

INVESTOR PRESENTATION

November Through December 2021

FORWARD-LOOKING STATEMENTS AND NON-GAAP FINANCIAL MEASURES

Denny's Corporation urges caution in considering its current trends and any outlook on earnings disclosed either in this presentation or in its press releases. In addition, certain matters discussed in either this presentation or related press releases may constitute forward-looking statements. These forward-looking statements, which reflect management's best judgment based on factors currently known, are intended to speak only as of the date such statements are made and involve risks, uncertainties, and other factors that may cause the actual performance of Denny's Corporation, its subsidiaries, and underlying restaurants to be materially different from the performance indicated or implied by such statements. Words such as "expect", "anticipate", "believe", "intend", "plan", "hope", "will", and variations of such words and similar expressions are intended to identify such forward-looking statements. Except as may be required by law, the Company expressly disclaims any obligation to update these forward-looking statements to reflect events or circumstances after the date this presentation was published or to reflect the occurrence of unanticipated events. Factors that could cause actual performance to differ materially from the performance indicated by these forward-looking statements include, among others: the rapidly evolving COVID-19 pandemic and related containment measures, including the potential for further operational disruption from government mandates affecting restaurants; economic, public health, social and political conditions that impact consumer confidence and spending with respect to social unrest and the COVID-19 pandemic; competitive pressures from within the restaurant industry; the level of success of the Company's operating initiatives and advertising and promotional efforts; adverse publicity; health concerns arising from food-related pandemics, outbreaks of flu viruses or other diseases; changes in business strategy or development plans; terms and availability of capital; regional weather conditions; overall changes in the general economy (including with regard to energy costs), particularly at the retail level; political environment (including acts of war and terrorism); and other factors from time to time set forth in the Company's SEC reports and other filings, including but not limited to the discussion in Management's Discussion and Analysis and the risks identified in Item 1A. Risk Factors contained in the Company's Annual Report on Form 10-K for the year ended December 30, 2020 (and in the Company's subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K).

The presentation includes references to the Company's non-GAAP financials measures. All such measures are designated by an asterisk (*). The Company believes that, in addition to GAAP measures, certain non-GAAP financial measures are appropriate indicators to assist in the evaluation of operating performance and liquidity on a period-to-period basis. The Company uses Adjusted EBITDA, Adjusted Free Cash Flow, Adjusted Net Income (Loss) and Adjusted Net Income (Loss) Per Share internally as performance measures for planning purposes, including the preparation of annual operating budgets, and for compensation purposes, including incentive compensation for certain employees. Adjusted EBITDA is also used in the calculation of financial covenant ratios in accordance with the Company's credit facility. Adjusted Free Cash Flow is also used as a non-GAAP liquidity measure by Management to assess the Company's ability to generate cash and plan for future operating and capital actions. Management believes that the presentation of Adjusted EBITDA, Adjusted Net Income (Loss), Adjusted Net Income (Loss) Per Share and Adjusted Free Cash Flow provide useful information to investors and analysts about the Company's operating results, financial condition or cash flows. However, each of these non-GAAP financial measures should be considered as a supplement to, not a substitute for, operating income (loss), net income (loss), net cash provided by (used in) operating activities, or other financial performance and liquidity measures prepared in accordance with U.S. generally accepted accounting principles. See Appendix for non-GAAP reconciliations to the following GAAP measures:

$ Millions (except per share amounts)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	YTD Sep 2021
Operating Income	$51.0	$56.4	$47.5	$57.3	$53.2	$47.0	$70.7	$73.6	$165.0	$6.7	$41.5
Net Income (Loss)	$112.3	$22.3	$24.6	$32.7	$36.0	$19.4	$39.6	$43.7	$117.4	($5.1)	$34.6
Net Income (Loss) per Share	$1.15	$0.23	$0.26	$0.37	$0.42	$0.25	$0.56	$0.67	$1.90	($0.08)	$0.53
Cash Provided By (Used In):											
Operating Activities	$59.5	$59.2	$57.0	$74.6	$83.3	$71.2	$78.3	$73.7	$43.3	($3.1)	$63.2
Investing Activities	($7.7)	($3.5)	($16.5)	($21.3)	($32.7)	($32.7)	($27.1)	($32.0)	$105.0	$4.7	($2.9)
Financing Activities	($67.1)	($55.9)	($51.2)	($53.2)	($52.0)	($37.6)	($48.7)	($41.6)	($150.0)	($1.0)	($54.0)

DENNY'S INVESTMENT HIGHLIGHTS

CONSISTENT SAME-STORE SALES[1] GROWTH HISTORY

- Nine consecutive fiscal years of domestic system-wide same-store sales[1] growth prior to the pandemic[2]
- Strong same-store sales[1] performance relative to peers

GLOBAL FOOTPRINT WITH SEASONED FRANCHISEES

- 224 well diversified, experienced and energetic franchisees[3]
- 1,647 restaurants around the globe, including 1,494 domestic locations[3]
- 153 international locations across 13 countries and U.S. territories[3]

STRONG ADJUSTED FREE CASH FLOW* AND SHAREHOLDER RETURN

- Generated over $418M in Adjusted Free Cash Flow* over the last 10 fiscal years[4]
  - Includes approximately $11M in real estate acquisitions[2]
- Approximately $567M allocated to share repurchase program since November 2010[5]

DURABLE BUSINESS FOCUSED ON THE FUTURE

- Recent transition to a more highly franchised model with reduced business risk
- Proven revitalization strategies to continue propelling the brand forward
- Record of consistent financial performance with market share opportunities post-pandemic

* See Appendix for reconciliation of Net Income (Loss) and Net Cash Provided by (Used in) Operating Activities to Non-GAAP Financial Measures, as well as the reconciliation of Operating Income (Loss) to Non-GAAP Financial Measures.

1. Same-store sales include sales at company restaurants and non-consolidated franchised and licensed restaurants that were open during the comparable periods noted. Total operating revenue is limited to company restaurant sales and royalties, advertising revenue, fees and occupancy revenue from non-consolidated franchised and licensed restaurants. Accordingly, domestic franchise same-store sales and domestic system-wide same-store sales should be considered as a supplement to, not a substitute for, the Company's results as reported under GAAP.
2. Data as of December 25, 2019, the end of Fiscal Fourth Quarter 2019.
3. Data as of September 29, 2021, the end of Fiscal Third Quarter 2021.
4. Data as of December 30, 2020, the end of Fiscal Fourth Quarter 2020.
5. Data as October 29, 2021 (Third Quarter 2021 earnings released on November 2, 2021).

2021 RESULTS

Q3 2021 HIGHLIGHTS

Domestic System-Wide Same-Store Sales[1]

99.9% of 2019

New Unit Openings

7 New Openings

Adjusted Free Cash Flow

$14.3M

Share Repurchases

$6.6M

0.4M shares repurchased

1. Same-store sales include sales at company restaurants and non-consolidated franchised and licensed restaurants that were open during the comparable periods noted. Total operating revenue is limited to company restaurant sales and royalties, advertising revenue, fees and occupancy revenue from non-consolidated franchised and licensed restaurants. Accordingly, domestic franchise same-store sales and domestic system-wide same-store sales should be considered as a supplement to, not a substitute for, our results as reported under GAAP.

CONSUMER FOCUS AREAS

Reassurance



We Remain Focused on the Safety and Well-being of Our Guests and Restaurant Teams While Returning to America's 24/7 Diner

Value



Provide an Array of Value for All Customers

- Price -
- Bundled -
- Abundant -
- Convenience -

Convenience



Bringing Denny's to Our Guests Wherever They Want, Whenever They Want, and Doing So With Integrated and Seamless Systems to Facilitate an Excellent Guest Experience

Comfort



Ensuring Denny's is a Place Where Our Modern American Family Guests Receive Feel-Good Comfort Food and are Welcomed and Valued

TRANSFORMATIVE BRAND INVESTMENTS

Approximately $65M Investment For Domestic Franchise Restaurants in a New Kitchen Equipment Package and Cloud-Based Restaurant Technology Platform



TECHNOLOGY TRANSFORMATION

- Revamped Dennys.com website and Denny's Mobile App
  - More personalized and seamless digital experience with smart upsell and cross-sell capabilities
- New cloud-based restaurant technology platform



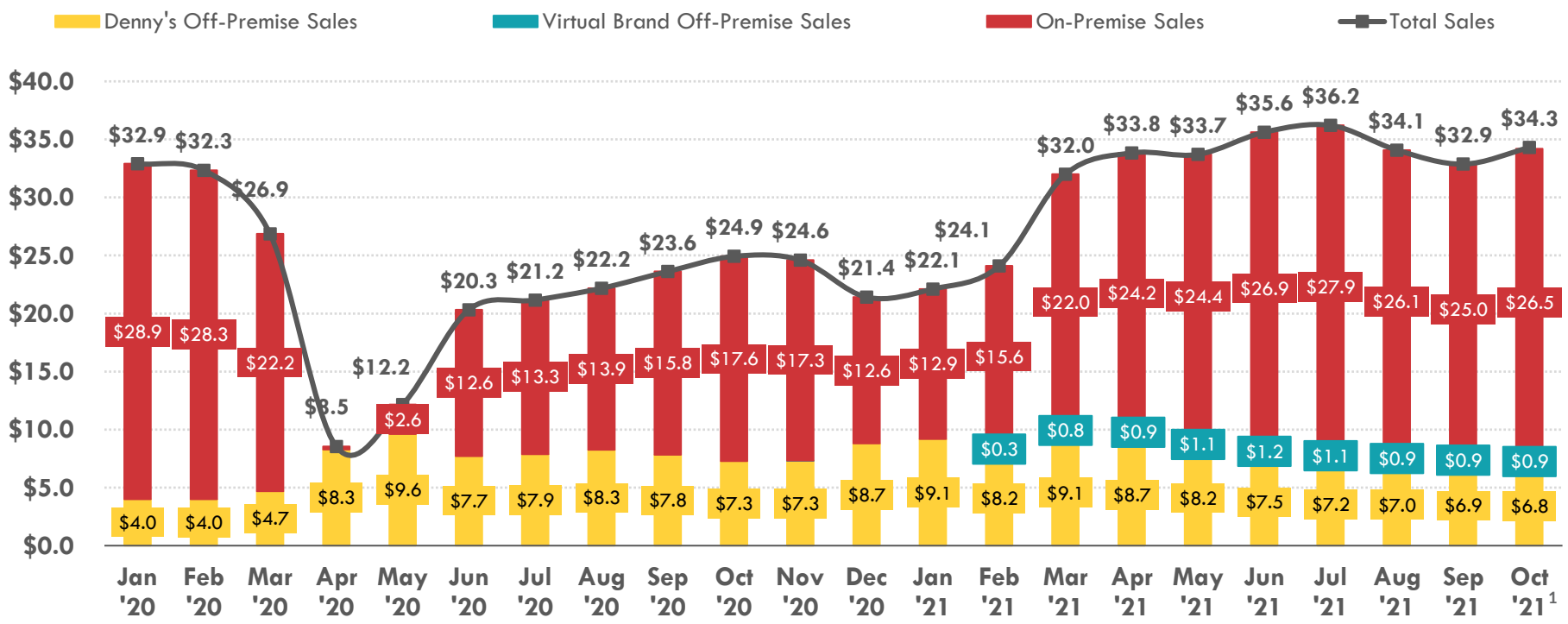
KITCHEN MODERNIZATION

- New kitchen equipment package
  - Reduce kitchen complexity with improved efficiency and waste reductions
  - Menu enhancements across all dayparts but especially the dinner daypart with new comfort food offerings

AVERAGE WEEKLY SALES

With All Operating Dining Rooms Open, Denny's Total Off-premise Sales Have Remained Strong At Approximately 23% of Total Sales Compared to 12% Pre-Pandemic[1]

Average Domestic Restaurant Sales by Channel per Week



1st

Family Dining Chain to Launch Mobile & Online Ordering Nationally

>90%

Domestic Restaurants Active with Delivery[1]

