

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

FORM 10-Q

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

For the quarterly period ended March 30, 2025

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: 1-2207

THE WENDY'S COMPANY

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

38-0471180

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

One Dave Thomas Blvd.

Dublin, Ohio

(Address of principal executive offices)

43017

(Zip Code)

(614) 764-3100

(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
Common Stock, \$.10 par value	WEN	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 and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) 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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

There were 192,025,248 shares of The Wendy's Company common stock outstanding as of April 25, 2025.

THE WENDY'S COMPANY AND SUBSIDIARIES
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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements.

THE WENDY'S COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In Thousands Except Par Value)

	March 30, 2025	December 29, 2024
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 335,259	\$ 450,512
Restricted cash	34,644	34,481
Accounts and notes receivable, net	102,474	99,926
Inventories	6,200	6,529
Prepaid expenses and other current assets	48,428	45,563
Advertising funds restricted assets	117,193	99,129
Total current assets	<u>644,198</u>	<u>736,140</u>
Properties	907,444	907,787
Finance lease assets	251,093	244,954
Operating lease assets	661,077	679,777
Goodwill	771,645	771,468
Other intangible assets	1,184,334	1,192,264
Investments	26,770	29,006
Net investment in sales-type and direct financing leases	285,936	288,048
Other assets	186,985	185,399
Total assets	<u>\$ 4,919,482</u>	<u>\$ 5,034,843</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 78,334	\$ 78,163
Current portion of finance lease liabilities	23,035	22,509
Current portion of operating lease liabilities	50,348	50,068
Accounts payable	24,856	28,455
Accrued expenses and other current liabilities	138,945	118,224
Advertising funds restricted liabilities	117,987	100,212
Total current liabilities	<u>433,505</u>	<u>397,631</u>
Long-term debt	2,656,519	2,662,130
Long-term finance lease liabilities	584,238	575,363
Long-term operating lease liabilities	683,639	704,333
Deferred income taxes	262,549	263,420
Deferred franchise fees	88,057	88,387
Other liabilities	80,736	84,227
Total liabilities	<u>4,789,243</u>	<u>4,775,491</u>
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$0.10 par value; 1,500,000 shares authorized; 470,424 shares issued; 195,846 and 203,834 shares outstanding, respectively	47,042	47,042
Additional paid-in capital	2,984,865	2,982,102
Retained earnings	389,481	399,700
Common stock held in treasury, at cost; 274,578 and 266,590 shares, respectively	(3,218,308)	(3,094,739)
Accumulated other comprehensive loss	(72,841)	(74,753)
Total stockholders' equity	<u>130,239</u>	<u>259,352</u>
Total liabilities and stockholders' equity	<u>\$ 4,919,482</u>	<u>\$ 5,034,843</u>

See accompanying notes to condensed consolidated financial statements.

THE WENDY'S COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In Thousands Except Per Share Amounts)

	Three Months Ended	
	March 30, 2025	March 31, 2024
(Unaudited)		
Revenues:		
Sales	\$ 219,510	\$ 225,323
Franchise royalty revenue and fees	145,148	146,500
Franchise rental income	58,454	57,986
Advertising funds revenue	100,360	104,944
	<u>523,472</u>	<u>534,753</u>
Costs and expenses:		
Cost of sales	188,169	192,113
Franchise support and other costs	16,596	14,742
Franchise rental expense	30,701	31,778
Advertising funds expense	101,528	107,374
General and administrative	68,204	63,757
Depreciation and amortization (exclusive of amortization of cloud computing arrangements shown separately below)	36,549	35,518
Amortization of cloud computing arrangements	4,167	3,542
System optimization losses, net	90	127
Reorganization and realignment costs	(692)	5,673
Impairment of long-lived assets	1,421	2,006
Other operating income, net	(6,387)	(3,033)
	<u>440,346</u>	<u>453,597</u>
Operating profit	83,126	81,156
Interest expense, net	(31,477)	(30,535)
Investment loss, net	(1,718)	—
Other income, net	4,986	6,836
Income before income taxes	54,917	57,457
Provision for income taxes	(15,685)	(15,464)
Net income	<u>\$ 39,232</u>	<u>\$ 41,993</u>
Net income per share:		
Basic	\$.20	\$.20
Diluted	\$.19	\$.20

See accompanying notes to condensed consolidated financial statements.

THE WENDY'S COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands)

	Three Months Ended	
	March 30, 2025	March 31, 2024
	(Unaudited)	
Net income	\$ 39,232	\$ 41,993
Other comprehensive income (loss):		
Foreign currency translation adjustment	1,912	(4,586)
Other comprehensive income (loss)	1,912	(4,586)
Comprehensive income	<u>\$ 41,144</u>	<u>\$ 37,407</u>

See accompanying notes to condensed consolidated financial statements.

THE WENDY'S COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In Thousands)

	Common Stock	Additional Paid-In Capital	Retained Earnings	Common Stock Held in Treasury	Accumulated Other Comprehensive Loss	Total
(Unaudited)						
Balance at December 29, 2024	\$ 47,042	\$ 2,982,102	\$ 399,700	\$ (3,094,739)	\$ (74,753)	\$ 259,352
Net income	—	—	39,232	—	—	39,232
Other comprehensive income	—	—	—	—	1,912	1,912
Cash dividends	—	—	(49,432)	—	—	(49,432)
Repurchases of common stock	—	—	—	(125,399)	—	(125,399)
Share-based compensation	—	5,572	—	—	—	5,572
Common stock issued upon exercises of stock options	—	(130)	—	326	—	196
Common stock issued upon vesting of restricted shares	—	(2,702)	—	1,453	—	(1,249)
Other	—	23	(19)	51	—	55
Balance at March 30, 2025	<u>\$ 47,042</u>	<u>\$ 2,984,865</u>	<u>\$ 389,481</u>	<u>\$ (3,218,308)</u>	<u>\$ (72,841)</u>	<u>\$ 130,239</u>
Balance at December 31, 2023	\$ 47,042	\$ 2,960,035	\$ 409,863	\$ (3,048,786)	\$ (58,375)	\$ 309,779
Net income	—	—	41,993	—	—	41,993
Other comprehensive loss	—	—	—	—	(4,586)	(4,586)
Cash dividends	—	—	(51,374)	—	—	(51,374)
Repurchases of common stock	—	—	—	(7,216)	—	(7,216)
Share-based compensation	—	5,853	—	—	—	5,853
Common stock issued upon exercises of stock options	—	179	—	1,036	—	1,215
Common stock issued upon vesting of restricted shares	—	(3,855)	—	1,778	—	(2,077)
Other	—	29	(17)	55	—	67
Balance at March 31, 2024	<u>\$ 47,042</u>	<u>\$ 2,962,241</u>	<u>\$ 400,465</u>	<u>\$ (3,053,133)</u>	<u>\$ (62,961)</u>	<u>\$ 293,654</u>

See accompanying notes to condensed consolidated financial statements.

THE WENDY'S COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)

	Three Months Ended	
	March 30, 2025	March 31, 2024
	(Unaudited)	
Cash flows from operating activities:		
Net income	\$ 39,232	\$ 41,993
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)	36,549	35,518
Amortization of cloud computing arrangements	4,167	3,542
Share-based compensation	5,572	5,853
Impairment of long-lived assets	1,421	2,006
Deferred income tax	306	603
Non-cash rental expense, net	10,350	10,974
Change in operating lease liabilities	(12,131)	(12,112)
Net receipt of deferred vendor incentives	11,178	8,584
System optimization losses, net	90	127
Distributions received from joint ventures, net of equity in earnings	717	430
Long-term debt-related activities, net	1,873	1,870
Cloud computing arrangements expenditures	(2,417)	(2,865)
Changes in operating assets and liabilities and other, net	(11,492)	3,464
Net cash provided by operating activities	<u>85,415</u>	<u>99,987</u>
Cash flows from investing activities:		
Capital expenditures	(17,679)	(17,354)
Franchise development fund	(5,813)	(4,741)
Dispositions	55	26
Notes receivable, net	1,949	1,256
Net cash used in investing activities	<u>(21,488)</u>	<u>(20,813)</u>
Cash flows from financing activities:		
Proceeds from long-term debt	15,000	—
Repayments of long-term debt	(15,813)	(7,313)
Repayments of finance lease liabilities	(5,238)	(5,465)
Repurchases of common stock	(122,784)	(7,295)
Dividends	(49,432)	(51,374)
Proceeds from stock option exercises	273	932
Payments related to tax withholding for share-based compensation	(1,326)	(2,115)
Net cash used in financing activities	<u>(179,320)</u>	<u>(72,630)</u>
Net cash (used in) provided by operations before effect of exchange rate changes on cash	(115,393)	6,544
Effect of exchange rate changes on cash	744	(2,274)
Net (decrease) increase in cash, cash equivalents and restricted cash	(114,649)	4,270
Cash, cash equivalents and restricted cash at beginning of period	503,608	588,816
Cash, cash equivalents and restricted cash at end of period	<u>\$ 388,959</u>	<u>\$ 593,086</u>

See accompanying notes to condensed consolidated financial statements.

THE WENDY'S COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In Thousands Except Per Share Amounts)

(1) Basis of Presentation

The accompanying unaudited condensed consolidated financial statements (the “Financial Statements”) of The Wendy’s Company (“The Wendy’s Company” and, together with its subsidiaries, the “Company,” “we,” “us” or “our”) have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and, therefore, do not include all information and footnotes required by GAAP for complete financial statements. In our opinion, the Financial Statements contain all adjustments of a normal recurring nature necessary to present fairly our financial position as of March 30, 2025, the results of our operations for the three months ended March 30, 2025 and March 31, 2024 and cash flows for the three months ended March 30, 2025 and March 31, 2024. The results of operations for the three months ended March 30, 2025 are not necessarily indicative of the results to be expected for the full 2025 fiscal year. The Financial Statements should be read in conjunction with the audited consolidated financial statements for The Wendy’s Company and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended December 29, 2024 (the “Form 10-K”).

The principal 100% owned subsidiary of the Company is Wendy’s International, LLC and its subsidiaries (“Wendy’s”). The Company manages and internally reports its business in the following segments: (1) Wendy’s U.S., (2) Wendy’s International and (3) Global Real Estate & Development. See Note 17 for further information.

We report on a fiscal year consisting of 52 or 53 weeks ending on the Sunday closest to or on December 31. All three-month periods presented herein contain 13 weeks. All references to years, quarters and months relate to fiscal periods rather than calendar periods.

Our significant interim accounting policies include the recognition of advertising funds expense in proportion to advertising funds revenue.

