

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

Form 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2021

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number: 001-36786

RESTAURANT BRANDS INTERNATIONAL INC.

(Exact Name of Registrant as Specified in its Charter)

Canada
(State or Other Jurisdiction of
Incorporation or Organization)

98-1202754
(I.R.S. Employer
Identification No.)

130 King Street West, Suite 300
Toronto, Ontario
(Address of Principal Executive Offices)

M5X 1E1
(Zip Code)

(905) 339-6011
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class
Common Shares, without par value

Trading Symbols
QSR

Name of each exchange on which registered
New York Stock Exchange
Toronto Stock Exchange

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

[Table of Contents](#)

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

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

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of April 23, 2021, there were 306,974,884 common shares of the Registrant outstanding.

RESTAURANT BRANDS INTERNATIONAL INC. AND SUBSIDIARIES

TABLE OF CONTENTS

	<u>Page</u>
 PART I – Financial Information	
Item 1. Financial Statements	4
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations	24
Item 3. Quantitative and Qualitative Disclosures About Market Risk	35
Item 4. Controls and Procedures	35
 PART II – Other Information	
Item 1. Legal Proceedings	37
Item 6. Exhibits	38
Signatures	39

PART I — Financial Information

Item 1. Financial Statements

RESTAURANT BRANDS INTERNATIONAL INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets
(In millions of U.S. dollars, except share data)
(Unaudited)

	As of	
	March 31, 2021	December 31, 2020
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 1,563	\$ 1,560
Accounts and notes receivable, net of allowance of \$30 and \$42, respectively	519	536
Inventories, net	98	96
Prepays and other current assets	111	72
Total current assets	2,291	2,264
Property and equipment, net of accumulated depreciation and amortization of \$915 and \$879, respectively	2,028	2,031
Operating lease assets, net	1,140	1,152
Intangible assets, net	10,742	10,701
Goodwill	5,781	5,739
Net investment in property leased to franchisees	67	66
Other assets, net	808	824
Total assets	\$ 22,857	\$ 22,777
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
Current liabilities:		
Accounts and drafts payable	\$ 488	\$ 464
Other accrued liabilities	805	835
Gift card liability	147	191
Current portion of long-term debt and finance leases	112	111
Total current liabilities	1,552	1,601
Long-term debt, net of current portion	12,386	12,397
Finance leases, net of current portion	318	315
Operating lease liabilities, net of current portion	1,075	1,082
Other liabilities, net	2,089	2,236
Deferred income taxes, net	1,435	1,425
Total liabilities	18,855	19,056
Shareholders' equity:		
Common shares, no par value; Unlimited shares authorized at March 31, 2021 and December 31, 2020; 306,959,241 shares issued and outstanding at March 31, 2021; 304,718,749 shares issued and outstanding at December 31, 2020	2,454	2,399
Retained earnings	635	622
Accumulated other comprehensive income (loss)	(719)	(854)
Total Restaurant Brands International Inc. shareholders' equity	2,370	2,167
Noncontrolling interests	1,632	1,554
Total shareholders' equity	4,002	3,721
Total liabilities and shareholders' equity	\$ 22,857	\$ 22,777

See accompanying notes to condensed consolidated financial statements.

RESTAURANT BRANDS INTERNATIONAL INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Operations

(In millions of U.S. dollars, except per share data)

(Unaudited)

	Three Months Ended March 31,	
	2021	2020
Revenues:		
Sales	\$ 507	\$ 503
Franchise and property revenues	548	525
Advertising revenues	205	197
Total revenues	1,260	1,225
Operating costs and expenses:		
Cost of sales	401	399
Franchise and property expenses	116	123
Advertising expenses	236	226
General and administrative expenses	105	102
(Income) loss from equity method investments	2	2
Other operating expenses (income), net	(42)	(16)
Total operating costs and expenses	818	836
Income from operations	442	389
Interest expense, net	124	119
Income before income taxes	318	270
Income tax expense	47	46
Net income	271	224
Net income attributable to noncontrolling interests (Note 12)	92	80
Net income attributable to common shareholders	\$ 179	\$ 144
Earnings per common share		
Basic	\$ 0.59	\$ 0.48
Diluted	\$ 0.58	\$ 0.48
Weighted average shares outstanding		
Basic	306	299
Diluted	465	469

See accompanying notes to condensed consolidated financial statements.

RESTAURANT BRANDS INTERNATIONAL INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive Income (Loss)
(In millions of U.S. dollars)
(Unaudited)

	Three Months Ended March 31,	
	2021	2020
Net income	\$ 271	\$ 224
Foreign currency translation adjustment	54	(751)
Net change in fair value of net investment hedges, net of tax of \$20 and \$(106)	29	411
Net change in fair value of cash flow hedges, net of tax of \$(33) and \$79	95	(214)
Amounts reclassified to earnings of cash flow hedges, net of tax of \$(8) and \$(4)	24	11
Gain (loss) recognized on other, net of tax of \$0 and \$0	1	—
Other comprehensive income (loss)	203	(543)
Comprehensive income (loss)	474	(319)
Comprehensive income (loss) attributable to noncontrolling interests	160	(113)
Comprehensive income (loss) attributable to common shareholders	\$ 314	\$ (206)

See accompanying notes to condensed consolidated financial statements.

RESTAURANT BRANDS INTERNATIONAL INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Shareholders' Equity
(In millions of U.S. dollars, except shares and per share data)
(Unaudited)

	Issued Common Shares		Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest	Total
	Shares	Amount				
Balances at December 31, 2020	304,718,749	\$ 2,399	\$ 622	\$ (854)	\$ 1,554	\$ 3,721
Stock option exercises	530,963	20	—	—	—	20
Share-based compensation	—	22	—	—	—	22
Issuance of shares	1,636,858	9	—	—	—	9
Dividends declared (\$0.53 per share)	—	—	(163)	—	—	(163)
Dividend equivalents declared on restricted stock units	—	3	(3)	—	—	—
Distributions declared by Partnership on Partnership exchangeable units (\$0.53 per unit)	—	—	—	—	(82)	(82)
Exchange of Partnership exchangeable units for RBI common shares	72,671	1	—	—	(1)	—
Restaurant VIE contributions (distributions)	—	—	—	—	1	1
Net income	—	—	179	—	92	271
Other comprehensive income (loss)	—	—	—	135	68	203
Balances at March 31, 2021	306,959,241	\$ 2,454	\$ 635	\$ (719)	\$ 1,632	\$ 4,002

	Issued Common Shares		Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest	Total
	Shares	Amount				
Balances at December 31, 2019	298,281,081	\$ 2,478	\$ 775	\$ (763)	\$ 1,769	\$ 4,259
Stock option exercises	1,053,264	30	—	—	—	30
Share-based compensation	—	19	—	—	—	19
Issuance of shares	255,325	6	—	—	—	6
Dividends declared (\$0.52 per share)	—	—	(156)	—	—	(156)
Dividend equivalents declared on restricted stock units	—	2	(2)	—	—	—
Distributions declared by Partnership on Partnership exchangeable units (\$0.52 per unit)	—	—	—	—	(86)	(86)
Exchange of Partnership exchangeable units for RBI common shares	178,046	2	—	—	(2)	—
Restaurant VIE contributions (distributions)	—	—	—	—	(1)	(1)
Net income	—	—	144	—	80	224
Other comprehensive income (loss)	—	—	—	(350)	(193)	(543)
Balances at March 31, 2020	299,767,716	\$ 2,537	\$ 761	\$ (1,113)	\$ 1,567	\$ 3,752

See accompanying notes to condensed consolidated financial statements.

RESTAURANT BRANDS INTERNATIONAL INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(In millions of U.S. dollars)
(Unaudited)

	Three Months Ended March 31,	
	2021	2020
Cash flows from operating activities:		
Net income	\$ 271	\$ 224
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	49	45
Amortization of deferred financing costs and debt issuance discount	7	6
(Income) loss from equity method investments	2	2
(Gain) loss on remeasurement of foreign denominated transactions	(43)	(8)
Net (gains) losses on derivatives	20	(6)
Share-based compensation expense	22	19
Deferred income taxes	14	(31)
Other	(8)	(4)
Changes in current assets and liabilities, excluding acquisitions and dispositions:		
Accounts and notes receivable	24	94
Inventories and prepaids and other current assets	(4)	(13)
Accounts and drafts payable	19	(136)
Other accrued liabilities and gift card liability	(113)	(67)
Tenant inducements paid to franchisees	—	(3)
Other long-term assets and liabilities	6	14
Net cash provided by operating activities	266	136
Cash flows from investing activities:		
Payments for property and equipment	(15)	(19)
Net proceeds from disposal of assets, restaurant closures, and refranchisings	11	4
Settlement/sale of derivatives, net	2	12
Other investing activities, net	(5)	—
Net cash (used for) provided by investing activities	(7)	(3)
Cash flows from financing activities:		
Proceeds from revolving line of credit and long-term debt	—	1,085
Repayments of revolving line of credit, long-term debt and finance leases	(27)	(25)
Payment of dividends on common shares and distributions on Partnership exchangeable units	(239)	(232)
Proceeds from stock option exercises	20	30
(Payments) proceeds from derivatives	(16)	(2)
Other financing activities, net	1	(1)
Net cash (used for) provided by financing activities	(261)	855
Effect of exchange rates on cash and cash equivalents	5	(23)
Increase (decrease) in cash and cash equivalents	3	965
Cash and cash equivalents at beginning of period	1,560	1,533
Cash and cash equivalents at end of period	\$ 1,563	\$ 2,498
Supplemental cash flow disclosures:		
Interest paid	\$ 72	\$ 104
Income taxes paid	\$ 96	\$ 48

See accompanying notes to condensed consolidated financial statements.

RESTAURANT BRANDS INTERNATIONAL INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(Unaudited)

Note 1. Description of Business and Organization

Restaurant Brands International Inc. (the “Company”, “RBI”, “we”, “us” or “our”) is a Canadian corporation that serves as the sole general partner of Restaurant Brands International Limited Partnership (“Partnership”). We franchise and operate quick service restaurants serving premium coffee and other beverage and food products under the *Tim Hortons*® brand (“Tim Hortons” or “TH”), fast food hamburgers principally under the *Burger King*® brand (“Burger King” or “BK”), and chicken under the *Popeyes*® brand (“Popeyes” or “PLK”). We are one of the world’s largest quick service restaurant, or QSR, companies as measured by total number of restaurants. As of March 31, 2021, we franchised or owned 4,987 Tim Hortons restaurants, 18,691 Burger King restaurants, and 3,495 Popeyes restaurants, for a total of 27,173 restaurants, and operate in more than 100 countries. Approximately 100% of current system-wide restaurants are franchised.

All references to “\$” or “dollars” are to the currency of the United States unless otherwise indicated. All references to “Canadian dollars” or “C\$” are to the currency of Canada unless otherwise indicated.

Note 2. Basis of Presentation and Consolidation

We have prepared the accompanying unaudited condensed consolidated financial statements (the “Financial Statements”) in accordance with the rules and regulations of the Securities and Exchange Commission (the “SEC”) for interim financial information. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America (“U.S. GAAP”) for complete financial statements. Therefore, the Financial Statements should be read in conjunction with the audited consolidated financial statements contained in our Annual Report on Form 10-K filed with the SEC and Canadian securities regulatory authorities on February 23, 2021.

The Financial Statements include our accounts and the accounts of entities in which we have a controlling financial interest, the usual condition of which is ownership of a majority voting interest. All material intercompany balances and transactions have been eliminated in consolidation. Investments in other affiliates that are owned 50% or less where we have significant influence are accounted for by the equity method.

We are the sole general partner of Partnership and, as such we have the exclusive right, power and authority to manage, control, administer and operate the business and affairs and to make decisions regarding the undertaking and business of Partnership, subject to the terms of the amended and restated limited partnership agreement of Partnership (the “partnership agreement”) and applicable laws. As a result, we consolidate the results of Partnership and record a noncontrolling interest in our consolidated balance sheets and statements of operations with respect to the remaining economic interest in Partnership we do not hold.

We also consider for consolidation entities in which we have certain interests, where the controlling financial interest may be achieved through arrangements that do not involve voting interests. Such an entity, known as a variable interest entity (“VIE”), is required to be consolidated by its primary beneficiary. The primary beneficiary is the entity that possesses the power to direct the activities of the VIE that most significantly impact its economic performance and has the obligation to absorb losses or the right to receive benefits from the VIE that are significant to it. Our maximum exposure to loss resulting from involvement with VIEs is attributable to accounts and notes receivable balances, outstanding loan guarantees and future lease payments, where applicable.

As our franchise and master franchise arrangements provide the franchise and master franchise entities the power to direct the activities that most significantly impact their economic performance, we do not consider ourselves the primary beneficiary of any such entity that might be a VIE.

Tim Hortons has historically entered into certain arrangements in which an operator acquires the right to operate a restaurant, but Tim Hortons owns the restaurant’s assets. We perform an analysis to determine if the legal entity in which operations are conducted is a VIE and consolidate a VIE entity if we also determine Tim Hortons is the entity’s primary beneficiary (“Restaurant VIEs”). As of March 31, 2021 and December 31, 2020, we determined that we are the primary beneficiary of 51 and 38 Restaurant VIEs, respectively, and accordingly, have consolidated the results of operations, assets and liabilities, and cash flows of these Restaurant VIEs in our Financial Statements. Material intercompany accounts and transactions have been eliminated in consolidation.

[Table of Contents](#)

In the opinion of management, all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation have been included in the Financial Statements. The results for interim periods are not necessarily indicative of the results that may be expected for any other interim period or for the full year.

The preparation of consolidated financial statements in conformity with U.S. GAAP and related rules and regulations of the SEC requires our management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the related disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

The carrying amounts for cash and cash equivalents, accounts and notes receivable and accounts and drafts payable approximate fair value based on the short-term nature of these amounts.

Certain prior year amounts in the accompanying Financial Statements and notes to the Financial Statements have been reclassified in order to be comparable with the current year classifications. These consist of the year to date March 31, 2020 reclassification of advertising fund contributions from Franchise and property revenues to Advertising revenues and advertising fund expenses from Selling, general and administrative expenses to Advertising expenses, with General and administrative expenses now presented separately. Depreciation and amortization expenses related to the advertising funds for the three months ended March 31, 2020 have also been reclassified from Franchise and property expenses to Advertising expenses. These reclassifications did not arise as a result of any changes to accounting policies and relate entirely to presentation with no effect on previously reported net income.

