

REFINITIV

DELTA REPORT

10-Q

DENN - DENNYS CORP

10-Q - MARCH 27, 2024 COMPARED TO 10-Q - SEPTEMBER 27, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	704
CHANGES	224
DELETIONS	259
ADDITIONS	221

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended ~~September~~ March 27, 2023 2024
or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 0-18051



DENNY'S CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

13-3487402

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

203 East Main Street

Spartanburg, South Carolina

(Address of principal executive offices)

29319-0001

(Zip Code)

(864) 597-8000

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
\$.01 Par Value, Common Stock	DENN	The Nasdaq Stock Market LLC

Indicate 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 ☒ No ☐

Indicate 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 during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate 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 "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☐ Accelerated Filer ☒ Non-Accelerated Filer ☐ Smaller Reporting Company ☐ Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

As of October 26, 2023 April 25, 2024, 53,085,444 52,018,583 shares of the registrant's common stock, par value \$0.01 per share, were outstanding.

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PART I - FINANCIAL INFORMATION**Item 1. Financial Statements**

Denny's Corporation and Subsidiaries
Consolidated Balance Sheets
(Unaudited)

		September 27, 2023	December 28, 2022	March 27, 2024		December 27, 2023
		(In thousands, except per share amounts)		(In thousands, except per share amounts)		
Assets	Assets			Assets		
Current assets:	Current assets:			Current assets:		
Cash and cash equivalents	Cash and cash equivalents	\$ 1,022	\$ 3,523			
Investments	Investments	1,255	1,746			
Receivables, net	Receivables, net	16,950	25,576			
Inventories	Inventories	2,354	5,538			
Assets held for sale	Assets held for sale	1,557	1,403			
Prepaid and other current assets	Prepaid and other current assets	11,816	12,529			
Total current assets	Total current assets	34,954	50,315			
Property, net of accumulated depreciation of \$158,275 and \$153,334, respectively		91,248	94,469			

Finance lease right-of-use assets, net of accumulated amortization of \$9,205 and \$9,847, respectively		5,988	6,499		
Property, net of accumulated depreciation of \$161,735 and \$159,879, respectively					
Finance lease right-of-use assets, net of accumulated amortization of \$7,393 and \$8,220, respectively					
Operating lease right-of-use assets, net	Operating lease right-of-use assets, net	119,436	126,065		
Goodwill	Goodwill	72,142	72,740		
Intangible assets, net	Intangible assets, net	93,845	95,034		
Deferred financing costs, net	Deferred financing costs, net	1,861	2,337		
Other noncurrent assets					
Other noncurrent assets					
Other noncurrent assets	Other noncurrent assets	60,361	50,876		
Total assets	Total assets	\$ 479,835	\$ 498,335		
Liabilities	Liabilities			Liabilities	
Current liabilities:	Current liabilities:			Current liabilities:	
Current finance lease liabilities	Current finance lease liabilities	\$ 1,393	\$ 1,683		
Current operating lease liabilities	Current operating lease liabilities	14,917	15,310		
Accounts payable	Accounts payable	15,560	19,896		
Other current liabilities	Other current liabilities	59,071	56,762		
Total current liabilities	Total current liabilities	90,941	93,651		
Long-term liabilities:	Long-term liabilities:			Long-term liabilities:	
Long-term debt	Long-term debt	248,100	261,500		
Noncurrent finance lease liabilities	Noncurrent finance lease liabilities	9,094	9,555		
Noncurrent operating lease liabilities	Noncurrent operating lease liabilities	117,027	123,404		
Liability for insurance claims, less current portion	Liability for insurance claims, less current portion	6,693	7,324		

Deferred income taxes, net	Deferred income taxes, net	12,867	7,419
Other noncurrent liabilities	Other noncurrent liabilities	30,911	32,598
Total long-term liabilities	Total long-term liabilities	424,692	441,800
Total liabilities	Total liabilities	515,633	535,451
Shareholders' deficit	Shareholders' deficit		
Common stock \$0.01 par value; 135,000 shares authorized; September 27, 2023: 65,711 shares issued and 54,031 outstanding; December 28, 2022: 64,998 shares issued and 56,728 shares outstanding \$		657	\$ 650
Common stock \$0.01 par value; 135,000 shares authorized; March 27, 2024: 53,262 shares issued and 52,119 outstanding; December 27, 2023: 52,906 shares issued and 52,239 shares outstanding			
Paid-in capital	Paid-in capital	147,393	142,136
Deficit	Deficit	(24,686)	(41,729)
Accumulated other comprehensive loss, net	Accumulated other comprehensive loss, net	(27,760)	(42,697)
Treasury stock, at cost, 11,680 and 8,270 shares, respectively		(131,402)	(95,476)
Treasury stock, at cost, 1,143 and 667 shares, respectively			
Total shareholders' deficit	Total shareholders' deficit	(35,798)	(37,116)
Total liabilities and shareholders' deficit	Total liabilities and shareholders' deficit	\$ 479,835	\$ 498,335

Shareholders' deficit

See accompanying notes

Denny's Corporation and Subsidiaries Consolidated Statements of Operations Income (Unaudited)

Quarter Ended

Three Quarters Ended

Quarter Ended

		September 27, 2023	September 28, 2022	September 27, 2023	September 28, 2022			March 27, 2024	March 29, 2023
		(In thousands, except per share amounts)						(In thousands, except per share amounts)	
Revenue:	Revenue:					Revenue:			
Company restaurant sales	Company restaurant sales	\$ 53,153	\$ 52,211	\$ 161,486	\$ 145,354				
Franchise and license revenue	Franchise and license revenue	61,030	65,245	187,083	190,226				
Total operating revenue	Total operating revenue	114,183	117,456	348,569	335,580				
Costs of company restaurant sales, excluding depreciation and amortization:	Costs of company restaurant sales, excluding depreciation and amortization:					Costs of company restaurant sales, excluding depreciation and amortization:			
Product costs	Product costs	13,587	14,462	41,796	38,874				
Payroll and benefits	Payroll and benefits	19,754	20,176	60,482	55,598				
Occupancy	Occupancy	4,182	4,294	12,381	11,316				
Other operating expenses	Other operating expenses	8,370	9,519	24,294	26,116				
Total costs of company restaurant sales, excluding depreciation and amortization	Total costs of company restaurant sales, excluding depreciation and amortization	45,893	48,451	138,953	131,904				
Costs of franchise and license revenue, excluding depreciation and amortization	Costs of franchise and license revenue, excluding depreciation and amortization	29,810	34,579	92,657	100,513				
General and administrative expenses	General and administrative expenses	18,237	16,607	58,515	50,188				
Depreciation and amortization	Depreciation and amortization	3,605	3,914	10,878	11,052				
Operating (gains), losses and other charges, net	Operating (gains), losses and other charges, net	2,620	(1,897)	2,467	(1,051)				

Total operating costs and expenses, net	Total operating costs and expenses, net	100,165	101,654	303,470	292,606
Operating income	Operating income	14,018	15,802	45,099	42,974
Interest expense, net	Interest expense, net	4,381	3,691	13,288	9,529
Other nonoperating expense (income), net	Other nonoperating expense (income), net	43	(10,461)	9,470	(49,871)
Other nonoperating expense, net	Other nonoperating expense, net				
Income before income taxes	Income before income taxes	9,594	22,572	22,341	83,316
Provision for income taxes	Provision for income taxes	1,686	5,489	5,298	21,375
Net income	Net income	\$ 7,908	\$ 17,083	\$ 17,043	\$ 61,941
Net income per share - basic	Net income per share - basic	\$ 0.14	\$ 0.29	\$ 0.30	\$ 1.01
Net income per share - basic	Net income per share - basic				
Net income per share - basic	Net income per share - basic				
Net income per share - diluted	Net income per share - diluted	\$ 0.14	\$ 0.29	\$ 0.30	\$ 1.00
Basic weighted average shares outstanding	Basic weighted average shares outstanding	55,869	59,020	56,764	61,558
Basic weighted average shares outstanding	Basic weighted average shares outstanding				
Basic weighted average shares outstanding	Basic weighted average shares outstanding				
Diluted weighted average shares outstanding	Diluted weighted average shares outstanding	56,082	59,040	56,973	61,686

See accompanying notes

Denny's Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
(Unaudited)

		Quarter Ended		Three Quarters Ended		Quarter Ended	
		September 27, 2023	September 28, 2022	September 27, 2023	September 28, 2022	March 27, 2024	March 29, 2023
		(In thousands)				(In thousands)	
Net income	Net income	\$ 7,908	\$ 17,083	\$ 17,043	\$ 61,941		
Other comprehensive income (loss), net of tax:	Other comprehensive income (loss), net of tax:						
Minimum pension liability adjustment, net of tax of \$4, \$8, \$30 and \$23, respectively	Minimum pension liability adjustment, net of tax of \$4, \$8, \$30 and \$23, respectively	9	23	86	69		
Changes in the fair value of cash flow hedges, net of tax of \$4,597, \$956, \$5,893 and \$3,242, respectively	Changes in the fair value of cash flow hedges, net of tax of \$4,597, \$956, \$5,893 and \$3,242, respectively	13,516	2,868	17,328	9,723		

Reclassification of cash flow hedges to interest expense, net of tax of \$(352), \$27, \$(901) and \$455, respectively		(1,034)	80	(2,650)	1,363
Minimum pension liability adjustment, net of tax of \$6 and \$22, respectively					
Minimum pension liability adjustment, net of tax of \$6 and \$22, respectively					
Minimum pension liability adjustment, net of tax of \$6 and \$22, respectively					
Changes in the fair value of cash flow hedges, net of tax of \$2,423 and \$321, respectively					
Reclassification of cash flow hedges to interest expense, net of tax of \$(381) and \$(236), respectively					
Amortization of unrealized losses related to interest rate swaps to interest expense, net of tax of \$24, \$3, \$59 and \$4, respectively		70	7	173	12
Amortization of unrealized losses related to interest rate swaps to interest expense, net of tax of \$36 and \$14, respectively					
Amortization of unrealized losses related to interest rate swaps to interest expense, net of tax of \$36 and \$14, respectively					
Amortization of unrealized losses related to interest rate swaps to interest expense, net of tax of \$36 and \$14, respectively					
Other comprehensive income	Other comprehensive income	12,561	2,978	14,937	11,167
Total comprehensive income	Total comprehensive income	\$ 20,469	\$ 20,061	\$ 31,980	\$ 73,108

See accompanying notes

Denny's Corporation and Subsidiaries
Consolidated Statements of Shareholders' Deficit
For the **Quarters** **Quarter** Ended **September 27, 2023** **March 27, 2024** and **September 28, 2022** **March 29, 2023**
(Unaudited)

	(In thousands)									Common Stock	Treasury Stock			Accumulated Other Comprehensive		Total	
	Common Stock		Treasury Stock		Paid-in		Comprehensive		Shareholders'			Paid-in	Deficit	Loss, Net	Deficit		
	Shares	Amount	Shares	Amount	Capital	Deficit	Loss, Net	Deficit	Capital			Deficit	Loss, Net	Deficit			
	(In thousands)																
Balance, June 28, 2023	65,708	\$ 657	(10,000)	\$(114,866)	\$144,506	\$(32,594)	\$ (40,321)	\$ (42,618)									
									(In thousands)								
Balance, December 27, 2023																	

Net income									
Net income									
Net income	Net income	—	—	—	—	—	7,908	—	7,908
Other comprehensive income									
Other comprehensive income	Other comprehensive income	—	—	—	—	—	—	12,561	12,561
Share-based compensation on equity classified awards, net of withholding tax									
Share-based compensation on equity classified awards, net of withholding tax									
Share-based compensation on equity classified awards, net of withholding tax	Share-based compensation on equity classified awards, net of withholding tax	—	—	—	—	2,887	—	—	2,887
Purchase of treasury stock, including excise tax									
Purchase of treasury stock, including excise tax	Purchase of treasury stock, including excise tax	—	—	(1,680)	(16,536)	—	—	—	(16,536)
Issuance of common stock for share-based compensation									
Issuance of common stock for share-based compensation	Issuance of common stock for share-based compensation	3	—	—	—	—	—	—	—
Balance, September 27, 2023		65,711	\$ 657	(11,680)	\$(131,402)	\$147,393	\$(24,686)	\$ (27,760)	\$(35,798)
Issuance of common stock for share-based compensation									
Issuance of common stock for share-based compensation									
Balance, March 27, 2024									
Balance, March 27, 2024									
Balance, March 27, 2024									

	Common Stock		Treasury Stock		Paid-in Capital	Deficit	Accumulated Other Comprehensive Loss, Net	Total Shareholders' Deficit
	Shares	Amount	Shares	Amount				
(In thousands)								
Balance, June 29, 2022	64,998	\$ 650	(6,654)	\$ (79,841)	\$ 138,347	\$ (71,583)	\$ (46,281)	\$ (58,708)
Net income	—	—	—	—	—	17,083	—	17,083
Other comprehensive income	—	—	—	—	—	—	2,978	2,978
Share-based compensation on equity classified awards, net of withholding tax	—	—	—	—	1,887	—	—	1,887
Purchase of treasury stock	—	—	(843)	(7,870)	—	—	—	(7,870)
Balance, September 28, 2022	64,998	\$ 650	(7,497)	\$ (87,711)	\$ 140,234	\$ (54,500)	\$ (43,303)	\$ (44,630)

See accompanying notes

Denny's Corporation and Subsidiaries
Consolidated Statements of Shareholders' Deficit
For the Three Quarters Ended September 27, 2023 and September 28, 2022
(Unaudited)

	Common Stock		Treasury Stock		Paid-in Capital	Deficit	Accumulated	
	Shares	Amount	Shares	Amount			Other	Total
							Comprehensive	Shareholders'
	Shares	Amount	Shares	Amount	Capital	Deficit	Loss, Net	Deficit
	(In thousands)							
Balance, December 28, 2022	64,998	\$ 650	(8,270)	\$ (95,476)	\$ 142,136	\$ (41,729)	\$ (42,697)	\$ (37,116)
Net income	—	—	—	—	—	17,043	—	17,043
Other comprehensive income	—	—	—	—	—	—	14,937	14,937
Share-based compensation on equity classified awards, net of withholding tax	—	—	—	—	5,264	—	—	5,264
Purchase of treasury stock, including excise tax	—	—	(3,410)	(35,926)	—	—	—	(35,926)
Issuance of common stock for share-based compensation	713	7	—	—	(7)	—	—	—
Balance, September 27, 2023	65,711	\$ 657	(11,680)	\$ (131,402)	\$ 147,393	\$ (24,686)	\$ (27,760)	\$ (35,798)

	Balance Sheet									Common Stock	Treasury Stock	Paid-in Capital	Deficit	Accumulated Other Comprehensive Income	Total Shareholders' Equity	
	Common Stock		Treasury Stock		Paid-in Capital		Accumulated Other Comprehensive Income		Total Shareholders'							
	Shares	Amount	Shares	Amount	Capital	Deficit	Loss, Net	Deficit								
	(In thousands)															
Balance, December 29, 2021	64,200	\$ 642	(1,990)	\$(30,592)	\$135,596	\$(116,441)	\$ (54,470)	\$ (65,265)								
											(In thousands)					
Balance, December 28, 2022																
Net income																
Net income																
Net income	Net income	—	—	—	—	—	61,941	—	61,941							
Other comprehensive income	Other comprehensive income	—	—	—	—	—	—	11,167	11,167							
Share-based compensation on equity classified awards, net of withholding tax	Share-based compensation on equity classified awards, net of withholding tax	—	—	—	—	4,646	—	—	4,646							
Purchase of treasury stock		—	—	(5,507)	(57,119)	—	—	—	(57,119)							
Share-based compensation on equity classified awards, net of withholding tax																
Share-based compensation on equity classified awards, net of withholding tax																
Purchase of treasury stock, including excise tax																
Issuance of common stock for share-based compensation	Issuance of common stock for share-based compensation	798	8	—	—	(8)	—	—	—							
Balance, September 28, 2022	64,998	\$ 650	(7,497)	\$(87,711)	\$140,234	\$ (54,500)	\$ (43,303)	\$ (44,630)								
Issuance of common stock for share-based compensation																

Issuance of common stock for share-based compensation
Balance, March 29, 2023
Balance, March 29, 2023
Balance, March 29, 2023

See accompanying notes

Denny's Corporation and Subsidiaries
Consolidated Statements of Cash Flows
(Unaudited)

		Three Quarters Ended		Quarter Ended	
		September 27, 2023	September 28, 2022	March 27, 2024	March 29, 2023
		(In thousands)		(In thousands)	
Cash flows from operating activities:	Cash flows from operating activities:			Cash flows from operating activities:	
Net income	Net income	\$ 17,043	\$ 61,941		
Adjustments to reconcile net income to cash flows provided by operating activities:	Adjustments to reconcile net income to cash flows provided by operating activities:			Adjustments to reconcile net income to cash flows provided by operating activities:	
Depreciation and amortization	Depreciation and amortization	10,878	11,052		
Operating (gains), losses and other charges, net	Operating (gains), losses and other charges, net	2,467	(1,051)		
Losses (gains) and amortization on interest rate swaps, net		10,838	(52,678)		
Losses and amortization on interest rate swaps, net					
Amortization of deferred financing costs	Amortization of deferred financing costs	476	475		
(Gains) losses on investments		(59)	289		
Gains on early termination of debt and leases		—	(29)		
Deferred income tax expense		369	15,669		
Gains on investments					
Losses on early termination of debt and leases					