(2) Revenue

Disaggregation of Revenue

The following tables disaggregate revenue by segment and source:

	<u>Wendy’s U.S.</u>	<u>Wendy’s International</u>	<u>Global Real Estate & Development</u>	<u>Total</u>
<i>Three Months Ended March 30, 2025</i>				
Sales at Company-operated restaurants	\$ 212,744	\$ 6,766	\$ —	\$ 219,510
Franchise royalty revenue	104,406	17,269	—	121,675
Franchise fees	20,704	2,086	683	23,473
Franchise rental income	—	—	58,454	58,454
Advertising funds revenue	91,760	8,600	—	100,360
Total revenues	<u>\$ 429,614</u>	<u>\$ 34,721</u>	<u>\$ 59,137</u>	<u>\$ 523,472</u>
<i>Three Months Ended March 31, 2024</i>				
Sales at Company-operated restaurants	\$ 219,468	\$ 5,855	\$ —	\$ 225,323
Franchise royalty revenue	108,853	16,827	—	125,680
Franchise fees	17,826	1,889	1,105	20,820
Franchise rental income	—	—	57,986	57,986
Advertising funds revenue	96,700	8,244	—	104,944
Total revenues	<u>\$ 442,847</u>	<u>\$ 32,815</u>	<u>\$ 59,091</u>	<u>\$ 534,753</u>

THE WENDY'S COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In Thousands Except Per Share Amounts)

Contract Balances

The following table provides information about receivables and contract liabilities (deferred franchise fees) from contracts with customers:

	March 30, 2025 (a)	December 29, 2024 (a)
Receivables, which are included in "Accounts and notes receivable, net" (b)	\$ 60,870	\$ 55,601
Receivables, which are included in "Advertising funds restricted assets"	65,677	73,223
Deferred franchise fees (c)	99,001	99,411

- (a) Excludes funds collected from the sale of gift cards, which are primarily reimbursed to franchisees upon redemption at franchised restaurants and do not ultimately result in the recognition of revenue in the Company's condensed consolidated statements of operations.
- (b) Includes receivables related to "Sales" and "Franchise royalty revenue and fees."
- (c) Deferred franchise fees are included in "Accrued expenses and other current liabilities" and "Deferred franchise fees" and totaled \$10,944 and \$88,057, respectively, as of March 30, 2025, and \$11,024 and \$88,387, respectively, as of December 29, 2024.

Significant changes in deferred franchise fees are as follows:

	Three Months Ended	
	March 30, 2025	March 31, 2024
Deferred franchise fees at beginning of period	\$ 99,411	\$ 100,805
Revenue recognized during the period	(2,345)	(2,804)
New deferrals due to cash received and other	1,935	2,263
Deferred franchise fees at end of period	<u>\$ 99,001</u>	<u>\$ 100,264</u>

Anticipated Future Recognition of Deferred Franchise Fees

The following table reflects the estimated franchise fees to be recognized in the future related to performance obligations that are unsatisfied at the end of the period:

Estimate for fiscal year:

2025 (a)	\$ 9,262
2026	6,681
2027	6,553
2028	6,423
2029	6,321
Thereafter	63,761
	<u>\$ 99,001</u>

- (a) Represents franchise fees expected to be recognized for the remainder of 2025, which includes development-related franchise fees expected to be recognized over a duration of one year or less.

THE WENDY'S COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In Thousands Except Per Share Amounts)

(3) Leases

Nature of Leases

The Company operates restaurants that are located on sites owned by us and sites leased by us from third parties. In addition, the Company owns sites and leases sites from third parties, which it leases and/or subleases to franchisees. The Company also leases restaurant, office and transportation equipment. As of March 30, 2025, the nature of restaurants operated by the Company and its franchisees was as follows:

	March 30, 2025
Company-operated restaurants:	
Owned land and building	155
Owned building and held long-term land leases	138
Leased land and building	107
Total Company-operated restaurants	400
Franchisee-operated restaurants:	
Company-owned properties leased to franchisees	489
Company-leased properties subleased to franchisees	1,156
Other franchisee-operated restaurants	5,263
Total franchisee-operated restaurants	6,908
Total Company-operated and franchisee-operated restaurants	7,308

Company as Lessee

The components of lease cost are as follows:

	Three Months Ended	
	March 30, 2025	March 31, 2024
Finance lease cost:		
Amortization of finance lease assets	\$ 5,145	\$ 4,297
Interest on finance lease liabilities	10,877	10,658
	16,022	14,955
Operating lease cost	20,517	21,701
Variable lease cost (a)	16,213	16,488
Short-term lease cost	1,266	1,394
Total operating lease cost (b)	37,996	39,583
Total lease cost	\$ 54,018	\$ 54,538

(a) Includes expenses for executory costs of \$10,394 and \$10,221 for the three months ended March 30, 2025 and March 31, 2024, respectively, for which the Company is reimbursed by sublessees.

(b) Includes \$30,652 and \$31,718 for the three months ended March 30, 2025 and March 31, 2024, respectively, recorded to "Franchise rental expense" for leased properties that are subsequently leased to franchisees. Also includes \$6,941 and \$7,388 for the three months ended March 30, 2025 and March 31, 2024, respectively, recorded to "Cost of sales" for leases for Company-operated restaurants.

THE WENDY'S COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In Thousands Except Per Share Amounts)

Company as Lessor

The components of lease income are as follows:

	Three Months Ended	
	March 30, 2025	March 31, 2024
Sales-type and direct-financing leases:		
Selling loss	\$ (11)	\$ (16)
Interest income (a)	6,915	7,719
Operating lease income	42,421	41,497
Variable lease income	16,033	16,489
Franchise rental income (b)	<u>\$ 58,454</u>	<u>\$ 57,986</u>

(a) Included in "Interest expense, net."

(b) Includes sublease income of \$42,784 and \$42,783 recognized during the three months ended March 30, 2025 and March 31, 2024, respectively. Sublease income includes lessees' variable payments to the Company for executory costs of \$10,197 and \$10,089 for the three months ended March 30, 2025 and March 31, 2024, respectively.

(4) Investments

The following is a summary of the carrying value of our investments:

	March 30, 2025	December 29, 2024
Equity method investment	\$ 26,770	\$ 27,288
Other investments in equity securities	—	1,718
	<u>\$ 26,770</u>	<u>\$ 29,006</u>

Equity Method Investment

Wendy's has a 50% share in a partnership in a Canadian restaurant real estate joint venture ("TimWen") with a subsidiary of Restaurant Brands International Inc., a quick-service restaurant company that owns the Tim Hortons® brand (Tim Hortons is a registered trademark of Tim Hortons USA Inc.). The Company has significant influence over this investee. Such investment is accounted for using the equity method, under which our results of operations include our share of the income of the investee in "Other operating income, net."

THE WENDY'S COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In Thousands Except Per Share Amounts)

Presented below is activity related to our investment in TimWen included in our condensed consolidated financial statements:

	Three Months Ended	
	March 30, 2025	March 31, 2024
Balance at beginning of period	\$ 27,288	\$ 32,727
Equity in earnings for the period	2,843	3,151
Amortization of purchase price adjustments (a)	(591)	(629)
	2,252	2,522
Distributions received	(2,969)	(2,952)
Foreign currency translation adjustment included in "Other comprehensive income (loss)"	199	(785)
Balance at end of period	<u>\$ 26,770</u>	<u>\$ 31,512</u>

(a) Purchase price adjustments that impacted the carrying value of the Company's investment in TimWen are being amortized over the average original aggregate life of 21 years.

Other Investments in Equity Securities

During the three months ended March 30, 2025, the Company recorded an impairment charge of \$1,718 for the difference between the estimated fair value and the carrying value of an investment in equity securities. As a result, the carrying value of the investment was reduced to zero as of March 30, 2025.

(5) Long-Term Debt

Long-term debt consisted of the following:

	March 30, 2025	December 29, 2024
Class A-2 Notes:		
4.236% Series 2022-1 Class A-2-I Notes, anticipated repayment date 2029	\$ 97,250	\$ 97,500
4.535% Series 2022-1 Class A-2-II Notes, anticipated repayment date 2032	385,134	386,134
2.370% Series 2021-1 Class A-2-I Notes, anticipated repayment date 2029	417,644	418,769
2.775% Series 2021-1 Class A-2-II Notes, anticipated repayment date 2031	625,405	627,030
3.783% Series 2019-1 Class A-2-I Notes, anticipated repayment date 2026	352,673	353,673
4.080% Series 2019-1 Class A-2-II Notes, anticipated repayment date 2029	397,498	398,623
3.884% Series 2018-1 Class A-2-II Notes, anticipated repayment date 2028	435,162	436,349
7% debentures, due in December 2025	49,084	48,913
Unamortized debt issuance costs	(24,997)	(26,698)
	2,734,853	2,740,293
Less amounts payable within one year	(78,334)	(78,163)
Total long-term debt	<u>\$ 2,656,519</u>	<u>\$ 2,662,130</u>

THE WENDY’S COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In Thousands Except Per Share Amounts)

Other Long-Term Debt

Wendy’s U.S. advertising fund has a revolving line of credit of \$15,000, which was established to support the Company’s advertising fund operations and bears interest at the Secured Overnight Financing Rate (“SOFR”) plus 2.25%. Borrowings under the line of credit are guaranteed by Wendy’s. During the three months ended March 30, 2025, the Company drew down \$15,000 under the revolving line of credit, of which the Company repaid \$8,500 in March 2025. As a result, as of March 30, 2025, the Company had outstanding borrowings of \$6,500 under the revolving line of credit, which is included in “Advertising funds restricted liabilities.”

(6) Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation techniques under the accounting guidance related to fair value measurements are based on observable and unobservable inputs. Observable inputs reflect readily obtainable data from independent sources, while unobservable inputs reflect our market assumptions. These inputs are classified into the following hierarchy:

- Level 1 Inputs - Quoted prices for identical assets or liabilities in active markets.
- Level 2 Inputs - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.
- Level 3 Inputs - Pricing inputs are unobservable for the assets or liabilities and include situations where there is little, if any, market activity for the assets or liabilities. The inputs into the determination of fair value require significant management judgment or estimation.

