To Our Shareholders

On February 6, 2025, we reported results for the third quarter of our 2025 fiscal year that ended December 29, 2024.

For the thirteen-week period ended December 29, 2024 ("third quarter fiscal 2025"):

- Revenues were $31,519,000 as compared to $28,890,000 during the thirteen weeks ended December 24, 2023;
- Income from operations was $6,752,000 as compared to $5,137,000 during the thirteen weeks ended December 24, 2023;
- Adjusted EBITDA[1], a non-GAAP financial measure, was $7,479,000 as compared to $5,751,000 during the thirteen weeks ended December 24, 2023;
- Income before provision for income taxes was $6,059,000 as compared to $3,735,000 during the thirteen weeks ended December 24, 2023;
- Net income was $4,484,000 as compared to $2,607,000 during the thirteen weeks ended December 24, 2023; and
- Earnings per diluted share was $1.10 per share as compared to $0.64 per share during the thirteen weeks ended December 24, 2023.

For the thirty-nine weeks ended December 29, 2024 ("fiscal 2025"):

- Revenues were $117,395,000 as compared to $109,619,000 during the thirty-nine weeks ended December 24, 2023;
- Income from operations was $30,129,000 as compared to $25,704,000 during the thirty-nine weeks ended December 24, 2023;
- Adjusted EBITDA[1], a non-GAAP financial measure, was $32,110,000 as compared to $27,561,000 during the thirty-nine weeks ended December 24, 2023;
- Income before provision for income taxes was $26,942,000 as compared to $21,731,000 during the thirty-nine weeks ended December 24, 2023;
- Net income was $19,791,000 as compared to $15,706,000 during the thirty-nine weeks ended December 24, 2023; and
- Earnings per diluted share was $4.84 per share as compared to $3.84 per share during the thirty-nine weeks ended December 24, 2023.

License royalties increased to $29,517,000 during the thirty-nine weeks ended December 29, 2024, ("fiscal 2025 period"), as compared to $26,075,000 during the thirty-nine weeks ended December 24, 2023. During the fiscal 2025 period, royalties earned under the retail agreement, including the foodservice program, from Smithfield Foods, Inc., increased 13% to $26,751,000 as compared to $23,582,000 of royalties earned during the thirty-nine weeks ended December 24, 2023.

In the Branded Product Program, which features the sale of Nathan's hot dogs to the foodservice industry, sales increased by $3,571,000 to $71,781,000 during the fiscal 2025 period as compared to $68,210,000 during the thirty-nine weeks ended December 24, 2023. The volume of hot dogs sold by the Company increased by 1.5%. Our average selling price, which is partially correlated to the beef markets, increased by approximately 3.5% compared to the prior year period. Income from operations decreased by $363,000 to $5,406,000 during the fiscal 2025 period as compared to $5,769,000 for the thirty-nine weeks ended December 24, 2023, due primarily to a 4% increase in the cost of beef and beef trimmings.

[1] EBITDA and Adjusted EBITDA are non-GAAP financial measures. Please see the definitions of EBITDA and Adjusted EBITDA on page 2 of this letter and the reconciliation of EBITDA and Adjusted EBITDA to net income in the table at the end of this release.

Sales from Company-owned restaurants were $11,351,000 during the fiscal 2025 period as compared to $10,512,000 during the thirty-nine weeks ended December 24, 2023. Restaurant sales were impacted by higher sales at our Coney Island locations due to an increase in our average check.

Franchise fees and royalties were $3,238,000 during the fiscal 2025 period as compared to $3,321,000 during the thirty-nine weeks ended December 24, 2023. Total royalties were $2,944,000 during the fiscal 2025 period as compared to $2,996,000 during the thirty-nine weeks ended December 24, 2023. Total franchise fee income, including cancellation fees, was $294,000 during the fiscal 2025 period as compared to $325,000 during the thirty-nine weeks ended December 24, 2023. Twenty-four franchised locations opened during the fiscal 2025 period.

During the fiscal 2025 period, we recorded Advertising Fund revenue and expense of $1,508,000 as compared to $1,501,000 during the thirty-nine weeks ended December 24, 2023.

During the fiscal 2025 period, the Board of Directors declared and paid three quarterly cash dividends of $0.50 per share totaling $6,127,000.

Effective February 6, 2025, the Board of Directors declared its quarterly cash dividend of $0.50 per share payable on February 28, 2025 to shareholders of record at the close of business on February 18, 2025.

Certain Non-GAAP Financial Information:

In addition to disclosing results that are determined in accordance with Generally Accepted Accounting Principles in the United States of America ("US GAAP"), the Company is disclosing EBITDA, a non-GAAP financial measure which is defined as net income, excluding (i) interest expense; (ii) provision for income taxes and (iii) depreciation and amortization expense. The Company is also disclosing Adjusted EBITDA, a non-GAAP financial measure which is defined as EBITDA, excluding (i) the loss on debt extinguishment and (ii) share-based compensation that the Company believes will impact the comparability of its results of operations.

The Company believes that EBITDA and Adjusted EBITDA are useful to investors to assist in assessing and understanding the Company's operating performance and underlying trends in the Company's business because EBITDA and Adjusted EBITDA are (i) among the measures used by management in evaluating performance and (ii) are frequently used by securities analysts, investors and other interested parties as a common performance measure.

