

**The Management's Discussion and Analysis of Financial Condition and Results of Operations for Restaurant Brands International Inc. is also included in the Form 10-Q for the period ended March 31, 2025, filed on SEDAR+ on May 8, 2025, in its entirety. All references to USD or \$ are to United States dollars, and all references to C\$ are to Canadian dollars.**

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

*The following Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed consolidated financial statements and the related notes thereto ("Financial Statements") in Item 1 and the Special Note Regarding Forward-Looking Statements later in this Item 2. All Note references herein refer to the Notes to the Financial Statements. Tabular amounts are displayed in millions of U.S. dollars except per share and unit count amounts, or as otherwise specifically identified. All references to "Canadian dollars" or "C\$" are to the currency of Canada unless otherwise indicated. Percentages may not recompute due to rounding.*

### **Overview**

We are one of the world's largest quick service restaurant ("QSR") companies with nearly \$45 billion in annual system-wide sales and over 32,000 restaurants in more than 120 countries and territories as of March 31, 2025. As of March 31, 2025, over 90% of system-wide restaurants were franchised. We own and franchise four iconic brands, *Tim Hortons*®, *Burger King*®, *Popeyes*®, and *Firehouse Subs*®. Our four iconic brands have complementary daypart mixes and product platforms that benefit from global scale and sharing of best practices to optimize costs while preserving the independence and rich heritage of each brand.

We completed the acquisitions of Carrols Restaurant Group Inc. ("Carrols") ("the Carrols Acquisition") and Popeyes China ("PLK China") ("the PLK China Acquisition") on May 16, 2024 and June 28, 2024, respectively. Our consolidated results include Carrols and PLK China revenues, expenses and segment income from their acquisition dates. On February 14, 2025, we acquired substantially all of the remaining equity interests in Pangaea Foods (China) Holdings Ltd. ("BK China") ("the BK China Acquisition") from our former joint venture partners. BK China met the criteria to be classified as held for sale and reported as discontinued operations. We are working to identify a new controlling shareholder which aligns with our long-term strategy of partnering with experienced local operators while maintaining a primarily franchised business.

We have six operating and reportable segments, including four franchisor segments for our Tim Hortons, Burger King, Popeyes and Firehouse Subs brands in the U.S. and Canada (TH, BK, PLK and FHS, respectively) and a fifth franchisor segment for all of our brands in the rest of the world (INTL). Additionally, following the Carrols Acquisition and PLK China Acquisition, we established a new operating and reportable segment, Restaurant Holdings ("RH"), which includes results from the Carrols Burger King restaurants and the PLK China restaurants and includes results from Firehouse Subs Brazil ("FHS Brazil") beginning in 2025.

RBI plans to maintain the franchisor dynamics in its TH, BK, PLK, FHS, and INTL segments ("five franchisor segments") to report results consistent with how the business will be managed long-term given RBI's plans to rebrand the vast majority of the Carrols Burger King restaurants and to find a new partner for PLK China and new investors for FHS Brazil in the future. RH results include Company restaurant sales and expenses, including expenses associated with royalties, rent, and advertising. These expenses are recognized, as applicable, as revenues in the respective franchisor segments (BK and INTL) and eliminated upon consolidation. See Note 5, "*Segment Reporting*" of the Financial Statements for additional information about our operating and reportable segments.

Adjusted Operating Income represents our measure of segment income for each of our reportable segments and is used by management to measure operating performance.

**Key Operating Metrics**

Key performance indicators (“KPIs”) are shown for RBI’s five franchisor segments. The KPIs for the Carrols Burger King restaurants are included in the BK segment and the KPIs for the PLK China and BK China restaurants are included in the INTL segment.

We evaluate our restaurants and assess our business based on the following operating metrics:

- System-wide sales growth refers to the percentage change in sales at all franchised restaurants and Company restaurants (referred to as system-wide sales) in one period from the same period in the prior year on a constant currency basis, which means the results exclude the effect of foreign currency translation (“FX Impact”). We calculate the FX Impact by translating prior year results at current year monthly average exchange rates.
- Comparable sales refers to the percentage change in restaurant sales in one period from the same prior year period on a constant currency basis for restaurants that have been open for an initial consecutive period, typically at least 13 months. Additionally, if a restaurant is closed for a significant portion of a month, the restaurant is excluded from the monthly comparable sales calculation.
- Unless otherwise stated, system-wide sales growth, system-wide sales and comparable sales are presented on a system-wide basis, which means they include franchised restaurants and Company restaurants. System-wide results are driven by our franchised restaurants, as over 90% of system-wide restaurants are franchised. Franchise sales represent sales at all franchised restaurants and are revenues to our franchisees. We do not record franchise sales as revenues; however, our royalty revenues and advertising fund contributions are calculated based on a percentage of franchise sales.
- Net restaurant growth refers to the net change in restaurant count (openings, net of permanent closures) over a trailing twelve-month period, divided by the restaurant count at the beginning of the trailing twelve month period. In determining whether a restaurant meets our definition of a restaurant that will be included in our net restaurant growth, we consider factors such as scope of operations, format and image, separate franchise agreement, and minimum sales thresholds. We refer to restaurants that do not meet our definition as “alternative formats” and we believe these are helpful to build brand awareness, test new concepts and provide convenience in certain markets.