Note 3. New Accounting Pronouncements

Simplifying the Accounting for Income Taxes – In December 2019, the FASB issued guidance which simplifies the accounting for income taxes by removing certain exceptions and by clarifying and amending existing guidance applicable to accounting for income taxes. The amendment is effective commencing in 2021 with early adoption permitted. The adoption of this new guidance during the three months ended March 31, 2021 did not have a material impact on our Financial Statements.

Accounting Relief for the Transition Away from LIBOR and Certain other Reference Rates – In March 2020 and as clarified in January 2021, the FASB issued guidance which provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. This amendment is effective as of March 12, 2020 through December 31, 2022. The expedients and exceptions provided by this new guidance do not apply to contract modifications made and hedging relationships entered into or evaluated after December 31, 2022, except for hedging relationships existing as of December 31, 2022, that an entity has elected certain optional expedients for and that are retained through the end of the hedging relationships. We are currently evaluating the impact that the adoption of this new guidance will have on our Financial Statements and have not adopted any of the transition relief available under the new guidance as of March 31, 2021.

Note 4. Leases

Property revenues are comprised primarily of lease income from operating leases and earned income on direct financing leases with franchisees as follows (in millions):

	Three Months Ended March 31,	
	2021	2020
Lease income - operating leases		
Minimum lease payments	\$ 113	\$ 112
Variable lease payments	66	63
Amortization of favorable and unfavorable income lease contracts, net	1	2
Subtotal - lease income from operating leases	180	177
Earned income on direct financing and sales-type leases	2	1
Total property revenues	\$ 182	\$ 178

Note 5. Revenue Recognition

Contract Liabilities

Contract liabilities consist of deferred revenue resulting from initial and renewal franchise fees paid by franchisees, as well as upfront fees paid by master franchisees, which are generally recognized on a straight-line basis over the term of the underlying agreement. We may recognize unamortized upfront fees when a contract with a franchisee or master franchisee is modified and is accounted for as a termination of the existing contract. We classify these contract liabilities as Other liabilities, net in our condensed consolidated balance sheets. The following table reflects the change in contract liabilities between December 31, 2020 and March 31, 2021 (in millions):

Contract Liabilities	TH	BK	PLK	Consolidated
Balance at December 31, 2020	\$ 62	\$ 427	\$ 39	\$ 528
Recognized during period and included in the contract liability balance at the beginning of the year	(2)	(12)	(1)	(15)
Increase, excluding amounts recognized as revenue during the period	2	9	7	18
Impact of foreign currency translation	—	(7)	—	(7)
Balance at March 31, 2021	<u>\$ 62</u>	<u>\$ 417</u>	<u>\$ 45</u>	<u>\$ 524</u>

The following table illustrates estimated revenues expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of March 31, 2021 (in millions):

Contract liabilities expected to be recognized in	TH	BK	PLK	Consolidated
Remainder of 2021	\$ 7	\$ 26	\$ 2	\$ 35
2022	9	33	3	45
2023	8	32	3	43
2024	8	31	3	42
2025	6	31	3	40
Thereafter	24	264	31	319
Total	<u>\$ 62</u>	<u>\$ 417</u>	<u>\$ 45</u>	<u>\$ 524</u>

Disaggregation of Total Revenues

Total revenues consist of the following (in millions):

	Three Months Ended March 31,	
	2021	2020
Sales	\$ 507	\$ 503
Royalties	346	329
Property revenues	182	178
Franchise fees and other revenue	20	18
Advertising revenues	205	197
Total revenues	<u>\$ 1,260</u>	<u>\$ 1,225</u>

Note 6. Earnings per Share

An economic interest in Partnership common equity is held by the holders of Class B exchangeable limited partnership units (the “Partnership exchangeable units”), which is reflected as a noncontrolling interest in our equity. See Note 12, *Shareholders’ Equity*.

Basic and diluted earnings per share is computed using the weighted average number of shares outstanding for the period. We apply the treasury stock method to determine the dilutive weighted average common shares represented by outstanding equity awards, unless the effect of their inclusion is anti-dilutive. The diluted earnings per share calculation assumes conversion of 100% of the Partnership exchangeable units under the “if converted” method. Accordingly, the numerator is also adjusted to include the earnings allocated to the holders of noncontrolling interests.

The following table summarizes the basic and diluted earnings per share calculations (in millions, except per share amounts):

	Three Months Ended March 31,	
	2021	2020
Numerator:		
Net income attributable to common shareholders - basic	\$ 179	\$ 144
Add: Net income attributable to noncontrolling interests	91	80
Net income available to common shareholders and noncontrolling interests - diluted	<u>\$ 270</u>	<u>\$ 224</u>
Denominator:		
Weighted average common shares - basic	306	299
Exchange of noncontrolling interests for common shares (Note 12)	155	165
Effect of other dilutive securities	4	5
Weighted average common shares - diluted	<u>465</u>	<u>469</u>
Basic earnings per share (a)	\$ 0.59	\$ 0.48
Diluted earnings per share (a)	\$ 0.58	\$ 0.48
Anti-dilutive securities outstanding	5	8

(a) Earnings per share may not recalculate exactly as it is calculated based on unrounded numbers.

Note 7. Intangible Assets, net and Goodwill

Intangible assets, net and goodwill consist of the following (in millions):

	As of					
	March 31, 2021			December 31, 2020		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Identifiable assets subject to amortization:						
Franchise agreements	\$ 729	\$ (269)	\$ 460	\$ 735	\$ (264)	\$ 471
Favorable leases	116	(67)	49	117	(66)	51
Subtotal	845	(336)	509	852	(330)	522
Indefinite-lived intangible assets:						
Tim Hortons brand	\$ 6,732	\$ —	\$ 6,732	\$ 6,650	\$ —	\$ 6,650
Burger King brand	2,146	—	2,146	2,174	—	2,174
Popeyes brand	1,355	—	1,355	1,355	—	1,355
Subtotal	10,233	—	10,233	10,179	—	10,179
Intangible assets, net			<u>\$ 10,742</u>			<u>\$ 10,701</u>
Goodwill						
Tim Hortons segment	\$ 4,329			\$ 4,279		
Burger King segment	606			614		
Popeyes segment	846			846		
Total	<u>\$ 5,781</u>			<u>\$ 5,739</u>		

Amortization expense on intangible assets totaled \$10 million and \$11 million for the three months ended March 31, 2021 and 2020, respectively. The change in the brands and goodwill balances during the three months ended March 31, 2021 was due to the impact of foreign currency translation.

Note 8. Equity Method Investments

The aggregate carrying amount of our equity method investments was \$205 million as of March 31, 2021 and December 31, 2020 and is included as a component of Other assets, net in our accompanying condensed consolidated balance sheets.

With respect to our TH business, the most significant equity method investment is our 50% joint venture interest with The Wendy's Company (the "TIMWEN Partnership"), which jointly holds real estate underlying Canadian combination restaurants. Distributions received from this joint venture were \$3 million and \$2 million during the three months ended March 31, 2021 and 2020, respectively.

Except for the following equity method investments, no quoted market prices are available for our other equity method investments. The aggregate market value of our 15.2% equity interest in Carrols Restaurant Group, Inc. ("Carrols") based on the quoted market price on March 31, 2021 was approximately \$56 million. The aggregate market value of our 9.4% equity interest in BK Brasil Operação e Assessoria a Restaurantes S.A. based on the quoted market price on March 31, 2021 was approximately \$44 million.

[Table of Contents](#)

We have equity interests in entities that own or franchise Tim Hortons, Burger King and Popeyes restaurants. Franchise and property revenues recognized from franchisees that are owned or franchised by entities in which we have an equity interest consist of the following (in millions):

	Three Months Ended March 31,	
	2021	2020
Revenues from affiliates:		
Royalties	\$ 65	\$ 61
Advertising revenues	13	12
Property revenues	8	8
Franchise fees and other revenue	4	3
Total	<u>\$ 90</u>	<u>\$ 84</u>

We recognized \$4 million of rent expense associated with the TIMWEN Partnership during the three months ended March 31, 2021 and 2020.

At March 31, 2021 and December 31, 2020, we had \$46 million and \$52 million, respectively, of accounts receivable, net from our equity method investments which were recorded in Accounts and notes receivable, net in our condensed consolidated balance sheets.

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

Note 9. Other Accrued Liabilities and Other Liabilities, net

Other accrued liabilities (current) and Other liabilities, net (noncurrent) consist of the following (in millions):

	As of	
	March 31, 2021	December 31, 2020
Current:		
Dividend payable	\$ 245	\$ 239
Interest payable	94	66
Accrued compensation and benefits	42	78
Taxes payable	96	122
Deferred income	44	42
Accrued advertising expenses	62	59
Restructuring and other provisions	13	12
Current portion of operating lease liabilities	136	137
Other	73	80
Other accrued liabilities	<u>\$ 805</u>	<u>\$ 835</u>
Noncurrent:		
Taxes payable	\$ 632	\$ 626
Contract liabilities	524	528
Derivatives liabilities	715	865
Unfavorable leases	77	81
Accrued pension	69	70
Deferred income	34	28
Other	38	38
Other liabilities, net	<u>\$ 2,089</u>	<u>\$ 2,236</u>

Note 10. Long-Term Debt

Long-term debt consists of the following (in millions):

	As of	
	March 31, 2021	December 31, 2020
Term Loan B (due November 19, 2026)	\$ 5,283	\$ 5,297
Term Loan A (due October 7, 2024)	727	731
2017 4.25% Senior Notes (due May 15, 2024)	775	775
2019 3.875% Senior Notes (due January 15, 2028)	750	750
2020 5.75% Senior Notes (due April 15, 2025)	500	500
2020 3.50% Senior Notes (due February 15, 2029)	750	750
2019 4.375% Senior Notes (due January 15, 2028)	750	750
2020 4.00% Senior Notes (due October 15, 2030)	2,900	2,900
TH Facility and other	179	178
Less: unamortized deferred financing costs and deferred issue discount	(148)	(155)
Total debt, net	12,466	12,476
Less: current maturities of debt	(80)	(79)
Total long-term debt	\$ 12,386	\$ 12,397

Credit Facilities

As of March 31, 2021, we had no amounts outstanding under our senior secured revolving credit facility (the “Revolving Credit Facility”), had \$2 million of letters of credit issued against the Revolving Credit Facility, and our borrowing availability under our Revolving Credit Facility was \$998 million. Funds available under the Revolving Credit Facility may be used to repay other debt, finance debt or share repurchases, fund acquisitions or capital expenditures and for other general corporate purposes. We have a \$125 million letter of credit sublimit as part of the Revolving Credit Facility, which reduces our borrowing availability thereunder by the cumulative amount of outstanding letters of credit.

TH Facility

One of our subsidiaries entered into a non-revolving delayed drawdown term credit facility in a total aggregate principal amount of C\$225 million with a maturity date of October 4, 2025 (the “TH Facility”). The interest rate applicable to the TH Facility is the Canadian Bankers’ Acceptance rate plus an applicable margin equal to 1.40% or the Prime Rate plus an applicable margin equal to 0.40%, at our option. Obligations under the TH Facility are guaranteed by four of our subsidiaries, and amounts borrowed under the TH Facility are secured by certain parcels of real estate. As of March 31, 2021, we had outstanding C\$221 million under the TH Facility with a weighted average interest rate of 1.84%.

Restrictions and Covenants

As of March 31, 2021, we were in compliance with all applicable financial debt covenants under our senior secured term loan facilities and Revolving Credit Facility (together the “Credit Facilities”), the TH Facility, and the indentures governing our Senior Notes.

Fair Value Measurement

The following table presents the fair value of our variable rate term debt and senior notes, estimated using inputs based on bid and offer prices that are Level 2 inputs, and principal carrying amount (in millions):

	As of	
	March 31, 2021	December 31, 2020
Fair value of our variable term debt and senior notes	\$ 12,265	\$ 12,477
Principal carrying amount of our variable term debt and senior notes	12,435	12,453

Interest Expense, net

Interest expense, net consists of the following (in millions):

	Three Months Ended March 31,	
	2021	2020
Debt (a)	\$ 113	\$ 113
Finance lease obligations	5	5
Amortization of deferred financing costs and debt issuance discount	7	6
Interest income	(1)	(5)
Interest expense, net	<u>\$ 124</u>	<u>\$ 119</u>

(a) Amount includes \$12 million and \$21 million benefit during the three months ended March 31, 2021 and 2020, respectively, related to the quarterly net settlements of our cross-currency rate swaps and amortization of the Excluded Component as defined in Note 13, *Derivatives*.

Note 11. Income Taxes

Our effective tax rate was 14.7% for the three months ended March 31, 2021. The effective tax rate during this period reflects the mix of income from multiple tax jurisdictions, the impact of internal financing arrangements and the excess tax benefits from equity-based compensation.

Our effective tax rate was 16.8% for the three months ended March 31, 2020. The effective tax rate during this period reflects the amount and mix of income from multiple tax jurisdictions and the impact of internal financing arrangements.

Note 12. Shareholders' Equity

Noncontrolling Interests

The holders of Partnership exchangeable units held an economic interest of approximately 33.6% and 33.7% in Partnership common equity through the ownership of 155,040,667 and 155,113,338 Partnership exchangeable units as of March 31, 2021 and December 31, 2020, respectively.

During the three months ended March 31, 2021, Partnership exchanged 72,671 Partnership exchangeable units, pursuant to exchange notices received. In accordance with the terms of the partnership agreement, Partnership satisfied the exchange notices by exchanging these Partnership exchangeable units for the same number of newly issued RBI common shares. The exchanges represented increases in our ownership interest in Partnership and were accounted for as equity transactions, with no gain or loss recorded in the accompanying condensed consolidated statement of operations. Pursuant to the terms of the partnership agreement, upon the exchange of Partnership exchangeable units, each such Partnership exchangeable unit is automatically deemed cancelled concurrently with the exchange.