Financial Instruments

The following table presents the carrying amounts and estimated fair values of the Company’s financial instruments:

	March 30, 2025		December 29, 2024		Fair Value Measurements
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	
Financial assets					
Cash equivalents	\$ 201,742	\$ 201,742	\$ 319,212	\$ 319,212	Level 1
Other investments in equity securities (a)	—	—	1,718	1,718	Level 2
Financial liabilities					
Series 2022-1 Class A-2-I Notes (b)	97,250	91,379	97,500	93,744	Level 2
Series 2022-1 Class A-2-II Notes (b)	385,134	362,438	386,134	371,855	Level 2
Series 2021-1 Class A-2-I Notes (b)	417,644	377,738	418,769	376,256	Level 2
Series 2021-1 Class A-2-II Notes (b)	625,405	538,661	627,030	551,981	Level 2
Series 2019-1 Class A-2-I Notes (b)	352,673	346,060	353,673	345,093	Level 2
Series 2019-1 Class A-2-II Notes (b)	397,498	379,491	398,623	387,039	Level 2
Series 2018-1 Class A-2-II Notes (b)	435,162	419,931	436,349	418,027	Level 2
U.S. advertising fund revolving line of credit	6,500	6,500	—	—	Level 2
7% debentures, due in 2025 (b)	49,084	49,488	48,913	50,034	Level 2

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- (a) The fair value of our other investments in equity securities is based on our review of information provided by the investment manager, which is based on observable price changes in orderly transactions for a similar investment of the same issuer.
- (b) The fair values were based on quoted market prices in markets that are not considered active markets.

The carrying amounts of cash, accounts payable and accrued expenses approximate fair value due to the short-term nature of those items. The carrying amounts of accounts and notes receivable, net (both current and non-current) approximate fair value due to the effect of the related allowance for doubtful accounts. Our cash equivalents are the only financial assets measured and recorded at fair value on a recurring basis.

Non-Recurring Fair Value Measurements

Assets and liabilities remeasured to fair value on a non-recurring basis resulted in impairment that we have recorded to "Impairment of long-lived assets" in our condensed consolidated statements of operations.

Total impairment losses may reflect the impact of remeasuring long-lived assets held and used (including land, buildings, leasehold improvements, favorable lease assets and right-of-use assets) to fair value as a result of (1) the deterioration in operating performance of certain Company-operated restaurants and (2) the Company's decision to lease and/or sublease the land and/or buildings to franchisees in connection with the sale or anticipated sale of restaurants, including any subsequent lease modifications. The fair values of long-lived assets held and used presented in the tables below represent the remaining carrying value and were estimated based on either discounted cash flows of future anticipated lease and sublease income or discounted cash flows of future anticipated Company-operated restaurant performance. Total impairment losses may also include the impact of remeasuring long-lived assets held for sale. The fair values of long-lived assets held for sale presented in the tables below represent the remaining carrying value and were estimated based on current market values. See Note 12 for further information on impairment of our long-lived assets.

	March 30, 2025	Fair Value Measurements		
		Level 1	Level 2	Level 3
Held and used	\$ 6	\$ —	\$ —	\$ 6
Held for sale	2,048	—	—	2,048
Total	<u>\$ 2,054</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,054</u>

	December 29, 2024	Fair Value Measurements		
		Level 1	Level 2	Level 3
Held and used	\$ 2,391	\$ —	\$ —	\$ 2,391
Held for sale	1,558	—	—	1,558
Total	<u>\$ 3,949</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 3,949</u>

(7) Income Taxes

The Company's effective tax rate for the three months ended March 30, 2025 and March 31, 2024 was 28.6% and 26.9%, respectively. The Company's effective tax rate varied from the U.S. federal statutory rate of 21% for the three months ended March 30, 2025 primarily due to state income taxes and the tax effects of our foreign operations.

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(8) Net Income Per Share

The calculation of basic and diluted net income per share was as follows:

	Three Months Ended	
	March 30, 2025	March 31, 2024
Net income	\$ 39,232	\$ 41,993
Common stock:		
Weighted average basic shares outstanding	200,643	205,372
Dilutive effect of stock options and restricted shares	974	1,599
Weighted average diluted shares outstanding	201,617	206,971
Net income per share:		
Basic	\$.20	\$.20
Diluted	\$.19	\$.20

Basic net income per share for the three months ended March 30, 2025 and March 31, 2024 was computed by dividing net income amounts by the weighted average number of shares of common stock outstanding. Diluted net income per share was computed by dividing net income by the weighted average number of basic shares outstanding plus the potential common share effect of dilutive stock options and restricted shares. We excluded potential common shares of 8,288 and 6,789 for the three months ended March 30, 2025 and March 31, 2024, respectively, from our diluted net income per share calculation as they would have had anti-dilutive effects.

(9) Stockholders' Equity

Dividends

During both the first quarter of 2025 and the first quarter of 2024, the Company paid dividends per share of \$.25.

Repurchases of Common Stock

In January 2023, our Board of Directors authorized a repurchase program for up to \$500,000 of our common stock through February 28, 2027, when and if market conditions warrant and to the extent legally permissible (the "January 2023 Authorization"). During the three months ended March 30, 2025, the Company repurchased 8,182 shares under the January 2023 Authorization with an aggregate purchase price of \$124,070, of which \$1,401 was accrued as of March 30, 2025, and excluding excise tax of \$1,214 and commissions of \$115. As of March 30, 2025, the Company had \$110,930 of availability remaining under the January 2023 Authorization. Subsequent to March 30, 2025 through April 25, 2025, the Company repurchased 3,843 shares under the January 2023 Authorization with an aggregate purchase price of \$50,895, excluding applicable excise tax and commissions.

During the three months ended March 31, 2024, the Company repurchased 392 shares under the January 2023 Authorization with an aggregate purchase price of \$7,187, of which \$470 was accrued as of March 31, 2024, and excluding excise tax of \$24 and commissions of \$5.

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Accumulated Other Comprehensive Loss

The following table provides a rollforward of accumulated other comprehensive loss, which is entirely comprised of foreign currency translation:

	Three Months Ended	
	March 30, 2025	March 31, 2024
Balance at beginning of period	\$ (74,753)	\$ (58,375)
Foreign currency translation	1,912	(4,586)
Balance at end of period	<u>\$ (72,841)</u>	<u>\$ (62,961)</u>

(10) System Optimization Losses, Net

The Company's system optimization initiative included a shift from Company-operated restaurants to franchised restaurants over time, through acquisitions and dispositions, as well as facilitating franchisee-to-franchisee restaurant transfers ("Franchise Flips"). As of March 30, 2025, Company-operated restaurant ownership was approximately 5% of the total system. While the Company has no plans to move its ownership away from approximately 5% of the total system, the Company expects to continue to optimize the Wendy's system through Franchise Flips, as well as evaluating strategic acquisitions of franchised restaurants and strategic dispositions of Company-operated restaurants to existing and new franchisees, to further strengthen the franchisee base and drive new restaurant development. During the three months ended March 30, 2025, the Company did not facilitate any Franchise Flips. During the three months ended March 31, 2024, the Company facilitated 11 Franchise Flips. Additionally, during the three months ended March 30, 2025, the Company completed the sale of two Company-operated restaurants to franchisees. No Company-operated restaurants were sold to or purchased from franchisees during the three months ended March 31, 2024.

Gains and losses recognized on dispositions are recorded to "System optimization losses, net" in our condensed consolidated statements of operations. Costs related to acquisitions and dispositions under our system optimization initiative are recorded to "Reorganization and realignment costs." All other costs incurred related to facilitating Franchise Flips are recorded to "Franchise support and other costs."

The following is a summary of the disposition activity recorded as a result of our system optimization initiative:

	Three Months Ended	
	March 30, 2025	March 31, 2024
Number of restaurants sold to franchisees	2	—
Proceeds from sales of restaurants	\$ 55	\$ —
Net assets sold (a)	(169)	—
Other	(25)	—
Loss on sales of restaurants, net	(139)	—
Gain (loss) on sales of other assets, net (b)	49	(127)
System optimization losses, net	<u>\$ (90)</u>	<u>\$ (127)</u>

(a) Net assets sold consisted primarily of equipment.

(b) During the three months ended March 31, 2024, the Company received net cash proceeds of \$26, primarily from the sale of surplus and other properties.

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Assets Held for Sale

As of March 30, 2025 and December 29, 2024, the Company had assets held for sale of \$3,727 and \$2,833, respectively, primarily consisting of surplus properties. Assets held for sale are included in "Prepaid expenses and other current assets."

(11) Reorganization and Realignment Costs

The following is a summary of the initiatives included in "Reorganization and realignment costs:"

	Three Months Ended	
	March 30, 2025	March 31, 2024
Organizational Redesign Plan	\$ (950)	\$ 5,622
Other reorganization and realignment plans	258	51
Reorganization and realignment costs	<u>\$ (692)</u>	<u>\$ 5,673</u>

Organizational Redesign

In February 2023, the Board of Directors approved a plan to redesign the Company's organizational structure to better support the execution of the Company's long-term growth strategy by maximizing organizational efficiency and streamlining decision making (the "Organizational Redesign Plan"). Additionally, in January 2024, the Board of Directors announced the appointment of Kirk Tanner as the Company's new President and Chief Executive Officer, effective February 5, 2024. Mr. Tanner succeeded Todd A. Penegor, the Company's previous President and Chief Executive Officer, who departed from the Company in February 2024. The Company expects to incur total costs of approximately \$17,000 related to the Organizational Redesign Plan, including costs related to the succession of the President and Chief Executive Officer role. During the three months ended March 30, 2025, the Company recognized costs totaling \$(950), which primarily included a reversal of a severance accrual. During the three months ended March 31, 2024, the Company recognized costs totaling \$5,622, which primarily included severance and related employee costs. The Company expects to incur additional costs aggregating approximately \$600, comprised primarily of share-based compensation. The Company expects costs related to the Organizational Redesign Plan to continue into 2026.

The following is a summary of the costs recorded as a result of the Organizational Redesign Plan:

	Three Months Ended		Total Incurred Since Inception
	March 30, 2025	March 31, 2024	
Severance and related employee costs (a)	\$ (1,088)	\$ 5,362	\$ 12,408
Recruitment and relocation costs	13	82	736
Third-party and other costs	—	50	1,116
	(1,075)	5,494	14,260
Share-based compensation (b)	125	128	2,221
Total organizational redesign	<u>\$ (950)</u>	<u>\$ 5,622</u>	<u>\$ 16,481</u>

(a) The three months ended March 30, 2025 includes a reversal of an accrual as a result of a change in estimate.

(b) Total incurred since inception primarily represents the accelerated recognition of share-based compensation resulting from the termination of employees under the Organizational Redesign Plan.

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As of March 30, 2025, the accruals for the Organizational Redesign Plan are included in “Accrued expenses and other current liabilities.” The tables below present a rollforward of our accruals for the Organizational Redesign Plan.

