

**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 29, 2026

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

☒ Accelerated filer

☐

Non-accelerated filer

☐ Smaller reporting company

☐

Emerging growth company

☐

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

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

Yes ☐ No ☒

There were 190,480,640 shares of The Wendy's Company common stock outstanding as of May 1, 2026.

THE WENDY'S COMPANY AND SUBSIDIARIES
INDEX TO FORM 10-Q

	<u>Page</u>
<u>PART I: FINANCIAL INFORMATION</u>	
<u>Item 1. Financial Statements</u>	<u>4</u>
<u>Unaudited Condensed Consolidated Balance Sheets as of March 29, 2026 and</u> <u>December 28, 2025</u>	<u>4</u>
<u>Unaudited Condensed Consolidated Statements of Operations for the three months ended</u> <u>March 29, 2026 and March 30, 2025</u>	<u>5</u>
<u>Unaudited Condensed Consolidated Statements of Comprehensive Income for the three months</u> <u>ended March 29, 2026 and March 30, 2025</u>	<u>6</u>
<u>Unaudited Condensed Consolidated Statements of Stockholders' Equity for the three months</u> <u>ended March 29, 2026 and March 30, 2025</u>	<u>7</u>
<u>Unaudited Condensed Consolidated Statements of Cash Flows for the three months ended</u> <u>March 29, 2026 and March 30, 2025</u>	<u>8</u>
<u>Notes to Condensed Consolidated Financial Statements</u>	<u>9</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>25</u>
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	<u>37</u>
<u>Item 4. Controls and Procedures</u>	<u>37</u>
<u>PART II: OTHER INFORMATION</u>	<u>38</u>
<u>Item 1. Legal Proceedings</u>	<u>40</u>
<u>Item 1A. Risk Factors</u>	<u>40</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>40</u>
<u>Item 6. Exhibits</u>	<u>41</u>
<u>Signatures</u>	<u>42</u>

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	March 29, 2026	December 28, 2025
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 298,740	\$ 300,833
Restricted cash	39,295	39,207
Accounts and notes receivable, net	125,055	117,333
Inventories	6,604	7,387
Prepaid expenses and other current assets	73,419	55,412
Advertising funds restricted assets	109,149	97,867
Total current assets	652,262	618,039
Properties	908,478	937,795
Finance lease assets	325,538	312,844
Operating lease assets	611,376	642,589
Goodwill	773,710	774,088
Other intangible assets	1,158,395	1,170,671
Investments	24,499	25,227
Net investment in sales-type and direct financing leases	279,671	284,891
Other assets	190,693	190,417
Total assets	\$ 4,924,622	\$ 4,956,561
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 29,750	\$ 29,750
Current portion of finance lease liabilities	27,334	26,673
Current portion of operating lease liabilities	52,318	51,119
Accounts payable	23,596	30,450
Accrued expenses and other current liabilities	114,812	116,655
Advertising funds restricted liabilities	108,348	96,454
Total current liabilities	356,158	351,101
Long-term debt	2,724,896	2,730,502
Long-term finance lease liabilities	655,082	646,715
Long-term operating lease liabilities	627,213	660,257
Deferred income taxes	288,492	287,753
Deferred franchise fees	84,426	87,956
Other liabilities	72,804	74,894
Total liabilities	4,809,071	4,839,178
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$0.10 par value; 1,500,000 shares authorized; 470,424 shares issued; 190,450 and 190,324 shares outstanding, respectively	47,042	47,042
Additional paid-in capital	2,989,355	2,986,150
Retained earnings	431,173	435,124
Common stock held in treasury, at cost; 279,974 and 280,100 shares, respectively	(3,285,255)	(3,286,965)
Accumulated other comprehensive loss	(66,764)	(63,968)
Total stockholders' equity	115,551	117,383
Total liabilities and stockholders' equity	\$ 4,924,622	\$ 4,956,561

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 29, 2026	March 30, 2025
	(Unaudited)	
Revenues:		
Sales	\$ 225,497	\$ 219,510
Franchise royalty revenue and fees	147,895	145,148
Franchise rental income	58,904	58,454
Advertising funds revenue	108,341	100,360
	<u>540,637</u>	<u>523,472</u>
Costs and expenses:		
Cost of sales	201,049	188,169
Franchise support and other costs	21,991	16,596
Franchise rental expense	30,176	30,701
Advertising funds expense	108,615	101,528
General and administrative	72,843	68,204
Depreciation and amortization (exclusive of amortization of cloud computing arrangements shown separately below)	40,575	36,549
Amortization of cloud computing arrangements	4,762	4,167
System optimization (gains) losses, net	(1,625)	90
Reorganization and realignment costs	(162)	(692)
Impairment of long-lived assets	2,572	1,421
Other operating income, net	(5,080)	(6,387)
	<u>475,716</u>	<u>440,346</u>
Operating profit	64,921	83,126
Interest expense, net	(34,106)	(31,477)
Investment loss, net	—	(1,718)
Other income, net	3,350	4,986
Income before income taxes	34,165	54,917
Provision for income taxes	(11,453)	(15,685)
Net income	<u>\$ 22,712</u>	<u>\$ 39,232</u>
Net income per share:		
Basic	\$.12	\$.20
Diluted	\$.12	\$.19

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 29, 2026	March 30, 2025
	(Unaudited)	
Net income	\$ 22,712	\$ 39,232
Other comprehensive (loss) income:		
Foreign currency translation adjustment	(2,796)	1,912
Other comprehensive (loss) income	(2,796)	1,912
Comprehensive income	<u>\$ 19,916</u>	<u>\$ 41,144</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 28, 2025	\$ 47,042	\$ 2,986,150	\$ 435,124	\$ (3,286,965)	\$ (63,968)	\$ 117,383
Net income	—	—	22,712	—	—	22,712
Other comprehensive loss	—	—	—	—	(2,796)	(2,796)
Cash dividends	—	—	(26,648)	—	—	(26,648)
Share-based compensation	—	5,246	—	—	—	5,246
Common stock issued upon vesting of restricted shares	—	(2,006)	—	1,583	—	(423)
Other	—	(35)	(15)	127	—	77
Balance at March 29, 2026	<u>\$ 47,042</u>	<u>\$ 2,989,355</u>	<u>\$ 431,173</u>	<u>\$ (3,285,255)</u>	<u>\$ (66,764)</u>	<u>\$ 115,551</u>
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>