These metrics are important indicators of the overall direction of our business, including trends in sales and the effectiveness of each brand’s marketing, operations and growth initiatives.

The following tables present our consolidated key operating metrics for each of the periods indicated, which have been derived from our internal records. We evaluate our restaurants and assess our business based on these operating metrics. These metrics may differ from those used by other companies in our industry who may define these metrics differently.

<i>Consolidated Key Operating Metrics</i>	<b>Three Months Ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
System-wide Sales Growth	2.8 %	8.1 %
System-wide Sales (in US\$ millions)	\$ 10,496	\$ 10,512
Comparable Sales	0.1 %	4.6 %
Net Restaurant Growth	3.3 %	3.9 %
System Restaurant Count at Period End	32,149	31,113

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### Results of Operations for the Three Months Ended March 31, 2025 and 2024

Tabular amounts in millions of U.S. dollars unless noted otherwise. Total revenues, segment income and variances for each segment may not calculate exactly due to rounding.

<i>Consolidated</i>	Three Months Ended March 31,		Variance	FX Impact (a)	Variance Excluding FX Impact
	2025	2024			
<b>Revenues:</b>					
Supply chain sales	\$ 611	\$ 627	\$ (16)	\$ (33)	\$ 17
Company restaurant sales	558	102	456	—	456
Franchise and property revenues	663	712	(49)	(22)	(27)
Advertising revenues and other services	277	298	(21)	(6)	(15)
Total revenues	2,109	1,739	370	(61)	431
<b>Operating costs and expenses:</b>					
Supply chain cost of sales	496	517	21	28	(7)
Company restaurant expenses	468	89	(379)	—	(379)
Franchise and property expenses	130	126	(4)	5	(9)
Advertising expenses and other services	311	311	—	5	(5)
General and administrative expenses	191	173	(18)	3	(21)
(Income) loss from equity method investments	(5)	(3)	2	—	2
Other operating expenses (income), net	83	(18)	(101)	(1)	(100)
Total operating costs and expenses	1,674	1,195	(479)	40	(519)
Income from operations	435	544	(109)	(21)	(88)
Interest expense, net	130	148	18	—	18
Income from continuing operations before income taxes	305	396	(91)	(21)	(70)
Income tax expense from continuing operations	82	68	(14)	1	(15)
Net income from continuing operations	223	328	(105)	(20)	(85)
Net loss from discontinued operations (net of tax of \$0)	2	—	(2)	—	(2)
Net income	\$ 221	\$ 328	\$ (107)	\$ (20)	\$ (87)

- (a) We calculate the FX Impact by translating prior year results at current year monthly average exchange rates. We analyze these results on a constant currency basis as this helps identify underlying business trends, without distortion from the effects of currency movements.

Our operating results are impacted by a number of external factors, including consumer spending levels and general economic conditions.

The increase in Total revenues was primarily driven by the net impact of restaurants acquired from franchisees, mainly related to the Carrols Acquisition, partially offset by an unfavorable FX Impact which primarily impacted TH and INTL.

The decrease in Income from operations was primarily driven by an unfavorable change in Other operating expenses (income), net, and an unfavorable FX Impact, partially offset by an increase in TH segment income excluding FX Impact.

The decrease in Net income from continuing operations was primarily driven by a decrease in Income from operations and an increase in Income tax expense from continuing operations, partially offset by a decrease in Interest expense, net.

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### *General and Administrative Expenses*

Our general and administrative expenses consisted of the following:

	Three Months Ended March 31,		Variance	FX Impact (a)	Variance Excluding FX Impact
	2025	2024			
Segment G&A:					
TH	\$ 37	\$ 42	\$ 5	\$ 2	\$ 3
BK	36	36	—	—	—
PLK	21	22	1	—	1
FHS	14	14	—	—	—
INTL	52	53	1	1	—
RH	24	—	(24)	—	(24)
RH and BK China Transaction costs	6	4	(2)	—	(2)
Corporate restructuring and advisory fees	1	2	1	—	1
General and administrative expenses	<u>\$ 191</u>	<u>\$ 173</u>	<u>\$ (18)</u>	<u>\$ 3</u>	<u>\$ (21)</u>

In connection with the Carrols Acquisition, the PLK China Acquisition, and the BK China Acquisition, we incurred certain non-recurring fees and expenses (“RH and BK China Transaction costs”) consisting primarily of professional fees, compensation-related expenses and integration costs, all of which are classified as general and administrative expenses in the consolidated statements of operations. We expect to incur additional RH and BK China Transaction costs in 2025.

In connection with certain transformational corporate restructuring initiatives that rationalize our structure and optimize cash movement within our structure, as well as services related to significant tax reform legislation and regulations, we incurred non-operating expenses primarily from professional advisory and consulting services (“Corporate restructuring and advisory fees”).

During the three months ended March 31, 2025, the increase in general and administrative expenses was primarily driven by the inclusion of RH Segment G&A, partially offset by a decrease in TH Segment G&A.

