

**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 September 30, 2023



**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.

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Large accelerated filer ☒

Non-accelerated filer ☐

Emerging growth company ☐

Accelerated filer ☐

Smaller reporting 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 October 27, 2023, there were 312,028,584 common shares of the Registrant outstanding.

RESTAURANT BRANDS INTERNATIONAL INC. AND SUBSIDIARIES

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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	
	September 30, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,310	\$ 1,178
Accounts and notes receivable, net of allowance of \$35 and \$36, respectively	692	614
Inventories, net	160	133
Prepays and other current assets	221	123
Total current assets	2,383	2,048
Property and equipment, net of accumulated depreciation and amortization of \$1,140 and \$1,061, respectively	1,904	1,950
Operating lease assets, net	1,060	1,082
Intangible assets, net	10,946	10,991
Goodwill	5,681	5,688
Other assets, net	1,103	987
Total assets	\$ 23,077	\$ 22,746
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts and drafts payable	\$ 693	\$ 758
Other accrued liabilities	1,132	1,001
Gift card liability	159	230
Current portion of long-term debt and finance leases	87	127
Total current liabilities	2,071	2,116
Long-term debt, net of current portion	12,862	12,839
Finance leases, net of current portion	305	311
Operating lease liabilities, net of current portion	1,003	1,027
Other liabilities, net	864	872
Deferred income taxes, net	1,308	1,313
Total liabilities	18,413	18,478
Shareholders' equity:		
Common shares, no par value; Unlimited shares authorized at September 30, 2023 and December 31, 2022; 317,837,606 shares issued and outstanding at September 30, 2023; 307,142,436 shares issued and outstanding at December 31, 2022	2,267	2,057
Retained earnings	1,268	1,121
Accumulated other comprehensive income (loss)	(627)	(679)
Total Restaurant Brands International Inc. shareholders' equity	2,908	2,499
Noncontrolling interests	1,756	1,769
Total shareholders' equity	4,664	4,268
Total liabilities and shareholders' equity	\$ 23,077	\$ 22,746

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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenues:				
Sales	\$ 771	\$ 759	\$ 2,183	\$ 2,076
Franchise and property revenues	753	698	2,163	1,989
Advertising revenues and other services	313	269	856	751
Total revenues	1,837	1,726	5,202	4,816
Operating costs and expenses:				
Cost of sales	630	615	1,792	1,693
Franchise and property expenses	119	137	372	392
Advertising expenses and other services	326	276	909	782
General and administrative expenses	169	156	507	435
(Income) loss from equity method investments	1	8	19	30
Other operating expenses (income), net	10	(27)	20	(68)
Total operating costs and expenses	1,255	1,165	3,619	3,264
Income from operations	582	561	1,583	1,552
Interest expense, net	143	133	430	389
Loss on early extinguishment of debt	16	—	16	—
Income before income taxes	423	428	1,137	1,163
Income tax expense (benefit)	59	(102)	145	17
Net income	364	530	992	1,146
Net income attributable to noncontrolling interests (Note 12)	112	170	310	367
Net income attributable to common shareholders	\$ 252	\$ 360	\$ 682	\$ 779
Earnings per common share				
Basic	\$ 0.80	\$ 1.18	\$ 2.19	\$ 2.53
Diluted	\$ 0.79	\$ 1.17	\$ 2.16	\$ 2.51
Weighted average shares outstanding (in millions):				
Basic	314	306	312	308
Diluted	459	454	458	455

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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income	\$ 364	\$ 530	\$ 992	\$ 1,146
Foreign currency translation adjustment	(270)	(727)	(36)	(1,015)
Net change in fair value of net investment hedges, net of tax of \$4, \$(87), \$12 and \$(100)	182	384	67	575
Net change in fair value of cash flow hedges, net of tax of \$(26), \$(55), \$(42) and \$(145)	71	150	114	394
Amounts reclassified to earnings of cash flow hedges, net of tax of \$6, \$(2), \$17 and \$(15)	(17)	5	(47)	42
Gain (loss) recognized on other, net of tax of \$0, \$0, \$0 and \$0	2	1	4	3
Other comprehensive income (loss)	(32)	(187)	102	(1)
Comprehensive income (loss)	332	343	1,094	1,145
Comprehensive income (loss) attributable to noncontrolling interests	103	110	342	366
Comprehensive income (loss) attributable to common shareholders	<u>\$ 229</u>	<u>\$ 233</u>	<u>\$ 752</u>	<u>\$ 779</u>

See accompanying notes to condensed consolidated financial statements.

RESTAURANT BRANDS INTERNATIONAL INC. AND SUBSIDIARIES
Condensed Consolidated Statement 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, 2022	307,142,436	\$ 2,057	\$ 1,121	\$ (679)	\$ 1,769	\$ 4,268
Stock option exercises	124,275	6	—	—	—	6
Share-based compensation	—	41	—	—	—	41
Issuance of shares	1,690,762	15	—	—	—	15
Dividends declared (\$0.55 per share)	—	—	(171)	—	—	(171)
Dividend equivalents declared on restricted stock units	—	5	(5)	—	—	—
Distributions declared by Partnership on Partnership exchangeable units (\$0.55 per unit)	—	—	—	—	(77)	(77)
Exchange of Partnership exchangeable units for RBI common shares	2,214,072	33	—	(5)	(28)	—
Restaurant VIE contributions (distributions)	—	—	—	—	(1)	(1)
Net income	—	—	189	—	88	277
Other comprehensive income (loss)	—	—	—	(32)	(15)	(47)
Balances at March 31, 2023	311,171,545	\$ 2,157	\$ 1,134	\$ (716)	\$ 1,736	\$ 4,311
Stock option exercises	920,438	43	—	—	—	43
Share-based compensation	—	42	—	—	—	42
Issuance of shares	87,695	—	—	—	—	—
Dividends declared (\$0.55 per share)	—	—	(172)	—	—	(172)
Dividend equivalents declared on restricted stock units	—	5	(5)	—	—	—
Distributions declared by Partnership on Partnership exchangeable units (\$0.55 per unit)	—	—	—	—	(77)	(77)
Exchange of Partnership exchangeable units for RBI common shares	23,787	—	—	—	—	—
Restaurant VIE contributions (distributions)	—	—	—	—	(1)	(1)
Net income	—	—	241	—	110	351
Other comprehensive income (loss)	—	—	—	125	56	181
Balances at June 30, 2023	312,203,465	\$ 2,247	\$ 1,198	\$ (591)	\$ 1,824	\$ 4,678
Stock option exercises	43,596	3	—	—	—	3
Share-based compensation	—	44	—	—	—	44
Issuance of shares	119,571	—	—	—	—	—
Dividends declared (\$0.55 per share)	—	—	(176)	—	—	(176)
Dividend equivalents declared on restricted stock units	—	6	(6)	—	—	—
Distributions declared by Partnership on Partnership exchangeable units (\$0.55 per unit)	—	—	—	—	(74)	(74)
Exchange of Partnership exchangeable units for RBI common shares	7,161,017	109	—	(13)	(96)	—
Repurchase of RBI common shares	(1,690,043)	(142)	—	—	—	(142)
Restaurant VIE contributions (distributions)	—	—	—	—	(1)	(1)
Net income	—	—	252	—	112	364
Other comprehensive income (loss)	—	—	—	(23)	(9)	(32)
Balances at September 30, 2023	317,837,606	\$ 2,267	\$ 1,268	\$ (627)	\$ 1,756	\$ 4,664

See accompanying notes to condensed consolidated financial statements.

RESTAURANT BRANDS INTERNATIONAL INC. AND SUBSIDIARIES

Condensed Consolidated Statement 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, 2021	309,025,068	\$ 2,156	\$ 791	\$ (710)	\$ 1,616	\$ 3,853
Stock option exercises	87,177	3	—	—	—	3
Share-based compensation	—	24	—	—	—	24
Issuance of shares	906,260	13	—	—	—	13
Dividends declared (\$0.54 per share)	—	—	(167)	—	—	(167)
Dividend equivalents declared on restricted stock units	—	3	(3)	—	—	—
Distributions declared by Partnership on Partnership exchangeable units (\$0.54 per unit)	—	—	—	—	(78)	(78)
Exchange of Partnership exchangeable units for RBI common shares	1,525,900	21	—	(3)	(18)	—
Repurchase of RBI common shares	(2,860,002)	(161)	—	—	—	(161)
Restaurant VIE contributions (distributions)	—	—	—	—	(1)	(1)
Net income	—	—	183	—	87	270
Other comprehensive income (loss)	—	—	—	140	65	205
Balances at March 31, 2022	308,684,403	\$ 2,059	\$ 804	\$ (573)	\$ 1,671	\$ 3,961
Stock option exercises	25,277	1	—	—	—	1
Share-based compensation	—	29	—	—	—	29
Issuance of shares	124,065	—	—	—	—	—
Dividends declared (\$0.54 per share)	—	—	(166)	—	—	(166)
Dividend equivalents declared on restricted stock units	—	3	(3)	—	—	—
Distributions declared by Partnership on Partnership exchangeable units (\$0.54 per unit)	—	—	—	—	(77)	(77)
Exchange of Partnership exchangeable units for RBI common shares	151,154	2	—	—	(2)	—
Repurchase of RBI common shares	(3,241,362)	(165)	—	—	—	(165)
Restaurant VIE contributions (distributions)	—	—	—	—	(1)	(1)
Net income	—	—	236	—	110	346
Other comprehensive income (loss)	—	—	—	(13)	(6)	(19)
Balances at June 30, 2022	305,743,537	\$ 1,929	\$ 871	\$ (586)	\$ 1,695	\$ 3,909
Stock option exercises	48,422	2	—	—	—	2
Share-based compensation	—	29	—	—	—	29
Issuance of shares	49,603	—	—	—	—	—
Dividends declared (\$0.54 per share)	—	—	(165)	—	—	(165)
Dividend equivalents declared on restricted stock units	—	4	(4)	—	—	—
Distributions declared by Partnership on Partnership exchangeable units (\$0.54 per unit)	—	—	—	—	(77)	(77)
Exchange of Partnership exchangeable units for RBI common shares	17,805	—	—	—	—	—
Restaurant VIE contributions (distributions)	—	—	—	—	(2)	(2)
Net income	—	—	360	—	170	530
Other comprehensive income (loss)	—	—	—	(127)	(60)	(187)
Balances at September 30, 2022	305,859,367	\$ 1,964	\$ 1,062	\$ (713)	\$ 1,726	\$ 4,039