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 29, 2026	March 30, 2025
	(Unaudited)	
Cash flows from operating activities:		
Net income	\$ 22,712	\$ 39,232
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)	40,575	36,549
Amortization of cloud computing arrangements	4,762	4,167
Share-based compensation	5,246	5,572
Impairment of long-lived assets	2,572	1,421
Deferred income tax	956	306
Non-cash rental expense, net	10,925	10,350
Change in operating lease liabilities	(12,584)	(12,131)
Net (recognition) receipt of deferred vendor incentives	(2,535)	11,178
System optimization (gains) losses, net	(1,625)	90
Distributions received from joint ventures, net of equity in earnings	341	717
Long-term debt-related activities, net	1,832	1,873
Cloud computing arrangements expenditures	(4,157)	(2,417)
Changes in operating assets and liabilities and other, net	(9,631)	(11,492)
Net cash provided by operating activities	59,389	85,415
Cash flows from investing activities:		
Capital expenditures	(11,881)	(17,679)
Franchise development fund	(4,580)	(5,813)
Dispositions	2,796	55
Notes receivable, net	—	1,949
Net cash used in investing activities	(13,665)	(21,488)
Cash flows from financing activities:		
Proceeds from long-term debt	15,100	15,000
Repayments of long-term debt	(22,538)	(15,813)
Repayments of finance lease liabilities	(5,970)	(5,238)
Repurchases of common stock	—	(122,784)
Dividends	(26,648)	(49,432)
Proceeds from stock option exercises	—	273
Payments related to tax withholding for share-based compensation	(423)	(1,326)
Net cash used in financing activities	(40,479)	(179,320)
Net cash provided by (used in) operations before effect of exchange rate changes on cash	5,245	(115,393)
Effect of exchange rate changes on cash	(886)	744
Net increase (decrease) in cash, cash equivalents and restricted cash	4,359	(114,649)
Cash, cash equivalents and restricted cash at beginning of period	357,672	503,608
Cash, cash equivalents and restricted cash at end of period	\$ 362,031	\$ 388,959

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 29, 2026, the results of our operations for the three months ended March 29, 2026 and March 30, 2025 and cash flows for the three months ended March 29, 2026 and March 30, 2025. The results of operations for the three months ended March 29, 2026 are not necessarily indicative of the results to be expected for the full 2026 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 28, 2025 (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 29, 2026</i>				
Sales at Company-operated restaurants	\$ 219,295	\$ 6,202	\$ —	\$ 225,497
Franchise royalty revenue	97,308	18,882	—	116,190
Franchise fees	28,283	2,775	647	31,705
Franchise rental income	—	—	58,904	58,904
Advertising funds revenue	99,273	9,068	—	108,341
Total revenues	<u>\$ 444,159</u>	<u>\$ 36,927</u>	<u>\$ 59,551</u>	<u>\$ 540,637</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>

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 29, 2026 (a)	December 28, 2025 (a)
Receivables, which are included in "Accounts and notes receivable, net" (b)	\$ 71,918	\$ 59,060
Receivables, which are included in "Advertising funds restricted assets"	73,825	75,083
Deferred franchise fees (c)	94,185	98,496

(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 \$9,759 and \$84,426, respectively, as of March 29, 2026, and \$10,540 and \$87,956, respectively, as of December 28, 2025.

Significant changes in deferred franchise fees are as follows:

	Three Months Ended	
	March 29, 2026	March 30, 2025
Deferred franchise fees at beginning of period	\$ 98,496	\$ 99,411
Revenue recognized during the period	(4,832)	(2,345)
New deferrals due to cash received and other	521	1,935
Deferred franchise fees at end of period	<u>\$ 94,185</u>	<u>\$ 99,001</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:

2026 (a)	\$ 9,759
2027	6,650
2028	6,492
2029	6,386
2030	6,283
Thereafter	58,615
	<u>\$ 94,185</u>

(a) Represents franchise fees expected to be recognized for the remainder of 2026, 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 29, 2026, the nature of restaurants operated by the Company and its franchisees was as follows:

	March 29, 2026
Company-operated restaurants:	
Owned land and building	153
Owned building and held long-term land leases	142
Leased land and building	136
Total Company-operated restaurants	431
Franchisee-operated restaurants:	
Company-owned properties leased to franchisees	454
Company-leased properties subleased to franchisees	1,122
Other franchisee-operated restaurants	5,244
Total franchisee-operated restaurants	6,820
Total Company-operated and franchisee-operated restaurants	7,251

Company as Lessee

The components of lease cost are as follows:

	Three Months Ended	
	March 29, 2026	March 30, 2025
Finance lease cost:		
Amortization of finance lease assets	\$ 5,768	\$ 5,145
Interest on finance lease liabilities	11,642	10,877
	17,410	16,022
Operating lease cost	20,010	20,517
Variable lease cost (a)	15,909	16,213
Short-term lease cost	1,376	1,266
Total operating lease cost (b)	37,295	37,996
Total lease cost	\$ 54,705	\$ 54,018

(a) Includes expenses for executory costs of \$10,539 and \$10,394 for the three months ended March 29, 2026 and March 30, 2025, respectively, for which the Company is reimbursed by sublessees.

(b) Includes \$30,040 and \$30,652 for the three months ended March 29, 2026 and March 30, 2025, respectively, recorded to "Franchise rental expense" for leased properties that are subsequently leased to franchisees. Also includes \$6,887 and \$6,941 for the three months ended March 29, 2026 and March 30, 2025, 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 29, 2026	March 30, 2025
Sales-type and direct-financing leases:		
Selling profit	\$ 1,853	\$ (11)
Interest income (a)	6,700	6,915
Operating lease income	42,651	42,421
Variable lease income	16,253	16,033
Franchise rental income (b)	<u>\$ 58,904</u>	<u>\$ 58,454</u>

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

(b) Includes sublease income of \$42,200 and \$42,784 recognized during the three months ended March 29, 2026 and March 30, 2025, respectively. Sublease income includes lessees' variable payments to the Company for executory costs of \$10,411 and \$10,197 for the three months ended March 29, 2026 and March 30, 2025, respectively.

(4) Investments

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."

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

	Three Months Ended	
	March 29, 2026	March 30, 2025
Balance at beginning of period	\$ 25,227	\$ 27,288
Equity in earnings for the period	2,836	2,843
Amortization of purchase price adjustments (a)	(473)	(591)
	2,363	2,252
Distributions received	(2,704)	(2,969)
Foreign currency translation adjustment included in "Other comprehensive (loss) income"	(387)	199
Balance at end of period	<u>\$ 24,499</u>	<u>\$ 26,770</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.