#### *(Income) Loss from Equity Method Investments*

(Income) loss from equity method investments reflects our share of investee net income or loss as well as gains or losses from changes in our ownership interests in equity investees.

The change in (income) loss from equity method investments reflects changes in earnings of our equity method investments during the three months ended March 31, 2025 compared to the three months ended March 31, 2024.

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### *Other Operating Expenses (Income), net*

Our other operating expenses (income), net consisted of the following:

	<b>Three Months Ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Net losses (gains) on disposal of assets, restaurant closures, and refranchisings	\$ 2	\$ 2
Litigation settlements (gains) and reserves, net	3	—
Net losses (gains) on foreign exchange	75	(23)
Other, net	3	3
Other operating expenses (income), net	<u>\$ 83</u>	<u>\$ (18)</u>

Net losses (gains) on disposal of assets, restaurant closures, and refranchisings represent sales of properties and other costs related to restaurant closures and refranchisings. Gains and losses recognized in the current period may reflect certain costs related to closures and refranchisings that occurred in previous periods.

Litigation settlements and reserves, net primarily reflect accruals and payments made and proceeds received in connection with litigation and arbitration matters and other business disputes.

Net losses (gains) on foreign exchange consist of remeasurement of foreign denominated assets and liabilities, primarily intercompany financing. A substantial portion of this net foreign currency gain or loss relates to measurement of U.S. dollar intercompany balances in foreign subsidiaries. This gain or loss primarily results from fluctuations in the exchange rate between the Euro and U.S. dollar.

### *Interest Expense, net*

Our interest expense, net and the weighted average interest rate on our long-term debt were as follows:

	<b>Three Months Ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Interest expense, net	\$ 130	\$ 148
Weighted average interest rate on long-term debt	4.4 %	5.0 %

During the three months ended March 31, 2025, interest expense, net decreased primarily due to the 2024 restructuring of the Canadian cross-currency rate swap, a decrease in the Term Loan B spread driven by a 2024 repricing, and decreases in interest rates which impacts our variable rate debt, partially offset by an increase in long-term debt.

### *Income Tax Expense from Continuing Operations*

Our effective tax rate was 26.9% and 17.2% for the three months ended March 31, 2025 and 2024, respectively. The increase in our effective tax rate was primarily due to discrete, unfavorable impacts of recently issued OECD Pillar II guidance during the first quarter of 2025, partially offset by the mix of income from multiple jurisdictions and internal financing arrangements.

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**Segment Results of Operations for the Three Months Ended March 31, 2025 and 2024**

<i>TH Segment</i>	Three Months Ended March 31,	
	2025	2024
System-wide Sales Growth	0.0 %	7.8 %
System-wide Sales	\$ 1,631	\$ 1,725
Comparable Sales	(0.1)%	6.9 %
Comparable Sales - Canada	0.1 %	7.5 %
Net Restaurant Growth	0.4 %	0.0 %
System Restaurant Count at Period End	4,523	4,505

<i>TH Segment</i>	Three Months Ended March 31,		Variance	FX Impact (a)	Variance Excluding FX Impact
	2025	2024			
<b>Revenues:</b>					
Supply chain sales	\$ 611	\$ 627	\$ (16)	\$ (33)	\$ 17
Company restaurant sales	10	10	—	—	—
Franchise and property revenues	219	231	(12)	(13)	—
Advertising revenues and other services	64	70	(6)	(4)	(3)
Total revenues	903	939	(35)	(50)	15
Supply chain cost of sales	496	517	21	27	(7)
Company restaurant expenses	9	9	—	—	—
Segment F&P expenses	78	80	2	4	(2)
Advertising expenses and other services	66	70	4	4	—
Segment G&A	37	42	5	2	3
<i>Adjustments:</i>					
Cash distributions received from equity method investments	3	3	—	—	—
Adjusted Operating Income	220	224	(3)	(12)	9

During the three months ended March 31, 2025, the decrease in Total revenues was primarily driven by an unfavorable FX Impact. Excluding the FX Impact, the increase in Total revenues was primarily driven by an increase in Supply chain sales due primarily to increases in commodity prices and an increase in CPG net sales.

During the three months ended March 31, 2025, the decrease in Adjusted Operating Income was primarily driven by an unfavorable FX Impact. Excluding the FX Impact, the increase in Adjusted Operating Income was primarily driven by an increase in Total revenues and a decrease in Segment G&A due primarily to lower compensation-related expenses. These factors were partially offset by an increase in Supply chain cost of sales in local currency due primarily to increases in commodity prices.

