

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

**FORM 8-K**

**CURRENT REPORT  
Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934**

**Date of Report (Date of Earliest Event Reported): August 1, 2024**

**THE WENDY'S COMPANY**  
(Exact name of registrant, as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**1-2207**  
(Commission  
File Number)

**38-0471180**  
(I.R.S. Employer  
Identification No.)

**One Dave Thomas Boulevard, Dublin, Ohio**  
(Address of principal executive offices)

**43017**  
(Zip Code)

**(614) 764-3100**  
(Registrant's telephone number, including area code)

**Not Applicable**  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$.10 par value	WEN	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

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**Item 2.02 Results of Operations and Financial Condition.**

On August 1, 2024, The Wendy's Company (the "Company") issued a press release reporting its financial results for the fiscal quarter ended June 30, 2024 and other information. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The information in this Item 2.02, including the Exhibit 99.1 furnished under Item 9.01, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section. Furthermore, the information in this Item 2.02, including the Exhibit 99.1 furnished under Item 9.01, shall not be deemed to be incorporated by reference into the filings of the Company under the Securities Act of 1933 or the Exchange Act.

**Item 9.01 Financial Statements and Exhibits.****(d) Exhibits.**

<u>Exhibit No.</u>	<u>Description</u>
99.1	<a href="#">Press release issued by The Wendy's Company on August 1, 2024.</a>
104	Cover Page Interactive Data File (the cover page XBRL tags are embedded within the Inline XBRL document).

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**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 hereunto duly authorized.

**THE WENDY'S COMPANY**

Date: August 1, 2024

By: /s/ Michael G. Berner

Michael G. Berner

Vice President – Corporate & Securities Counsel and Chief  
Compliance Officer, and Assistant Secretary



## THE WENDY'S COMPANY REPORTS SECOND QUARTER 2024 RESULTS

Dublin, Ohio (August 1, 2024) - The Wendy's Company (Nasdaq: WEN) today reported unaudited results for the second quarter ended June 30, 2024.

“Our restaurants across the globe continued to deliver same-restaurant sales growth, holding steady with the QSR burger category in the second quarter,” President and Chief Executive Officer Kirk Tanner said. “Our industry leading quality, exciting innovation, and compelling value will remain in focus as we continue to execute our customer first approach and drive the restaurant economic model throughout the rest of the year and beyond.”

### Second Quarter 2024 Summary

See “Disclosure Regarding Non-GAAP Financial Measures” and the reconciliation tables that accompany this release for a discussion and reconciliation of certain non-GAAP financial measures included in this release.

Operational Highlights	Second Quarter		Year-to-Date	
	2023	2024	2023	2024
<u>Systemwide Sales Growth<sup>(1)</sup></u>				
U.S.	6.1%	1.7%	7.3%	1.7%
International <sup>(2)</sup>	12.7%	8.3%	16.6%	8.5%
Global	6.9%	2.6%	8.4%	2.6%
<u>Same-Restaurant Sales Growth<sup>(1)</sup></u>				
U.S.	4.9%	0.6%	6.0%	0.6%
International <sup>(2)</sup>	7.2%	2.5%	10.3%	2.8%
Global	5.1%	0.8%	6.5%	0.9%
<u>Systemwide Sales (In US\$ Millions)<sup>(3)</sup></u>				
U.S.	\$3,185	\$3,240	\$6,129	\$6,234
International <sup>(2)</sup>	\$461	\$490	\$879	\$944
Global	\$3,646	\$3,729	\$7,009	\$7,177
<u>Restaurant Openings</u>				
U.S. - Total / Net	19 / 4	25 / (15)	39 / (1)	43 / (17)
International - Total / Net	22 / 16	39 / 28	41 / 21	56 / 38
Global - Total / Net	41 / 20	64 / 13	80 / 20	99 / 21
<u>Quarter End Restaurant Count</u>				
U.S.			5,993	6,013
International			1,122	1,248
Global			7,115	7,261
<u>Global Reimaging Completion Percentage</u>			82%	88%

<sup>(1)</sup> Systemwide sales growth and same-restaurant sales growth are calculated on a constant currency basis and include sales by both Company-operated and franchise restaurants.

<sup>(2)</sup> Excludes Argentina.

<sup>(3)</sup> Systemwide sales include sales at both Company-operated and franchise restaurants.

