

**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, 2024, filed on SEDAR+ on April 30, 2024, 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**

*You should read the following discussion together with our unaudited condensed consolidated financial statements and the related notes thereto included in Part I, Item 1 "Financial Statements" of this report.*

*The following discussion includes information regarding future financial performance and plans, targets, aspirations, expectations, and objectives of management, which 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 as described in further detail under "Special Note Regarding Forward-Looking Statements" set forth below. Actual results may differ materially from the results discussed in the forward-looking statements. Please refer to the risks and further discussion in the "Special Note Regarding Forward-Looking Statements" below.*

*We prepare our financial statements in accordance with accounting principles generally accepted in the United States ("U.S. GAAP" or "GAAP"). However, this Management's Discussion and Analysis of Financial Condition and Results of Operations also contains certain non-GAAP financial measures to assist readers in understanding our performance. Non-GAAP financial measures either exclude or include amounts that are not reflected in the most directly comparable measure calculated and presented in accordance with GAAP. Where non-GAAP financial measures are used, we have provided the most directly comparable measures calculated and presented in accordance with U.S. GAAP, a reconciliation to GAAP measures and a discussion of the reasons why management believes this information is useful to it and may be useful to investors.*

*Operating results for any one quarter are not necessarily indicative of results to be expected for any other quarter or for the fiscal year and our operating metrics, as discussed below, may decrease for any future period. Unless the context otherwise requires, all references in this section to "RBI", the "Company", "we", "us" or "our" are to Restaurant Brands International Inc. and its subsidiaries, collectively and all references in this section to "Partnership" are to Restaurant Brands International Limited Partnership and its subsidiaries, collectively.*

### **Overview**

We are a Canadian corporation that serves as the indirect holding company for the entities that own and franchise the *Tim Hortons*®, *Burger King*®, *Popeyes*® and *Firehouse Subs*® brands. We are one of the world's largest quick service restaurant ("QSR") companies with over \$40 billion in annual system-wide sales and over 30,000 restaurants in more than 120 countries and territories as of March 31, 2024. Our *Tim Hortons*®, *Burger King*®, *Popeyes*®, and *Firehouse Subs*® brands have similar franchised business models with complementary daypart mixes and product platforms. Our four iconic brands are managed independently while benefiting from global scale and sharing of best practices.

Tim Hortons restaurants are quick service restaurants with a menu that includes premium blend coffee, tea, espresso-based hot and cold specialty drinks, fresh baked goods, including donuts, *Timbits*®, bagels, muffins, cookies and pastries, sandwiches, wraps, soups and more. Burger King restaurants are quick service restaurants that feature flame-grilled hamburgers, chicken and other specialty sandwiches, french fries, soft drinks and other food items. Popeyes restaurants are quick service restaurants that distinguish themselves with a unique "Louisiana" style menu featuring fried chicken, chicken sandwiches, chicken tenders, wings, fried shrimp and other seafood, red beans and rice and other regional items. Firehouse Subs restaurants are quick service restaurants featuring hot and hearty subs piled high with quality meats and cheese as well as chopped salads, chili and soups, signature and other sides, soft drinks and local specialties.

On January 16, 2024, we announced that we have reached an agreement to acquire all of Carrols Restaurant Group Inc. ("Carrols") issued and outstanding shares that are not held by RBI or its affiliates. The transaction is expected to close in the second quarter of 2024 and is subject to customary closing conditions. In connection with the announced acquisition of Carrols, we incurred certain non-recurring fees and expenses ("CRG Transaction costs") totaling \$4 million during the three months ended March 31, 2024, consisting primarily of professional fees, all of which are classified as general and administrative expenses in the condensed consolidated statement of operations. We expect to incur additional CRG Transaction costs through 2024 as we complete the acquisition and the integration of the operations of Carrols.

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We report results under five operating and reportable segments consisting of the following:

1. Tim Hortons – operations of our Tim Hortons brand in Canada and the U.S. (“TH”);
2. Burger King – operations of our Burger King brand in the U.S. and Canada (“BK”);
3. Popeyes Louisiana Kitchen – operations of our Popeyes brand in the U.S. and Canada (“PLK”);
4. Firehouse Subs – operations of our Firehouse Subs brand in the U.S. and Canada (“FHS”); and
5. International – operations of each of our brands outside the U.S. and Canada (“INTL”).