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

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 zero as of March 30, 2025.

(5) Long-Term Debt

Long-term debt consisted of the following:

	March 29, 2026	December 28, 2025
Class A-2 Notes:		
5.422% Series 2025-1 Class A-2-I Notes, anticipated repayment date 2032	\$ 448,875	\$ 450,000
4.236% Series 2022-1 Class A-2-I Notes, anticipated repayment date 2029	96,250	96,500
4.535% Series 2022-1 Class A-2-II Notes, anticipated repayment date 2032	381,134	382,134
2.370% Series 2021-1 Class A-2-I Notes, anticipated repayment date 2029	413,144	414,269
2.775% Series 2021-1 Class A-2-II Notes, anticipated repayment date 2031	618,905	620,530
4.080% Series 2019-1 Class A-2-II Notes, anticipated repayment date 2029	392,998	394,123
3.884% Series 2018-1 Class A-2-II Notes, anticipated repayment date 2028	430,412	431,599
Unamortized debt issuance costs	(27,072)	(28,903)
	<u>2,754,646</u>	<u>2,760,252</u>
Less amounts payable within one year	(29,750)	(29,750)
Total long-term debt	<u><u>\$ 2,724,896</u></u>	<u><u>\$ 2,730,502</u></u>

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 29, 2026, the Company borrowed and repaid \$11,500 under the revolving line of credit, then subsequently borrowed and repaid \$3,600 under the revolving line of credit. As a result, as of March 29, 2026, the Company had no outstanding borrowings under the revolving line of credit.

(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.

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

Financial Instruments

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

	March 29, 2026		December 28, 2025		Fair Value Measurements
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	
Financial assets					
Cash equivalents	\$ 196,187	\$ 196,187	\$ 210,607	\$ 210,607	Level 1
Financial liabilities (b)					
Series 2025-1 Class A-2-I Notes	448,875	449,773	450,000	447,075	Level 2
Series 2022-1 Class A-2-I Notes	96,250	93,767	96,500	95,284	Level 2
Series 2022-1 Class A-2-II Notes	381,134	360,400	382,134	371,625	Level 2
Series 2021-1 Class A-2-I Notes	413,144	381,663	414,269	385,726	Level 2
Series 2021-1 Class A-2-II Notes	618,905	546,617	620,530	553,699	Level 2
Series 2019-1 Class A-2-II Notes	392,998	378,182	394,123	383,403	Level 2
Series 2018-1 Class A-2-II Notes	430,412	423,138	431,599	421,630	Level 2

(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.

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

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 29, 2026	Fair Value Measurements		
		Level 1	Level 2	Level 3
Held and used	\$ 468	\$ —	\$ —	\$ 468
Held for sale	514	—	—	514
Total	<u>\$ 982</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 982</u>

	December 28, 2025	Fair Value Measurements		
		Level 1	Level 2	Level 3
Held and used	\$ 1,367	\$ —	\$ —	\$ 1,367
Held for sale	2,457	—	—	2,457
Total	<u>\$ 3,824</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 3,824</u>

(7) Income Taxes

The Company's effective tax rate for the three months ended March 29, 2026 and March 30, 2025 was 33.5% and 28.6%, respectively. The Company's effective tax rate varied from the U.S. federal statutory rate of 21% for the three months ended March 29, 2026 primarily due to state income taxes, share-based compensation and the tax effects of our foreign operations.

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

(8) Net Income Per Share

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

	Three Months Ended	
	March 29, 2026	March 30, 2025
Net income	\$ 22,712	\$ 39,232
Common stock:		
Weighted average basic shares outstanding	190,293	200,643
Dilutive effect of stock options and restricted shares	607	974
Weighted average diluted shares outstanding	190,900	201,617
Net income per share:		
Basic	\$.12	\$.20
Diluted	\$.12	\$.19

Basic net income per share for the three months ended March 29, 2026 and March 30, 2025 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 11,926 and 8,288 for the three months ended March 29, 2026, and March 30, 2025, respectively, from our diluted net income per share calculation as they would have had anti-dilutive effects.

(9) Stockholders' Equity

Dividends

During the first quarter of 2026 and 2025, the Company paid dividends per share of \$.14 and \$.25, respectively.

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 29, 2026, no shares were repurchased under the January 2023 Authorization. As of March 29, 2026, the Company had \$35,000 of availability remaining under 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.

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

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 29, 2026	March 30, 2025
Balance at beginning of period	\$ (63,968)	\$ (74,753)
Foreign currency translation	(2,796)	1,912
Balance at end of period	<u>\$ (66,764)</u>	<u>\$ (72,841)</u>

(10) System Optimization (Gains) Losses, Net

The Company optimizes the Wendy's system by facilitating Franchise Flips, evaluating strategic acquisitions of franchised restaurants and strategic dispositions of Company-operated restaurants to existing and new franchisees and, at times, closing certain underperforming restaurants, to further strengthen the franchisee base, support franchisee economics and drive new restaurant development. During the three months ended March 29, 2026, the Company facilitated 41 Franchise Flips. During the three months ended March 30, 2025, the Company did not facilitate any Franchise Flips. Additionally, during the three months ended March 29, 2026 and March 30, 2025, the Company completed the sale of three and two Company-operated restaurants to franchisees, respectively.

Gains and losses recognized on dispositions are recorded to "System optimization (gains) 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 29, 2026	March 30, 2025
Number of restaurants sold to franchisees	3	2
Proceeds from sales of restaurants (a)	\$ 1,804	\$ 55
Net assets sold (b)	(1,572)	(169)
Other	(232)	(25)
Loss on sales of restaurants, net	—	(139)
Gain on sales of other assets, net (c)	1,625	49
System optimization gains (losses), net	<u>\$ 1,625</u>	<u>\$ (90)</u>

(a) During the three months ended March 29, 2026, the Company received net cash proceeds of \$1,804 related to the sale of three Company-operated restaurants as part of the Company's strategic build to suit development fund. These proceeds are included within operating activities in the Company's condensed consolidated statements of cash flows.

(b) Net assets sold consisted primarily of equipment.

(c) During the three months ended March 29, 2026, the Company received net cash proceeds of \$2,796, primarily from the sale of surplus and other properties.

