



Second Quarter 2022 Conference Call

August 10, 2022



Kelsey Freed

Director – Investor Relations

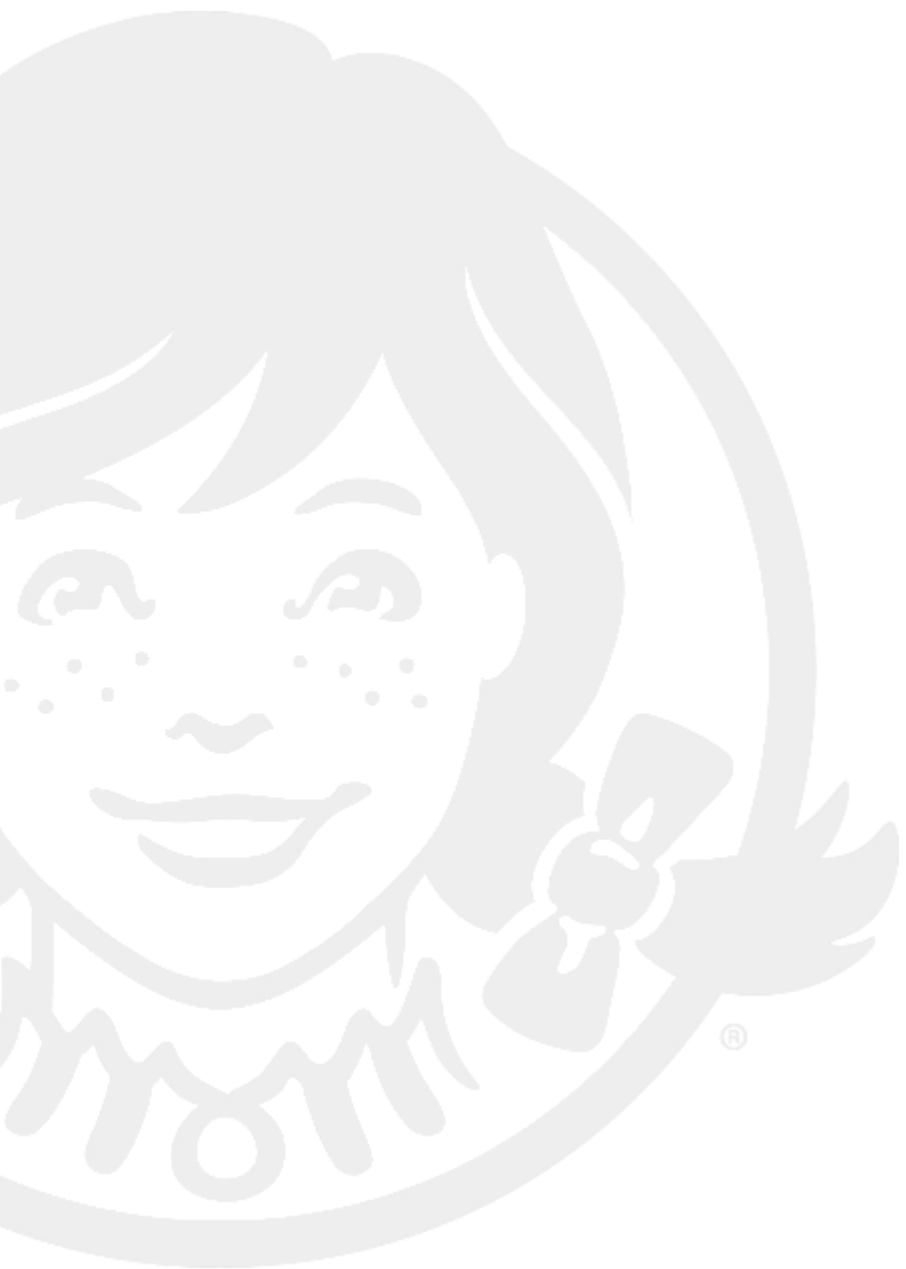
Forward-Looking Statements and Non-GAAP Financial Measures

This presentation, and certain information that management may discuss in connection with this presentation, contains certain statements that are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 (the “Reform Act”). For all such forward-looking statements, we claim the protection of the safe harbor for forward-looking statements contained in the Reform Act.