We generate revenues from the following sources: (i) sales, consisting primarily of (1) Tim Hortons supply chain sales, which represent sales of products, supplies and restaurant equipment to franchisees, as well as sales of consumer packaged goods (“CPG”), and (2) sales at Company restaurants; (ii) franchise revenues, consisting primarily of royalties based on a percentage of sales reported by franchised restaurants and franchise fees paid by franchisees; (iii) property revenues from properties we lease or sublease to franchisees; and (iv) advertising revenues and other services, consisting primarily of (1) advertising fund contributions based on a percentage of sales reported by franchised restaurants to fund advertising expenses and (2) tech fees and revenues that vary by market and partially offset expenses related to technology initiatives. All Tim Hortons global supply chain sales, including coffee to International franchisees, are included in the TH segment.

Operating costs and expenses for our segments include:

- cost of sales comprised of (i) costs associated with the management of our Tim Hortons supply chain, including cost of goods, direct labor, depreciation, and cost of CPG products sold to retailers as well as (ii) food, paper and labor costs of Company restaurants;
- franchise and property expenses comprised primarily of depreciation of properties leased to franchisees, rental expense associated with properties subleased to franchisees, amortization of franchise agreements, and bad debt expense (recoveries);
- advertising expenses and other services comprised primarily of expenses relating to marketing, advertising and promotion, including market research, production, advertising costs, sales promotions, social media campaigns, technology initiatives, depreciation and amortization and other related support functions for the respective brands. We generally manage advertising expenses to equal advertising revenues in the long term, however in some periods there may be a mismatch in the timing of revenues and expenses or higher expenses due to our support initiatives behind marketing programs; and
- segment general and administrative expenses (“Segment G&A”) comprised primarily of salary and employee-related costs for non-restaurant employees, professional fees, information technology systems, general overhead for our corporate offices, share-based compensation and non-cash incentive compensation expense, and depreciation and amortization.

***Key Operating Metrics***

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.
- Comparable sales refers to the percentage change in restaurant sales in one period from the same prior year period for restaurants that have been open for 13 months or longer for Tim Hortons, Burger King and Firehouse Subs and 17 months or longer for Popeyes. Additionally, if a restaurant is closed for a significant portion of a month, the restaurant is excluded from the monthly comparable sales calculation.
- System-wide sales growth and comparable sales are measured on a constant currency basis, which means the results exclude the effect of foreign currency translation (“FX Impact”). For system-wide sales growth and comparable sales, we calculate the FX Impact by translating prior year results at current year monthly average exchange rates.
- 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 nearly all 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.” These alternative formats 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.

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<i>Key Operating Metrics</i>	<b>Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
System-wide sales growth		
TH	7.8 %	16.1 %
BK	2.6 %	8.5 %
PLK	10.4 %	9.6 %
FHS	4.3 %	8.7 %
INTL	11.6 %	21.6 %
Consolidated	8.1 %	14.7 %
System-wide sales (in US\$ millions)		
TH	\$ 1,725	\$ 1,596
BK	\$ 2,753	\$ 2,684
PLK	\$ 1,517	\$ 1,374
FHS	\$ 301	\$ 289
INTL	\$ 4,216	\$ 3,889
Consolidated	\$ 10,512	\$ 9,832
Comparable sales		
TH	6.9 %	14.9 %
BK	3.8 %	8.7 %
PLK	5.7 %	3.6 %
FHS	0.3 %	6.2 %
INTL	4.2 %	12.6 %
Consolidated	4.6 %	10.3 %
	<b>As of March 31,</b>	
	<b>2024</b>	<b>2023</b>
Net restaurant growth		
TH	— %	(0.9)%
BK	(2.4)%	(1.3)%
PLK	4.7 %	6.3 %
FHS	3.6 %	2.2 %
INTL	8.4 %	8.9 %
Consolidated	3.9 %	4.2 %
Restaurant count		
TH	4,505	4,507
BK	7,139	7,317
PLK	3,412	3,260
FHS	1,277	1,233
INTL	14,780	13,639
Consolidated	31,113	29,956

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### Results of Operations for the Three Months Ended March 31, 2024 and 2023