**Financial Highlights**

	Second Quarter			Year-to-Date		
	2023	2024	B / (W)	2023	2024	B / (W)
(\$ In Millions Except Per Share Amounts)	(Unaudited)			(Unaudited)		
Total Revenues	\$561.6	\$570.7	1.6%	\$1,090.4	\$1,105.5	1.4%
Adjusted Revenues <sup>(1)</sup>	\$451.8	\$455.7	0.9%	\$879.2	\$885.5	0.7%
U.S. Company-Operated Restaurant Margin	17.3%	16.5%	(0.8)%	16.0%	15.9%	(0.1)%
General and Administrative Expense	\$62.7	\$61.5	1.9%	\$125.0	\$125.3	(0.2)%
Operating Profit	\$109.3	\$99.5	(9.0)%	\$193.8	\$180.7	(6.8)%
Reported Effective Tax Rate	24.4%	27.0%	(2.6)%	25.9%	26.9%	(1.0)%
Net Income	\$59.6	\$54.6	(8.4)%	\$99.5	\$96.6	(2.9)%
Adjusted EBITDA	\$144.5	\$143.1	(1.0)%	\$270.1	\$270.9	0.3%
Reported Diluted Earnings Per Share	\$0.28	\$0.27	(3.6)%	\$0.46	\$0.47	2.2%
Adjusted Earnings Per Share	\$0.28	\$0.27	(3.6)%	\$0.49	\$0.51	4.1%
Cash Flows from Operations				\$141.5	\$145.5	2.8%
Capital Expenditures				\$(30.2)	\$(34.5)	(14.3)%
Free Cash Flow <sup>(2)</sup>				\$133.5	\$124.4	(6.8)%

(1) Total revenues less advertising funds revenue.

(2) Cash flows from operations minus capital expenditures and the impact of our advertising funds.

**Second Quarter Financial Highlights****Total Revenues**

The increase in revenues resulted primarily from an increase in advertising funds revenue and an increase in franchise royalty revenue, both driven by net new restaurant development and higher same-restaurant sales.

**U.S. Company-Operated Restaurant Margin**

The decrease in U.S. Company-operated restaurant margin was primarily the result of higher labor costs and customer count declines. These were partially offset by a higher average check.

**General and Administrative Expense**

The decrease in general and administrative expense was primarily driven by a decrease in incentive compensation accruals and lower outside professional services driven by lapping costs associated with the implementation of the Company's human capital management system in the prior year. These were partially offset by an increase in employee compensation and benefits.

**Operating Profit**

The decrease in operating profit resulted primarily from an increase in the Company's incremental investment in breakfast advertising, higher depreciation, higher amortization of cloud-computing arrangement costs, and a decrease in US Company-operated restaurant margin. These were partially offset by higher franchise royalty revenue and lower general and administrative expense.

**Net Income**

The decrease in net income resulted primarily from a decrease in operating profit and a higher effective tax rate. This was partially offset by lapping a decrease in investment income.

### *Adjusted EBITDA*

The decrease in adjusted EBITDA resulted primarily from the Company's incremental investment in breakfast advertising and a decrease in U.S. Company-operated restaurant margin. These were partially offset by higher franchise royalty revenue and lower general and administrative expense.

### *Adjusted Earnings Per Share*

The decrease in adjusted earnings per share was driven by a decrease in adjusted EBITDA, an increase in depreciation and higher cloud computing amortization costs. These were partially offset by fewer shares outstanding as a result of the Company's share repurchase program and lapping a decrease in investment income in the prior year.

### *Year to Date Free Cash Flow*

The decrease in free cash flow resulted primarily from the Company's incremental investment in breakfast advertising and an increase in capital expenditures. These were partially offset by a decrease in cash paid for cloud computing costs.

### **Company Declares Quarterly Dividend**

The Company announced today the declaration of its regular quarterly cash dividend of 25 cents per share. The dividend is payable on September 17, 2024, to shareholders of record as of September 3, 2024. The number of common shares outstanding as of July 25, 2024 was approximately 203.2 million.

### **Share Repurchases**

The Company repurchased 1.6 million shares for \$27.3 million in the second quarter of 2024. In the third quarter of 2024, the Company has repurchased 0.9 million shares for \$15.6 million through July 25. As of July 25, approximately \$260.0 million remains available under the Company's existing share repurchase authorization that expires in February 2027.