	Balance December 29, 2024	Charges	Payments	Balance March 30, 2025
Severance and related employee costs	\$ 4,257	\$ (1,088)	\$ (1,410)	\$ 1,759
Recruitment and relocation costs	—	13	(13)	—
Third-party and other costs	—	—	—	—
	<u>\$ 4,257</u>	<u>\$ (1,075)</u>	<u>\$ (1,423)</u>	<u>\$ 1,759</u>

	Balance December 31, 2023	Charges	Payments	Balance March 31, 2024
Severance and related employee costs	\$ 1,692	\$ 5,362	\$ (977)	\$ 6,077
Recruitment and relocation costs	—	82	(82)	—
Third-party and other costs	—	50	(50)	—
	<u>\$ 1,692</u>	<u>\$ 5,494</u>	<u>\$ (1,109)</u>	<u>\$ 6,077</u>

Other Reorganization and Realignment Plans

Costs incurred under the Company’s other reorganization and realignment plans were not material during the three months ended March 30, 2025 and March 31, 2024. The Company does not expect to incur any material additional costs under these plans.

(12) Impairment of Long-Lived Assets

The Company records impairment charges as a result of (1) the deterioration in operating performance of certain Company-operated restaurants, (2) the Company’s decision to lease and/or sublease properties to franchisees in connection with the sale or anticipated sale of Company-operated restaurants, including any subsequent lease modifications and (3) classifying surplus properties as held for sale.

The following is a summary of impairment losses recorded, which represent the excess of the carrying amount over the fair value of the affected assets and are included in “Impairment of long-lived assets:”

	Three Months Ended	
	March 30, 2025	March 31, 2024
Company-operated restaurants	\$ 1,187	\$ 1,775
Surplus properties	234	231
	<u>\$ 1,421</u>	<u>\$ 2,006</u>

(13) Supplemental Cash Flow Information

The following table includes supplemental non-cash investing and financing activities:

	Three Months Ended	
	March 30, 2025	March 31, 2024
Supplemental non-cash investing and financing activities:		
Capital expenditures included in accounts payable	\$ 7,197	\$ 9,161
Finance leases	17,849	3,749

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The following table includes a reconciliation of cash, cash equivalents and restricted cash:

	March 30, 2025	December 29, 2024
Reconciliation of cash, cash equivalents and restricted cash at end of period:		
Cash and cash equivalents	\$ 335,259	\$ 450,512
Restricted cash	34,644	34,481
Restricted cash, included in Advertising funds restricted assets	19,056	18,615
Total cash, cash equivalents and restricted cash	<u>\$ 388,959</u>	<u>\$ 503,608</u>

(14) Guarantees and Other Commitments and Contingencies

Except as described below, the Company did not have any significant changes in guarantees and other commitments and contingencies during the current fiscal period since those reported in the Form 10-K. Refer to the Form 10-K for further information regarding the Company's additional commitments and obligations.

Lease Guarantees

Wendy's has guaranteed the performance of certain leases and other obligations, primarily from former Company-operated restaurant locations now operated by franchisees, amounting to \$100,858 as of March 30, 2025. These leases extend through 2045. We have had no judgments against us as guarantor of these leases as of March 30, 2025. In the event of default by a franchise owner where Wendy's is called upon to perform under its guarantee, Wendy's has the ability to pursue repayment from the franchise owner. The liability recorded for our probable exposure associated with these lease guarantees was not material as of March 30, 2025.

Letters of Credit

As of March 30, 2025, the Company had outstanding letters of credit with various parties totaling \$28,985. Substantially all of the outstanding letters of credit include amounts outstanding against the 2021-1 Variable Funding Senior Secured Notes, Class A-1. We do not expect any material loss to result from these letters of credit.

(15) Transactions with Related Parties

Except as described below, the Company did not have any significant changes in or transactions with its related parties during the current fiscal period since those reported in the Form 10-K.

TimWen Lease and Management Fee Payments

A wholly-owned subsidiary of Wendy's leases restaurant facilities from TimWen, which are then subleased to franchisees for the operation of Wendy's/Tim Hortons combo units in Canada. Wendy's paid TimWen \$4,798 and \$5,030 under these lease agreements during the three months ended March 30, 2025 and March 31, 2024, respectively, which has been recorded to "Franchise rental expense." In addition, TimWen paid Wendy's a management fee under the TimWen joint venture agreement of \$56 and \$60 during the three months ended March 30, 2025 and March 31, 2024, respectively, which is included as a reduction to "General and administrative."

Transactions with QSCC

Wendy's has a purchasing co-op relationship structure with its franchisees that establishes Quality Supply Chain Co-op, Inc. ("QSCC"). QSCC manages, for the Wendy's system in the U.S. and Canada, contracts for the purchase and distribution of food, proprietary paper, operating supplies and equipment under national agreements with pricing based upon total system volume. QSCC's supply chain management facilitates continuity of supply and provides consolidated purchasing efficiencies while monitoring and seeking to minimize possible obsolete inventory throughout the Wendy's supply chain in the U.S. and Canada.

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Wendy's and its franchisees pay sourcing fees to third-party vendors on certain products sourced by QSCC. Such sourcing fees are remitted by these vendors to QSCC and are the primary means of funding QSCC's operations. In addition, QSCC collects certain rebates, price variance and other recoveries, technology fees, convention fees and other funding from third-party vendors as part of the administration and management of the Wendy's supply chain in the U.S. and Canada. Should QSCC's sourcing fees exceed its expected needs, QSCC's board of directors may return some or all of the excess to its members in the form of a patronage dividend. Wendy's recorded its share of patronage dividends of \$3,096 during the three months ended March 31, 2024, of which \$2,909 is included in "Other operating income, net" and \$187 is included as a reduction of "Cost of sales." There were no patronage dividends recorded during the three months ended March 30, 2025.

Transactions with Yellow Cab

Certain family members and/or affiliates of Mr. Nelson Peltz, our former Chairman and Chairman Emeritus, Mr. Peter May, our Senior Vice Chairman, and Mr. Matthew Peltz, our Vice Chairman, hold minority ownership interests in Yellow Cab Holdings, LLC ("Yellow Cab"), a Wendy's franchisee that, as of March 30, 2025 owned and operated 89 Wendy's restaurants, and/or certain of the operating companies managed by Yellow Cab. During the three months ended March 30, 2025 and March 31, 2024, the Company recognized \$3,664 and \$3,612, respectively, in royalty, advertising fund, lease and other income from Yellow Cab and related entities. In all transactions involving Yellow Cab, the Company's standard franchisee recruiting and approval processes were followed, no modifications were made to the Company's standard franchise agreements or related documents, and all deal terms and transaction documents were negotiated and executed on an arm's-length basis, consistent with the Company's comparable franchise transactions and relationships. As of March 30, 2025 and December 29, 2024, \$1,156 and \$1,132, respectively, was due from Yellow Cab for such income, which is included in "Accounts and notes receivable, net" and "Advertising funds restricted assets."

Transactions with AMC

In February 2023, Ms. Kristin Dolan, a director of the Company, was appointed as the Chief Executive Officer of AMC Networks Inc. ("AMC"). During the three months ended March 30, 2025 and March 31, 2024, the Company purchased approximately \$300 and \$500, respectively, of advertising time from a subsidiary of AMC. The Company's advertising spend with AMC was made in the ordinary course of business and approved on an arm's-length basis, consistent with the Company's comparable advertising decisions. As of March 30, 2025 and December 29, 2024, approximately \$26 and \$17, respectively, was due to AMC for such advertising time, which is included in "Advertising funds restricted liabilities."

(16) Legal and Environmental Matters

The Company is involved in litigation and claims incidental to our business. We provide accruals for such litigation and claims when we determine it is probable that a liability has been incurred and the loss is reasonably estimable. The Company believes it has adequate accruals for all of its legal and environmental matters. We cannot estimate the aggregate possible range of loss for our existing litigation and claims due to various reasons, including, but not limited to, many proceedings being in preliminary stages, with various motions either yet to be submitted or pending, discovery yet to occur and significant factual matters unresolved. In addition, most cases seek an indeterminate amount of damages and many involve multiple parties. Predicting the outcomes of settlement discussions or judicial or arbitral decisions is thus inherently difficult and future developments could cause these actions or claims, individually or in aggregate, to have a material adverse effect on the Company's financial condition, results of operations, or cash flows of a particular reporting period.

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(17) Segment Information

Wendy's U.S. revenue, significant segment expenses and segment adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA") are as follows:

	Three Months Ended	
	March 30, 2025	March 31, 2024
Wendy's U.S. revenue	\$ 429,614	\$ 442,847
Wendy's U.S. expense		
Cost of sales	181,237	185,933
Franchise support and other costs	13,178	12,694
Advertising fund expense (a)	91,760	99,025
General and administrative	22,424	19,326
Other segment items (b)	38	45
Wendy's U.S. adjusted EBITDA	<u>\$ 120,977</u>	<u>\$ 125,824</u>

(a) Includes advertising fund expense of \$2,325 for the three months ended March 31, 2024 related to the Company's funding of incremental advertising. There was no funding of incremental advertising during the three months ended March 30, 2025.

(b) Other segment items for the three months ended March 30, 2025 primarily include lease buyout activity and professional fees. Other segment items for the three months ended March 31, 2024 primarily include professional fees.

Wendy's International revenue, significant segment expenses and segment adjusted EBITDA are as follows:

	Three Months Ended	
	March 30, 2025	March 31, 2024
Wendy's International revenue	\$ 34,721	\$ 32,815
Wendy's International expense		
Cost of sales	6,932	6,180
Advertising fund expense (a)	9,912	8,556
General and administrative	6,437	5,941
Other segment items (b)	1,996	1,448
Wendy's International adjusted EBITDA	<u>\$ 9,444</u>	<u>\$ 10,690</u>

(a) Includes advertising fund expense of \$159 and \$162 for the three months ended March 30, 2025 and March 31, 2024, respectively, related to the Company's funding of incremental advertising. In addition, includes other international-related advertising deficit of \$1,153 and \$150 for the three months ended March 30, 2025 and March 31, 2024, respectively.

(b) Other segment items for the three months ended March 30, 2025 and March 31, 2024 primarily include franchise support and other costs.

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Global Real Estate & Development revenue, significant segment expenses and segment adjusted EBITDA are as follows:

	Three Months Ended	
	March 30, 2025	March 31, 2024
Global Real Estate & Development revenue	\$ 59,137	\$ 59,091
Global Real Estate & Development expense		
Franchise rental expense	30,701	31,778
General and administrative	5,220	5,100
Other segment items (a)	(1,460)	(1,848)
Global Real Estate & Development adjusted EBITDA	<u>\$ 24,676</u>	<u>\$ 24,061</u>

(a) Other segment items primarily include equity in earnings from our TimWen joint venture, franchise support and other costs and gains on sales-type leases. Equity in earnings from our TimWen joint venture was \$2,252 and \$2,522 for the three months ended March 30, 2025 and March 31, 2024, respectively.