>1,100

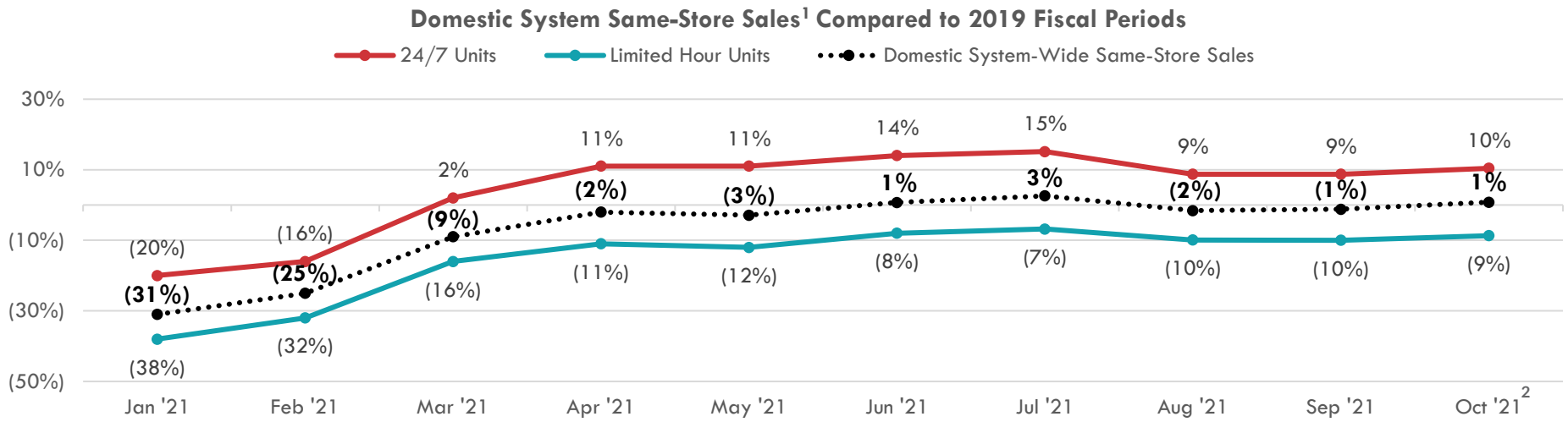
Active Locations with The Burger Den[1]

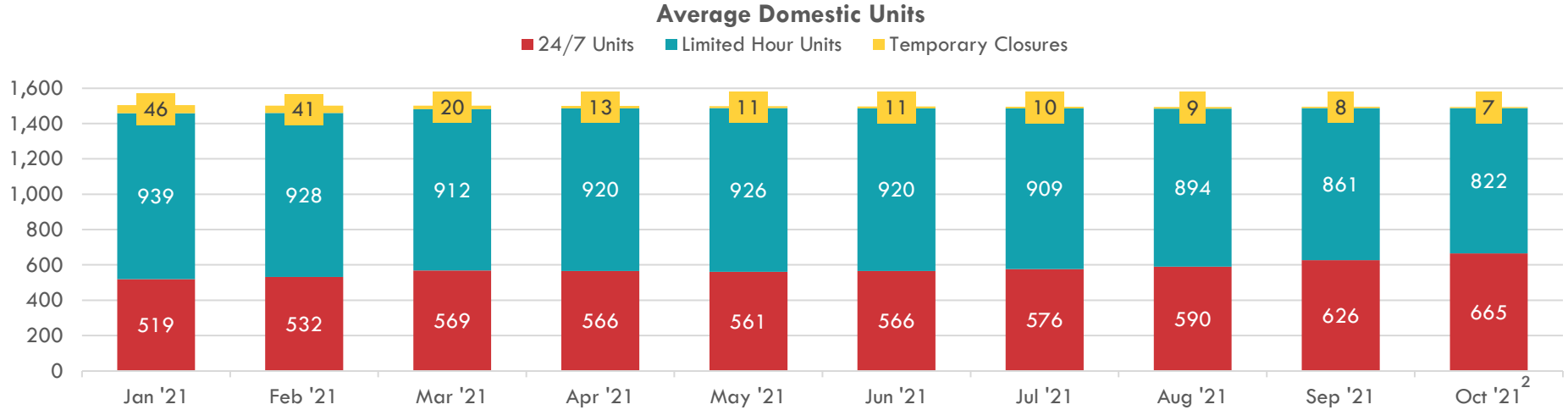
~800

Active Locations with The Meltdown[1]

1. Preliminary data through Fiscal October ended October 27, 2021.

24/7 OPERATIONS SALES TRENDS

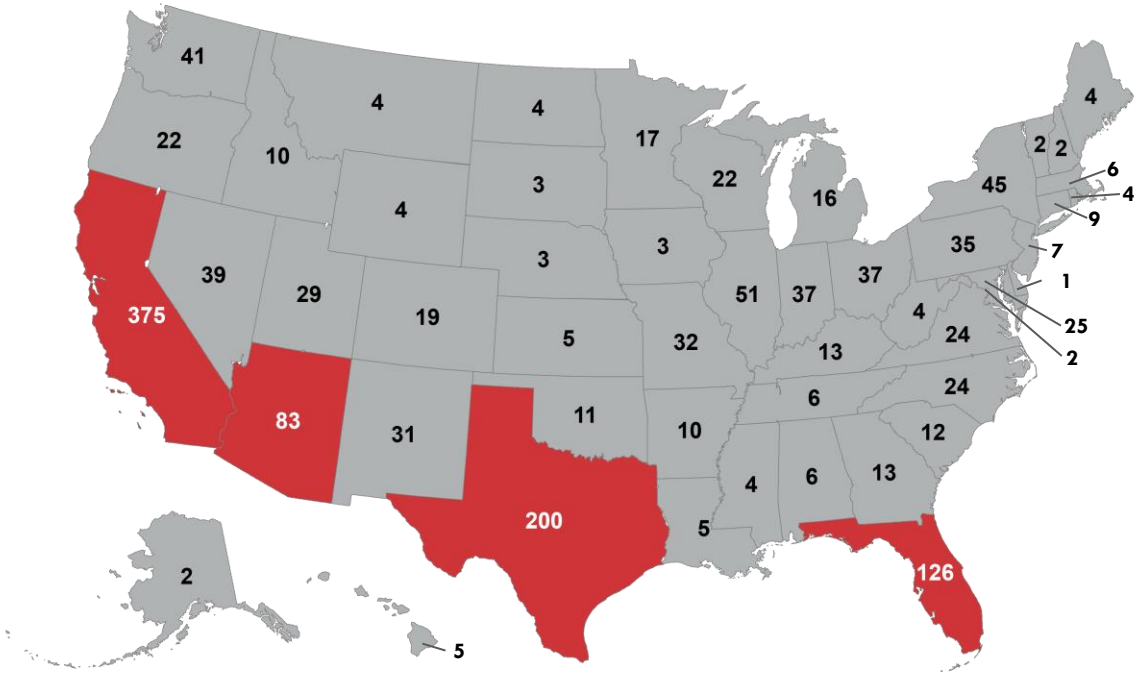




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2. Preliminary data through Fiscal October ended October 27, 2021.

DOMESTIC FOOTPRINT

Total of 1,494 Restaurants in the U.S.[1] with Strongest Presence in California, Arizona, Texas, and Florida



TOP 10 U.S. MARKETS[1]	
DMA	**UNITS**
Los Angeles	173
Houston	64
Phoenix	63
Dallas/Ft. Worth	51
Sacramento/Stockton	48
Orlando/Daytona	40
San Francisco/Oakland	40
San Diego	38
Miami/Ft. Lauderdale	35
Chicago	33
% of Domestic System	**39%**

1. Data as of September 29, 2021, the end of Fiscal Third Quarter 2021.

INTERNATIONAL FOOTPRINT

International Presence of 153 Restaurants in 13 Countries and U.S. Territories has Grown by ~76% Since Year End 2010[1]



Honduras



Guatemala City



Ontario



Philippines

FOOTPRINT[1]	
COUNTRY	**UNITS**
United States	1,494
Canada	83
Puerto Rico	15
Mexico	12
Philippines	11
New Zealand	7
Honduras	6
United Arab Emirates	6
Costa Rica	3
Guatemala	3
El Salvador	2
Guam	2
Indonesia	2
United Kingdom	1
TOTAL	**1,647**

1. Data as of September 29, 2021, the end of Fiscal Third Quarter 2021.

STRONG PARTNERSHIP WITH FRANCHISEES

Well Diversified, Experienced, and Energetic Group of 224 Franchisees[1]

- Passionate group of seasoned franchisees committed to the longevity of the Denny's brand.
- 38 franchisees with more than 10 restaurants each collectively comprise approximately 66% of the franchise system.

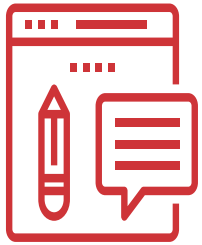
Ownership of 1,582 Franchisee Restaurants[1]

Number of Franchised Units	Number of Franchisees	Franchisees as % of Total	Total Franchised Units	Franchised Units as % of Total
1	78	35%	78	5%
2–5	79	35%	231	15%
6–10	29	13%	229	14%
11–15	16	7%	192	12%
16–30	11	5%	241	15%
>30	11	5%	611	39%
Total	**224**	**100%**	**1,582**	**100%**

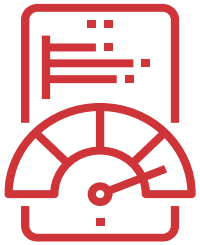
1. Data as of September 29, 2021, the end of Fiscal Third Quarter 2021.

A RESILIENT AND DURABLE BRAND FOCUSED ON THE FUTURE

EXECUTION OF BRAND REVITALIZATION STRATEGY DRIVING RESULTS



Deliver a Differentiated and Relevant Brand



Consistently Operate Great Restaurants



Grow the Global Franchise



Drive Profitable Growth for All Stakeholders

"Become the World's Largest, Most Admired and Beloved Family of Local Restaurants"



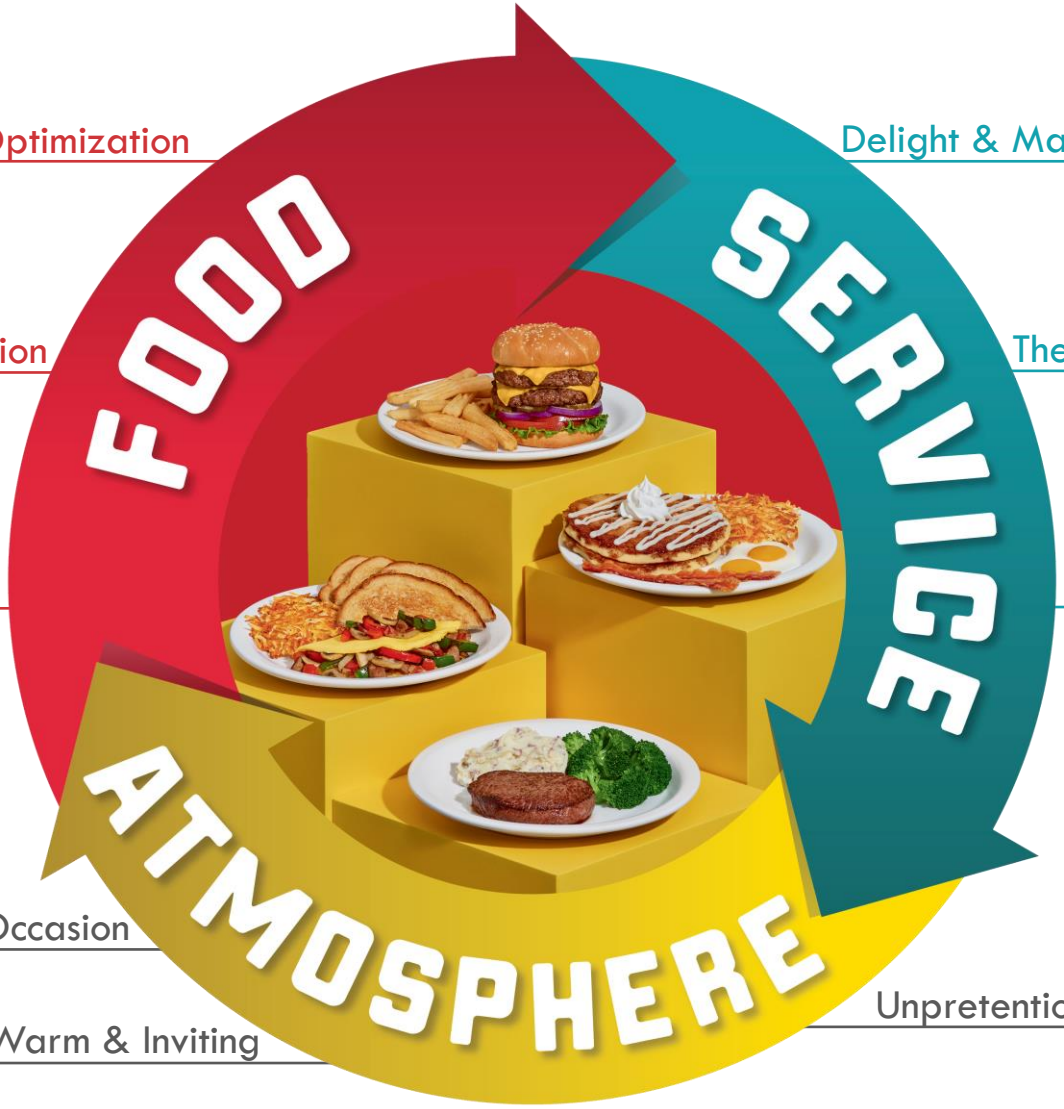
Enabled Through Technology and Training

+



Close Collaboration with Franchise Partners

DELIVERING A DIFFERENTIATED AND RELEVANT BRAND & CONSISTENTLY OPERATE GREAT RESTAURANTS



- Menu Optimization
- Product Innovation
- Everyday Value
- Everyday Occasion
- Warm & Inviting
- Delight & Make it Right
- The Rules We Live By
- Pride Review Program
- Unpretentious