Accumulated Other Comprehensive Income (Loss)

The following table displays the changes in the components of accumulated other comprehensive income (loss) ("AOCI") (in millions):

	Derivatives	Pensions	Foreign Currency Translation	Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2020	\$ (69)	\$ (30)	\$ (755)	\$ (854)
Foreign currency translation adjustment	—	—	54	54
Net change in fair value of derivatives, net of tax	124	—	—	124
Amounts reclassified to earnings of cash flow hedges, net of tax	24	—	—	24
Pension and post-retirement benefit plans, net of tax	—	1	—	1
Amounts attributable to noncontrolling interests	(50)	—	(18)	(68)
Balance at March 31, 2021	<u>\$ 29</u>	<u>\$ (29)</u>	<u>\$ (719)</u>	<u>\$ (719)</u>

Note 13. Derivative Instruments

Disclosures about Derivative Instruments and Hedging Activities

We enter into derivative instruments for risk management purposes, including derivatives designated as cash flow hedges, derivatives designated as net investment hedges and those utilized as economic hedges. We use derivatives to manage our exposure to fluctuations in interest rates and currency exchange rates.

Interest Rate Swaps

At March 31, 2021, we had outstanding receive-variable, pay-fixed interest rate swaps with a total notional value of \$3,500 million to hedge the variability in the interest payments on a portion of our senior secured term loan facilities (the "Term Loan Facilities") beginning October 31, 2019 through the termination date of November 19, 2026. Additionally, at March 31, 2021, we also had outstanding receive-variable, pay-fixed interest rate swaps with a total notional value of \$500 million to hedge the variability in the interest payments on a portion of our Term Loan Facilities effective September 30, 2019 through the termination date of September 30, 2026. At inception, all of these interest rate swaps were designated as cash flow hedges for hedge accounting. The unrealized changes in market value are recorded in AOCI and reclassified into earnings during the period in which the hedged forecasted transaction affects earnings.

During 2019, we extended the term of our previous \$3,500 million receive-variable, pay-fixed interest rate swaps to align the maturity date of the new interest rate swaps with the new maturity date of our Term Loan B. The extension of the term resulted in a de-designation and re-designation of the interest rate swaps and the swaps continue to be accounted for as a cash flow hedge for hedge accounting. In connection with the de-designation, we recognized a net unrealized loss of \$213 million in AOCI and this amount gets reclassified into Interest expense, net as the original forecasted transaction affects earnings. The amount of pre-tax losses in AOCI as of March 31, 2021 that we expect to be reclassified into interest expense within the next 12 months is \$50 million.

During 2015, we settled certain interest rate swaps and recognized a net unrealized loss of \$85 million in AOCI at the date of settlement. This amount gets reclassified into Interest expense, net as the original hedged forecasted transaction affects earnings. The amount of pre-tax losses in AOCI as of March 31, 2021 that we expect to be reclassified into interest expense within the next 12 months is \$8 million.

Cross-Currency Rate Swaps

To protect the value of our investments in our foreign operations against adverse changes in foreign currency exchange rates, we hedge a portion of our net investment in one or more of our foreign subsidiaries by using cross-currency rate swaps. At March 31, 2021, we had outstanding cross-currency rate swap contracts between the Canadian dollar and U.S. dollar and the Euro and U.S. dollar that have been designated as net investment hedges of a portion of our equity in foreign operations in those currencies. The component of the gains and losses on our net investment in these designated foreign operations driven by changes in foreign exchange rates are economically partly offset by movements in the fair value of our cross-currency swap contracts. The fair value of the swaps is calculated each period with changes in fair value reported in AOCI, net of tax. Such amounts will remain in AOCI until the complete or substantially complete liquidation of our investment in the underlying foreign operations.

[Table of Contents](#)

At March 31, 2021, we had outstanding fixed-to-fixed cross-currency rate swaps to partially hedge the net investment in our Canadian subsidiaries. At inception, these cross-currency rate swaps were designated as a hedge and are accounted for as net investment hedges. These swaps are contracts to exchange quarterly fixed-rate interest payments we make on the Canadian dollar notional amount of C\$6,754 million for quarterly fixed-rate interest payments we receive on the U.S. dollar notional amount of \$5,000 million through the maturity date of June 30, 2023.

At March 31, 2021, we had outstanding cross-currency rate swaps in which we pay quarterly fixed-rate interest payments on the Euro notional value of €1,108 million and receive quarterly fixed-rate interest payments on the U.S. dollar notional value of \$1,200 million. At inception, these cross-currency rate swaps were designated as a hedge and are accounted for as a net investment hedge. During 2018, we extended the term of the swaps from March 31, 2021 to the maturity date of February 17, 2024. The extension of the term resulted in a re-designation of the hedge and the swaps continue to be accounted for as a net investment hedge. Additionally, at March 31, 2021, we also had outstanding cross-currency rate swaps in which we receive quarterly fixed-rate interest payments on the U.S. dollar notional value of \$400 million, entered during 2018, and \$500 million, entered during 2019, through the maturity date of February 17, 2024. At inception, these cross-currency rate swaps were designated as a hedge and are accounted for as a net investment hedge.

The fixed to fixed cross-currency rate swaps hedging Canadian dollar and Euro net investments utilized the forward method of effectiveness assessment prior to March 15, 2018. On March 15, 2018, we de-designated and subsequently re-designated the outstanding fixed to fixed cross-currency rate swaps to prospectively use the spot method of hedge effectiveness assessment. Additionally, as a result of adopting new hedge accounting guidance during 2018, we elected to exclude the interest component (the “Excluded Component”) from the accounting hedge without affecting net investment hedge accounting and elected to amortize the Excluded Component over the life of the derivative instrument. The amortization of the Excluded Component is recognized in Interest expense, net in the condensed consolidated statement of operations. The change in fair value that is not related to the Excluded Component is recorded in AOCI and will be reclassified to earnings when the foreign subsidiaries are sold or substantially liquidated.

Foreign Currency Exchange Contracts

We use foreign exchange derivative instruments to manage the impact of foreign exchange fluctuations on U.S. dollar purchases and payments, such as coffee purchases made by our Canadian Tim Hortons operations. At March 31, 2021, we had outstanding forward currency contracts to manage this risk in which we sell Canadian dollars and buy U.S. dollars with a notional value of \$124 million with maturities to May 2022. We have designated these instruments as cash flow hedges, and as such, the unrealized changes in market value of effective hedges are recorded in AOCI and are reclassified into earnings during the period in which the hedged forecasted transaction affects earnings.

Credit Risk

By entering into derivative contracts, we are exposed to counterparty credit risk. Counterparty credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is in an asset position, the counterparty has a liability to us, which creates credit risk for us. We attempt to minimize this risk by selecting counterparties with investment grade credit ratings and regularly monitoring our market position with each counterparty.

Credit-Risk Related Contingent Features

Our derivative instruments do not contain any credit-risk related contingent features.

Quantitative Disclosures about Derivative Instruments and Fair Value Measurements

The following tables present the required quantitative disclosures for our derivative instruments, including their estimated fair values (all estimated using Level 2 inputs) and their location on our condensed consolidated balance sheets (in millions):

	Gain or (Loss) Recognized in Other Comprehensive Income (Loss)	
	Three Months Ended March 31,	
	2021	2020
Derivatives designated as cash flow hedges⁽¹⁾		
Interest rate swaps	\$ 129	\$ (300)
Forward-currency contracts	\$ (1)	\$ 7
Derivatives designated as net investment hedges		
Cross-currency rate swaps	\$ 9	\$ 517

(1) We did not exclude any components from the cash flow hedge relationships presented in this table.

	Location of Gain or (Loss) Reclassified from AOCI into Earnings	Gain or (Loss) Reclassified from AOCI into Earnings	
		Three Months Ended March 31,	
		2021	2020
Derivatives designated as cash flow hedges			
Interest rate swaps	Interest expense, net	\$ (30)	\$ (15)
Forward-currency contracts	Cost of sales	\$ (2)	\$ —

	Location of Gain or (Loss) Recognized in Earnings	Gain or (Loss) Recognized in Earnings (Amount Excluded from Effectiveness Testing)	
		Three Months Ended March 31,	
		2021	2020
Derivatives designated as net investment hedges			
Cross-currency rate swaps	Interest expense, net	\$ 12	\$ 21

	Fair Value as of		Balance Sheet Location
	March 31, 2021	December 31, 2020	
Assets:			
Derivatives designated as net investment hedges			
Foreign currency	\$ 13	\$ —	Other assets, net
Total assets at fair value	<u>\$ 13</u>	<u>\$ —</u>	
Liabilities:			
Derivatives designated as cash flow hedges			
Interest rate	\$ 279	\$ 430	Other liabilities, net
Foreign currency	4	5	Other accrued liabilities
Derivatives designated as net investment hedges			
Foreign currency	436	434	Other liabilities, net
Total liabilities at fair value	<u>\$ 719</u>	<u>\$ 869</u>	

[Table of Contents](#)

Note 14. Other Operating Expenses (Income), net

Other operating expenses (income), net consist of the following (in millions):

	Three Months Ended March 31,	
	2021	2020
Net losses (gains) on disposal of assets, restaurant closures, and refranchisings	\$ (2)	\$ (2)
Litigation settlements (gains) and reserves, net	2	—
Net losses (gains) on foreign exchange	(43)	(8)
Other, net	1	(6)
Other operating expenses (income), net	<u>\$ (42)</u>	<u>\$ (16)</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 is primarily related to revaluation of foreign denominated assets and liabilities.

Note 15. Commitments and Contingencies

Litigation

From time to time, we are involved in legal proceedings arising in the ordinary course of business relating to matters including, but not limited to, disputes with franchisees, suppliers, employees and customers, as well as disputes over our intellectual property.

On October 5, 2018, a class action complaint was filed against Burger King Worldwide, Inc. (“BKW”) and Burger King Corporation (“BKC”) in the U.S. District Court for the Southern District of Florida by Jarvis Arrington, individually and on behalf of all others similarly situated. On October 18, 2018, a second class action complaint was filed against RBI, BKW and BKC in the U.S. District Court for the Southern District of Florida by Monique Michel, individually and on behalf of all others similarly situated. On October 31, 2018, a third class action complaint was filed against BKC and BKW in the U.S. District Court for the Southern District of Florida by Geneva Blanchard and Tiffany Miller, individually and on behalf of all others similarly situated. On November 2, 2018, a fourth class action complaint was filed against RBI, BKW and BKC in the U.S. District Court for the Southern District of Florida by Sandra Muster, individually and on behalf of all others similarly situated. These complaints have been consolidated and allege that the defendants violated Section 1 of the Sherman Act by incorporating an employee no-solicitation and no-hiring clause in the standard form franchise agreement all Burger King franchisees are required to sign. Each plaintiff seeks injunctive relief and damages for himself or herself and other members of the class. On March 24, 2020, the Court granted BKC’s motion to dismiss for failure to state a claim and on April 20, 2020 the plaintiffs filed a motion for leave to amend their complaint. On April 27, 2020, BKC filed a motion opposing the motion for leave to amend. The court denied the plaintiffs motion for leave to amend their complaint in August 2020 and the plaintiffs are appealing this ruling. While we currently believe these claims are without merit, we are unable to predict the ultimate outcome of this case or estimate the range of possible loss, if any.

In July 2019, a class action complaint was filed against The TDL Group Corp. (“TDL”) in the Supreme Court of British Columbia by Samir Latifi, individually and on behalf of all others similarly situated. The complaint alleges that TDL violated the Canadian Competition Act by incorporating an employee no-solicitation and no-hiring clause in the standard form franchise agreement all Tim Hortons franchisees are required to sign. The plaintiff seeks damages and restitution, on behalf of himself and other members of the class. In February 2021, TDL filed and served an application to strike which is scheduled to be heard in May 2021. While we currently believe this claim is without merit, we are unable to predict the ultimate outcome of this case or estimate the range of possible loss, if any.

On June 30, 2020, a class action complaint was filed against Restaurant Brands International Inc., Restaurant Brands International Limited Partnership and The TDL Group Corp. in the Quebec Superior Court by Steve Holcman, individually and on behalf of all Quebec residents who downloaded the Tim Hortons mobile application. On July 2, 2020, a Notice of Action related to a second class action complaint was filed against Restaurant Brands International Inc., in the Ontario Superior Court by Ashley Sitko and Ashley Cadeau, individually and on behalf of all Canadian residents who downloaded the Tim Hortons mobile application. On August 31, 2020, a notice of claim was filed against Restaurant Brands International Inc. in the Supreme

Court of British Columbia by Wai Lam Jacky Law on behalf of all persons in Canada who downloaded the Tim Hortons mobile application or the Burger King mobile application. On September 30, 2020, a notice of action was filed against Restaurant Brands International Inc., Restaurant Brands International Limited Partnership, The TDL Group Corp., Burger King Worldwide, Inc. and Popeyes Louisiana Kitchen, Inc. in the Ontario Superior Court of Justice by William Jung on behalf of a to be determined class. All of the complaints allege that the defendants violated the plaintiff's privacy rights, the Personal Information Protection and Electronic Documents Act, consumer protection and competition laws or app-based undertakings to users, in each case in connection with the collection of geolocation data through the Tim Hortons mobile application, and in certain cases, the Burger King and Popeyes mobile applications. Each plaintiff seeks injunctive relief and monetary damages for himself or herself and other members of the class. These cases are in preliminary stages and we intend to vigorously defend against these lawsuits, but we are unable to predict the ultimate outcome of any of these cases or estimate the range of possible loss, if any.

On October 26, 2020, City of Warwick Municipal Employees Pension Fund, a purported stockholder of Restaurant Brands International Inc., individually and putatively on behalf of all other stockholders similarly situated, filed a lawsuit in the Supreme Court of the State of New York County of New York naming RBI and certain of our officers, directors and shareholders as defendants alleging violations of Sections 11, 12(a)(2) and 15 of the Securities Act of 1933, as amended, in connection with certain offerings of securities by an affiliate in August and September 2019. The complaint alleges that the shelf registration statement used in connection with such offering contained certain false and/or misleading statements or omissions. The complaint seeks, among other relief, class certification of the lawsuit, unspecified compensatory damages, rescission, pre-judgment and post-judgment interest, costs and expenses. On December 18, 2020 the plaintiffs filed an amended complaint and on February 16, 2021 RBI filed a motion to dismiss the complaint. The plaintiffs filed a brief in opposition to the motion on April 19, 2021. We intend to vigorously defend. While we believe these claims are without merit, we are unable to predict the ultimate outcome of this case or estimate the range of possible loss, if any.

