

Press Release

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Papa Murphy's and MTY Food Group Announce Merger

The transaction was valued at \$190 million USD

By Joanna Fantozzi, Apr 11, 2019

Vancouver, Wash.-based pizza chain Papa Murphy's Holdings Inc. announced a merger with Canadian franchisor MTY Food Group Inc. on Thursday. MTY Food Group Inc. is a North American franchisor specializing in multi-concept brands including TCBY Frozen Yogurt, Cold Stone Creamery and Planet Smoothie.

Under the agreement, MTY will acquire all issued and outstanding shares of Papa Murphy's common stock for cash consideration of \$6.45 USD per share, a transaction valued at \$190 million USD (C\$253.2 million), including Papa Murphy's Holdings Inc. outstanding net debt.

"The board of directors and our advisors have thoroughly evaluated all options available to us and are confident that this agreement provides immediate value to our stockholders at a premium over our current share price," Jean Birch, chairperson of the board of directors of Papa Murphy's said in a statement.

Shareholder rights law firm Johnson Fistel, LLP has launched an investigation into whether the board members of Papa Murphy's breached their fiduciary duties with the sale of the company.

"Merging our unique, differentiated brand with a global leader in franchised restaurant concepts will accelerate on-going efforts to enhance our convenience and relevance and maintain our position as the number one Take 'n' Bake pizza chain in the United States," Birch said.

As of February 2019, MTY had 5,941 mostly franchised stores, including 500 locations in 39 countries outside North America. The international franchisor anticipates working with Papa Murphy's moving forward on growing top line sales and increasing franchise partner profitability.

"This is an important transaction for MTY as we add a brand with a differentiated position in pizza to our existing U.S. portfolio," Eric Lefebvre, CEO of MTY, said.

"We are thrilled about the prospect of welcoming the Papa Murphy's brand, its franchise partners and employees, to the MTY family. Papa Murphy's is a unique concept with over a 35-year history of providing a superior quality product made with fresh ingredients."

Papa Murphy's Inc. is the fifth largest pizza chain in the United States. As of Dec. 31, 2018, the pizza chain had 1,437 stores in 37 US states, Canada, and the United Arab Emirates, and announced \$809 million systemwide sales at the end of the 12-month period