Tabular amounts in millions of U.S. dollars unless noted otherwise. Total revenues and segment income 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
	2024	2023			
<b>Revenues:</b>					
Sales	\$ 729	\$ 668	\$ 61	\$ 2	\$ 59
Franchise and property revenues	712	668	44	(3)	47
Advertising revenues and other services	298	254	44	—	44
<b>Total revenues</b>	<b>1,739</b>	<b>1,590</b>	<b>149</b>	<b>(1)</b>	<b>150</b>
<b>Operating costs and expenses:</b>					
Cost of sales	606	550	(56)	(1)	(55)
Franchise and property expenses	126	123	(3)	—	(3)
Advertising expenses and other services	311	271	(40)	(1)	(39)
General and administrative expenses	173	175	2	(1)	3
(Income) loss from equity method investments	(3)	7	10	—	10
Other operating expenses (income), net	(18)	17	35	(1)	36
<b>Total operating costs and expenses</b>	<b>1,195</b>	<b>1,143</b>	<b>(52)</b>	<b>(4)</b>	<b>(48)</b>
Income from operations	544	447	97	(5)	102
Interest expense, net	148	142	(6)	—	(6)
Income before income taxes	396	305	91	(5)	96
Income tax expense	68	28	(40)	—	(40)
<b>Net income</b>	<b>\$ 328</b>	<b>\$ 277</b>	<b>\$ 51</b>	<b>\$ (5)</b>	<b>\$ 56</b>

- (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.

#### *Sales and Cost of Sales*

During the three months ended March 31, 2024, the increase in sales was primarily driven by an increase of \$39 million in our BK segment, an increase of \$18 million in our TH segment, an increase of \$2 million in our PLK segment, and a favorable FX Impact of \$2 million.

During the three months ended March 31, 2024, the increase in cost of sales was primarily driven by an increase of \$35 million in our BK segment, an increase of \$19 million in our TH segment, and an unfavorable FX Impact of \$1 million.

#### *Franchise and Property*

During the three months ended March 31, 2024, the increase in franchise and property revenues was primarily driven by an increase of \$19 million in our INTL segment, an increase of \$17 million in our TH segment, an increase of \$7 million in our PLK segment, an increase of \$3 million in our BK segment, and an increase of \$2 million in our FHS segment, partially offset by an unfavorable FX Impact of \$3 million.

During the three months ended March 31, 2024, the increase in franchise and property expenses was primarily driven by an increase of \$4 million in our INTL segment and an increase of \$3 million in our TH segment, partially offset by a decrease of \$3 million in our BK segment.

#### *Advertising and Other Services*

During the three months ended March 31, 2024, the increase in advertising revenues and other services was primarily driven by an increase of \$11 million in our BK segment, an increase of \$10 million in our FHS segment, an increase of \$9 million in our PLK segment, an increase of \$8 million in our TH segment, and an increase of \$5 million in our INTL segment.

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During the three months ended March 31, 2024, the increase in advertising expenses and other services was primarily driven by an increase of \$11 million in our FHS segment, an increase of \$10 million in our PLK segment, an increase of \$9 million in our BK segment, an increase of \$5 million in our TH segment, an increase of \$5 million in our INTL segment, and an unfavorable FX Impact of \$1 million.

### *General and Administrative Expenses*

Our general and administrative expenses consisted of the following:

	<b>Three Months Ended March 31,</b>		<b>Variance</b>	
	<b>2024</b>	<b>2023</b>	<b>\$</b>	<b>%</b>
			<b>Favorable / (Unfavorable)</b>	
<b>Segment G&amp;A (b):</b>				
TH	\$ 42	\$ 37	\$ (5)	(14)%
BK	36	34	(2)	(6)%
PLK	22	21	(1)	(5)%
FHS	14	13	(1)	(8)%
INTL	53	46	(7)	(15)%
CRG Transaction costs	4	—	(4)	NM
FHS Transaction costs	—	19	19	100 %
Corporate restructuring and advisory fees	2	5	3	60 %
General and administrative expenses	<u>\$ 173</u>	<u>\$ 175</u>	<u>\$ 2</u>	<u>1 %</u>

NM - Not meaningful

- (b) Segment G&A includes share-based compensation and non-cash incentive compensation expense of \$46 million and \$45 million for the three months ended March 31, 2024 and 2023, respectively. Segment G&A excludes income/expenses from non-recurring projects and non-operating activities, such as CRG Transaction costs, FHS Transaction costs (as defined below) and Corporate restructuring and advisory fees (as defined below).

During the three months ended March 31, 2024, the decrease in general and administrative expenses was primarily driven by the non-recurrence of FHS Transaction costs and a decrease in Corporate restructuring and advisory fees, partially offset by an increase in segment G&A and CRG Transaction costs.