FOCUS ON A MENU WITH QUALITY ITEMS AT OPTIMAL PRICES THAT DRIVE PROFIT TO THE BOTTOM LINE

Approximately 80% of Core Menu Entrées Changed or Improved Since Our Revitalization Began

Current Core Menu is Approximately 25% Smaller than Our Pre-Pandemic Menu









FOCUS ON CONSISTENTLY OPERATING GREAT RESTAURANTS LEADING TO SUSTAINED IMPROVEMENT

- Investments in training talent, tools, and strategies, such as Ignite E-Learning and our latest Delight & Make It Right service programs, driving improvements in service scores
- Denny's Pride Review Program used to evaluate and share best practices
- Close collaboration with franchisees to drive improvements in speed of service and margins



REMODELS KEY TO REVITALIZING LEGACY BRAND

Heritage 2.0





Heritage 1.0





Legacy Denny's



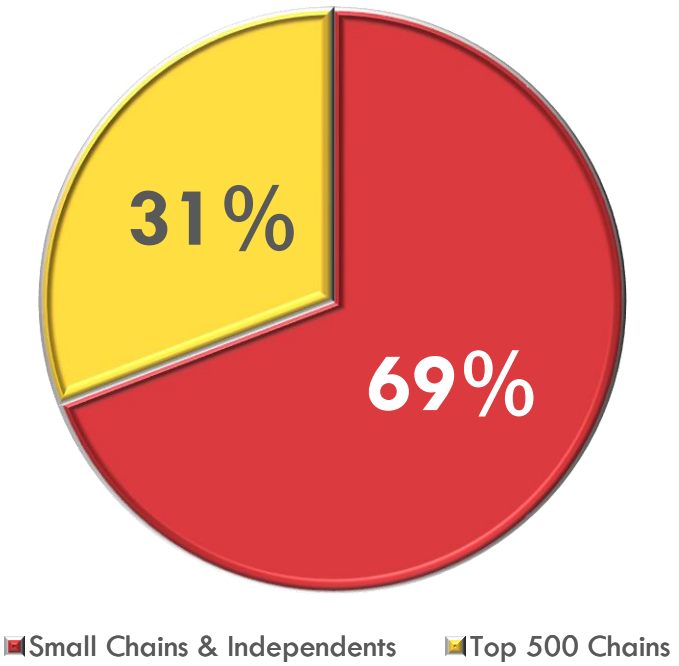


WELL-ESTABLISHED PIPELINE WITH OPPORTUNITIES

Market Share Opportunities Through Potential Industry Rationalization Will Only Bolster the 78 Commitments Secured from Our Recent Refranchising Initiative

- Approximately 75 domestic development commitments remaining from the sale of 113 company owned restaurants during 2018 and 2019.
- Considerable experience converting existing spaces into new Denny's restaurants.
- With 69% of the full-service segment sales (71% in 2019) maintained by small chains and independents, as potential industry rationalization occurs, market share opportunities will emerge.

2020 U.S. Full-Service Restaurant Industry Sales[1]



1. Technomic Top 500 Chain Restaurant Report 2021.

VIRTUAL BRANDS PROVIDE ADDITIONAL MARKET SHARE OPPORTUNITIES

The Burger Den



DOORDASH

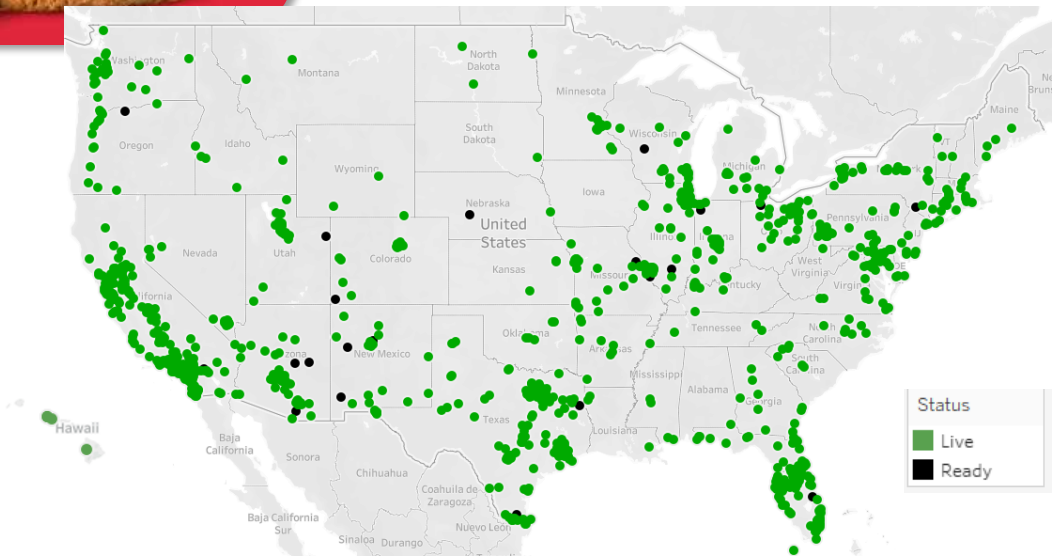
POSTMATES

Uber Eats

WAITR

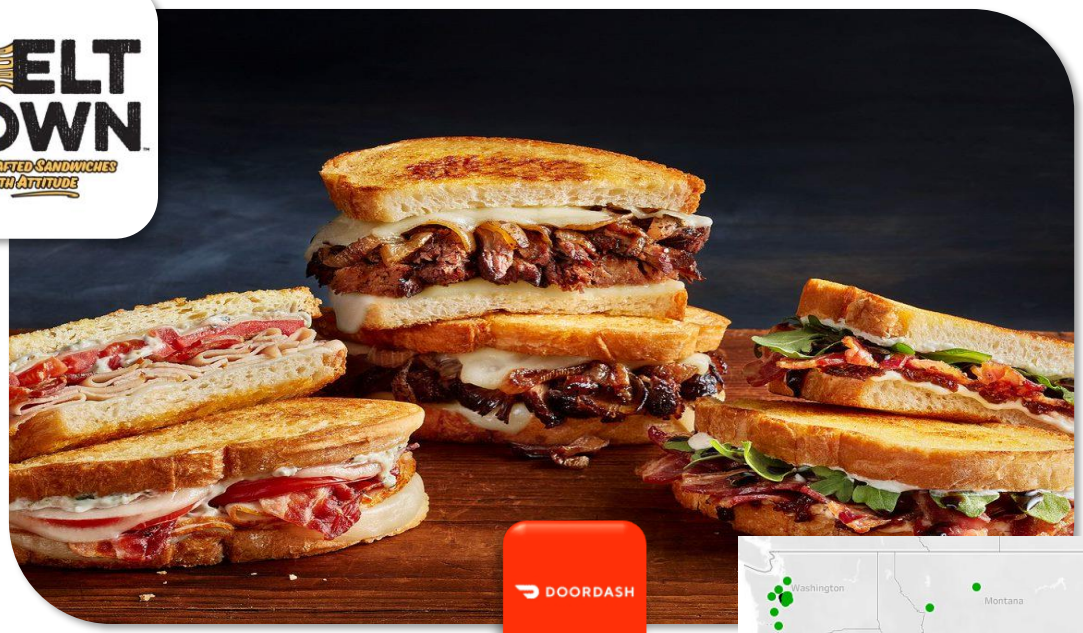
The Burger Den is currently active in over 1,100 domestic locations

Approximately 70% of transactions occurring during the Dinner and Late-Night dayparts[1]



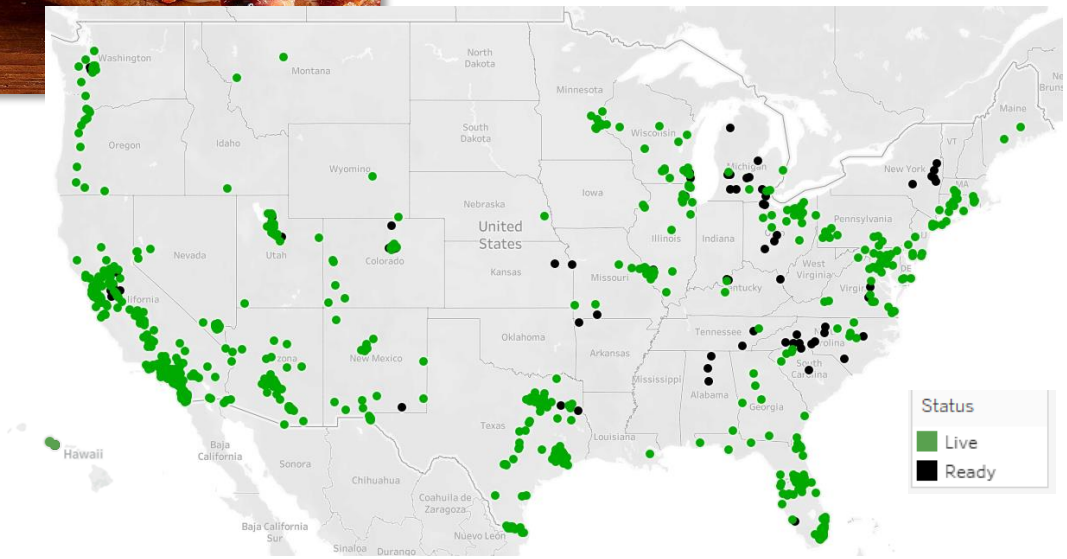
1. Data for the Third Quarter, ended September 29, 2021

VIRTUAL BRANDS PROVIDE ADDITIONAL MARKET SHARE OPPORTUNITIES



The Meltdown, a DoorDash exclusive, is currently active in ~800 domestic locations

Approximately 60% of transactions occurring during the Dinner and Late-Night dayparts[1]



1. Data for the Third Quarter, ended September 29, 2021.

STRONG COLLABORATION WITH FRANCHISEES

Denny's Franchisee Association

Denny's Franchisee Association

Annual Convention
Steering Committee Meetings
Joint Board Meetings

Marketing Brand Advisory Council

NEW!
CURBSIDE ORDERING AND PICK UP

Menu Innovation
Media Support
Product Testing

Operations Brand Advisory Council



Training Initiatives
Pride Reviews
Operations Support

Supply Chain Oversight Committee



Purchase Product for System
Outperformed PPI by Avg of ~1ppt
Each Year Over the Last Decade