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

Assets Held for Sale

As of March 29, 2026 and December 28, 2025, the Company had assets held for sale of \$21,783 and \$3,696, 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 29, 2026	March 30, 2025
Organizational Redesign Plan	\$ (201)	\$ (950)
Other reorganization and realignment plans	39	258
Reorganization and realignment costs	<u>\$ (162)</u>	<u>\$ (692)</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 a new President and Chief Executive Officer and the departure of the Company's previous President and Chief Executive Officer. During the three months ended March 29, 2026 and March 30, 2025, the Company recognized costs totaling \$(201) and \$(950), respectively, which primarily included reversals of severance accruals. The Company does not expect to incur any material additional costs under the Organizational Redesign plan.

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 29, 2026	March 30, 2025	
Severance and related employee costs (a)	\$ (228)	\$ (1,088)	\$ 12,098
Recruitment and relocation costs	—	13	736
Third-party and other costs	—	—	1,116
	(228)	(1,075)	13,950
Share-based compensation (b)	27	125	2,527
Total organizational redesign	<u>\$ (201)</u>	<u>\$ (950)</u>	<u>\$ 16,477</u>

(a) The three months ended March 29, 2026 and March 30, 2025 include reversals of severance accruals as a result of changes in estimates.

(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.

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

As of March 29, 2026, 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 28, 2025	Charges	Payments	Balance March 29, 2026
Severance and related employee costs	\$ 378	\$ (228)	\$ (144)	\$ 6
Recruitment and relocation costs	—	—	—	—
Third-party and other costs	—	—	—	—
	<u>\$ 378</u>	<u>\$ (228)</u>	<u>\$ (144)</u>	<u>\$ 6</u>

	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>

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 29, 2026 and March 30, 2025. 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 29, 2026	March 30, 2025
Company-operated restaurants	\$ 1,169	\$ 1,187
Restaurants leased or subleased to franchisees	1,358	—
Surplus properties	45	234
	<u>\$ 2,572</u>	<u>\$ 1,421</u>

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

(13) Supplemental Cash Flow Information

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

	Three Months Ended	
	March 29, 2026	March 30, 2025
Supplemental non-cash investing and financing activities:		
Capital expenditures included in accounts payable	\$ 7,915	\$ 7,197
Finance leases	22,331	17,849

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

	March 29, 2026	December 28, 2025
Reconciliation of cash, cash equivalents and restricted cash at end of period:		
Cash and cash equivalents	\$ 298,740	\$ 300,833
Restricted cash	39,295	39,207
Restricted cash, included in Advertising funds restricted assets	23,996	17,632
Total cash, cash equivalents and restricted cash	<u>\$ 362,031</u>	<u>\$ 357,672</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 \$94,720 as of March 29, 2026. These leases extend through 2045. We have had no judgments against us as guarantor of these leases as of March 29, 2026. 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 29, 2026.

Letters of Credit

As of March 29, 2026, the Company had outstanding letters of credit with various parties totaling \$28,960. 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 \$4,763 and \$4,798 under these lease agreements during the three months ended March 29, 2026 and March 30, 2025, respectively, which has been recorded to "Franchise rental expense." In addition, TimWen paid Wendy's a management fee under the TimWen joint venture agreement

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

of \$59 and \$56 during the three months ended March 29, 2026 and March 30, 2025, respectively, which is included as a reduction to "General and administrative."

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 former Vice Chairman, hold minority ownership interests in Yellow Cab Holdings, LLC ("Yellow Cab"), a Wendy's franchisee that, as of March 29, 2026 owned and operated 87 Wendy's restaurants, and/or certain of the operating companies managed by Yellow Cab. In addition, Mr. Bradley Peltz, a director of the Company, is a Managing Director of, and holds a minority ownership interest in, Yellow Cab. During the three months ended March 29, 2026 and March 30, 2025, the Company recognized \$3,827 and \$3,664, 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 29, 2026 and December 28, 2025, \$1,336 and \$1,045, 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

Ms. Kristin Dolan, a director of the Company, serves as the Chief Executive Officer of AMC Networks Inc. ("AMC"). During the three months ended March 30, 2025, the Company purchased approximately \$300 of advertising time from a subsidiary of AMC. During the three months ended March 29, 2026, no advertising time was purchased 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. There were no amounts due to AMC as of March 29, 2026 and December 28, 2025.

(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.

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

(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 29, 2026	March 30, 2025
Wendy's U.S. revenue	\$ 444,159	\$ 429,614
Wendy's U.S. expense		
Cost of sales	194,296	181,237
Franchise support and other costs	18,256	13,178
Advertising fund expense	99,273	91,760
General and administrative	22,458	22,424
Other segment items (a)	13	38
Wendy's U.S. adjusted EBITDA	<u>\$ 109,863</u>	<u>\$ 120,977</u>

(a) Other segment items for the three months ended March 29, 2026 primarily include professional fees. Other segment items for the three months ended March 30, 2025 primarily include lease buyout activity and professional fees.

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

	Three Months Ended	
	March 29, 2026	March 30, 2025
Wendy's International revenue	\$ 36,927	\$ 34,721
Wendy's International expense		
Cost of sales	6,753	6,932
Advertising fund expense (a)	9,071	9,912
General and administrative	8,225	6,437
Other segment items (b)	2,299	1,996
Wendy's International adjusted EBITDA	<u>\$ 10,579</u>	<u>\$ 9,444</u>

(a) Includes advertising fund expense of \$159 for the three months ended March 30, 2025 related to the Company's funding of incremental advertising. There was no funding of incremental advertising during the three months ended March 29, 2026. In addition, includes other international-related advertising deficit of \$3 and \$1,153 for the three months ended March 29, 2026 and March 30, 2025, respectively.

(b) Other segment items primarily include franchise support and other costs.

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

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

	Three Months Ended	
	March 29, 2026	March 30, 2025
Global Real Estate & Development revenue	\$ 59,551	\$ 59,137
Global Real Estate & Development expense		
Franchise rental expense	30,176	30,701
General and administrative	5,297	5,220
Other segment items (a)	(3,974)	(1,460)
Global Real Estate & Development adjusted EBITDA	<u>\$ 28,052</u>	<u>\$ 24,676</u>

(a) Other segment items primarily include equity in earnings from our TimWen joint venture, gains on sales-type leases and franchise support and other costs. Equity in earnings from our TimWen joint venture was \$2,363 and \$2,252 for the three months ended March 29, 2026 and March 30, 2025, respectively.