Deferred income tax (benefit) expense				
Decrease of tax valuation allowance				
Share-based compensation expense	Share-based compensation expense	8,477	9,467	
Changes in assets and liabilities, excluding acquisitions and dispositions:	Changes in assets and liabilities, excluding acquisitions and dispositions:			Changes in assets and liabilities, excluding acquisitions and dispositions:
Receivables	Receivables	8,235	(4,788)	
Inventories	Inventories	3,184	(3,866)	
Prepays and other current assets	Prepays and other current assets	712	1,683	
Other noncurrent assets	Other noncurrent assets	(902)	3,189	
Operating lease assets and liabilities	Operating lease assets and liabilities	(479)	(560)	
Accounts payable	Accounts payable	(7,079)	(3,115)	
Other accrued liabilities	Other accrued liabilities	(1,319)	(3,483)	
Other noncurrent liabilities	Other noncurrent liabilities	(2,073)	(9,245)	
Net cash flows provided by operating activities	Net cash flows provided by operating activities	50,768	24,950	
Cash flows from investing activities:	Cash flows from investing activities:			Cash flows from investing activities:
Capital expenditures	Capital expenditures	(5,499)	(10,146)	
Acquisition of restaurant and real estate		(1,227)	(750)	
Acquisition of Keke's Breakfast Cafe		—	(81,500)	
Initial operating lease direct costs		(400)	—	
Proceeds from sales of restaurants, real estate and other assets		3,161	4,114	

Proceeds from sales of real estate and other assets			
Proceeds from sales of real estate and other assets			
Proceeds from sales of real estate and other assets			
Investment purchases	Investment purchases	(1,300)	(1,200)
Proceeds from sale of investments		1,850	1,700
Refund of deposits for real estate acquisitions		—	3,624
Collections on notes receivable	Collections on notes receivable	391	184
Collections on notes receivable			
Collections on notes receivable			
Issuance of notes receivable			
Net cash flows used in investing activities	Net cash flows used in investing activities	(3,024)	(83,974)
Cash flows from financing activities:	Cash flows from financing activities:	Cash flows from financing activities:	
Revolver borrowings	Revolver borrowings	100,300	156,325
Revolver payments	Revolver payments	(113,700)	(59,825)
Repayments of finance leases	Repayments of finance leases	(1,359)	(1,513)
Tax withholding on share-based payments	Tax withholding on share-based payments	(3,007)	(4,781)
Tax withholding on share-based payments			
Tax withholding on share-based payments			
Purchase of treasury stock			
Purchase of treasury stock			
Purchase of treasury stock	Purchase of treasury stock	(35,415)	(57,460)
Net bank overdrafts	Net bank overdrafts	2,936	—
Net cash flows (used in) provided by financing activities		(50,245)	32,746
Decrease in cash and cash equivalents		(2,501)	(26,278)
Net bank overdrafts			
Net bank overdrafts			

Net cash flows provided by (used in) financing activities			
(Decrease) increase in cash and cash equivalents			
Cash and cash equivalents at beginning of period	Cash and cash equivalents at beginning of period	3,523	30,624
Cash and cash equivalents at end of period	Cash and cash equivalents at end of period	\$ 1,022	\$ 4,346

See accompanying notes

Denny's Corporation and Subsidiaries
Notes to Consolidated Financial Statements
(Unaudited)

Note 1. Introduction and Basis of Presentation

Denny's Corporation, or the Company, is one of America's largest full-service restaurant chains based on number of restaurants. As of **September 27, 2023** **March 27, 2024**, the Company consisted of **1,644** **1,614** restaurants, **1,570** **1,539** of which were franchised/licensed restaurants and **74** **75** of which were company operated.

The Company consists of the Denny's brand ("Denny's") and the Keke's Breakfast Café brand ("Keke's"). Keke's was acquired on July 20, 2022. As of **September 27, 2023** **March 27, 2024**, the Denny's brand consisted of **1,588** **1,553** restaurants, **1,522** **1,489** of which were franchised/licensed restaurants and **66** **64** of which were company operated. At **September 27, 2023** **March 27, 2024**, the Keke's brand consisted of **56** **61** restaurants, **48** **50** of which were franchised restaurants and **eight** **11** of which were company operated.

Our unaudited consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission for interim financial information. Therefore, certain information and notes normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP") have been **condensed or** omitted. In our opinion, all adjustments considered necessary for a fair presentation of the interim periods presented have been included. Such adjustments are of a normal and recurring nature. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions; however, we believe that our estimates are reasonable.

These interim consolidated financial statements should be read in conjunction with our consolidated financial statements and notes thereto as of and for the fiscal year ended **December 28, 2022** **December 27, 2023** which are contained in our audited Annual Report on Form 10-K for the fiscal year ended **December 28, 2022** **December 27, 2023**. The results of operations for the interim periods presented are not necessarily indicative of the results for the entire fiscal year ending **December 27, 2023** **December 25, 2024**. Our significant interim accounting policies include the recognition of advertising and marketing costs, generally in proportion to revenue, and the recognition of income taxes using an estimated annual effective rate.

Note 2. Summary of Significant Accounting Policies

Newly Adopted Accounting Standards

In March 2020, the FASB issued ASU 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting" which was later clarified in January 2021 by ASU 2021-01, "Reference Rate Reform (Topic 848): Scope". Additionally, in December 2022, the FASB issued ASU 2022-06, "Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848", which allows ASU 2020-04 to be adopted and applied prospectively to contract modifications made on or before December 31, 2024. The guidance provides optional guidance, for a limited time, to ease the potential burden in accounting for or recognizing the effects of reference rate reform on financial reporting. The Company adopted ASU 2020-04 on March 12, 2020. The adoption of and future elections under this new guidance did not and are not expected to have a material impact on the Company's consolidated financial position or results of operations. The guidance is effective through December 31, 2024.

Accounting Standards to be Adopted

In November 2023, the FASB issued ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures". The new guidance requires enhanced reportable segment disclosures to include significant segment expenses. ASU 2023-07 is effective for annual periods beginning after December 15, 2023 (our fiscal 2024) and

interim periods beginning after December 15, 2024 (our fiscal 2025). We are currently evaluating the impact that the adoption of this new guidance will have on our Consolidated Financial Statements and will add necessary disclosures upon adoption.

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures". The new guidance requires enhanced effective tax rate reconciliation and income taxes paid disclosures. ASU 2023-09 is effective for annual periods beginning after December 15, 2024 (our fiscal 2025). We are currently evaluating the impact that the adoption of this new guidance will have on our Consolidated Financial Statements and will add necessary disclosures upon adoption.

We reviewed all other newly issued accounting pronouncements and concluded that they are either not applicable to our business or are not expected to have a material effect on our consolidated financial statements as a result of future adoption.

Note 3. Receivables

Receivables consisted of the following:

		September 27, 2023	December 28, 2022		March 27, 2024	December 27, 2023
		(In thousands)			(In thousands)	
Receivables, net:	Receivables, net:			Receivables, net:		
Trade accounts receivable from franchisees	Trade accounts receivable from franchisees	\$ 12,544	\$ 13,314			
Notes and loan receivables from franchisees	Notes and loan receivables from franchisees	486	6,731			
Vendor receivables	Vendor receivables	1,677	3,466			
Vendor receivables						
Vendor receivables						
Credit card receivables	Credit card receivables	645	896			
Other	Other	1,795	1,545			
Allowance for doubtful accounts		(197)	(376)			
Allowance for credit losses						
Total receivables, net	Total receivables, net	\$ 16,950	\$ 25,576			

Note 4. Goodwill and Intangible Assets

The following table reflects the changes in carrying amount of goodwill:

	March 27, 2024	December 27, 2023
	(In thousands)	
Denny's	\$ 37,527	\$ 37,527
Other	28,381	28,381
Total goodwill	\$ 65,908	\$ 65,908

	September 27, 2023
	(In thousands)
Balance, beginning of year	\$ 72,740

Reclassifications to assets held for sale			(598)
Balance, end of period	\$		72,142
Goodwill by segment consisted of the following:			
		September 27, 2023	December 28, 2022
		(In thousands)	
Denny's	\$	37,527	\$ 37,527
Other		34,615	35,213
Total goodwill	\$	72,142	\$ 72,740

Intangible assets consisted of the following:

		September 27, 2023		December 28, 2022		March 27, 2024		December 27, 2023	
		Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
		(In thousands)				(In thousands)			
Intangible assets with indefinite lives:	Intangible assets with indefinite lives:					Intangible assets with indefinite lives:			
Trade names	Trade names	\$ 79,687	\$ —	\$ 79,687	\$ —				
Liquor licenses	Liquor licenses	120	—	120	—				
Intangible assets with definite lives:	Intangible assets with definite lives:					Intangible assets with definite lives:			
Reacquired franchise rights	Reacquired franchise rights	9,594	5,495	10,489	5,697				
Franchise agreements	Franchise agreements	10,700	761	10,700	265				
Intangible assets, net	Intangible assets, net	\$100,101	\$ 6,256	\$100,996	\$ 5,962				

Amortization expense for intangible assets with definite lives totaled \$0.4 million for each of the quarters ended March 27, 2024 and \$1.2 million for the quarter and year-to-date period ended September 27, 2023, respectively. Amortization expense for intangible assets with definite lives totaled \$0.4 million and \$1.1 million for the quarter and year-to-date period ended September 28, 2022, respectively; March 29, 2023.

Note 5. Other Current Liabilities

Other current liabilities consisted of the following:

		September 27, 2023	December 28, 2022	March 27, 2024	December 27, 2023
		(In thousands)		(In thousands)	
Accrued payroll	Accrued payroll	\$ 15,313	\$ 17,903		
Current portion of liability for insurance claims	Current portion of liability for insurance claims	3,448	3,492		
Accrued taxes	Accrued taxes	6,068	4,452		
Accrued advertising	Accrued advertising	7,906	6,069		

Gift cards	Gift cards	5,720	7,675
Accrued legal settlements	Accrued legal settlements	5,708	5,446
Accrued interest	Accrued interest	4,513	1,142
Other	Other	10,395	10,583
Other current liabilities	Other current liabilities	\$ 59,071	\$ 56,762

Note 6. Fair Value of Financial Instruments

Financial assets and liabilities measured at fair value on a recurring basis are summarized below:

		Quoted Prices in Active Markets for Identical Assets/Liabilities				Significant Other Observable Inputs		Significant Unobservable Inputs		Total	Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		Total	(Level 1)	(Level 2)	(Level 3)	Total	(Level 3)						
		(In thousands)						(In thousands)					
Fair value measurements as of September 27, 2023:													
Fair value measurements as of March 27, 2024:													
Deferred compensation plan investments ⁽¹⁾													
Deferred compensation plan investments ⁽¹⁾													
Deferred compensation plan investments ⁽¹⁾	Deferred compensation plan investments ⁽¹⁾	\$ 11,211	\$ 11,211	\$ —	\$ —								
Interest rate swaps ⁽²⁾	Interest rate swaps ⁽²⁾	27,324	—	27,324	—								
Investments ⁽³⁾	Investments ⁽³⁾	1,255	—	1,255	—								
Total	Total	\$ 39,790	\$ 11,211	\$ 28,579	\$ —								
Fair value measurements as of December 28, 2022:													
Fair value measurements as of December 27, 2023:													
Fair value measurements as of December 27, 2023:													
Fair value measurements as of December 27, 2023:													
Deferred compensation plan investments ⁽¹⁾													
Deferred compensation plan investments ⁽¹⁾													
Deferred compensation plan investments ⁽¹⁾	Deferred compensation plan investments ⁽¹⁾	\$ 10,818	\$ 10,818	\$ —	\$ —								

Interest rate swaps ⁽²⁾	Interest rate swaps ⁽²⁾	20,047	—	20,047	—
Investments ⁽³⁾	Investments ⁽³⁾	1,746	—	1,746	—
Total	Total	\$ 32,611	\$ 10,818	\$ 21,793	\$ —

- (1) The fair values of our deferred compensation plan investments are based on the closing market prices of the elected investments and are included in other noncurrent assets in our Consolidated Balance Sheets.
- (2) The fair values of our interest rate swaps are based upon Level 2 inputs, which include valuation models. The key inputs for the valuation models are quoted market prices, interest rates, forward yield curves and credit risk adjustments that are necessary to reflect the probability of default by the counterparty or us. For disclosures about the fair value measurements of our derivative instruments, see Note 7.
- (3) The fair values of our investments are valued using a readily determinable net asset value per share based on the fair value of the underlying securities. There are no significant redemption restrictions associated with these investments.

Those assets and liabilities measured at fair value on a non-recurring basis are summarized below:

	Impairment Charges for the Quarter	
	Significant Unobservable Inputs (Level 3)	Ended September 27, 2023
(In thousands)		
Fair value measurements as of September 27, 2023 March 27, 2024:		
Assets held and used ⁽¹⁾	\$ —	\$ 1,711 95

- (1) As of September 27, 2023 March 27, 2024, impaired assets were written down to their fair value. To determine fair value, we used the income approach, which assumes that the future cash flows reflect current market expectations. These fair value measurements require significant judgment using Level 3 inputs, such as discounted cash flows from operations, which are not observable from the market, directly or indirectly. There is uncertainty in the projected future cash flows used in the Company's impairment analysis, which requires the use of estimates and assumptions. If actual performance does not achieve the projections, or if the assumptions used change in the future, the Company may be required to recognize impairment charges in future periods.

Assets that are measured at fair value on a non-recurring basis include property, operating lease right-of-use assets, finance lease right-of-use assets, goodwill and intangible assets. During the quarter and year-to-date period ended September 27, 2023 March 27, 2024, we recognized impairment charges of \$1.7 \$0.1 million and \$1.8 million, respectively, related to certain of these assets. See Note 9.

The carrying amounts of cash and cash equivalents, accounts receivables, receivable, accounts payable and accrued expenses are deemed to approximate fair value due to the immediate or short-term maturity of these instruments. The fair value of notes receivable approximates the carrying value after consideration of recorded allowances and related risk-based interest rates. The liabilities under our credit facility are carried at historical cost, which approximates fair value. The fair value of our senior secured revolver approximates its carrying value since it is a variable rate facility (Level 2).

Note 7. Long-Term Debt

The Company and certain of its subsidiaries have a credit facility consisting of a five-year \$400 million senior secured revolver (with a \$25 million letter of credit sublimit). The maturity date for the credit facility is August 26, 2026. The credit facility includes an accordion feature that would allow us to increase the size of the facility to \$450 million. Borrowings bear a tiered interest rate, which is based on the Company's consolidated leverage ratio. On March 31, 2023, The maturity date for the credit facility was amended to change the benchmark interest rate from LIBOR to Adjusted Daily Simple SOFR, is August 26, 2026.

The credit facility is available for working capital, capital expenditures and other general corporate purposes. The credit facility is guaranteed by the Company and its material subsidiaries and is secured by assets of the Company and its subsidiaries, including the stock of its subsidiaries (other than its insurance captive subsidiary). It includes negative covenants that are usual for facilities and transactions of this type. The credit facility also includes certain financial covenants with respect to a maximum consolidated leverage ratio and a minimum consolidated fixed charge coverage ratio. We were in compliance with all financial covenants as of September 27, 2023 March 27, 2024.

As of September 27, 2023 March 27, 2024, we had outstanding revolver loans of \$248.1 million \$261.2 million and outstanding letters of credit under the credit facility of \$11.5 million \$17.0 million. These balances resulted in unused commitments of \$140.4 million \$121.8 million as of September 27, 2023 March 27, 2024 under the credit facility.

As of September 27, 2023 March 27, 2024, borrowings under the credit facility bore interest at a rate of Adjusted Daily Simple SOFR plus 2.25%. Letters of credit under the credit facility bore interest at a rate of 2.38%. The commitment fee, paid on the unused portion of the credit facility, was set to 0.35%.

Prior to considering the impact of our interest rate swaps, described below, the weighted-average interest rate on outstanding revolver loans was 7.66% 7.69% and 6.37% 7.41% as of September 27, 2023 March 27, 2024 and December 28, 2022 December 27, 2023, respectively. Taking into consideration our interest rate swaps that are designated as cash flow hedges, the weighted-average interest rate of outstanding revolver loans was 5.28% 5.30% and 5.31% 5.04% as of September 27, 2023 March 27, 2024 and December 28, 2022 December 27, 2023, respectively.

Interest Rate Hedges

We have receive-variable, pay-fixed interest rate swaps to hedge the forecasted cash flows of our floating rate debt. A summary of our interest rate swaps as of September 27, 2023 March 27, 2024 is as follows:

	Effective	Maturity	Notional	Fair	Fixed	Trade	Effective	Maturity		Notional		Fair		Fixed	
Trade Date	Trade Date	Date	Date	Amount	Value	Rate	Date	Date	Date		Amount		Value		Rate
				(In thousands)											
				(In thousands)											
Swaps designated as cash flow hedges	Swaps designated as cash flow hedges														
Swaps designated as cash flow hedges															
Swaps designated as cash flow hedges															
March 20, 2015															
March 20, 2015															
March 20, 2015	March 20, 2015	March 29, 2018	March 31, 2025	\$ 120,000	\$ 4,937	2.34 %	March 29, 2018	March 31, 2025		\$ 120,000	\$ 3,040	2.34 %			
October 1, 2015	October 1, 2015	March 29, 2018	March 31, 2026	\$ 50,000	\$ 2,851	2.37 %	October 1, 2015	March 29, 2018	March 31, 2026	\$ 50,000	\$ 1,980	2.37 %			
February 15, 2018	February 15, 2018	March 31, 2020	December 31, 2033	\$ 31,000	(1) \$ 19,536	3.09 %	February 15, 2018	March 31, 2020	December 31, 2033	\$ 44,000	(1) \$ 11,958	3.09 %			
Total	Total			\$ 201,000	\$ 27,324										

(1) The notional amounts of the swaps entered into on February 15, 2018 increase periodically until they reach the maximum notional amount of \$335 million on August 31, 2033.