Many important factors could affect our future results and could 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, those identified under the caption “Forward-Looking Statements” in our release issued on August 10, 2022 and in the “Special Note Regarding Forward-Looking Statements and Projections” and “Risk Factors” sections of our most recent Form 10-K / Form 10-Qs.

In addition, this presentation and certain information management may discuss in connection with this presentation reference non-GAAP financial measures (*i.e.* adjusted revenue, adjusted EBITDA, adjusted earnings per share, free cash flow and systemwide sales). These non-GAAP financial measures exclude certain expenses and benefits. Reconciliations of non-GAAP financial measures to the most directly comparable GAAP financial measures are provided in the Appendix to this presentation.





Agenda

Business Update

Franchise Health Update

Q2 Financial Results

2022 Outlook

IR Calendar

Q&A





Todd Penegor

President & Chief Executive Officer



CEO Business Update

- Global SRS reached double digits on a 2-year basis for 3rd consecutive quarter, exceeding expectations
- Significant restaurant margin improvement versus prior quarter
- Breakfast launch in Canada off to a strong start
- Continued to gain QSR burger morning meal traffic share in the US*
- Global digital mix held strong at ~10%
- US and Canadian franchisees reported record profits in 2021
- Committed to driving long-term growth initiatives

*Source: The NPD Group/CREST®, 3 months ending June 2022 vs. 3 months ending June 2021



Global SRS Momentum Accelerated in Q2

- Achieved record setting Global 2-year SRS of >21%
- International business delivered 5th consecutive quarter of double digit 1- and 2-year SRS
- Strong Q2 US sales results drove gains vs. competition
- Expect strong and balanced US marketing calendar to drive back half growth



Breakfast Competing Well Across US & Canada

- Canada breakfast launch off to strong start – sales in line with expectations
- Grew QSR burger morning meal traffic share* in the US for 3rd consecutive quarter
- Continue to expect US Breakfast sales growth of ~10% in 2022
- Expect mix of innovation & profitable promotions to drive significant back half growth in US
- Remain committed to ~\$16M incremental Company advertising investment in 2022

*Source: The NPD Group/CREST®, 3 months ending June 2022 vs. 3 months ending June 2021



Global Digital Momentum Continued in Q2

- Global sales mix held strong at ~10%
- International digital sales mix landed at ~15% as outsized performance continues across key markets
- U.S. digital sales accelerated ~2.5% vs. Q1, achieving record quarterly sales and mixing at ~9%
- Total rewards members and monthly active users grew >5% vs. Q1



Global Restaurant Pipeline Remains Strong

- Restaurant pipeline remains strong in 2022 and beyond
- Franchise recruiting & restaurant modernization efforts paying off
- Lowering REEF unit expectations
- Expect ~3% to 4% net unit growth in 2022
- Significant progress in solidifying near- and long-term growth plans