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<i>BK Segment</i>	Three Months Ended	
	March 31,	
	2025	2024
System-wide Sales Growth	(1.7)%	2.6 %
System-wide Sales	\$ 2,700	\$ 2,753
Comparable Sales	(1.3)%	3.8 %
Comparable Sales - US	(1.1)%	3.9 %
Net Restaurant Growth	(1.1)%	(2.4)%
System Restaurant Count at Period End	7,062	7,139

<i>BK Segment</i>	Three Months Ended		Variance	FX Impact (a)	Variance Excluding FX Impact
	March 31,				
	2025	2024			
Revenues:					
Company restaurant sales	\$ 60	\$ 58	\$ 1	\$ —	\$ 1
Franchise and property revenues (b)	168	175	(7)	(1)	(6)
Advertising revenues and other services (c)	129	117	12	—	12
Total revenues	356	350	6	(1)	7
Company restaurant expenses	55	52	(2)	—	(2)
Segment F&P expenses	31	31	—	—	—
Advertising expenses and other services	132	125	(7)	—	(7)
Segment G&A	36	36	—	—	—
Adjusted Operating Income	103	106	(3)	—	(3)

- (b) For the three months ended March 31, 2025, Franchise and property revenues include intersegment revenues with RH consisting of royalties of \$19 million and rent of \$8 million, which are eliminated in consolidation.
- (c) For the three months ended March 31, 2025, Advertising revenues and other services include intersegment revenues with RH consisting of advertising contributions and tech fees of \$20 million, which are eliminated in consolidation.

During the three months ended March 31, 2025, the increase in Total revenues was primarily driven by an increase in Advertising revenues and other services primarily due to an increase in advertising fund contributions from franchisees reflecting an increase in the contribution rate. This was partially offset by a decrease in Franchise and property revenues driven by the impact of restaurant acquisitions from franchisees in the prior year and a decrease in system-wide sales.

During the three months ended March 31, 2025, the decrease in Adjusted Operating Income was driven by a decrease in Franchise and property revenues, partially offset by the non-recurrence of \$6 million of advertising expenses incurred in the prior year in connection with our support behind the marketing program.

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<i>PLK Segment</i>	Three Months Ended	
	March 31,	
	2025	2024
System-wide Sales Growth	(2.4)%	10.4 %
System-wide Sales	\$ 1,475	\$ 1,517
Comparable Sales	(4.0)%	5.7 %
Comparable Sales - US	(4.0)%	6.2 %
Net Restaurant Growth	3.0 %	4.7 %
System Restaurant Count at Period End	3,516	3,412

<i>PLK Segment</i>	Three Months Ended		Variance	FX Impact (a)	Variance Excluding FX Impact
	March 31,				
	2025	2024			
Revenues:					
Company restaurant sales	\$ 46	\$ 23	\$ 24	\$ —	\$ 24
Franchise and property revenues	78	80	(2)	—	(2)
Advertising revenues and other services	69	75	(6)	—	(6)
Total revenues	194	178	16	—	16
Company restaurant expenses	39	19	(19)	—	(19)
Segment F&P expenses	2	1	(1)	—	(1)
Advertising expenses and other services	72	76	5	—	5
Segment G&A	21	22	1	—	1
Adjusted Operating Income	60	58	1	—	2

During the three months ended March 31, 2025, the increases in Total revenues and Adjusted Operating Income were primarily driven by the acquisition of Popeyes restaurants as part of the Carrols Acquisition, partially offset by a decrease in system-wide sales.

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<i>FHS Segment</i>	Three Months Ended	
	March 31,	
	2025	2024
System-wide Sales Growth	7.3 %	3.7 %
System-wide Sales	\$ 322	\$ 301
Comparable Sales	0.6 %	0.2 %
Comparable Sales - US	0.3 %	0.3 %
Net Restaurant Growth	5.9 %	3.6 %
System Restaurant Count at Period End	1,352	1,277

<i>FHS Segment</i>	Three Months Ended		Variance	FX Impact (a)	Variance Excluding FX Impact
	March 31,				
	2025	2024			
Revenues:					
Company restaurant sales	\$ 11	\$ 10	\$ 1	\$ —	\$ 1
Franchise and property revenues	26	25	1	—	1
Advertising revenues and other services	17	15	2	—	2
Total revenues	54	50	4	—	4
Company restaurant expenses	9	9	(1)	—	(1)
Segment F&P expenses	2	1	—	—	—
Advertising expenses and other services	17	15	(2)	—	(2)
Segment G&A	14	14	—	—	—
Adjusted Operating Income	11	10	1	—	1

During the three months ended March 31, 2025, the increases in Total revenues and Adjusted Operating Income were primarily driven by the increase in system-wide sales.

<i>INTL Segment</i>	Three Months Ended	
	March 31,	
	2025	2024
System-wide Sales Growth	8.6 %	11.6 %
System-wide Sales	\$ 4,368	\$ 4,216
Comparable Sales	2.6 %	4.2 %
Comparable Sales - INTL - Burger King	2.7 %	4.2 %
Net Restaurant Growth	6.2 %	8.4 %
System Restaurant Count at Period End	15,696	14,780

<i>INTL Segment</i>	Three Months Ended		Variance	FX Impact (a)	Variance Excluding FX Impact
	March 31,				
	2025	2024			
Revenues:					
Franchise and property revenues	\$ 199	\$ 201	\$ (2)	\$ (8)	\$ 6
Advertising revenues and other services	18	21	(3)	(1)	(1)
Total revenues	218	222	(5)	(10)	5
Segment F&P expenses	5	5	—	—	—
Advertising expenses and other services	23	23	1	1	(1)
Segment G&A	52	53	1	1	—
Adjusted Operating Income	138	142	(3)	(8)	4

During the three months ended March 31, 2025, the decreases in Total revenues and Adjusted Operating Income were primarily driven by unfavorable FX Impacts and the absence of \$9 million of revenues from BK China which were recognized in the prior year. Excluding the FX Impacts, the increases in Total revenues and Adjusted Operating Income were primarily driven by increases in royalties from Burger King and Popeyes as a result of an increase in system-wide sales, partially offset by the absence of revenues from BK China which were recognized in the prior year.