The following table reconciles profit by segment to the Company's consolidated income before income taxes:

	Three Months Ended	
	March 30, 2025	March 31, 2024
Wendy's U.S.	\$ 120,977	\$ 125,824
Wendy's International	9,444	10,690
Global Real Estate & Development	24,676	24,061
Total segment adjusted EBITDA	155,097	160,575
Unallocated franchise support and other costs	(587)	(26)
Advertising funds surplus	144	207
Unallocated general and administrative (a)	(34,123)	(33,390)
Depreciation and amortization (exclusive of amortization of cloud computing arrangements shown separately below)	(36,549)	(35,518)
Amortization of cloud computing arrangements	(4,167)	(3,542)
System optimization losses, net	(90)	(127)
Reorganization and realignment costs	692	(5,673)
Impairment of long-lived assets	(1,421)	(2,006)
Unallocated other operating income, net	4,130	656
Interest expense, net	(31,477)	(30,535)
Investment loss, net	(1,718)	—
Other income, net	4,986	6,836
Income before income taxes	<u>\$ 54,917</u>	<u>\$ 57,457</u>

(a) Includes corporate overhead costs, such as employee compensation and related benefits.

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(18) New Accounting Standards

Disaggregation of Income Statement Expenses

In November 2024, the Financial Accounting Standards Board (“FASB”) issued an amendment to expand disclosure requirements related to certain income statement expenses. The amendment requires disaggregation of certain expense captions into specified categories in disclosures within the notes to the financial statements. We are currently evaluating the impact of the adoption of this guidance on our condensed consolidated financial statements.

In January 2025, the FASB issued an update that clarified that the amendment is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027, with early adoption permitted.

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

Introduction

This "Management's Discussion and Analysis of Financial Condition and Results of Operations" of The Wendy's Company ("The Wendy's Company" and, together with its subsidiaries, the "Company," "we," "us," or "our") should be read in conjunction with the accompanying unaudited condensed consolidated financial statements and the related notes included elsewhere within this report and "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 29, 2024 (the "Form 10-K"). There have been no material changes as of March 30, 2025 to the application of our critical accounting policies as described in Item 7 of the Form 10-K. Certain statements we make under this Item 2 constitute "forward-looking statements" under the Private Securities Litigation Reform Act of 1995. See "Special Note Regarding Forward-Looking Statements and Projections" in "Part II. Other Information" of this report. You should consider our forward-looking statements in light of the risks discussed in "Item 1A. Risk Factors" in "Part II. Other Information" of this report and our unaudited condensed consolidated financial statements, related notes and other financial information appearing elsewhere in this report, the Form 10-K and our other filings with the Securities and Exchange Commission (the "SEC").

The Wendy's Company is the parent company of its 100% owned subsidiary holding company, Wendy's Restaurants, LLC ("Wendy's Restaurants"). Wendy's Restaurants is the parent company of Wendy's International, LLC (formerly known as Wendy's International, Inc). Wendy's International, LLC is the indirect parent company of (1) Quality Is Our Recipe, LLC ("Quality"), which is the owner and franchisor of the Wendy's restaurant system in the United States (the "U.S.") and all international jurisdictions except for Canada, and (2) Wendy's Restaurants of Canada Inc., which is the owner and franchisor of the Wendy's restaurant system in Canada. As used herein, unless the context requires otherwise, the term "Company" refers to The Wendy's Company and its direct and indirect subsidiaries, and "Wendy's" refers to Quality when the context relates to the ownership or franchising of the Wendy's restaurant system and to Wendy's International, LLC when the context refers to the Wendy's brand.

Wendy's is primarily engaged in the business of operating, developing and franchising a system of distinctive quick-service restaurants serving high quality food. Wendy's opened its first restaurant in Columbus, Ohio in 1969. Today, Wendy's is the second largest quick-service restaurant company in the hamburger sandwich segment in the U.S. based on traffic and dollar share, and the third largest globally with 7,308 restaurants in the U.S. and 34 foreign countries and U.S. territories as of March 30, 2025.

Each Wendy's restaurant offers an extensive menu specializing in hamburger sandwiches and featuring chicken sandwiches, which are prepared to order with the customer's choice of toppings and condiments. Wendy's menu also includes chicken nuggets, chili, french fries, baked potatoes, freshly prepared salads, soft drinks, Frosty[®] desserts and kids' meals. In addition, Wendy's restaurants sell a variety of promotional products on a limited time basis. Wendy's also offers breakfast across the U.S. system and in Canada. Wendy's breakfast menu features a variety of breakfast sandwiches such as the Breakfast Baconator[®] and sides such as seasoned potatoes.

The Company is comprised of the following segments: (1) Wendy's U.S., (2) Wendy's International and (3) Global Real Estate & Development. Wendy's U.S. includes the operation and franchising of Wendy's restaurants in the U.S. and derives its revenues from sales at Company-operated restaurants and royalties, fees and advertising fund collections from franchised restaurants. Wendy's International includes the operation and franchising of Wendy's restaurants in countries and territories other than the U.S. and derives its revenues from sales at Company-operated restaurants and royalties, fees and advertising fund collections from franchised restaurants. Global Real Estate & Development includes real estate activity for owned sites and sites leased from third parties, which are leased and/or subleased to franchisees, and also includes our share of the income of our TimWen real estate joint venture. In addition, Global Real Estate & Development earns fees from facilitating franchisee-to-franchisee restaurant transfers ("Franchise Flips") and providing other development-related services to franchisees. In this "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations," the Company reports on the segment profit for each of the three segments described above. The Company measures segment profit using segment adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA"). Segment adjusted EBITDA excludes certain unallocated general and administrative expenses and other items that vary from period to period without correlation to

the Company's core operating performance. See "Results of Operations" below and Note 17 to the Condensed Consolidated Financial Statements contained in Item 1 herein for segment financial information.

The Company's fiscal reporting periods consist of 52 or 53 weeks ending on the Sunday closest to December 31. All three-month periods presented herein contain 13 weeks. All references to years, quarters and months relate to fiscal periods rather than calendar periods.

Executive Overview

Our Business

As of March 30, 2025, the Wendy's restaurant system was comprised of 7,308 restaurants, with 5,958 Wendy's restaurants in operation in the U.S. Of the U.S. restaurants, 387 were operated by the Company and 5,571 were operated by a total of 205 franchisees. In addition, at March 30, 2025, there were 1,350 Wendy's restaurants in operation in 34 foreign countries and U.S. territories. Of the international restaurants, 1,337 were operated by a total of 110 franchisees and 13 were operated by the Company in the United Kingdom (the "U.K.").

The revenues from our restaurant business are derived from two principal sources: (1) sales at Company-operated restaurants and (2) franchise-related revenues, including royalties, national advertising funds contributions, rents and franchise fees received from Wendy's franchised restaurants. Company-operated restaurants comprised approximately 5% of the total Wendy's system as of March 30, 2025.

Wendy's operating results are impacted by a number of external factors, including commodity costs, labor costs, intense price competition, unemployment and consumer spending levels, general economic and market trends and weather.

Wendy's strategic framework includes providing fresh, famous food to consumers, delivering an exceptional customer experience through operational excellence and expanding the Company's footprint across the globe. Our opportunities to execute on this framework for long-term profitable growth include (1) driving same-restaurant sales and share growth, (2) accelerating digital growth, (3) improving restaurant profitability and (4) driving global unit growth.

Key Business Measures

We track our results of operations and manage our business using the following key business measures:

- **Same-Restaurant Sales** – We report same-restaurant sales commencing after new restaurants have been open for 15 continuous months and as soon as reimaged restaurants reopen. Restaurants temporarily closed for more than one week are excluded from same-restaurant sales. This methodology is consistent with the metric used by our management for internal reporting and analysis. The table summarizing same-restaurant sales below in "Results of Operations" provides the same-restaurant sales percent changes.
- **Company-Operated Restaurant Margin** – We define Company-operated restaurant margin as sales from Company-operated restaurants less cost of sales divided by sales from 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 Company-operated 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.

Company-operated restaurant margin is influenced by factors such as price increases, the effectiveness of our advertising and marketing initiatives, featured products, product mix, fluctuations in food and labor costs, restaurant openings, remodels and closures and the level of our fixed and semi-variable costs.

- **Systemwide Sales** – Systemwide sales includes sales by both Company-operated restaurants and franchised restaurants. Franchised restaurants' sales are reported by our franchisees and represent their revenues from sales at franchised Wendy's restaurants. The Company's consolidated financial statements do not include sales by franchised restaurants to their customers. The Company's royalty and advertising funds revenues are computed as percentages of

sales made by Wendy's franchisees. As a result, sales by Wendy's franchisees have a direct effect on the Company's royalty and advertising funds revenues and profitability.

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.

Same-restaurant sales and systemwide sales exclude sales from Argentina due to that country's highly inflationary economy. The Company considers economies that have had cumulative inflation in excess of 100% over a three-year period as highly inflationary.

The Company believes its presentation of same-restaurant sales, Company-operated restaurant margin and systemwide sales provide a meaningful perspective of the underlying operating performance of the Company's current business and enables investors to better understand and evaluate the Company's historical and prospective operating performance. The Company believes that these metrics are important supplemental measures of operating performance because they highlight trends in the Company's business that may not otherwise be apparent when relying solely on GAAP financial measures. The Company believes investors, analysts and other interested parties use these metrics in evaluating issuers and that the presentation of these measures facilitates a comparative assessment of the Company's operating performance. With respect to same-restaurant sales and systemwide sales, the Company also believes that the data is useful in assessing consumer demand for the Company's products and the overall success of the Wendy's brand.

First Quarter Financial Highlights

- Global systemwide sales decreased 1.1% to \$3.39 billion in the first quarter of 2025 compared with \$3.45 billion in the first quarter of 2024;
- Revenues decreased 2.1% to \$523.5 million in the first quarter of 2025 compared with \$534.8 million in the first quarter of 2024;
- Global same-restaurant sales decreased 2.1%, U.S. same-restaurant sales decreased 2.8% and international same-restaurant sales increased 2.3% compared with the first quarter of 2024. On a two-year basis, global same-restaurant sales decreased 1.2%;
- Global Company-operated restaurant margin was 14.3% in the first quarter of 2025, a decrease of 40 basis points compared with the first quarter of 2024; and
- Income before income taxes decreased 4.4% to \$54.9 million in the first quarter of 2025 compared with \$57.5 million in the first quarter of 2024.