On February 5, 2021, Paul J. Graney, a purported shareholder of Restaurant Brands International, individually and putatively on behalf of all other stockholders similarly situated, filed a lawsuit in the U.S. District Court for the Southern District of Florida naming RBI and certain of our current or former officers as defendants. This lawsuit alleged violations of Sections 10 and 20(a) of the Securities Exchange Act of 1934, as amended, in connection with certain statements made beginning in April 2019. On April 26, 2021, the lead plaintiff filed a stipulation voluntarily dismissing the case, which the Court so ordered on April 27, 2021.

Note 16. Segment Reporting

As stated in Note 1, *Description of Business and Organization*, we manage three brands. Under the *Tim Hortons* brand, we operate in the donut/coffee/tea category of the quick service segment of the restaurant industry. Under the *Burger King* brand, we operate in the fast food hamburger restaurant category of the quick service segment of the restaurant industry. Under the *Popeyes* brand, we operate in the chicken category of the quick service segment of the restaurant industry. Our business generates revenue from the following sources: (i) franchise and advertising revenues, consisting primarily of royalties and advertising fund contributions based on a percentage of sales reported by franchise restaurants and franchise fees paid by franchisees; (ii) property revenues from properties we lease or sublease to franchisees; and (iii) sales at restaurants owned by us ("Company restaurants"). In addition, our TH business generates revenue from sales to franchisees related to our supply chain operations, including manufacturing, procurement, warehousing and distribution, as well as sales to retailers. We manage each of our brands as an operating segment and each operating segment represents a reportable segment.

[Table of Contents](#)

The following tables present revenues, by segment and by country (in millions):

	Three Months Ended March 31,	
	2021	2020
Revenues by operating segment:		
TH	\$ 710	\$ 699
BK	407	388
PLK	143	138
Total revenues	<u>\$ 1,260</u>	<u>\$ 1,225</u>

	Three Months Ended March 31,	
	2021	2020
Revenues by country (a):		
Canada	\$ 638	\$ 632
United States	478	450
Other	144	143
Total revenues	<u>\$ 1,260</u>	<u>\$ 1,225</u>

(a) Only Canada and the United States represented 10% or more of our total revenues in each period presented.

Our measure of segment income is Adjusted EBITDA. Adjusted EBITDA represents earnings (net income or loss) before interest expense, net, loss on early extinguishment of debt, income tax expense, and depreciation and amortization, adjusted to exclude (i) the non-cash impact of share-based compensation and non-cash incentive compensation expense, (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, this included costs incurred from professional advisory and consulting services associated with certain transformational corporate restructuring initiatives that rationalize our structure and optimize cash movements, including consulting services related to the interpretation of final and proposed regulations and guidance under the Tax Cuts and Jobs Act (“Corporate restructuring and tax advisory fees”).

[Table of Contents](#)

Adjusted EBITDA 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 business. A reconciliation of segment income to net income consists of the following (in millions):

	Three Months Ended March 31,	
	2021	2020
Segment income:		
TH	\$ 207	\$ 189
BK	217	200
PLK	56	55
Adjusted EBITDA	480	444
Share-based compensation and non-cash incentive compensation expense	26	21
Corporate restructuring and tax advisory fees	1	1
Impact of equity method investments (a)	4	4
Other operating expenses (income), net	(42)	(16)
EBITDA	491	434
Depreciation and amortization	49	45
Income from operations	442	389
Interest expense, net	124	119
Income tax expense	47	46
Net income	\$ 271	\$ 224

(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.

Note 17. Subsequent Events

Dividends

On April 6, 2021, we paid a cash dividend of \$0.53 per common share to common shareholders of record on March 23, 2021. On such date, Partnership also made a distribution in respect of each Partnership exchangeable unit in the amount of \$0.53 per exchangeable unit to holders of record on March 23, 2021.

Subsequent to March 31, 2021, our board of directors declared a cash dividend of \$0.53 per common share, which will be paid on July 7, 2021 to common shareholders of record on June 23, 2021. Partnership will also make a distribution in respect of each Partnership exchangeable unit in the amount of \$0.53 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.

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 key business measures, 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.

Overview

We are one of the world's largest quick service restaurant ("QSR") companies with approximately \$31 billion in annual system-wide sales and over 27,000 restaurants in more than 100 countries as of March 31, 2021. Our *Tim Hortons*®, *Burger King*®, and *Popeyes*® brands have similar franchised business models with complementary daypart mixes and product platforms. Our three 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, grilled paninis, classic 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 affordably-priced food items. Popeyes restaurants are quick service restaurants featuring a unique "Louisiana" style menu that includes fried chicken, chicken tenders, fried shrimp, and other seafood, red beans and rice, and other regional items.

We have three operating and reportable segments: (1) Tim Hortons ("TH"); (2) Burger King ("BK"); and (3) Popeyes Louisiana Kitchen ("PLK"). Our business generates revenue from the following sources: (i) franchise and advertising revenues, consisting primarily of royalties and advertising fund contributions based on a percentage of sales reported by franchise restaurants and franchise fees paid by franchisees; (ii) property revenues from properties we lease or sublease to franchisees; and (iii) sales at restaurants owned by us ("Company restaurants"). In addition, our TH business generates revenue from sales to franchisees related to our supply chain operations, including manufacturing, procurement, warehousing, and distribution, as well as sales to retailers.

COVID-19

The global crisis resulting from the spread of coronavirus ("COVID-19") had a substantial impact on our global restaurant operations for the three months ended March 31, 2021 and 2020. While the impact of COVID-19 on system-wide sales growth, system-wide sales, comparable sales and net restaurant growth was severe for the last few weeks of the quarter ended March 31, 2020, in the 2021 period these metrics were affected to a lesser extent for the entire period, with variations among brands and regions. During 2020 and the three months ended March 31, 2021, substantially all TH, BK and PLK restaurants remained open in North America, some with limited operations, such as drive-thru, takeout and delivery (where applicable), reduced if any dine-in capacity, and/or restrictions on hours of operation. As of the end of March 2021, 95% of our restaurants were open worldwide, including substantially all of our restaurants in North America and Asia Pacific and approximately 92% and 84% of our restaurants in Europe, Middle East and Africa and Latin America, respectively. By contrast, at March 31, 2020 the restaurants open were approximately 94% in North America, 83% in Asia Pacific, 40% in Europe, Middle East and Africa and 47% in Latin America. Certain jurisdictions, such as Canada, Europe, and Brazil, that had eased

restrictions during 2020, re-imposed lockdowns and curfews in the quarter ended March 31, 2021. In comparison, during the quarter ended March 31, 2020, a number of other markets required temporary complete closures while implementing lock-down orders. We expect local conditions to continue to dictate limitations on restaurant operations, capacity, and hours of operation.

With the pandemic affecting consumer behavior, the importance of digital sales, including delivery, has grown. We expect to continue to support enhancements of our digital and marketing capabilities. While we do not know the full future impact COVID-19 will have on our business, we expect to see a continued impact from COVID-19 on our results in 2021.

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 franchise 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 TH and BK and 17 months or longer for PLK. 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 franchise restaurants and Company restaurants. System-wide results are driven by our franchise restaurants, as approximately 100% of system-wide restaurants are franchised. Franchise sales represent sales at all franchise 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 increase 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.

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.

[Table of Contents](#)
Results of Operations for the Three Months Ended March 31, 2021 and 2020

Tabular amounts in millions of U.S. dollars unless noted otherwise. Segment income may not calculate exactly due to rounding.

<i>Consolidated</i>	Three Months Ended March 31,		Variance	FX Impact (a)	Variance Excluding FX Impact
	2021	2020			
	Favorable / (Unfavorable)				
Revenues:					
Sales	\$ 507	\$ 503	\$ 4	\$ 24	\$ (20)
Franchise and property revenues	548	525	23	15	8
Advertising revenues	205	197	8	3	5
Total revenues	1,260	1,225	35	42	(7)
Operating costs and expenses:					
Cost of sales	401	399	(2)	(19)	17
Franchise and property expenses	116	123	7	(5)	12
Advertising expenses	236	226	(10)	(4)	(6)
General and administrative expenses	105	102	(3)	(3)	—
(Income) loss from equity method investments	2	2	—	—	—
Other operating expenses (income), net	(42)	(16)	26	1	25
Total operating costs and expenses	818	836	18	(30)	48
Income from operations	442	389	53	12	41
Interest expense, net	124	119	(5)	—	(5)
Income before income taxes	318	270	48	12	36
Income tax expense	47	46	(1)	(1)	—
Net income	\$ 271	\$ 224	\$ 47	\$ 11	\$ 36

- (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.

[Table of Contents](#)

TH Segment	Three Months Ended March 31,		Variance	FX Impact (a)	Variance Excluding FX Impact
	2021	2020			
	Favorable / (Unfavorable)				
Revenues:					
Sales	\$ 473	\$ 465	\$ 8	\$ 24	\$ (16)
Franchise and property revenues	190	188	2	10	(8)
Advertising revenues	47	46	1	2	(1)
Total revenues	710	699	11	36	(25)
Cost of sales	370	366	(4)	(19)	15
Franchise and property expenses	81	81	—	(4)	4
Advertising expenses	62	65	3	(4)	7
Segment G&A	24	25	1	(1)	2
Segment depreciation and amortization (b)	31	26	(5)	(1)	(4)
Segment income (c)	207	189	18	9	9

(b) Segment depreciation and amortization consists of depreciation and amortization included in cost of sales, franchise and property expenses and advertising expenses.

(c) TH segment income includes \$3 million and \$2 million of cash distributions received from equity method investments for the three months ended March 31, 2021 and 2020, respectively.

BK Segment	Three Months Ended March 31,		Variance	FX Impact (a)	Variance Excluding FX Impact
	2021	2020			
	Favorable / (Unfavorable)				
Revenues:					
Sales	\$ 16	\$ 17	\$ (1)	\$ —	\$ (1)
Franchise and property revenues	289	273	16	5	11
Advertising revenues	102	98	4	1	3
Total revenues	407	388	19	6	13
Cost of sales	16	17	1	—	1
Franchise and property expenses	33	39	6	(1)	7
Advertising expenses	117	108	(9)	—	(9)
Segment G&A	36	37	1	(1)	2
Segment depreciation and amortization (b)	12	12	—	—	—
Segment income (d)	217	200	17	4	13

(d) No significant cash distributions were received from equity method investments during the three months ended March 31, 2021 and 2020.

PLK Segment	Three Months Ended March 31,		Variance	FX Impact (a)	Variance Excluding FX Impact
	2021	2020			
	Favorable / (Unfavorable)				
Revenues:					
Sales	\$ 18	\$ 21	\$ (3)	\$ —	\$ (3)
Franchise and property revenues	69	64	5	—	5
Advertising revenues	56	53	3	—	3
Total revenues	143	138	5	—	5
Cost of sales	15	16	1	—	1
Franchise and property expenses	2	3	1	—	1
Advertising expenses	57	53	(4)	—	(4)
Segment G&A	14	13	(1)	—	(1)
Segment depreciation and amortization (b)	2	2	—	—	—
Segment income	56	55	1	—	1

[Table of Contents](#)

<i>Key Business Metrics</i>	Three Months Ended March 31,	
	2021	2020
System-wide sales growth		
TH	(4.9)%	(9.9)%
BK	1.8 %	(3.0)%
PLK	7.0 %	32.3 %
Consolidated	1.4 %	0.0 %
System-wide sales		
TH	\$ 1,379	\$ 1,382
BK	\$ 5,173	\$ 4,999
PLK	\$ 1,344	\$ 1,258
Consolidated	\$ 7,896	\$ 7,639
Comparable sales		
TH	(2.3)%	(10.3)%
BK	0.7 %	(3.7)%
PLK	1.5 %	26.2 %
	As of March 31,	
	2021	2020
Net restaurant growth		
TH	1.3 %	1.2 %
BK	(0.8)%	5.8 %
PLK	4.8 %	6.9 %
Consolidated	0.2 %	5.0 %
Restaurant count		
TH	4,987	4,925
BK	18,691	18,848
PLK	3,495	3,336
Consolidated	27,173	27,109

Comparable Sales

TH comparable sales were (2.3)% during the three months ended March 31, 2021, including Canada comparable sales of (3.3)%.

BK comparable sales were 0.7% during the three months ended March 31, 2021, including U.S. comparable sales of 6.6%.

PLK comparable sales were 1.5% during the three months ended March 31, 2021, including U.S. comparable sales of 0.9%.

[Table of Contents](#)

Sales and Cost of Sales

Sales include TH supply chain sales and sales from Company restaurants. TH supply chain sales represent sales of products, supplies and restaurant equipment, as well as sales to retailers. Sales from Company restaurants, including sales by our consolidated TH Restaurant VIEs, represent restaurant-level sales to our guests.

Cost of sales includes costs associated with the management of our TH supply chain, including cost of goods, direct labor and depreciation, as well as the cost of products sold to retailers. Cost of sales also includes food, paper and labor costs of Company restaurants.

During the three months ended March 31, 2021, the increase in sales was driven primarily by a favorable FX Impact of \$24 million, partially offset by a decrease of \$16 million in our TH segment, a decrease of \$3 million in our PLK segment, and a decrease of \$1 million in our BK segment. The decrease in our TH segment was driven by a decrease in supply chain sales due to a decrease in system-wide sales excluding FX Impact, partially offset by an increase in sales to retailers.

During the three months ended March 31, 2021, the increase in cost of sales was driven primarily by an unfavorable FX Impact of \$19 million, partially offset by a decrease of \$15 million in our TH segment, a decrease of \$1 million in our BK segment, and a decrease of \$1 million in our PLK segment. The decrease in our TH segment was driven by a decrease in supply chain cost of sales due to a decrease in system-wide sales excluding FX Impact and the non-recurrence of a \$3 million charge in the prior year to write-off paper cup inventory for the 2020 Roll Up the Rim promotion due to COVID-19, partially offset by an increase in sales to retailers.