In connection with the acquisition and integration of Firehouse Subs, we incurred certain non-recurring fees and expenses (“FHS Transaction costs”) consisting of professional fees, compensation related expenses and integration costs. We did not incur any additional FHS Transaction costs subsequent to March 31, 2023 and do not expect to incur any additional FHS Transaction costs in the future.

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”).

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

(Income) loss from equity method investments reflects our share of investee net income or loss and non-cash dilution gains or losses from changes in our ownership interests in equity method investees.

The change in (income) loss from equity method investments during the three months ended March 31, 2024 reflects changes in earnings of our equity method investments during the three months ended March 31, 2024 compared to the three months ended March 31, 2023.

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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>2024</b>	<b>2023</b>
Net losses (gains) on disposal of assets, restaurant closures, and refranchisings	\$ 2	\$ (2)
Litigation settlements (gains) and reserves, net	—	1
Net losses (gains) on foreign exchange	(23)	8
Other, net	3	10
Other operating expenses (income), net	<u>\$ (18)</u>	<u>\$ 17</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.

Net losses (gains) on foreign exchange are primarily related to revaluation of foreign denominated assets and liabilities, primarily those denominated in euros and Canadian dollars.

Other, net for the three months ended March 31, 2023 is primarily related to payments in connection with FHS area representative buyouts.

### *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>2024</b>	<b>2023</b>
Interest expense, net	\$ 148	\$ 142
Weighted average interest rate on long-term debt	5.0 %	4.9 %

During the three months ended March 31, 2024, interest expense, net increased primarily due to an increase in the weighted average interest rate driven by increases in interest rates which impacts our variable rate debt and the impact of our September 2023 term loan refinancing.

### *Income Tax Expense*

Our effective tax rate was 17.2% and 9.1% for the three months ended March 31, 2024 and 2023, respectively. The increase in our effective tax rate was primarily due to a favorable structural change benefiting 2023, unfavorable impacts of recently implemented Organization for Economic Cooperation and Development related tax changes and changes in the mix of income from multiple jurisdictions, partially offset by incremental excess tax benefits on equity-based compensation.

### *Net Income*

We reported net income of \$328 million for the three months ended March 31, 2024, compared to net income of \$277 million for the three months ended March 31, 2023. The increase in net income is primarily due to a \$35 million favorable change in the results from other operating expenses (income), net, the non-recurrence of \$19 million of FHS Transaction costs, a \$12 million increase in TH segment income, a \$10 million increase in BK segment income, a \$9 million favorable change from the impact of equity method investments, a \$7 million increase in PLK segment income, a \$5 million increase in INTL segment income, a \$3 million decrease in Corporate restructuring and advisory fees, and a \$1 million increase in FHS segment income. These factors were partially offset by a \$40 million increase in income tax expense, a \$6 million increase in interest expense, net and \$4 million of CRG Transaction costs. Amounts above include a total unfavorable FX Impact to net income of \$5 million.

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### *Macro Economic Environment*

During the three months ended March 31, 2024 and 2023, there were increases in commodity, labor, and energy costs which have resulted in increases in inflation, foreign exchange volatility, rising interest rates and general softening in the consumer environment which have been exacerbated by conflicts in the Middle East. These pressures could have an adverse impact on our business and results of operations if we and our franchisees are not able to manage costs effectively without negatively impacting consumers.

### **Segment Results of Operations for the Three Months Ended March 31, 2024 and 2023**

<i>TH Segment</i>	Three Months Ended March 31,		Variance	FX Impact (a)	Variance Excluding FX Impact
	2024	2023			
Revenues:					
Sales	\$ 637	\$ 618	\$ 20	\$ 2	\$ 18
Franchise and property revenues	231	213	17	1	17
Advertising revenues and other services	70	62	8	—	8
Total revenues	939	893	45	2	43
Cost of sales	526	505	(20)	(1)	(19)
Franchise and property expenses	81	79	(3)	—	(3)
Advertising expenses and other services	70	65	(5)	—	(5)
Segment G&A (a)	42	37	(5)	—	(5)
Adjustments:					
Franchise agreement amortization (b)	2	2	—	—	—
Cash distributions received from equity method investments	3	3	—	—	—
Segment income	224	212	12	1	11

- (a) Segment G&A includes share-based compensation and non-cash incentive compensation expense of \$12 million for the three months ended March 31, 2024 and 2023.
- (b) Franchise agreement amortization is included in franchise and property expenses.