Digital

Wendy's long-term growth opportunities include accelerating consumer-facing digital platforms and technologies. Over the past several years, the Company has invested significant resources to focus on consumer-facing technology, including enhancements to Wendy's mobile apps and loyalty programs and establishing delivery arrangements with third-party vendors for Wendy's U.S. and Canadian restaurants. The Company is also continuing to make digital investments and is partnering with key technology providers to help execute our digital, restaurant technology and enterprise technology initiatives and support our technology innovation and growth. The Company's digital business has continued to grow and digital sales increased from approximately 16.8% of global systemwide sales during the first quarter of 2024 to approximately 20.3% during the first quarter of 2025.

New Restaurant Development

Wendy's long-term growth opportunities include expanding the Company's footprint across the globe. To promote new restaurant development, the Company has provided franchisees with certain incentive programs for qualifying new and existing restaurants, in addition to our build to suit development fund. In addition, the Company has development agreements in place

with a number of franchisees that contractually obligate such franchisees to open additional Wendy's restaurants over a specified timeframe. During the three months ended March 30, 2025, Wendy's added 68 net new restaurants across the system.

Results of Operations

The tables included throughout this Results of Operations section set forth in millions the Company's condensed consolidated results of operations for the first quarter of 2025 and 2024.

	First Quarter		
	2025	2024	Change
Revenues:			
Sales	\$ 219.5	\$ 225.3	\$ (5.8)
Franchise royalty revenue and fees	145.1	146.6	(1.5)
Franchise rental income	58.5	58.0	0.5
Advertising funds revenue	100.4	104.9	(4.5)
	<u>523.5</u>	<u>534.8</u>	<u>(11.3)</u>
Costs and expenses:			
Cost of sales	188.2	192.1	(3.9)
Franchise support and other costs	16.6	14.7	1.9
Franchise rental expense	30.7	31.8	(1.1)
Advertising funds expense	101.5	107.4	(5.9)
General and administrative	68.2	63.8	4.4
Depreciation and amortization (exclusive of amortization of cloud computing arrangements shown separately below)	36.5	35.5	1.0
Amortization of cloud computing arrangements	4.2	3.5	0.7
System optimization losses, net	0.1	0.1	—
Reorganization and realignment costs	(0.7)	5.7	(6.4)
Impairment of long-lived assets	1.4	2.0	(0.6)
Other operating income, net	(6.3)	(3.0)	(3.3)
	<u>440.4</u>	<u>453.6</u>	<u>(13.2)</u>
Operating profit	83.1	81.2	1.9
Interest expense, net	(31.5)	(30.5)	(1.0)
Investment loss, net	(1.7)	—	(1.7)
Other income, net	5.0	6.8	(1.8)
Income before income taxes	54.9	57.5	(2.6)
Provision for income taxes	(15.7)	(15.5)	(0.2)
Net income	<u>\$ 39.2</u>	<u>\$ 42.0</u>	<u>\$ (2.8)</u>

	First Quarter			
	2025	% of Total Revenues	2024	% of Total Revenues
<i>Revenues:</i>				
Sales	\$ 219.5	41.9 %	\$ 225.3	42.1 %
Franchise royalty revenue and fees:				
Franchise royalty revenue	121.7	23.2 %	125.7	23.5 %
Franchise fees	23.4	4.5 %	20.9	3.9 %
Total franchise royalty revenue and fees	145.1	27.7 %	146.6	27.4 %
Franchise rental income	58.5	11.2 %	58.0	10.8 %
Advertising funds revenue	100.4	19.2 %	104.9	19.7 %
Total revenues	<u>\$ 523.5</u>	<u>100.0 %</u>	<u>\$ 534.8</u>	<u>100.0 %</u>

	First Quarter			
	2025	% of Sales	2024	% of Sales
<i>Cost of sales:</i>				
Food and paper	\$ 67.7	30.8 %	\$ 69.1	30.7 %
Restaurant labor	70.8	32.3 %	73.6	32.7 %
Occupancy, advertising and other operating costs	49.7	22.6 %	49.4	21.9 %
Total cost of sales	<u>\$ 188.2</u>	<u>85.7 %</u>	<u>\$ 192.1</u>	<u>85.3 %</u>

	First Quarter			
	2025	% of Sales	2024	% of Sales
<i>Company-operated restaurant margin:</i>				
U.S.	\$ 31.5	14.8 %	\$ 33.5	15.3 %
Global	31.3	14.3 %	33.2	14.7 %

The table below presents certain of the Company’s key business measures, which are defined and further discussed in the “Executive Overview” section included herein.

	First Quarter	
	2025	2024
<i>Key business measures:</i>		
U.S. same-restaurant sales:		
Company-operated	(1.2)%	(0.8)%
Franchised	(2.9)%	0.7 %
Systemwide	(2.8)%	0.6 %
International same-restaurant sales (a)	2.3 %	3.2 %
Global same-restaurant sales:		
Company-operated	(1.2)%	(0.9)%
Franchised (a)	(2.2)%	1.1 %
Systemwide (a)	(2.1)%	0.9 %
Systemwide sales (b):		
U.S. Company-operated	\$ 212.7	\$ 219.5
U.S. franchised	2,703.4	2,774.5
U.S. systemwide	2,916.1	2,994.0
International Company-operated	6.8	5.9
International franchised (a)	466.4	448.1
International systemwide (a)	473.2	454.0
Global systemwide (a)	<u>\$ 3,389.3</u>	<u>\$ 3,448.0</u>

(a) Excludes Argentina due to the impact of that country’s highly inflationary economy.

(b) During the first quarter of 2025 and 2024, global systemwide sales decreased 1.1% and increased 2.6%, respectively, U.S. systemwide sales decreased 2.6% and increased 1.7%, respectively, and international systemwide sales increased 8.9% and 8.8%, respectively, on a constant currency basis.

	First Quarter				
	U.S. Company- operated	U.S. Franchised	International Company- operated	International Franchised	Systemwide
<i>Restaurant count:</i>					
Restaurant count at December 29, 2024	381	5,552	13	1,294	7,240
Opened	8	20	—	46	74
Closed	—	(3)	—	(3)	(6)
Net (sold to) purchased by franchisees	(2)	2	—	—	—
Restaurant count at March 30, 2025	<u>387</u>	<u>5,571</u>	<u>13</u>	<u>1,337</u>	<u>7,308</u>

<i>Sales</i>	First Quarter		
	2025	2024	Change
Sales	\$ 219.5	\$ 225.3	\$ (5.8)

The decrease in sales during the first quarter of 2025 was primarily due to (1) net closures of Company-operated restaurants of \$3.9 million and (2) a 1.2% decrease in Company-operated same-restaurant sales of \$2.0 million. Company-operated same-restaurant sales decreased due to a decrease in traffic, partially offset by higher average check.

<i>Franchise Royalty Revenue and Fees</i>	First Quarter		
	2025	2024	Change
Franchise royalty revenue	\$ 121.7	\$ 125.7	\$ (4.0)
Franchise fees	23.4	20.9	2.5
	<u>\$ 145.1</u>	<u>\$ 146.6</u>	<u>\$ (1.5)</u>

Franchise royalty revenue during the first quarter of 2025 decreased \$4.0 million primarily due to a 2.2% decrease in global franchise same-restaurant sales. Franchise same-restaurant sales during the first quarter of 2025 decreased due to a decrease in traffic, partially offset by higher average check.

The increase in franchise fees during the first quarter of 2025 was primarily due to higher fees for providing information technology services to franchisees.

<i>Franchise Rental Income</i>	First Quarter		
	2025	2024	Change
Franchise rental income	\$ 58.5	\$ 58.0	\$ 0.5

The increase in franchise rental income during the first quarter of 2025 was primarily due to the impact of amending certain existing leases of \$1.1 million, partially offset by the impact of terminating certain existing leases of \$0.3 million.

<i>Advertising Funds Revenue</i>	First Quarter		
	2025	2024	Change
Advertising funds revenue	\$ 100.4	\$ 104.9	\$ (4.5)

The decrease in advertising funds revenue during the first quarter of 2025 was primarily due to (1) a net decrease in franchise same-restaurant sales in the U.S. and Canada of \$2.6 million and (2) net closures of U.S. restaurants of \$1.1 million.

<i>Cost of Sales, as a Percent of Sales</i>	First Quarter		
	2025	2024	Change
Food and paper	30.8 %	30.7 %	0.1 %
Restaurant labor	32.3 %	32.7 %	(0.4)%
Occupancy, advertising and other operating costs	22.6 %	21.9 %	0.7 %
	<u>85.7 %</u>	<u>85.3 %</u>	<u>0.4 %</u>

The increase in cost of sales, as a percent of sales, during the first quarter of 2025 was primarily due to (1) higher commodity costs, (2) a decrease in traffic and (3) an increase in restaurant labor rates. These impacts were partially offset by (1) higher average check and (2) labor efficiencies.

Franchise Support and Other Costs

	First Quarter		
	2025	2024	Change
Franchise support and other costs	\$ 16.6	\$ 14.7	\$ 1.9

The increase in franchise support and other costs during the first quarter of 2025 was primarily due to (1) an increase in costs associated with the Company's build to suit development fund and (2) an increase in other miscellaneous costs for providing services to franchisees.

Franchise Rental Expense

	First Quarter		
	2025	2024	Change
Franchise rental expense	\$ 30.7	\$ 31.8	\$ (1.1)

The decrease in franchise rental expense during the first quarter of 2025 was primarily due to the impact of terminating certain existing leases.

Advertising Funds Expense

	First Quarter		
	2025	2024	Change
Advertising funds expense	\$ 101.5	\$ 107.4	\$ (5.9)

On an interim basis, advertising funds expense is recognized in proportion to advertising funds revenue. The decrease in advertising funds expense during the first quarter of 2025 was primarily due to (1) the same factors as described above for "Advertising Funds Revenue" and (2) a decrease in the recognition of the Company breakfast advertising spend in excess of advertising funds revenue when compared to the prior year.

General and Administrative

	First Quarter		
	2025	2024	Change
Employee compensation and benefits	\$ 38.5	\$ 34.6	\$ 3.9
Other, net	29.7	29.2	0.5
	<u>\$ 68.2</u>	<u>\$ 63.8</u>	<u>\$ 4.4</u>

The increase in general and administrative expenses during the first quarter of 2025 was primarily due to higher employee compensation and benefits.

Depreciation and Amortization (exclusive of amortization of cloud computing arrangements shown separately below)

	First Quarter		
	2025	2024	Change
Restaurants	\$ 22.8	\$ 22.5	\$ 0.3
Technology support, corporate and other	13.7	13.1	0.6
	<u>\$ 36.5</u>	<u>\$ 35.5</u>	<u>\$ 1.0</u>

The increase in depreciation and amortization during the first quarter of 2025 was primarily due to depreciation and amortization for technology investments.