On March 31, 2023, the Company entered into amendments of its credit facility and interest rate swaps. The amendments transition our credit facility and interest rate swap benchmark interest rates from LIBOR to Adjusted Daily Simple SOFR, as such the fixed rates in the table above have been adjusted to the appropriate fixed rates. The conversion to Adjusted Daily Simple SOFR did not have a material impact on the Company's consolidated financial position or results of operations.

Termination and Designation of Certain Interest Rate Swaps

During the quarter ended March 29, 2023, we terminated a portion of our hedging relationship entered into in 2018 ("2018 Swaps"), reducing the previous maximum notional amount of \$425 million on August 31, 2033 to \$335 million. As a result, we expect our total swaps to approximate 80% of our outstanding debt prospectively. We received \$1.5 million of cash as a result of the termination which is recorded as a component of operating activities in our Consolidated Statement of Cash Flows for the year-to-date period quarter ended September 27, 2023 March 29, 2023.

In addition, during the quarter ended March 29, 2023, we designated the remaining 2018 Swaps as cash flow hedges of our exposure to variability in future cash flows attributable to variable rate interest payments due on forecasted notional amounts.

Changes in Fair Value of Interest Rate Swaps

To the extent the swaps are highly effective in offsetting the variability of the hedged cash flows, changes in the fair value of the swaps are not included in the Consolidated Statements of Operations Income but are reported as a component of other comprehensive income (loss). Our interest rate swaps are designated as cash flow hedges with unrealized gains and losses recorded as a component of accumulated other comprehensive loss, net.

As of September 27, 2023 March 27, 2024, the fair value of the swaps designated as cash flow hedges was an asset of \$27.3 \$17.0 million, recorded as a component of other noncurrent assets. The designated swaps have an offsetting amount (before taxes) recorded as a component of accumulated other comprehensive loss, net in our Consolidated Balance Sheets. See Note 13 for amounts recorded in accumulated other comprehensive loss related to interest rate swaps. For the quarter ended March 27, 2024, we reclassified \$1.5 million from accumulated other comprehensive loss, net as a reduction to interest expense, net. We expect to reclassify \$5.9 \$6.2 million from accumulated other comprehensive loss, net as a reduction to interest expense, net in our Consolidated Statements of Operations Income related to swaps designated as cash flow hedges during the next 12 months.

For the periods prior to their designation as cash flow hedges, changes in the fair value of the 2018 Swaps were recorded as a component of other nonoperating (income) expense, (income), net in our Consolidated Statements of Operations Income. For the year-to-date period quarter ended September 27, 2023 March 29, 2023, we recorded expense of \$10.6 million and for the quarter and year-to-date period ended September 28, 2022, we recorded income of \$10.8 million and \$52.7 million, respectively, as a component of other nonoperating (income) expense, (income), net related to the 2018 Swaps resulting from changes in fair value.

Amortization of Certain Amounts Included in Accumulated Other Comprehensive Loss, Net

At **September 27, 2023** **March 27, 2024**, we had a total of **\$64.3** **\$64.0** million (before taxes) included in accumulated other comprehensive loss, net related to **i** **(i)** the discontinuance of hedge accounting treatment related to certain cash flow hedges in prior years and **ii** **(ii)** the fair value of certain swaps at the date of designation as cash flow hedges that are being amortized into our Consolidated Statements of **Operations** **Income** as a component of interest expense, net over the remaining term of the related swap.

For the quarter and year-to-date period ended **September 27, 2023** **March 27, 2024**, we recorded unrealized losses of \$0.1 million and \$0.2 million, respectively, to interest expense, net. For the quarter and year-to-date period ended **September 28, 2022** **March 29, 2023**, we recorded unrealized losses of less than \$0.1 million to interest expense, net. We expect to amortize **\$0.6** **\$0.9** million from accumulated other comprehensive loss, net to interest expense, net in our Consolidated Statements of **Operations** **Income** related to dedesignated interest rate swaps during the next 12 months.

Note 8. Revenues

The following table disaggregates our revenue by sales channel and type of good or service:

		Quarter Ended		Three Quarters Ended		Quarter Ended	
		September 27, 2023	September 28, 2022	September 27, 2023	September 28, 2022	March 27, 2024	March 29, 2023
		(In thousands)				(In thousands)	
Company restaurant sales	Company restaurant sales	\$ 53,153	\$ 52,211	\$ 161,486	\$ 145,354		
Franchise and license revenue:	Franchise and license revenue:						
Royalties	Royalties	29,703	28,992	90,106	84,276		
Royalties	Royalties						
Advertising revenue	Advertising revenue	19,297	18,950	58,818	56,642		
Initial and other fees	Initial and other fees	3,388	7,749	10,994	20,035		
Occupancy revenue	Occupancy revenue	8,642	9,554	27,165	29,273		
Franchise and license revenue	Franchise and license revenue	61,030	65,245	187,083	190,226		
Total operating revenue	Total operating revenue	\$ 114,183	\$ 117,456	\$ 348,569	\$ 335,580		

Franchise occupancy revenue consisted of the following:

		Quarter Ended		Three Quarters Ended		Quarter Ended	
		September 27, 2023	September 28, 2022	September 27, 2023	September 28, 2022	March 27, 2024	March 29, 2023
		(In thousands)				(In thousands)	
Operating lease revenue	Operating lease revenue	\$ 6,461	\$ 7,074	\$ 20,015	\$ 21,745		
Variable lease revenue	Variable lease revenue	2,181	2,480	7,150	7,528		
Total occupancy revenue	Total occupancy revenue	\$ 8,642	\$ 9,554	\$ 27,165	\$ 29,273		

Balances related to contracts with customers consist of receivables, contract assets, deferred franchise revenue and deferred gift card revenue. See Note 3 for details on our receivables.

Deferred franchise revenue consists primarily of the unamortized portion of initial franchise fees that are currently being amortized into revenue and amounts related to development agreements and unopened restaurants that will begin amortizing into revenue when the related restaurants are opened. Deferred franchise revenue represents our remaining performance obligations to our franchisees, excluding amounts of variable consideration related to sales-based royalties and advertising.

	(In thousands)
Balance, December 28, 2022 December 27, 2023	\$ 20,751 19,150
Fees received from franchisees	1,243 220
Revenue recognized ⁽¹⁾	(2,387) (779)
Balance, September 27, 2023 March 27, 2024	19,607 18,591
Less current portion included in other current liabilities	2,179 2,132
Deferred franchise revenue included in other noncurrent liabilities	\$ 17,428 16,459

We record contract assets related to incentives and subsidies provided to franchisees related to new unit openings and/or equipment upgrades. These amounts will be recognized as a component of franchise and license revenue over the remaining term of the related franchise agreements.

	(In thousands)
Balance, December 28, 2022 December 27, 2023	\$ 5,361 6,608
Franchisee deferred costs	2,371 27
Contract asset amortization	(1,032) (347)
Balance, September 27, 2023 March 27, 2024	6,700 6,288
Less current portion included in other current assets	1,016 1,005
Contract assets included in other noncurrent assets	\$ 5,684 5,283

As of March 27, 2024, deferred franchise revenue, net of contract asset amortization, expected to be recognized in the future is as follows:

	(In thousands)
Remainder of 2024	\$ 859
2025	1,131
2026	1,131
2027	1,100
2028	973
Thereafter	7,109
Deferred franchise revenue, net	\$ 12,303

Note 9. Operating (Gains), Losses and Other Charges, Net

Quarter Ended		Three Quarters Ended		Quarter Ended	
September 27, 2023	September 28, 2022	September 27, 2023	September 28, 2022	March 27, 2024	March 29, 2023
(In thousands)				(In thousands)	

Gains on sales of assets and other, net	Gains on sales of assets and other, net	\$ (88)	\$ (3,066)	\$ (2,132)	\$ (3,311)
Restructuring charges and exit costs	Restructuring charges and exit costs	997	472	2,759	1,297
Impairment charges	Impairment charges	1,711	697	1,840	963
Operating (gains), losses and other charges, net	Operating (gains), losses and other charges, net	\$ 2,620	\$ (1,897)	\$ 2,467	\$ (1,051)

During the year-to-date period quarters ended September 27, 2023 March 27, 2024 and March 29, 2023, gains on sales of assets and other, net were primarily related to the sale of three parcels of real estate. During the quarter and year-to-date period ended September 28, 2022, gains on sales of assets and other, net were primarily related to the sale of two parcels of real estate.

As of September 27, 2023 March 27, 2024, we had recorded assets held for sale at the lesser of the carrying value or fair value amount of \$1.6 million \$1.1 million (consisting of property of \$0.6 million and goodwill of \$0.5 million) related to three Keke's restaurants. As of December 27, 2023, we had recorded assets held for sale at their carrying amount of \$1.5 million (consisting of property of \$0.9 million, goodwill of \$0.6 \$0.5 million and other assets of \$0.1 million) related to one parcel of real estate and three Keke's restaurants. As of December 28, 2022, we had recorded assets held for sale at their carrying amount of \$1.4 million (consisting of property of \$1.1 million and other assets of \$0.3 million) related to four parcels of real estate.

Restructuring charges and exit costs consisted of the following:

		Quarter Ended		Three Quarters Ended		Quarter Ended	
		September 27, 2023	September 28, 2022	September 27, 2023	September 28, 2022	March 27, 2024	March 29, 2023
		(In thousands)				(In thousands)	
Exit costs	Exit costs	\$ 12	\$ 38	\$ 64	\$ 88		
Severance and other restructuring charges	Severance and other restructuring charges	985	434	2,695	1,209		
Total restructuring charges and exit costs	Total restructuring charges and exit costs	\$ 997	\$ 472	\$ 2,759	\$ 1,297		

Exit costs primarily consist of costs related to closed restaurants. Exit cost liabilities related to lease costs are included as a component of operating lease liabilities in our Consolidated Balance Sheets.

As of September 27, 2023 March 27, 2024 and December 28, 2022 December 27, 2023, we had accrued severance and other restructuring charges of \$2.1 million \$1.0 million and \$0.7 \$1.4 million, respectively. The balance as of September 27, 2023 March 27, 2024 is expected to be paid primarily during the next 12 months.

We recorded impairment charges of \$1.7 million and \$1.8 \$0.1 million related to property and right-of-use assets for the quarter and year-to-date period ended September 27, 2023 March 27, 2024, respectively, resulting from our assessment of underperforming restaurants and assets being classified as held for sale. The \$1.7 million included \$0.9 million related to property and \$0.8 million related to operating lease right-of-use assets. The \$1.8 million included \$1.0 million related to property and \$0.8 million related to operating lease right-of-use assets. closed units.

Note 10. Share-Based Compensation

Total share-based compensation included as a component of general and administrative expenses was as follows:

		Quarter Ended		Three Quarters Ended		Quarter Ended	
		September 27, 2023	September 28, 2022	September 27, 2023	September 28, 2022	March 27, 2024	March 29, 2023
		(In thousands)				(In thousands)	
Employee share awards	Employee share awards	\$ 2,659	\$ 1,706	\$ 7,793	\$ 8,784		

Restricted stock units for board members	Restricted stock units for board members	205	241	684	683
Total share-based compensation	Total share-based compensation	\$ 2,864	\$ 1,947	\$ 8,477	\$ 9,467

Employee Share Awards

During the year-to-date period quarter ended September 27, 2023 March 27, 2024, we granted certain employees 0.3 0.6 million performance share units ("PSUs") with a weighted average grant date fair value of \$18.39 \$15.48 per share that vest based on the total shareholder return ("TSR") of our common stock compared to the TSRs of a group of peer companies and 0.3 million PSUs with a weighted average grant date fair value of \$11.90 per share that vest based on our Adjusted EPS growth rate versus plan, as defined under the terms of the award. companies. As the TSR based PSUs contain a market condition, a Monte Carlo valuation was used to determine the grant date fair value. The performance period for these PSUs is the three-year fiscal period beginning December 29, 2022 December 28, 2023 and ending December 31, 2025 December 30, 2026. The PSUs will vest and be earned at the end of the performance period at which point the relative TSR and Adjusted EPS growth rate achievement percentages will be applied to the vested units (from 0% to 200% of the target award). We recognize compensation cost associated with 0.5 million of these PSU awards over the entire performance period on a straight-line basis, with compensation cost for the remaining 0.1 million PSU awards recognized on a graded-vesting basis due to the accelerated vesting terms for certain retirement eligible individuals.

During the year-to-date period quarter ended September 27, 2023 March 27, 2024, we also granted certain employees 0.7 million restricted stock units ("RSUs") with a weighted average grant date fair value of \$11.83 \$10.81 per share. These RSUs generally vest evenly over the three-year fiscal period beginning December 29, 2022 December 28, 2023 and ending December 31, 2025 December 30, 2026. We recognize compensation cost associated with these RSU awards on a straight-line basis over the entire performance period of the award.

During the year-to-date period quarter ended September 27, 2023 March 27, 2024, we issued 0.5 million 0.4 million shares of common stock related to vested PSUs and RSUs. In addition, 0.3 million 0.2 million shares of common stock were withheld in lieu of taxes related to vested PSUs and RSUs.

As of September 27, 2023 March 27, 2024, we had \$16.3 million \$24.0 million of unrecognized compensation cost related to unvested PSU awards and RSU awards outstanding, which have a weighted average remaining contractual term of 1.9 2.4 years.

Restricted Stock Units for Board Members

During the year-to-date period ended September 27, 2023, we granted less than 0.1 million RSUs (which are equity classified) with a grant date fair value of \$10.71 per unit to non-employee members of our Board of Directors. The RSUs vest after a one year service period. A director may elect to convert these awards into shares of common stock either on a specific date in the future (while still serving as a member of our Board of Directors), upon termination as a member of our Board of Directors, or in three equal annual installments commencing after termination of service as a member of our Board of Directors.

During the year-to-date period ended September 27, 2023, 0.2 million RSUs were converted into shares of common stock.

As of September 27, 2023 March 27, 2024, we had \$0.5 million \$0.1 million of unrecognized compensation cost related to unvested RSU awards outstanding, which have a weighted average remaining contractual term of 0.6 0.1 years.

Note 11. Income Taxes

The effective income tax rate was 17.6% 24.6% for the quarter and 23.7% for the year-to-date period ended September 27, 2023 March 27, 2024, compared to 24.3% and 25.7% 61.5% for the prior year periods, respectively. period. The effective income tax rate for the quarter and year-to-date period ended September 27, 2023 March 29, 2023 included discrete items relating to share-based compensation of (2.5)% and 0.4%, respectively, 36.6%. We did not have a similar discrete item for the quarter ended March 27, 2024.

Note 12. Net Income Per Share

The amounts used for the basic and diluted net income per share calculations are summarized below:

		Quarter Ended				Three Quarters Ended		Quarter Ended			
		September 27, 2023		September 28, 2022		September 27, 2023		September 28, 2022			
		(In thousands, except per share amounts)				(In thousands, except per share amounts)					
Net income	Net income	\$	7,908	\$	17,083	\$	17,043	\$	61,941		
Weighted average shares outstanding - basic	Weighted average shares outstanding - basic										
			55,869		59,020		56,764		61,558		
Weighted average shares outstanding - basic											

Weighted average shares outstanding - basic					
Effect of dilutive share-based compensation awards	Effect of dilutive share-based compensation awards	213	20	209	128
Weighted average shares outstanding - diluted	Weighted average shares outstanding - diluted	56,082	59,040	56,973	61,686
Net income per share - basic	Net income per share - basic	\$ 0.14	\$ 0.29	\$ 0.30	\$ 1.01
Net income per share - basic					
Net income per share - basic					
Net income per share - diluted	Net income per share - diluted	\$ 0.14	\$ 0.29	\$ 0.30	\$ 1.00
Anti-dilutive share-based compensation awards	Anti-dilutive share-based compensation awards	735	641	788	737
Anti-dilutive share-based compensation awards					
Anti-dilutive share-based compensation awards					

Note 13. Shareholders' Deficit

Share Repurchases

Our credit facility permits the repurchase of the Company's stock and the payment of cash dividends subject to certain limitations. Our Board of Directors approves share repurchases of our common stock. Under these authorizations, we may, from time to time, purchase shares in the open market (including pre-arranged stock trading plans in accordance with the guidelines specified in Rule 10b5-1 under the Securities Exchange Act of 1934, as amended) or in privately negotiated transactions, subject to market and business conditions. Currently, we are operating under a \$250 million share repurchase authorization approved by the Board of Directors in December 2019.

During the year-to-date period quarter ended September 27, 2023 March 27, 2024, we repurchased a total of 3.4 0.5 million shares of our common stock for \$35.9 \$4.8 million, including excise taxes. This brings the total amount repurchased under the current authorization to \$133.4 \$154.3 million, leaving \$116.6 \$95.7 million that can be used to repurchase our common stock under this authorization as of September 27, 2023 March 27, 2024. Repurchased shares are included as treasury stock in our Consolidated Balance Sheets and our Consolidated Statements of Shareholders' Deficit.

In the fourth quarter of fiscal 2023, the Board approved the retirement of 12.8 million shares of treasury stock at a weighted average share price of \$11.02, including excise taxes. As of September 27, 2023 March 27, 2024, 11.7 1.1 million shares were held in treasury stock.