### **2024 Outlook**

*This release includes forward-looking projections for certain non-GAAP financial measures, including systemwide sales, adjusted EBITDA, adjusted earnings per share and free cash flow. The Company excludes certain expenses and benefits from adjusted EBITDA, adjusted earnings per share and free cash flow, such as the impact from our advertising funds, including the net change in the restricted operating assets and liabilities and any excess or deficit of advertising fund revenues over advertising fund expenses, impairment of long-lived assets, reorganization and realignment costs, system optimization gains, net, amortization of cloud computing arrangements, gain on early extinguishment of debt, net, and the timing and resolution of certain tax matters. Due to the uncertainty and variability of the nature and amount of those expenses and benefits, the Company is unable without unreasonable effort to provide projections of net income, earnings per share or net cash provided by operating activities, or a reconciliation of those projected measures.*

#### ***During 2024 the Company Now Expects:***

- Global systemwide sales growth: 3 to 5 percent
- Cash flows from operations: \$365 to \$385 million
- Free cash flow: \$275 to \$285 million

#### ***In Addition, the Company Continues to Expect:***

- Adjusted EBITDA: \$535 to \$545 million
- Adjusted earnings per share: \$0.98 to \$1.02
- Capital expenditures: \$90 to \$100 million

### **Conference Call and Webcast Scheduled for 8:30 a.m. Today, August 1**

The Company will host a conference call on Thursday, August 1 at 8:30 a.m. ET, with a simultaneous webcast from the Company's Investor Relations website at [www.irwendys.com](http://www.irwendys.com). The related presentation materials will also be available on the Company's Investor Relations website. The live conference call will be available by telephone at (844) 200-6205 for domestic callers and (929) 526-1599 for international callers, both using event ID 202635. An archived webcast and presentation materials will be available on the Company's Investor Relations website.

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## Forward-Looking Statements

This release contains certain statements that are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 (the “Reform Act”). Generally, forward-looking statements include the words “may,” “believes,” “plans,” “expects,” “anticipates,” “intends,” “estimate,” “goal,” “upcoming,” “outlook,” “guidance” or the negation thereof, or similar expressions. In addition, all statements that address future operating, financial or business performance, strategies or initiatives, future efficiencies or savings, anticipated costs or charges, future capitalization, anticipated impacts of recent or pending investments or transactions and statements expressing general views about future results or brand health are forward-looking statements within the meaning of the Reform Act. Forward-looking statements are based on the Company’s expectations at the time such statements are made, speak only as of the dates they are made and are susceptible to a number of risks, uncertainties and other factors. For all such forward-looking statements, the Company claims the protection of the safe harbor for forward-looking statements contained in the Reform Act. The Company’s actual results, performance and achievements may differ materially from any future results, performance or achievements expressed or implied by the Company’s forward-looking statements.

Many important factors could affect the Company’s future results and cause those results to differ materially from those expressed in or implied by the Company’s forward-looking statements. Such factors include, but are not limited to, the following: (1) the impact of competition or poor customer experiences at Wendy’s restaurants; (2) adverse economic conditions or disruptions, including in regions with a high concentration of Wendy’s restaurants; (3) changes in discretionary consumer spending and consumer tastes and preferences; (4) the disruption to the Company’s business from COVID-19 and its impact on the Company’s results of operations, financial condition and prospects; (5) impacts to the Company’s corporate reputation or the value and perception of the Company’s brand; (6) the effectiveness of the Company’s marketing and advertising programs and new product development; (7) the Company’s ability to manage the impact of social media; (8) the Company’s ability to protect its intellectual property; (9) food safety events or health concerns involving the Company’s products; (10) our ability to deliver accelerated global sales growth and achieve or maintain market share across our dayparts; (11) the Company’s ability to achieve its growth strategy through new restaurant development and its Image Activation program; (12) the Company’s ability to effectively manage the acquisition and disposition of restaurants or successfully implement other strategic initiatives; (13) risks associated with leasing and owning significant amounts of real estate, including environmental matters; (14) risks associated with the Company’s international operations, including the ability to execute its international growth strategy; (15) changes in commodity and other operating costs; (16) shortages or interruptions in the supply or distribution of the Company’s products and other risks associated with the Company’s independent supply chain purchasing co-op; (17) the impact of increased labor costs or labor shortages; (18) the continued succession and retention of key personnel and the effectiveness of the Company’s leadership and organizational structure; (19) risks associated with the Company’s digital commerce strategy, platforms and technologies, including its ability to adapt to changes in industry trends and consumer preferences; (20) the Company’s dependence on computer systems and information technology, including risks associated with the failure or interruption of its systems or technology or the occurrence of cyber incidents or deficiencies; (21) risks associated with the Company’s securitized financing facility and other debt agreements, including compliance with operational and financial covenants, restrictions on its ability to raise additional capital, the impact of its overall debt levels and the Company’s ability to generate sufficient cash flow to meet its debt service obligations and operate its business; (22) risks associated with the Company’s capital allocation policy, including the amount and timing of equity and debt repurchases and dividend payments; (23) risks associated with complaints and litigation, compliance with legal and regulatory requirements and an increased focus on environmental, social and governance issues; (24) risks associated with the availability and cost of insurance, changes in accounting standards, the recognition of impairment or other charges, changes in tax rates or tax laws and fluctuations in foreign currency exchange rates; (25) conditions beyond the Company’s control, such as adverse weather conditions, natural disasters, hostilities, social unrest, health epidemics or pandemics or other catastrophic events; and (26) other risks and uncertainties cited in the Company’s releases, public statements and/or filings with the Securities and Exchange Commission, including those identified in the “Risk Factors” sections of the Company’s Forms 10-K and 10-Q.