Amortization of Cloud Computing Arrangements

	First Quarter		
	2025	2024	Change
Amortization of cloud computing arrangements	\$ 4.2	\$ 3.5	\$ 0.7

The increase in amortization of cloud computing arrangements during the first quarter of 2025 was primarily due to amortization of assets associated with the Company's digital investments.

System Optimization Losses, Net

	First Quarter		
	2025	2024	Change
System optimization losses, net	\$ 0.1	\$ 0.1	\$ —

System optimization losses, net for the first quarter of 2025 were primarily comprised of losses on the sale of restaurants. System optimization losses, net for the first quarter of 2024 were comprised of losses on the sale of surplus and other properties. See Note 10 to the Condensed Consolidated Financial Statements contained in Item 1 herein for further information.

Reorganization and Realignment Costs

	First Quarter		
	2025	2024	Change
Organizational Redesign Plan	\$ (1.0)	\$ 5.6	\$ (6.6)
Other reorganization and realignment plans	0.3	0.1	0.2
	<u>\$ (0.7)</u>	<u>\$ 5.7</u>	<u>\$ (6.4)</u>

During the first quarter of 2025, the Company recognized costs under the Organizational Redesign Plan of (\$1.0) million, which primarily included a reversal of a severance accrual as a result of a change in estimate. During the first quarter of 2024, the Company recognized costs under the Organizational Redesign Plan of \$5.6 million, which primarily included severance and related employee costs. See Note 11 to the Condensed Consolidated Financial Statements contained in Item 1 herein for further information on the Organizational Redesign Plan.

Impairment of Long-Lived Assets

	First Quarter		
	2025	2024	Change
Impairment of long-lived assets	\$ 1.4	\$ 2.0	\$ (0.6)

The decrease in impairment of long-lived assets during the first quarter of 2025 was primarily due to lower impairment charges resulting from the deterioration in operating performance of certain Company-operated restaurants.

Other Operating Income, Net

	First Quarter		
	2025	2024	Change
Claim settlement	\$ 4.0	\$ —	\$ 4.0
Other, net	2.3	3.0	(0.7)
	<u>\$ 6.3</u>	<u>\$ 3.0</u>	<u>\$ 3.3</u>

The increase in other operating income, net during the first quarter of 2025 was primarily due to the settlement of a claim.

Interest Expense, Net

	First Quarter		
	2025	2024	Change
Interest expense, net	\$ 31.5	\$ 30.5	\$ 1.0

The increase in interest expense, net during the first quarter of 2025 was primarily due to lower interest income as a result of amending certain sales-type and direct financing leases.

Investment Loss, Net

	First Quarter		
	2025	2024	Change
Investment loss, net	\$ 1.7	\$ —	\$ 1.7

During the first quarter of 2025, the Company recorded a loss of \$1.7 million due to impairment charges for the difference between the estimated fair value and the carrying value of an investment in equity securities.

Other Income, Net

	First Quarter		
	2025	2024	Change
Other income, net	\$ 5.0	\$ 6.8	\$ (1.8)

The decrease in other income, net during the first quarter of 2025 was primarily due to a decrease in interest income, reflecting lower balances of cash equivalents.

Provision for Income Taxes

	First Quarter		
	2025	2024	Change
Income before income taxes	\$ 54.9	\$ 57.5	\$ (2.6)
Provision for income taxes	(15.7)	(15.5)	(0.2)
Effective tax rate on income	28.6 %	26.9 %	1.7 %

The effective tax rates for the first quarter of 2025 and 2024 were impacted by variations in income before income taxes, adjusted for recurring items such as non-deductible expenses and state income taxes, as well as non-recurring discrete items. The increase in the effective tax rate for the first quarter of 2025 compared with the first quarter of 2024 was primarily due to (1) a one-time adjustment to our deferred income taxes related to prior periods, (2) an increase in the tax effects of our foreign operations and (3) an increase in state income taxes.

Segment Information

See Note 17 to the Condensed Consolidated Financial Statements contained in Item 1 herein for further information regarding the Company's segments.

Wendy's U.S.

	First Quarter		
	2025	2024	Change
Sales	\$ 212.7	\$ 219.5	\$ (6.8)
Franchise royalty revenue	104.4	108.9	(4.5)
Franchise fees	20.7	17.8	2.9
Advertising fund revenue	91.8	96.7	(4.9)
Total revenues	<u>\$ 429.6</u>	<u>\$ 442.9</u>	<u>\$ (13.3)</u>
Segment profit	\$ 121.0	\$ 125.8	\$ (4.8)

The decrease in Wendy's U.S. revenues during the first quarter of 2025 was primarily due to (1) a decrease in same-restaurant sales and (2) net closures of restaurants. Same-restaurant sales decreased during the first quarter of 2025 primarily due to a decrease in traffic, partially offset by higher average check.

The decrease in Wendy's U.S. segment profit during the first quarter of 2025 was primarily due to (1) higher general and administrative expense and (2) lower revenues.

Wendy's International

	First Quarter		
	2025	2024	Change
Sales	\$ 6.8	\$ 5.9	\$ 0.9
Franchise royalty revenue	17.3	16.8	0.5
Franchise fees	2.0	1.9	0.1
Advertising fund revenue	8.6	8.2	0.4
Total revenues	<u>\$ 34.7</u>	<u>\$ 32.8</u>	<u>\$ 1.9</u>
Segment profit	\$ 9.4	\$ 10.7	\$ (1.3)

The increase in Wendy's International revenues during the first quarter of 2025 was primarily due to net new restaurant development.

The decrease in Wendy's International segment profit during the first quarter of 2025 was primarily due to higher advertising fund expenses.

Global Real Estate & Development

	First Quarter		
	2025	2024	Change
Franchise fees	\$ 0.6	\$ 1.1	\$ (0.5)
Franchise rental income	58.5	58.0	0.5
Total revenues	<u>\$ 59.1</u>	<u>\$ 59.1</u>	<u>\$ —</u>
Segment profit	\$ 24.7	\$ 24.1	\$ 0.6

Global Real Estate & Development revenues during the first quarter of 2025 were flat compared with the first quarter of 2024, primarily due to higher franchise rental income driven by the same factors as described above for "Franchise Rental Income," offset by a decrease in franchise fee revenue driven by lower development-related fees.

The increase in Global Real Estate & Development segment profit during the first quarter of 2025 was primarily due to lower franchise rental expense driven by the same factors as described above for "Franchise Rental Expense."

Liquidity and Capital Resources

As of March 30, 2025, cash, cash equivalents and restricted cash totaled \$389.0 million. In addition, the Company maintains a revolving financing facility, which allows for the drawing of up to \$300.0 million. Based on current levels of operations, the Company expects that available cash and cash flows from operations will provide sufficient liquidity to meet operating cash requirements for the next 12 months.

We currently believe we have the ability to pursue additional sources of liquidity if needed or desired to fund operating cash requirements or for other purposes. However, there can be no assurance that additional liquidity will be readily available or available on terms acceptable to us.

Stock Repurchases

In January 2023, our Board of Directors authorized a repurchase program for up to \$500.0 million of our common stock through February 28, 2027, when and if market conditions warrant and to the extent legally permissible (the "January 2023 Authorization"). During the three months ended March 30, 2025, the Company repurchased 8.2 million shares under the January 2023 Authorization with an aggregate purchase price of \$124.1 million, of which \$1.4 million was accrued as of March 30, 2025, and excluding excise tax of \$1.2 million and commissions of \$0.1 million. As of March 30, 2025, the Company had \$110.9 million of availability remaining under the January 2023 Authorization. Subsequent to March 30, 2025 through April 25, 2025, the Company repurchased 3.8 million shares under the January 2023 Authorization with an aggregate purchase price of \$50.9 million, excluding applicable excise tax and commissions.

Dividends

On March 17, 2025, the Company paid a quarterly cash dividend per share of \$.25, aggregating \$49.4 million. On May 2, 2025, the Company announced a dividend of \$.14 per share to be paid on June 16, 2025 to stockholders of record as of June 2, 2025. If the Company pays regular quarterly cash dividends for the remainder of 2025 at the same rate as declared in the second quarter of 2025, the Company's total cash requirement for dividends for the remainder of 2025 would be approximately \$80.7 million based on the number of shares of its common stock outstanding at April 25, 2025. The Company currently intends to continue to declare and pay quarterly cash dividends; however, there can be no assurance that any additional quarterly dividends will be declared or paid or of the amount or timing of such dividends, if any.

Long-Term Debt, Including Current Portion

Wendy's U.S. advertising fund has a revolving line of credit of \$15.0 million, which was established to support the Company's advertising fund operations. During the three months ended March 30, 2025, the Company drew down \$15.0 million under the revolving line of credit, of which the Company repaid \$8.5 million in March 2025. As a result, as of March 30, 2025, the Company had outstanding borrowings of \$6.5 million under the revolving line of credit.

Except as described above, there were no material changes to the Company's debt obligations since December 29, 2024. The Company was in compliance with its debt covenants as of March 30, 2025. See Note 5 to the Condensed Consolidated Financial Statements contained in Item 1 herein for further information related to our long-term debt obligations.

Cash Flows from Operating, Investing and Financing Activities

The table below summarizes our cash flows from operating, investing and financing activities for the first three months of 2025 and 2024:

	First Quarter		
	2025	2024	Change
Net cash provided by (used in):			
Operating activities	\$ 85.4	\$ 100.0	\$ (14.6)
Investing activities	(21.5)	(20.8)	(0.7)
Financing activities	(179.3)	(72.6)	(106.7)
Effect of exchange rate changes on cash	0.8	(2.3)	3.1
Net (decrease) increase in cash, cash equivalents and restricted cash	<u>\$ (114.6)</u>	<u>\$ 4.3</u>	<u>\$ (118.9)</u>

Operating Activities

Cash provided by operating activities consists primarily of net income, adjusted for non-cash expenses such as depreciation and amortization, deferred income tax and share-based compensation, and the net change in operating assets and liabilities. Cash provided by operating activities was \$85.4 million and \$100.0 million in the first three months of 2025 and 2024, respectively. The change was primarily due to the timing of payments for marketing expenses of the national advertising funds.

Investing Activities

Cash used in investing activities was \$21.5 million and \$20.8 million in the first three months of 2025 and 2024, respectively. The change was primarily due to an increase in expenditures associated with the Company's franchise development fund of \$1.1 million.