Franchise and Property

Franchise and property revenues consist primarily of royalties earned on franchise sales, rents from real estate leased or subleased to franchisees, franchise fees, and other revenue. Franchise and property expenses consist 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).

During the three months ended March 31, 2021, the increase in franchise and property revenues was driven by a favorable FX Impact of \$15 million, an increase of \$11 million in our BK segment, and an increase of \$5 million in our PLK segment, partially offset by a decrease of \$8 million in our TH segment. The increase in our BK and PLK segments was primarily driven by an increase in royalties as a result of an increase in system-wide sales. The decrease in our TH segment was primarily driven by decreases in royalties and rent due to a decrease in system-wide sales excluding FX Impact and an increase in rent relief provided to eligible franchisees.

During the three months ended March 31, 2021, the decrease in franchise and property expenses was driven by a decrease of \$7 million in our BK segment, a decrease of \$4 million in our TH segment, and a decrease of \$1 million in our PLK segment, partially offset by an unfavorable FX Impact of \$5 million. The decrease in our BK and TH segments was primarily related to bad debt recoveries in the current year compared to bad debt expense in the prior year.

Advertising

Advertising revenues consist primarily of advertising contributions earned on franchise sales. Advertising expenses consist 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.

During the three months ended March 31, 2021, the increase in advertising revenues was driven by a favorable FX Impact of \$3 million, an increase of \$3 million in our BK segment, and an increase of \$3 million in our PLK segment, partially offset by a decrease of \$1 million in our TH segment. The increase in our BK and PLK segments was primarily driven by an increase in system-wide sales. The decrease in our TH segment was primarily driven by a decrease in system-wide sales excluding FX Impact.

During the three months ended March 31, 2021, the increase in advertising expenses was driven by an increase of \$9 million in our BK segment, an increase of \$4 million in our PLK segment, and an unfavorable FX Impact of \$4 million, partially offset by a decrease of \$7 million in our TH segment. The increase in our BK segment was primarily driven by the timing of advertising expenses and an increase in advertising revenues. The increase in our PLK segment was primarily driven by an increase in advertising revenues. The decrease in our TH segment was primarily driven by the timing of advertising expenses.

[Table of Contents](#)

General and Administrative Expenses

Our general and administrative expenses were comprised of the following:

	Three Months Ended March 31,		Variance	
	2021	2020	\$	%
Segment G&A:				
TH	\$ 24	\$ 25	\$ 1	4.0 %
BK	36	37	1	2.7 %
PLK	14	13	(1)	(7.7) %
Share-based compensation and non-cash incentive compensation expense	26	21	(5)	(23.8) %
Depreciation and amortization	4	5	1	20.0 %
Corporate restructuring and tax advisory fees	1	1	—	— %
General and administrative expenses	<u>\$ 105</u>	<u>\$ 102</u>	<u>\$ (3)</u>	<u>(2.9) %</u>

Segment general and administrative expenses (“Segment G&A”) are comprised primarily of salary and employee-related costs for non-restaurant employees, professional fees, information technology systems, and general overhead for our corporate offices. Segment G&A excludes share-based compensation and non-cash incentive compensation expense, depreciation and amortization, and Corporate restructuring and tax advisory fees.

Corporate restructuring and tax advisory fees arise primarily from professional advisory and consulting services associated with certain transformational corporate restructuring initiatives that rationalize our structure and optimize cash movement within our structure, including consulting services related to the interpretation of final and proposed regulations and guidance issued by the U.S. Treasury, the IRS and state tax authorities in their ongoing efforts to interpret and implement comprehensive tax legislation, commonly referred to as the Tax Cuts and Jobs Act (the “Tax Act”) and related state and local tax implications.

(Income) Loss from Equity Method Investments

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

There was no significant change in (income) loss from equity method investments during the three months ended March 31, 2021 compared to the prior year.

Other Operating Expenses (Income), net

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

	Three Months Ended March 31,	
	2021	2020
Net losses (gains) on disposal of assets, restaurant closures, and refranchisings	\$ (2)	\$ (2)
Litigation settlements (gains) and reserves, net	2	—
Net losses (gains) on foreign exchange	(43)	(8)
Other, net	1	(6)
Other operating expenses (income), net	<u>\$ (42)</u>	<u>\$ (16)</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 is primarily related to revaluation of foreign denominated assets and liabilities.

[Table of Contents](#)

Interest Expense, net

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

	Three Months Ended March 31,	
	2021	2020
Interest expense, net	\$ 124	\$ 119
Weighted average interest rate on long-term debt	4.2 %	4.6 %

During the three months ended March 31, 2021, interest expense, net increased primarily due to lower benefits related to the quarterly net settlements of our cross-currency rate swaps as result of changes in foreign currency exchange rates and lower interest income due to a decrease in interest rates, partially offset by a decrease in the weighted average interest rate on long-term debt. Refer to Note 13, *Derivative Instruments*, to the accompanying unaudited condensed consolidated financial statements for further details on our cross-currency rate swaps.

Income Tax Expense

Our effective tax rate was 14.7% and 16.8% for the three months ended March 31, 2021 and 2020, respectively. Our effective tax rate was lower primarily due to higher benefits from equity-based compensation offset by increases due to changes in our relative mix of income from multiple tax jurisdictions. The effective tax rate was reduced by 2.1% and 0.1% for the three months ended March 31, 2021 and 2020, respectively, as a result of excess tax benefits from equity-based compensation. There may continue to be some quarter-to-quarter volatility of our effective tax rate as our mix of income from multiple tax jurisdictions and related income forecasts change due to the effects of COVID-19.

Net Income

We reported net income of \$271 million for the three months ended March 31, 2021, compared to net income of \$224 million for the three months ended March 31, 2020. The increase in net income is primarily due to a \$26 million favorable change in the results from other operating expenses (income), net, a \$18 million increase in TH segment income, a \$17 million increase in BK segment income, and a \$1 million increase in PLK segment income. These factors were partially offset by a \$5 million increase in share-based compensation and non-cash incentive compensation expense, a \$5 million increase in interest expense, net, a \$4 million increase in depreciation and amortization and a \$1 million increase in income tax expense. Amounts above include a total favorable FX Impact to net income of \$11 million.

Non-GAAP Reconciliations

The table below contains information regarding EBITDA and Adjusted EBITDA, which are non-GAAP measures. These non-GAAP measures do not have a standardized meaning under U.S. GAAP and may differ from similar captioned measures of other companies in our industry. We believe that these non-GAAP measures are useful to investors in assessing our operating performance, as they provide 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 these non-GAAP measures, we intend to provide investors with a consistent comparison of our operating results and trends for the periods presented. EBITDA is defined as earnings (net income or loss) before interest expense, net, loss on early extinguishment of debt, income tax expense, and depreciation and amortization and is used by management to measure operating performance of the business. Adjusted EBITDA is defined as EBITDA excluding (i) the non-cash impact of share-based compensation and non-cash incentive compensation expense, (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, this included costs from professional advisory and consulting services associated with certain transformational corporate restructuring initiatives that rationalize our structure and optimize cash movements, including consulting services related to the interpretation of final and proposed regulations and guidance under the Tax Act. 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.

[Table of Contents](#)

Adjusted EBITDA 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 business. Adjusted EBITDA, as defined above, also represents our measure of segment income for each of our three operating segments.

	Three Months Ended March 31,		Variance	
	2021	2020	\$	%
			Favorable / (Unfavorable)	
Segment income:				
TH	\$ 207	\$ 189	\$ 18	9.3 %
BK	217	200	17	8.5 %
PLK	56	55	1	2.8 %
Adjusted EBITDA	480	444	36	8.2 %
Share-based compensation and non-cash incentive compensation expense	26	21	(5)	(23.8)%
Corporate restructuring and tax advisory fees	1	1	—	— %
Impact of equity method investments (a)	4	4	—	— %
Other operating expenses (income), net	(42)	(16)	26	(162.5)%
EBITDA	491	434	57	13.1 %
Depreciation and amortization	49	45	(4)	(8.9)%
Income from operations	442	389	53	13.6 %
Interest expense, net	124	119	(5)	(4.2)%
Income tax expense	47	46	(1)	(2.2)%
Net income	\$ 271	\$ 224	\$ 47	21.0 %

- (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 EBITDA for the three months ended March 31, 2021 reflects the increases in segment income in our TH, BK and PLK segments and includes a favorable FX Impact of \$13 million.

The increase in EBITDA for the three months ended March 31, 2021 is primarily due to increases in segment income in our TH, BK and PLK segments and favorable results from other operating expenses (income), net, partially offset by an increase in share-based compensation and non-cash incentive compensation expense. The increase in EBITDA includes a favorable FX Impact of \$14 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 affiliate's outstanding debt, to fund our investing activities, and to pay dividends on our common shares and make distributions on the Partnership exchangeable units. As a result of our borrowings, we are highly leveraged. Our liquidity requirements are significant, primarily due to debt service requirements.

As of March 31, 2021, we had cash and cash equivalents of \$1,563 million, working capital of \$739 million and borrowing availability of \$998 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 March 2021, we announced our plan to spend C\$80 million in 2021 to support increased advertising and digital advancements at the TH business and supplement advertising fund amounts contributed by franchisees.

On August 2, 2016, our board of directors approved a share repurchase authorization that allows us to purchase up to \$300 million of our common shares through July 2021. Repurchases under the Company's authorization will be made in the

[Table of Contents](#)

open market or through privately negotiated transactions. On August 6, 2020, we announced that the Toronto Stock Exchange (the “TSX”) had accepted the notice of our intention to renew the normal course issuer bid. Under this normal course issuer bid, we are permitted to repurchase up to 30,000,015 common shares for the one-year period commencing on August 8, 2020 and ending on August 7, 2021, or earlier if we complete the repurchases prior to such date. 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.

We provide applicable deferred taxes based on the tax liability or withholding taxes that would be due upon repatriation of unremitted earnings. We will continue to monitor our plans for foreign earnings but our expectation is to continue to provide taxes on unremitted earnings.

Debt Instruments and Debt Service Requirements

As of March 31, 2021, our long-term debt consists primarily of borrowings under our Credit Facilities (defined below), amounts outstanding under our 2017 4.25% Senior Notes, 2019 3.875% Senior Notes, 2020 5.75% Senior Notes, 2020 3.50% Senior Notes, 2019 4.375% Senior Notes, 2020 4.00% Senior Notes and TH Facility (each as defined below), 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.

Credit Facilities

As of March 31, 2021, there was \$6,010 million outstanding principal amount under our senior secured term loan facilities (the “Term Loan Facilities” and together with the Revolving Credit Facility, the “Credit Facilities”) with a weighted average interest rate of 1.83%. Based on the amounts outstanding under the Term Loan Facilities and LIBOR as of March 31, 2021, subject to a floor of 0.00%, required debt service for the next twelve months is estimated to be approximately \$111 million in interest payments and \$72 million in principal payments. In addition, based on LIBOR as of March 31, 2021, net cash settlements that we expect to pay on our \$4,000 million interest rate swap are estimated to be approximately \$92 million for the next twelve months.

On April 2, 2020, the Borrowers entered into a fifth amendment (the “Fifth Amendment”) to the credit agreement (the “Credit Agreement”) governing our Term Loan Facilities and Revolving Credit Facility. The Fifth Amendment provides the Borrowers with the option to comply with a \$1,000 million minimum liquidity covenant in lieu of the 6.50:1.00 net first lien senior secured leverage ratio financial maintenance covenant for the period after June 30, 2020 and prior to September 30, 2021. Additionally, for the periods ending September 30, 2021 and December 31, 2021, to determine compliance with the net first lien senior secured leverage ratio, we are permitted to annualize the Adjusted EBITDA (as defined in the Credit Agreement) for the three months ending September 30, 2021 and six months ending December 31, 2021, respectively, in lieu of calculating the ratio based on Adjusted EBITDA for the prior four quarters. There were no other material changes to the terms of the Credit Agreement.

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) a Eurocurrency 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) a Eurocurrency rate, subject to a floor of 0.00%, plus an applicable margin of 1.75%.

As of March 31, 2021, we had no amounts outstanding under our Revolving Credit Facility, had \$2 million of letters of credit issued against the Revolving Credit Facility, and our borrowing availability was \$998 million. Funds available under the Revolving Credit Facility may be used to repay other debt, finance debt or share repurchases, fund acquisitions or capital expenditures, and for other general corporate purposes. We have a \$125 million letter of credit sublimit as part of the Revolving Credit Facility, which reduces our borrowing availability thereunder by the cumulative amount of outstanding letters of credit.

Senior Notes

The Borrowers are party to (i) an indenture (the “2017 4.25% Senior Notes Indenture”) in connection with the issuance of \$775 million of 4.25% first lien senior notes due May 15, 2024 (the “2017 4.25% Senior Notes”), (ii) an indenture (the “2019 3.875% Senior Notes Indenture”) in connection with the issuance of \$750 million of 3.875% first lien senior notes due January 15, 2028 (the “2019 3.875% Senior Notes”), (iii) an indenture (the “2020 5.75% Senior Notes Indenture”) in connection with the issuance of \$500 million of 5.75% first lien senior notes due April 15, 2025 (the “2020 5.75% Senior Notes”), (iv) an indenture (the “2020 3.50% Senior Notes Indenture”) in connection with the issuance of \$750 million of 3.50% first lien senior

[Table of Contents](#)

notes due February 15, 2029 (the “2020 3.50% Senior Notes”), (v) an indenture (the “2019 4.375% Senior Notes Indenture”) in connection with the issuance of \$750 million of 4.375% second lien senior notes due January 15, 2028 (the “2019 4.375% Senior Notes”), and (vi) an indenture (the “2020 4.00% Senior Notes Indenture”) in connection with the issuance of \$2,900 million of 4.00% second lien senior notes due October 15, 2030 (the “2020 4.00% Senior Notes”). No principal payments are due on the 2017 4.25% Senior Notes, 2019 3.875% Senior Notes, 2020 5.75% Senior Notes, 2020 3.50% Senior Notes, 2019 4.375% Senior Notes and 2020 4.00% Senior Notes until maturity and interest is paid semi-annually.