EBITDA and Adjusted EBITDA are not recognized terms under US GAAP and should not be viewed as alternatives to net income or other measures of financial performance or liquidity in conformity with US GAAP. Additionally, our definitions of EBITDA and Adjusted EBITDA may differ from other companies. Analysis of results and outlook on a non-US GAAP basis should be used as a complement to, and in conjunction with, data presented in accordance with US GAAP. Please see the table at the end of this press release for a reconciliation of EBITDA and Adjusted EBITDA to net income.

About Nathan's Famous

Nathan's is a Russell 2000 Company that currently distributes its products in 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Guam, and twenty foreign countries through its restaurant system, foodservice sales programs and product licensing activities. For additional information about Nathan's, please visit our website at www.nathansfamous.com.

Sincerely,

Eric Gatoff
Chief Executive Officer

Nathan's Famous, Inc. and Subsidiaries

(unaudited)

	Thirteen weeks ended		Thirty-nine weeks ended	
	Dec. 29, 2024	Dec. 24, 2023	Dec. 29, 2024	Dec. 24, 2023
Financial Highlights				
Total revenues	$ 31,519,000	$ 28,890,000	$117,395,000	$109,619,000
Income from operations (a)	$ 6,752,000	$ 5,137,000	$ 30,129,000	$ 25,704,000
Net income	$ 4,484,000	$ 2,607,000	$ 19,791,000	$ 15,706,000
Net income per share:				
Basic	$ 1.10	$ 0.64	$ 4.84	$ 3.85
Diluted	$ 1.10	$ 0.64	$ 4.84	$ 3.84
Weighted-average shares used in computing net income per share:				
Basic	4,086,000	4,080,000	4,085,000	4,080,000
Diluted	4,093,000	4,080,000	4,092,000	4,087,000
Select Segment Information				
Revenues				
Branded product program	$ 21,099,000	$ 19,688,000	$ 71,781,000	$ 68,210,000
Product licensing	7,105,000	6,078,000	29,517,000	26,075,000
Restaurant operations	2,795,000	2,616,000	14,589,000	13,833,000
Advertising fund revenue	520,000	508,000	1,508,000	1,501,000
Total revenues	$ 31,519,000	$ 28,890,000	$117,395,000	$109,619,000
Income from operations (b)				
Branded product program	$ 2,209,000	$ 2,421,000	$ 5,406,000	$ 5,769,000
Product licensing	7,059,000	6,033,000	29,380,000	25,939,000
Restaurant operations	(86,000)	(308,000)	2,741,000	2,000,000
Corporate (c)	(2,430,000)	(3,009,000)	(7,398,000)	(8,004,000)
Income from operations (b)	$ 6,752,000	$ 5,137,000	$ 30,129,000	$ 25,704,000

(a) Excludes loss on debt extinguishment, interest expense, interest and dividend income, and other income, net.

(b) Excludes loss on debt extinguishment, interest expense, interest and dividend income, and other income, net which are managed centrally at the corporate level, and, accordingly, such items are not presented by segment since they are excluded from the measure of profitability reviewed by the Chief Operating Decision Maker.

(c) Consists principally of administrative expenses not allocated to the operating segments such as executive management, finance, information technology, legal, insurance, corporate office costs, incentive compensation, compliance costs and the operating results of the Advertising Fund.

Nathan's Famous, Inc. and Subsidiaries
Reconciliation of Net Income to EBITDA and Adjusted EBITDA

	Thirteen weeks ended		Thirty-nine weeks ended	
	Dec. 29, 2024	Dec. 24, 2023	Dec. 29, 2024	Dec. 24, 2023
	(unaudited)		(unaudited)	
EBITDA				
Net income	$ 4,484,000	$ 2,607,000	$ 19,791,000	$ 15,706,000
Interest expense	842,000	1,392,000	3,343,000	4,219,000
Provision for income taxes	1,575,000	1,128,000	7,151,000	6,025,000
Depreciation and amortization	235,000	268,000	731,000	896,000
EBITDA	$ 7,136,000	$ 5,395,000	$ 31,016,000	$ 26,846,000
Adjusted EBITDA				
EBITDA	$ 7,136,000	$ 5,395,000	$ 31,016,000	$ 26,846,000
Loss on debt extinguishment	55,000	169,000	389,000	169,000
Share-based compensation	288,000	187,000	705,000	546,000
Adjusted EBITDA	$ 7,479,000	$ 5,751,000	$ 32,110,000	$ 27,561,000

Nathan's Famous, Inc. and Subsidiaries
Summary Balance Sheet Data

	Dec. 29, 2024 Unaudited	March 31, 2024
Assets		
Current assets	$ 40,155,000	$ 38,776,000
Property and equipment, net of accumulated depreciation	2,243,000	2,673,000
Operating lease right-of-use assets	5,220,000	6,203,000
Goodwill and intangible asset, net	660,000	790,000
Deferred income taxes	325,000	275,000
Other assets	120,000	141,000
Total assets	$ 48,723,000	$ 48,858,000
Liabilities and Stockholders' Deficit		
Current liabilities	$ 13,651,000	$ 15,573,000
Long-term debt, net of unamortized debt issuance costs	48,659,000	59,562,000
Long-term operating lease liabilities	3,809,000	4,937,000
Other liabilities	881,000	810,000
Deferred franchise fees	714,000	899,000
Stockholders' deficit	(18,991,000)	(32,923,000)
Total liabilities and stockholders' deficit	$ 48,723,000	$ 48,858,000