claim against the general assets of the Company. The maintenance of individual Participant Accounts is for bookkeeping purposes only. The Company is not obligated to acquire or set aside any particular assets for the discharge of its obligations, nor shall any Participant have any property rights in any particular assets held by the Company, whether or not held for the purpose of funding the Company's obligations hereunder.15.6.Offsets. Amounts otherwise payable under the Plan to the Participant and the Participant's Beneficiaries may be offset by amounts owed to the Company by the Participant if the debts were incurred in the ordinary course of the service relationship between the Company and the Participant, the entire offset in any year does not exceed $5,000, and the offset is taken at the same time and in the same amount as the debt would have been due and collected from the Participant.Page 1515.7.Clawback. Amounts paid, earned, or vested under the Plan will be subject to a clawback to the extent necessary to comply with applicable law and to the terms of any compensation recovery policy or policies that may be established by the Company as may be amended from time to time.15.8.Limitation of Actions. No lawsuit with respect to any benefit payable or other matter arising out of or relating to the Plan may be brought before exhaustion of the claims procedures referred to in Section 14 and any lawsuit must be filed no later than twelve (12) months after the claim is finally denied, or twelve (12) months after the event(s) giving rise to the claim occurred if earlier, or be forever barred.15.9.General Limitation of Liability. Subject to applicable laws, the Company's Articles of Incorporation and Bylaws as in effect from time to time, the Plan Administrator, the Administrative Committee, each employee, officer, director, delegate, and agent of the Company, and all persons formerly serving in such capacities shall not be liable for any actions arising in connection with the exercise of their duties and responsibilities with respect to the Plan unless such liability is due to that person's own willful misconduct.15.10.Code Section 409A. The Plan is intended to constitute a plan of deferred compensation that meets the requirements for the deferral of income taxation under Code Section 409A. It is intended that the provisions of the Plan comply with Code Section 409A and all provisions of the Plan shall be construed in a manner consistent with the requirements for avoiding taxes or penalties under Code Section 409A. Nothing in the Plan shall be construed as a guarantee of any particular tax treatment to Participant. Participant shall be solely responsible for the tax consequences with respect to all amounts payable under this Plan, and in no event shall the Company have any responsibility or liability if this Plan does not meet any applicable requirements of Code Section 409A.15.11.Governing Law. To the extent not preempted by ERISA, the Plan shall be governed by, and construed in accordance with the laws of the State of Delaware without regard to its conf1ict of law rules.15.12. ERISA. It is intended that the Plan be an unfunded plan maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees of the Company. As such, the Plan is intended to be exempt from otherwise applicable provisions of Title I of ERISA, and any ambiguities in construction shall be resolved in favor of interpretation which will effectuate such intentions.Page 16IN WITNESS WHEREOF, the Company has caused the Plan, as Amended and Restated, to be executed this 1st day of November, 2024.PAPA JOHN'S INTERNATIONAL, INC. /s/ Elias Reyna By: Elias Reyna Title: Chief People & Diversity OfficerPage 17PAPA JOHN'S INTERNATIONAL, INC. NONQUALIFIED DEFERRED COMPENSATION PLANAmended and Restated Effective January 1, 2025EXHIBIT ANon-employee Directors1.DUAL STATUS-- INDIVIDUALS PROVIDING SERVICES AS AN EMPLOYEE AND AS A MEMBER OF THE BOARD OF DIRECTORS.1.1.Non-aggregation. Deferrals of compensation with respect to services performed as a Director are not aggregated with deferrals of compensation with respect to services performed as an employee by a Director who also provides services as an employee. A separate account shall be maintained for amounts deferred with respect to compensation earned as a Director and compensation earned with respect to services performed as an employee.1.2.Arrangements substantially similar. Except for provisions in the Plan defining compensation that may be deferred and the occurrence of a Separation from Service, the provisions of the Plan are substantially similar with respect to Eligible Employees who are non-employee Directors and Directors who receive compensation for services provided as an employee.2.COMPENSATION.2.1."Total Compensation" Defined. The term "Total Compensation" (as defined in Plan Section 4.1 (b)) means, with respect to services performed as a Director (whether or not simultaneously providing services to the Company and receiving compensation as an employee), the total amount of annual retainer, service fees and any other compensation paid with respect to services performed as a Director for a Plan Year.3.SEPARATION FROM SERVICE3.1.Service as a Director. If a

Director provides services both as an employee of the Company and as a member of the Board of Directors, services provided as a Director are not taken into account in determining whether the individual has a Separation from Service with respect to services performed as an employee.Page 183.2.Service as an Employee. If a Director provides services both as an employee of the Company and as a member of the Board of Directors, services provided as an employee are not taken into account in determining whether the individual has a Separation from Service with respect to services performed as a Director.4.CONSTRUCTIONThe definitions, terms and other words and conditions of this Plan, including without limitation this Exhibit A, are for the sole purpose of expressing the terms and conditions of the Plan, and to guide its operation and administration. Nothing in the Plan, nor any action taken under the Plan, shall be construed as granting a Participant any employment right, or any other right or benefit under any other plan or program of the Company.