Based on the amounts outstanding at March 31, 2021, required debt service for the next twelve months on all of the Senior Notes outstanding is approximately \$266 million in interest payments.

TH Facility

One of our subsidiaries entered into a non-revolving delayed drawdown term credit facility in a total aggregate principal amount of C\$225 million with a maturity date of October 4, 2025 (the “TH Facility”). The interest rate applicable to the TH Facility is the Canadian Bankers’ Acceptance rate plus an applicable margin equal to 1.40% or the Prime Rate plus an applicable margin equal to 0.40%, at our option. Obligations under the TH Facility are guaranteed by four of our subsidiaries, and amounts borrowed under the TH Facility are secured by certain parcels of real estate. As of March 31, 2021, we had outstanding C\$221 million under the TH Facility with a weighted average interest rate of 1.84%.

Based on the amounts outstanding under the TH Facility as of March 31, 2021, required debt service for the next twelve months is estimated to be approximately \$3 million in interest payments and \$8 million in principal payments.

Restrictions and Covenants

As of March 31, 2021, we were in compliance with all applicable financial debt covenants under the Credit Facilities, the TH Facility, and the Senior Notes Indentures.

Cash Dividends

On April 6, 2021, we paid a dividend of \$0.53 per common share and Partnership made a distribution in respect of each Partnership exchangeable unit in the amount of \$0.53 per Partnership exchangeable unit.

Our board of directors has declared a cash dividend of \$0.53 per common share, which will be paid on July 7, 2021 to common shareholders of record on June 23, 2021. Partnership will also make a distribution in respect of each Partnership exchangeable unit in the amount of \$0.53 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, 2021, we had outstanding 306,974,884 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, 2020, filed with the SEC and Canadian securities regulatory authorities on February 23, 2021.

There were 155,040,582 Partnership exchangeable units outstanding as of April 23, 2021. During the three months ended March 31, 2021, Partnership exchanged 72,671 Partnership exchangeable units pursuant to exchange notices received. Since December 12, 2015, the holders of Partnership exchangeable units have had 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.

[Table of Contents](#)

Comparative Cash Flows

Operating Activities

Cash provided by operating activities was \$266 million for the three months ended March 31, 2021, compared to \$136 million during the same period in the prior year. The increase in cash provided by operating activities was driven by a decrease in cash used for working capital, an increase in segment income in all of our segments, and a decrease in interest payments. These factors were partially offset by an increase in income tax payments and a decrease in cash provided by other long-term assets and liabilities.

Investing Activities

Cash used for investing activities was \$7 million for the three months ended March 31, 2021, compared to \$3 million of cash used for investing activities during the same period in the prior year. The change in investing activities was driven by a decrease in proceeds from derivatives and cash used in other investing activities during the current period, partially offset by an increase in net proceeds from disposal of assets, restaurant closures, and refranchisings and a decrease in capital expenditures during the current period.

Financing Activities

Cash used for financing activities was \$261 million for the three months ended March 31, 2021, compared to \$855 million of cash provided by financing activities during the same period in the prior year. The change in financing activities was driven primarily by proceeds from the draw down on our Revolving Credit Facility in 2020, which was fully repaid in the second quarter of 2020, and proceeds from the draw down on the remaining availability under the TH Facility in 2020.

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 U.S. Securities and Exchange Commission (the “SEC”) on February 23, 2021.

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, 2021 to the disclosures made in Part II, Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2020 filed with the SEC and Canadian securities regulatory authorities on February 23, 2021.

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, 2021. 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, 2021 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 COVID-19 pandemic on our results of operations, business, liquidity, prospects and restaurant operations and those of our franchisees, including local conditions and government-imposed limitations and restrictions; (ii) our digital and marketing initiatives; (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) expected timing of debt refinancing transactions; (v) our efforts to assist restaurant owners in maintaining liquidity and the impact of these programs on our future cash flow and financial results; (vi) certain tax matters, including our estimates with respect to tax matters and their impact on future periods; (vii) the amount of net cash settlements we expect to pay on our derivative instruments; and (viii) certain accounting matters.

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 the effects of the COVID-19 pandemic, 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 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) the ability of the counterparties to our credit facilities and derivatives to fulfill their commitments and/or obligations; and (12) 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.

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, 2020 filed with the SEC and Canadian securities regulatory authorities on February 23, 2021, 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.

Part II – Other Information

Item 1. Legal Proceedings

See Part I, Notes to Condensed Consolidated Financial Statements, Note 15, *Commitment and Contingencies*

[Table of Contents](#)

Item 6. Exhibits

<u>Exhibit Number</u>	<u>Description</u>
10.77	Offer Letter dated February 26, 2021 between The TDL Group Corp. and Axel Schwan.
10.78	Tax Equalization Agreement dated December 21, 2020 between Popeyes Louisiana Kitchen, Inc. and Sami Siddiqui.
31.1	Certification of Chief Executive Officer of Restaurant Brands International Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer of Restaurant Brands International Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer of Restaurant Brands International Inc. pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer of Restaurant Brands International Inc. pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

RESTAURANT BRANDS INTERNATIONAL INC.
(Registrant)

Date: April 30, 2021

By: /s/ Matthew Dunnigan
Name: Matthew Dunnigan
Title: Chief Financial Officer
(principal financial officer)
(duly authorized officer)

OFFER LETTER

January 15, 2021

Personal & Confidential

Axel Schwan

Dear Axel:

I am pleased to confirm changes to the terms and conditions of your employment with The TDL Group Corp. (the "Company") as set out in this offer letter (the "Offer Letter"). Your entitlement to the payments and benefits set out herein is subject to our receipt of a signed copy of this Offer Letter. By signing this Offer Letter, you acknowledge and accept all the provisions below, and you acknowledge that, other than as set forth in this Offer Letter, no representations or warranties regarding your employment have been made to you.

1. **Position.** Your job title remains President, Tim Hortons, Americas, reporting to Jose Cil, Chief Executive Officer, or such other person as the Company may designate from time to time, and you will continue to have such duties and responsibilities as are customarily assigned to persons serving in such position and such other duties consistent with your position as the Company specifies from time to time.
2. **Location.** Your position remains based in Toronto. However, you may be required to travel in and outside of Toronto as the needs of the Company's business dictate.
3. **Compensation.**
 - (a) **Base Salary.** Effective on the later of March 1, 2021 and the date upon which we receive a signed copy of this Offer Letter, your base salary will be CAD \$729,498.12 gross per annum ("Base Salary"), payable in instalments on the Company's regular payroll dates. Notwithstanding the foregoing, the Company will adjust a portion of your Base Salary on a quarterly basis in an effort to minimize the impact of currency fluctuations between the United States Dollar (USD) and the Canadian Dollar (CAD), such adjustment to be made in accordance with the Company's Mobility Compensation Policy, as such policy may be amended by the Company from time to time. For purposes of clarity, the USD equivalent used to determine your Base Salary is \$525,000.
 - (b) **Annual Bonus Program.**
 - i. **Bonus.** You will remain eligible to participate in the Company's Annual Bonus Program or such other annual bonus program to be adopted and maintained for employees of the Company at your pay band that the Company designates, in its sole discretion (any such plan, the "Bonus Plan"), in accordance with the terms of the Bonus Plan (including any performance targets or objectives established under such plan and the timing of any payment under such plan) as in effect from time to time. The Bonus Plan (including your target bonus rate under such Bonus Plan) is a discretionary, non-contractual benefit, which the Company reserves the right to amend or withdraw at any time. Under the Bonus Plan, your target bonus rate for the 2021 performance year will be One Hundred Twenty percent (120%) of your Base Salary (subject to tax equalization and currency conversion described below).
 - ii. **Tax Equalization.** Your bonus entitlement will be calculated in accordance with the Bonus Plan and will be based on your Base Salary in USD, in accordance with the Company's Mobility Compensation Policy. It will then be subject to tax equalization in accordance with the

Company's Compensation Policy in an effort to provide you with the same net bonus payment that you would have received if your employment was subject to tax and other withholdings in the United States, and will be paid to you in CAD based upon the applicable currency exchange rate determined under the Company's Mobility Compensation Policy.

- (c) Host Premium. For the duration of time during which you hold the position set forth in Section 1 of this Offer Letter, the Company will pay you a host premium which, effective March 1, 2021 (or the date upon which we receive a signed copy of this Offer Letter, if later), will be at a gross annualized rate of CAD \$289,110.46, payable in instalments on the Company's regular payroll dates (the "Host Premium"). This Host Premium will be reviewed periodically, and may be amended or withdrawn in the Company's sole discretion. Notwithstanding the foregoing, a portion of this Host Premium will be adjusted on a quarterly basis, to the extent a portion of your Base Salary is adjusted (as described above) in an effort to minimize the impact of currency fluctuations between the USD and the CAD, both such adjustments to be made in accordance with the Company's Mobility Compensation Policy, as such policy may be amended by the Company from time to time.
- (d) Payments and Deductions. All compensation will be payable in accordance with the applicable plan, policy or agreement and the Company's normal payroll practices as they relate to time and frequency of payments and payroll deductions. Payments of Base Salary, bonus (if any) or other compensation or benefits will be subject to all applicable taxes and other withholdings, and the Company may withhold all such taxes and other withholdings from any payments made to you as shall be required by law. In addition, if at any time money is owed and payable by you to the Company, it is agreed that the Company may deduct such sums from time to time owed from any payment due to you from the Company in accordance with applicable law.

4. Employee Benefits.

- (a) Medical and Other Health Care Benefits. During your employment with the Company, you will remain eligible to participate in the employee medical and other health care benefit plans and programs maintained by the Company from time to time for employees at your level, in each case, such benefits will be provided in accordance with the terms and conditions of the plans in effect from time to time. The Company reserves the right to perform periodic reviews of the Company's benefits and to revise your eligibility for medical and other health care benefits based upon the results of any such review. Your participation in the Company's group benefit plans is mandatory and cannot be waived.
- (b) Pension. You will remain eligible to participate in the Company pension plan, in accordance with the terms and conditions of the plan in effect from time to time.

5. Vacation and Other Leaves.

- (a) Vacation. In addition to public holidays and any paid leave required by applicable law, you will remain entitled to receive paid vacation on an accrued basis in the amount provided by, and in accordance with the terms and conditions of, applicable Company policy (currently five weeks per calendar year).
- (b) Personal Days. You will remain entitled to receive paid personal days on an annualized basis in the amount provided by, and in accordance with the terms and conditions of, applicable Company policy.

6. Termination.

- (a) Termination Without Cause. The Company may terminate your employment at any time, without just cause, by providing you with only the minimum entitlements as required by the Employment Standards Act, 2000. The minimum requirements under the Employment Standards Act, 2000 to which you are entitled shall represent your complete entitlement on termination in full satisfaction of all statutory, common law and/or other entitlements. The decision to provide notice of termination or pay in lieu of notice, or any combination thereof, except where otherwise prescribed by the Employment Standards Act, 2000, shall be at the sole discretion of the Company.
- (b) Termination "for Cause". You will not be entitled to advanced notice of termination in the event that the Company terminates your employment "for cause" or your employment terminates on the basis of frustration of contract, each as defined below. In either such event, you shall have no right to receive any further remuneration or benefits (including, without limitation, notice or payment in lieu of notice or, if applicable, any bonus or redundancy payments) other than accrued salary, accrued but unused vacation pay, approved but unreimbursed business expenses that are owed to you as at the date of your termination, and any other minimum entitlements to which you may be entitled under the Employment Standards Act, 2000. For purposes of this Offer Letter, your employment will be deemed to have been terminated "for cause" in the event of (i) a material breach by you of any provision of this Offer Letter; (ii) a material violation by you of any Policy (as defined in sub-paragraph 7(c), Compliance with Company Policies, below), (iii) the failure by you to reasonably and substantially perform your duties hereunder (other than as a result of physical or mental illness or injury); (iv) your wilful misconduct or gross negligence that has caused or is reasonably expected to result in demonstrable injury to the business, reputation or prospects of the Company or any of its affiliates; (v) your fraud or misappropriation of funds or other property; (vi) the commission by you of an offence or other crime involving fraud or dishonesty, whether in connection with your employment or otherwise; or (vii) conduct by you that, in any other respect, amounts to "just cause" under applicable law. If, subsequent to your termination of employment hereunder without cause, it is determined in good faith by the Company that your employment could have been terminated for cause under clauses (iv), (v), (vi) or (vii) above, your employment shall, at the election of the Company, be deemed to have been terminated for cause, effective as of the date the events giving rise to cause occurred. For purposes of this Offer Letter, your employment will be deemed to have been terminated on the basis of frustration of contract in the event that, if applicable, your eligibility to work in Canada under the provisions of applicable immigration laws and regulations is refused, revoked, cancelled or otherwise withdrawn for any reason whatsoever by the relevant governmental authorities or you cease to qualify for the relevant work permit exemption, as the case may be, or in the event of any other circumstance that constitutes frustration under applicable law.
- (c) Bonus upon Termination. Except as explicitly set forth in the Bonus Plan, you will not be eligible to receive a bonus payment under the Company's Annual Bonus Program unless you are actively employed on the date upon which the bonus payment is paid (the "Bonus Payment Date"). For purposes of this Offer Letter, active employment ceases on the date that you give or receive notice of termination of your employment. For the avoidance of doubt, even if you are terminated without cause or otherwise found by a court of competent jurisdiction to have been wrongfully terminated prior to the Bonus Payment Date, you will receive no incentive bonus payout or pro-rated bonus payout under the Annual Bonus Program (except as explicitly set forth in the Bonus Plan) unless you were actively employed on the Bonus Payment Date, and you will not be eligible for a bonus payout under the Annual Bonus Program or any other bonus payout for any period, including any common law or reasonable notice period, except as required by applicable employment standards legislation, in which case such minimum prescribed period under the Employment Standards Act, 2000 shall apply.