Accumulated Other Comprehensive Loss, Net

The components of the change in accumulated other comprehensive loss, net were as follows:

	Defined Benefit Plans		Accumulated Other Comprehensive Loss, Net	
	Plans	Derivatives	Loss, Net	
	(In thousands)			
Balance as of December 28, 2022	\$ (555)	\$ (42,142)	\$	(42,697)
	Defined Benefit Plans	Derivatives	Accumulated Other Comprehensive Loss, Net	
	(In thousands)		(In thousands)	
Balance as of December 27, 2023				

Amortization of net loss ⁽¹⁾	Amortization of net loss ⁽¹⁾	116	—	116
Amortization of net loss ⁽¹⁾				
Amortization of net loss ⁽¹⁾				
Changes in the fair value of cash flow hedges				
Changes in the fair value of cash flow hedges				
Changes in the fair value of cash flow hedges	Changes in the fair value of cash flow hedges	—	23,221	23,221
Reclassification of cash flow hedges to interest expense, net ⁽²⁾	Reclassification of cash flow hedges to interest expense, net ⁽²⁾	—	(3,551)	(3,551)
Amortization of unrealized losses related to interest rate swaps to interest expense, net	Amortization of unrealized losses related to interest rate swaps to interest expense, net	—	232	232
Amortization of unrealized losses related to interest rate swaps to interest expense, net				
Amortization of unrealized losses related to interest rate swaps to interest expense, net				
Income tax expense related to items of other comprehensive income (loss)	Income tax expense related to items of other comprehensive income (loss)	(30)	(5,051)	(5,081)
Balance as of September 27, 2023		\$ (469)	\$ (27,291)	\$ (27,760)
Balance as of March 27, 2024				

- (1) Before-tax amount related to our defined benefit plans that was reclassified from accumulated other comprehensive loss, net and included as a component of pension expense within general and administrative expenses in our Consolidated Statements of Operations Income during the year-to-date period quarter ended September 27, 2023 March 27, 2024.
- (2) Amounts reclassified from accumulated other comprehensive loss, net into interest expense, net in our Consolidated Statements of Operations Income represent payments either (received from) or made to the counterparty for the interest rate hedges. See Note 7 for additional details.

Note 14. Commitments and Contingencies

Legal Proceedings

There are various claims and pending legal actions against or indirectly involving us, incidental to and arising out of the ordinary course of the business. In the opinion of management, based upon information currently available, the ultimate liability with respect to these proceedings and claims will not materially affect our consolidated results of operations or financial position.

Note 15. Supplemental Cash Flow Information

		Three Quarters Ended		Quarter Ended	
		September 27, 2023	September 28, 2022	March 27, 2024	March 29, 2023
		(In thousands)		(In thousands)	
Income taxes paid, net	Income taxes paid, net	\$ 6,531	\$ 6,161		

Interest paid	Interest paid	\$ 9,346	\$ 9,117
Noncash investing and financing activities:	Noncash investing and financing activities:		
Noncash investing and financing activities:			
Noncash investing and financing activities:			
Business acquisition payable		\$ —	\$ 1,000
Accrued purchase of property			
Accrued purchase of property			
Accrued purchase of property	Accrued purchase of property	\$ 102	\$ —
Issuance of common stock, pursuant to share-based compensation plans	Issuance of common stock, pursuant to share-based compensation plans	\$ 5,638	\$ 9,547
Receipt of real estate receivable		\$ —	\$ 3,000
Execution of finance leases			
Execution of finance leases			
Execution of finance leases	Execution of finance leases	\$ 593	\$ 506
Treasury stock payable	Treasury stock payable	\$ 1,053	\$ 292

Note 16. Segment Information

We manage our business by brand and as a result have identified two operating segments, Denny's and Keke's. In addition, we have identified Denny's as a reportable segment. The Denny's reportable segment includes the results of all company and franchised and licensed Denny's restaurants. Our Keke's operating segment, which includes the results of all company and franchised Keke's restaurants, is included in Other.

The primary sources of revenues for all operating segments are the sale of food and beverages at our company restaurants and the collection of royalties, advertising revenue, initial and other fees, including occupancy revenue, from restaurants operated by our franchisees. We do not rely on any major customer as a source of sales and the customers and assets of all operating segments are located predominantly in the United States. There are no material transactions between segments.

Management's measure of segment income is restaurant-level operating margin. The Company defines restaurant-level operating margin as operating income excluding the following three items: general and administrative expenses, depreciation and amortization, and operating (gains), losses and other charges, net. The Company excludes general and administrative expenses, which include primarily non restaurant-level costs associated with the 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 operating (gains), losses and other charges, net, to provide a clearer perspective of its ongoing operating performance. Restaurant-level operating margin is used by our chief operating decision maker ("CODM") to evaluate restaurant-level operating efficiency and performance.

The following tables present revenues by segment and a reconciliation of restaurant-level operating margin to net income:

	Quarter Ended		Three Quarters Ended	
	September 27, 2023	September 28, 2022	September 27, 2023	September 28, 2022
Quarter Ended				
Quarter Ended				
Quarter Ended				

March 27, 2024						March 27, 2024		March 29, 2023	
Revenues by operating segment:	Revenues by operating segment:	(In thousands)				Revenues by operating segment:		(In thousands)	
Denny's	Denny's	\$ 109,136	\$ 113,725	\$ 332,952	\$ 331,849				
Other	Other	5,047	3,731	15,617	3,731				
Total operating revenue	Total operating revenue	\$ 114,183	\$ 117,456	\$ 348,569	\$ 335,580				
Segment income:	Segment income:								
Segment income:									
Segment income:									
Denny's									
Denny's									
Denny's	Denny's	\$ 36,944	\$ 33,227	\$ 111,525	\$ 101,964				
Other	Other	1,536	1,199	5,434	1,199				
Total restaurant-level operating margin	Total restaurant-level operating margin	\$ 38,480	\$ 34,426	\$ 116,959	\$ 103,163				
General and administrative expenses									
General and administrative expenses									
General and administrative expenses	General and administrative expenses	\$ 18,237	\$ 16,607	\$ 58,515	\$ 50,188				
Depreciation and amortization	Depreciation and amortization	3,605	3,914	10,878	11,052				
Operating (gains), losses and other charges, net	Operating (gains), losses and other charges, net	2,620	(1,897)	2,467	(1,051)				
Total other operating expenses	Total other operating expenses	24,462	18,624	71,860	60,189				
Operating income	Operating income	14,018	15,802	45,099	42,974				
Interest expense, net	Interest expense, net	4,381	3,691	13,288	9,529				
Other nonoperating expense (income), net	Other nonoperating expense (income), net	43	(10,461)	9,470	(49,871)				
Income before income taxes	Income before income taxes	9,594	22,572	22,341	83,316				
Provision for income taxes	Provision for income taxes	1,686	5,489	5,298	21,375				
Net income	Net income	\$ 7,908	\$ 17,083	\$ 17,043	\$ 61,941				

		September 27, 2023	December 28, 2022
March 27, 2024			
		March 27, 2024	
		December 27, 2023	
Segment assets:	Segment assets:		
assets:	(In thousands)	(In thousands)	
Denny's	Denny's	\$ 376,123	\$ 394,051
Other	Other	103,712	104,284
Total assets	Total assets	\$ 479,835	\$ 498,335

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read in conjunction with our Consolidated Financial Statements and the notes thereto that appear elsewhere in this report and the MD&A contained in our Annual Report on Form 10-K for the fiscal year ended **December 28, 2022** **December 27, 2023**.

Forward-Looking Statements

This report includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as codified in Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Company urges caution in considering its current trends and any outlook on its operations and financial results disclosed in this report. In addition, certain matters discussed in this report 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 of this report 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: economic, public health and political conditions that impact consumer confidence and spending; commodity and labor inflation; the ability to effectively staff restaurants and support personnel; our ability to maintain adequate levels of liquidity for our cash needs, including debt obligations, payment of dividends, planned share repurchases and capital expenditures as well as the ability of our customers, suppliers, franchisees and lenders to access sources of liquidity to provide for their own cash needs; competitive pressures from within the restaurant industry; our ability to integrate and derive the expected benefits from our acquisition of Keke's; the level of success of our 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 and geopolitical events (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 fiscal year ended **December 28, 2022** **December 27, 2023** and in the Company's subsequent quarterly reports on Form 10-Q.

Overview

We manage our business by brand and as a result have identified two operating segments, Denny's and Keke's. As of **September 27, 2023** **March 27, 2024**, the Denny's brand consisted of **1,588** **1,553** restaurants, **1,522** **1,489** of which were franchised/licensed restaurants and **66** **64** of which were company operated. At **September 27, 2023** **March 27, 2024**, the Keke's brand consisted of **56** **61** restaurants, **48** **50** of which were franchised restaurants and **eight** **11** of which were company operated.

In addition, we have identified Denny's as a reportable segment. The Denny's reportable segment includes the results of all company and franchised and licensed Denny's restaurants. We completed the acquisition of Keke's on July 20, 2022. Total revenues at Keke's for the quarter and three quarters ended **September 27, 2023** **March 27, 2024** represented less than **5%** **10%** of total consolidated revenues, therefore, the Keke's operating segment is included in Other for segment reporting purposes.

Information discussed in Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations relates to the Denny's brand unless otherwise noted.

Statements of Operations Income

The following table contains information derived from our Consolidated Statements of **Operations Income** expressed as a percentage of total operating revenue, except as noted below. Percentages may not add due to rounding.

	Quarter Ended		Three Quarters Ended			Quarter Ended	
	September 27, 2023	September 28, 2022	September 27, 2023	September 28, 2022		March 27, 2024	March 29, 2023
	(In thousands)					(In thousands)	
Revenue:	Revenue:				Revenue:		

Company restaurant sales	Company restaurant sales	\$53,153	46.6 %	\$52,211	44.5 %	\$161,486	46.3 %	\$145,354	43.3 %	Company restaurant sales	\$52,342	47.6	47.6 %	\$ 53,452
Franchise and license revenue	Franchise and license revenue	61,030	53.4 %	65,245	55.5 %	187,083	53.7 %	190,226	56.7 %	Franchise and license revenue	57,632	52.4	52.4 %	64,019
Total operating revenue	Total operating revenue	114,183	100.0 %	117,456	100.0 %	348,569	100.0 %	335,580	100.0 %	Total operating revenue	109,974	100.0	100.0 %	117,471
Costs of company restaurant sales, excluding depreciation and amortization (a):	Costs of company restaurant sales, excluding depreciation and amortization (a):													
Product costs	Product costs													
Product costs	Product costs	13,587	25.6 %	14,462	27.7 %	41,796	25.9 %	38,874	26.7 %	Product costs	13,311	25.4	25.4 %	14,039
Payroll and benefits	Payroll and benefits	19,754	37.2 %	20,176	38.6 %	60,482	37.5 %	55,598	38.3 %	Payroll and benefits	20,474	39.1	39.1 %	20,240
Occupancy	Occupancy	4,182	7.9 %	4,294	8.2 %	12,381	7.7 %	11,316	7.8 %	Occupancy	4,573	8.7	8.7 %	4,094
Other operating expenses	Other operating expenses	8,370	15.7 %	9,519	18.2 %	24,294	15.0 %	26,116	18.0 %	Other operating expenses	9,760	18.6	18.6 %	8,119
Total costs of company restaurant sales, excluding depreciation and amortization	Total costs of company restaurant sales, excluding depreciation and amortization	45,893	86.3 %	48,451	92.8 %	138,953	86.0 %	131,904	90.7 %	Total costs of company restaurant sales, excluding depreciation and amortization	48,118	91.9	91.9 %	46,492
Costs of franchise and license revenue, excluding depreciation and amortization (a)	Costs of franchise and license revenue, excluding depreciation and amortization (a)	29,810	48.8 %	34,579	53.0 %	92,657	49.5 %	100,513	52.8 %	Costs of franchise and license revenue, excluding depreciation and amortization (a)	27,374	47.5	47.5 %	32,387
General and administrative expenses	General and administrative expenses	18,237	16.0 %	16,607	14.1 %	58,515	16.8 %	50,188	15.0 %	General and administrative expenses	21,222	19.3	19.3 %	20,118
Depreciation and amortization	Depreciation and amortization	3,605	3.2 %	3,914	3.3 %	10,878	3.1 %	11,052	3.3 %	Depreciation and amortization	3,581	3.3	3.3 %	3,656
Operating (gains), losses and other charges, net	Operating (gains), losses and other charges, net	2,620	2.3 %	(1,897)	(1.6)%	2,467	0.7 %	(1,051)	(0.3)%	Operating (gains), losses and other charges, net	(327)	(0.3)	(0.3)%	(1,329)
Total operating costs and expenses, net	Total operating costs and expenses, net	100,165	87.7 %	101,654	86.5 %	303,470	87.1 %	292,606	87.2 %	Total operating costs and expenses, net	99,968	90.9	90.9 %	101,324
Operating income	Operating income	14,018	12.3 %	15,802	13.5 %	45,099	12.9 %	42,974	12.8 %	Operating income	10,006	9.1	9.1 %	16,147
Interest expense, net	Interest expense, net	4,381	3.8 %	3,691	3.1 %	13,288	3.8 %	9,529	2.8 %	Interest expense, net	4,420	4.0	4.0 %	4,505
Other nonoperating expense (income), net		43	0.0 %	(10,461)	(8.9)%	9,470	2.7 %	(49,871)	(14.9)%					

(a) Costs of company restaurant sales percentages are as a percentage of company restaurant sales. Costs of franchise and license revenue percentages are as a percentage of franchise and license revenue. All other percentages are as a percentage of total operating revenue.

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Keke's							
Keke's							
Keke's							
Company average unit sales							
Company average unit sales							
Company average unit sales	Company average unit sales	\$429	\$334	\$1,354	\$334	\$455	\$466
Franchise average unit sales	Franchise average unit sales	\$430	\$349	\$1,397	\$349	Franchise average unit sales	\$472 \$491
Company equivalent units (a)	Company equivalent units (a)	8	6	8	2	Company equivalent units (a)	9 8
Franchise equivalent units (a)	Franchise equivalent units (a)	48	34	47	11	Franchise equivalent units (a)	50 46
Company same-store sales decrease (b)		(3.4)%	N/A	(3.4)%	N/A		
Franchise same-store sales decrease (b)		(5.3)%	N/A	(5.3)%	N/A		
Company same-store sales decrease vs. prior year (b) (d)						Company same-store sales decrease vs. prior year (b)(d)	(1.1)% N/A
Franchise same-store sales decrease vs. prior year (b) (d)						Franchise same-store sales decrease vs. prior year (b)(d)	(4.0)% N/A

(a) Equivalent units are calculated as the weighted average number of units in operation during a defined time period.

(b) Same-store sales include sales from company restaurants or non-consolidated franchised and licensed restaurants that were open during the comparable periods noted.

(c) Prior year amounts have not been restated for 2023 2024 comparable units.

(d) Effective July 20, 2022, the Company acquired Keke's, as such Same-store sales data for the quarter and year-to-date period ended March 29, 2023 is not reported due to the acquisition being completed during the quarter ended September 28, 2022 only represent post-acquisition results.

Unit Activity	Unit Activity	Quarter Ended		Three Quarters Ended	
		September 27, 2023	September 28, 2022	September 27, 2023	September 28, 2022
Unit Activity					
Unit Activity			Quarter Ended		
	March 27, 2024			March 27, 2024	March 29, 2023
Denny's	Denny's				
Company restaurants, beginning of period	Company restaurants, beginning of period	66	65	66	65
Units acquired from franchisees		—	1	—	1

Units opened					
Units closed					
Units closed					
Units closed					
End of period	End of period	66	66	66	66
Franchised and licensed restaurants, beginning of period	Franchised and licensed restaurants, beginning of period	1,525	1,566	1,536	1,575
Franchised and licensed restaurants, beginning of period					
Franchised and licensed restaurants, beginning of period					
Units opened	Units opened	7	7	21	16
Units acquired by Company		—	(1)	—	(1)
Units closed					
Units closed					
Units closed	Units closed	(10)	(25)	(35)	(43)
End of period	End of period	1,522	1,547	1,522	1,547
Total restaurants, end of period	Total restaurants, end of period	1,588	1,613	1,588	1,613

Keke's			
Company restaurants, beginning of period		8	8
Units opened		3	—
Units closed		—	—
End of period		11	8
Franchised restaurants, beginning of period		50	46
Units opened		—	—
Units closed		—	—
End of period		50	46
Total restaurants, end of period		61	54

	Quarter Ended		Three Quarters Ended	
	September 27, 2023	September 28, 2022	September 27, 2023	September 28, 2022
Keke's				
Company restaurants, beginning of period	8	—	8	—
Units acquired	—	8	—	8
End of period	8	8	8	8
Franchised restaurants, beginning of period	47	—	46	—
Units opened	1	1	2	1
Units acquired	—	44	—	44
End of period	48	45	48	45

Total restaurants, end of period	56	53	56	53
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Company Restaurant Operations

Company restaurant sales increased \$0.9 million decreased \$1.1 million, or 1.8% 2.1%, for the quarter ended September 27, 2023 and \$16.1 million March 27, 2024, or 11.1%, year-to-date compared to the prior year periods. Company sales from Keke's increased \$0.8 million and \$8.1 million during the quarter and year-to-date period, ended September 27, 2023, respectively, as a result of its acquisition on July 20, 2022. The increases in Denny's sales were primarily driven by increases in guest check average resulting from price increases to partially offset inflationary costs and one additional equivalent unit during the quarter and year-to-date period ended September 27, 2023, a decrease of 3.0% in Denny's same-store sales, decreased 1.4% partially offset by one additional Keke's equivalent unit for the current quarter and increased 4.1% year-to-date as compared to the prior year periods. period.