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In addition to the factors described above, there are risks associated with the Company's predominantly franchised business model that could impact its results, performance and achievements. Such risks include the Company's ability to identify, attract and retain experienced and qualified franchisees, the Company's ability to effectively manage the transfer of restaurants between and among franchisees, the business and financial health of franchisees, the ability of franchisees to meet their royalty, advertising, development, reimagining and other commitments, participation by franchisees in brand strategies and the fact that franchisees are independent third parties that own, operate and are responsible for overseeing the operations of their restaurants. The Company's predominantly franchised business model may also impact the ability of the Wendy's system to effectively respond and adapt to market changes.

All future written and oral forward-looking statements attributable to the Company or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements contained or referred to above. New risks and uncertainties arise from time to time, and factors that the Company currently deems immaterial may become material, and it is impossible for the Company to predict these events or how they may affect the Company.

The Company assumes no obligation to update any forward-looking statements after the date of this release as a result of new information, future events or developments, except as required by federal securities laws, although the Company may do so from time to time. The Company does not endorse any projections regarding future performance that may be made by third parties.

There can be no assurance that any additional regular quarterly cash dividends will be declared or paid after the date hereof, or of the amount or timing of such dividends, if any. Future dividend payments, if any, are subject to applicable law, will be made at the discretion of the Board of Directors and will be based on factors such as the Company's earnings, financial condition and cash requirements and other factors.

### **Disclosure Regarding Non-GAAP Financial Measures**

In addition to the financial measures presented in this release in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"), the Company has included certain non-GAAP financial measures in this release, including adjusted revenue, adjusted EBITDA, adjusted earnings per share, free cash flow and systemwide sales.

The Company uses adjusted revenue, adjusted EBITDA, adjusted earnings per share and systemwide sales as internal measures of business operating performance and as performance measures for benchmarking against the Company's peers and competitors. Adjusted EBITDA and systemwide sales are also used by the Company in establishing performance goals for purposes of executive compensation. The Company believes its presentation of adjusted revenue, adjusted EBITDA, adjusted earnings per share and systemwide sales provides a meaningful perspective of the underlying operating performance of our current business and enables investors to better understand and evaluate our historical and prospective operating performance. The Company believes these non-GAAP financial measures are important supplemental measures of operating performance because they eliminate items that vary from period to period without correlation to our core operating performance and highlight trends in our business that may not otherwise be apparent when relying solely on GAAP financial measures. Due to the nature and/or size of the items being excluded, such items do not reflect future gains, losses, expenses or benefits and are not indicative of our future operating performance. The Company believes investors, analysts and other interested parties use adjusted revenue, adjusted EBITDA, adjusted earnings per share and systemwide sales in evaluating issuers, and the presentation of these measures facilitates a comparative assessment of the Company's operating performance in addition to the Company's performance based on GAAP results.