* * * *Page 19EXHIBIT BCompany Stock Unit AccountEffective January 1, 20l0, notional Company stock credited to a Participant's Stock Account pursuant to Section 8. l (b) of the Plan shall be governed by reference to this Exhibit B. Any provision, term or condition of the Plan, or the interpretation of such, that is contrary to or inconsistent with the terms and conditions of this Exhibit B shall be disregarded.1.Application and Purpose. This Exhibit B shall apply exclusively to (i) the balance of the Stock Account of each Participant as of December 31, 2009, and (ii) compensation or awards deferred with respect to the 2010 and future Plan Years. Its purpose is to establish rules for the distribution and settlement of notional Company stock credited to Participant accounts pursuant to Section 8.1(b) of the Plan satisfactory to the requirements of EITF 97-14 as promulgated by the Financial Accounting Standards Board, as it may be revised, amended or superseded.2.Definitions. The following terms shall be defined as: (a)Company Stock. Common stock of the Company as traded on the NASDAQ Global Select Market.(b)Company Stock Unit. The unfunded right to receive one share of Company Stock at a future date. Company Stock Units do not have voting rights. A Company Stock Unit is expressed as "notional Company stock" in Section 8.1(b) of the Plan.(c)Company Stock Unit Account. A Company Stock Unit Account is a separate account established for a Participant to which Company Stock Units are credited. The Company Stock Unit Account is expressed as a "Stock Account" in Section 8.l(b) of the Plan.3.Allocation of Company Stock Units to Participants' Company Stock Unit Accounts. The number of Company Stock Units allocated to a participant's Company Stock Unit Account upon deferral of compensation shall be determined based on the market closing price of a share of Company Stock on the NASDAQ Global Select Market on the date of allocation, or such other closing price as is permissible under NASDAQ rules.4.Distribution/Settlement of Company Stock Account. The sole medium of distribution of a Participant's Company Stock Unit Account shall be shares of Company Stock (with cash for fractional shares), irrespective of the form of payment (i.e., whether as a lump-sum distribution or in installments).* * * * *Page 20DocumentEXHIBIT 31.1 SECTION 302 CERTIFICATIONI, Todd A. Penegor, certify that:1.I have reviewed this quarterly report on Form 10-Q of Papa Johnâ€™s International, Inc.;2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report; 3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report; 4.The registrantâ€™s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:a)Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; b)Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;c)Evaluated the effectiveness of the registrantâ€™s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; andd)Disclosed in this report any change in the registrantâ€™s internal control over financial reporting that occurred during the registrantâ€™s most recent fiscal quarter (the registrantâ€™s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrantâ€™s internal control over financial reporting; and 5.The registrantâ€™s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrantâ€™s auditors and the audit committee of the registrantâ€™s board of directors (or persons performing the equivalent functions):a)All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrantâ€™s ability to record, process, summarize and report financial information; and b)Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrantâ€™s internal control over financial reporting.Date: NovemberÂ 7, 2024/s/ Todd A. PenegorTodd A. PenegorPresident and Chief Executive OfficerDocumentEXHIBIT 31.2SECTION 302 CERTIFICATIONI, Ravi Thanawala, certify that:1.I have reviewed this quarterly report on Form 10-Q of Papa Johnâ€™s International, Inc.;2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report; 3.Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report; 4.The registrantâ€™s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:a)Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; b)Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;c)Evaluated the effectiveness of the registrantâ€™s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; andd)Disclosed in this report any change in the registrantâ€™s internal control over financial reporting that occurred during the registrantâ€™s most recent fiscal quarter (the registrantâ€™s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrantâ€™s internal control over financial reporting; and 5.The registrantâ€™s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrantâ€™s auditors and the audit committee of the registrantâ€™s board of directors (or persons performing the equivalent functions):a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrantâ€™s ability to record, process, summarize and report financial information; and b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrantâ€™s internal control over financial reporting.Date: NovemberÂ 7, 2024/s/ Ravi ThanawalaRavi ThanawalaChief Financial Officer & EVP, InternationalDocumentEXHIBIT 32.1SECTION 906CERTIFICATIONI, Todd A. Penegor, President and Chief Executive Officer of Papa Johnâ€™s International, Inc. (the â€œCompanyâ€), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:1.The Report on Form 10-Q of the Company for the quarterly period ended SeptemberÂ 29, 2024 (the â€œReportâ€) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and2.The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.Date: NovemberÂ 7, 2024/s/ Todd A. PenegorTodd A. PenegorPresident and Chief Executive OfficerDocumentEXHIBIT 32.2SECTION 906CERTIFICATIONI, Ravi Thanawala, Chief Financial Officer & EVP, International of Papa Johnâ€™s International, Inc. (the â€œCompanyâ€), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:1.The Report on Form 10-Q of the Company for the quarterly period ended SeptemberÂ 29, 2024 (the â€œReportâ€) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and 2.The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company. Date: NovemberÂ 7, 2024/s/ Ravi ThanawalaRavi ThanawalaChief Financial Officer & EVP, International/body>