Development Brand Advisory Council



Successful Heritage Remodels
Prototype Development
Lease & Asset Management

Technology Brand Advisory Council

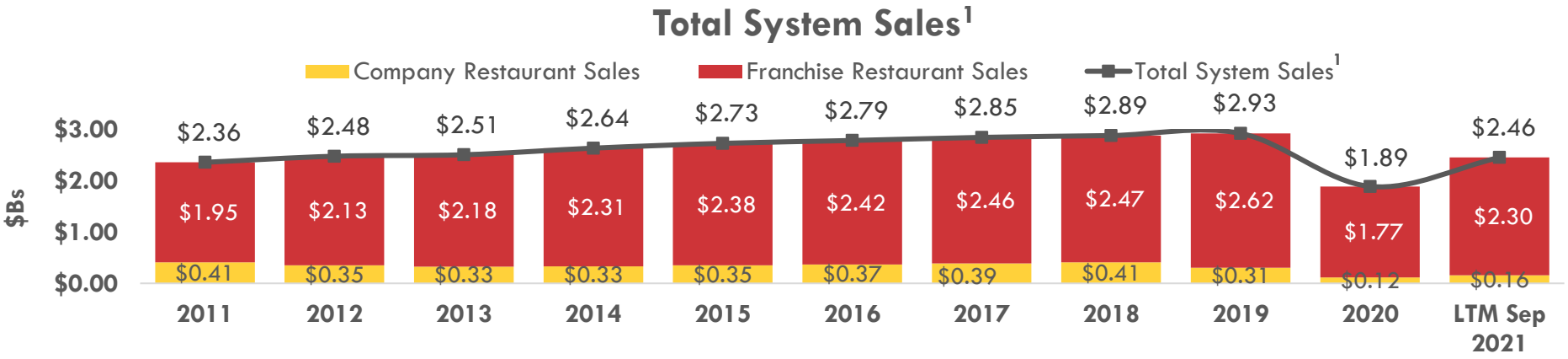


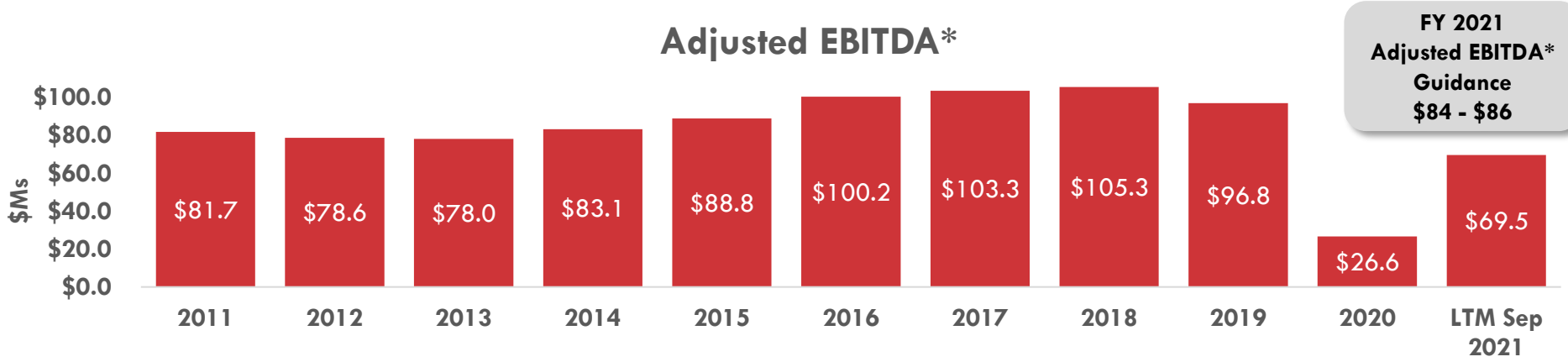
Customer Facing Technology
Denny's On Demand
Common POS Platform

HISTORICAL PERFORMANCE

TOTAL SYSTEM SALES[1] AND ADJUSTED EBITDA*

Total System Sales[1] Grew by Over $550 Million Through 2019





FY 2021 Adjusted EBITDA* Guidance $84 - $86

1. Total system sales is a non-GAAP measure representing the sum of sales generated at all Denny's locations worldwide, including franchise and licensed restaurants which are non-consolidated entities. Total operating revenue is limited to company restaurant sales and royalties, advertising revenue, fees and occupancy revenue from non-consolidated franchised and licensed restaurants. Accordingly, total system sales should be considered as a supplement to, not a substitute for, our results as reported under GAAP.

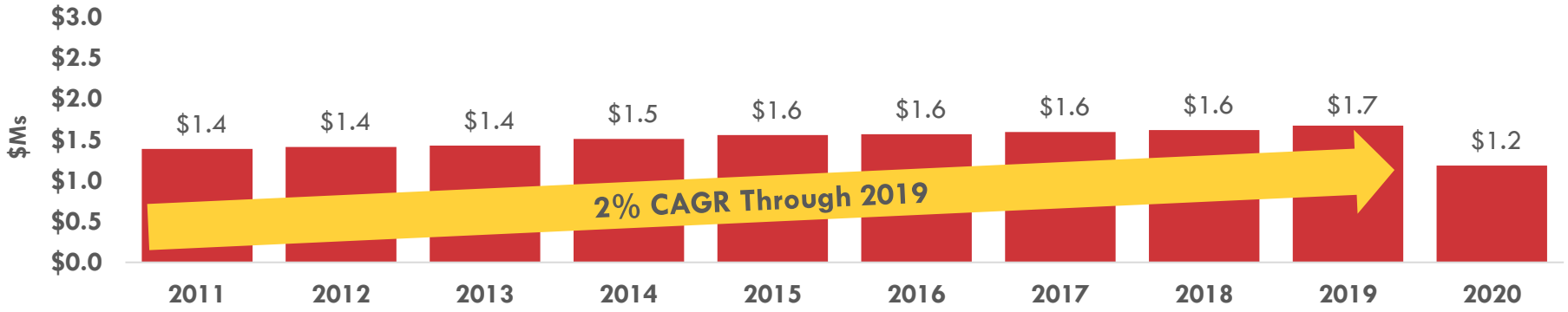
* See Appendix for reconciliation of Net Income (Loss) and Net Cash Provided by (Used in) Operating Activities to Non-GAAP Financial Measures, as well as the reconciliation of Operating Income (Loss) to Non-GAAP Financial Measures. The Company is not able to reconcile the forward-looking non-GAAP estimates set forth above to their most directly comparable GAAP estimates without unreasonable efforts because it is unable to predict, forecast or determine the probable significance of the items impacting these estimates, including gains, losses and other charges, with a reasonable degree of accuracy. Accordingly, the most directly comparable forward-looking GAAP estimates are not provided.

FRANCHISED AND COMPANY RESTAURANT SALES

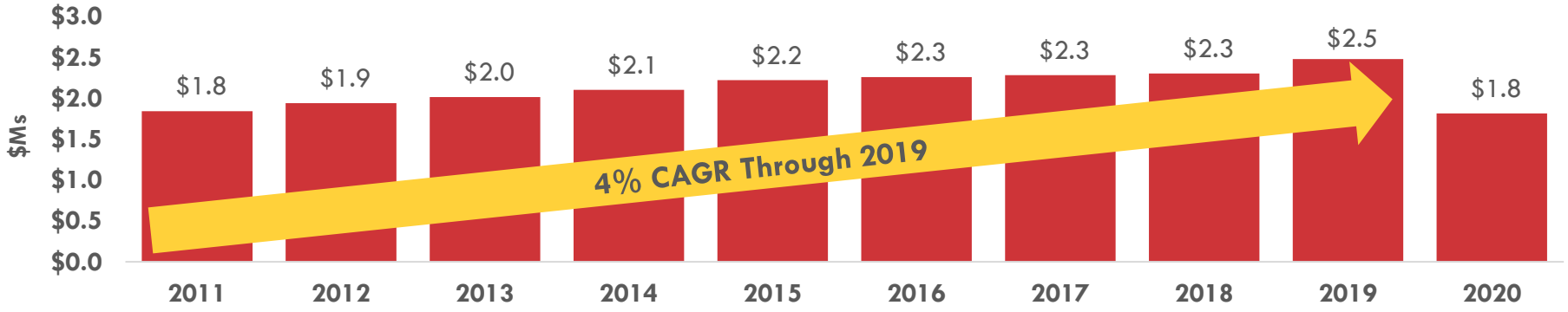
History of Steady Growth in Franchised and Company Average Unit Volumes

Refranchising Strategy Benefited AUVs at Both Franchised and Company Restaurants in 2019

Franchised Restaurant AUVs



Company Restaurant AUVs

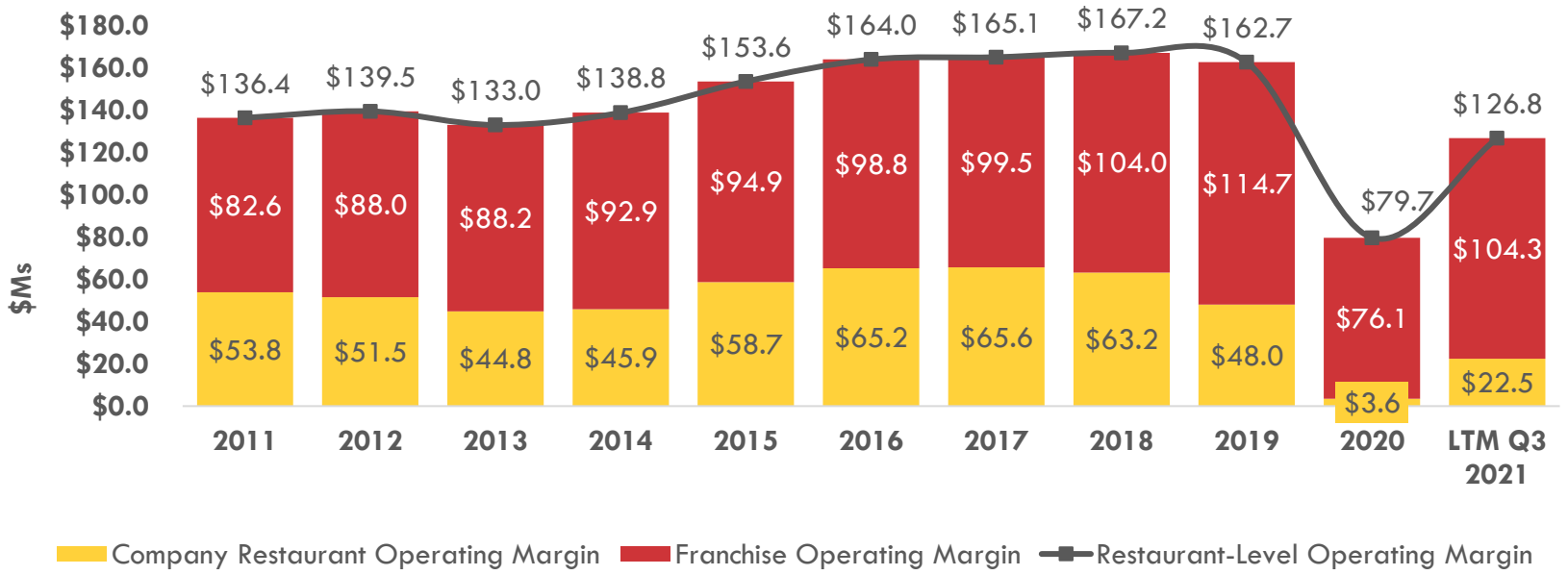


FRANCHISE AND COMPANY MARGINS

Total Restaurant-Level Operating Margin[1] Grew Over 19% From 2011 Through 2019

Highly Franchised Business Has Historically Provided Stable Restaurant-Level Operating Margins[1]

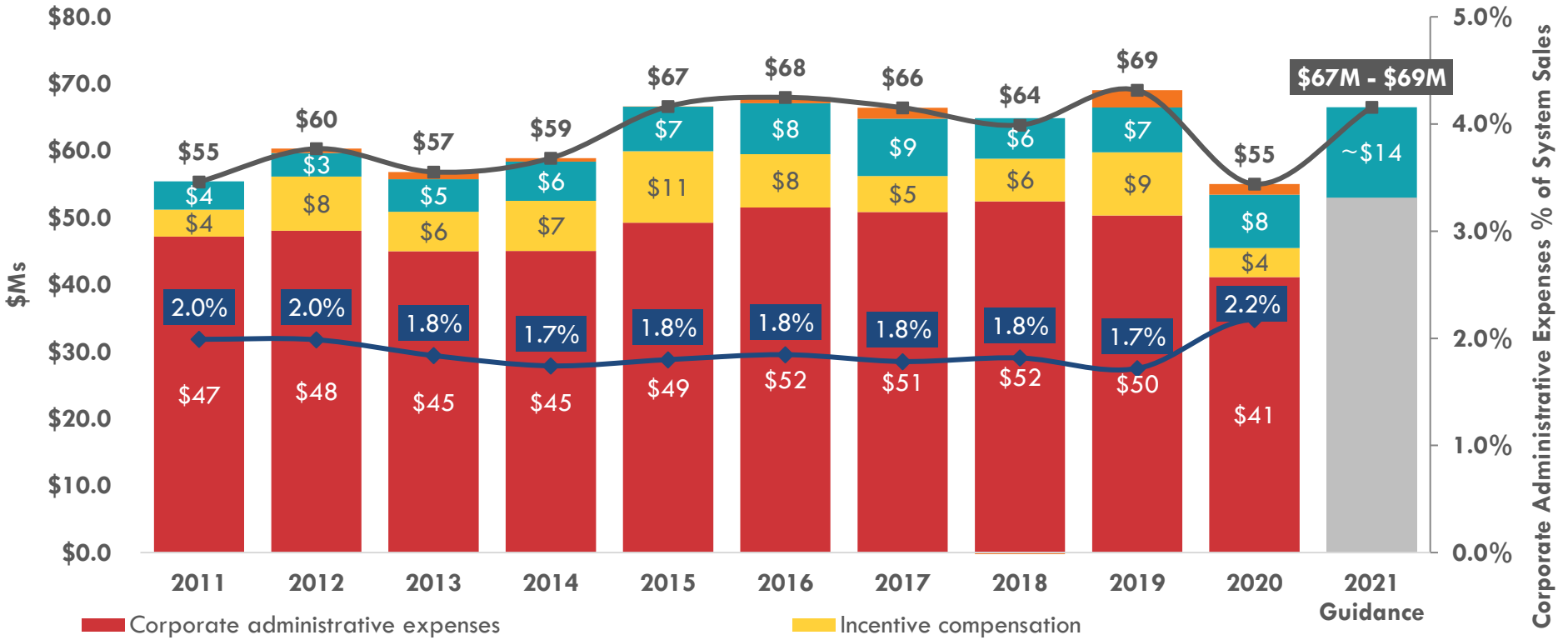
Franchise and Company Operating Margins[1]



1. The Company believes that, in addition to GAAP measures, certain other non-GAAP financial measures are appropriate indicators to assist in the evaluation of restaurant-level operating efficiency and performance of ongoing restaurant-level operations. Restaurant-Level Operating Margin is the total of Company Restaurant Operating Margin and Franchise Operating Margin. We define Company Restaurant Operating Margin as company restaurant sales less costs of company restaurant sales (which include product costs, company restaurant level payroll and benefits, occupancy costs, and other operating costs including utilities, repairs and maintenance, marketing and other expenses) and present it as a percent of company restaurant sales. We define Franchise Operating Margin as franchise and license revenue (which includes franchise royalties and other non-food and beverage revenue streams such as initial franchise fees, advertising revenue and occupancy revenue) less costs of franchise and license revenue and present it as a percent of franchise and license revenue.