7. Employee Covenants.

(a) **Restrictive Covenants.** You acknowledge and agree that you will have a prominent role in the management of the business, and the development of the goodwill, of the Company and its affiliates, and will establish and develop relations and contacts with the franchisees and suppliers of the Company and its affiliates throughout the world, all of which constitute valuable goodwill of, and could be used by you to compete unfairly with, the Company and its affiliates. In addition, you recognize that you will have access to and become familiar with or be exposed to Confidential Information (as such term is defined below), in particular, trade secrets, proprietary information, customer lists, and other valuable business information of the Company and its affiliates pertaining or related to the quick service restaurant business. You agree that you could cause grave harm to the Company and its affiliates if you, among other things, worked for the Company's competitors, solicited the Company's employees or those of its affiliates away from the Company or its affiliates, solicited the Company's franchisees or those of its affiliates upon the termination of your employment with the Company or misappropriated or divulged Confidential Information, and that as such, the Company has legitimate business interests in protecting its good will and Confidential Information, and these legitimate business interests therefore justify the following restrictive covenants:

i. **Confidentiality.** You agree that during your employment with the Company and thereafter, you will not, directly or indirectly (A) disclose any Confidential Information to any Person (other than, only with respect to the period that you are employed by the Company, to an employee or outside advisor of the Company who requires such information to perform his or her duties for the Company), or (B) use any Confidential Information for your own benefit or the benefit of any third party. "Confidential Information" means confidential, proprietary or commercially sensitive information relating to (y) the Company or its affiliates, or members of their respective management or boards or (z) any third parties who do business with the Company or its affiliates, including franchisees and suppliers. Confidential Information includes, without limitation, the terms of this Offer Letter, marketing plans, business plans, recipes and formulations, financial information and records, operation methods, personnel information, drawings, designs, information regarding product development, other commercial or business information and any other information not available to the public generally. The foregoing obligation shall not apply to any Confidential Information that has been previously disclosed to the public or is in the public domain (other than by reason of your breach of your obligations to hold such Confidential Information confidential).

If you are required or requested by a court or governmental agency to disclose Confidential Information, you must notify the General Counsel of the Company, in writing, of such disclosure obligation or request no later than three (3) business days after you learn of such obligation or request, and permit the Company to take all lawful steps it deems appropriate to prevent or limit the required disclosure.

ii. **Conflicts of Duty.** You agree that during your employment with the Company, you shall devote all of your skill, knowledge, commercial efforts and business time to the conscientious and good faith performance of your duties and responsibilities to the Company to the best of your ability and you shall not, directly or indirectly, be employed by, render services for, engage in business with or serve as an agent or consultant to any Person other than the Company.

iii. **Non-Competition.** You acknowledge that in your position as a member of the Company's management, you will have insight into sensitive information which is relevant for the development of Company's business as well as for the development of the goodwill of the Company and its affiliates and you will, in the course of your employment under this Offer Letter, acquire knowledge of the Company's or its affiliates' trade secrets and proprietary information, have insight into the Company's or its affiliate's customer base, and further establish and develop relations and contacts such as with management of other affiliated companies, with the franchisees, customers and suppliers of the Company and its affiliates

throughout Canada and the United States, all of which constitute valuable goodwill of the Company and its affiliates. You acknowledge and agree that the use of such knowledge could significantly damage the Company or its affiliates. Accordingly, you agree that, for a period of one (1) year following the termination of your employment (irrespective of the cause or manner of termination), you shall not, directly or indirectly:

- a. engage in any activities that are competitive with the quick service restaurant business conducted by the Company in Canada and/or the United States, or
- b. become employed by, render services for, engage in business with, serve as an agent or consultant to, or become a partner, member, principal, stockholder or other owner of, any Person which competes with the Company in the quick serve restaurant business in Canada and/or the United States, including any franchisee of the Company or any of its affiliates,

provided that you shall be permitted to hold one percent or less interest in the equity or debt securities of any publicly traded company.

iv. *Non-Solicitation.* You agree that during your employment with the Company and for a period of one (1) year following the termination of such employment (irrespective of the cause or manner of termination), you will not, directly or indirectly, by yourself or through any third party, whether on your own behalf or on behalf of any other Person, (a) solicit or induce or endeavour to solicit or induce, divert, employ or retain, (b) interfere with the relationship or potential relationship of the Company or any of its affiliates with, or (c) attempt to establish a business relationship of a nature that is competitive with the business of the Company or any of its affiliates with, any Person that is or was (during the last twelve (12) months of your employment with the Company) (A) an employee of the Company or any of its affiliates, (B) engaged to provide services to the Company or any of its affiliates, including vendors who provide or have provided advertising, marketing or other services to the Company or any of its affiliates, or (C) a franchisee of the Company or any of its affiliates.

v. *Franchisee Activities.* In addition to, and not by way of limitation of, any of the covenants set forth elsewhere herein, you agree that, during your employment with the Company and for an indefinite period following the termination of your employment (irrespective of the cause or manner of termination), you will not, whether on your own behalf or in conjunction with or on behalf of any other Person, directly or indirectly, solicit, or assist in soliciting, offer, or entice, consult, provide advice to, or otherwise be involved with, a franchisee of (or an operator under an operating/license agreement with) the Company or any of its affiliates to engage in any act or activity, whether individually or collectively with other franchisees, operators, or Persons, that is adverse or contrary to the direct or indirect interests of the Company or its affiliate's business, financial, or general relationship with such franchisees and operators. Such prohibited activities include but are not limited to the organization or facilitation of, or provision of management services to, an association or organization of franchisees/operators with respect to the business or any other relationship that such franchisees/operators have with the Company or any of its affiliates, including but not limited to any such organization or association that would act as an additional layer of negotiations between the Company or its affiliates and its franchisees/operators.

(b) *Work Product.* To the extent permitted by law, you agree that all inventions, discoveries, processes, reports, plans, projections, budgets, software, data, technology, designs, documentation, innovations, and improvements and other work product created, discovered, developed, compiled, or prepared by you (whether created solely or jointly with others) in connection with your employment with the Company (collectively, "Work Product") shall be and is the sole and exclusive property of, the Company. In the event that any such Work Product does

not vest by operation of law as the sole and exclusive property of the Company, you hereby irrevocably assign, transfer and convey to the Company, exclusively and perpetually, all right, title and interest which you may have or acquire in and to such Work Product throughout the world. The Company and its affiliates or their designees shall have the exclusive right to make full and complete use of, and make changes to all Work Product without restrictions or liabilities of any kind, and you shall not have the right to use any such materials, other than within the legitimate scope and purpose of your employment with the Company. You shall promptly disclose to the Company the creation or existence of any Work Product and shall take whatever additional lawful action may be necessary, and sign whatever documents the Company may require, in order to secure and vest in the Company or its designee all right, title and interest in and to any Work Product and any industrial or intellectual property rights therein (including full cooperation in support of any Company applications for patents and copyright or trademark registrations). Additionally, you agree that you will not share with or disclose to any third party any underlying technology and/or code used to develop the Work Product. Further, you agree that you will not use in any of the Work Product any pre-existing development tools, routines, subroutines or other programs, data or materials that you may have created or learned prior to the commencement of your provision of services to the Company.

- (c) **Compliance with Company Policies.** During your employment with the Company, you shall be governed by and be subject to, and you hereby agree to comply with, all Company policies, procedures, rules and regulations applicable to you or to the Company's employees generally, including without limitation, the Restaurant Brands International Inc. Code of Business Ethics and Conduct, in each case, as they may be amended from time to time in the Company's sole discretion (collectively, the "Policies").
 - (d) **Return of Company Property.** In the event of termination of your employment for any reason, you shall return to the Company all of the property of the Company and its affiliates, including without limitation all materials or documents containing or pertaining to Confidential Information. You agree not to retain any copies, duplicates, reproductions or excerpts of material or documents.
 - (e) **Resignation upon Termination.** Effective as of the date of termination of your employment with the Company for any reason, you shall resign, in writing, from all board and board committee memberships and other positions then held by you, or to which you have been appointed, designated or nominated, with the Company and its affiliates.
 - (f) **Full Effect of Restrictive Covenants.** Your obligations under this Offer Letter, including but not limited to your obligations under this Section 7, are independent of any of the Company's obligations to you under this Offer Letter or generally by virtue of your employment. The existence of any claim or cause of action by you against the Company shall not constitute a defense to the enforcement by the Company of this Section 7.
8. **Equitable Relief.** You acknowledge and agree that a breach by you of any of your obligations under Section 7 is a material breach of this Offer Letter and that remedies at law may be inadequate to protect the Company and its affiliates in the event of such breach, and, without prejudice to any other rights and remedies otherwise available to the Company, you agree to the granting of injunctive relief in the Company's favour in connection with any such breach or violation without proof of irreparable harm, plus legal fees and costs to enforce these provisions. You further agree that the foregoing is appropriate for any such breach inasmuch as actual damages cannot be readily calculated, such relief is fair and reasonable under the circumstances, and the Company would suffer irreparable harm if any of these paragraphs were breached.
9. **Data Protection & Privacy.**
-

- (a) You acknowledge that the Company, directly or through its affiliates, collects, uses, processes and discloses data (including personal sensitive data and information retained in email) relating to you. You hereby consent to such collection, use, processing and disclosure for the purposes described in and further agree to execute the Company's Employee Consent to Collection, Use, Processing, Disclosure and Transfer of Personal Information, a copy of which is attached to this Offer Letter as Attachment 1.
- (b) To ensure regulatory compliance and for the protection of its employees, customers, suppliers and business, the Company reserves the right to digitally record you, monitor, intercept, review and access telephone logs, internet usage, voicemail, email and other communication facilities provided by the Company which you may use during your employment with us. The Company will use this right of access reasonably, but it is important that you are aware that all communications and activities on our equipment or premises cannot be presumed to be private and accordingly, you shall have no reasonable expectation of privacy with respect to any such communications or activities.
10. **Entire Agreement.** This Offer Letter, including any schedules, attachments or addenda, constitutes the entire agreement between you and the Company or any affiliates of the Company with respect to your employment, and supersedes all prior correspondence, offers, proposals, promises, offer letters, agreements or arrangements relating to the subject matter contained herein.
11. **Modification.** The terms of this Offer Letter may not be changed unless the changes are approved by an authorized representative of the Company.
12. **Survival.** The following Sections shall survive the termination of your employment with the Company and of this Offer Letter: 3, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17 or 18.
13. **Severability.** If any provision of this Offer Letter or the application thereof to any circumstance shall be invalid or unenforceable to any extent, the remainder of this Offer Letter and the application of such provisions to other circumstances shall not be affected thereby and shall be enforced to the fullest extent permitted by law. In the event that one or more terms or provisions of this Offer Letter are deemed invalid or unenforceable under applicable law, by reason of being vague or unreasonable as to duration or geographic scope of activities restricted, or for any other reason, the provision in question shall be immediately amended or reformed to the extent necessary to make it valid and enforceable by the court of such jurisdiction charged with interpreting and/or enforcing such provision. You agree and acknowledge that the provision in question, as so amended or reformed, shall be valid and enforceable as though the invalid or unenforceable portion had never been included herein.
14. **Governing Law.** The terms of this Offer Letter shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.
15. **Dispute Resolution.** If any dispute or controversy arises under or in connection with your employment with the Company (e.g., including but not limited to, claims for discrimination, wages, or any statutory or common law claims), you must attempt in good faith to resolve such claim or dispute informally through discussions with your immediate supervisor or, if the problem is with him/her, go up the chain of command. If after thirty (30) calendar days you believe your efforts are unsuccessful, you will then submit any grievance in writing to the Chief People and Services Officer. If after completing the above procedures, and thirty (30) calendar days have passed and you disagree with the Chief People and Services Officer's determinations, the Company and you agree that if the dispute or controversy is a legally cognizable claim, it shall be resolved by final and binding arbitration before an arbitrator who is a member in good standing of the applicable Law Society in the Province of Ontario and who is mutually agreed to by you and the Company. If you and the Company fail to agree on such an arbitrator, either party may make an application to the provincial court in the Province of Ontario for the appointment of an arbitrator. Any arbitrator so appointed will proceed to determine the
-

rights of the parties pursuant to the provisions of the applicable arbitration legislation then in force in the Province of Ontario and his/her decision will be final and binding on the parties hereto, and not subject to appeal (provided, that, the failure of the parties to follow the above dispute resolution procedure shall be grounds for the arbitrator to issue a stay until such time as the above conditions precedent are exhausted). Notwithstanding the provisions of the applicable arbitration legislation then in force, the parties agree that e-discovery shall be limited to five individuals, and examinations for discovery, if permitted by the arbitrator, shall be limited to two (2) per side, each not to exceed five (5) hours. The costs of arbitration will be borne equally by each party to the dispute and each party will be responsible for their own legal and professional fees and expenses incurred during such dispute. The arbitration shall not impair the Company's right to request injunctive or other equitable relief in accordance with Section 8 of this Agreement. Notwithstanding the above, nothing prevents proceeding to any applicable process where such right is expressly required and cannot be waived.

16. **Voluntary Agreement; No Conflicts.** You represent that you are entering into this Offer Letter voluntarily and that your employment with the Company and compliance with the terms and conditions of this Offer Letter will not conflict with or result in the breach by you of any agreement to which you are a party or by which you or your properties or assets may be bound.
17. **Counterparts; Electronic Copy.** This Offer Letter may be executed by you and the Company in counterparts (including by electronic copy), each of which shall be deemed an original and all of which together shall constitute one and the same instrument.
18. **Certain Definitions.** For purposes of this Offer Letter, the term "affiliates" means any natural person, firm, partnership, limited liability company, association, corporation, company, trust, business trust, governmental authority or other entity (each a "Person") that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with the Company, including but not limited to a subsidiary of the Company, and the term "control" (including, with correlative meanings, the terms "controlling", "controlled by" and "under common control with") means, with respect to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.
- If the terms of this Offer Letter are acceptable to you, please sign below and return countersigned copy of this Offer Letter to Trish Bhupsingh at tbhupsingh@rbi.com within seven (7) days of the date of this Offer Letter.

Axel, I would like to thank you for your continued dedication to the Company. Should you have any questions on any of the above, please do not hesitate to contact me.

Yours sincerely,
The TDL Group Corp.