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

	Three Months Ended	
	March 29, 2026	March 30, 2025
Wendy's U.S.	\$ 109,863	\$ 120,977
Wendy's International	10,579	9,444
Global Real Estate & Development	28,052	24,676
Total segment adjusted EBITDA	148,494	155,097
Unallocated franchise support and other costs	(310)	(587)
Advertising funds (deficit) surplus	(271)	144
Unallocated general and administrative (a)	(36,863)	(34,123)
Depreciation and amortization (exclusive of amortization of cloud computing arrangements shown separately below)	(40,575)	(36,549)
Amortization of cloud computing arrangements	(4,762)	(4,167)
System optimization gains (losses), net	1,625	(90)
Reorganization and realignment costs	162	692
Impairment of long-lived assets	(2,572)	(1,421)
Unallocated other operating (expense) income, net	(7)	4,130
Interest expense, net	(34,106)	(31,477)
Investment loss, net	—	(1,718)
Other income, net	3,350	4,986
Income before income taxes	<u>\$ 34,165</u>	<u>\$ 54,917</u>

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

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

(18) New Accounting Standards

Measurement of Credit Losses for Accounts Receivable and Contract Assets

In July 2025, the Financial Accounting Standards Board (“FASB”) issued an amendment to provide a practical expedient related to the estimation of expected credit losses for current accounts receivable and current contract assets for revenue arising from contracts with customers. The Company adopted this amendment during the first quarter of 2026 and has elected the practical expedient to assume that the current conditions as of the balance sheet date will remain unchanged for the remaining life of the receivables when estimating expected credit losses. The adoption of this amendment did not have a material impact on our condensed consolidated financial statements.

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 28, 2025 (the "Form 10-K"). There have been no material changes as of March 29, 2026 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 7,251 restaurants in the U.S. and 38 foreign countries and U.S. territories as of March 29, 2026.

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 tenders and nuggets, chili, french fries, baked potatoes, 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 in the U.S. and 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 29, 2026, the Wendy's restaurant system was comprised of 7,251 restaurants, with 5,805 Wendy's restaurants in operation in the U.S. Of the U.S. restaurants, 420 were operated by the Company and 5,385 were operated by a total of 205 franchisees. In addition, at March 29, 2026, there were 1,446 Wendy's restaurants in operation in 38 foreign countries and U.S. territories. Of the international restaurants, 1,435 were operated by a total of 116 franchisees and 11 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.

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.

During 2025, the Company announced *Project Fresh*, a comprehensive plan to drive profitable growth and long-term value across our U.S. system. The four strategic pillars of *Project Fresh* include (1) brand revitalization, (2) operational excellence, (3) system optimization and (4) capital allocation. These pillars are designed to drive profitable average unit volume growth and increase traffic in the U.S. by improving marketing effectiveness, menu offerings and the customer experience, and to enhance franchisee economics. Internationally, the Company's strategic priorities also include sustaining strong net unit growth and driving profitable average unit volume growth.

On May 8, 2026, the Company announced its entry into a franchise agreement to build up to 1,000 Wendy's restaurants across China over the next 10 years with a large restaurant operator with decades of experience in China.

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 menu prices, 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 condensed 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 our condensed consolidated financial statements. 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 Highlights

- Global systemwide sales were \$3.22 billion in the first quarter of 2026 compared with \$3.39 billion in the first quarter of 2025, a decrease of 5.5% on a constant currency basis;
- International systemwide sales were \$518.0 million in the first quarter of 2026 compared with \$473.2 million in the first quarter of 2025, an increase of 6.0% on a constant currency basis;
- Revenues increased 3.3% to \$540.6 million in the first quarter of 2026 compared with \$523.5 million in the first quarter of 2025;
- Global same-restaurant sales decreased 6.8%, U.S. same-restaurant sales decreased 7.8% and international same-restaurant sales decreased 0.4% compared with the first quarter of 2025;
- Global Company-operated restaurant margin was 10.8% in the first quarter of 2026, a decrease of 350 basis points compared with the first quarter of 2025;
- Income before income taxes decreased 37.8% to \$34.2 million in the first quarter of 2026 compared with \$54.9 million in the first quarter of 2025;
- Digital sales increased to approximately 23.6% of global systemwide sales in the first quarter of 2026 compared with approximately 20.3% in the first quarter of 2025; and
- Systemwide restaurant count decreased by 146 net restaurants in the first quarter of 2026.

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 2026 and 2025.

	First Quarter		
	2026	2025	Change
Revenues:			
Sales	\$ 225.5	\$ 219.5	\$ 6.0
Franchise royalty revenue and fees	147.9	145.1	2.8
Franchise rental income	58.9	58.5	0.4
Advertising funds revenue	108.3	100.4	7.9
	<u>540.6</u>	<u>523.5</u>	<u>17.1</u>
Costs and expenses:			
Cost of sales	201.0	188.2	12.8
Franchise support and other costs	22.0	16.6	5.4
Franchise rental expense	30.2	30.7	(0.5)
Advertising funds expense	108.6	101.5	7.1
General and administrative	72.8	68.2	4.6
Depreciation and amortization (exclusive of amortization of cloud computing arrangements shown separately below)	40.6	36.5	4.1
Amortization of cloud computing arrangements	4.8	4.2	0.6
System optimization (gains) losses, net	(1.6)	0.1	(1.7)
Reorganization and realignment costs	(0.2)	(0.7)	0.5
Impairment of long-lived assets	2.6	1.4	1.2
Other operating income, net	(5.1)	(6.3)	1.2
	<u>475.7</u>	<u>440.4</u>	<u>35.3</u>
Operating profit	64.9	83.1	(18.2)
Interest expense, net	(34.1)	(31.5)	(2.6)
Investment loss, net	—	(1.7)	1.7
Other income, net	3.4	5.0	(1.6)
Income before income taxes	34.2	54.9	(20.7)
Provision for income taxes	(11.5)	(15.7)	4.2
Net income	<u>\$ 22.7</u>	<u>\$ 39.2</u>	<u>\$ (16.5)</u>

	First Quarter			
	2026	% of Total Revenues	2025	% of Total Revenues
<i>Revenues:</i>				
Sales	\$ 225.5	41.7 %	\$ 219.5	41.9 %
Franchise royalty revenue and fees:				
Franchise royalty revenue	116.2	21.5 %	121.7	23.2 %
Franchise fees	31.7	5.9 %	23.4	4.5 %
Total franchise royalty revenue and fees	147.9	27.4 %	145.1	27.7 %
Franchise rental income	58.9	10.9 %	58.5	11.2 %
Advertising funds revenue	108.3	20.0 %	100.4	19.2 %
Total revenues	<u>\$ 540.6</u>	<u>100.0 %</u>	<u>\$ 523.5</u>	<u>100.0 %</u>