Total costs of company restaurant sales as a percentage of company restaurant sales were 86.3% 91.9% for the quarter ended September 27, 2023 and 86.0% year-to-date March 27, 2024 compared to 92.8% and 90.7% 87.0% for the prior year periods, respectively. period.

Product costs as a percentage of company restaurant sales were 25.6% 25.4% for the quarter ended September 27, 2023 and 25.9% year-to-date March 27, 2024 compared to 27.7% and 26.7% 26.3% for the prior year periods, respectively, period, primarily due to increased pricing, for both the quarter and year-to-date period, partially offset by higher commodity costs for the year-to-date period. costs.

Payroll and benefits as a percentage of company restaurant sales were 37.2% 39.1% for the quarter ended September 27, 2023 and 37.5% year-to-date March 27, 2024 compared to 38.6% and 38.3%, respectively, 37.9% in the prior year periods. period. The current quarter decreased increase as a percentage of company restaurant sales primarily due to a 0.6 percentage point decrease in incentive compensation. The year-to-date decrease was primarily due to a 0.8 percentage point decrease in payroll costs due to the leveraging effect of higher sales and a 0.4 percentage point decrease in incentive compensation. The decrease was partially offset by a 0.5 1.0 percentage point increase in workers' compensation costs primarily resulting from positive negative claims development in the prior year period. current quarter.

Occupancy costs as a percentage of company restaurant sales were 7.9% 8.7% for the quarter ended September 27, 2023 and 7.7% year-to-date March 27, 2024 compared to 8.2% and 7.8%, respectively, 7.7% in the prior year periods. period. The current quarter decrease increase as a percentage of company restaurant sales was primarily due to a 0.8 0.9 percentage point decrease increase in general liability insurance costs resulting from negative claims development in the prior year period, partially offset by a 0.4 percentage point increase in rents and property taxes. The year-to-date decrease as a percentage of company restaurant sales was primarily due to a 0.5 percentage point decrease in general liability costs primarily resulting from negative claims development in the prior year period, partially offset by a 0.4 percentage point increase in rents and property taxes.

current quarter.

Other operating expenses consist of the following amounts and percentages of company restaurant sales:

		Quarter Ended				Three Quarters Ended					Quarter Ended					
		September 27, 2023		September 28, 2022		September 27, 2023		September 28, 2022			March 27, 2024			March 29, 2023		
		(In thousands)										(In thousands)				
Utilities	Utilities	\$2,120	4.0 %	\$1,984	3.8 %	\$ 6,037	3.7 %	\$ 5,211	3.6 %	Utilities	\$ 1,655	3.2	3.2 %	\$ 2,057	3.8	3.8 %
Repairs and maintenance	Repairs and maintenance	996	1.9 %	1,089	2.1 %	2,667	1.7 %	2,803	1.9 %	Repairs and maintenance	1,005	1.9	1.9 %	889	1.7	1.7 %
Marketing	Marketing	1,393	2.6 %	1,340	2.6 %	4,207	2.6 %	3,877	2.7 %	Marketing	1,604	3.1	3.1 %	1,395	2.6	2.6 %
Legal settlements	Legal settlements	245	0.5 %	1,567	3.0 %	475	0.3 %	4,223	2.9 %	Legal settlements	1,449	2.8	2.8 %	109	0.2	0.2 %
Pre-opening costs										Pre-opening costs	366	0.7	—	0.0		
Other direct costs	Other direct costs	3,616	6.8 %	3,539	6.8 %	10,908	6.8 %	10,002	6.9 %	Other direct costs	3,681	7.0	7.0 %	3,669	6.9	6.9 %
Other operating expenses	Other operating expenses	\$8,370	15.7 %	\$9,519	18.2 %	\$24,294	15.0 %	\$26,116	18.0 %	Other operating expenses	\$ 9,760	18.6	18.6 %	\$ 8,119	15.2	15.2 %

Other operating expenses were lower higher as a percentage of company restaurant sales as compared to the prior year periods period primarily due to unfavorable developments in certain legal claims during the prior year periods. quarter ended March 27, 2024.

Franchise Operations

Franchise and license revenue and costs of franchise and license revenue consisted of the following amounts and percentages of franchise and license revenue for the periods indicated:

	Quarter Ended	Three Quarters Ended	Quarter Ended
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		September 27, 2023		September 28, 2022		September 27, 2023		September 28, 2022			March 27, 2024			March 29, 2023				
		(In thousands)									(In thousands)							
Royalties	Royalties	\$29,703	48.7 %	\$28,992	44.4 %	\$ 90,106	48.2 %	\$ 84,276	44.3 %	Royalties	\$29,306	50.8	50.8 %	\$ 30,027	46.9	46.9 %		
Advertising revenue	Advertising revenue	19,297	31.6 %	18,950	29.0 %	58,818	31.4 %	56,642	29.8 %	Advertising revenue	18,138	31.5	31.5 %	19,668	30.7	30.7 %		
Initial and other fees	Initial and other fees	3,388	5.6 %	7,749	11.9 %	10,994	5.9 %	20,035	10.5 %	Initial and other fees	1,816	3.2	3.2 %	4,990	7.8	7.8 %		
Occupancy revenue	Occupancy revenue	8,642	14.2 %	9,554	14.6 %	27,165	14.5 %	29,273	15.4 %	Occupancy revenue	8,372	14.5	14.5 %	9,334	14.6	14.6 %		
Franchise and license revenue	Franchise and license revenue	\$61,030	100.0 %	\$65,245	100.0 %	\$187,083	100.0 %	\$190,226	100.0 %	Franchise and license revenue	\$57,632	100.0	100.0 %	\$ 64,019	100.0	100.0 %		
Advertising costs	Advertising costs	\$19,297	31.6 %	\$18,950	29.0 %	\$ 58,818	31.4 %	\$ 56,642	29.8 %									
Advertising costs																		
Advertising costs											\$18,138		31.5 %	\$19,668		30.7 %		
Occupancy costs	Occupancy costs	5,389	8.8 %	5,910	9.1 %	16,853	9.0 %	18,351	9.6 %	Occupancy costs	5,132	8.9	8.9 %	5,672	8.9	8.9 %		
Other direct costs	Other direct costs	5,124	8.4 %	9,719	14.9 %	16,986	9.1 %	25,520	13.4 %	Other direct costs	4,104	7.1	7.1 %	7,047	11.0	11.0 %		
Costs of franchise and license revenue	Costs of franchise and license revenue	\$29,810	48.8 %	\$34,579	53.0 %	\$ 92,657	49.5 %	\$100,513	52.8 %	Costs of franchise and license revenue	\$27,374	47.5	47.5 %	\$ 32,387	50.6	50.6 %		

Franchise and license revenue decreased \$4.2 million \$6.4 million, or 6.5% 10.0%, for the quarter ended September 27, 2023 and decreased \$3.1 million, or 1.7%, year-to-date March 27, 2024 compared to the prior year periods. period. Royalties increased decreased \$0.7 million, or 2.5%, and \$5.8 million, or 6.9%, 2.4% for the current quarter and year-to-date period, respectively, compared to the prior year periods. Royalties from Keke's franchise restaurants increased \$0.3 million and \$2.9 million during the quarter and year-to-date period ended September 27, 2023, respectively, as a result of its acquisition on July 20, 2022. period. The increase decrease in royalties also includes primarily resulted from a 1.2% decrease in Denny's domestic franchise same-store sales increases and a decrease of 2.1% for the current quarter and 4.3% year-to-date as compared to the prior year periods. These increases were partially offset by the impacts of fewer 28 Denny's franchise equivalent units for the current quarter and year-to-date compared to the prior year period.

Advertising revenue increased \$0.3 million decreased \$1.5 million, or 1.8% 7.8%, for the current quarter and \$2.2 million, or 3.8%, year-to-date compared to the prior year periods. period. The increases decrease in advertising revenue primarily resulted from a \$1.4 million decrease in local advertising co-op contributions. The decrease in advertising revenue also include includes the impact from the 2.1% and 4.3% increases a 1.2% decrease in Denny's domestic franchise domestic same-store sales for the current quarter and year-to-date period, respectively, compared to the prior year periods. The increases during the current quarter and year-to-date period were also partially due to \$0.2 million and \$0.4 million collected from Keke's franchise restaurants, respectively. These increases were partially offset by the impact a decrease of fewer 28 Denny's franchise equivalent units for the current quarter and year-to-date compared to the prior year period. The decrease during the current quarter was partially offset by an increase of \$0.5 million collected from Keke's franchise restaurants.

Initial and other fees decreased \$4.4 million \$3.2 million, or 56.3% 63.6%, for the quarter ended September 27, 2023 and \$9.0 million, or 45.1%, year-to-date March 27, 2024 compared to the prior year periods. period. The decreases decrease in initial and other fees primarily resulted from a \$4.2 million and \$9.2 million \$2.1 million decrease in revenue from the sale of equipment to franchisees during the current quarter and year-to-date period, respectively, as a result of the completion of our kitchen modernization program has been substantially completed, in 2023. Additionally, menu revenue decreased \$1.0 million due to the timing of the prior year menu rollout. The revenue recorded related to the sale of equipment and menus has an equal and offsetting expense recorded in other direct costs as described below. Occupancy revenue decreased \$0.9 million \$1.0 million, or 9.5% 10.3%, for the current quarter and \$2.1 million, or 7.2%, year-to-date compared to the prior year periods, period, primarily due to lease terminations.

Costs of franchise and license revenue decreased \$4.8 million \$5.0 million, or 13.8% 15.5%, for the quarter ended September 27, 2023 and \$7.9 million, or 7.8%, year-to-date March 27, 2024 compared to the prior year periods. period. Advertising costs increased \$0.3 million decreased \$1.5 million, or 1.8% 7.8%, for the current quarter, and \$2.2 million, or 3.8%, year-to-date, which corresponds to the related advertising revenue increase decrease noted above. Occupancy costs decreased \$0.5 million, or 8.8% 9.5%, for the current quarter and \$1.5 million, or 8.2%, year-to-date compared to the prior year periods, period, primarily due to lease terminations, which corresponds to the related occupancy revenue decrease noted above. Other direct franchise costs decreased \$4.6 million \$2.9 million, or 47.3% 41.8%, for the current quarter and \$8.5 million, or 33.4%, year-to-date compared to the prior year periods. period. The decreases decrease in other direct franchise costs were was primarily due to a decrease of \$4.2 million \$2.2 million of expense for the current quarter and \$9.2 million of expense year-to-date related to the cost of equipment sold to franchisees as mentioned above. Additionally, other direct franchise costs included an increase a decrease of \$0.4 million and \$0.7 million \$1.0 million in franchise administrative menu costs for the current quarter and year-to-date period, respectively, quarter. As a result of the changes in franchise and license revenue discussed above, costs of franchise and license revenue decreased to 48.8% and 49.5% 47.5% of franchise and license revenue for the quarter and year-to-date period ended September 27, 2023, respectively, March 27, 2024 from 53.0% and 52.8% 50.6% for the prior year periods, respectively. period.

Other Operating Costs and Expenses

Other operating costs and expenses such as general and administrative expenses and depreciation and amortization expense relate to both company and franchise operations.

General and administrative expenses consisted of the following:

		Quarter Ended		Three Quarters Ended		Quarter Ended	
		September 27, 2023	September 28, 2022	September 27, 2023	September 28, 2022	March 27, 2024	March 29, 2023
		(In thousands)				(In thousands)	
Corporate administrative expenses	Corporate administrative expenses	\$ 14,580	\$ 13,758	\$ 43,919	\$ 38,303		
Share-based compensation	Share-based compensation	2,864	1,947	8,477	9,467		
Incentive compensation	Incentive compensation	1,049	1,187	5,335	4,945		
Deferred compensation valuation adjustments	Deferred compensation valuation adjustments	(256)	(285)	784	(2,527)		
Total general and administrative expenses	Total general and administrative expenses	\$ 18,237	\$ 16,607	\$ 58,515	\$ 50,188		

Corporate administrative expenses increased \$0.8 million \$1.0 million for the quarter ended September 27, 2023 and \$5.6 million for year-to-date period ended September 27, 2023 March 27, 2024 compared to the prior year periods. period. The increases were increase was primarily due to compensation increases and administrative costs related to Keke's, increased travel. Share-based compensation increased \$0.9 million decreased \$0.3 million for the current quarter primarily due to having three long-term incentive plans vesting compared to two plans in the prior year quarter as a result of the 2020 long-term incentive forfeitures and our performance against plan fully vesting in May 2022. Share-based compensation decreased \$1.0 million year-to-date primarily due to forfeitures. metrics. Changes in deferred compensation valuation adjustments have offsetting gains or losses on the underlying nonqualified deferred plan investments included as a component of other non-operating expense (income), net, for the corresponding periods.

Depreciation and amortization consisted of the following:

		Quarter Ended		Three Quarters Ended		Quarter Ended	
		September 27, 2023	September 28, 2022	September 27, 2023	September 28, 2022	March 27, 2024	March 29, 2023
		(In thousands)				(In thousands)	
Depreciation of property and equipment	Depreciation of property and equipment	\$ 2,722	\$ 2,944	\$ 8,118	\$ 8,293		
Amortization of finance lease ROU assets	Amortization of finance lease ROU assets	348	414	1,099	1,293		
Amortization of intangible and other assets	Amortization of intangible and other assets	535	556	1,661	1,466		
Total depreciation and amortization expense	Total depreciation and amortization expense	\$ 3,605	\$ 3,914	\$ 10,878	\$ 11,052		

Depreciation and amortization expense decreased during the quarter and year-to-date period ended September 27, 2023 March 27, 2024, primarily due to certain assets becoming fully depreciated.

Operating (gains), losses and other charges, net consisted of the following:

		Quarter Ended		Three Quarters Ended		Quarter Ended	
		September 27, 2023	September 28, 2022	September 27, 2023	September 28, 2022	March 27, 2024	March 29, 2023

		(In thousands)				(In thousands)
Gains on sales of assets and other, net	Gains on sales of assets and other, net	\$	(88)	\$	(3,066)	\$ (2,132) \$ (3,311)
Restructuring charges and exit costs	Restructuring charges and exit costs		997		472	2,759 1,297
Impairment charges	Impairment charges		1,711		697	1,840 963
Operating (gains), losses and other charges, net	Operating (gains), losses and other charges, net	\$	2,620	\$	(1,897)	\$ 2,467 \$ (1,051)

Gains on sales of assets and other, net for the year-to-date period quarter ended September 27, 2023 March 27, 2024 and March 29, 2023 were primarily related to the sale of three parcels of real estate. Gains on sales of assets and other, net for the quarter and year-to-date period ended September 28, 2022 were primarily related to the sale of two parcels of real estate.

Restructuring charges and exit costs consisted of the following:

	Quarter Ended		Three Quarters Ended	
	September 27, 2023	September 28, 2022	September 27, 2023	September 28, 2022
	(In thousands)			
Exit costs	\$ 12	\$ 38	\$ 64	\$ 88
Severance and other restructuring charges	985	434	2,695	1,209
Total restructuring and exit costs	\$ 997	\$ 472	\$ 2,759	\$ 1,297

Total restructuring and exit costs increased \$0.5 million and \$1.5 million for the quarter and year-to-date period ended September 27, 2023, respectively. The current quarter and year-to-date increases were primarily due to severance costs related to changes in our leadership team.

	Quarter Ended	
	March 27, 2024	March 29, 2023
	(In thousands)	
Exit costs	\$ 42	\$ —
Severance and other restructuring charges	156	64
Total restructuring and exit costs	\$ 198	\$ 64

We recorded impairment charges of \$1.7 million \$0.1 million (consisting of property) during the quarter ended March 27, 2024, resulting from our assessment of closed units. We recorded impairment charges of \$0.1 million (consisting of property and right-of-use assets) during the quarter ended September 27, 2023 March 29, 2023, resulting from our assessment of underperforming restaurants and recoverability of right-of-use assets. We recorded impairment charges of \$0.7 million and \$1.0 million (consisting of property and right-of-use assets) during the quarter and year-to-date period ended September 28, 2022, respectively, resulting from our assessment of underperforming restaurants and recoverability of right-of-use assets, related to a unit held for sale.

Operating income was \$14.0 million \$10.0 million for the current quarter and \$45.1 million year-to-date compared to \$15.8 million and \$43.0 million, respectively, \$16.1 million for the prior year periods, period.

Interest expense, net consisted of the following:

	Quarter Ended		Three Quarters Ended		Quarter Ended	
	September 27, 2023	September 28, 2022	September 27, 2023	September 28, 2022	March 27, 2024	March 29, 2023
	(In thousands)				(In thousands)	
Interest on credit facility	\$ 4,823	\$ 2,637	\$ 14,053	\$ 4,666		
Interest (income) expense on interest rate swaps	(1,386)	106	(3,551)	1,817		

Interest income on interest rate swaps					
Interest on finance lease liabilities	Interest on finance lease liabilities	529	581	1,618	1,783
Letters of credit and other fees	Letters of credit and other fees	202	224	598	812
Interest income	Interest income	(40)	(26)	(139)	(42)
Total cash interest, net	Total cash interest, net	4,128	3,522	12,579	9,036
Amortization of deferred financing costs	Amortization of deferred financing costs	159	158	476	475
Amortization of interest rate swap losses	Amortization of interest rate swap losses	93	10	231	16
Interest accretion on other liabilities		1	1	2	2
Total interest expense, net	Total interest expense, net	\$ 4,381	\$ 3,691	\$ 13,288	\$ 9,529
Total interest expense, net					
Total interest expense, net					

Total cash interest **Other nonoperating (income) expense, net increased by** was income of \$0.6 million for the current quarter, and \$3.5 million year-to-date compared to the prior year periods. These increases were primarily due to increased average borrowings and higher average interest rates, partially offset by our effective interest rate swaps.