Jose Cil
Chief Executive Officer

Agreed to and accepted by:

/s/ Axel Schwan
Axel Schwan

February 26, 2021
Date

ATTACHMENT 1

The TDL Group Corp. EMPLOYEE CONSENT TO COLLECTION AND PROCESSING OF PERSONAL INFORMATION

The TDL Group Corp. (the "Company") has informed me that the Company, on behalf of itself and its related and affiliated entities, including those operating restaurants under the BURGER KING®, TIM HORTONS® and POPEYES® brands (collectively, the "Affiliates"), collects, retains, processes, uses, and transfers my personal information (and also discloses my personal information to the Company's employees, consultants and services providers) only for human resource and business purposes such as payroll administration, background checks, fulfilment of employment positions, fulfilment of my direct requests, maintaining accurate records, compliance with applicable law and meeting governmental reporting requirements, compiling internal reports, including diversity and distribution metrics, security, health, benefits, and safety management, performance assessment and management, provision of services, company network access and authentication. I understand the Company will treat my personal data as confidential and will not permit unauthorized access to this personal data. I HEREBY CONSENT to the Company collection, retention, processing, use, transfer and disclosure of my personal information for such purposes described in this statement.

I understand and consent to the transfer and storage of my personal data for the purposes described in this statement to the corporate offices of the Company and its Affiliates (currently located in Toronto, Ontario, Canada; Miami, Florida, United States of America; Mexico City, Mexico; Singapore, and Baar, Switzerland), and to other third parties, agents, processors and representatives who may be located in countries outside my home country or the country in which I work, including countries where data protection laws may differ from those of my home country.

I further understand the Company and its Affiliates may from time-to-time disclose, transfer and store my personal information to or with a third-party consultant, processor or service provider acting on the behalf of Company or its Affiliates or at the Company's direction. These third parties will be required to use appropriate measures to protect the confidentiality and security of personal information.

To the extent that I provide the Company details of my racial or ethnic origin, job evaluations or educations records, commission (or alleged commission) of an offense or related proceedings, military or veteran status, or gender identity, I expressly authorize the Company and its Affiliates to handle such details for the purposes set forth in this statement.

I understand that the Company also may disclose personal information about me in order to: (1) protect the legal rights, privacy, safety or property of the Company, its Affiliates, or its employees, agents, contractors, customers or the public; (2) protect the safety and security of guests to the Company's digital and physical properties; (3) protect against fraud or other illegal activity or for risk management purposes; (4) respond to inquiries or requests from public or legal authorities, including to meet national security or law enforcement requirements; (5) permit the Company to pursue available remedies or limit the damages that it may sustain; (6) respond to an emergency; (7) comply with the law or legal process; (8) effect a license, sale or transfer of all or a portion of the business or assets (including in connection with any bankruptcy or similar proceedings); or (9) manage or arrange for acquisitions, mergers and reorganizations.

I understand that the provision of my personal information is voluntary.

I have been advised that the Company is committed to resolving complaints about my privacy and its collection, use or disclosure of my personal information. If I have concerns or complaints about the use of

my personal information, or if I choose to exercise my right to withdraw my consent set forth in this consent statement, I understand that I can contact the Company at the following email address: privacy@rbi.com or at the mailing address below:

The TDL Group Corp.

Address: 130 King St. West, Suite 300, PO BOX 339, Toronto, ON M5X 1E1

Attn: Legal Department – Privacy Office

/s/ Axel Schwan
(Employee's Signature)

Axel Schwan
(Employee's Name – Please Print)
Date: February 26, 2021

CONFIRMATION OF TAX EQUALIZATION

As of December 21, 2020

Personal & Confidential

Sami Siddiqui
BK Asiapac Pte. Ltd.
Popeyes Louisiana Kitchen, Inc.

Dear Sami:

This letter confirms that contingent upon your execution and delivery to us of the Non-Compete, Non-Solicitation and Confidentiality Agreement dated as of December 21, 2021, in the form attached and made a part hereof as Exhibit A, you will be provided tax equalization in accordance with Exhibit B, on all equity awards to acquire common stock in Restaurant Brands International Inc. represented by the award agreements described in Exhibit C (the "Awards"), all of which Awards were (i) granted to you during the course of your employment with BK Asiapac Pte. Ltd. ("BKAP") and/or (ii) have a portion allocable to Canada from a tax perspective, including your previous position at The TDL Group Corp. ("TDL").

We are providing tax equalization as a result of your joining Popeyes Louisiana Kitchen, Inc. ("Popeyes") as the Popeyes Americas Brand President. Popeyes is an Affiliate of BKAP and TDL, as such term is defined in the applicable award agreements.

For purposes of the equalization described in this letter, the "home" country is the United States of America (the "US").

Pursuant to Singapore law, upon the termination of your employment with BKAP, you will be deemed to have exercised or vested in all of the Awards granted during the course of your employment as BKAP, and you must pay local taxes on the deemed gain (the "Deemed Vesting"). For the avoidance of doubt, for all purposes other than Singapore law relating to exit taxes, the Awards will vest pursuant to their respective award agreements. As part of the equalization described in this letter, BKAP shall pay any taxes due as a result of the Deemed Vesting upon your exit from Singapore.

Additionally, a portion of Awards granted prior to or during the time you worked in Canada, will be subject to tax in Canada.

Your burden with respect to the foregoing will remain at a similar level as if you had been employed and resided in the US, in the State of Florida. This will be achieved by (a)

upon the exercise or vesting of any of the Awards, Popeyes (or an affiliate thereof, as applicable) withholding from your compensation or the exercise proceeds a hypothetical tax equivalent to the amount of tax which would have been due from you had you been located in the US (Florida) from the date of issuance through the date of exercise if relating to options or vesting if relating to restricted shares and restricted share units (whether or not performance based), and (b) Popeyes (or an affiliate thereof, as applicable) paying the actual taxes due on the exercise or vesting of the Awards and receiving the benefit of applicable tax credits as determined in accordance with Exhibit B.

You agree that upon your actual exercise or vesting of the Awards subject to Deemed Vesting, should the gain be less than the gain reported to the Inland Revenue Authority of Singapore at the time of the Deemed Vesting, then any and all associated tax credits or refunds (collectively, the “Refunds”) shall belong to BKAP. You agree to cooperate with BKAP in applying for any such Refunds, including but not limited to completing all necessary paperwork, assigning to BKAP your rights in and to such Refunds and designating BKAP or any of its designated affiliates as your attorney in fact to apply for such Refunds.

This letter, including Exhibit B, and all of your obligations hereunder shall survive the termination of your employment with BKAP and Popeyes.

Please sign a copy of this letter where indicated below to evidence your agreement to the terms and conditions set forth in this letter. If you should have any questions regarding this matter, please do not hesitate to contact me.

Sincerely,

/s/ Jeffrey Housman
Jeffrey Housman
Chief People and Services Officer

Agreed and Accepted, as of the ____ day of December, 2020

/s/ Sami Siddiqui
Sami Siddiqui

Acknowledgment

Each of BK Asiapac Pte. Ltd. and Popeye Louisiana Kitchen, Inc. hereby acknowledges and agrees to the terms and conditions set forth in the foregoing letter, effective as of the date set forth above.

BK Asiapac Pte. Ltd.

By: /s/ Rohan Kaul

Name: Rohan Kaul

Title: Director

Popeyes Louisiana Kitchen, Inc.

By: /s/ Jill Granat

Name: Jill Granat

Title: Secretary

Exhibit A

Exhibit B

Introduction

This Attachment regarding tax reimbursement for taxation of equity awards related to employment through Popeyes and previous employment by TDL and BKAP, or any of their Affiliates in more than one (1) tax jurisdiction is called “tax equalization”.

Objective

The objective of tax equalization is to ensure that employment in more than one (1) tax jurisdiction over time neither adds significantly to the executive’s tax liability nor results in significant tax savings due to differences in income and social tax costs between the State of Florida, USA, and the other jurisdiction(s) where the executive may incur individual income taxes due to his or her prior employment in other jurisdictions by TDL, BKAP and their Affiliates. It ensures that the executive’s out-of-pocket obligations remain approximately the same as they would have been had he or she remained employed and resident only in the State of Florida, USA.

Reason for Tax Equalization

The actual tax the executive is expected to incur due to multi-jurisdictional employment may differ from the amount of tax he or she would have paid during an employment in the State of Florida, USA. The change results from two independent factors:

- ⑩ The amount of taxable income, in some cases, significantly increases due to receipt of allowances such as tax equalization; and
 - ⑩ The executive is usually subject to taxation and the tax regulations (types of income taxed, tax rates, etc.) of international jurisdictions, which differ, often
-

significantly, from those applicable in the US for a resident in the State of Florida, USA.

The result is often that the executive's worldwide tax liability may increase significantly.

Scope

This tax equalization is limited to income and social taxes with respect to the Awards. The policy specifically excludes all other taxes such as inheritance/estate tax, gift tax, sales tax, and property tax.

Tax Equalization

Methodology

Popeyes' (the "Company") designated tax consultant (the "Consultant") will determine the appropriate method to ensure that the executive and the Company pay their fair share of the taxes incurred in connection with the Awards. The executive's share of the tax burden is called "hypothetical tax".

Hypothetical Tax: Calculation and Process

Hypothetical tax is, as stated earlier, the portion of the overall tax liability for which the executive is responsible.

Calculation

All executives will have their hypothetical tax calculated based on the executive's "normal" residency within the home country for both income and social taxes considering the relevant filing status and position (for example, marital status and number of dependents, etc.). This includes any applicable local government jurisdictions (such as state, province, canton, city, municipality, etc.).

The deductions and credits used to calculate hypothetical tax may vary depending on whether or not the executive continues to have an ongoing tax filing obligation in the United States (e.g., U.S. citizens or permanent residents).

Ongoing Home Country Tax Filing Obligation	Deductions and Credits Used to Calculate Hypothetical Tax
Yes	Actual amounts on the home country tax return (excluding any credits that were funded by Company) but with the inclusion of any deduction for local government hypothetical tax (replacing actual local government tax) such as state income tax. *
No	“Standard” or general deductions and credits available to people with the same status (marital, family, filing, etc.).

*For U.S. executives, hypothetical state and city tax replaces actual state and city taxes as a hypothetical itemized deduction.

Withholding

Hypothetical tax will be retained from the settlement of executive’s Awards. The Company and the Consultant will determine the appropriate withholding rate on such items.

Final Settlement

Tax Equalization Calculation

As previously stated, the tax equalization settlements are prepared using relevant data, in order to:

- ⑩ Calculate and reconcile the executive’s final hypothetical tax responsibility; and
- ⑩ Allocate all actual host-country taxes (and any home-country taxes, if applicable) between the executive and the Company.

Tax equalization calculations are prepared by the Consultant to ensure consistency and proper application of Company policy. The Consultant will send the Company a copy of the summary tax data from the equalization for processing at the time the equalization is mailed or delivered to the executive.

The tax equalization settlement usually results in an amount due to/from the executive.

Any payments due to the Company from the executive must be settled within 30 days of the later of:

- ⑩ Receipt of the tax equalization calculation; or

- ⑩ Receipt of any refund due to the executive by the home and/or host country taxing authorities.

The Company also reserves the right to deduct outstanding balances from bonus or termination payments in order to collect unpaid equalization balances.

Upon receipt of the completed tax returns, the executive is expected to pay any balance due on the US tax return, and the Company, BKAP or an affiliate will pay any balance due on a Canadian or Singaporean tax return. Conversely, if the actual returns generate a refund, the executive will collect the refund or, at Company's or BKAP's option, designate Company or BKAP (or an entity designated by Company or BKAP) as executive's attorney in fact to collect the refund. Both balances due and refunds owed will be included as part of the tax equalization settlement (see above).

The Company may, at its discretion, make direct payments to the taxing authorities on behalf of the executive for taxes owed when the tax is the Company's responsibility, as determined by the tax equalization settlement.

Tax Credits

Any tax credits for taxes paid by the Company, which reduced the executive's income tax liability before, during, or subsequent to an assignment, are owned/utilized by the Company. The Company determines whether to keep the executive in the tax equalization program if the expatriate has carryover tax credits that may be used in the future.

Exhibit C

Applicable Awards

Awards with Canadian TEQ						
Award Name	Grant Name	Grant Date	Market/ Grant Price	Vest Date	Granted	Total Outstanding
Share Units (RSU)	2015 Base Matching RSU - USD.	26-Feb-2016	\$33.67	31-Dec-2020	5,940	6,706.18098
Share Units (RSU)	2015 Additional Matching RSU - USD	26-Feb-2016	\$33.67	31-Dec-2020	5,940	6,706.18098
Share Units (RSU)	2016 Additional Matching RSU - USD	24-Feb-2017	\$55.55	31-Dec-2021	3,885	4,323.33643
Share Units (RSU)	2016 Base Matching RSU - USD.	24-Feb-2017	\$55.55	31-Dec-2021	3,885	4,324.44926
PSUs	2016 Discretionary Grant...	26-Feb-2016	\$33.67	26-Feb-2021	150,000	171,026.99132
Awards with Singapore Exit Tax						
Award Name	Grant Name	Grant Date	Market/ Grant Price	Vest Date	Granted	Total Outstanding
Share Units (RSU)	2019 Base Matching RSU - USD.	21-Feb-2020	\$66.31	31-Dec-2024	3,582	3,702.76872
Share Units (RSU)	2019 Additional Matching RSU - USD	21-Feb-2020	\$66.31	31-Dec-2024	3,582	3,701.73501
PSUs	2020 RBI PSU Award - USD	21-Feb-2020	\$66.31	21-Feb-2025	20,000	20,674.30892

Future dividend equivalents with respect to these awards will also be considered in accordance with Exhibit B.

CERTIFICATION

I, José E. Cil, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Restaurant Brands International Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ José E. Cil

José E. Cil

Chief Executive Officer

Dated: April 30, 2021

CERTIFICATION

I, Matthew Dunnigan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Restaurant Brands International Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Matthew Dunnigan

Matthew Dunnigan

Chief Financial Officer

Dated: April 30, 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Restaurant Brands International Inc. (the “Company”) for the quarter ended March 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, José E. Cil, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ José E. Cil

José E. Cil

Chief Executive Officer

Dated: April 30, 2021

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Restaurant Brands International Inc. (the “Company”) for the quarter ended March 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Matthew Dunnigan, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Matthew Dunnigan

Matthew Dunnigan
Chief Financial Officer

Date: April 30, 2021