

The Wendy's Company and Subsidiaries
Consolidated Balance Sheets
As of January 1, 2023 and December 31, 2023
(In Thousands Except Par Value)
(Unaudited)

	<u>January 1, 2023</u>	<u>December 31, 2023</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 745,889	\$ 516,037
Restricted cash	35,203	35,848
Accounts and notes receivable, net	116,426	121,683
Inventories	7,129	6,690
Prepaid expenses and other current assets	26,963	39,640
Advertising funds restricted assets	126,673	117,755
Total current assets	1,058,283	837,653
Properties	895,778	891,080
Finance lease assets	234,570	228,936
Operating lease assets	754,498	705,615
Goodwill	773,088	773,727
Other intangible assets	1,248,800	1,219,129
Investments	46,028	34,445
Net investment in sales-type and direct financing leases	317,337	313,664
Other assets	170,962	178,577
Total assets	<u>\$ 5,499,344</u>	<u>\$ 5,182,826</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 29,250	\$ 29,250
Current portion of finance lease liabilities	18,316	20,250
Current portion of operating lease liabilities	48,120	49,353
Accounts payable	43,996	27,370
Accrued expenses and other current liabilities	116,010	135,149
Advertising funds restricted liabilities	132,307	120,558
Total current liabilities	387,999	381,930
Long-term debt	2,822,196	2,732,814
Long-term finance lease liabilities	571,877	568,767
Long-term operating lease liabilities	792,051	739,340
Deferred income taxes	270,421	270,353
Deferred franchise fees	90,231	90,132
Other liabilities	98,849	89,711
Total liabilities	5,033,624	4,873,047
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$0.10 par value; 1,500,000 shares authorized; 470,424 shares issued; 213,101 and 205,397 shares outstanding, respectively	47,042	47,042
Additional paid-in capital	2,937,885	2,960,035
Retained earnings	414,749	409,863
Common stock held in treasury, at cost; 257,323 and 265,027 shares, respectively	(2,869,780)	(3,048,786)
Accumulated other comprehensive loss	(64,176)	(58,375)
Total stockholders' equity	465,720	309,779
Total liabilities and stockholders' equity	<u>\$ 5,499,344</u>	<u>\$ 5,182,826</u>

The Wendy's Company and Subsidiaries
Consolidated Statements of Cash Flows
Twelve Month Periods Ended January 1, 2023 and December 31, 2023
(In Thousands)
(Unaudited)

	Twelve Months Ended	
	2022	2023
Cash flows from operating activities:		
Net income	\$ 177,370	\$ 204,440
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)	133,414	135,789
Amortization of cloud computing arrangements	2,394	12,778
Share-based compensation	24,538	23,747
Impairment of long-lived assets	6,420	1,401
Deferred income tax	4,305	(807)
Non-cash rental expense, net	33,915	40,655
Change in operating lease liabilities	(45,682)	(47,212)
Net (recognition) receipt of deferred vendor incentives	(1,060)	1,034
System optimization gains, net	(6,779)	(880)
Gain on sale of investments, net	—	(31)
Distributions received from TimWen joint venture	12,612	12,901
Equity in earnings in joint ventures, net	(9,422)	(10,819)
Long-term debt-related activities, net	7,762	5,320
Cloud computing arrangements expenditures	(30,220)	(32,902)
Other, net	(4,554)	22,883
Changes in operating assets and liabilities:		
Accounts and notes receivable, net	(5,857)	430
Inventories	(1,203)	439
Prepaid expenses and other current assets	6,769	(672)
Advertising funds restricted assets and liabilities	(30,503)	(18,210)
Accounts payable	(1,533)	(8,826)
Accrued expenses and other current liabilities	(12,782)	3,958
Net cash provided by operating activities	<u>259,904</u>	<u>345,416</u>
Cash flows from investing activities:		
Capital expenditures	(85,544)	(85,021)
Franchise development fund	(3,605)	(7,951)
Dispositions	8,237	2,115
Proceeds from sale of investments	—	31
Notes receivable, net	3,136	4,280
Net cash used in investing activities	<u>(77,776)</u>	<u>(86,546)</u>
Cash flows from financing activities:		
Proceeds from long-term debt	500,000	—
Repayments of long-term debt	(26,750)	(94,702)
Repayments of finance lease liabilities	(17,312)	(21,588)
Deferred financing costs	(10,232)	—
Repurchases of common stock, including accelerated share repurchase	(51,950)	(189,554)
Dividends	(106,779)	(209,253)
Proceeds from stock option exercises	4,865	14,667
Payments related to tax withholding for share-based compensation	(3,168)	(3,873)
Net cash provided by (used in) financing activities	<u>288,674</u>	<u>(504,303)</u>
Net cash provided by (used in) operations before effect of exchange rate changes on cash	470,802	(245,433)
Effect of exchange rate changes on cash	(5,967)	2,448
Net increase (decrease) in cash, cash equivalents and restricted cash	464,835	(242,985)
Cash, cash equivalents and restricted cash at beginning of period	366,966	831,801
Cash, cash equivalents and restricted cash at end of period	<u>\$ 831,801</u>	<u>\$ 588,816</u>