Other nonoperating expense (income), net was expense of less than \$0.1 million for the current quarter and \$9.5 million year-to-date, compared to income of \$10.5 million and \$49.9 million \$10.1 million for the prior year periods, respectively, period. Other nonoperating expense income, net for the current quarter primarily consisted of \$0.1 million \$0.7 million of losses gains on deferred compensation plan investments. The year-to-date period investments, partially offset by losses of \$0.1 million related to early lease terminations. Prior year other nonoperating expense, net primarily consisted of \$10.6 million of losses related to valuation adjustments for dedesignated interest rate hedges, partially offset by gains of \$1.0 million on deferred compensation plan investments. Prior year other nonoperating income, net for the quarter primarily consisted of \$10.8 million of gains related to dedesignated interest rate swap valuation adjustments, partially offset by losses gains of \$0.3 million on deferred compensation plan investments. The prior year-to-date period primarily consisted of \$52.7 million of gains on interest rate swap valuation adjustments, partially offset by \$2.6 million of losses \$0.5 million on deferred compensation plan investments.

During the quarter ended March 29, 2023, we terminated a portion of our hedging relationship entered into in 2018 ("2018 Swaps"), reducing the previous maximum notional amount of \$425 million on August 31, 2033 to \$335 million. As a result, we expect our total swaps to approximate 80% of our outstanding debt prospectively. In addition, during the quarter ended March 29, 2023, we designated the remaining 2018 Swaps as cash flow hedges of our exposure to variability in future cash flows attributable to variable rate interest payments due on forecasted notional amounts. As a result, subsequent to the designation of the 2018 Swaps, gains and losses related to these cash flow hedges have been and will be recorded as a component of accumulated other comprehensive loss, net.

Provision for income taxes was \$1.7 million \$1.5 million for the quarter ended September 27, 2023 and \$5.3 million year-to-date, March 27, 2024 compared to \$5.5 million and \$21.4 million, respectively, \$1.0 million for the prior year periods, period. The effective tax rate was 17.6% 24.6% for the current quarter and 23.7% year-to-date, compared to 24.3% and 25.7% 61.5% for the prior year periods. The period. We expect the 2024 fiscal year effective income tax rate for to be between 23% and 27%. The annual effective tax rate cannot be determined until the quarter and year-to-date period ended September 27, 2023 included end of the impact of discrete items relating to share-based compensation of (2.5)% and 0.4%, respectively. fiscal year; therefore, the actual rate could differ from our current estimates.

Net income was \$7.9 million \$4.7 million for the quarter ended September 27, 2023 and \$17.0 million year-to-date March 27, 2024 compared to \$17.1 million and \$61.9 million, respectively, \$0.6 million for the prior year periods, period.

Liquidity and Capital Resources

Our primary sources of liquidity and capital resources are cash generated from operations and borrowings under our credit facility (as described below). Principal uses of cash are operating expenses, capital expenditures, and the repurchase of shares of our common stock, and in the prior year, the acquisition of Keke's stock.

The following table presents a summary of our sources and uses of cash and cash equivalents for the periods indicated:

		Three Quarters Ended		Quarter Ended	
		September 27, 2023	September 28, 2022	March 27, 2024	March 29, 2023
		(In thousands)		(In thousands)	
Net cash provided by operating activities	Net cash provided by operating activities	\$ 50,768	\$ 24,950		
Net cash used in investing activities	Net cash used in investing activities	(3,024)	(83,974)		
Net cash (used in) provided by financing activities	Net cash (used in) provided by financing activities	(50,245)	32,746		
Decrease in cash and cash equivalents	Decrease in cash and cash equivalents	\$ (2,501)	\$ (26,278)		
Net cash provided by (used in) financing activities	Net cash provided by (used in) financing activities				
(Decrease) increase in cash and cash equivalents	(Decrease) increase in cash and cash equivalents				

Net cash flows provided by operating activities were \$50.8 million \$0.2 million for the year-to-date period quarter ended September 27, 2023 March 27, 2024 compared to \$25.0 million \$16.2 million for the year-to-date period quarter ended September 28, 2022 March 29, 2023. The increase decrease in net cash flows provided by operating activities was primarily due to the timing of inventory purchases, receivable collections, payments for accounts payable and accrual payments related to our franchise kitchen equipment project other current liabilities over the past two years. We believe that our estimated cash flows from operations, combined with our capacity for additional borrowings under our credit facility and cash on hand, will enable us to meet our anticipated cash requirements and fund capital expenditures over the next 12 months.

Net cash flows used in investing activities were \$3.0 million \$5.3 million for the year-to-date period quarter ended September 27, 2023 March 27, 2024. These cash flows included capital expenditures of \$5.5 million, \$4.9 million and investment purchases of \$1.3 million, and a real estate acquisition of \$1.2 million \$1.5 million, partially offset by net proceeds from the sale of three parcels of real estate for \$3.1 million and net investment proceeds of \$1.9 million \$1.0 million. Net cash flows used in investing activities were \$84.0 million \$0.6 million for the year-to-date period quarter ended September 28, 2022 March 29, 2023. These cash flows included \$81.5 million for the acquisition of Keke's, \$0.8 million for the acquisition of one Denny's franchised restaurant and capital expenditures of \$10.1 million \$1.3 million, partially offset by net proceeds from the sale of two parcels of real estate of \$4.1 million, real estate deposit refunds of \$3.6 million and net investment proceeds of \$0.5 million for \$1.7 million.

Our principal capital requirements have been largely associated with the following:

		Three Quarters Ended		Quarter Ended	
		September 27, 2023	September 28, 2022	March 27, 2024	March 29, 2023
		(In thousands)		(In thousands)	
Facilities	Facilities	\$ 3,199	\$ 3,618		
New construction	New construction	730	29		
Remodeling	Remodeling	404	3,738		

Information technology	Information technology	732	2,246
Other	Other	434	515
Capital expenditures	Capital expenditures	\$ 5,499	\$ 10,146

Net cash flows used in financing activities were \$50.2 million for the year-to-date period ended September 27, 2023, including cash payments for stock repurchases of \$35.4 million, payments of tax withholding on share-based compensation of \$3.0 million and net long-term debt payments of \$14.8 million, partially offset by net bank overdrafts of \$2.9 million. Net cash flows provided by financing activities were \$32.7 million \$1.4 million for the year-to-date period quarter ended September 28, 2022 March 27, 2024, which included including net long-term debt borrowings of \$95.0 million primarily for funding the Keke's acquisition, \$5.3 million and net bank overdrafts of \$2.7 million, partially offset by cash payments for stock repurchases of \$57.5 million \$4.8 million and payments of tax withholding on share-based compensation of \$4.8 million \$1.9 million. Net cash flows used in financing activities were \$10.2 million for the quarter ended March 29, 2023, which included cash payments for stock repurchases of \$9.0 million and payments of tax withholding on share-based compensation of \$2.8 million, partially offset by net long-term debt borrowings of \$2.0 million.

Our working capital deficit was \$56.0 million \$55.0 million at September 27, 2023 March 27, 2024 compared to \$43.3 million \$59.3 million at December 28, 2022 December 27, 2023, primarily due to a decrease in receivables and inventories related to our franchise equipment projects accounts payable during the year-to-date period quarter ended September 27, 2023 March 27, 2024. We are able to operate with a substantial working capital deficit because (1) restaurant operations and most food service operations are conducted primarily on a cash (and cash equivalent) basis with a low level of accounts receivable, (2) rapid turnover allows for a limited investment in inventories, and (3) accounts payable for food, beverages and supplies usually becomes due after the receipt of cash from the related sales.

Credit Facility

The Company and certain of its subsidiaries have a credit facility consisting of a five-year \$400 million senior secured revolver (with a \$25 million letter of credit sublimit). The credit facility includes an accordion feature that would allow us to increase the size of the facility to \$450 million. Borrowings bear a tiered interest rate, which is based on the Company's consolidated leverage ratio. The maturity date for the credit facility is August 26, 2026.

The credit facility is available for working capital, capital expenditures and other general corporate purposes. The credit facility is guaranteed by the Company and its material subsidiaries and is secured by assets of the Company and its subsidiaries, including the stock of its subsidiaries (other than its insurance captive subsidiary). It includes negative covenants that are usual for facilities and transactions of this type. The credit facility also includes certain financial covenants with respect to a maximum consolidated leverage ratio and a minimum consolidated fixed charge coverage ratio. We were in compliance with all financial covenants as of September 27, 2023 March 27, 2024.

As of September 27, 2023 March 27, 2024, we had outstanding revolver loans of \$248.1 million \$261.2 million and outstanding letters of credit under the credit facility of \$11.5 million \$17.0 million. These balances resulted in unused commitments of \$140.4 million \$121.8 million as of September 27, 2023 March 27, 2024 under the credit facility.

As of September 27, 2023 March 27, 2024, borrowings under the credit facility bore interest at a rate of Adjusted Daily Simple SOFR plus 2.25% and . Letters of credit under the credit facility bore interest at a rate of 2.38%. The commitment fee, paid on the unused portion of the credit facility, was set to 0.35%.

Prior to considering the impact of our interest rate swaps, described below, the weighted-average interest rate on outstanding revolver loans was 7.66% 7.69% and 6.37% 7.41% as of September 27, 2023 March 27, 2024 and December 28, 2022 December 27, 2023, respectively. Taking into consideration our interest rate swaps that are designated as cash flow hedges, the weighted-average interest rate of outstanding revolver loans was 5.28% 5.30% and 5.31% 5.04% as of September 27, 2023 March 27, 2024 and December 28, 2022 December 27, 2023, respectively.

Technology Transformation Initiatives

The Company has committed to investing approximately \$4 million toward a new cloud-based restaurant technology platform in domestic franchise restaurants, which will lay the foundation for future technology initiatives to further enhance the guest experience. We currently expect the rollout to occur in 2024 and 2025.

Contractual Obligations

Our future contractual obligations relating to long-term debt and related interest obligations as of September 27, 2023 are as follows:

	Payments Due by Period				
	Total	Less than 1 Year	1-2 Years	3-4 Years	5 Years and Thereafter
	(In thousands)				
Long-term debt	\$ 248,100	\$ —	\$ —	\$ 248,100	\$ —
Interest obligations (a)	37,457	3,243	25,474	8,740	—
Total	\$ 285,557	\$ 3,243	\$ 25,474	\$ 256,840	\$ —

(a) Interest obligations represent payments related to our long-term debt outstanding at September 27, 2023. For long-term debt with variable rates, we have used the rate applicable at September 27, 2023 to project interest over the periods presented in the table above, taking into consideration the impact of the interest rate swaps that are designated as cash flow hedges for the applicable periods.

See Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K for the year ended December 28, 2022 for information concerning other future contractual obligations and commitments.

Critical Accounting Policies and Estimates

For information regarding our Critical Accounting Policies and Estimates, see the "Critical Accounting Policies and Estimates" section in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the fiscal year ended **December 28, 2022** **December 27, 2023**.

Implementation of New Accounting Standards

Information regarding the implementation of new accounting standards is incorporated by reference from Note 2 to our unaudited Consolidated Financial Statements set forth in Part I, Item 1 of this report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

We have exposure to interest rate risk related to certain instruments entered into for other than trading purposes. Specifically, as of **September 27, 2023** **March 27, 2024**, borrowings under our credit facility bore interest at variable rates based on Adjusted Daily Simple SOFR plus 2.25% per annum.

We have receive-variable, pay-fixed interest rate swaps to hedge the forecasted cash flows of our floating rate debt. A summary of our interest rate swaps as of **September 27, 2023** **March 27, 2024** is as follows:

	Effective	Maturity	Notional	Fair	Fixed	Trade	Effective	Maturity		Notional		Fair		Fixed	
Trade Date	Trade Date	Date	Date	Amount	Value	Rate	Trade Date	Date	Date		Amount		Value		Rate
				(In thousands)											
				(In thousands)											
Swaps designated as cash flow hedges	Swaps designated as cash flow hedges														
Swaps designated as cash flow hedges	Swaps designated as cash flow hedges														
March 20, 2015	March 20, 2015														
March 20, 2015	March 20, 2015														
March 20, 2015	March 20, 2015	March 29, 2018	March 31, 2025	\$ 120,000	\$ 4,937	2.34 %	March 29, 2018	March 31, 2025	\$ 120,000	\$ 3,040	2.34 %				
October 1, 2015	October 1, 2015	March 29, 2018	March 31, 2026	\$ 50,000	\$ 2,851	2.37 %	October 1, 2015	March 29, 2018	March 31, 2026	\$ 50,000	\$ 1,980	2.37 %			
February 15, 2018	February 15, 2018	March 31, 2020	December 31, 2033	\$ 31,000	(1) \$ 19,536	3.09 %	February 15, 2018	March 31, 2020	December 31, 2033	\$ 44,000	(1) \$ 11,958	3.09 %			
Total	Total			\$ 201,000	\$ 27,324										

(1) The notional amounts of the swaps entered into on February 15, 2018 increase periodically until they reach the maximum notional amount of \$335 million on August 31, 2033.

On March 31, 2023, the Company entered into an amendment of its credit facility. The amendment transitions our credit facility benchmark interest rate from LIBOR to Adjusted Daily Simple SOFR, as such the fixed rates in the table above have been adjusted to the appropriate fixed rates. The conversion to Adjusted Daily Simple SOFR did not have a material impact on the Company's consolidated financial position or results of operations.

As of **September 27, 2023** **March 27, 2024**, our swaps effectively increased our ratio of fixed rate debt from 4% of total debt to **82%** **83%** of total debt. Based on the levels of borrowings under the credit facility at **September 27, 2023** **March 27, 2024**, if interest rates changed by 100 basis points, our annual cash flow and income before taxes would change by \$0.3 million. This computation is determined by considering the impact of hypothetical interest rates on the credit facility at **September 27, 2023** **March 27, 2024**, taking into consideration the interest rate swaps that will be in effect during the next 12 months. However, the nature and amount of our borrowings may vary as a result of future business requirements, market conditions and other factors.

Depending on market considerations, fluctuations in the fair values of our interest rate swaps could be significant. With the exception of these changes in the fair value of our interest rate swaps and in the levels of borrowings under our credit facility, there have been no material changes in our quantitative and qualitative market risks since the prior

reporting period. For additional information related to our interest rate swaps, including changes in the fair value, refer to Note 6, Note 7 and Note 13 to our unaudited Consolidated Financial Statements in Part I, Item 1 of this report.

Item 4. Controls and Procedures

As required by Rule 13a-15(b) under the Exchange Act, our management conducted an evaluation (under the supervision and with the participation of our Chief Executive Officer, Kelli F. Valade, and our Executive Vice President and Chief Financial Officer, Robert P. Verostek) as of the end of the period covered by this Quarterly Report on Form 10-Q, of the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15(e) under the Exchange Act. Based on that evaluation, Ms. Valade and Mr. Verostek each concluded that our disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act (i) is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and (ii) is accumulated and communicated to our management, including Ms. Valade and Mr. Verostek, as appropriate to allow timely decisions regarding required disclosure.

On July 20, 2022, we closed on the acquisition of substantially all of the assets of Keke's. We are in the process of integrating Keke's into our internal control structure and expect that this effort will be completed in fiscal 2023.

Other than as discussed above, there were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) of the Exchange Act that occurred during our fiscal quarter ended September 27, 2023 March 27, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Information regarding legal proceedings is incorporated by reference from Note 14 to our unaudited Consolidated Financial Statements set forth in Part I, Item 1 of this report.

Item 1A. Risk Factors

There have been no material changes in the risk factors set forth in Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 28, 2022 December 27, 2023.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Purchases of Equity Securities by the Issuer

The table below provides information concerning repurchases of shares of our common stock during the quarter ended September 27, 2023 March 27, 2024.

Period	Total Number of Shares Purchased	Average Price Paid Per Share ⁽¹⁾	Total Number of Shares Purchased as Part of Publicly Announced Programs ⁽²⁾	Dollar Value of Shares that May Yet be Purchased Under the Programs ⁽²⁾
	(In thousands, except per share amounts)			
June 29, 2023 - July 26, 2023	230	\$ 11.47	230	\$ 130,497
July 27, 2023 - August 23, 2023	475	10.29	475	\$ 125,598
August 24, 2023 - September 27, 2023	975	9.04	975	\$ 116,601
Total	1,680	\$ 9.73	1,680	

Period	Total Number of Shares Purchased	Average Price Paid Per Share ⁽¹⁾	Total Number of Shares Purchased as Part of Publicly Announced Programs ⁽²⁾	Dollar Value of Shares that May Yet be Purchased Under the Programs ⁽²⁾
	(In thousands, except per share amounts)			
December 28, 2023 - January 24, 2024	155	\$ 10.63	155	\$ 98,775
January 25, 2024 - February 21, 2024	176	10.09	176	\$ 96,998
February 22, 2024 - March 27, 2024	145	9.11	145	\$ 95,665
Total	476	\$ 9.97	476	

(1) Average price paid per share excludes commissions and any excise taxes paid.