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)

	Nine Months Ended September 30,	
	2023	2022
Cash flows from operating activities:		
Net income	\$ 992	\$ 1,146
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	142	143
Non-cash loss on early extinguishment of debt	5	—
Amortization of deferred financing costs and debt issuance discount	21	21
(Income) loss from equity method investments	19	30
(Gain) loss on remeasurement of foreign denominated transactions	(11)	(82)
Net (gains) losses on derivatives	(111)	17
Share-based compensation and non-cash incentive compensation expense	141	93
Deferred income taxes	(47)	(29)
Other	19	8
Changes in current assets and liabilities, excluding acquisitions and dispositions:		
Accounts and notes receivable	(86)	(93)
Inventories and prepaids and other current assets	(49)	(67)
Accounts and drafts payable	(62)	113
Other accrued liabilities and gift card liability	(62)	(74)
Tenant inducements paid to franchisees	(15)	(13)
Other long-term assets and liabilities	24	(146)
Net cash provided by operating activities	920	1,067
Cash flows from investing activities:		
Payments for property and equipment	(73)	(52)
Net proceeds from disposal of assets, restaurant closures, and refranchisings	23	11
Net payments in connection with purchase of Firehouse Subs	—	(12)
Settlement/sale of derivatives, net	40	22
Other investing activities, net	(1)	(35)
Net cash (used for) provided by investing activities	(11)	(66)
Cash flows from financing activities:		
Proceeds from long-term debt	55	2
Repayments of long-term debt and finance leases	(79)	(71)
Payment of financing costs	(43)	—
Payment of dividends on common shares and distributions on Partnership exchangeable units	(741)	(728)
Repurchase of common shares	(115)	(326)
Proceeds from stock option exercises	52	7
(Payments) proceeds from derivatives	100	8
Other financing activities, net	(3)	(3)
Net cash (used for) provided by financing activities	(774)	(1,111)
Effect of exchange rates on cash and cash equivalents	(3)	(31)
Increase (decrease) in cash and cash equivalents	132	(141)
Cash and cash equivalents at beginning of period	1,178	1,087
Cash and cash equivalents at end of period	\$ 1,310	\$ 946
Supplemental cash flow disclosures:		
Interest paid	\$ 544	\$ 318
Income taxes paid	\$ 184	\$ 177

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”), chicken principally under the *Popeyes*® brand (“Popeyes” or “PLK”) and sandwiches under the *Firehouse Subs*® brand (“Firehouse” or “FHS”). We are one of the world’s largest quick service restaurant, or QSR, companies as measured by total number of restaurants. As of September 30, 2023, we franchised or owned 5,701 Tim Hortons restaurants, 19,035 Burger King restaurants, 4,373 Popeyes restaurants and 1,266 Firehouse Subs restaurants, for a total of 30,375 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 22, 2023.

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. Investments in other affiliates that are owned 50% or less where we have significant influence are accounted for by the equity method. All material intercompany balances and transactions have been eliminated in consolidation.

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 condensed consolidated balance sheets and statements of operations with respect to the remaining economic interest in Partnership we do not hold.

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.

Supplier Finance Programs

Our TH business includes individually negotiated contracts with suppliers, which include payment terms that range up to 120 days. A global financial institution offers a voluntary supply chain finance (“SCF”) program to certain TH vendors, which provides suppliers that elect to participate with the ability to elect early payment, which is discounted based on the payment terms and a rate based on RBT’s credit rating, which may be beneficial to the vendor. Participation in the SCF program is at the sole discretion of the suppliers and financial institution and we are not a party to the arrangements between the suppliers and the financial institution. Our obligations to suppliers are not affected by the suppliers’ decisions to participate in the SCF program and our payment terms remain the same based on the original supplier invoicing terms and conditions. No guarantees are provided by us or any of our subsidiaries in connection with the SCF Program.

Our confirmed outstanding obligations under the SCF program at September 30, 2023 and December 31, 2022 totaled \$29 million and \$47 million, respectively, and are classified as Accounts and drafts payable in our condensed consolidated balance sheets. All activity related to the obligations is classified as Cost of sales in our condensed consolidated statements of operations and presented within cash flows from operating activities in our condensed consolidated statements of cash flows.

Note 3. New Accounting Pronouncements

Accounting Relief for the Transition Away from LIBOR and Certain other Reference Rates – In March 2020 and as clarified in January 2021 and December 2022, the Financial Accounting Standards Board (“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, 2024. 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, 2024, except for hedging relationships existing as of December 31, 2024, that an entity has elected certain optional expedients for and that are retained through the end of the hedging relationships. During 2021, we adopted certain of the expedients as it relates to hedge accounting as certain of our debt agreements and hedging relationships bear interest at variable rates, primarily U.S. dollar LIBOR. Additionally, during the three months ended September 30, 2023, we amended the LIBOR-referencing credit agreement governing our senior secured term loan facilities to reference the Secured Overnight Financing Rate (SOFR) as further disclosed in Note 10, *Long-Term Debt*. As of September 30, 2023, none of our debt agreements and hedging relationships make reference to LIBOR. The adoption of and future elections under this new guidance did not and are not expected to have a material impact on our Financial Statements.

Liabilities—Supplier Finance Programs – In September 2022, the FASB issued guidance that requires buyers in a supplier finance program to disclose sufficient information about the program to allow investors to understand the program’s nature, activity during the period, changes from period to period, and potential magnitude. These disclosures would include the key terms of the program, as well as the obligation amount that the buyer has confirmed as valid to the third party that is outstanding at the end of the reporting period, a rollforward of that amount, and a description of where that amount is presented in the balance sheet. This amendment is effective in 2023, except for the amendment on rollforward information which is effective in 2024, with early adoption permitted. This guidance should be applied retrospectively to each period in which a balance sheet is presented, except for the amendment on rollforward information, which should be applied prospectively. During the first quarter of 2023, we adopted this guidance and added necessary disclosures upon adoption as disclosed in Note 2, *Basis of Presentation and Consolidation*.

Note 4. Leases

Property revenues consist primarily of lease income from operating leases and earned income on direct financing leases and sales-type leases with franchisees as follows (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Lease income - operating leases				
Minimum lease payments	\$ 95	\$ 100	\$ 290	\$ 314
Variable lease payments	122	112	337	291
Amortization of favorable and unfavorable income lease contracts, net	—	—	1	1
Subtotal - lease income from operating leases	217	212	628	606
Earned income on direct financing and sales-type leases	4	2	9	5
Total property revenues	\$ 221	\$ 214	\$ 637	\$ 611

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 franchise fees and 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 on a consolidated basis between December 31, 2022 and September 30, 2023 (in millions):

Contract Liabilities

Balance at December 31, 2022	\$ 540
Recognized during period and included in the contract liability balance at the beginning of the year	(44)
Increase, excluding amounts recognized as revenue during the period	40
Impact of foreign currency translation	(2)
Balance at September 30, 2023	\$ 534

The following table illustrates estimated revenues expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) on a consolidated basis as of September 30, 2023 (in millions):

Contract liabilities expected to be recognized in

Remainder of 2023	\$ 14
2024	52
2025	50
2026	47
2027	44
Thereafter	327
Total	\$ 534

Disaggregation of Total Revenues

The following tables disaggregate revenue by segment (in millions):