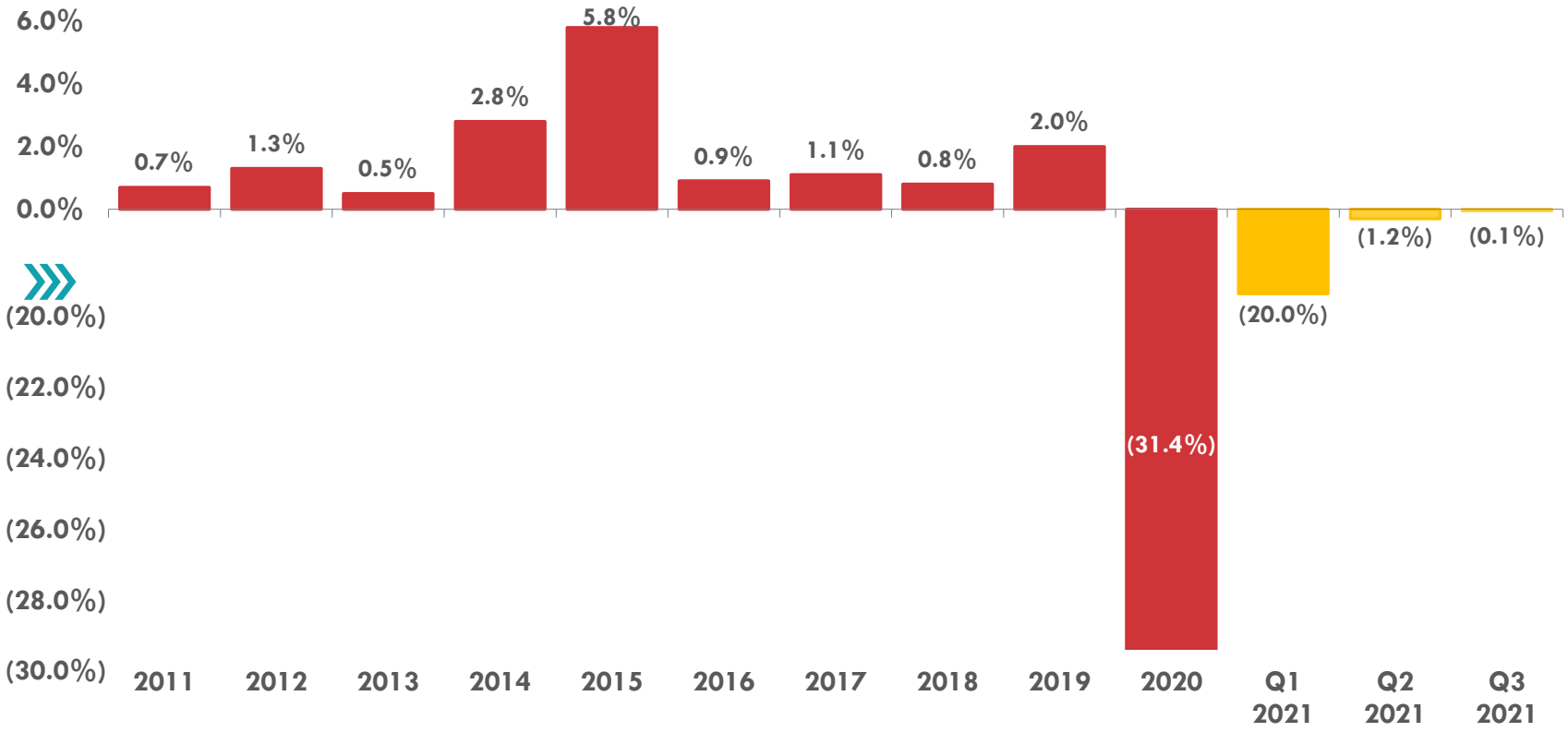
GENERAL AND ADMINISTRATIVE EXPENSES

Disciplined Focus on Costs Delivering Lower Corporate Administrative Expense as a Percent of System Sales Absent the Pandemic



DOMESTIC SYSTEM-WIDE SAME-STORE SALES[1]

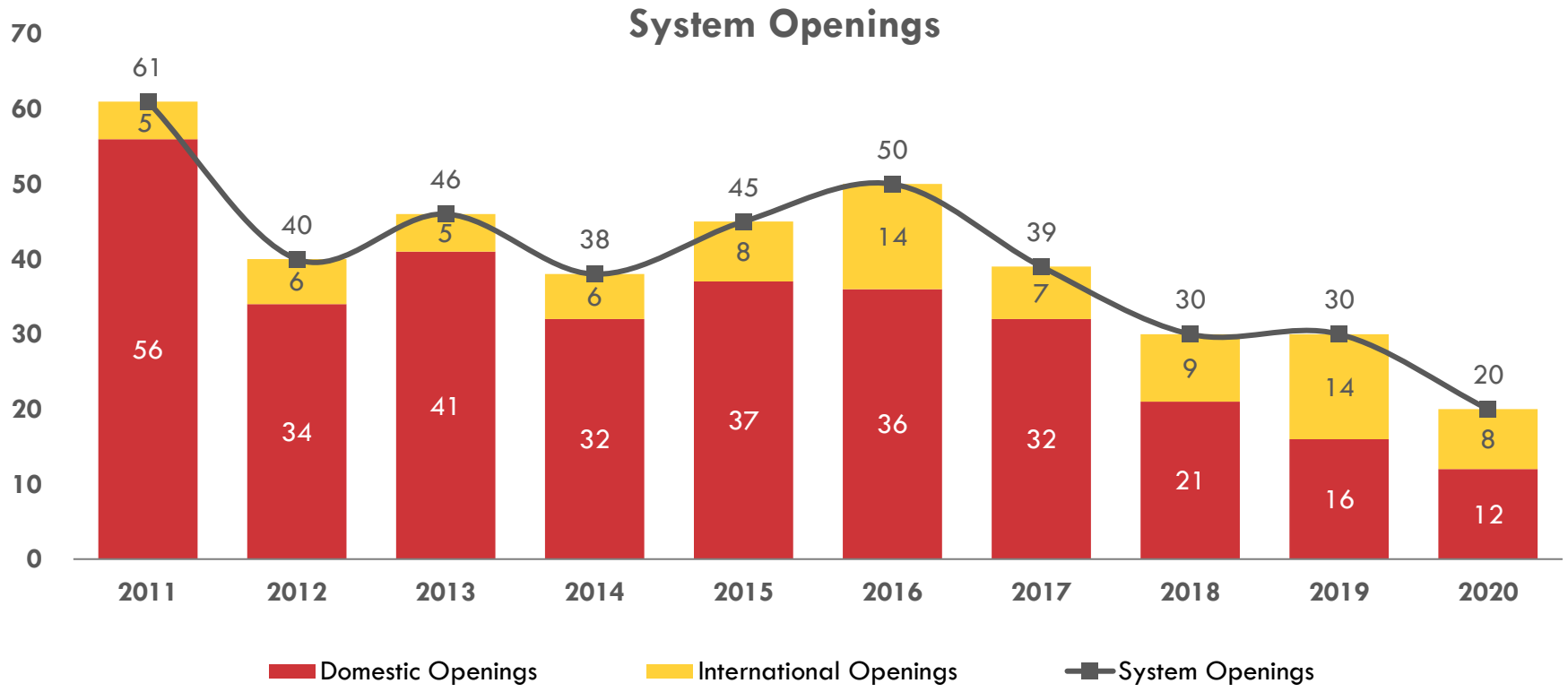
Nine Consecutive Fiscal Years of Positive Domestic System-Wide Same-Store Sales[1] Growth From 2011 Through 2019



1. Same-store sales include sales at company restaurants and non-consolidated franchised and licensed restaurants that were open during the comparable periods noted. Total operating revenue is limited to company restaurant sales and royalties, advertising revenue, fees and occupancy revenue from non-consolidated franchised and licensed restaurants. Accordingly, domestic franchise same-store sales and domestic system-wide same-store sales should be considered as a supplement to, not a substitute for, our results as reported under GAAP.

GLOBAL DEVELOPMENT

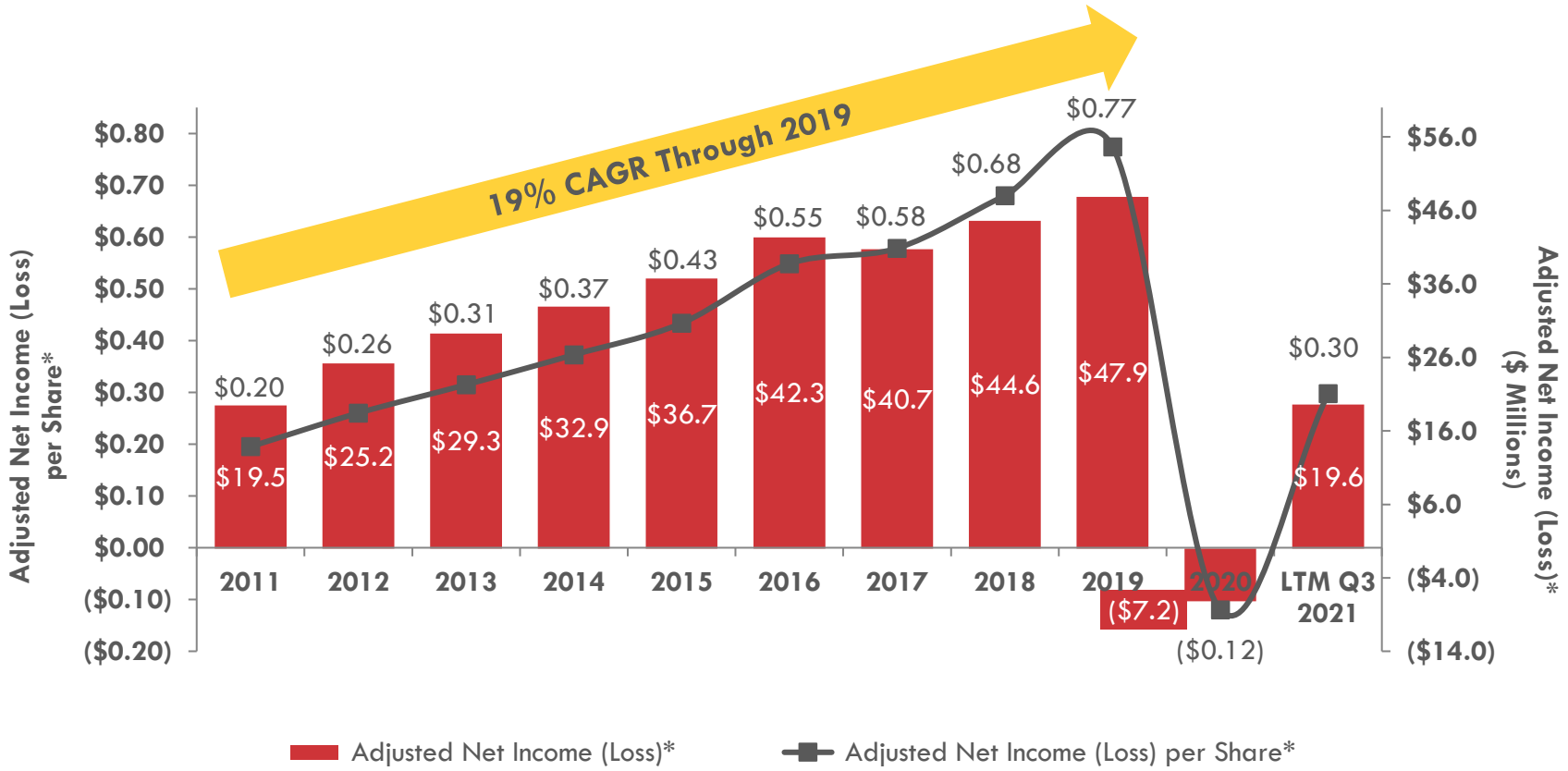
Growth Initiatives Enabled Approximately 400 New Restaurant Openings Since 2011 With 95% Opened by Franchisees[1]