### System-wide Sales

During the three months ended March 31, 2024, the increase in TH system-wide sales of 7.8% was primarily driven by comparable sales of 6.9%, including Canada comparable sales of 7.5%.

### Sales and Cost of Sales

During the three months ended March 31, 2024, the increase in sales was primarily driven by increases in supply chain sales, mainly due to increases in system-wide sales, increases in equipment sales, and a favorable FX Impact, partially offset by a decrease in CPG sales as a result of increases in promotional activity and trade investments.

During the three months ended March 31, 2024, the increase in cost of sales was primarily driven by increases in supply chain sales, increases in equipment sales, an increase in supply chain bad debt expense and an unfavorable FX Impact.

### Franchise and Property

During the three months ended March 31, 2024, the increase in franchise and property revenues was primarily driven by increases in royalties and rent, as a result of increases in system-wide sales, and a favorable FX Impact.

During the three months ended March 31, 2024, the increase in franchise and property expenses was primarily driven by an increase in rent expense as a result of increases in system-wide sales.

### Advertising and Other Services

During the three months ended March 31, 2024, the increase in advertising revenues and other services was primarily driven by increases in advertising fund contributions by franchisees, as a result of increases in system-wide sales.

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During the three months ended March 31, 2024, the increase in advertising expenses and other services was driven primarily by an increases in advertising revenues and other services.

### Segment G&A

During the three months ended March 31, 2024, the increase in Segment G&A was primarily driven by higher salary and employee-related costs for non-restaurant employees and an increase in professional fees.

<i>BK Segment</i>	Three Months Ended March 31,		Variance	FX Impact (a)	Variance Excluding FX Impact
	2024	2023			
<i>Revenues:</i>					
Sales	\$ 58	\$ 19	\$ 39	\$ —	\$ 39
Franchise and property revenues	175	172	3	—	3
Advertising revenues and other services	117	106	11	—	11
Total revenues	350	297	53	—	53
<i>Cost of sales</i>					
Cost of sales	52	17	(35)	—	(35)
Franchise and property expenses	33	36	3	—	3
Advertising expenses and other services	125	117	(9)	—	(9)
Segment G&A (a)	36	34	(2)	—	(2)
<i>Adjustments:</i>					
Franchise agreement amortization (b)	2	3	(1)	—	(1)
Segment income	106	96	10	—	10

(a) Segment G&A includes share-based compensation and non-cash incentive compensation expense of \$10 million for the three months ended March 31, 2024 and 2023.

### System-wide Sales

During the three months ended March 31, 2024, the increase in BK system-wide sales of 2.6% was primarily driven by comparable sales of 3.8%, including US comparable sales of 3.9%, partially offset by net restaurant growth of (2.4)%.

### Sales and Cost of Sales

During the three months ended March 31, 2024, the increase in sales and cost of sales was primarily driven by increases in Company restaurants due to franchisee restaurant acquisitions during 2024 and 2023.

### Franchise and Property

During the three months ended March 31, 2024, the increase in franchise and property revenues was primarily driven by increases in royalties, as a result of increases in system-wide sales.

During the three months ended March 31, 2024, the decrease in franchise and property expenses was primarily driven by bad debt recoveries in 2024 compared to bad debt expenses in 2023.

### Advertising and Other Services

During the three months ended March 31, 2024, the increase in advertising revenues and other services was primarily driven by increases in advertising fund contributions from vendors and franchisees.

During the three months ended March 31, 2024, the increase in advertising expenses and other services was driven primarily by increases in advertising revenues and other services.

### Segment G&A

During the three months ended March 31, 2024, the increase in Segment G&A was primarily driven by higher salary and employee-related costs for non-restaurant employees.

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<i>PLK Segment</i>	Three Months Ended March 31,		Variance	FX Impact (a)	Variance Excluding FX Impact
	2024	2023			
<i>Revenues:</i>					
Sales	\$ 23	\$ 21	\$ 2	\$ —	\$ 2
Franchise and property revenues	80	73	7	—	7
Advertising revenues and other services	75	66	9	—	9
Total revenues	178	159	18	—	18
<i>Cost of sales</i>					
Franchise and property expenses	2	2	—	—	—
Advertising expenses and other services	76	67	(10)	—	(10)
Segment G&A (a)	22	21	(1)	—	(1)
<i>Adjustments:</i>					
Franchise agreement amortization (b)	1	1	—	—	—
Segment income	58	51	7	—	7

(a) Segment G&A includes share-based compensation and non-cash incentive compensation expense of \$7 million and \$6 million for the three months ended March 31, 2024 and 2023, respectively.