Three months ended September 30, 2023					
	TH	BK	PLK	FHS	Total
Sales	\$ 717	\$ 21	\$ 23	\$ 10	\$ 771
Royalties	94	307	85	17	503
Property revenues	161	57	3	—	221
Franchise fees and other revenue	6	12	2	9	29
Advertising revenues and other services	82	141	75	15	313
Total revenues	<u>\$ 1,060</u>	<u>\$ 538</u>	<u>\$ 188</u>	<u>\$ 51</u>	<u>\$ 1,837</u>
Nine months ended September 30, 2023					
	TH	BK	PLK	FHS	Total
Sales	\$ 2,023	\$ 64	\$ 66	\$ 30	\$ 2,183
Royalties	261	882	241	52	1,436
Property revenues	456	171	10	—	637
Franchise fees and other revenue	19	40	10	21	90
Advertising revenues and other services	217	394	211	34	856
Total revenues	<u>\$ 2,976</u>	<u>\$ 1,551</u>	<u>\$ 538</u>	<u>\$ 137</u>	<u>\$ 5,202</u>
Three months ended September 30, 2022					
	TH	BK	PLK	FHS	Total
Sales	\$ 710	\$ 19	\$ 21	\$ 9	\$ 759
Royalties	87	274	74	16	451
Property revenues	154	57	3	—	214
Franchise fees and other revenue	9	18	1	5	33
Advertising revenues and other services	73	123	65	8	269
Total revenues	<u>\$ 1,033</u>	<u>\$ 491</u>	<u>\$ 164</u>	<u>\$ 38</u>	<u>\$ 1,726</u>
Nine months ended September 30, 2022					
	TH	BK	PLK	FHS	Total
Sales	\$ 1,937	\$ 52	\$ 58	\$ 29	\$ 2,076
Royalties	239	791	213	49	1,292
Property revenues	433	169	9	—	611
Franchise fees and other revenue	22	42	8	14	86
Advertising revenues and other services	199	353	189	10	751
Total revenues	<u>\$ 2,830</u>	<u>\$ 1,407</u>	<u>\$ 477</u>	<u>\$ 102</u>	<u>\$ 4,816</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.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Numerator:				
Net income attributable to common shareholders - basic	\$ 252	\$ 360	\$ 682	\$ 779
Add: Net income attributable to noncontrolling interests	111	169	307	364
Net income available to common shareholders and noncontrolling interests - diluted	<u>\$ 363</u>	<u>\$ 529</u>	<u>\$ 989</u>	<u>\$ 1,143</u>
Denominator:				
Weighted average common shares - basic	314	306	312	308
Exchange of noncontrolling interests for common shares (Note 12)	139	143	141	144
Effect of other dilutive securities	6	5	5	3
Weighted average common shares - diluted	<u>459</u>	<u>454</u>	<u>458</u>	<u>455</u>
Basic earnings per share (a)	\$ 0.80	\$ 1.18	\$ 2.19	\$ 2.53
Diluted earnings per share (a)	\$ 0.79	\$ 1.17	\$ 2.16	\$ 2.51
Anti-dilutive securities outstanding	6	4	6	4

(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					
	September 30, 2023			December 31, 2022		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Identifiable assets subject to amortization:						
Franchise agreements	\$ 717	\$ (335)	\$ 382	\$ 720	\$ (313)	\$ 407
Favorable leases	81	(53)	28	90	(57)	33
Subtotal	798	(388)	410	810	(370)	440
Indefinite-lived intangible assets:						
Tim Hortons brand	\$ 6,285	\$ —	\$ 6,285	\$ 6,292	\$ —	\$ 6,292
Burger King brand	2,080	—	2,080	2,088	—	2,088
Popeyes brand	1,355	—	1,355	1,355	—	1,355
Firehouse Subs brand	816	—	816	816	—	816
Subtotal	10,536	—	10,536	10,551	—	10,551
Intangible assets, net			<u>\$ 10,946</u>			<u>\$ 10,991</u>
Goodwill:						
Tim Hortons segment	\$ 4,054			\$ 4,059		
Burger King segment	588			590		
Popeyes segment	846			846		
Firehouse Subs segment	193			193		
Total	<u>\$ 5,681</u>			<u>\$ 5,688</u>		

Amortization expense on intangible assets totaled \$9 million for the three months ended September 30, 2023 and 2022. Amortization expense on intangible assets totaled \$28 million and \$29 million for the nine months ended September 30, 2023 and 2022, respectively. The change in brands and goodwill balances during the nine months ended September 30, 2023 was due to the impact of foreign currency translation.

Note 8. Equity Method Investments

The aggregate carrying amounts of our equity method investments were \$135 million and \$167 million as of September 30, 2023 and December 31, 2022, respectively, and are included as a component of Other assets, net in our accompanying condensed consolidated balance sheets.

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 14.7% equity interest in Carrols Restaurant Group, Inc. based on the quoted market price on September 30, 2023 was approximately \$62 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 September 30, 2023 was approximately \$32 million. The aggregate market value of our 4.2% equity interest in TH International Limited based on the quoted market price on September 30, 2023 was approximately \$12 million.

We have equity interests in entities that own or franchise Tim Hortons, Burger King and Popeyes restaurants. Sales, 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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenues from affiliates:				
Royalties	\$ 106	\$ 92	\$ 301	\$ 266
Advertising revenues and other services	21	20	59	54
Property revenues	6	8	24	23
Franchise fees and other revenue	6	3	15	12
Sales	4	4	14	12
Total	<u>\$ 143</u>	<u>\$ 127</u>	<u>\$ 413</u>	<u>\$ 367</u>

At September 30, 2023 and December 31, 2022, we had \$58 million and \$42 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.

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 \$4 million and \$5 million during the three months ended September 30, 2023 and 2022, respectively. Distributions received from this joint venture were \$9 million and \$10 million during the nine months ended September 30, 2023 and 2022, respectively.

Associated with the TIMWEN Partnership, we recognized \$5 million of rent expense during the three months ended September 30, 2023 and 2022, and \$15 million and \$14 million of rent expense during the nine months ended September 30, 2023 and 2022, respectively.

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

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	
	September 30, 2023	December 31, 2022
Current:		
Dividend payable	\$ 249	\$ 243
Interest payable	88	89
Accrued compensation and benefits	110	124
Taxes payable	255	190
Deferred income	86	43
Accrued advertising expenses	55	37
Restructuring and other provisions	16	29
Current portion of operating lease liabilities	140	137
Other	133	109
Other accrued liabilities	<u>\$ 1,132</u>	<u>\$ 1,001</u>
Noncurrent:		
Taxes payable	\$ 164	\$ 139
Contract liabilities	534	540
Derivatives liabilities	—	34
Unfavorable leases	43	50
Accrued pension	41	40
Deferred income	58	44
Other	24	25
Other liabilities, net	<u>\$ 864</u>	<u>\$ 872</u>

Note 10. Long-Term Debt

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

	As of	
	September 30, 2023	December 31, 2022
Term Loan B	\$ 5,175	\$ 5,190
Term Loan A	1,275	1,250
3.875% First Lien Senior Notes due 2028	1,550	1,550
3.50% First Lien Senior Notes due 2029	750	750
5.75% First Lien Senior Notes due 2025	500	500
4.375% Second Lien Senior Notes due 2028	750	750
4.00% Second Lien Senior Notes due 2030	2,900	2,900
TH Facility and other	145	155
Less: unamortized deferred financing costs and deferred issue discount	(128)	(111)
Total debt, net	12,917	12,934
Less: current maturities of debt	(55)	(95)
Total long-term debt	<u>\$ 12,862</u>	<u>\$ 12,839</u>

Credit Facilities

On September 21, 2023, two of our subsidiaries (the “Borrowers”) entered into a seventh amendment (the “2023 Amendment”) to the credit agreement governing our senior secured term loan A facility (the “Term Loan A”), our senior secured term loan B facility (the “Term Loan B” and together with the Term Loan A the “Term Loan Facilities”) and our senior secured revolving credit facility (including revolving loans, swingline loans and letters of credit) (the “Revolving Credit Facility” and together with the Term Loan Facilities, the “Credit Facilities”). Under the 2023 Amendment we (i) amended the existing Revolving Credit Facility to increase the availability from \$1,000 million to \$1,250 million and extended the maturity of the facility to September 21, 2028 without changing the leverage-based spread to adjusted SOFR (Secured Overnight Financing Rate); (ii) increased the Term Loan A to \$1,275 million and extended the maturity of the Term Loan A to September 21, 2028 without changing the leverage-based spread to adjusted SOFR; (iii) increased the Term Loan B to \$5,175 million, extended the maturity of the Term Loan B to September 21, 2030, and changed the interest rate applicable to borrowings under our Term Loan B to term SOFR, subject to a floor of 0.00%, plus an applicable margin of 2.25%; and (iv) made certain other changes as set forth therein, including removing the 0.10% adjustment to the term SOFR rate across the facilities and changes to certain covenants to provide increased flexibility. The 2023 Amendment made no other material changes to the terms of the Credit Agreement. In connection with the 2023 Amendment, we capitalized approximately \$44 million in debt issuance costs and recorded a \$16 million loss on early extinguishment of debt that primarily reflects expensing of fees in connection with the 2023 Amendment and the write-off of unamortized debt issuance costs.

The principal amount of the Term Loan A amortizes in quarterly installments equal to \$8 million beginning March 31, 2025 and \$16 million beginning March 31, 2027 until maturity, with the balance payable at maturity. The principal amount of the Term Loan B amortizes in quarterly installments equal to \$13 million beginning March 31, 2024 until maturity, with the balance payable at maturity.