1. Data as of December 30, 2020, the end of Fiscal Fourth Quarter 2020.

ADJUSTED NET INCOME (LOSS) PER SHARE*

Growth in Adjusted Net Income (Loss) Per Share* Between 2011 and 2019 Driven by Successful Revitalization Initiatives and Share Repurchase Program

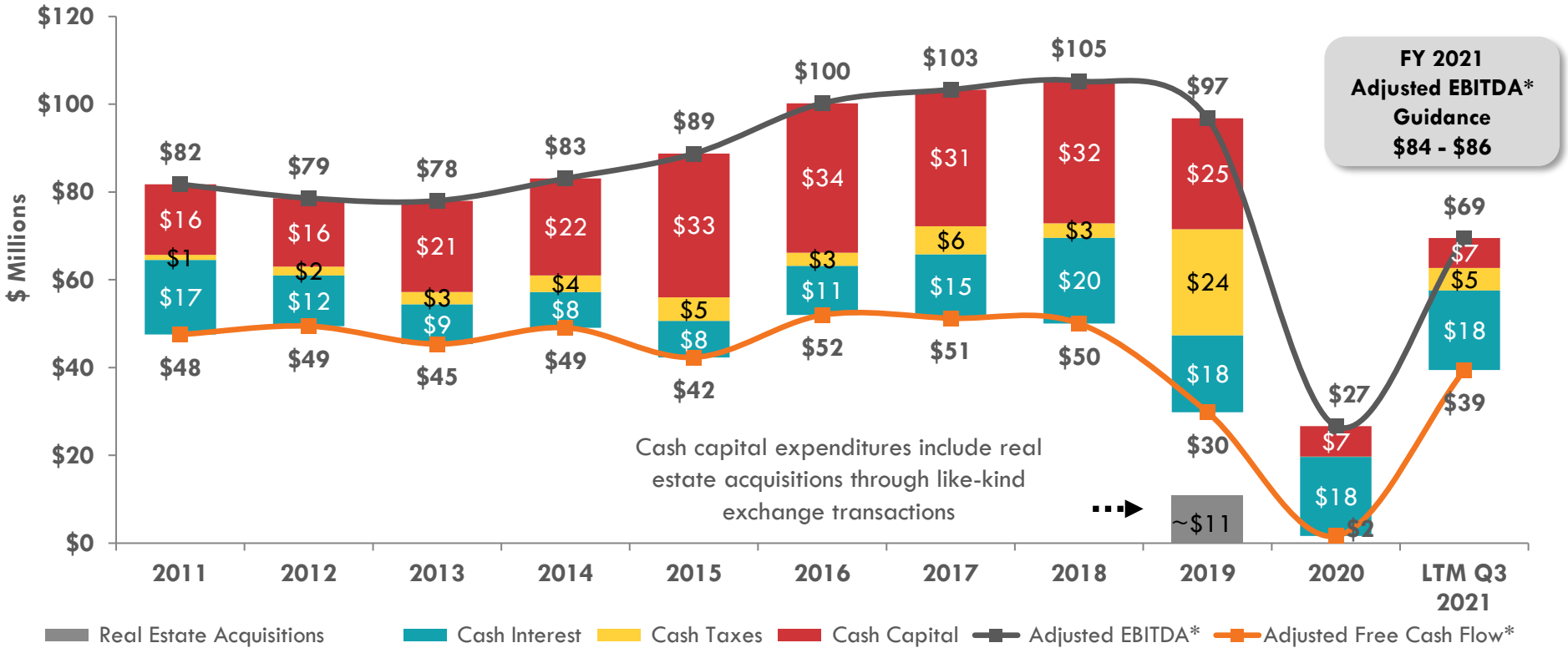


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ADJUSTED FREE CASH FLOW*

Over $418 Million in Adjusted Free Cash Flow* Generated Over Last 10 Fiscal Years

Adjusted Free Cash Flow* Impacted by ~$11 Million of Real Estate Acquisitions in 2019

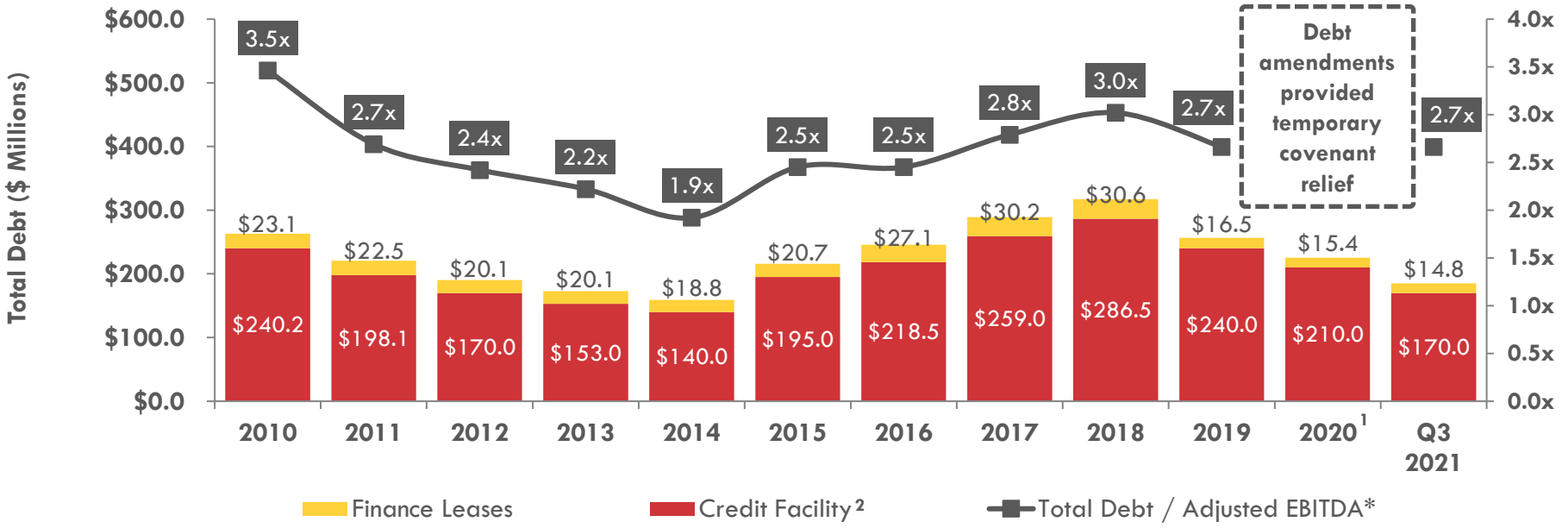


* See Appendix for reconciliation of Net Income (Loss) and Net Cash Provided by (Used in) Operating Activities to Non-GAAP Financial Measures, as well as the reconciliation of Operating Income (Loss) to Non-GAAP Financial Measures.

The Company is not able to reconcile the forward-looking non-GAAP estimates set forth above to their most directly comparable GAAP estimates without unreasonable efforts because it is unable to predict, forecast or determine the probable significance of the items impacting these estimates, including gains, losses and other charges, with a reasonable degree of accuracy. Accordingly, the most directly comparable forward-looking GAAP estimates are not provided.

SOLID BALANCE SHEET WITH FLEXIBILITY

Disciplined Focus on Debt Leverage and Recent Refinance Provide Financial Flexibility to Make Investments and Return Capital to Shareholders



1. Total Debt / Adjusted EBITDA* leverage ratio is waived starting in Q2 '20 through Q1' 21.
2. On August 26, 2021, we refinanced the existing $350M revolving credit facility to a five-year $400M revolving credit facility.

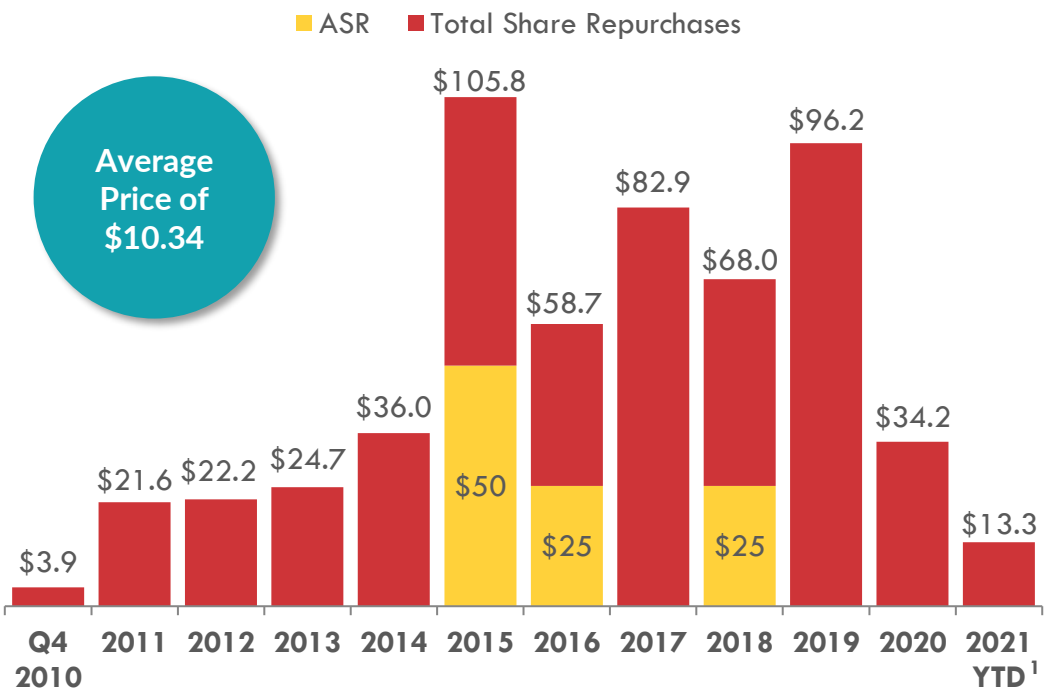
* See Appendix for reconciliation of Net Income (Loss) and Net Cash Provided by (Used in) Operating Activities to Non-GAAP Financial Measures, as well as the reconciliation of Operating Income (Loss) to Non-GAAP Financial Measures.

HISTORY OF CONSISTENTLY RETURNING EXCESS CAPITAL TO SHAREHOLDERS

Approximately $567 Million Allocated Towards Share Repurchases Since We Started to Return Excess Capital to Shareholders in late 2010[1]

- In August 2021, relaunched our multi-year share repurchase program after suspending share repurchases as of February 27, 2020.
- During Q3 2021, allocated $6.6 million to open market share repurchases.
- Between the end of the third quarter and October 29, 2021, allocated an additional $6.8 million to open market share repurchases.
- Paid an average of $10.34 per share to repurchase approximately 55 million shares resulting in a 36% net reduction in our share count since late 2010[2].