### System-wide Sales

During the three months ended March 31, 2024, the increase in PLK system-wide sales of 10.4% was primarily driven by comparable sales of 5.7%, including US comparable sales of 6.2%, and net restaurant growth of 4.7%.

### Sales and Cost of Sales

During the three months ended March 31, 2024, sales remained relatively consistent with the prior year.

During the three months ended March 31, 2024, cost of sales remained consistent with the prior year.

### Franchise and Property

During the three months ended March 31, 2024, the increase in franchise and property revenues was primarily driven by increases in royalties, as a result of increases in system-wide sales.

During the three months ended March 31, 2024, franchise and property expenses remained consistent with the prior year.

### Advertising and Other Services

During the three months ended March 31, 2024, the increase in advertising revenues and other services was primarily driven by increases in advertising fund contributions by franchisees, as a result of increases in system-wide sales.

During the three months ended March 31, 2024, the increase in advertising expenses and other services was primarily driven by increases in advertising revenues and other services.

### Segment G&A

During the three months ended March 31, 2024, Segment G&A remained relatively consistent with the prior year.

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<i>FHS Segment</i>	Three Months Ended March 31,		Variance	FX Impact (a)	Variance Excluding FX Impact
	2024	2023			
Revenues:					
Sales	\$ 10	\$ 10	\$ —	\$ —	\$ —
Franchise and property revenues	25	23	2	—	2
Advertising revenues and other services	15	4	10	—	10
Total revenues	50	37	13	—	13
Cost of sales					
Franchise and property expenses	2	2	—	—	—
Advertising expenses and other services	15	5	(11)	—	(11)
Segment G&A (a)	14	13	(1)	—	(1)
Segment income	10	9	1	—	1

(a) Segment G&A includes share-based compensation and non-cash incentive compensation expense of \$3 million for the three months ended March 31, 2024 and 2023.

### System-wide Sales

During the three months ended March 31, 2024, the increase in FHS system-wide sales of 4.3% was primarily driven by net restaurant growth of 3.6% and relatively flat comparable sales of 0.3%, including US comparable sales of 0.3%.

### Sales and Cost of Sales

During the three months ended March 31, 2024, sales and cost of sales remained consistent with the prior year.

### Franchise and Property

During the three months ended March 31, 2024, franchise and property revenues remained relatively consistent with the prior year.

During the three months ended March 31, 2024, franchise and property expenses remained consistent with the prior year.

### Advertising and Other Services

During the three months ended March 31, 2024, the increases in advertising revenues and other services and advertising expenses and other services reflect modification of the advertising fund arrangements to be more consistent with those of our other brands.

### Segment G&A

During the three months ended March 31, 2024, Segment G&A remained relatively consistent with the prior year.

<i>INTL Segment</i>	Three Months Ended March 31,		Variance	FX Impact (a)	Variance Excluding FX Impact
	2024	2023			
Revenues:					
Sales	\$ —	\$ —	\$ —	\$ —	\$ —
Franchise and property revenues	201	187	15	(4)	19
Advertising revenues and other services	21	16	5	1	5
Total revenues	222	203	20	(4)	23
Cost of sales					
Franchise and property expenses	8	5	(4)	—	(4)
Advertising expenses and other services	23	18	(6)	(1)	(5)
Segment G&A (a)	53	46	(7)	(1)	(6)
<i>Adjustments:</i>					
Franchise agreement amortization (b)	3	3	1	—	1
Segment income	142	137	5	(5)	10

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- (a) Segment G&A includes share-based compensation and non-cash incentive compensation expense of \$14 million for the three months ended March 31, 2024 and 2023.

### System-wide Sales

During the three months ended March 31, 2024, the increase in INTL system-wide sales of 11.6% was primarily driven by net restaurant growth of 8.4% and comparable sales of 4.2%.

### Franchise and Property

During the three months ended March 31, 2024, the increase in franchise and property revenues was primarily driven by increases in royalties, primarily at Burger King, as a result of increases in system-wide sales, partially offset by an unfavorable FX Impact.

During the three months ended March 31, 2024, the increase in franchise and property expenses was primarily related to Tim Hortons due to an increase in bad debt expenses.

### Advertising and Other Services

During the three months ended March 31, 2024, the increase in advertising revenues and other services was primarily driven by increases in advertising fund contributions from franchisees and vendors in the limited number of markets where we manage the advertising funds.

