

The Wendy's Company and Subsidiaries
Reconciliations of Net Income to Adjusted EBITDA and Revenues to Adjusted Revenues
Three and Nine Month Periods Ended October 1, 2023 and September 29, 2024
(In Thousands)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	2023	2024	2023	2024
Net income	\$ 58,049	\$ 50,224	\$ 157,502	\$ 146,860
Provision for income taxes	19,915	19,427	54,627	55,071
Income before income taxes	77,964	69,651	212,129	201,931
Other income, net	(7,637)	(6,246)	(22,546)	(19,382)
Investment loss (income), net	—	—	10,389	(11)
Loss on early extinguishment of debt	319	—	1,585	—
Interest expense, net	30,957	31,270	93,798	92,800
Operating profit	101,603	94,675	295,355	275,338
Plus (less):				
Advertising funds revenue	(108,922)	(123,154)	(320,092)	(343,162)
Advertising funds expense (a)	107,834	122,963	316,583	342,510
Depreciation and amortization (exclusive of amortization of cloud computing arrangements shown separately below)	34,288	36,996	101,258	110,006
Amortization of cloud computing arrangements	3,844	3,576	7,692	10,637
System optimization gains, net	(120)	(420)	(119)	(573)
Reorganization and realignment costs	611	354	8,100	8,479
Impairment of long-lived assets	59	178	513	2,873
Adjusted EBITDA	\$ 139,197	\$ 135,168	\$ 409,290	\$ 406,108
Revenues	\$ 550,555	\$ 566,739	\$ 1,640,927	\$ 1,672,219
Less:				
Advertising funds revenue	(108,922)	(123,154)	(320,092)	(343,162)
Adjusted revenues	\$ 441,633	\$ 443,585	\$ 1,320,835	\$ 1,329,057

(a) Excludes advertising funds expense of \$596 and \$1,802 for the three and nine months ended October 1, 2023, respectively, and \$6,599 and \$14,773 for the three and nine months ended and September 29, 2024, respectively, related to the Company's funding of incremental advertising. In addition, excludes other international-related advertising surplus (deficit) of \$535 and \$(789) for the three and nine months ended October 1, 2023, respectively, and \$(170) and \$(640) for the three and nine months ended September 29, 2024, respectively.

The Wendy's Company and Subsidiaries
Reconciliation of Net Income and Diluted Earnings Per Share to
Adjusted Income and Adjusted Earnings Per Share
Three and Nine Month Periods Ended October 1, 2023 and September 29, 2024
(In Thousands Except Per Share Amounts)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	2023	2024	2023	2024
Net income	\$ 58,049	\$ 50,224	\$ 157,502	\$ 146,860
Plus (less):				
Advertising funds revenue	(108,922)	(123,154)	(320,092)	(343,162)
Advertising funds expense (a)	107,834	122,963	316,583	342,510
System optimization gains, net	(120)	(420)	(119)	(573)
Reorganization and realignment costs	611	354	8,100	8,479
Impairment of long-lived assets	59	178	513	2,873
Loss on early extinguishment of debt	319	—	1,585	—
Total adjustments	(219)	(79)	6,570	10,127
Income tax impact on adjustments (b)	(187)	(5)	(2,272)	(2,253)
Total adjustments, net of income taxes	(406)	(84)	4,298	7,874
Adjusted income	<u>\$ 57,643</u>	<u>\$ 50,140</u>	<u>\$ 161,800</u>	<u>\$ 154,734</u>
Diluted earnings per share	\$.28	\$.25	\$.74	\$.71
Total adjustments per share, net of income taxes	(01)	—	02	04
Adjusted earnings per share	<u>\$.27</u>	<u>\$.25</u>	<u>\$.76</u>	<u>\$.75</u>

(a) Excludes advertising funds expense of \$596 and \$1,802 for the three and nine months ended October 1, 2023, respectively, and \$6,599 and \$14,773 for the three and nine months ended September 29, 2024, respectively, related to the Company's funding of incremental advertising. In addition, excludes other international-related advertising surplus (deficit) of \$535 and \$(789) for the three and nine months ended October 1, 2023, respectively, and \$(170) and \$(640) for the three and nine months ended September 29, 2024, respectively.

(b) Adjustments relate to the tax effect of non-GAAP adjustments, which were determined based on the nature of the underlying non-GAAP adjustments and their relevant jurisdictional tax rates.

The Wendy's Company and Subsidiaries
Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow
Nine Month Periods Ended October 1, 2023 and September 29, 2024
(In Thousands)
(Unaudited)

	Nine Months Ended	
	2023	2024
Net cash provided by operating activities	\$ 269,525	\$ 286,681
Plus (less):		
Capital expenditures	(55,689)	(52,361)
Advertising funds impact (a)	12,613	(244)
Free cash flow	\$ 226,449	\$ 234,076

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