Financing Activities

Cash used in financing activities was \$179.3 million and \$72.6 million in the first three months of 2025 and 2024, respectively. The change was primarily due to an increase in repurchases of the Company's common stock of \$115.5 million, partially offset by a net increase in cash provided by long-term debt activities of \$6.5 million, reflecting the impact of the draw on the Company's U.S. advertising fund revolving line of credit.

General Inflation, Commodities and Changing Prices

Inflationary pressures on labor directly impacted our consolidated results of operations during the three months ended March 30, 2025, and we anticipate continued labor inflation throughout the remainder of 2025. We attempt to manage any inflationary costs and commodity price increases through selective menu price increases, product mix and focused execution of operational excellence. Delays in implementing such menu price increases and competitive pressures may limit our ability to recover such cost increases in the future. Inherent volatility experienced in certain commodity markets, such as those for beef, chicken, eggs, pork, cheese and grains, could have a significant effect on our results of operations and may have an adverse effect on us in the future. The extent of any impact will depend on our ability to manage such volatility through product mix and selective menu price increases.

Seasonality

Wendy's restaurant operations are moderately seasonal. Wendy's average restaurant sales are normally higher during the summer months than during the winter months. Because our business is moderately seasonal, results for a particular quarter are not necessarily indicative of the results that may be achieved for any other quarter or for the full fiscal year.

Item 3. *Quantitative and Qualitative Disclosures about Market Risk.*

As of March 30, 2025 there were no material changes from the information contained in the Company's Form 10-K for the fiscal year ended December 29, 2024.

Item 4. *Controls and Procedures.*

Evaluation of Disclosure Controls and Procedures

The management of the Company, under the supervision and with the participation of the Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of its disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of March 30, 2025. Based on such evaluations, the Chief Executive Officer and Chief Financial Officer concluded that as of March 30, 2025, the disclosure controls and procedures of the Company were effective at a reasonable assurance level in (1) recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act and (2) ensuring that information required to be disclosed by the Company in such reports is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes in the internal control over financial reporting of the Company during the first quarter of 2025 that materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

There are inherent limitations in the effectiveness of any control system, including the potential for human error and the possible circumvention or overriding of controls and procedures. Additionally, judgments in decision-making can be faulty and breakdowns can occur because of a simple error or mistake. An effective control system can provide only reasonable, not absolute, assurance that the control objectives of the system are adequately met. Accordingly, the management of the Company, including its Chief Executive Officer and Chief Financial Officer, does not expect that the control system can prevent or detect all error or fraud. Finally, projections of any evaluation or assessment of effectiveness of a control system to future periods are subject to the risks that, over time, controls may become inadequate because of changes in an entity's operating environment or deterioration in the degree of compliance with policies or procedures.

PART II. OTHER INFORMATION

Special Note Regarding Forward-Looking Statements and Projections

This Quarterly Report on Form 10-Q and oral statements made from time to time by representatives of the Company may contain or incorporate by reference 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 our 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 of our forward-looking statements, we claim the protection of the safe harbor for forward-looking statements contained in the Reform Act. Our actual results, performance and achievements may differ materially from any future results, performance or achievements expressed or implied by our forward-looking statements. Many important factors could affect our future results and cause those results to differ materially from those expressed in or implied by our forward-looking statements. Such factors include, but are not limited to, the following:

- the impact of competition or poor customer experiences at Wendy’s restaurants;
- adverse economic conditions or disruptions, including in regions with a high concentration of Wendy’s restaurants;
- changes in discretionary consumer spending and consumer tastes and preferences;
- impacts to our corporate reputation or the value and perception of our brand;
- the effectiveness of our marketing and advertising programs and new product development;
- our ability to manage the impact of social or digital media;
- our ability to protect our intellectual property;
- food safety events or health concerns involving our products;
- our ability to deliver global sales growth and maintain or grow market share across our dayparts;
- our ability to achieve our growth strategy through new restaurant development;
- our ability to effectively manage the acquisition and disposition of restaurants or successfully implement other strategic initiatives;
- risks associated with leasing and owning significant amounts of real estate, including environmental matters;
- risks associated with our international operations, including our ability to execute our international growth strategy;
- changes in commodity and other operating costs;
- shortages or interruptions in the supply or distribution of our products and other risks associated with our independent supply chain purchasing co-op;
- the impact of increased labor costs or labor shortages;
- the continued succession and retention of key personnel and the effectiveness of our leadership and organizational structure;
- risks associated with our digital commerce strategy, platforms and technologies, including our ability to adapt to changes in industry trends and consumer preferences;

- our dependence on computer systems and information technology, including risks associated with the failure or interruption of our systems or technology or the occurrence of cyber incidents or deficiencies;
- risks associated with our securitized financing facility and other debt agreements, including compliance with operational and financial covenants, restrictions on our ability to raise additional capital, the impact of our overall debt levels and our ability to generate sufficient cash flow to meet our debt service obligations and operate our business;
- risks associated with our capital allocation policy, including the amount and timing of equity and debt repurchases and dividend payments;
- risks associated with complaints and litigation, compliance with legal and regulatory requirements and an increased focus on environmental, social and governance issues;
- 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;
- conditions beyond our control, such as adverse weather conditions, natural disasters, hostilities, social unrest, health epidemics or pandemics or other catastrophic events;
- risks associated with our predominantly franchised business model; and
- other risks and uncertainties affecting us and our subsidiaries referred to in our Annual Report on Form 10-K filed with the SEC on February 21, 2025 (see especially “Item 1A. Risk Factors” and “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations”) and in our other current and periodic filings with the SEC.

All future written and oral forward-looking statements attributable to us or any person acting on our 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 we currently deem immaterial may become material, and it is impossible for us to predict these events or how they may affect us. We assume no obligation to update any forward-looking statements after the date of this Quarterly Report on Form 10-Q as a result of new information, future events or developments, except as required by federal securities laws, although we may do so from time to time. We do not endorse any projections regarding future performance that may be made by third parties.

Item 1. *Legal Proceedings.*

The Company is involved in litigation and claims incidental to our business. We provide accruals for such litigation and claims when we determine it is probable that a liability has been incurred and the loss is reasonably estimable. The Company believes it has adequate accruals for all of its legal and environmental matters. We cannot estimate the aggregate possible range of loss for our existing litigation and claims due to various reasons, including, but not limited to, many proceedings being in preliminary stages, with various motions either yet to be submitted or pending, discovery yet to occur, and significant factual matters unresolved. In addition, most cases seek an indeterminate amount of damages and many involve multiple parties. Predicting the outcomes of settlement discussions or judicial or arbitral decisions is thus inherently difficult and future developments could cause these actions or claims, individually or in aggregate, to have a material adverse effect on the Company’s financial condition, results of operations, or cash flows of a particular reporting period.

Item 1A. *Risk Factors.*

In addition to the information contained in this report, you should carefully consider the risk factors disclosed in our Form 10-K, which could materially affect our business, financial condition or future results. Except as described elsewhere in this report, there have been no material changes from the risk factors previously disclosed in our Form 10-K.

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

The following table provides information with respect to repurchases of shares of our common stock by us and our “affiliated purchasers” (as defined in Rule 10b-18(a)(3) under the Exchange Act) during the first quarter of 2025:

Issuer Repurchases of Equity Securities

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans (2)
December 30, 2024 through February 2, 2025	394,456	\$15.09	385,410	\$229,200,345
February 3, 2025 through March 2, 2025	5,907,406	\$15.19	5,815,820	\$140,934,023
March 3, 2025 through March 30, 2025	1,994,135	\$15.16	1,980,740	\$110,929,598
Total	8,295,997	\$15.18	8,181,970	\$110,929,598

- (1) Includes 114,027 shares of common stock reacquired by the Company from holders of share-based awards to satisfy certain requirements associated with the vesting or exercise of the respective award. The shares were valued at the fair market value of the Company’s common stock on the vesting or exercise date of such awards, as set forth in the applicable plan document.
- (2) In January 2023, our Board of Directors authorized a repurchase program for up to \$500.0 million of our common stock through February 28, 2027, when and if market conditions warrant and to the extent legally permissible.

Subsequent to March 30, 2025 through April 25, 2025, the Company repurchased 3.8 million shares under the January 2023 Authorization with an aggregate purchase price of \$50.9 million, excluding applicable excise tax and commissions.

Item 6. Exhibits.

EXHIBIT NO.	DESCRIPTION
10.1	<u>Form of Long-Term Performance Unit Award Agreement for 2025 under The Wendy's Company 2020 Omnibus Award Plan * **</u>
31.1	<u>Certification of the Chief Executive Officer of The Wendy's Company, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*</u>
31.2	<u>Certification of the Chief Financial Officer of The Wendy's Company, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*</u>
32.1	<u>Certifications of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*</u>
101	The following financial information from The Wendy's Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2025 formatted in Inline eXtensible Business Reporting Language: (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Operations, (iii) the Condensed Consolidated Statements of Comprehensive Income, (iv) the Condensed Consolidated Statements of Stockholders' Equity, (v) the Condensed Consolidated Statements of Cash Flows, and (vi) Notes to Condensed Consolidated Financial Statements.
104	The cover page from The Wendy's Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2025, formatted in Inline XBRL and contained in Exhibit 101.

* Filed herewith.

** Identifies a management contract or compensatory plan or arrangement.

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.

THE WENDY'S COMPANY
(Registrant)

Date: May 2, 2025

By: /s/ Kenneth Cook
Kenneth Cook
Chief Financial Officer
(On behalf of the registrant)

Date: May 2, 2025

By: /s/ Suzanne M. Thuerk
Suzanne M. Thuerk
Chief Accounting Officer
(Principal Accounting Officer)

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
OF THE WENDY'S COMPANY, PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Kirk Tanner, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Wendy's Company;
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(s) 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(s) 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 functions):
 - (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 control over financial reporting.

Date: May 2, 2025

/s/ Kirk Tanner _____
Kirk Tanner
President and Chief Executive Officer

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
OF THE WENDY'S COMPANY, PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002**

I, Kenneth Cook, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Wendy's Company;
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(s) 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(s) 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 functions):
 - (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 control over financial reporting.

Date: May 2, 2025

/s/ Kenneth Cook
Kenneth Cook
Chief Financial Officer

**CERTIFICATIONS OF THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned officers of The Wendy's Company, a Delaware corporation (the "Company"), does hereby certify, to the best of such officer's knowledge, that in connection with the Quarterly Report on Form 10-Q of the Company for the quarter ended March 30, 2025 (the "Form 10-Q"):

1. the Form 10-Q 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 Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 2, 2025

/s/ Kirk Tanner
Kirk Tanner
President and Chief Executive Officer

Date: May 2, 2025

/s/ Kenneth Cook
Kenneth Cook
Chief Financial Officer