Revolving Credit Facility

As of September 30, 2023, 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 under our Revolving Credit Facility was \$1,248 million. Funds available under the Revolving Credit Facility may be used to repay other debt, finance debt or equity 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 September 30, 2023, we had approximately C\$186 million outstanding under the TH Facility with a weighted average interest rate of 6.77%.

Restrictions and Covenants

As of September 30, 2023, 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	
	September 30, 2023	December 31, 2022
Fair value of our variable term debt and senior notes	\$ 11,996	\$ 11,885
Principal carrying amount of our variable term debt and senior notes	12,900	12,890

Interest Expense, net

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Debt (a)	\$ 144	\$ 124	\$ 424	\$ 357
Finance lease obligations	5	4	14	14
Amortization of deferred financing costs and debt issuance discount	7	7	21	21
Interest income	(13)	(2)	(29)	(3)
Interest expense, net	\$ 143	\$ 133	\$ 430	\$ 389

(a) Amount includes \$16 million and \$17 million benefit during the three months ended September 30, 2023 and 2022, respectively, and \$47 million and \$40 million benefit during the nine months ended September 30, 2023 and 2022, respectively, related to the quarterly net settlements of our cross-currency rate swaps and amortization of the Excluded Component as defined in Note 13, *Derivative Instruments*.

Note 11. Income Taxes

Our effective tax rate was 14.0% and 12.8% for the three and nine months ended September 30, 2023, respectively. The effective tax rate during these periods reflect the mix of income from multiple tax jurisdictions, the impact of internal financing arrangements and favorable structural changes implemented in 2022.

Our effective tax rate was (23.8)% and 1.5% for the three and nine months ended September 30, 2022, respectively. The effective tax rate during these periods included a net decrease in tax reserves of \$171 million related primarily to expiring statutes of limitations for certain prior tax years which decreased the effective tax rate by 39.9% and 14.7% for the three and nine months ended September 30, 2022, respectively. The effective tax rate during these periods also reflects the mix of income from multiple tax jurisdictions, the impact of internal financing arrangements and favorable structural changes implemented in 2022.

Note 12. Shareholders' Equity

Noncontrolling Interests

The holders of Partnership exchangeable units held an economic interest of approximately 29.6% and 31.8% in Partnership common equity through the ownership of 133,597,764 and 142,996,640 Partnership exchangeable units as of September 30, 2023 and December 31, 2022, respectively.

During the nine months ended September 30, 2023, Partnership exchanged 9,398,876 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.

Share Repurchases

On August 31, 2023, our Board of Directors approved a share repurchase program that allows us to purchase up to \$1,000 million of our common shares until September 30, 2025. This approval follows the expiration of our prior two-year authorization to repurchase up to the same \$1,000 million amount of our common shares. For the three and nine months ended September 30, 2023, we repurchased 2,099,360 of our common shares for \$142 million, of which 409,317 of these repurchases had not yet settled and therefore were not cancelled as of September 30, 2023, and as of September 30, 2023 had \$858 million remaining under the authorization.

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, 2022	\$ 648	\$ (17)	\$ (1,310)	\$ (679)
Foreign currency translation adjustment	—	—	(36)	(36)
Net change in fair value of derivatives, net of tax	181	—	—	181
Amounts reclassified to earnings of cash flow hedges, net of tax	(47)	—	—	(47)
Gain (loss) recognized on other, net of tax	—	4	—	4
Amounts attributable to noncontrolling interests	(20)	(2)	(28)	(50)
Balance at September 30, 2023	<u>\$ 762</u>	<u>\$ (15)</u>	<u>\$ (1,374)</u>	<u>\$ (627)</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 and derivatives designated as net investment hedges. We use derivatives to manage our exposure to fluctuations in interest rates and currency exchange rates.

Interest Rate Swaps

At September 30, 2023, 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 Term Loan Facilities, including any subsequent refinancing or replacement of the Term Loan Facilities, beginning August 31, 2021 through the termination date of October 31, 2028. Additionally, at September 30, 2023, 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. Following the discontinuance of the U.S. dollar LIBOR after June 30, 2023, the interest rate on all these interest rate swaps transitioned from LIBOR to SOFR, with no impact to hedge effectiveness and no change in accounting treatment as a result of applicable accounting relief guidance for the transition away from LIBOR. 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, net of tax, and reclassified into interest expense during the period in which the hedged forecasted transaction affects earnings. The net amount of pre-tax gains in connection with these net unrealized gains in AOCI as of September 30, 2023 that we expect to be reclassified into interest expense within the next 12 months is \$130 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 September 30, 2023, 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.

At September 30, 2023, we had outstanding cross-currency rate swaps that we entered into during 2022 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 in which we receive quarterly fixed-rate interest payments on the U.S. dollar notional amount of \$5,000 million through the maturity date of September 30, 2028.

At September 30, 2023, 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 September 30, 2023, 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 and \$150 million, entered during 2021, through the maturity date of October 31, 2028. At inception, these cross-currency rate swaps were designated as a hedge and are accounted for as a net investment hedge.

In connection with the cross-currency rate swaps hedging Canadian dollar and Euro net investments, we utilize the spot method to exclude the interest component (the “Excluded Component”) from the accounting hedge without affecting net investment hedge accounting and 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 September 30, 2023, 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 \$176 million with maturities to November 15, 2024. 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 September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Derivatives designated as cash flow hedges⁽¹⁾				
Interest rate swaps	\$ 91	\$ 191	\$ 154	\$ 521
Forward-currency contracts	\$ 6	\$ 14	\$ 2	\$ 18
Derivatives designated as net investment hedges				
Cross-currency rate swaps	\$ 178	\$ 471	\$ 55	\$ 675

(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 September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
Derivatives designated as cash flow hedges					
Interest rate swaps	Interest expense, net	\$ 23	\$ (8)	\$ 58	\$ (60)
Forward-currency contracts	Cost of sales	\$ —	\$ 1	\$ 6	\$ 3

		Gain or (Loss) Recognized in Earnings (Amount Excluded from Effectiveness Testing)			
		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
Derivatives designated as net investment hedges					
Cross-currency rate swaps	Interest expense, net	\$ 16	\$ 17	\$ 47	\$ 40

	Fair Value as of		Balance Sheet Location
	September 30, 2023	December 31, 2022	
Assets:			
Derivatives designated as cash flow hedges			
Interest rate	\$ 339	\$ 280	Other assets, net
Foreign currency	3	7	Prepays and other current assets
Derivatives designated as net investment hedges			
Foreign currency	106	78	Other assets, net
Total assets at fair value	<u>\$ 448</u>	<u>\$ 365</u>	
Liabilities:			
Derivatives designated as net investment hedges			
Foreign currency	\$ —	\$ 34	Other liabilities, net
Total liabilities at fair value	<u>\$ —</u>	<u>\$ 34</u>	

Note 14. Other Operating Expenses (Income), net

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net losses (gains) on disposal of assets, restaurant closures, and refranchisings	\$ 30	\$ 1	\$ 19	\$ 2
Litigation settlements (gains) and reserves, net	1	—	(1)	3
Net losses (gains) on foreign exchange	(18)	(30)	(11)	(82)
Other, net	(3)	2	13	9
Other operating expenses (income), net	<u>\$ 10</u>	<u>\$ (27)</u>	<u>\$ 20</u>	<u>\$ (68)</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. The amount for the three and nine months ended September 30, 2023 includes asset write-offs and related costs in connection with the discontinuance of an internally developed software project.

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

Other, net for the nine months ended September 30, 2023 is primarily related to payments in connection with FHS area representative buyouts.

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 Company, successor in interest, (“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 Munster, 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 appealed this ruling. In August 2022, the federal appellate court reversed the lower court’s decision to dismiss the case and remanded the case to the lower court for further proceedings. 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.

On October 26, 2020, City of Warwick Municipal Employees Pension Fund, a purported stockholder of RBI, 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 and RBI filed a reply in May 2021. The motion to dismiss was heard in April 2022 and the motion to dismiss was denied in May 2022. On June 6, 2022, we filed an answer to the complaint and on July 8, 2022, we filed an appeal of the denial of the motion to dismiss. On November 10, 2022, the appellate division reversed the trial court and ordered that the complaint be dismissed. Plaintiffs moved for leave to appeal to the Court of Appeals of the State of New York, which RBI opposed, and on March 21, 2023, the Court of Appeals denied leave to appeal. As that decision is now final, we do not anticipate any further proceedings in this matter.