This release also includes disclosure regarding the Company's free cash flow. Free cash flow is a non-GAAP financial measure that is used by the Company as an internal measure of liquidity. Free cash flow is also used by the Company in establishing performance goals for purposes of executive compensation. The Company defines free cash flow as cash flows from operations minus (i) capital expenditures and (ii) the net change in the restricted operating assets and liabilities of the advertising funds and any excess/deficit of advertising funds revenue over advertising funds expense included in net income, as reported under GAAP. The impact of our advertising funds is excluded because the funds are used solely for advertising and are not available for the Company's working capital needs. The Company may also make additional adjustments for certain non-recurring or unusual items to the extent identified in the reconciliation tables that accompany this release. The Company believes free cash flow is an important liquidity measure for investors and other interested persons because it communicates how much cash flow is available for working capital needs or to be used for repurchasing shares, paying dividends, repaying or refinancing debt, financing possible acquisitions or investments or other uses of cash.

Adjusted revenue, adjusted EBITDA, adjusted earnings per share, free cash flow and systemwide sales are not recognized terms under GAAP, and the Company's presentation of these non-GAAP financial measures does not replace the presentation of the Company's financial results in accordance with GAAP. Because all companies do not calculate adjusted revenue, adjusted EBITDA, adjusted earnings per share, free cash flow and systemwide sales (and similarly titled financial measures) in the same way, those measures as used by other companies may not be consistent with the way the Company calculates such measures. The non-GAAP financial measures included in this release should not be construed as substitutes for or better indicators of the Company's performance than the most directly comparable GAAP financial measures. See the reconciliation tables that accompany this release for additional information regarding certain of the non-GAAP financial measures included herein.

### **Key Business Measures**

The Company tracks its results of operations and manages its business using certain key business measures, including same-restaurant sales, systemwide sales and Company-operated restaurant margin, which are measures commonly used in the quick-service restaurant industry that are important to understanding Company performance.

Same-restaurant sales and systemwide sales each include sales by both Company-operated and franchise restaurants. The Company reports same-restaurant sales for new restaurants after they have been open for 15 continuous months and for reimaged restaurants as soon as they reopen. Restaurants temporarily closed for more than one fiscal week are excluded from same-restaurant sales.

Franchise restaurant sales are reported by our franchisees and represent their revenues from sales at franchised Wendy's restaurants. Sales by franchise restaurants are not recorded as Company revenues and are not included in the Company's consolidated financial statements. However, the Company's royalty revenues are computed as percentages of sales made by Wendy's franchisees and, as a result, sales by franchisees have a direct effect on the Company's royalty revenues and profitability.

Same-restaurant sales and systemwide sales exclude sales from Argentina due to the highly inflationary economy of that country.

The Company calculates same-restaurant sales and systemwide sales growth on a constant currency basis. Constant currency results exclude the impact of foreign currency translation and are derived by translating current year results at prior year average exchange rates. The Company believes excluding the impact of foreign currency translation provides better year over year comparability.

U.S. Company-operated restaurant margin is defined as sales from U.S. Company-operated restaurants less cost of sales divided by sales from U.S. Company-operated restaurants. Cost of sales includes food and paper, restaurant labor and occupancy, advertising and other operating costs. Cost of sales excludes certain costs that support restaurant operations that are not allocated to individual restaurants, which are included in "General and administrative." Cost of sales also excludes depreciation and amortization expense and impairment of long-lived assets. Therefore, as restaurant margin as presented excludes certain costs as described above, its usefulness may be limited and may not be comparable to other similarly titled measures of other companies in our industry.

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## About Wendy's

Wendy's® was founded in 1969 by Dave Thomas in Columbus, Ohio. Dave built his business on the premise, "Quality is our Recipe®," which remains the guidepost of the Wendy's system. Wendy's is best known for its made-to-order square hamburgers, using fresh, never frozen beef\*, freshly-prepared salads, and other signature items like chili, baked potatoes and the Frosty® dessert. The Wendy's Company (Nasdaq: WEN) is committed to doing the right thing and making a positive difference in the lives of others. This is most visible through the Company's support of the Dave Thomas Foundation for Adoption® and its signature Wendy's Wonderful Kids® program, which seeks to find a loving, forever home for every child waiting to be adopted from the North American foster care system. Today, Wendy's and its franchisees employ hundreds of thousands of people across over 7,000 restaurants worldwide with a vision of becoming the world's most thriving and beloved restaurant brand. For details on franchising, connect with us at [www.wendys.com/franchising](http://www.wendys.com/franchising). Visit [www.wendys.com](http://www.wendys.com) and [www.squaredealblog.com](http://www.squaredealblog.com) for more information and connect with us on X and Instagram using @wendys, and on Facebook at [www.facebook.com/wendys](http://www.facebook.com/wendys).