Remain Fully Committed to Long Term Growth Initiatives

Investing in Accelerated Global Growth



BUILD OUR BREAKFAST
DAYPART

Fast Food
Done Right



DIGITAL ACCELERATION

Operational
Excellence



EXPAND OUR FOOTPRINT

Good
Done Right

Restaurant Economic Model

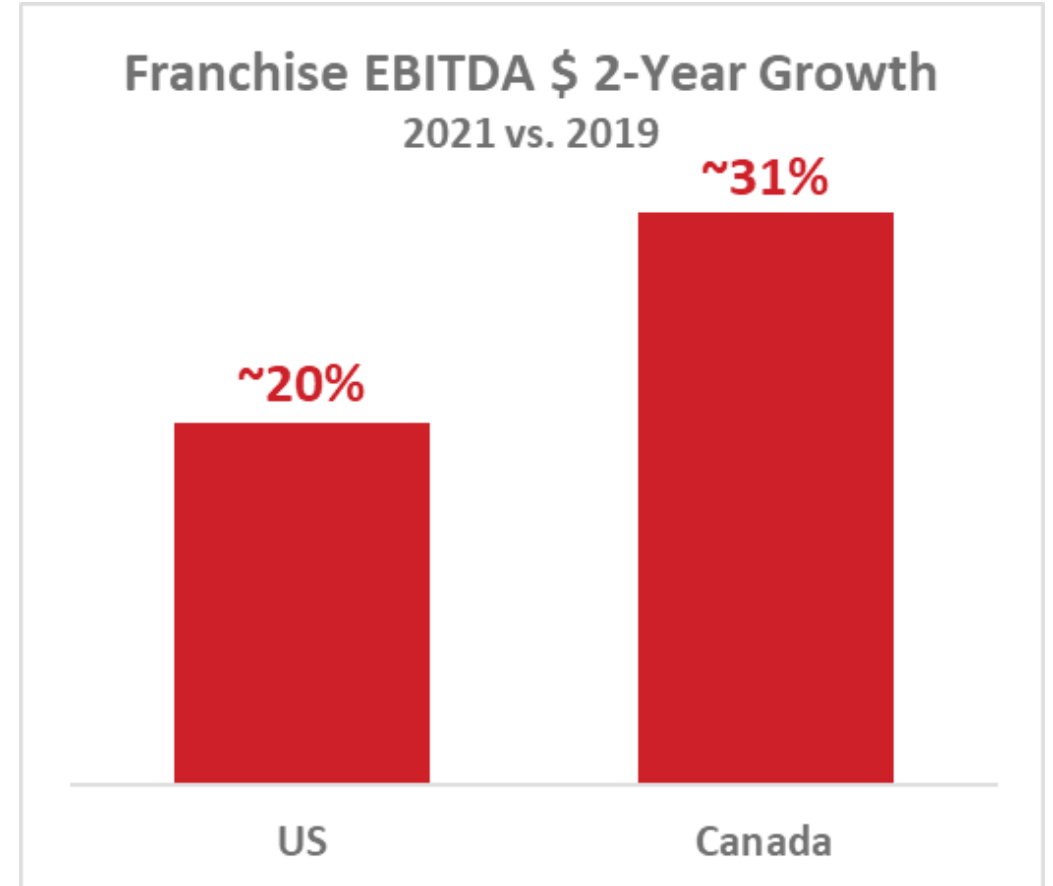
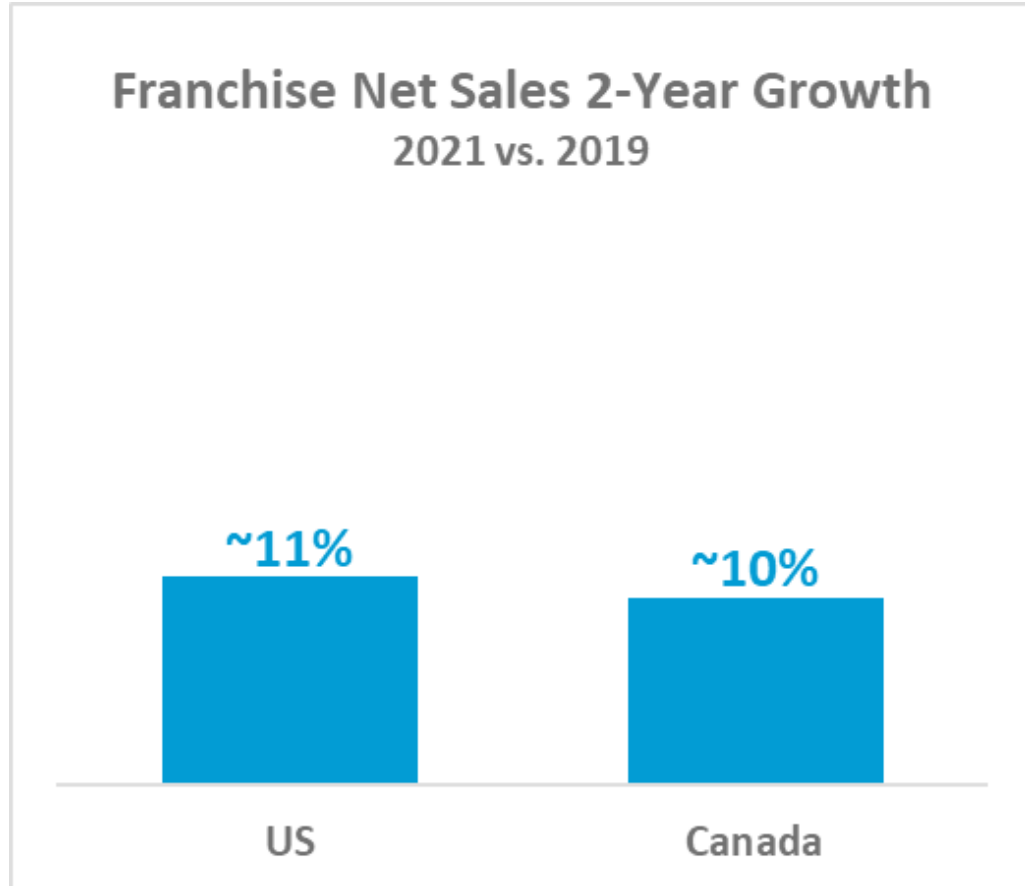