Note 16. Segment Reporting

As stated in Note 1, *Description of Business and Organization*, we manage four 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. Under the *Firehouse Subs* brand, we operate in the specialty subs category of the quick service segment of the restaurant industry. Our business generates revenue from the following sources: (i) sales, consisting primarily of supply chain sales, which represent sales of products, supplies and restaurant equipment to franchisees, as well as sales to retailers and sales at restaurants owned by us ("Company restaurants"); (ii) franchise revenues, consisting primarily of royalties based on a percentage of sales reported by franchise restaurants and franchise fees paid by franchisees; (iii) property revenues from properties we lease or sublease to franchisees; and (iv) advertising revenues and other services, consisting primarily of advertising fund contributions based on a percentage of sales reported by franchise restaurants. We manage each of our brands as an operating segment and each operating segment represents a reportable segment.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenues by operating segment:				
TH	\$ 1,060	\$ 1,033	\$ 2,976	\$ 2,830
BK	538	491	1,551	1,407
PLK	188	164	538	477
FHS	51	38	137	102
Total revenues	<u>\$ 1,837</u>	<u>\$ 1,726</u>	<u>\$ 5,202</u>	<u>\$ 4,816</u>
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenues by country (a):				
Canada	\$ 956	\$ 940	\$ 2,683	\$ 2,565
United States	645	587	1,849	1,679
Other	236	199	670	572
Total revenues	<u>\$ 1,837</u>	<u>\$ 1,726</u>	<u>\$ 5,202</u>	<u>\$ 4,816</u>

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

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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 (benefit) 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, income/expenses from non-recurring projects and non-operating activities included (i) non-recurring fees and expense incurred in connection with the acquisition of Firehouse consisting of professional fees, compensation-related expenses and integration costs (“FHS Transaction costs”); and (ii) non-operating costs from professional advisory and consulting services associated with certain transformational corporate restructuring initiatives that rationalize our structure and optimize cash movements as well as services related to significant tax reform legislation and regulations (“Corporate restructuring and advisory fees”).

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Segment income:				
TH	\$ 311	\$ 305	\$ 852	\$ 810
BK	298	262	842	761
PLK	75	62	214	179
FHS	14	13	43	40
Adjusted EBITDA	698	642	1,951	1,790
Share-based compensation and non-cash incentive compensation expense	49	34	141	93
FHS Transaction costs	—	3	19	8
Corporate restructuring and advisory fees	5	12	17	21
Impact of equity method investments (a)	5	13	29	41
Other operating expenses (income), net	10	(27)	20	(68)
EBITDA	629	607	1,725	1,695
Depreciation and amortization	47	46	142	143
Income from operations	582	561	1,583	1,552
Interest expense, net	143	133	430	389
Loss on early extinguishment of debt	16	—	16	—
Income tax expense (benefit)	59	(102)	145	17
Net income	\$ 364	\$ 530	\$ 992	\$ 1,146

(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 October 4, 2023, we paid a cash dividend of \$0.55 per common share to common shareholders of record on September 20, 2023. On such date, Partnership also made a distribution in respect of each Partnership exchangeable unit in the amount of \$0.55 per exchangeable unit to holders of record on September 20, 2023.

Subsequent to September 30, 2023, our board of directors declared a cash dividend of \$0.55 per common share, which will be paid on January 4, 2024 to common shareholders of record on December 21, 2023. Partnership will also make a distribution in respect of each Partnership exchangeable unit in the amount of \$0.55 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.

Derivatives

In October 2023, we entered into new cross-currency rate swap contracts between the Euro and U.S. dollar in which we receive quarterly fixed-rate interest payments on the U.S. dollar aggregate amount of \$1,400 million through the maturity date of October 31, 2026. At inception, these cross-currency rate swaps were designated as hedges and are accounted for as net investment hedges. In connection with these new cross-currency rate swaps, we settled our existing cross-currency rate swap contracts between the Euro and U.S. dollar with a notional value of \$400 million and \$500 million with a maturity date of February 17, 2024 and received \$59 million in cash as part of this settlement.

Share Repurchases

Subsequent to September 30, 2023 through October 31, 2023, we repurchased 5,539,777 of our common shares for \$358 million and as of October 31, 2023 had \$500 million remaining under the share repurchase authorization.

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

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

The following discussion includes information regarding future financial performance and plans, targets, aspirations, expectations, and objectives of management, which constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and forward-looking information within the meaning of Canadian securities laws as described in further detail under "Special Note Regarding Forward-Looking Statements" set forth below. Actual results may differ materially from the results discussed in the forward-looking statements. Please refer to the risks and further discussion in the "Special Note Regarding Forward-Looking Statements" below.

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

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

Overview

We are one of the world's largest quick service restaurant ("QSR") companies with over \$40 billion in annual system-wide sales and over 30,000 restaurants in more than 100 countries as of September 30, 2023. Our *Tim Hortons*®, *Burger King*®, *Popeyes*®, and *Firehouse Subs*® brands have similar franchised business models with complementary daypart mixes and product platforms. Our four iconic brands are managed independently while benefiting from global scale and sharing of best practices.

Tim Hortons restaurants are quick service restaurants with a menu that includes premium blend coffees, hot and cold specialty drinks, alongside breakfast sandwiches, fresh baked goods, muffins, cookies and pastries, sandwiches, bowls, 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 bone in fried chicken, chicken sandwiches, chicken tenders, fried shrimp and other regional items. Firehouse Subs restaurants are quick service restaurants featuring hot and hearty subs piled high with quality meats and cheese as well as chopped salads, chili and soups, signature and other sides, soft drinks and local specialties.

We have four operating and reportable segments: (1) Tim Hortons ("TH"); (2) Burger King ("BK"); (3) Popeyes Louisiana Kitchen ("PLK"); and (4) Firehouse Subs ("FHS"). Our business generates revenue from the following sources: (i) sales, consisting primarily of supply chain sales, which represent sales of products, supplies and restaurant equipment to franchisees, as well as sales to retailers and sales at restaurants owned by us ("Company restaurants"); (ii) franchise revenues, consisting primarily of royalties based on a percentage of sales reported by franchise restaurants and franchise fees paid by franchisees; (iii) property revenues from properties we lease or sublease to franchisees; and (iv) advertising revenues and other services, consisting primarily of advertising fund contributions based on a percentage of sales reported by franchise restaurants.

Key Operating Metrics

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

- System-wide sales growth refers to the percentage change in sales at all 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, BK and FHS 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.

In our 2022 financial reports, our key operating metrics included results from our franchised Burger King restaurants in Russia, with supplemental disclosure provided excluding these restaurants. We did not generate any new profits from restaurants in Russia in 2022 and do not expect to generate any new profits in 2023. Consequently, beginning in the first quarter of 2023, our reported key operating metrics exclude the results from Russia for all periods presented.

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Key Operating Metrics	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
System-wide sales growth				
TH	9.7 %	13.4 %	13.9 %	14.2 %
BK	10.3 %	13.6 %	12.7 %	14.3 %
PLK	16.1 %	12.3 %	15.2 %	8.8 %
FHS	6.9 %	N/A	6.8 %	N/A
Consolidated (a)	10.9 %	13.4 %	13.1 %	13.4 %
FHS (b)	N/A	3.8 %	N/A	4.4 %
System-wide sales (in US\$ millions)				
TH	\$ 2,088	\$ 1,945	\$ 5,843	\$ 5,339
BK	\$ 7,063	\$ 6,346	\$ 20,205	\$ 18,127
PLK	\$ 1,764	\$ 1,532	\$ 5,046	\$ 4,418
FHS	\$ 308	\$ 289	\$ 907	\$ 853
Consolidated	\$ 11,223	\$ 10,112	\$ 32,001	\$ 28,737
Comparable sales				
TH	6.8 %	9.8 %	10.4 %	10.2 %
BK	7.2 %	9.6 %	9.3 %	9.4 %
PLK	7.0 %	3.1 %	6.3 %	0.5 %
FHS	3.4 %	N/A	3.8 %	N/A
Consolidated (a)	7.0 %	8.6 %	8.9 %	8.1 %
FHS (b)	N/A	0.0 %	N/A	0.8 %
			As of September 30,	
			2023	2022
Net restaurant growth				
TH			5.5 %	5.2 %
BK			2.4 %	2.5 %
PLK			11.3 %	8.9 %
FHS			2.6 %	N/A
Consolidated (a)			4.2 %	3.9 %
FHS (b)			N/A	2.5 %
Restaurant count				
TH			5,701	5,405
BK			19,035	18,581
PLK			4,373	3,928
FHS			1,266	1,234
Consolidated			30,375	29,148

(a) Consolidated system-wide sales growth, consolidated comparable sales and consolidated net restaurant growth do not include the results of Firehouse Subs for 2022.

2022 Firehouse Subs growth figures are shown for informational purposes only.

Macro Economic Environment

During the three and nine months ended September 30, 2023 and 2022, there were increases in commodity, labor, and energy costs partially due to the macroeconomic impact of both the War in Ukraine and COVID-19. This has resulted in increases in inflation, foreign exchange volatility and rising interest rates which may be exacerbated by the conflict in the Middle East and could have an adverse impact on our business and results of operations if we and our franchisees are not able to adjust prices sufficiently to offset the effect of cost increases without negatively impacting consumer demand.

In addition, the global crisis resulting from the spread of COVID-19 impacted our restaurant operations during the nine months ended September 30, 2022. Certain markets, including China, were significantly impacted as a result of governments mandated lockdowns. These lockdowns, which have since been lifted, resulted in restrictions to restaurant operations, such as reduced, if any, dine-in capacity, and/or restrictions on hours of operation in those markets.