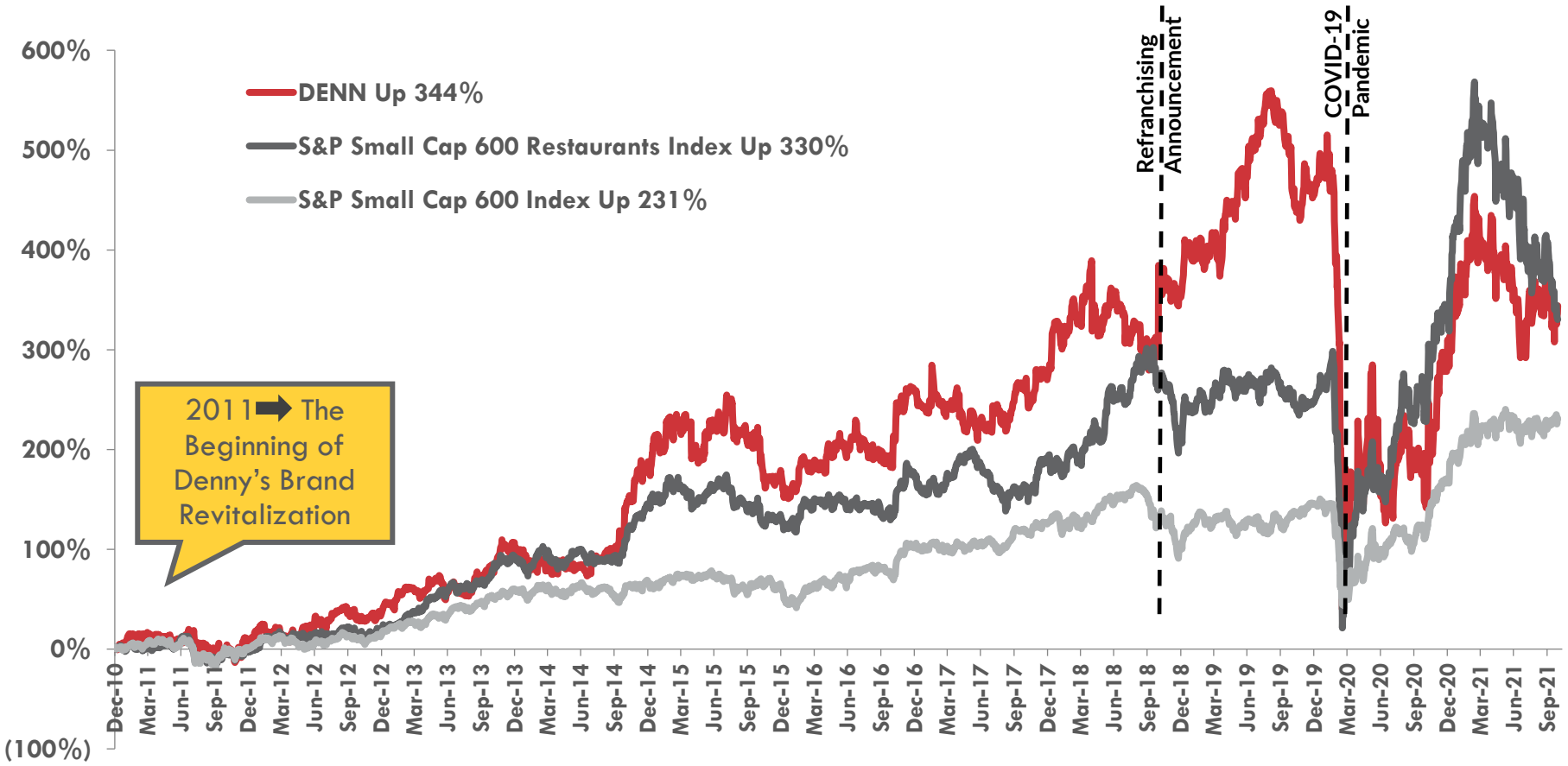
SHARE REPURCHASES ($ Millions)



1. Data through October 29, 2021.
2. Includes 8.0 million shares of common stock issued in July 2020.

STOCK PRICE PERFORMANCE

Between 2010 and October 29, 2021, Denny's Stock Price Rose 344% Compared to the S&P Small Cap 600 Restaurants Index of 330% and the S&P Small Cap 600 Index of 231%



DENNY'S INVESTMENT HIGHLIGHTS

- **Consistent same-store sales[1] growth** through brand revitalization strategies to enhance food, service, and atmosphere
- **Global footprint with seasoned franchisees** supported by a strong domestic presence and pipeline of development commitments
- **Strong Adjusted Free Cash Flow* and shareholder return** supported by solid balance sheet with flexibility to support brand investments and a focus on highly accretive and shareholder friendly allocations of Adjusted Free Cash Flow*
- **Durable business focused on the future** with a lower risk, highly-franchised business model supported by proven revitalization strategies, a sustained record of consistent financial performance and well-fortified balance sheet

1. Same-store sales include sales at company restaurants and non-consolidated franchised and licensed restaurants that were open during the comparable periods noted. Total operating revenue is limited to company restaurant sales and royalties, advertising revenue, fees and occupancy revenue from non-consolidated franchised and licensed restaurants. Accordingly, domestic franchise same-store sales and domestic system-wide same-store sales should be considered as a supplement to, not a substitute for, our results as reported under GAAP.

* See Appendix for reconciliation of Net Income (Loss) and Net Cash Provided by (Used in) Operating Activities to Non-GAAP Financial Measures, as well as the reconciliation of Operating Income (Loss) to Non-GAAP Financial Measures.

APPENDIX

EXPERIENCED AND COMMITTED LEADERSHIP TEAM



John C. Miller, Chief Executive Officer joined Denny's in 2011 with over 30 years experience in restaurant operations and management. Prior to joining Denny's, served as President of Taco Bueno and spent 17 years with Brinker International where positions held included President of Romano's Macaroni Grill and President of Brinker's Mexican Concepts.



F. Mark Wolfinger, President joined Denny's in 2005 as Chief Financial Officer. Previous roles include Chief Financial Officer of Danka Business Systems and senior financial positions with Hollywood Entertainment, Metromedia Restaurant Group (operators of Bennigans, Ponderosa Steakhouse, and Steak & Ale), and the Grand Metropolitan.



Christopher D. Bode, Senior Vice President, Chief Operating Officer. Prior to joining Denny's in 2011, served as Chief Operating Officer of QSR Management, LLC (a franchisee of Dunkin' Donuts) and Vice President of Development & Construction of Dunkin' Brands, Inc. Before joining the restaurant industry, served as a United States Navy Communications Specialist.



John W. Dillon, Executive Vice President, Chief Brand Officer. Prior to joining Denny's in 2007, held multiple marketing leadership positions with various organizations, including 10 years with YUM! Brands/Pizza Hut, and was Vice President of Marketing for the National Basketball Association's Houston Rockets.



Stephen C. Dunn, Executive Vice President, Chief Global Development Officer. Prior to joining Denny's in 2004, held executive-level positions with Church's Chicken, El Pollo Loco, Mr. Gatti's, and TCBY. Earned the distinction of Certified Franchise Executive by the International Franchise Association Educational Foundation. Served as an Infantry Officer in the United States Army.



Michael L. Furlow, Executive Vice President, Chief Information Officer. Prior to joining Denny's in 2017, served as Chief Information Officer and Senior Vice President of IT at Red Robin Gourmet Burgers and CEC Entertainment, Inc. (an operator and franchisor of Chuck E. Cheese's and Peter Piper Pizza).



Jay C. Gilmore, Senior Vice President, Chief Accounting Officer and Corporate Controller. Joined Denny's in 1999 as Director of Accounting and Assistant Corporate Controller and was named Senior Vice President, Chief Accounting Officer and Corporate Controller in 2021. Prior experience includes serving as a Senior Manager with KPMG LLP.



Gail S. Myers, Executive Vice President, Chief Legal Officer, Chief People Officer and Secretary. Prior to joining Denny's in 2020, served as Executive Vice President, General Counsel, Secretary and Chief Compliance Officer for American Tire Distributors, Inc., Senior Vice President, Deputy General Counsel and Chief Compliance Counsel at U.S. Foods and Senior Vice President, General Counsel and Secretary at Snyder's-Lance, Inc.



Robert P. Verostek, Executive Vice President, Chief Financial Officer. Joined Denny's in 1999 and served in numerous leadership positions across the Finance and Accounting teams. Named Vice President of Financial Planning and Analysis in 2012 and Chief Financial Officer is 2020. Prior experience includes various accounting roles for Insignia Financial Group.

RECONCILIATION OF NET INCOME (LOSS) TO NON-GAAP FINANCIAL MEASURES

$ Millions	2011	2012	2013	2014[1]	2015	2016	2017	2018	2019	2020[1]	YTD Sep 2021
Net Income (Loss)	$112.3	$22.3	$24.6	$32.7	$36.0	$19.4	$39.6	$43.7	$117.4	($5.1)	$34.6
Provision for (Benefit from) Income Taxes[2]	(84.0)	12.8	11.5	16.0	17.8	16.5	17.2	8.6	31.8	(2.0)	11.0
Operating (Gains) Losses and Other Charges, Net	2.1	0.5	7.1	1.3	2.4	26.9	4.3	2.6	(91.2)	1.8	0.2
Other Nonoperating Expense (Income), Net	2.6	7.9	1.1	(0.6)	0.1	(1.1)	(1.7)	0.6	(2.8)	(4.2)	(16.2)
Share-Based Compensation	4.2	3.5	4.9	5.8	6.6	7.6	8.5	6.0	6.7	7.9	10.2
Deferred Compensation Plan Valuation Adjustments[3]	(0.1)	0.7	1.1	0.5	0.0	0.9	1.6	(1.0)	2.6	1.6	1.4
Interest Expense, Net	20.0	13.4	10.3	9.2	9.3	12.2	15.6	20.7	18.5	18.0	12.0
Depreciation and Amortization	28.0	22.3	21.5	21.2	21.5	22.2	23.7	27.0	19.8	16.2	11.4
Cash Payments for Restructuring Charges and Exit Costs	(2.7)	(3.8)	(2.8)	(2.0)	(1.5)	(1.8)	(1.7)	(1.1)	(2.6)	(3.0)	(1.5)
Cash Payments for Share-Based Compensation	(0.8)	(1.0)	(1.2)	(1.1)	(3.4)	(2.5)	(3.9)	(1.9)	(3.6)	(4.6)	(1.6)
Adjusted EBITDA[3]	$81.7	$78.6	$78.0	$83.1	$88.8	$100.2	$103.3	$105.3	$96.8	$26.6	$61.5
Adjusted EBITDA Margin %	15.2%	16.1%	16.9%	17.6%	18.1%	19.8%	19.5%	16.7%	17.9%	9.2%	21.2%

1. Includes 53 operating weeks.
2. In 2011, we recorded an $89 million net deferred tax benefit from the release of a substantial portion of the valuation allowance on certain deferred tax assets. This release was primarily based on our improved historical and projected pre-tax income.
3. Beginning in 2018, historical presentations of Adjusted EBITDA and Adjusted Free Cash Flow have been restated to exclude the impact of market valuation changes in the Company's non-qualified deferred compensation plan liabilities.