Gunther Plosch

Chief Financial Officer

Record Franchise Profits in 2021 Lay Strong Foundation for 2022



Second Quarter Financial Results

\$ Mils (except per share amounts)

	2022	2021	B/(W)
Global Systemwide Sales Growth	5.6%	22.9%	2-Yr 28.5%
Global System SRS	3.7%	17.4%	2-Yr 21.1%
Company Restaurant Margin	14.5%	20.3%	(580) bps
G&A	\$61.6	\$63.1	2.3%
Adjusted EBITDA ¹	\$132.9	\$131.1	1.4%
Adjusted EPS ¹	\$0.24	\$0.27	(11.1)%
Year to Date Free Cash Flow ¹	\$95.2	\$185.8	(48.8)%

¹ See reconciliation of non-GAAP financial measures in the Appendix.



2022 Outlook Largely Unchanged

Metric	Previous Outlook	Updated Outlook
Global Systemwide Sales Growth	6% to 8%	No Change
Adjusted EBITDA	\$490M to \$505M	No Change
Adjusted EPS	\$0.82 to \$0.86	\$0.84 to \$0.88
Capital Expenditures	\$90M to \$100M	No Change
Free Cash Flow	\$215M to \$225M	No Change





Capital Allocation Policy Remains Unchanged

1

Continue to Invest in the Business for Growth

2

Sustain an Attractive Dividend;
Payout Ratio > 50%

- **Q3 Dividend of \$0.125**

3

Flexibility to Utilize Excess Cash to Repurchase Shares and/or Reduce Debt





Kelsey Freed

Director – Investor Relations

Investor Relations Calendar

- August 16: Virtual NDR with Citi
- August 17: NDR with Credit Suisse (Boston)
- September 8: Goldman Sachs Conference (New York)
- September 15: Virtual HQ Visit with RBC
- September 22: Conference Call with Truist
- September 29: NDR with Stifel (Toronto)
- November 9: Q3 Earnings Release & Conference Call



Q&A

Appendix

Reconciliation of Non-GAAP Financial Measures

In addition to the GAAP financial measures included in this presentation, the Company has presented certain non-GAAP financial measures (i.e., adjusted revenues, adjusted EBITDA, adjusted earnings per share, free cash flow and systemwide sales). These non-GAAP financial measures exclude certain expenses and benefits as detailed in the accompanying reconciliation tables.



The Wendy's Company and Subsidiaries
Reconciliations of Net Income to Adjusted EBITDA and Revenues to Adjusted Revenues
Three and Six Month Periods Ended July 3, 2022 and July 4, 2021
(In Thousands)
(Unaudited)

Reconciliations of Net Income to Adjusted EBITDA and Revenues to Adjusted Revenues

	Three Months Ended		Six Months Ended	
	2022	2021	2022	2020
Net income	\$ 48,151	\$ 65,724	\$ 85,553	\$ 107,090
Provision for income taxes	17,239	15,062	30,671	28,161
Income before income taxes	65,390	80,786	116,224	135,251
Other income, net	(1,238)	(158)	(1,445)	(284)
Investment expense (income), net	4	(3)	(2,107)	(6)
Loss on early extinguishment of debt	—	17,917	—	17,917
Interest expense, net	32,125	28,204	58,490	56,990
Operating profit	96,281	126,746	171,162	209,868
Plus (less):				
Advertising funds revenue	(104,868)	(102,283)	(197,389)	(191,723)
Advertising funds expense (a)	106,243	103,885	200,007	194,589
Depreciation and amortization	33,428	30,761	66,659	62,303
System optimization gains, net	(152)	(30,766)	(3,686)	(31,282)
Reorganization and realignment costs	156	2,102	620	7,036
Impairment of long-lived assets	1,860	630	2,476	1,265
Adjusted EBITDA	\$ 132,948	\$ 131,075	\$ 239,849	\$ 252,056
Revenues	\$ 537,783	\$ 493,337	\$ 1,026,426	\$ 953,540
Less:				
Advertising funds revenue	(104,868)	(102,283)	(197,389)	(191,723)
Adjusted revenues	\$ 432,915	\$ 391,054	\$ 829,037	\$ 761,817