Sustainability

We have adopted science based targets to reduce greenhouse gas emissions by 50% by 2030, and are committed to achieving net-zero emissions by 2050. Starting in 2024, we will be changing our base year from 2019 to 2022, to reflect emissions from Firehouse Subs, which we acquired in December 2021, and an improved calculation methodology. While most of the impact is from scope 3 emissions that are not under our direct control, reaching these targets will require us to devote resources to support changes by suppliers and franchisees.

Results of Operations for the Three and Nine Months Ended September 30, 2023 and 2022

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

Consolidated	Three Months Ended September 30,		Variance	FX Impact (a)	Variance Excluding FX Impact	Nine Months Ended September 30,		Variance	FX Impact (a)	Variance Excluding FX Impact
	2023	2022				2023	2022			
				Favorable / (Unfavorable)					Favorable / (Unfavorable)	
Revenues:										
Sales	\$ 771	\$ 759	\$ 12	\$ (17)	\$ 29	\$ 2,183	\$ 2,076	\$ 107	\$ (77)	\$ 184
Franchise and property revenues	753	698	55	(1)	56	2,163	1,989	174	(35)	209
Advertising revenues and other services	313	269	44	(1)	45	856	751	105	(7)	112
Total revenues	1,837	1,726	111	(19)	130	5,202	4,816	386	(119)	505
Operating costs and expenses:										
Cost of sales	630	615	(15)	14	(29)	1,792	1,693	(99)	62	(161)
Franchise and property expenses	119	137	18	2	16	372	392	20	11	9
Advertising expenses and other services	326	276	(50)	1	(51)	909	782	(127)	8	(135)
General and administrative expenses	169	156	(13)	(1)	(12)	507	435	(72)	3	(75)
(Income) loss from equity method investments	1	8	7	—	7	19	30	11	—	11
Other operating expenses (income), net	10	(27)	(37)	(26)	(11)	20	(68)	(88)	4	(92)
Total operating costs and expenses	1,255	1,165	(90)	(10)	(80)	3,619	3,264	(355)	88	(443)
Income from operations	582	561	21	(29)	50	1,583	1,552	31	(31)	62
Interest expense, net	143	133	(10)	1	(11)	430	389	(41)	1	(42)
Loss on early extinguishment of debt	16	—	(16)	—	(16)	16	—	(16)	—	(16)
Income before income taxes	423	428	(5)	(28)	23	1,137	1,163	(26)	(30)	4
Income tax expense	59	(102)	(161)	(2)	(159)	145	17	(128)	(1)	(127)
Net income	\$ 364	\$ 530	\$ (166)	\$ (30)	\$ (136)	\$ 992	\$ 1,146	\$ (154)	\$ (31)	\$ (123)

(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.

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TH Segment	Three Months Ended September 30,		Variance	FX Impact (a)	Variance Excluding FX Impact	Nine Months Ended September 30,		Variance	FX Impact (a)	Variance Excluding FX Impact
	2023	2022				2023	2022			
			Favorable / (Unfavorable)					Favorable / (Unfavorable)		
Revenues:										
Sales	\$ 718	\$ 710	\$ 8	\$ (17)	\$ 24	\$ 2,024	\$ 1,937	\$ 87	\$ (77)	\$ 164
Franchise and property revenues	261	250	11	(6)	16	736	694	42	(28)	70
Advertising revenues and other services	82	73	9	(2)	11	217	199	18	(8)	26
Total revenues	1,060	1,033	27	(24)	51	2,976	2,830	146	(113)	259
Cost of sales	582	568	(14)	13	(27)	1,649	1,558	(91)	62	(152)
Franchise and property expenses	84	87	3	2	1	249	252	3	11	(7)
Advertising expenses and other services	83	73	(10)	2	(12)	226	211	(15)	9	(23)
Segment G&A	29	31	2	1	1	86	92	6	3	3
Segment depreciation and amortization (b)	24	26	2	1	1	75	83	8	3	5
Segment income (c)	311	305	6	(7)	13	852	810	42	(33)	75

- (b) Segment depreciation and amortization consists of depreciation and amortization included in cost of sales, franchise and property expenses and advertising expenses and other services.
- (c) TH segment income includes \$4 million and \$5 million of cash distributions received from equity method investments for the three months ended September 30, 2023 and 2022, respectively. TH segment income includes \$10 million and \$11 million of cash distributions received from equity method investments for the nine months ended September 30, 2023 and 2022, respectively.

BK Segment	Three Months Ended September 30,		Variance	FX Impact (a)	Variance Excluding FX Impact	Nine Months Ended September 30,		Variance	FX Impact (a)	Variance Excluding FX Impact
	2023	2022				2023	2022			
			Favorable / (Unfavorable)					Favorable / (Unfavorable)		
Revenues:										
Sales	\$ 21	\$ 19	\$ 2	\$ —	\$ 2	\$ 64	\$ 52	\$ 12	\$ —	\$ 12
Franchise and property revenues	376	349	27	5	23	1,093	1,002	91	(6)	97
Advertising revenues and other services	141	123	18	1	17	395	353	42	1	41
Total revenues	538	491	47	6	42	1,551	1,407	144	(5)	149
Cost of sales	20	19	(1)	—	(1)	59	55	(4)	—	(4)
Franchise and property expenses	30	46	17	—	17	105	125	20	—	20
Advertising expenses and other services	151	130	(21)	(1)	(20)	435	372	(63)	(1)	(62)
Segment G&A	53	45	(8)	(1)	(7)	148	130	(18)	(1)	(17)
Segment depreciation and amortization (b)	13	11	(2)	—	(1)	37	35	(2)	—	(2)
Segment income	298	262	36	4	33	842	761	81	(6)	87

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PLK Segment	Three Months Ended September 30,		Variance	FX Impact (a)	Variance Excluding FX Impact	Nine Months Ended September 30,		Variance	FX Impact (a)	Variance Excluding FX Impact
	2023	2022				2023	2022			
	Favorable / (Unfavorable)									
Revenues:										
Sales	\$ 22	\$ 21	\$ 1	\$ —	\$ 1	\$ 66	\$ 58	\$ 8	\$ —	\$ 8
Franchise and property revenues	90	78	12	—	12	261	230	31	(1)	33
Advertising revenues and other services	76	65	11	—	11	211	189	22	—	22
Total revenues	188	164	24	—	24	538	477	61	(1)	63
Cost of sales	20	19	(1)	—	(1)	59	54	(5)	—	(5)
Franchise and property expenses	2	2	—	—	—	11	9	(2)	—	(2)
Advertising expenses and other services	77	66	(11)	—	(11)	214	191	(23)	—	(23)
Segment G&A	16	16	—	—	—	47	48	1	—	1
Segment depreciation and amortization (b)	2	2	—	—	—	5	5	—	—	—
Segment income	75	62	13	—	13	214	179	35	(1)	36

FHS Segment	Three Months Ended September 30,		Variance	FX Impact (a)	Variance Excluding FX Impact	Nine Months Ended September 30,		Variance	FX Impact (a)	Variance Excluding FX Impact
	2023	2022				2023	2022			
	Favorable / (Unfavorable)									
Revenues:										
Sales	\$ 10	\$ 9	\$ 1	\$ —	\$ 1	\$ 30	\$ 29	\$ 1	\$ —	\$ 1
Franchise and property revenues	27	21	6	—	6	74	63	11	—	11
Advertising revenues and other services	15	8	7	—	7	34	10	24	—	24
Total revenues	51	38	13	—	13	137	102	35	—	35
Cost of sales	8	9	1	—	1	25	26	1	—	1
Franchise and property expenses	4	2	(2)	—	(2)	8	6	(2)	—	(2)
Advertising expenses and other services	15	7	(8)	—	(8)	34	8	(26)	—	(26)
Segment G&A	10	9	(1)	—	(1)	27	25	(2)	—	(2)
Segment depreciation and amortization (b)	—	1	1	—	1	1	2	1	—	1
Segment income	14	13	1	—	1	43	40	3	—	3

System-wide Sales

For the three months ended September 30, 2023, the increase in TH system-wide sales of 9.7% was primarily driven by comparable sales of 6.8%, including Canada comparable sales of 8.1%, and net restaurant growth of 5.5%. For the nine months ended September 30, 2023, the increase in TH system-wide sales of 13.9% was primarily driven by comparable sales of 10.4%, including Canada comparable sales of 11.7%, and net restaurant growth of 5.5%.

For the three months ended September 30, 2023, the increase in BK system-wide sales of 10.3% was primarily driven by comparable sales of 7.2%, including rest of the world comparable sales of 7.6% and U.S. comparable sales of 6.6%, and net restaurant growth of 2.4%. For the nine months ended September 30, 2023, the increase in BK system-wide sales of 12.7% was primarily driven by comparable sales of 9.3%, including rest of the world comparable sales of 10.3% and U.S. comparable sales of 7.9%, and net restaurant growth of 2.4%.

For the three months ended September 30, 2023, the increase in PLK system-wide sales of 16.1% was primarily driven by net restaurant growth of 11.3% and comparable sales of 7.0%, including U.S. comparable sales of 5.6%. For the nine months ended September 30, 2023, the increase in PLK system-wide sales of 15.2% was primarily driven by net restaurant growth of 11.3% and comparable sales of 6.3%, including U.S. comparable sales of 4.4%.