\*Fresh beef available in the contiguous U.S., Alaska, and Canada.

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**The Wendy's Company and Subsidiaries**  
**Condensed Consolidated Statements of Operations**  
**Three and Six Month Periods Ended July 2, 2023 and June 30, 2024**  
(In Thousands Except Per Share Amounts)  
(Unaudited)

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>
<b>Revenues:</b>				
Sales	\$240,688	\$237,355	\$ 468,637	\$ 462,678
Franchise royalty revenue	132,128	136,318	254,278	261,998
Franchise fees	20,920	21,352	40,447	42,172
Franchise rental income	58,033	60,638	115,840	118,624
Advertising funds revenue	109,796	115,064	211,170	220,008
	<u>561,565</u>	<u>570,727</u>	<u>1,090,372</u>	<u>1,105,480</u>
<b>Costs and expenses:</b>				
Cost of sales	201,010	199,886	397,546	391,999
Franchise support and other costs	13,787	16,222	27,047	30,964
Franchise rental expense	32,396	32,390	63,025	64,168
Advertising funds expense	109,618	120,817	211,279	228,191
General and administrative	62,742	61,496	125,018	125,253
Depreciation and amortization (exclusive of amortization of cloud computing arrangements shown separately below)	33,498	37,492	66,970	73,010
Amortization of cloud computing arrangements	2,266	3,519	3,848	7,061
System optimization losses (gains), net	6	(280)	1	(153)
Reorganization and realignment costs	681	2,452	7,489	8,125
Impairment of long-lived assets	78	689	454	2,695
Other operating income, net	(3,791)	(3,463)	(6,057)	(6,496)
	<u>452,291</u>	<u>471,220</u>	<u>896,620</u>	<u>924,817</u>
Operating profit	109,274	99,507	193,752	180,663
Interest expense, net	(31,136)	(30,995)	(62,841)	(61,530)
Loss on early extinguishment of debt	—	—	(1,266)	—
Investment (loss) income, net	(6,827)	11	(10,389)	11
Other income, net	7,573	6,300	14,909	13,136
Income before income taxes	78,884	74,823	134,165	132,280
Provision for income taxes	(19,252)	(20,180)	(34,712)	(35,644)
Net income	<u>\$ 59,632</u>	<u>\$ 54,643</u>	<u>\$ 99,453</u>	<u>\$ 96,636</u>
<b>Net income per share:</b>				
Basic	\$ .28	\$ .27	\$ .47	\$ .47
Diluted	.28	.27	.46	.47
Number of shares used to calculate basic income per share	<u>210,624</u>	<u>204,919</u>	<u>211,585</u>	<u>205,145</u>
Number of shares used to calculate diluted income per share	<u>212,928</u>	<u>206,185</u>	<u>213,978</u>	<u>206,578</u>

**The Wendy's Company and Subsidiaries**  
**Condensed Consolidated Balance Sheets**  
**As of December 31, 2023 and June 30, 2024**  
**(In Thousands Except Par Value)**  
**(Unaudited)**

	<u>December 31,</u> <u>2023</u>	<u>June 30,</u> <u>2024</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 516,037	\$ 465,489
Restricted cash	35,848	35,718
Accounts and notes receivable, net	121,683	117,671
Inventories	6,690	6,379
Prepaid expenses and other current assets	39,640	40,087
Advertising funds restricted assets	117,755	125,215
Total current assets	<u>837,653</u>	<u>790,559</u>
Properties	891,080	894,586
Finance lease assets	228,936	231,390
Operating lease assets	705,615	687,253
Goodwill	773,727	772,794
Other intangible assets	1,219,129	1,202,525
Investments	34,445	32,181
Net investment in sales-type and direct financing leases	313,664	291,493
Other assets	178,577	185,384
Total assets	<u>\$ 5,182,826</u>	<u>\$ 5,088,165</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Current portion of long-term debt	\$ 29,250	\$ 29,250
Current portion of finance lease liabilities	20,250	21,220
Current portion of operating lease liabilities	49,353	49,931
Accounts payable	27,370	25,767
Accrued expenses and other current liabilities	135,149	116,456
Advertising funds restricted liabilities	120,558	122,239
Total current liabilities	<u>381,930</u>	<u>364,863</u>
Long-term debt	2,732,814	2,721,927
Long-term finance lease liabilities	568,767	567,071
Long-term operating lease liabilities	739,340	714,298
Deferred income taxes	270,353	270,128
Deferred franchise fees	90,132	89,054
Other liabilities	89,711	87,071
Total liabilities	<u>4,873,047</u>	<u>4,814,412</u>
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$0.10 par value; 1,500,000 shares authorized; 470,424 shares issued; 205,397 and 204,149 shares outstanding, respectively	47,042	47,042
Additional paid-in capital	2,960,035	2,964,479
Retained earnings	409,863	403,836
Common stock held in treasury, at cost; 265,027 and 266,275 shares, respectively	(3,048,786)	(3,076,632)
Accumulated other comprehensive loss	(58,375)	(64,972)
Total stockholders' equity	<u>309,779</u>	<u>273,753</u>
Total liabilities and stockholders' equity	<u>\$ 5,182,826</u>	<u>\$ 5,088,165</u>