- (a) Excludes advertising funds expense of \$3,850 and \$7,244 for the three and six months ended July 3, 2022, respectively, and \$3,990 and \$7,524 for the three and six months ended July 4, 2021, respectively, related to the Company's funding of incremental advertising. In addition, excludes other international-related advertising expense of \$880 and \$1,522 for the three and six months ended July 3, 2022, respectively.



The Wendy's Company and Subsidiaries
Reconciliation of Net Income and Diluted Earnings Per Share to
Adjusted Income and Adjusted Earnings Per Share
Three and Six Month Periods Ended July 3, 2022 and July 4, 2021
(In Thousands Except Per Share Amounts)
(Unaudited)

Reconciliation of Net Income and Diluted Earnings Per Share to Adjusted Income and Adjusted Earnings Per Share

	Three Months Ended		Six Months Ended	
	2022	2021	2022	2021
Net income	\$ 48,151	\$ 65,724	\$ 85,553	\$ 107,090
Plus (less):				
Advertising funds revenue	(104,868)	(102,283)	(197,389)	(191,723)
Advertising funds expense (a)	106,243	103,885	200,007	194,589
System optimization gains, net	(152)	(30,766)	(3,686)	(31,282)
Reorganization and realignment costs	156	2,102	620	7,036
Impairment of long-lived assets	1,860	630	2,476	1,265
Loss on early extinguishment of debt	—	17,917	—	17,917
Total adjustments	3,239	(8,515)	2,028	(2,198)
Income tax impact on adjustments (b)	(473)	3,429	149	1,520
Total adjustments, net of income taxes	2,766	(5,086)	2,177	(678)
Adjusted income	<u>\$ 50,917</u>	<u>\$ 60,638</u>	<u>\$ 87,730</u>	<u>\$ 106,412</u>
Diluted earnings per share	\$.22	\$.29	\$.39	\$.47
Total adjustments per share, net of income taxes	.02	(.02)	.01	—
Adjusted earnings per share	<u>\$.24</u>	<u>\$.27</u>	<u>\$.40</u>	<u>\$.47</u>

- (a) Excludes advertising funds expense of \$3,850 and \$7,244 for the three and six months ended July 3, 2022, respectively, and \$3,990 and \$7,524 for the three and six months ended July 4, 2021, respectively, related to the Company's funding of incremental advertising. In addition, excludes other international-related advertising expense of \$880 and \$1,522 for the three and six months ended July 3, 2022.
- (b) The provision for income taxes on "System optimization gains, net" was \$39 and \$8,742 for the three months ended July 3, 2022 and July 4, 2021, respectively, and \$930 and \$8,266 for the six months ended July 3, 2022 and July 4, 2021, respectively. In addition, the three months ended July 3, 2022 include a benefit from income taxes of \$3 related to the advertising funds. There is no benefit from income taxes related to the advertising funds for the six months ended July 3, 2022. The benefit from income taxes on all other adjustments was calculated using an effective tax rate of 25.23% and 25.73% for the three months ended July 3, 2022 and July 4, 2021, respectively, and 25.22% and 25.73% for the six months ended July 3, 2022 and July 4, 2021, respectively.



Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow

In Thousands (Unaudited)

The Wendy's Company and Subsidiaries
Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow
 Six Month Periods Ended July 3, 2022 and July 4, 2021
 (In Thousands)
 (Unaudited)

	Six Months Ended	
	2022	2021
Net cash provided by operating activities	\$ 98,195	\$ 158,751
Plus (less):		
Capital expenditures	(30,941)	(24,069)
Cash paid for taxes related to New York disposition	—	9,512
Advertising funds impact (a)	27,964	41,621
Free cash flow	<u>\$ 95,218</u>	<u>\$ 185,815</u>

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





Wendy's[®]

THE WENDY'S COMPANY