For the three months ended September 30, 2023, the increase in FHS system-wide sales of 6.9% was primarily driven by comparable sales of 3.4%, including U.S. comparable sales of 3.9%, and net restaurant growth of 2.6%. For the nine months ended September 30, 2023, the increase in FHS system-wide sales of 6.8% was primarily driven by comparable sales of 3.8%, including U.S. comparable sales of 4.3%, and net restaurant growth of 2.6%.

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 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 September 30, 2023, the increase in sales was driven by an increase of \$24 million in our TH segment, an increase of \$2 million in our BK segment, an increase of \$1 million in our PLK segment, and an increase of \$1 million in our FHS segment, partially offset by an unfavorable FX Impact of \$17 million. The increase in our TH segment was primarily driven by an increase in supply chain sales due to an increase in system-wide sales and an increase in sales to retailers.

During the nine months ended September 30, 2023, the increase in sales was driven by an increase of \$164 million in our TH segment, an increase of \$12 million in our BK segment, an increase of \$8 million in our PLK segment and an increase of \$1 million in our FHS segment, partially offset by an unfavorable FX Impact of \$77 million. The increase in our TH segment was primarily driven by an increase in supply chain sales due to an increase in system-wide sales as well as increases in commodity prices passed on to franchisees and an increase in sales to retailers.

During the three months ended September 30, 2023, the increase in cost of sales was driven by an increase of \$27 million in our TH segment, an increase of \$1 million in our BK segment and an increase of \$1 million in our PLK segment, partially offset by a favorable FX Impact of \$14 million and a decrease of \$1 million in our FHS segment. The increase in our TH segment was primarily driven by higher average cost of inventory, an increase in supply chain sales and an increase in sales to retailers.

During the nine months ended September 30, 2023, the increase in cost of sales was driven by an increase of \$152 million in our TH segment, an increase of \$5 million in our PLK segment, and an increase of \$4 million in our BK segment, partially offset by a favorable FX Impact of \$62 million and a decrease of \$1 million in our FHS segment. The increase in our TH segment was primarily driven by an increase in supply chain sales, increases in commodity prices and 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 September 30, 2023, the increase in franchise and property revenues was driven by an increase of \$23 million in our BK segment, an increase of \$16 million in our TH segment, an increase of \$12 million in our PLK segment, and an increase of \$6 million in our FHS segment, partially offset by an unfavorable FX Impact of \$1 million. The increases were primarily driven by increases in royalties in all of our segments and increases in rent in our TH segment, as a result of increases in system-wide sales.

During the nine months ended September 30, 2023, the increase in franchise and property revenues was driven by an increase of \$97 million in our BK segment, an increase of \$70 million in our TH segment, an increase of \$33 million in our PLK segment, and an increase of \$11 million in our FHS segment, partially offset by an unfavorable FX Impact of \$35 million. The increases were primarily driven by increases in royalties in all of our segments and increases in rent in our TH segment, as a result of increases in system-wide sales.

During the three months ended September 30, 2023, the decrease in franchise and property expenses was driven by a decrease of \$17 million in our BK segment, a favorable FX Impact of \$2 million and a decrease of \$1 million in our TH segment, partially offset by an increase of \$2 million in our FHS segment. The decrease in our BK segment was primarily driven by bad debt recoveries in the current year compared to bad debt expenses in the prior year and the timing of convention expenses, which are mostly offset by convention revenues. BK segment convention revenues and expenses were recognized in the third quarter during 2022 and will be recognized in the fourth quarter during 2023.

During the nine months ended September 30, 2023, the decrease in franchise and property expenses was driven by a decrease of \$20 million in our BK segment and a favorable FX Impact of \$11 million, partially offset by an increase of \$7 million in our TH segment, an increase of \$2 million in our PLK segment, and an increase of \$2 million in our FHS segment. The decrease in our BK segment was primarily driven by bad debt recoveries in the current year compared to bad debt expenses in the prior year and the timing of convention expenses, which are mostly offset by convention revenues. BK segment convention revenues and expenses were recognized in the third quarter during 2022 and will be recognized in the fourth quarter during 2023. The increase in our TH segment was primarily driven by increases in rent expense.

Advertising and Other Services

Advertising revenues and other services consist primarily of advertising contributions earned on franchise sales and are based on a percentage of sales reported by franchise restaurants and intended to fund advertising expenses. This line item also includes other services which consist primarily of fees from digital sales that partially offset expenses related to technology initiatives. Advertising expenses and other services 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. We generally manage advertising expenses to equal advertising revenues in the long term, however in some periods there may be a mismatch in the timing of revenues and expense or higher expenses due to our support initiatives behind the marketing programs.

During the three months ended September 30, 2023, the increase in advertising revenues and other services was driven by an increase of \$17 million in our BK segment, an increase of \$11 million in our TH segment, an increase of \$11 million in our PLK segment and an increase of \$7 million in our FHS segment, partially offset by an unfavorable FX Impact of \$1 million. The increases in our BK, TH and PLK segments were primarily driven by increases in system-wide sales. The increase in our FHS segment reflects modification of the advertising fund arrangements to be more consistent with those of our other brands.

During the nine months ended September 30, 2023, the increase in advertising revenues and other services was driven by an increase of \$41 million in our BK segment, an increase of \$26 million in our TH segment, an increase of \$24 million in our FHS segment, and an increase of \$22 million in our PLK segment, partially offset by an unfavorable FX Impact of \$7 million. The increases in our BK, TH and PLK segments were primarily driven by increases in system-wide sales. The increase in our FHS segment reflects modification of the advertising fund arrangements to be more consistent with those of our other brands.

During the three months ended September 30, 2023, the increase in advertising expenses and other services was driven by an increase of \$20 million in our BK segment, an increase of \$12 million in our TH segment, an increase of \$11 million in our PLK segment and an increase of \$8 million in our FHS segment, partially offset by a favorable FX Impact of \$1 million. The increases in our BK, TH and PLK segments were driven primarily by increases in advertising revenues and other services. The increase in our FHS segment reflects modification of the advertising fund arrangements to be more consistent with those of our other brands.

During the nine months ended September 30, 2023, the increase in advertising expenses and other services was driven by an increase of \$62 million in our BK segment, an increase of \$26 million in our FHS segment, an increase of \$23 million in our PLK segment, and an increase of \$23 million in our TH segment, partially offset by a favorable FX Impact of \$8 million. The increases in our BK, PLK and TH segments were driven primarily by increases in advertising revenues and other services. Additionally, our BK segment reflects our support behind the marketing program in the U.S. The increase in our FHS segment reflects modification of the advertising fund arrangements to be more consistent with those of our other brands.

General and Administrative Expenses

Our general and administrative expenses consisted of the following:

	Three Months Ended September 30,		Variance		Nine Months Ended September 30,		Variance	
			\$	%			\$	%
	2023	2022	Favorable / (Unfavorable)		2023	2022	Favorable / (Unfavorable)	
Segment G&A:								
TH	\$ 29	\$ 31	\$ 2	6 %	\$ 86	\$ 92	\$ 6	7 %
BK	53	45	(8)	(18)%	148	130	(18)	(14)%
PLK	16	16	—	— %	47	48	1	2 %
FHS	10	9	(1)	(11)%	27	25	(2)	(8)%
Share-based compensation and non-cash incentive compensation expense	48	34	(14)	(41)%	140	93	(47)	(51)%
Depreciation and amortization	8	6	(2)	(33)%	23	18	(5)	(28)%
FHS Transaction costs	—	3	3	100 %	19	8	(11)	NM
Corporate restructuring and advisory fees	5	12	7	58 %	17	21	4	19 %
General and administrative expenses	<u>\$ 169</u>	<u>\$ 156</u>	<u>\$ (13)</u>	<u>(8)%</u>	<u>\$ 507</u>	<u>\$ 435</u>	<u>\$ (72)</u>	<u>(17)%</u>

NM - not meaningful

Segment general and administrative expenses (“Segment G&A”) consist 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, FHS Transaction costs and Corporate restructuring and advisory fees.

During the three and nine months ended September 30, 2023, Segment G&A for our BK segment increased primarily due to increases in compensation related expenses. Segment G&A for our TH segment decreased primarily due to a decrease in professional services. Segment G&A for our PLK and FHS segments was relatively consistent with the prior year.

During the three and nine months ended September 30, 2023, the increase in share-based compensation and non-cash incentive compensation expense was primarily due to an increase in equity awards granted during 2023 and 2022, including equity awards granted to our executive chairman during the fourth quarter of 2022, and increases in expenses related to previously granted performance-based equity awards. In addition, the increase in share-based compensation and non-cash incentive compensation expense was also impacted by shorter vesting periods for equity awards granted beginning in 2021.

In connection with the acquisition of Firehouse, we incurred certain non-recurring fees and expenses (“FHS Transaction costs”) consisting of professional fees, compensation related expenses and integration costs through the three months ended March 31, 2023. We do not expect to incur additional FHS Transaction costs for the remainder of 2023.