The Wendy's Company and Subsidiaries
Reconciliations of Net Income to Adjusted EBITDA and Revenues to Adjusted Revenues
Three and Twelve Month Periods Ended January 1, 2023 and December 31, 2023
(In Thousands)
(Unaudited)

	Three Months Ended		Twelve Months Ended	
	2022	2023	2022	2023
Net income	\$ 41,275	\$ 46,938	\$ 177,370	\$ 204,440
Provision for income taxes	16,877	20,351	66,135	74,978
Income before income taxes	58,152	67,289	243,505	279,418
Other income, net	(6,048)	(7,024)	(10,403)	(29,570)
Investment (income) loss, net	—	(31)	(2,107)	10,358
Gain on early extinguishment of debt, net	—	(3,868)	—	(2,283)
Interest expense, net	31,913	30,263	122,319	124,061
Operating profit	84,017	86,629	353,314	381,984
Plus (less):				
Advertising funds revenue	(105,244)	(108,904)	(406,220)	(428,996)
Advertising funds expense (a)	109,512	108,069	414,545	424,652
Depreciation and amortization (exclusive of amortization of cloud computing arrangements shown separately below)	32,503	34,531	133,414	135,789
Amortization of cloud computing arrangements	1,506	5,086	2,394	12,778
System optimization gains, net	(2,641)	(761)	(6,779)	(880)
Reorganization and realignment costs	70	1,100	698	9,200
Impairment of long-lived assets	3,738	888	6,420	1,401
Adjusted EBITDA	<u>\$ 123,461</u>	<u>\$ 126,638</u>	<u>\$ 497,786</u>	<u>\$ 535,928</u>
Revenues	\$ 536,510	\$ 540,651	\$ 2,095,505	\$ 2,181,578
Less:				
Advertising funds revenue	(105,244)	(108,904)	(406,220)	(428,996)
Adjusted revenues	<u>\$ 431,266</u>	<u>\$ 431,747</u>	<u>\$ 1,689,285</u>	<u>\$ 1,752,582</u>

- (a) Excludes advertising funds expense of \$4,091 and \$15,116 for the three and twelve months ended January 1, 2023, respectively, and \$599 and \$2,401 for the three and twelve months ended December 31, 2023, respectively, related to the Company's funding of incremental advertising. In addition, excludes other international-related advertising deficit of \$115 and \$1,099 for the three and twelve months ended January 1, 2023, respectively, and \$161 and \$950 for the three and twelve months ended December 31, 2023, 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 Twelve Month Periods Ended January 1, 2023 and December 31, 2023
(In Thousands Except Per Share Amounts)
(Unaudited)

	Three Months Ended		Twelve Months Ended	
	2022	2023	2022	2023
Net income	\$ 41,275	\$ 46,938	\$ 177,370	\$ 204,440
Plus (less):				
Advertising funds revenue	(105,244)	(108,904)	(406,220)	(428,996)
Advertising funds expense (a)	109,512	108,069	414,545	424,652
System optimization gains, net	(2,641)	(761)	(6,779)	(880)
Reorganization and realignment costs	70	1,100	698	9,200
Impairment of long-lived assets	3,738	888	6,420	1,401
Gain on early extinguishment of debt, net	—	(3,868)	—	(2,283)
Total adjustments	5,435	(3,476)	8,664	3,094
Income tax impact on adjustments (b)	109	849	298	(1,423)
Total adjustments, net of income taxes	5,544	(2,627)	8,962	1,671
Adjusted income	<u>\$ 46,819</u>	<u>\$ 44,311</u>	<u>\$ 186,332</u>	<u>\$ 206,111</u>
Diluted earnings per share	\$.19	\$.23	\$.82	\$.97
Total adjustments per share, net of income taxes	.03	(.02)	.04	—
Adjusted earnings per share	<u>\$.22</u>	<u>\$.21</u>	<u>\$.86</u>	<u>\$.97</u>

(a) Excludes advertising funds expense of \$4,091 and \$15,116 for the three and twelve months ended January 1, 2023, respectively, and \$599 and \$2,401 for the three and twelve months ended December 31, 2023, respectively, related to the Company's funding of incremental advertising. In addition, excludes other international-related advertising deficit of \$115 and \$1,099 for the three and twelve months ended January 1, 2023, respectively, and \$161 and \$950 for the three and twelve months ended December 31, 2023, 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
Twelve Month Periods Ended January 1, 2023 and December 31, 2023
(In Thousands)
(Unaudited)

	Twelve Months Ended	
	2022	2023
Net cash provided by operating activities	\$ 259,904	\$ 345,416
Plus (less):		
Capital expenditures	(85,544)	(85,021)
Advertising funds impact (a)	38,765	13,866
Free cash flow	<u>\$ 213,125</u>	<u>\$ 274,261</u>

- (a) Advertising funds impact for 2022 and 2023 includes the net change in the restricted operating assets and liabilities of the funds of \$(30,503) and \$(18,210), respectively, and the advertising funds (deficit) surplus included in Net Income of \$(8,262) and \$4,344, respectively. Advertising funds impact for 2022 and 2023 excludes the Company's incremental funding of advertising \$15,179 and \$2,401, respectively.