(2) On December 2, 2019, we announced that our Board of Directors approved a share repurchase program, authorizing us to repurchase up to an additional \$250 million of our common stock (in addition to prior authorizations). Such repurchases may take place from time to time in the open market (including pre-arranged stock trading plans in accordance with the guidelines specified in Rule 10b5-1 under the Exchange Act) or in

privately negotiated transactions, subject to market and business conditions. During the quarter ended **September 27, 2023** **March 27, 2024**, we purchased **1.7 million** **0.5 million** shares of our common stock for an aggregate consideration of **\$16.5 million** **\$4.8 million** pursuant to the share repurchase program.

Item 5. Other Information

Rule 10b5-1 Trading Plans

During the quarter ended **September 27, 2023** **March 27, 2024**, none of the Company's directors or officers informed the Company of the adoption or termination of a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as those terms are defined in Regulation S-K, Item 408.

Item 6. Exhibits

The following are included as exhibits to this report:

Exhibit No.	Description
10.1	Denny's Corporation Executive Severance Pay Plan, effective August 30, 2023 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Denny's Corporation filed with the Securities and Exchange Commission on September 1, 2023), 2024 Long-Term Incentive Program Restricted Share Unit Award Certificate.
10.2	Form of 2024 Long-Term Incentive Program Performance Share Unit Award Certificate.
31.1	Certification of Kelli F. Valade, Chief Executive Officer of Denny's Corporation, pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Robert P. Verostek, Executive Vice President and Chief Financial Officer of Denny's Corporation, pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Kelli F. Valade, Chief Executive Officer of Denny's Corporation, and Robert P. Verostek, Executive Vice President and Chief Financial Officer of Denny's Corporation, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DENNY'S CORPORATION

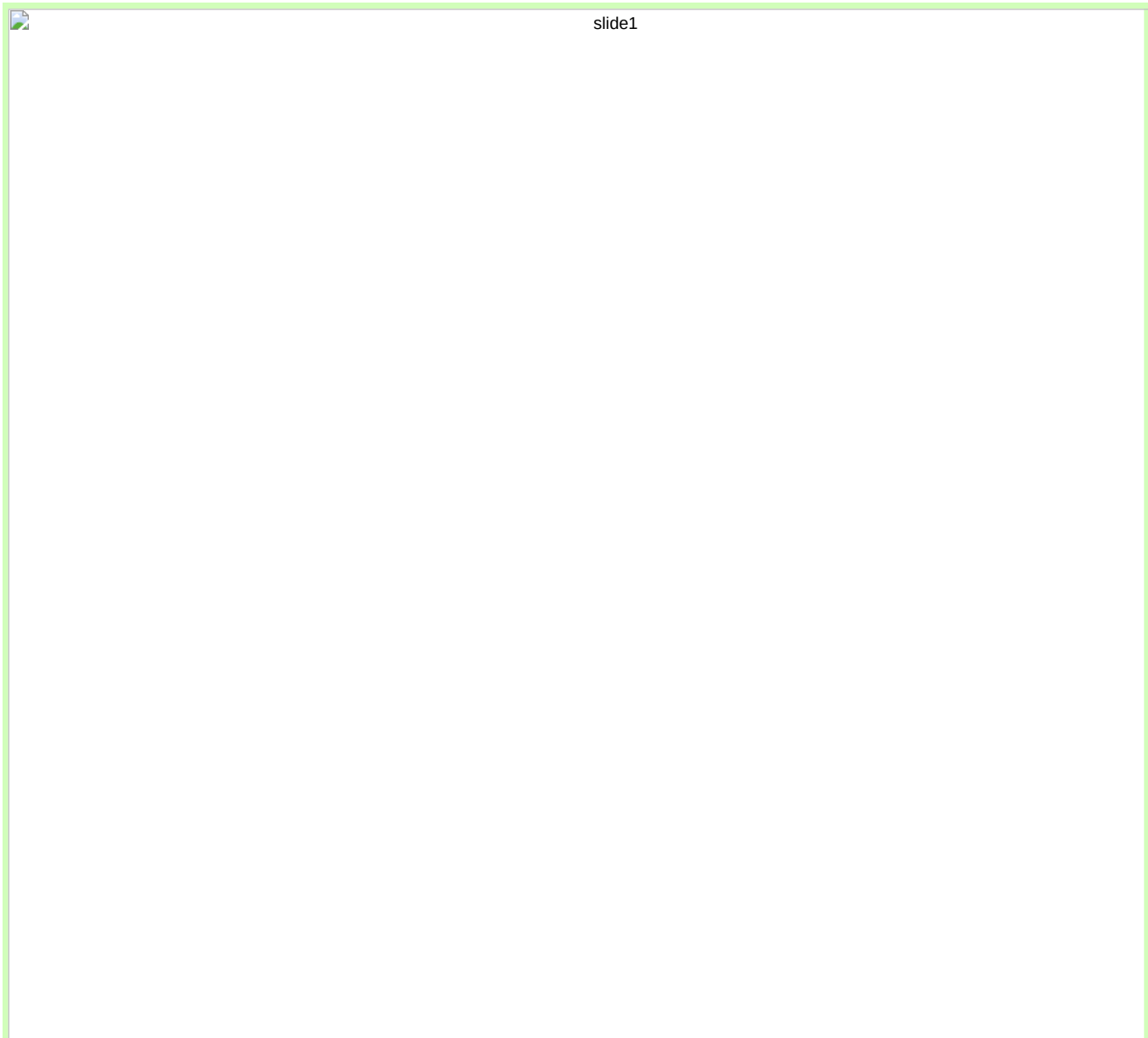
Date: October April 30, 2023 2024

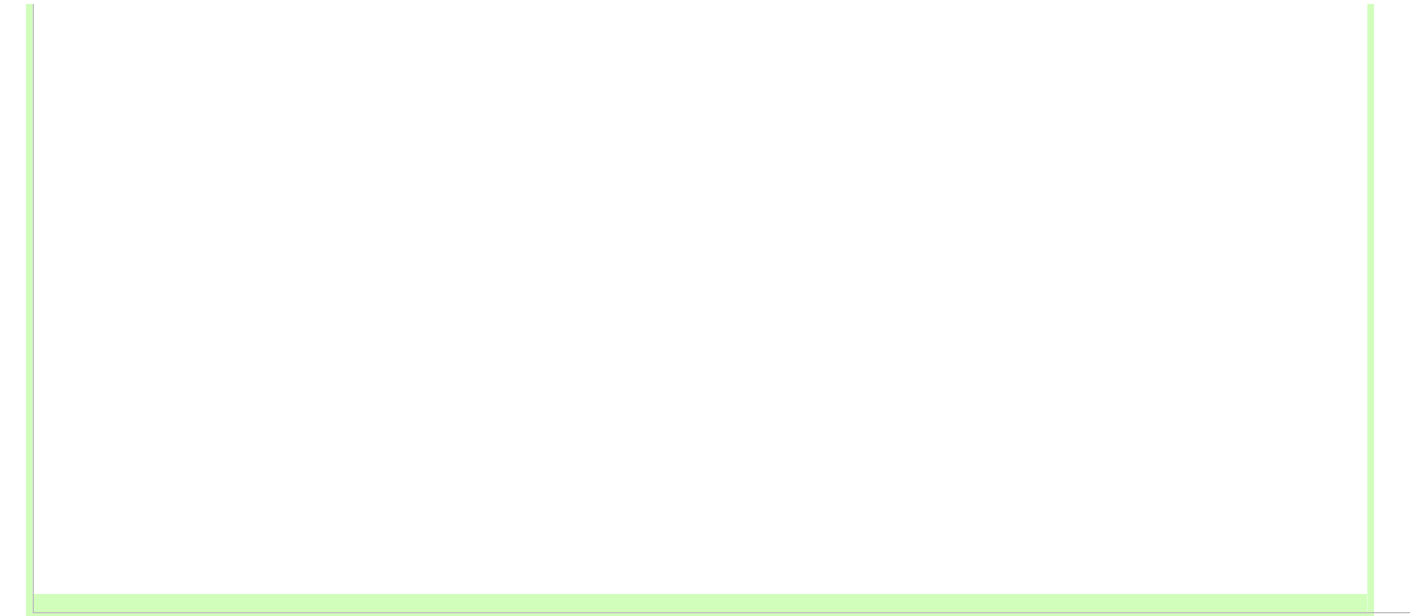
By: /s/ Robert P. Verostek
Robert P. Verostek
Executive Vice President and
Chief Financial Officer

Date: October April 30, 2023 2024

By: /s/ Jay C. Gilmore
Jay C. Gilmore
Senior Vice President,
Chief Accounting Officer and
Corporate Controller

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2024 Long-Term Incentive Program Denny's Corporation Restricted Stock Unit 203 East Main Street Award Certificate Spartanburg, SC 29319 «Name» ("Grantee"), Denny's Corporation (the "Company") has granted to you ("Grantee") a restricted stock unit award (the "Award") denominated in a number of restricted stock units (the "Restricted Stock Units"). The terms and conditions relating to the Restricted Stock Units are set forth in this Award Certificate. The Restricted Stock Units are rights that entitle you to earn shares of the Company's \$0.01 par value common stock ("Shares"), on a one-for-one basis. The Award is granted under the Denny's Corporation 2021 Omnibus Incentive Plan (the "Plan"). By accepting the Award, you shall be deemed to have agreed to the terms and conditions set forth in this Award Certificate. The Restricted Stock Units will vest (become non-forfeitable) in three (3) equal installments on the last day of the Company's 2024, 2025, and 2026 fiscal years, subject in each case to your continued employment with the Company through such date, unless vesting is accelerated under Section 2 or Section 3 of the attached Terms and Conditions in the event of certain employment terminations or a change in control. The number of Restricted Stock Units covered by your Award will be determined as follows: 1. Target Value of Restricted Stock Units ("Target Value") = \$ Number of Restricted Stock Units = Target Value/\$[xx.xx]1 or Restricted Stock Units2 This Award is governed by the terms of the Plan, and subject to the Terms and Conditions on the following page. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Plan. Grant Date: [Officer Name] [Officer Title] Denny's Corporation 1The average closing market price per Share for the last 20 trading days of the Company's 2023 fiscal year. 2Rounded up to the nearest whole share.



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TERMS AND CONDITIONS 1. Vesting and Forfeiture of Award. The Award will vest and become non-forfeitable in three (3) equal installments on the last day of the Company's 2024, 2025 and 2026 fiscal years (each a "Regular Vesting Date") subject in each case to Grantee's continued employment. Only a whole number of Restricted Stock Units will become vested as of any given Regular Vesting Date. If the number of Restricted Stock Units determined as of a Regular Vesting Date is a fractional number, the number vesting will be rounded down to the nearest whole number with any fractional portion carried forward. The Award shall vest, in full or in part, on an accelerated basis under certain circumstances as provided in Section 2 and Section 3 below. Notwithstanding anything contained herein to the contrary, if Grantee's employment with the Company terminates for any reason other than as set forth in paragraph (a) or (b) of Section 2 below, Grantee shall forfeit all of Grantee's right, title and interest in and to any unvested Restricted Stock Units as of the date of termination of employment. In addition, if Grantee's employment is terminated by the Company for Cause, Grantee shall also forfeit any vested Restricted Stock Units that have not yet been converted to Shares. 2. Accelerated Vesting Under Certain Employment Terminations. The Award shall be subject to accelerated vesting in connection with a termination of employment under certain circumstances, as set forth below. (a) Death or Disability. Upon Grantee's termination of employment with the Company due to death or Disability, a pro rata portion of the Restricted Stock Units, to the extent then outstanding and not previously vested, will vest and become non-forfeitable. The pro rata portion shall be determined by multiplying one third (1/3) of the number of Restricted Stock Units covered by Grantee's Award by a fraction, (i) the numerator of which is the number of days that Grantee was employed during the Company's fiscal year in which the employment termination date occurs, and (ii) the denominator of which is the total number of days in that fiscal year, rounded up to the next whole Restricted Stock Unit (as so determined, the "Pro Rata Amount"). (b) Retirement. Upon Grantee's termination of employment with the Company due to Retirement (as defined below), the Pro Rata Amount (as defined in Section 2(a) above) of the Restricted Stock Units will vest and become non-forfeitable, provided Grantee does not engage in any Restricted Activities with a Competitor (each as defined below) prior to the next Regular Vesting Date (to the extent such restrictions are permissible under applicable law). For purposes of this Award Certificate, "Competitor" means all breakfast and family dining restaurants, including without limitation, [LIST OF NAMED COMPETITORS]. "Restricted Activities" means with respect to a Competitor, accepting employment, serving on a board of directors or otherwise being engaged as a consultant or advisor.



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"Retirement" means Grantee's voluntary resignation or termination of employment without Cause on or after attainment of age 55, provided that the sum of Grantee's age and years of service with the Company is equal to or greater than 70. 3. Accelerated Vesting Upon a Change in Control. Upon a Change in Control of the Company during Grantee's employment, the Restricted Stock Units (to the extent then unvested and not previously forfeited) will vest and become non-forfeitable. 4. Settlement of Restricted Stock Units. Except as otherwise provided in this Section 4 or in Section 6, (i) Restricted Stock Units that vest pursuant to Section 1 on a Regular Vesting Date (and are not otherwise forfeited due to a termination for Cause) shall convert into Shares and be paid out within 30 days following the applicable Regular Vesting Date, (ii) the Pro Rata Amount of Restricted Stock Units that vest pursuant to Section 2(a) (termination due to death or Disability) shall convert into Shares and be paid out within 30 days following the date of termination of employment, (iii) the Pro Rata Amount of Restricted Stock Units that vest pursuant to Section 2(b) (Retirement) shall convert into Shares and be paid out within 30 days following the next Regular Vesting Date to occur (or if sooner, a Change in Control), but in no event later than March 15 of the year following the year in which the termination of employment described in Section 2 occurs, and (iv) Restricted Stock Units that vest pursuant to Section 3 shall convert into Shares and be paid out within 30 days following the Change in Control. Shares paid upon conversion of the Restricted Stock Units will be registered on the books of the Company in Grantee's name (or in street name to Grantee's brokerage account) as of the date of payment in uncertificated (book-entry) form. 5. Limitation of Rights. The Award does not confer to Grantee or Grantee's beneficiary any rights of a stockholder of the Company unless and until Shares are in fact issued to such person in connection with the Award. Nothing in this Award Certificate shall interfere with or limit in any way the right of the Company or any Affiliate to terminate Grantee's employment at any time, nor confer upon Grantee any right to continue in employment of the Company or any Affiliate. From and after the Grant Date and until the earlier of (a) the time when the Restricted Stock Units become vested and are paid in accordance with this Award Certificate or (b) the time when Grantee's right to receive Shares in payment of the Restricted Stock Units is forfeited in accordance with this Award Certificate, on the date the Company pays a cash dividend (if any) to holders of Shares generally, Grantee shall be credited with a cash amount per Restricted Stock Unit equal to the amount of such dividend per Share. Any amounts credited pursuant to the immediately preceding sentence shall be subject to the same applicable terms and conditions (including vesting, payment and forfeitability) as apply to the Restricted Stock Units to which they relate, and such cash amounts shall be paid only if and when the Restricted Stock Units to which they relate are settled. 6. Payment of Taxes. Grantee will owe federal, state, and local taxes in connection with the Award (the "Taxes"). The withholding of Taxes shall be mandatorily satisfied by withholding from the settlement of the Restricted Stock Units a number of Shares having a fair market value equal to the amount required to be withheld for the Taxes.