During the three months ended March 31, 2024, the increases in advertising expenses and other services were driven primarily by increases in advertising revenues.

### Segment G&A

During the three months ended March 31, 2024, the increase in Segment G&A was primarily driven by higher salary and employee-related costs for non-restaurant employees.

## ***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 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 expense incurred in connection with the announced acquisition of Carrols consisting primarily of professional fees; (ii) non-recurring fees and expense incurred in connection with the acquisition of Firehouse consisting of professional fees, compensation related expenses and integration costs; and (iii) 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 five operating segments.

	Three Months Ended March 31,		Variance	
	2024	2023	\$	%
			Favorable / (Unfavorable)	
Income from operations	\$ 544	\$ 447	\$ 97	22 %
Franchise agreement amortization	8	8	—	— %
CRG Transaction costs	4	—	(4)	NM
FHS Transaction costs	—	19	19	100 %
Corporate restructuring and advisory fees	2	5	3	60 %
Impact of equity method investments (a)	—	9	9	100 %
Other operating expenses (income), net	(18)	17	35	NM
<b>Adjusted Operating Income</b>	<b>\$ 540</b>	<b>\$ 505</b>	<b>\$ 35</b>	<b>7 %</b>
<b>Segment income:</b>				
TH	\$ 224	\$ 212	\$ 12	6 %
BK	106	96	10	10 %
PLK	58	51	7	14 %
FHS	10	9	1	10 %
INTL	142	137	5	3 %
<b>Adjusted Operating Income</b>	<b>\$ 540</b>	<b>\$ 505</b>	<b>\$ 35</b>	<b>7 %</b>

NM - not meaningful

- (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 increase in Adjusted Operating Income for the three months ended March 31, 2024 reflects an increase in segment income in all of our segments, partially offset by an unfavorable FX Impact of \$5 million.

### **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 or one of our affiliates' outstanding debt, to fund acquisitions and other investing activities, such as capital expenditures and joint ventures, and 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.

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As of March 31, 2024, we had cash and cash equivalents of \$1,049 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.

In September 2022, Burger King shared the details of its “Reclaim the Flame” plan to accelerate sales growth and drive franchisee profitability. We are investing \$400 million over the life of the plan, comprised of \$150 million in advertising and digital investments (“Fuel the Flame”) and \$250 million in high-quality remodels and relocations, restaurant technology, kitchen equipment, and building enhancements (“Royal Reset”). During the three months ended March 31, 2024, we funded \$6 million toward the Fuel the Flame investment and \$19 million toward our Royal Reset investment and as of March 31, 2024, we have funded a total of \$79 million toward the Fuel the Flame investment and \$81 million toward our Royal Reset investment.

In April 2024, Burger King announced plans to extend its Long-Term Royal Reset program with plans to invest an additional \$300 million in remodels from 2025 through 2028.

On January 16, 2024, we announced that we have reached an agreement to acquire all of Carrols Restaurant Group, Inc. (“Carrols”) issued and outstanding shares that are not already held by RBI or its affiliates for \$9.55 per share in an all cash transaction, or an aggregate total enterprise value of approximately \$1.0 billion. The transaction is expected to be completed in the second quarter of 2024 and is subject to customary closing conditions, including approval by the holders of the majority of common stock held by Carrols stockholders excluding shares held by RBI and its affiliates and officers of Carrols in addition to approval by holders of a majority of outstanding common stock of Carrols. The transaction is not subject to a financing contingency and is expected to be financed with cash on hand of approximately \$230 million and term loan debt. We secured financing whereby lenders will provide an additional \$750 million of Term Loan B loans on the same terms as the existing Term Loan B under our Credit Agreement, subject to the closing of the Carrols acquisition.

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 13, 2023, 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 30,895,637 common shares for the 12-month period ending on September 14, 2024. 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, 2024, we did not repurchase any RBI common shares on the open market and as of March 31, 2024, 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.

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

As of March 31, 2024, our long-term debt consists primarily of borrowings under our Credit Facilities, amounts outstanding under our 3.875% First Lien Senior Notes due 2028, 5.75% First Lien Senior Notes due 2025, 3.50% 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 long-term debt, see Note 10 to the accompanying unaudited condensed consolidated financial statements included in this report.

As of March 31, 2024, there was \$6,437 million outstanding principal amount under our Term Loan Facilities with a weighted average interest rate of 7.33%. 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 1.25%, or (ii) Term SOFR, subject to a floor of 0.00%, plus an applicable margin of 2.25%.