RECONCILIATION OF NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES TO NON-GAAP FINANCIAL MEASURES

$ Millions	2011	2012	2013	2014[1]	2015	2016	2017	2018	2019	2020[1]	YTD Sep 2021
Net Cash Provided By (Used In) Operating Activities	**$59.5**	**$59.2**	**$57.0**	**$74.6**	**$83.2**	**$71.2**	**$78.3**	**$73.7**	**$43.3**	**($3.1)**	**$63.2**
Capital Expenditures	(16.1)	(14.2)	(16.8)	(22.1)	(27.0)	(19.7)	(18.8)	(22.0)	(14.0)	(7.0)	(5.3)
Acquisition of Restaurants and Real Estate	-	(1.4)	(4.0)	-	(5.8)	(14.3)	(12.4)	(10.4)	(11.3)	-	-
Cash Payments for Restructuring Charges and Exit Costs	(2.7)	(3.8)	(2.8)	(2.0)	(1.5)	(1.8)	(1.7)	(1.1)	(2.6)	(3.0)	(1.5)
Cash Payments for Share-Based Compensation	(0.8)	(1.0)	(1.2)	(1.1)	(3.4)	(2.5)	(3.9)	(1.9)	(3.6)	(4.6)	(1.6)
Deferred Compensation Plan Valuation Adjustments[2]	(0.1)	0.7	1.1	0.5	0.0	0.9	1.6	(1.0)	2.6	1.6	1.4
Other Nonoperating Expense (Income), Net	2.6	7.9	1.1	(0.6)	0.1	(1.1)	(1.7)	0.6	(2.8)	(4.2)	(16.2)
Gains on Investments	-	-	-	-	-	-	-	0.0	0.2	0.1	0.0
Gains (Losses) on Change in the Fair Value of Interest Rate Caps	-	(0.1)	(0.0)	0.0	-	-	-	-	-	-	-
Gains (Losses) on Early Termination of Debt and Leases	(2.6)	(8.3)	(2.2)	0.0	(0.2)	0.0	(0.1)	0.2	0.0	(0.2)	0.1
Amortization of Deferred Financing Costs	(1.4)	(0.8)	(0.5)	(0.5)	(0.5)	(0.6)	(0.6)	(0.6)	(0.6)	(0.9)	(0.9)
Amortization of Debt Discount	(0.5)	(0.1)	-	-	-	-	-	-	-	-	-
Gains (Losses) and Amort. on Interest Rate Swap Derivatives, Net	-	-	-	-	-	-	-	-	-	2.2	14.8
Interest Expense, Net	20.0	13.4	10.3	9.2	9.3	12.2	15.6	20.7	18.5	18.0	12.0
Cash Interest Expense, Net[3]	(17.0)	(11.6)	(9.1)	(8.1)	(8.3)	(11.2)	(14.6)	(19.6)	(17.6)	(18.0)	(13.2)
Deferred Income Tax Expense	(3.2)	(11.4)	(9.1)	(13.2)	(14.0)	(8.8)	(10.3)	(6.2)	(16.0)	(4.0)	(3.7)
Decrease (Increase) in Tax Valuation Allowance[4]	89.1	0.7	0.4	0.3	0.1	(0.1)	(0.2)	(0.1)	2.9	3.0	-
Provision for (Benefit from) Income Taxes[4]	(84.0)	12.8	11.5	16.0	17.8	16.5	17.2	8.6	31.8	(2.0)	11.0
Income Taxes Paid, Net	(1.1)	(2.0)	(2.8)	(3.8)	(5.4)	(3.0)	(6.4)	(3.3)	(24.1)	(0.0)	(5.6)
Changes in Operating Assets and Liabilities											
Receivables	(2.2)	1.7	(0.1)	1.5	(1.4)	2.9	0.8	4.7	2.0	(6.4)	(4.2)
Inventories	(0.6)	(0.5)	(0.0)	0.1	0.2	(0.1)	0.2	(0.1)	(1.7)	(0.1)	0.0
Other Current assets	1.1	(2.8)	(1.0)	0.3	3.8	(4.6)	2.4	(0.9)	4.1	3.9	(4.3)
Other Noncurrent Assets	(0.4)	3.2	2.1	2.1	0.1	3.6	6.3	(0.0)	4.6	1.8	1.0
Operating Lease Assets and Liabilities	-	-	-	-	-	-	-	-	0.6	(0.8)	1.2
Accounts Payable	(2.0)	1.2	5.5	(1.6)	(2.3)	(4.8)	(10.0)	5.1	5.2	10.7	(6.4)
Accrued Payroll	(0.9)	(2.3)	2.5	(2.6)	(4.1)	7.4	6.4	(2.2)	3.8	2.8	(1.5)
Accrued Taxes	0.6	0.7	(0.1)	(0.9)	(0.2)	(0.1)	0.0	(0.3)	2.0	0.8	(1.3)
Other Accrued Liabilities	4.7	4.4	0.7	(0.1)	(9.5)	10.2	(0.1)	1.7	4.1	5.5	(5.9)
Other Noncurrent Liabilities	5.5	3.8	2.7	1.2	11.2	(0.0)	3.1	4.4	(1.9)	5.5	4.2
Adjusted Free Cash Flow[2]	**$47.5**	**$49.4**	**$45.3**	**$49.1**	**$42.3**	**$51.9**	**$51.2**	**$50.0**	**$29.8**	**$1.6**	**$37.3**

1. Includes 53 operating weeks.
2. Beginning in 2018, historical presentations of Adjusted EBITDA and Adjusted Free Cash Flow have been restated to exclude the impact of market valuation changes in the Company's non-qualified deferred compensation plan liabilities.
3. Includes cash interest expense, net and cash payments of approximately $1.9 million and $2.3 million for dedesignated interest rate swap derivatives for the full year 2020 and YTD 2021, respectively.
4. In 2011, we recorded an $89 million net deferred tax benefit from the release of a substantial portion of the valuation allowance on certain deferred tax assets. This release was primarily based on our improved historical and projected pre-tax income.

RECONCILIATION OF NET INCOME (LOSS) AND NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES TO NON-GAAP FINANCIAL MEASURES

$ Millions (except per share amounts)	2011	2012	2013	2014[1]	2015	2016	2017	2018	2019	2020[1]	YTD Sep 2021
Adjusted EBITDA[2]	**$81.7**	**$78.6**	**$78.0**	**$83.1**	**$88.8**	**$100.2**	**$103.3**	**$105.3**	**$96.8**	**$26.6**	**$61.5**
Adjusted EBITDA Margin %	15.2%	16.1%	16.9%	17.6%	18.1%	19.8%	19.5%	16.7%	17.9%	9.2%	21.2%
Cash Interest Expense, Net[3]	(17.0)	(11.6)	(9.1)	(8.1)	(8.3)	(11.2)	(14.6)	(19.6)	(17.6)	(18.0)	(13.2)
Cash Paid for Income Taxes, Net	(1.1)	(2.0)	(2.8)	(3.8)	(5.4)	(3.0)	(6.4)	(3.3)	(24.1)	(0.0)	(5.6)
Cash Paid for Capital Expenditures	(16.1)	(15.6)	(20.8)	(22.1)	(32.8)	(34.0)	(31.2)	(32.4)	(25.3)	(7.0)	(5.3)
Adjusted Free Cash Flow[2]	**$47.5**	**$49.4**	**$45.3**	**$49.1**	**$42.3**	**$51.9**	**$51.2**	**$50.0**	**$29.8**	**$1.6**	**$37.3**
Net Income (Loss)	**$112.3**	**$22.3**	**$24.6**	**$32.7**	**$36.0**	**$19.4**	**$39.6**	**$43.7**	**$117.4**	**($5.1)**	**$34.6**
Pension Settlement Loss	-	-	-	-	-	24.3	-	-	-	-	-
(Gains) Losses and Amort. on Interest Rate Swap Derivatives, Net	-	-	-	-	-	-	-	-	-	(2.2)	(14.8)
(Gains) Losses on Sales of Assets and Other, Net	(3.2)	(7.1)	(0.1)	(0.1)	(0.1)	0.0	3.5	(0.5)	(93.6)	(4.7)	(1.1)
Impairment Charges	4.1	3.7	5.7	0.4	0.9	1.1	0.3	1.6	-	4.1	-
Loss on Early Extinguishment of Debt/Debt Refinancing	1.4	7.9	1.2	-	0.3	-	-	-	-	-	-
Tax Reform	-	-	-	-	-	-	(1.6)	-	-	-	-
Tax Effect[4]	(0.8)	(1.6)	(2.2)	(0.1)	(0.4)	(2.5)	(1.2)	(0.2)	24.1	0.7	3.8
Adjusted Provision for Income Taxes[5]	(94.3)	-	-	-	-	-	-	-	-	-	-
Adjusted Net Income (Loss)	**$19.5**	**$25.2**	**$29.3**	**$32.9**	**$36.7**	**$42.3**	**$40.7**	**$44.6**	**$47.9**	**($7.2)**	**$22.6**
Diluted Net Income (Loss) Per Share	**$1.15**	**$0.23**	**$0.26**	**$0.37**	**$0.42**	**$0.25**	**$0.56**	**$0.67**	**$1.90**	**($0.08)**	**$0.53**
Adjustments Per Share	($0.95)	$0.03	$0.05	$0.00	$0.01	$0.30	$0.02	$0.01	($1.13)	($0.04)	($0.19)
Adjusted Net Income (Loss) Per Share	**$0.20**	**$0.26**	**$0.31**	**$0.37**	**$0.43**	**$0.55**	**$0.58**	**$0.68**	**$0.77**	**($0.12)**	**$0.34**
Diluted Weighted Average Shares Outstanding (000's)	**99,588**	**96,754**	**92,903**	**88,355**	**84,729**	**77,206**	**70,403**	**65,562**	**61,833**	**60,812**	**65,814**

1. Includes 53 operating weeks.
2. Beginning in 2018, historical presentations of Adjusted EBITDA and Adjusted Free Cash Flow have been restated to exclude the impact of market valuation changes in the Company's non-qualified deferred compensation plan liabilities.
3. Includes cash interest expense, net and cash payments of approximately $1.9 million and $2.3 million for dedesignated interest rate swap derivatives for the full year 2020 and YTD 2021, respectively.
4. Tax adjustments for full year 2013, 2014, 2015, 2017 and 2018 use full year effective tax rates of 31.9%, 32.9%, 33.0%, 30.3% and 16.4%, respectively. Tax adjustments for full year 2011 and 2012 are calculated using the full year 2012 effective rate of 36.4%. The tax adjustment for the loss on pension termination in 2016 is calculated using an effective tax rate of 8.8%., with all remaining adjustments calculated using an effective tax rate of 30.9%. Tax adjustments for the gains on sales of assets and other, net in 2019 are calculated using an effective rate of 25.7%. Tax adjustments for full year 2020, and YTD 2021 are calculated using effective tax rates of 25.6% and 24.1%, respectively.
5. The adjusted provision for income taxes based on effective income tax rate of 36.4% for full year ended Dec. 27, 2012 and excludes impact of net deferred tax benefit.

RECONCILIATION OF OPERATING INCOME TO NON-GAAP FINANCIAL MEASURES

The Company believes that, in addition to GAAP measures, certain other non-GAAP financial measures are appropriate indicators to assist in the evaluation of restaurant-level operating efficiency and performance of ongoing restaurant-level operations. The Company uses Restaurant-level Operating Margin, Company Restaurant Operating Margin and Franchise Operating Margin internally as performance measures for planning purposes, including the preparation of annual operating budgets, and these three non-GAAP measures are used to evaluate operating effectiveness.

The Company defines Restaurant-level Operating Margin as operating income (loss) excluding the following three items: general and administrative expenses, depreciation and amortization, and operating (gains), losses and other charges, net. Total Operating Margin is presented as a percent of total operating revenue. The Company excludes general and administrative expenses, which include primarily non-restaurant-level costs associated with support of company and franchised restaurants and other activities at their corporate office. The Company excludes depreciation and amortization expense, substantially all of which is related to company restaurant-level assets, because such expenses represent historical sunk costs which do not reflect current cash outlays for the restaurants. The Company excludes special items, included within operating (gains), losses and other charges, net, to provide investors with a clearer perspective of its ongoing operating performance and a more relevant comparison to prior period results.

Restaurant-level Operating Margin is the total of Company Restaurant Operating Margin and Franchise Operating Margin. The Company defines Company Restaurant Operating Margin as company restaurant sales less costs of company restaurant sales (which include product costs, company restaurant level payroll and benefits, occupancy costs, and other operating costs including utilities, repairs and maintenance, marketing and other expenses) and present it as a percent of company restaurant sales. The Company defines Franchise Operating Margin as franchise and license revenue (which includes franchise royalties and other non-food and beverage revenue streams such as initial franchise fees, advertising revenue and occupancy revenue) less costs of franchise and license revenue and present it as a percent of franchise and license revenue.

These non-GAAP financial measures provide a meaningful comparison between periods and enable investors to focus on the performance of restaurant-level operations by excluding revenues and costs unrelated to food and beverage sales in addition to corporate general and administrative expense, depreciation and amortization, and operating (gains), losses and other charges, net. However, each of these non-GAAP financial measures should be considered as a supplement to, not a substitute for, operating income (loss), net income (loss) or other financial performance measures prepared in accordance with U.S. generally accepted accounting principles. Restaurant-level Operating Margin, Company Restaurant Operating Margin and Franchise Operating Margin do not accrue directly to the benefit of shareholders because of the aforementioned excluded items, and are not indicative of the overall results for the Company.

$ Millions	2011	2012	2013	2014[1]	2015	2016	2017	2018	2019	2020[1]	YTD Sep 2021
Operating Income	**$51.0**	**$56.4**	**$47.5**	**$57.3**	**$63.2**	**$47.0**	**$70.7**	**$73.6**	**$165.0**	**$6.7**	**$41.5**
General and Administrative Expenses	55.4	60.3	56.8	58.9	66.6	68.0	66.4	63.8	69.0	55.0	51.0
Depreciation and Amortization	28.0	22.3	21.5	21.2	21.5	22.2	23.7	27.0	19.8	16.2	11.4
Operating (Gains) Losses and Other Charges, Net	2.1	0.5	7.1	1.3	2.4	26.9	4.3	2.6	(91.2)	1.8	0.2
Restaurant-Level Operating Margin	**$136.4**	**$139.5**	**$132.9**	**$138.7**	**$153.6**	**$164.0**	**$165.2**	**$167.1**	**$162.7**	**$79.7**	**$104.0**
Restaurant-Level Operating Margin Consists Of:											
Company Restaurant Operating Margin	53.8	51.5	44.8	45.9	58.7	65.2	65.6	63.2	48.0	3.6	21.1
Franchise Operating Margin	82.6	88.0	88.2	92.9	94.9	98.8	99.5	104.0	114.7	76.1	83.0
Restaurant-Level Operating Margin	**$136.4**	**$139.5**	**$132.9**	**$138.7**	**$153.6**	**$164.0**	**$165.2**	**$167.1**	**$162.7**	**$79.7**	**$104.0**

1. Includes 53 operating weeks.