	First Quarter			
	2026	% of Sales	2025	% of Sales
<i>Cost of sales:</i>				
Food and paper	\$ 70.6	31.3 %	\$ 67.7	30.8 %
Restaurant labor	75.5	33.5 %	70.8	32.3 %
Occupancy, advertising and other operating costs	54.9	24.4 %	49.7	22.6 %
Total cost of sales	<u>\$ 201.0</u>	<u>89.2 %</u>	<u>\$ 188.2</u>	<u>85.7 %</u>

	First Quarter			
	2026	% of Sales	2025	% of Sales
<i>Company-operated restaurant margin:</i>				
U.S.	\$ 25.0	11.4 %	\$ 31.5	14.8 %
Global	24.5	10.8 %	31.3	14.3 %

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	
	2026	2025
<i>Key business measures:</i>		
U.S. same-restaurant sales:		
Company-operated	(4.7)%	(1.2)%
Franchised	(8.1)%	(2.9)%
Systemwide	(7.8)%	(2.8)%
International same-restaurant sales (a)	(0.4)%	2.3 %
Global same-restaurant sales:		
Company-operated	(4.8)%	(1.2)%
Franchised (a)	(7.0)%	(2.2)%
Systemwide (a)	(6.8)%	(2.1)%
Systemwide sales (b):		
U.S. Company-operated	\$ 219.3	\$ 212.7
U.S. franchised	2,483.6	2,703.4
U.S. systemwide	2,702.9	2,916.1
International Company-operated	6.2	6.8
International franchised (a)	511.8	466.4
International systemwide (a)	518.0	473.2
Global systemwide (a)	<u>\$ 3,220.9</u>	<u>\$ 3,389.3</u>

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

(b) During the first quarter of 2026 and 2025, global systemwide sales decreased 5.5% and 1.1%, respectively, U.S. systemwide sales decreased 7.3% and 2.6%, respectively, and international systemwide sales increased 6.0% and 8.9%, 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 28, 2025	423	5,546	11	1,417	7,397
Opened	3	20	—	27	50
Closed	(3)	(184)	—	(9)	(196)
Net (sold to) purchased by franchisees	(3)	3	—	—	—
Restaurant count at March 29, 2026	<u>420</u>	<u>5,385</u>	<u>11</u>	<u>1,435</u>	<u>7,251</u>

Sales

	First Quarter		
	2026	2025	Change
Sales	\$ 225.5	\$ 219.5	\$ 6.0

The increase in sales during the first quarter of 2026 was primarily due to (1) the Company's acquisition of franchise-operated restaurants during the third quarter of 2025 of \$13.6 million and (2) net new restaurant development of \$3.1 million. These impacts were partially offset by (1) a 4.8% decrease in global Company-operated same-restaurant sales of \$9.4 million and (2) the sale of Company-operated restaurants to franchisees of \$2.1 million. Company-operated same-restaurant sales during the first quarter of 2026 decreased due to a decrease in traffic, partially offset by higher average check.

Franchise Royalty Revenue and Fees

	First Quarter		
	2026	2025	Change
Franchise royalty revenue	\$ 116.2	\$ 121.7	\$ (5.5)
Franchise fees	31.7	23.4	8.3
	<u>\$ 147.9</u>	<u>\$ 145.1</u>	<u>\$ 2.8</u>

Franchise royalty revenue during the first quarter of 2026 decreased primarily due to a 7.0% decrease in global franchise same-restaurant sales of \$8.1 million, partially offset by net new restaurant development of \$0.7 million. Franchise same-restaurant sales during the first quarter of 2026 decreased due to a decrease in traffic, partially offset by higher average check.

The increase in franchise fees during the first quarter of 2026 was primarily due to the impact of system optimization related to hours of operation flexibility and restaurant closures.

Franchise Rental Income

	First Quarter		
	2026	2025	Change
Franchise rental income	\$ 58.9	\$ 58.5	\$ 0.4

The increase in franchise rental income during the first quarter of 2026 was primarily due to entering into new leases.

Advertising Funds Revenue

	First Quarter		
	2026	2025	Change
Advertising funds revenue	\$ 108.3	\$ 100.4	\$ 7.9

The increase in advertising funds revenue during the first quarter of 2026 was primarily due to local and regional advertising funds being reallocated to U.S. national advertising of approximately \$15.0 million, partially offset by a decrease in franchise same-restaurant sales of \$7.1 million.

Cost of Sales, as a Percent of Sales

	First Quarter		
	2026	2025	Change
Food and paper	31.3 %	30.8 %	0.5 %
Restaurant labor	33.5 %	32.3 %	1.2 %
Occupancy, advertising and other operating costs	24.4 %	22.6 %	1.8 %
	<u>89.2 %</u>	<u>85.7 %</u>	<u>3.5 %</u>

The increase in cost of sales, as a percent of sales, during the first quarter of 2026 was primarily due to (1) a decrease in traffic, (2) higher commodity costs and (3) an increase in restaurant labor rates. These changes were partially offset by (1) higher average check and (2) labor efficiencies.

Franchise Support and Other Costs

	First Quarter		
	2026	2025	Change
Franchise support and other costs	\$ 22.0	\$ 16.6	\$ 5.4

The increase in franchise support and other costs during the first quarter of 2026 was primarily due to an increase in the provision for doubtful accounts.

Franchise Rental Expense

	First Quarter		
	2026	2025	Change
Franchise rental expense	\$ 30.2	\$ 30.7	\$ (0.5)

The decrease in franchise rental expense during the first quarter of 2026 was primarily due to the impact of amending certain existing leases.

Advertising Funds Expense

	First Quarter		
	2026	2025	Change
Advertising funds expense	\$ 108.6	\$ 101.5	\$ 7.1

On an interim basis, advertising funds expense is recognized in proportion to advertising funds revenue. The increase in advertising funds expense during the first quarter of 2026 was primarily due to the same factors as described above for “Advertising Funds Revenue.”