**The Wendy's Company and Subsidiaries**  
**Condensed Consolidated Statements of Cash Flows**  
**Six Month Periods Ended July 2, 2023 and June 30, 2024**  
(In Thousands)  
(Unaudited)

	<u>Six Months Ended</u>	
	<u>2023</u>	<u>2024</u>
Cash flows from operating activities:		
Net income	\$ 99,453	\$ 96,636
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (exclusive of amortization of cloud computing arrangements shown separately below)	66,970	73,010
Amortization of cloud computing arrangements	3,848	7,061
Share-based compensation	10,218	11,677
Impairment of long-lived assets	454	2,695
Deferred income tax	4,254	(104)
Non-cash rental expense, net	19,552	21,120
Change in operating lease liabilities	(23,528)	(24,273)
Net receipt of deferred vendor incentives	6,881	5,533
System optimization losses (gains), net	1	(153)
Distributions received from joint ventures, net of equity in earnings	542	1,146
Long-term debt-related activities, net	5,334	3,738
Cloud computing arrangements expenditures	(16,817)	(6,878)
Changes in operating assets and liabilities and other, net	(35,658)	(45,745)
Net cash provided by operating activities	<u>141,504</u>	<u>145,463</u>
Cash flows from investing activities:		
Capital expenditures	(30,164)	(34,465)
Franchise development fund	(395)	(11,477)
Dispositions	280	601
Notes receivable, net	1,335	1,383
Net cash used in investing activities	<u>(28,944)</u>	<u>(43,958)</u>
Cash flows from financing activities:		
Repayments of long-term debt	(46,434)	(14,625)
Repayments of finance lease liabilities	(12,336)	(10,336)
Repurchases of common stock	(86,930)	(34,248)
Dividends	(105,715)	(102,626)
Proceeds from stock option exercises	7,847	2,098
Payments related to tax withholding for share-based compensation	(2,708)	(2,645)
Net cash used in financing activities	<u>(246,276)</u>	<u>(162,382)</u>
Net cash used in operations before effect of exchange rate changes on cash	(133,716)	(60,877)
Effect of exchange rate changes on cash	2,161	(3,298)
Net decrease in cash, cash equivalents and restricted cash	(131,555)	(64,175)
Cash, cash equivalents and restricted cash at beginning of period	831,801	588,816
Cash, cash equivalents and restricted cash at end of period	<u>\$ 700,246</u>	<u>\$ 524,641</u>

**The Wendy's Company and Subsidiaries**  
**Reconciliations of Net Income to Adjusted EBITDA and Revenues to Adjusted Revenues**  
**Three and Six Month Periods Ended July 2, 2023 and June 30, 2024**  
**(In Thousands)**  
**(Unaudited)**