Grantee's



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acceptance of the Award constitutes Grantee's acknowledgement that the Company will withhold on Grantee's behalf a number of Shares sufficient to satisfy the Taxes. The obligations of the Company under this Award Certificate will be conditional on such payment of the Taxes by Grantee. Notwithstanding anything to the contrary contained in this Section 6, Section 15, or otherwise, the Company (i) makes no representations or undertakings regarding the treatment of Taxes in connection with any aspect of this Award, and (ii) does not commit to structure the terms of the Award to reduce or eliminate Grantee's liability for Taxes. 7. Restrictions on Issuance of Shares. If at any time the Compensation and Incentives Committee of the Board (the "Compensation Committee") shall determine, in its discretion, that registration, listing or qualification of the Shares underlying the Restricted Stock Units upon any securities exchange or similar self-regulatory organization or under any foreign, federal, or local law or practice, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition to the settlement of the Restricted Stock Units, the Shares will not be paid unless and until such registration, listing, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Compensation Committee. 8. Plan Controls. The terms contained in the Plan are incorporated into and made a part of this Award Certificate and this Award Certificate shall be governed by and construed in accordance with the Plan. In the event of any actual or alleged conflict between the provisions of the Plan and the provisions of this Award Certificate, the provisions of the Plan shall be controlling and determinative. 9. Successors. This Award Certificate shall be binding upon any successor of the Company, in accordance with the terms of this Award Certificate and the Plan. 10. Severability. If any one or more of the provisions contained in this Award Certificate is deemed to be invalid, illegal or unenforceable, the other provisions of this Award Certificate will be construed and enforced as if the invalid, illegal or unenforceable provision had never been included. 11. Notice. Notices and communications under this Award Certificate must be in writing and either personally delivered or sent by registered or certified United States mail, return receipt requested, postage prepaid. Notices to the Company must be addressed to Denny's Corporation, 203 East Main Street, Spartanburg, SC 29319-0001, Attn: Secretary, or any other address designated by the Company in a written notice to Grantee. Notices to Grantee will be directed to the address of Grantee then currently on file with the Company, or at any other address given by Grantee in a written notice to the Company. 12. Compensation Recovery (Clawback) Policies. (a) Dodd-Frank Clawback Policy. The Award is subject to the requirements of (i) Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (regarding recovery of erroneously awarded compensation) and any implementing rules and regulations thereunder (the "Dodd-Frank Clawback Rules"), and (ii) the



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Company's Dodd-Frank Clawback Policy and any other policies adopted by the Company to implement such requirements, all to the extent determined by the Company in its discretion to be applicable to Grantee. For the avoidance of doubt, if the Dodd-Frank Clawback Rules and any implementing policy apply to Grantee, then the Company may take action against this Award or any proceeds the Grantee receives from it to recover any erroneously awarded compensation the Grantee may have received from the Company (whether related to this Award or otherwise), all in accordance with the Dodd-Frank Clawback Rules and the applicable implementing policy and subject to the requirements of applicable law. This Section 12(a) is in addition to, and not in lieu of, Section 15.7 of the Plan. (b) Other Clawback Policies. In addition to the provisions of Section 12(a) and in consideration for the grant of the Award, Grantee agrees to be subject to the "Other Clawback Policies," which consist of: (i) any compensation, clawback, recoupment or similar policies of the Company or its Affiliates that may be in effect from time to time, whether adopted before or after the Grant Date (including, but not limited to, the Company's Incentive Compensation Clawback Policy), and (ii) to such other clawback provisions and policies as may be required by applicable law, regulation or exchange listing standard. Grantee understands that the Other Clawback Policies are not limited in their application to the Award, or to equity or cash received in connection with the Award. To the extent that any Other Clawback Policies are now or in the future applicable to Grantee, Grantee agrees that Grantee is hereby bound by such Other Clawback Policies in its entirety. This Section 12(b) is in addition to, and not in lieu of, Section 15.7 of the Plan. 13. Other Company Policies. Grantee agrees, in consideration for the grant of the Restricted Stock Units, to be subject to any policies of the Company and its Affiliates regarding securities trading, and hedging or pledging of securities, that may be in effect from time to time, or as may otherwise be required by applicable law, regulation or exchange listing standard. 14. Governing Law. This Award Certificate shall be governed by the laws of the State of Delaware, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Award Certificate to the substantive law of another jurisdiction. 15. Section 409A Compliance. This Award Certificate is intended to be exempt from or otherwise comply with the provisions of Section 409A of the Code. The Company may change or modify the terms of this Award Certificate without Grantee's consent or signature if the Company determines, in its sole discretion, provided that such change or modification is necessary for purposes of compliance with or exemption from the requirements of Section 409A of the Code or any regulations or other guidance issued thereunder. 16. Electronic Delivery of Documents. Grantee authorizes the Company to deliver electronically any prospectuses or other documentation related to the Award and any other compensation or benefit plan or arrangement in effect from time to time (including without



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limitation, reports, proxy statements or other documents that are required to be delivered to participants in such arrangements pursuant to federal or state laws, rules or regulations). For this purpose, electronic delivery will include, without limitation, delivery by means of e-mail or e-mail notification that such documentation is available on the Company's Intranet site. Upon written request, the Company will provide to Grantee a paper copy of any document also delivered to Grantee electronically. The authorization described in this paragraph may be revoked by Grantee at any time by written notice to the Company. 17. Further Assurances. Grantee agrees, upon demand of the Company or the Compensation Committee, to do all acts and execute, deliver, and perform all additional documents, instruments, and agreements that may be reasonably required by the Company or the Compensation Committee, as the case may be, to implement the provisions and purposes of this Award and the Plan.



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2024 Long-Term Incentive Program Denny's Corporation Performance Share Unit 203 East Main Street Award Certificate Spartanburg, SC 29319 «Name» («Grantee») Denny's Corporation (the "Company") has granted to you a performance share unit award (the "Award") denominated in a target number of performance share units (the "Performance Share Units" or "PSUs"). The PSUs are rights that entitle you to earn shares of the Company's \$0.01 par value common stock ("Shares"), on a one-for-one basis. The Award is granted under the Denny's Corporation 2021 Omnibus Incentive Plan (the "Plan"). By accepting the Award, you shall be deemed to have agreed to the terms and conditions set forth in this Award Certificate and the Plan. As described in detail in the Terms and Conditions attached to this Award Certificate, you may earn between 0 to 200% of the PSUs based on the Company's achievement of [THE PERFORMANCE VESTING REQUIREMENT(S) LISTED ON APPENDIX A] during the Performance Period. The target number of PSUs underlying this Award was determined as follows: Target Grant Date Value of Award \$ [xx.xx]1 = Target PSUs Performance Period: December 28, 2023 to December 30, 2026 This Award is governed by the terms of the Plan, and subject to the Terms and Conditions on the pages that follow. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Plan. Grant Date: [OFFICER NAME] [TITLE] Denny's Corporation 1. The average closing market price per Share for the last 20 trading days of the Company's 2023 fiscal year. The Target PSUs is then rounded up to nearest whole share.



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vested PSUs that have not yet been converted to Shares; provided, that the foregoing shall not apply to any vested PSUs that are deferred pursuant to Section 15 below. 2. Accelerated Vesting Under Certain Employment Terminations. The Award shall be subject to accelerated vesting in connection with a termination of employment under certain circumstances, as set forth below. (a) Death or Disability. Upon Grantee's termination of employment with the Company due to death or Disability prior to the end of the Performance Period, the Company will multiply the Target PSUs by a fraction, the numerator of which is the number of days elapsed from the first day of the Performance Period through the employment termination date, and the denominator of which is 1,099 (such amount, the "Pro Rata Target PSUs"). The Award will then vest in accordance with Section 1(a) above, provided that, (x) for purposes of the calculation, "Pro Rata Target PSUs" will be substituted for "Target PSUs," and (y) [FOR TSR-BASED GOALS: the Performance Period shall be considered to have ended on the last day of the Company's most recently completed fiscal quarter] OR [FOR OTHER PERFORMANCE CRITERIA: 100% of the Pro Rata Target PSUs shall vest]. (b) Retirement. Upon Grantee's termination of employment with the Company due to Retirement (as defined below), the Award will vest in accordance with Section 1(a) above at the end of the regular Performance Period, provided that, (x) for purposes of the calculations, "Pro Rata Target PSUs" will be substituted for "Target PSUs," and (y) Grantee has not engaged in any Restricted Activities with a Competitor (each as defined below) during the Performance Period (to the extent such restrictions are permissible under applicable law). For the avoidance of doubt, the calculation described in this Section 2(b) shall be based on [PERFORMANCE CRITERIA] for the three-year Performance Period, provided that in the event of a Change in Control following Grantee's Retirement but before the end of the Performance Period, the number of PSUs earned shall be calculated in accordance with Section 3 but shall still be prorated in accordance with this Section 2(b) based upon the Grantee's Retirement date.



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3.3. Accelerated Vesting Upon a Change in Control. Upon a Change in Control of the Company during the Performance Period, the Award will vest in accordance with Section 1(a), subject to Grantee's continued employment through the Change in Control, provided that [FOR TSR-BASED GOALS: the Performance Period shall be considered to have ended on the date of the Change in Control] OR [FOR OTHER PERFORMANCE CRITERIA: the number of PSUs to vest will be based on assumed [PERFORMANCE CRITERIA] performance results at the greater of (i) target and (ii) estimated actual performance through the Change in Control, as determined by the Committee]. 4. Settlement of Performance Share Units. Except to the extent deferred in accordance with Section 15 below, (i) PSUs that vest pursuant to Section 1 (and are not otherwise forfeited due to a termination for Cause) will convert into Shares and be paid out as soon as practicable following the end of the Performance Period, but in no event later than 60 days following the end of the Performance Period, (ii) PSUs that vest pursuant to Section 2(a) (termination due to death or Disability) will convert into Shares and be paid out within 30 days following the employment termination date, (iii) PSUs that vest pursuant to Section 2(b) (Retirement) will convert into Shares and be paid out as soon as practicable following the end of the Performance Period, but in no event later than 60 days following the end of the Performance Period (or if sooner, within 30 days following a Change in Control) and (iv) PSUs that vest pursuant to Section 3 (Change in Control) will convert into Shares and be paid out within 30 days following the Change in Control. Any fractional Shares will be rounded up or down to the nearest next whole Share. Any PSUs that do not become vested will be forfeited. Stock certificates evidencing Shares paid hereunder will be registered on the books of the Company in Grantee's name (or in street name to Grantee's brokerage account) as of the date of payment in uncertificated (book-entry) form. 5. Definitions. For purposes of this Award Certificate: (a) [ADD APPLICABLE DEFINITIONS FOR PERFORMANCE CRITERIA] (b) "Competitor" means all breakfast and family dining restaurants, including without limitation, [LIST OF NAMED COMPETITORS]. (c) "Restricted Activities" means with respect to a Competitor, accepting employment, serving on a board of directors or otherwise being engaged as a consultant or advisor. (d) "Retirement" means Grantee's voluntary resignation or termination of employment without Cause on or after attainment of age 55, provided that the sum of Grantee's age and years of service with the Company is equal to or greater than 70. 6. Limitation of Rights. The Award does not confer to Grantee or Grantee's beneficiary any rights of a stockholder of the Company unless and until Shares are in fact issued to such person in connection with the Award. Nothing in this Award Certificate shall interfere with or limit in any way the right of the Company or any Affiliate to terminate Grantee's employment at any time, nor confer upon Grantee any right to continue in employment of the Company or any Affiliate. 7. Payment of Taxes. Grantee will owe federal, state, and local taxes in connection with the Award (the "Taxes"). The withholding of Taxes shall be mandatorily satisfied by withholding from the settlement of the PSUs a number of Shares having a fair market value equal to the amount



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4 required to be withheld for the Taxes (provided, however, that if Grantee has elected to defer 100% of the Grantee's Award as provided in Section 15 herein (or a lesser amount but the remaining number of Shares are insufficient to cover the applicable FICA obligation), any Grantee FICA obligation will be separately payable to the Company by cash or check). Grantee's acceptance of the Award constitutes Grantee's acknowledgement that the Company will withhold on Grantee's behalf a number of Shares sufficient to satisfy the Taxes. The obligations of the Company under this Award Certificate will be conditional on such payment of the Taxes by Grantee. Notwithstanding anything to the contrary contained in this Section 7, Section 15, Section 17, or otherwise, the Company (i) makes no representations or undertakings regarding the treatment of Taxes in connection with any aspect of this Award, and (ii) does not commit to structure the terms of the Award to reduce or eliminate Grantee's liability for Taxes. 8. Restrictions on Issuance of Shares. If at any time the Compensation and Incentives Committee of the Board (the "Compensation Committee") shall determine, in its discretion, that registration, listing or qualification of the Shares underlying the PSUs upon any securities exchange or similar self-regulatory organization or under any foreign, federal, or local law or practice, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition to the settlement of the PSUs, the Shares will not be paid unless and until such registration, listing, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Compensation Committee. 9. Plan Controls. The terms contained in the Plan are incorporated into and made a part of this Award Certificate and this Award Certificate shall be governed by and construed in accordance with the Plan. In the event of any actual or alleged conflict between the provisions of the Plan and the provisions of this Award Certificate, the provisions of the Plan shall be controlling and determinative. 10. Successors. This Award Certificate shall be binding upon any successor of the Company, in accordance with the terms of this Award Certificate and the Plan. 11. Severability. If any one or more of the provisions contained in this Award Certificate is deemed to be invalid, illegal or unenforceable, the other provisions of this Award Certificate will be construed and enforced as if the invalid, illegal or unenforceable provision had never been included. 12. Notice. Notices and communications under this Award Certificate must be in writing and either personally delivered or sent by registered or certified United States mail, return receipt requested, postage prepaid. Notices to the Company must be addressed to Denny's Corporation, 203 East Main Street, Spartanburg, SC 29319-0001, Attn: Secretary, or any other address designated by the Company in a written notice to Grantee. Notices to Grantee will be directed to the address of Grantee then currently on file with the Company, or at any other address given by Grantee in a written notice to the Company. 13. Compensation Recovery (Clawback) Policies. (a) Dodd-Frank Clawback Policy. The Award is subject to the requirements of (i) Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (regarding



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5 recovery of erroneously awarded compensation) and any implementing rules and regulations thereunder (the "Dodd-Frank Clawback Rules"), and (ii) the Company's Dodd-Frank Clawback Policy and any other policies adopted by the Company to implement such requirements, all to the extent determined by the Company in its discretion to be applicable to Grantee. For the avoidance of doubt, if the Dodd-Frank Clawback Rules and any implementing policy apply to Grantee, then the Company may take action against this Award or any proceeds the Grantee receives from it to recover any erroneously awarded compensation the Grantee may have received from the Company (whether related to this Award or otherwise), all in accordance with the Dodd-Frank Clawback Rules and the applicable implementing policy and subject to the requirements of applicable law. This Section 13(a) is in addition to, and not in lieu of, Section 15.7 of the Plan. (b) Other Clawback Policies. In addition to the provisions of Section 13(a) and in consideration for the grant of the Award, Grantee agrees to be subject to the "Other Clawback Policies," which consist of: (i) any compensation clawback, recoupment or similar policies of the Company or its Affiliates that may be in effect from time to time, whether adopted before or after the Grant Date (including, but not limited to, the Company's Incentive Compensation Clawback Policy), and (ii) to such other clawback provisions and policies as may be required by applicable law, regulation or exchange listing standard. Grantee understands that the Other Clawback Policies are not limited in their application to the Award, or to equity or cash received in connection with the Award. To the extent that any Other Clawback Policies are now or in the future applicable to Grantee, Grantee agrees that Grantee is hereby bound by such Other Clawback Policies in its entirety. This Section 13(b) is in addition to, and not in lieu of, Section 15.7 of the Plan. 14. Other Company Policies. Grantee agrees, in consideration for the grant of the PSUs, to be subject to any policies of the Company and its Affiliates regarding securities trading, and the hedging or pledging of securities, that may be in effect from time to time, or as may otherwise be required by applicable law, regulation or exchange listing standard. 15. Deferral Election. Notwithstanding anything contained herein to the contrary, Grantee will be permitted to make deferral elections with respect to the Award pursuant to the Denny's Deferred Compensation Plan, as amended and restated (the "DC Plan"). Any deferral election shall be made in accordance with Section 409A of the Code, the DC Plan terms and pursuant to a Deferral Agreement (as defined in the DC Plan) and may be credited with Dividend Equivalents as set forth in the DC Plan. 16. Governing Law. This Award Certificate shall be governed by the laws of the State of Delaware, excluding any conflicts or choice of law, rule or principle that might otherwise refer construction or interpretation of this Award Certificate to the substantive law of another jurisdiction. 17. Section 409A Compliance. This Award Certificate is intended to be exempt from or otherwise comply with the provisions of Section 409A of the Code. The Company may change or modify the terms of this Award Certificate without Grantee's consent or signature if the Company determines, in its sole discretion, provided that such change or modification is necessary for purposes of compliance with or exemption from the requirements of Section 409A of the Code or any regulations or other guidance issued thereunder.



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19. Electronic Delivery of Documents. Grantee authorizes the Company to deliver electronically any prospectuses or other documentation related to the Award and any other compensation or benefit plan or arrangement in effect from time to time (including, without limitation, reports, proxy statements or other documents that are required to be delivered to participants in such arrangements pursuant to federal or state laws, rules or regulations). For this purpose, electronic delivery will include, without limitation, delivery by means of e-mail or e-mail notification that such documentation is available on the Company's Intranet site. Upon written request, the Company will provide to Grantee a paper copy of any document also delivered to Grantee electronically. The authorization described in this paragraph may be revoked by Grantee at any time by written notice to the Company. 19. Further Assurances. Grantee agrees, upon demand of the Company or the Compensation Committee, to do all acts and execute, deliver, and perform all additional documents, instruments, and agreements that may be reasonably required by the Company or the Compensation Committee, as the case may be, to implement the provisions and purposes of this Award and the Plan.

Exhibit 31.1

CERTIFICATION

I, Kelli F. Valade, certify that:

1. I have reviewed this report on Form 10-Q of Denny's Corporation;
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 registrant'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 registrant'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; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - 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 registrant'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 registrant's internal controls over financial reporting.

Date: October 30, 2023 2024

By: /s/ Kelli F. Valade
Kelli F. Valade
Chief Executive Officer

CERTIFICATION

I, Robert P. Verostek, certify that:

1. I have reviewed this report on Form 10-Q of Denny's Corporation;
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 registrant'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 registrant'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; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - 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 registrant'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 registrant's internal controls over financial reporting.

Date: ~~October~~ April 30, 2023 2024

By: /s/ Robert P. Verostek
 Robert P. Verostek
 Executive Vice President and
 Chief Financial Officer

CERTIFICATION

Kelli F. Valade
 Chief Executive Officer
 of Denny's Corporation

and

Robert P. Verostek
Executive Vice President and Chief Financial Officer
of Denny's Corporation

Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Denny's Corporation (the "Company") on Form 10-Q for the quarter ended **September 27, 2023** **March 27, 2024** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kelli F. Valade, Chief Executive Officer of the Company, and I, Robert P. Verostek, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- 1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; 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: **October** **April** 30, **2023** **2024**

By: /s/ Kelli F. Valade
Kelli F. Valade
Chief Executive Officer

Date: **October** **April** 30, **2023** **2024**

By: /s/ Robert P. Verostek
Robert P. Verostek
Executive Vice President and
Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Denny's Corporation and will be retained by Denny's Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

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