General and Administrative

	First Quarter		
	2026	2025	Change
Employee compensation and benefits	\$ 40.4	\$ 38.5	\$ 1.9
Professional fees	15.6	14.1	1.5
Other, net	16.8	15.6	1.2
	<u>\$ 72.8</u>	<u>\$ 68.2</u>	<u>\$ 4.6</u>

The increase in general and administrative expenses during the first quarter of 2026 was primarily due to (1) higher employee compensation and benefits and (2) an increase in professional fees.

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

	First Quarter		
	2026	2025	Change
Restaurants	\$ 20.9	\$ 17.7	\$ 3.2
Finance lease assets	5.8	5.1	0.7
Technology support, corporate and other	13.9	13.7	0.2
	<u>\$ 40.6</u>	<u>\$ 36.5</u>	<u>\$ 4.1</u>

The increase in depreciation and amortization during the first quarter of 2026 was primarily due to (1) depreciation and amortization on restaurant assets acquired from a franchisee during the third quarter of 2025, (2) asset additions for new and remodeled restaurants and (3) restaurant-related asset disposals.

Amortization of Cloud Computing Arrangements

	First Quarter		
	2026	2025	Change
Amortization of cloud computing arrangements	\$ 4.8	\$ 4.2	\$ 0.6

The increase in amortization of cloud computing arrangements during the first quarter of 2026 was primarily due to amortization of assets associated with the Company’s digital investments.

System Optimization (Gains) Losses, Net

	First Quarter		
	2026	2025	Change
System optimization (gains) losses, net	\$ (1.6)	\$ 0.1	\$ (1.7)

System optimization (gains) losses, net during the first quarter of 2026 were primarily comprised of gains on the sale of surplus and other properties. See Note 10 to the Condensed Consolidated Financial Statements contained in Item 1 herein for further discussion.

Reorganization and Realignment Costs

	First Quarter		
	2026	2025	Change
Organizational Redesign Plan	\$ (0.2)	\$ (1.0)	\$ 0.8
Other reorganization and realignment plans	—	0.3	(0.3)
	<u>\$ (0.2)</u>	<u>\$ (0.7)</u>	<u>\$ 0.5</u>

During the first quarter of 2026 and 2025, the Company recognized costs under the Organizational Redesign Plan of \$(0.2) million and \$(1.0) million, respectively, which primarily included reversals of severance accruals resulting from changes in estimates. 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		
	2026	2025	Change
Impairment of long-lived assets	\$ 2.6	\$ 1.4	\$ 1.2

The increase in impairment of long-lived assets during the first quarter of 2026 was primarily due to losses from the remeasurement to fair value of assets leased and/or subleased to franchisees in connection with the closure of franchise-operated restaurants.

Other Operating Income, Net

	First Quarter		
	2026	2025	Change
Claim settlement	\$ —	\$ 4.0	\$ (4.0)
Gains on sales-type leases	1.9	—	1.9
Other, net	3.2	2.3	0.9
	<u>\$ 5.1</u>	<u>\$ 6.3</u>	<u>\$ (1.2)</u>

The decrease in other operating income, net during the first quarter of 2026 was primarily due to the settlement of a claim in the first quarter of 2025. This decrease was partially offset by gains on new and modified sales-type leases.

Interest Expense, Net

	First Quarter		
	2026	2025	Change
Interest expense, net	\$ 34.1	\$ 31.5	\$ 2.6

The increase in interest expense, net during the first quarter of 2026 was primarily due to the impact of completing the refinancing of a portion of the Company's securitized financing facility in the fourth quarter of 2025.

Investment Loss, Net

	First Quarter		
	2026	2025	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		
	2026	2025	Change
Other income, net	\$ 3.4	\$ 5.0	\$ (1.6)

The decrease in other income, net during the first quarter of 2026 was primarily due to a decrease in interest income, reflecting lower balances of cash equivalents and lower interest rates.

Provision for Income Taxes

	First Quarter		
	2026	2025	Change
Income before income taxes	\$ 34.2	\$ 54.9	\$ (20.7)
Provision for income taxes	(11.5)	(15.7)	4.2
Effective tax rate on income	33.5 %	28.6 %	4.9 %

The effective tax rates for the first quarter of 2026 and 2025 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 2026 was primarily due to lower income before income taxes and the tax effects of share-based compensation.

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		
	2026	2025	Change
Sales	\$ 219.3	\$ 212.7	\$ 6.6
Franchise royalty revenue	97.3	104.4	(7.1)
Franchise fees	28.3	20.7	7.6
Advertising fund revenue	99.3	91.8	7.5
Total revenues	\$ 444.2	\$ 429.6	\$ 14.6
Segment profit	\$ 109.9	\$ 121.0	\$ (11.1)

The increase in Wendy's U.S. revenues during the first quarter of 2026 was primarily due to (1) the Company's acquisition of 35 franchise-operated restaurants in the third quarter of 2025, (2) an increase in franchise fees, (3) higher advertising fund revenue and (4) net new restaurant development. These impacts were partially offset by a decrease in same-restaurant sales. Same-restaurant sales decreased during the first quarter of 2026 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 2026 was primarily due to (1) higher cost of sales, as a percent of sales for Company-operated restaurants, driven by the same factors as described above for "Cost of Sales, as a Percent of Sales," and (2) higher franchise support and other costs. These changes were partially offset by higher revenues.

Wendy's International

	First Quarter		
	2026	2025	Change
Sales	\$ 6.2	\$ 6.8	\$ (0.6)
Franchise royalty revenue	18.9	17.3	1.6
Franchise fees	2.8	2.0	0.8
Advertising fund revenue	9.1	8.6	0.5
Total revenues	<u>\$ 37.0</u>	<u>\$ 34.7</u>	<u>\$ 2.3</u>
Segment profit	<u>\$ 10.6</u>	<u>\$ 9.4</u>	<u>\$ 1.2</u>

The increase in Wendy's International revenues during the first quarter of 2026 was primarily due to net new restaurant development.

The increase in Wendy's International segment profit during the first quarter of 2026 was primarily due to higher revenues, partially offset by higher general and administrative expenses.

Global Real Estate & Development

	First Quarter		
	2026	2025	Change
Franchise fees	\$ 0.6	\$ 0.6	\$ —
Franchise rental income	58.9	58.5	0.4
Total revenues	<u>\$ 59.5</u>	<u>\$ 59.1</u>	<u>\$ 0.4</u>
Segment profit	<u>\$ 28.1</u>	<u>\$ 24.7</u>	<u>\$ 3.4</u>

The increase in Global Real Estate & Development revenues during the first quarter of 2026 was primarily due to an increase in franchise rental income, driven by the same factors as described above for "Franchise Rental Income."