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>
Net income	\$ 59,632	\$ 54,643	\$ 99,453	\$ 96,636
Provision for income taxes	19,252	20,180	34,712	35,644
Income before income taxes	78,884	74,823	134,165	132,280
Other income, net	(7,573)	(6,300)	(14,909)	(13,136)
Investment loss (income), net	6,827	(11)	10,389	(11)
Loss on early extinguishment of debt	—	—	1,266	—
Interest expense, net	31,136	30,995	62,841	61,530
Operating profit	109,274	99,507	193,752	180,663
Plus (less):				
Advertising funds revenue	(109,796)	(115,064)	(211,170)	(220,008)
Advertising funds expense (a)	108,481	114,810	208,749	219,547
Depreciation and amortization (exclusive of amortization of cloud computing arrangements shown separately below)	33,498	37,492	66,970	73,010
Amortization of cloud computing arrangements	2,266	3,519	3,848	7,061
System optimization losses (gains), net	6	(280)	1	(153)
Reorganization and realignment costs	681	2,452	7,489	8,125
Impairment of long-lived assets	78	689	454	2,695
Adjusted EBITDA	<u>\$ 144,488</u>	<u>\$ 143,125</u>	<u>\$ 270,093</u>	<u>\$ 270,940</u>
Revenues	\$ 561,565	\$ 570,727	\$ 1,090,372	\$ 1,105,480
Less:				
Advertising funds revenue	(109,796)	(115,064)	(211,170)	(220,008)
Adjusted revenues	<u>\$ 451,769</u>	<u>\$ 455,663</u>	<u>\$ 879,202</u>	<u>\$ 885,472</u>

- (a) Excludes advertising funds expense of \$658 and \$1,206 for the three and six months ended July 2, 2023, respectively, and \$5,687 and \$8,174 for the three and six months ended and June 30, 2024, respectively, related to the Company's funding of incremental advertising. In addition, excludes other international-related advertising deficit of \$479 and \$1,324 for the three and six months ended July 2, 2023, respectively, and \$320 and \$470 for the three and six months ended June 30, 2024, respectively.

**The Wendy's Company and Subsidiaries**  
**Reconciliation of Net Income and Diluted Earnings Per Share to**  
**Adjusted Income and Adjusted Earnings Per Share**  
**Three and Six Month Periods Ended July 2, 2023 and June 30, 2024**  
**(In Thousands Except Per Share Amounts)**  
**(Unaudited)**

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>
Net income	\$ 59,632	\$ 54,643	\$ 99,453	\$ 96,636
Plus (less):				
Advertising funds revenue	(109,796)	(115,064)	(211,170)	(220,008)
Advertising funds expense (a)	108,481	114,810	208,749	219,547
System optimization losses (gains), net	6	(280)	1	(153)
Reorganization and realignment costs	681	2,452	7,489	8,125
Impairment of long-lived assets	78	689	454	2,695
Loss on early extinguishment of debt, net	—	—	1,266	—
Total adjustments	(550)	2,607	6,789	10,206
Income tax impact on adjustments (b)	(154)	(604)	(2,085)	(2,248)
Total adjustments, net of income taxes	(704)	2,003	4,704	7,958
Adjusted income	<u>\$ 58,928</u>	<u>\$ 56,646</u>	<u>\$ 104,157</u>	<u>\$ 104,594</u>
Diluted earnings per share	\$ .28	\$ .27	\$ .46	\$ .47
Total adjustments per share, net of income taxes	—	—	.03	.04
Adjusted earnings per share	<u>\$ .28</u>	<u>\$ .27</u>	<u>\$ .49</u>	<u>\$ .51</u>

- (a) Excludes advertising funds expense of \$658 and \$1,206 for the three and six months ended July 2, 2023, respectively, and \$5,687 and \$8,174 for the three and six months ended June 30, 2024, respectively, related to the Company's funding of incremental advertising. In addition, excludes other international-related advertising deficit of \$479 and \$1,324 for the three and six months ended July 2, 2023, respectively, and \$320 and \$470 for the three and six months ended June 30, 2024, respectively.
- (b) Adjustments relate to the tax effect of non-GAAP adjustments, which were determined based on the nature of the underlying non-GAAP adjustments and their relevant jurisdictional tax rates.

**The Wendy's Company and Subsidiaries**  
**Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow**  
**Six Month Periods Ended July 2, 2023 and June 30, 2024**  
**(In Thousands)**  
**(Unaudited)**

	<u>Six Months Ended</u>	
	<u>2023</u>	<u>2024</u>
Net cash provided by operating activities	\$141,504	\$145,463
Plus (less):		
Capital expenditures	(30,164)	(34,465)
Advertising funds impact (a)	22,117	13,353
Free cash flow	<u>\$133,457</u>	<u>\$124,351</u>

- (a) Represents the net change in the restricted operating assets and liabilities of our advertising funds, which is included in "Changes in operating assets and liabilities and other, net," and the excess of advertising funds expense over advertising funds revenue, which is included in "Net income."