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### ***RH Results***

The RH segment revenues, expenses and segment income reflect the Burger King restaurants acquired from Carrols and the PLK China restaurants beginning on their acquisition dates of May 16, 2024 and June 28, 2024, respectively.

	<b>Three Months Ended March 31, 2025</b>
Revenues:	
Company restaurant sales	\$ 432
Total revenues	432
Food, beverage and packaging costs	121
Restaurant wages and related expenses	145
Restaurant occupancy and other expenses (a)	114
Company restaurant expenses	379
Advertising expenses and other services (b)	21
Segment G&A	24
Adjusted Operating Income	7

- (a) For the three months ended March 31, 2025, Restaurant occupancy and other expenses include intersegment royalties expense of \$19 million and intersegment property expenses of \$8 million, which are eliminated in consolidation.
- (b) For the three months ended March 31, 2025, Advertising expenses and other services include intersegment advertising expenses and tech fees of \$20 million, which are eliminated in consolidation.

### ***Non-GAAP Reconciliations***

The table below contains information regarding Adjusted Operating Income, which is a non-GAAP measure. This non-GAAP measure does not have a standardized meaning under U.S. GAAP and may differ from a similar captioned measure of other companies in our industry. We believe this non-GAAP measure is useful to investors in assessing our operating performance, as it provides them with the same tools that management uses to evaluate our performance and is responsive to questions we receive from both investors and analysts. By disclosing this non-GAAP measure, we intend to provide investors with a consistent comparison of our operating results and trends for the periods presented. Adjusted Operating Income is defined as income from operations excluding (i) franchise agreement and reacquired franchise rights intangible asset amortization as a result of acquisition accounting, (ii) (income) loss from equity method investments, net of cash distributions received from equity method investments, (iii) other operating expenses (income), net and, (iv) income/expenses from non-recurring projects and non-operating activities. For the periods referenced, income/expenses from non-recurring projects and non-operating activities included (i) non-recurring fees and expenses incurred in connection with the Carrols Acquisition, the PLK China Acquisition, and the BK China Acquisition consisting primarily of professional fees, compensation related expenses and integration costs; and (ii) non-operating costs from professional advisory and consulting services associated with certain transformational corporate restructuring initiatives that rationalize our structure and optimize cash movements as well as services related to significant tax reform legislation and regulations. Management believes that these types of expenses are either not related to our underlying profitability drivers or not likely to re-occur in the foreseeable future and the varied timing, size and nature of these projects may cause volatility in our results unrelated to the performance of our core business that does not reflect trends of our core operations.

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Adjusted Operating Income is used by management to measure operating performance of the business, excluding these non-cash and other specifically identified items that management believes are not relevant to management’s assessment of our operating performance. Adjusted Operating Income, as defined above, also represents our measure of segment income for each of our operating segments.

	<b>Three Months Ended</b>		<b>Variance</b>	
	<b>March 31,</b>		<b>\$</b>	<b>%</b>
	<b>2025</b>	<b>2024</b>	<b>Favorable / (Unfavorable)</b>	
Income from operations	\$ 435	\$ 544	\$ (109)	(20)%
Franchise agreement and reacquired franchise rights amortization	16	8	(8)	(100)%
RH and BK China Transaction costs	6	4	(2)	(50)%
Corporate restructuring and advisory fees	1	2	1	50 %
Impact of equity method investments (a)	(2)	—	2	NM
Other operating expenses (income), net	83	(18)	(101)	NM
Adjusted Operating Income	<u>\$ 539</u>	<u>\$ 540</u>	<u>\$ (1)</u>	<u>0 %</u>
<b>Segment income:</b>				
TH	\$ 220	\$ 224	\$ (4)	(1)%
BK	103	106	(3)	(3)%
PLK	60	58	2	2 %
FHS	11	10	1	9 %
INTL	138	142	(4)	(2)%
RH	7	—	7	NM
Adjusted Operating Income	<u>\$ 539</u>	<u>\$ 540</u>	<u>\$ (1)</u>	<u>0 %</u>

- (a) Represents (i) (income) loss from equity method investments and (ii) cash distributions received from our equity method investments. Cash distributions received from our equity method investments are included in segment income.

The decrease in Adjusted Operating Income for the three months ended March 31, 2025 reflects a decrease in segment income in our TH, INTL and BK segments and an unfavorable FX Impact of \$20 million, partially offset by the inclusion of RH segment income and an increase in segment income in our PLK and FHS segments.