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Based on the amounts outstanding under the Term Loan Facilities and SOFR as of March 31, 2024, subject to a floor of 0.00%, required debt service for the next twelve months is estimated to be approximately \$480 million in interest payments and \$60 million in principal payments. In addition, based on SOFR as of March 31, 2024, net cash settlements that we expect to receive on our \$4,000 million interest rate swaps are estimated to be approximately \$128 million for the next twelve months. Based on the amounts outstanding at March 31, 2024, required debt service for the next twelve months on all of the Senior Notes outstanding is approximately \$264 million in interest payments. Based on the amounts outstanding under the TH Facility as of March 31, 2024, required debt service for the next twelve months is estimated to be approximately \$8 million in interest payments and \$16 million in principal payments.

### *Restrictions and Covenants*

As of March 31, 2024, 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, 2024, we paid a dividend of \$0.58 per common share and Partnership made a distribution in respect of each Partnership exchangeable unit in the amount of \$0.58 per Partnership exchangeable unit.

Our board of directors has declared a cash dividend of \$0.58 per common share, which will be paid on July 5, 2024 to common shareholders of record on June 21, 2024. Partnership will also make a distribution in respect of each Partnership exchangeable unit in the amount of \$0.58 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 April 23, 2024, we had outstanding 316,382,439 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 13 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, 2023, filed with the U.S Securities and Exchange Commission (the "SEC") and Canadian securities regulatory authorities on February 22, 2023.

There were 133,595,544 Partnership exchangeable units outstanding as of April 23, 2024. During the three months ended March 31, 2024, Partnership exchanged 2,220 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 \$148 million for the three months ended March 31, 2024, compared to \$95 million during the same period in the prior year. The increase in cash provided by operating activities was primarily driven by a decrease in cash used for working capital and an increase in segment income in each of our segments, partially offset by an increase in income tax payments and an increase in interest payments.

#### *Investing Activities*

Cash used for investing activities was \$31 million for the three months ended March 31, 2024, compared to no net cash provided by or used from investing activities during the same period in the prior year. This change was primarily driven by current year net payments from the acquisition of franchised restaurants and an increase in capital expenditures.

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### *Financing Activities*

Cash used for financing activities was \$203 million for the three months ended March 31, 2024, compared to \$240 million during the same period in the prior year. The change in cash used for financing activities was driven primarily by an increase in proceeds from stock option exercises and a decrease in long-term debt repayments.

### ***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 22, 2024.

### ***New Accounting Pronouncements***

See Note 3 – *New Accounting Pronouncements* 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, 2024 to the disclosures made in Part II, Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC and Canadian securities regulatory authorities on February 22, 2024.

### **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, 2024. Based on that evaluation, the CEO and CFO concluded that the Company’s disclosure controls and procedures were effective as of such date.

#### **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, 2024 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

#### **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 and continued impact of the conflict in the Middle East and related macro-economic pressures, such as inflation, rising interest rates and currency fluctuations on our results of operations, business, liquidity, prospects and restaurant operations and those of our franchisees; (ii) our commitment to growth opportunities, plans and strategies for each of our brands and ability to enhance operations and drive long-term, sustainable growth; (iii) the amount and timing of future Corporate restructuring costs, (iv) advisory fees and costs associated with the FHS and Carrols Transactions; (v) 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; (vi) our exposure to changes in interest rates and foreign currency exchange rates and the impact of changes in interest rates and foreign currency exchange rates on the amount of our interest payments, future earnings and cash flows; (vii) certain tax matters, including our estimates with respect to tax matters and their impact on future periods; (viii) the amount of net cash settlements we expect to pay or receive on our derivative instruments; (ix) certain accounting matters and (x) our expectation*

that the Carrols transaction will be completed in the second quarter of 2024 and financed with cash on hand and term loan debt for which RBI has received a financing commitment.

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 substantial 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 customers 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 ability to successfully implement our domestic and international growth strategy for each of our brands and risks related to our international operations; (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) our and Carrols ability to meet all the closing conditions such that timing of the acquisition of Carrols is consummated as anticipated; (18) our ability to utilize secured loans to fund the Carrols acquisition and (19) litigation or other regulatory matters that could impact the acquisition of Carrols.

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, 2023 filed with the SEC and Canadian securities regulatory authorities on February 22, 2024, 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.