The increase in Global Real Estate & Development segment profit during the first quarter of 2026 was primarily due to (1) gains on new and modified sales-type leases, (2) the impact of amending certain existing leases and (3) entering into new leases.

Liquidity and Capital Resources

As of March 29, 2026, cash, cash equivalents and restricted cash totaled \$362.0 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 29, 2026, no shares were repurchased under the January 2023 Authorization. As of March 29, 2026, the Company had \$35.0 million of availability remaining under the January 2023 Authorization.

Dividends

On March 16, 2026, the Company paid a quarterly cash dividend per share of \$.14, aggregating \$26.6 million. On May 8, 2026, the Company announced a dividend of \$.14 per share to be paid on June 15, 2026 to stockholders of record as of June 1, 2026. If the Company pays regular quarterly cash dividends for the remainder of 2026 at the same rate declared in the second quarter of 2026, the Company's total cash requirement for dividends for the remainder of 2026 will be approximately \$80.0 million based on the number of shares of its common stock outstanding at May 1, 2026. 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 29, 2026, the Company borrowed and repaid \$11.5 million under the revolving line of credit, then subsequently borrowed and repaid \$3.6 million under the revolving line of credit. As a result, as of March 29, 2026, the Company had no outstanding borrowings under the revolving line of credit.

Except as described above, there were no material changes to the Company's debt obligations since December 28, 2025. The Company was in compliance with its debt covenants as of March 29, 2026. 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 2026 and 2025:

	First Quarter		
	2026	2025	Change
Net cash provided by (used in):			
Operating activities	\$ 59.4	\$ 85.4	\$ (26.0)
Investing activities	(13.7)	(21.5)	7.8
Financing activities	(40.5)	(179.3)	138.8
Effect of exchange rate changes on cash	(0.8)	0.8	(1.6)
Net increase (decrease) in cash, cash equivalents and restricted cash	<u>\$ 4.4</u>	<u>\$ (114.6)</u>	<u>\$ 119.0</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 \$59.4 million and \$85.4 million in the first three months of 2026 and 2025, respectively. The change was primarily due to (1) the timing of receipt of vendor incentives, (2) the timing of the collection of royalty receivables and (3) lower net income, adjusted for non-cash expenses. These changes were partially offset by the timing of payments for marketing expenses of the national advertising funds.

Investing Activities

Cash used in investing activities was \$13.7 million and \$21.5 million in the first three months of 2026 and 2025, respectively. The change was primarily due to (1) a decrease in capital expenditures of \$5.8 million and (2) an increase in proceeds from dispositions of \$2.7 million.

Financing Activities

Cash used in financing activities was \$40.5 million and \$179.3 million in the first three months of 2026 and 2025, respectively. The change was primarily due to (1) a decrease in repurchases of the Company's common stock of \$122.8 million and (2) a decrease in dividends of \$22.8 million. These changes were partially offset by an increase in repayments of long-term debt of \$6.7 million, reflecting the impact of repayments on the Company's U.S. advertising fund revolving line of credit.

General Inflation, Commodities and Changing Prices

Inflationary pressures on labor and commodity price increases directly impacted our consolidated results of operations during the three months ended March 29, 2026, and we anticipate continued labor and commodity inflation throughout the remainder of 2026. 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, dairy 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 selective menu price increases, product mix and focused execution of operational excellence.

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 29, 2026 there were no material changes from the information contained in the Company's Form 10-K for the fiscal year ended December 28, 2025.

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 Interim 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 29, 2026. Based on such evaluations, the Interim Chief Executive Officer and Chief Financial Officer concluded that as of March 29, 2026, 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 Interim 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 2026 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 Interim 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 volatility or disruptions, including in regions with a high concentration of Wendy’s restaurants;
- changes in discretionary consumer spending and consumer tastes and preferences;
- conditions beyond our control, such as adverse weather conditions, natural disasters, hostilities, social unrest, health epidemics or pandemics or other catastrophic events;
- 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 successfully implement important strategic initiatives, including our *Project Fresh* plan, effectively managing or maintaining growth and market share across our dayparts or executing strategic transactions;
- our ability to grow our business through new restaurant development;
- our ability to effectively manage the acquisition and disposition of restaurants and other restaurant activity;
- 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 and our franchisees' dependence on computer systems and information technology, including risks associated with the failure or interruption of our systems or technology or the occurrence of cybersecurity 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 a focus on corporate responsibility issues;
- risks associated with the availability and cost of insurance, the recognition of impairment or other charges, changes in tax rates or tax laws and fluctuations in foreign currency exchange rates;
- Triam Fund Management, L.P. and certain of its affiliates filed a Schedule 13D/A with the SEC on February 18, 2026 indicating, among other things, that they intend to explore and evaluate the possibility of participating, alone or with third parties, in certain potential transactions with respect to us to enhance stockholder value; there can be no assurance that (i) any such potential transactions will occur or result in additional value for our stockholders or (ii) that the exploration of potential transactions will not have an adverse impact on our business; 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 23, 2026 (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.

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

All future written and oral forward-looking statements attributable to 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 2026:

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 29, 2025 through February 1, 2026	888	\$8.33	—	\$35,000,024
February 2, 2026 through March 1, 2026	46,259	\$7.59	—	\$35,000,024
March 2, 2026 through March 29, 2026	8,400	\$7.64	—	\$35,000,024
Total	55,547	\$7.61	—	\$35,000,024

- (1) Represents 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.

Item 6. Exhibits.

EXHIBIT NO.	DESCRIPTION
10.1	<u>Form of Long-Term Performance Unit Award Agreement for 2026 under The Wendy's Company 2020 Omnibus Award Plan.* **</u>
31.1	<u>Certification of the Interim Chief Executive Officer and Chief Financial Officer of The Wendy's Company, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*</u>
32.1	<u>Certification of the Interim 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 29, 2026 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 29, 2026, 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 8, 2026

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

Date: May 8, 2026

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

**CERTIFICATION OF THE INTERIM CHIEF EXECUTIVE OFFICER AND 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 8, 2026

/s/ Kenneth Cook
Kenneth Cook
Interim Chief Executive Officer and Chief Financial Officer

**CERTIFICATION OF THE INTERIM 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, the undersigned officer 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 29, 2026 (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 8, 2026

/s/ Kenneth Cook

Kenneth Cook

Interim Chief Executive Officer and Chief Financial Officer