## **Liquidity and Capital Resources**

Our primary sources of liquidity are cash on hand, cash generated by operations and borrowings available under our Revolving Credit Facility (as defined below). We have used, and may in the future use, our liquidity to make required interest and/or principal payments, to repurchase our common shares, to repurchase Class B exchangeable limited partnership units of Partnership (“Partnership exchangeable units”), to voluntarily prepay and repurchase our outstanding debt or that of one of our affiliates’, to fund acquisitions and other investing activities, such as capital expenditures and joint ventures, to pay dividends on our common shares and make distributions on the Partnership exchangeable units. Our liquidity requirements are significant, primarily due to debt service requirements.

As of March 31, 2025, we had cash and cash equivalents of \$899 million and borrowing availability of \$1,248 million under our senior secured revolving credit facility (the “Revolving Credit Facility”). Based on our current level of operations and available cash, we believe our cash flow from operations, combined with our availability under our Revolving Credit Facility, will provide sufficient liquidity to fund our current obligations, debt service requirements and capital spending over the next twelve months.

On February 14, 2025, we acquired substantially all of the remaining equity interests in BK China from our former joint venture partners for approximately \$151 million in an all-cash transaction and assumed approximately \$178 million of outstanding debt, which is reflected in liabilities held for sale – discontinued operations. During the three months ended March 31, 2025, we provided \$107 million of funding to BK China. Cash and cash equivalents for BK China was \$87 million as of March 31, 2025, reflected in assets held for sale – discontinued operations. This business may require additional funding while we work to identify a new controlling shareholder.

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Burger King is executing its multi-year "Reclaim the Flame" plan to accelerate sales growth and drive franchisee profitability. This plan includes investing up to \$700 million through year-end 2028, comprised of advertising and digital investments ("Fuel the Flame") and high-quality remodels and relocations, restaurant technology, kitchen equipment, and building enhancements ("Royal Reset"). The Fuel the Flame investments were completed in the fourth quarter ended December 31, 2024. As of March 31, 2025, we have funded \$143 million out of up to \$550 million planned toward the Royal Reset investments.

As of March 31, 2025, we had outstanding cross-currency rate swap contracts between the Canadian dollar and U.S. dollar in which we receive quarterly fixed-rate interest payments on the U.S. dollar aggregate amount of \$5,700 million and between the Euro and U.S. dollar in which we receive quarterly fixed-rate interest payments on the U.S. dollar aggregate amount of \$2,750 million. We expect to receive \$56 million in quarterly fixed-rate interest payments in the next twelve months in connection with these outstanding cross-currency swaps.

On August 31, 2023, our board of directors approved a share repurchase authorization of up to \$1,000 million of our common shares until September 30, 2025. This approval follows the expiration of RBI's prior two-year authorization to repurchase up to the same \$1,000 million of our common shares. On September 12, 2024, we announced that the Toronto Stock Exchange (the "TSX") had accepted and approved the notice of our intention to renew the normal course issuer bid, permitting the repurchase up to 31,981,466 common shares for the 12-month period ending on September 15, 2025. Share repurchases under the normal course issuer bid will be made through the facilities of the TSX, the New York Stock Exchange (the "NYSE") and/or other exchanges and alternative Canadian or foreign trading systems, if eligible, or by such other means as may be permitted by the TSX and/or the NYSE under applicable law. Shareholders may obtain a copy of the prior notice, free of charge, by contacting us. During the three months ended March 31, 2025, we did not repurchase any RBI common shares on the open market, and as of March 31, 2025, we had \$500 million remaining under the authorization. Repurchases under the Company's authorization will be made in the open market or through privately negotiated transactions.

We generally provide applicable deferred taxes based on the tax liability or withholding taxes that would be due upon repatriation of cash associated with unremitted earnings. We will continue to monitor our plans for such cash and related foreign earnings but our expectation is to continue to provide taxes on unremitted earnings that we expect to distribute.

On June 20, 2024, Canada enacted tax legislation to restrict the deduction of excessive interest and financing expenses ("EIFEL") which is effective for taxation years beginning on or after October 1, 2023. As a result, we expect to have restricted interest and financing tax deductions for the current and next fiscal years, which will continue to increase our cash taxes.

### ***Debt Instruments and Debt Service Requirements***

As of March 31, 2025, our total debt consists primarily of borrowings under our Credit Facilities, amounts outstanding under our 3.875% First Lien Senior Notes due 2028, 3.50% First Lien Senior Notes due 2029, 6.125% First Lien Senior Notes due 2029, 5.625% First Lien Senior Notes due 2029, 4.375% Second Lien Senior Notes due 2028, 4.00% Second Lien Senior Notes due 2030 (together, the "Senior Notes"), TH Facility, and obligations under finance leases. For further information about our total debt, see Note 11 – *Long-Term Debt* in the notes to the accompanying unaudited condensed consolidated financial statements.

As of March 31, 2025, there was \$5,981 million outstanding principal amount under our Term Loan Facilities with a weighted average interest rate of 5.92%. The interest rate applicable to borrowings under our Term Loan A and Revolving Credit Facility is, at our option, either (i) a base rate, subject to a floor of 1.00%, plus an applicable margin varying from 0.00% to 0.50%, or (ii) Term SOFR (Secured Overnight Financing Rate), subject to a floor of 0.00%, plus an applicable margin varying between 0.75% to 1.50%, in each case, determined by reference to a net first lien leverage based pricing grid. The interest rate applicable to borrowings under our Term Loan B is, at our option, either (i) a base rate, subject to a floor of 1.00%, plus an applicable margin of 0.75%, or (ii) Term SOFR, subject to a floor of 0.00%, plus an applicable margin of 1.75%.

Based on the amounts outstanding under the Term Loan Facilities and SOFR as of March 31, 2025, subject to a floor of 0.00%, required debt service for the next twelve months is estimated to be approximately \$360 million in interest payments and \$79 million in principal payments. In addition, based on SOFR as of March 31, 2025, net cash settlements that we expect to receive on our \$4,000 million interest rate swaps are estimated to be approximately \$78 million for the next twelve months. Based on the amounts outstanding at March 31, 2025, required debt service for the next twelve months on all of the Senior Notes outstanding is approximately \$337 million in interest payments and no principal payments. Based on the amounts outstanding under the TH Facility as of March 31, 2025, required debt service for the next twelve months is estimated to be approximately \$3 million in interest payments and \$103 million in principal payments.

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### *Restrictions and Covenants*

As of March 31, 2025, we were in compliance with all applicable financial debt covenants under the Credit Facilities, the TH Facility, and the indentures governing our Senior Notes.

### **Cash Dividends**

On April 4, 2025, we paid a dividend of \$0.62 per common share and Partnership made a distribution in respect of each Partnership exchangeable unit in the amount of \$0.62 per Partnership exchangeable unit.

Our board of directors has declared a cash dividend of \$0.62 per common share, which will be paid on July 8, 2025 to common shareholders of record on June 24, 2025. Partnership will also make a distribution in respect of each Partnership exchangeable unit in the amount of \$0.62 per Partnership exchangeable unit, and the record date and payment date for distributions on Partnership exchangeable units are the same as the record date and payment date set forth above.

In addition, because we are a holding company, our ability to pay cash dividends on our common shares may be limited by restrictions under our debt agreements. Although we do not have a formal dividend policy, our board of directors may, subject to compliance with the covenants contained in our debt agreements and other considerations, determine to pay dividends in the future. We expect to pay all dividends from cash generated from our operations.

### **Outstanding Security Data**

As of May 1, 2025, we had outstanding 327,643,299 common shares and one special voting share. The special voting share is held by a trustee, entitling the trustee to that number of votes on matters on which holders of common shares are entitled to vote equal to the number of Partnership exchangeable units outstanding. The trustee is required to cast such votes in accordance with voting instructions provided by holders of Partnership exchangeable units. At any shareholder meeting of the Company, holders of our common shares vote together as a single class with the special voting share except as otherwise provided by law. For information on our share-based compensation and our outstanding equity awards, see Note 14 to the audited consolidated financial statements in Part II, Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2024, filed with the U.S. Securities and Exchange Commission (the “SEC”) and Canadian securities regulatory authorities on February 21, 2025.

There were 126,983,115 Partnership exchangeable units outstanding as of May 1, 2025. During the three months ended March 31, 2025, Partnership exchanged 55,462 Partnership exchangeable units pursuant to exchange notices received. The holders of Partnership exchangeable units have the right to require Partnership to exchange all or any portion of such holder’s Partnership exchangeable units for our common shares at a ratio of one share for each Partnership exchangeable unit, subject to our right as the general partner of Partnership to determine to settle any such exchange for a cash payment in lieu of our common shares.

### **Comparative Cash Flows**

#### *Operating Activities*

Cash provided by operating activities was \$118 million for the three months ended March 31, 2025, compared to \$148 million during the same period in the prior year. The change in cash provided by operating activities was primarily driven by an increase in income tax payments, partially offset by a decrease in cash used for working capital and a decrease in interest payments.

#### *Investing Activities*

Cash used for investing activities was \$184 million for the three months ended March 31, 2025, compared to \$31 million during the same period in the prior year. The change in cash used for investing activities was primarily driven by the BK China Acquisition and an increase in payments for capital expenditures.

#### *Financing Activities*

Cash used for financing activities was \$265 million for the three months ended March 31, 2025, compared to \$203 million during the same period in the prior year. The change in cash used for financing activities was driven primarily by a decrease in proceeds from stock option exercises and an increase in common share dividends and Partnership exchangeable unit distributions.

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### *Discontinued Operations*

During the three months ended March 31, 2025, we provided \$107 million of funding to BK China.

### *Contractual Obligations*

There have been no significant changes to our contractual obligations as disclosed in our 2024 Annual Report filed on Form 10-K except as described herein and in Note 6 – *BK China* in the notes to the accompanying unaudited condensed consolidated financial statements.

### *Critical Accounting Policies and Estimates*

For information regarding our Critical Accounting Policies and Estimates, see the “Critical Accounting Policies and Estimates” section of “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K, filed with the SEC on February 21, 2025.

### *New Accounting Pronouncements*

See Note 1 – *Description of Business and Organization* in the notes to the accompanying unaudited condensed consolidated financial statements.

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

There were no material changes during the three months ended March 31, 2025 to the disclosures made in Part II, Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2024 filed with the SEC and Canadian securities regulatory authorities on February 21, 2025.

### **Item 4. *Controls and Procedures***

#### **Evaluation of Disclosure Controls and Procedures**

An evaluation was conducted under the supervision and with the participation of management, including the Company’s Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), of the effectiveness of the Company’s disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and Exchange Act Rules 15d-15(e)) as of March 31, 2025. Based on that evaluation, the CEO and CFO concluded that the Company’s disclosure controls and procedures were effective as of such date.

#### **Changes in Internal Controls**

We are in the process of integrating Carrols and BK China into our overall internal control over financial reporting processes.

#### **Internal Control Over Financial Reporting**

The Company’s management, including the CEO and CFO, confirm there were no changes in the Company’s internal control over financial reporting during the three months ended March 31, 2025 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting, other than the integration of Carrols and BK China as described above.

#### **Special Note Regarding Forward-Looking Statements**

*Certain information contained in this report, including information regarding future financial performance and plans, targets, aspirations, expectations, and objectives of management, constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and forward-looking information within the meaning of Canadian securities laws. We refer to all of these as forward-looking statements. Forward-looking statements are forward-looking in nature and, accordingly, are subject to risks and uncertainties. These forward-looking statements can generally be identified by the use of words such as “believe”, “anticipate”, “expect”, “intend”, “estimate”, “plan”, “continue”, “will”, “may”, “could”, “would”, “target”, “potential” and other similar expressions and include, without limitation, statements regarding our expectations or beliefs regarding (i) the effects of macro-economic trends on our results of operations, business, liquidity, prospects and restaurant operations and those of our franchisees; (ii) our expectation regarding additional investments in and*

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refranchising of Burger King restaurants acquired as part of the Carrolls Acquisition and additional investments in BK China; (iii) our future financial obligations, including annual debt service requirements, capital expenditures and dividend payments, our ability to meet such obligations and the source of funds used to satisfy such obligations; (iv) our exposure to changes in interest rates and foreign currency exchange rates and their impact on our debt service obligations, future results of operations and future cash flows; (v) certain tax matters, including our estimates with respect to tax matters and their impact on future periods; (vi) the amount of net cash settlements we expect to pay or receive on our derivative instruments; (vii) certain accounting matters; (viii) RH and BK China Transaction Costs; (ix) our ability to identify and onboard a new controlling shareholder for BK China, a new partner for PLK China and new investors for FHS Brazil and when we plan to do so; and (x) deferred tax treatment on unremitted earnings.

Our forward-looking statements, included in this report and elsewhere, represent management's expectations as of the date that they are made. Our forward-looking statements are based on assumptions and analyses made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances. However, these forward-looking statements are subject to a number of risks and uncertainties and actual results may differ materially from those expressed or implied in such statements. Important factors that could cause actual results, level of activity, performance or achievements to differ materially from those expressed or implied by these forward-looking statements include, among other things, risks related to: (1) our indebtedness, which could adversely affect our financial condition and prevent us from fulfilling our obligations; (2) global economic or other business conditions that may affect the desire or ability of our guests to purchase our products, such as inflationary pressures, high unemployment levels, declines in median income growth, consumer confidence and consumer discretionary spending and changes in consumer perceptions of dietary health and food safety; (3) our relationship with, and the success of, our franchisees and risks related to our nearly fully franchised business model; (4) our franchisees' financial stability and their ability to access and maintain the liquidity necessary to operate their businesses; (5) our supply chain operations; (6) our ownership and leasing of real estate; (7) the effectiveness of our marketing, advertising and digital programs and franchisee support of these programs; (8) significant and rapid fluctuations in interest rates and in the currency exchange markets and the effectiveness of our hedging activity; (9) our international operations and our ability to successfully implement our domestic and international growth strategy for each of our brands; (10) our reliance on franchisees, including subfranchisees to accelerate restaurant growth; (11) unforeseen events such as pandemics; (12) the ability of the counterparties to our credit facilities' and derivatives' to fulfill their commitments and/or obligations; (13) changes in applicable tax laws or interpretations thereof, and our ability to accurately interpret and predict the impact of such changes or interpretations on our financial condition and results; (14) evolving legislation and regulations in the area of franchise and labor and employment law; (15) our ability to address environmental and social sustainability issues; (16) the conflict between Russia and Ukraine, and the conflict in the Middle East; (17) softening in the consumer environment; and (18) tariffs and their impact on economic conditions and our business.

We operate in a very competitive and rapidly changing environment and our inability to successfully manage any of the above risks may permit our competitors to increase their market share and may decrease our profitability. New risk factors emerge from time to time and it is not possible for our management to predict all risk factors, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy or completeness of any of these forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. Finally, our future results will depend upon various other risks and uncertainties, including, but not limited to, those detailed in Part I, Item 1A "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2024 filed with the SEC and Canadian securities regulatory authorities on February 21, 2025, as well as other materials that we from time to time file with, or furnish to, the SEC or file with Canadian securities regulatory authorities. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements in this section and elsewhere in this report. Other than as required under securities laws, we do not assume a duty to update these forward-looking statements, whether as a result of new information, subsequent events or circumstances, changes in expectations or otherwise.