In connection with certain transformational corporate restructuring initiatives that rationalize our structure and optimize cash movement within our structure as well as services related to significant tax reform legislation and regulations, we incurred non-operating expenses primarily from professional advisory and consulting services (“Corporate restructuring and advisory fees”). We expect to incur additional Corporate restructuring and advisory fees during the remainder of 2023.

(Income) Loss from Equity Method Investments

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

The change in (income) loss from equity method investments during the three and nine months ended September 30, 2023 was primarily driven by decreases in equity method investment net losses that we recognized during the current year.

Other Operating Expenses (Income), net

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net losses (gains) on disposal of assets, restaurant closures, and refranchisings	\$ 30	\$ 1	\$ 19	\$ 2
Litigation settlements (gains) and reserves, net	1	—	(1)	3
Net losses (gains) on foreign exchange	(18)	(30)	(11)	(82)
Other, net	(3)	2	13	9
Other operating expenses (income), net	<u>\$ 10</u>	<u>\$ (27)</u>	<u>\$ 20</u>	<u>\$ (68)</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. The amount for the three and nine months ended September 30, 2023 includes asset write-offs and related costs in connection with the discontinuance of an internally developed software project.

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

Other, net for nine months ended September 30, 2023 is primarily related to payments in connection with FHS area representative buyouts.

Interest Expense, net

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Interest expense, net	\$ 143	\$ 133	\$ 430	\$ 389
Weighted average interest rate on long-term debt	5.0 %	4.5 %	5.0 %	4.2 %

During the three and nine months ended September 30, 2023, interest expense, net increased primarily due to an increase in the weighted average interest rate driven by increases in interest rates which impacts our variable rate debt.

Income Tax Expense

Our effective tax rate was 14.0% and (23.8)% for the three months ended September 30, 2023 and 2022, respectively, and 12.8% and 1.5% for the nine months ended September 30, 2023 and 2022, respectively. The effective tax rate for the three and nine months ended September 30, 2022 included a net decrease in tax reserves of \$171 million related primarily to expiring statutes of limitations for certain prior tax years which decreased the effective tax rate by 39.9% and 14.7% for the three and nine months ended September 30, 2022, respectively. Our effective tax rate for the three and nine months ended September 30, 2023 was favorably impacted by structural changes implemented in the latter part of 2022 and changes to the relative mix of our income from multiple tax jurisdictions. 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 forecast changes due to macroeconomic events.

Net Income

We reported net income of \$364 million for the three months ended September 30, 2023, compared to net income of \$530 million for the three months ended September 30, 2022. The decrease in net income is primarily due to an income tax benefit of \$102 million in the prior year compared to an income tax expense of \$59 million in the current year, a \$37 million unfavorable change in the results from other operating expenses (income), net, a \$16 million loss on early extinguishment of debt in the current year, a \$15 million increase in share-based compensation and non-cash incentive compensation expense, a \$10 million increase in interest expense, net, and a \$1 million increase in depreciation and amortization. These factors were partially offset by a \$36 million increase in BK segment income, a \$13 million increase in PLK segment income, a \$7 million decrease in Corporate restructuring and advisory fees, an \$8 million favorable change from the impact of equity method investments, a \$6 million increase in TH segment income, a \$3 million decrease in FHS Transaction costs, and a \$1 million increase in FHS segment income. Amounts above include a total unfavorable FX Impact to net income of \$30 million.

We reported net income of \$992 million for the nine months ended September 30, 2023, compared to net income of \$1,146 million for the nine months ended September 30, 2022. The decrease in net income is primarily due to a \$128 million increase in income tax expense, an \$88 million unfavorable change in the results from other operating expenses (income), net, a \$48 million increase in share-based compensation and non-cash incentive compensation expense, a \$41 million increase in interest expense, net, a \$16 million loss on early extinguishment of debt in the current year, and an \$11 million increase in FHS Transaction costs. These factors were partially offset by an \$81 million increase in BK segment income, a \$42 million increase in TH segment income, a \$35 million increase in PLK segment income, a \$12 million favorable change from the impact of equity method investments, a \$4 million decrease in Corporate restructuring and advisory fees, a \$3 million increase in FHS segment income and a \$1 million decrease in depreciation and amortization. Amounts above include a total unfavorable FX Impact to net income of \$31 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 are 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 (benefit) 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, income/expenses from non-recurring projects and non-operating activities included (i) non-recurring fees and expense incurred in connection with the acquisition of Firehouse consisting of professional fees, compensation related expenses and integration costs; and (ii) non-operating costs from professional advisory and consulting services associated with certain transformational corporate restructuring initiatives that rationalize our structure and optimize cash movements as well as services related to significant tax reform legislation and regulations. Management believes that these types of expenses are either not related to our underlying profitability drivers or not likely to re-occur in the foreseeable future and the varied timing, size and nature of these projects may cause volatility in our results unrelated to the performance of our core business that does not reflect trends of our core operations.

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

	Three Months Ended September 30,		Variance		Nine Months Ended September 30,		Variance	
	2023	2022	\$	%	2023	2022	\$	%
			Favorable / (Unfavorable)				Favorable / (Unfavorable)	
Net income	\$ 364	\$ 530	\$ (166)	(31)%	\$ 992	\$ 1,146	\$ (154)	(13)%
Income tax expense (benefit)	59	(102)	(161)	NM	145	17	(128)	NM
Loss on early extinguishment of debt	16	—	(16)	NM	16	—	(16)	NM
Interest expense, net	143	133	(10)	(8)%	430	389	(41)	(11)%
Income from operations	582	561	21	4 %	1,583	1,552	31	2 %
Depreciation and amortization	47	46	(1)	(2)%	142	143	1	1 %
EBITDA	629	607	22	4 %	1,725	1,695	30	2 %
Share-based compensation and non-cash incentive compensation expense	49	34	(15)	(44)%	141	93	(48)	(52)%
FHS Transaction costs	—	3	3	NM	19	8	(11)	NM
Corporate restructuring and advisory fees	5	12	7	58 %	17	21	4	19 %
Impact of equity method investments (a)	5	13	8	62 %	29	41	12	29 %
Other operating expenses (income), net	10	(27)	(37)	NM	20	(68)	(88)	NM
Adjusted EBITDA	\$ 698	\$ 642	\$ 56	9 %	\$ 1,951	\$ 1,790	\$ 161	9 %
Segment income:								
TH	\$ 311	\$ 305	\$ 6	2 %	\$ 852	\$ 810	\$ 42	5 %
BK	298	262	36	14 %	842	761	81	11 %
PLK	75	62	13	21 %	214	179	35	19 %
FHS	14	13	1	2 %	43	40	3	8 %
Adjusted EBITDA	698	642	56	9 %	1,951	1,790	161	9 %

NM - not meaningful

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

The increase in Adjusted EBITDA for the three and nine months ended September 30, 2023 reflects the increases in segment income in each of our segments and includes an unfavorable FX Impact of \$4 million and \$40 million for the three and nine months ended September 30, 2023, respectively.

Liquidity and Capital Resources

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

As of September 30, 2023, we had cash and cash equivalents of \$1,310 million and borrowing availability of \$1,248 million under our senior secured revolving credit facility (the “Revolving Credit Facility”). Based on our current level of operations and available cash, we believe our cash flow from operations, combined with our availability under our Revolving Credit Facility, will provide sufficient liquidity to fund our current obligations, debt service requirements and capital spending over the next twelve months.

On September 21, 2023, two of our subsidiaries (the “Borrowers”) entered into a seventh amendment (the “2023 Amendment”) to the credit agreement governing our senior secured term loan A facility (the “Term Loan A”), our senior secured term loan B facility (the “Term Loan B” and together with the Term Loan A the “Term Loan Facilities”) and our senior secured revolving credit facility (including revolving loans, swingline loans and letters of credit) (the “Revolving Credit Facility” and together with the Term Loan Facilities, the “Credit Facilities”). Under the 2023 Amendment we (i) amended the existing Revolving Credit Facility to increase the availability from \$1,000 million to \$1,250 million and extended the maturity of the facility to September 21, 2028 without changing the leverage-based spread to adjusted SOFR (Secured Overnight Financing Rate); (ii) increased the Term Loan A to \$1,275 million and extended the maturity of the Term Loan A to September 21, 2028 without changing the leverage-based spread to adjusted SOFR; (iii) increased the Term Loan B to \$5,175 million, extended the maturity of the Term Loan B to September 21, 2030, and changed the interest rate applicable to borrowings under our Term Loan B to term SOFR, subject to a floor of 0.00%, plus an applicable margin of 2.25%; and (iv) made certain other changes as set forth therein, including removing the 0.10% adjustment to the term SOFR rate across the facilities and changes to certain covenants to provide increased flexibility. The 2023 Amendment made no other material changes to the terms of the Credit Agreement.

In September 2022, Burger King shared the details of its “Reclaim the Flame” plan to accelerate sales growth and drive franchisee profitability. We are investing \$400 million over the life of the plan, comprised of \$150 million in advertising and digital investments (“Fuel the Flame”) and \$250 million in high-quality remodels and relocations, restaurant technology, kitchen equipment, and building enhancements (“Royal Reset”). During the nine months ended September 30, 2023, we funded \$20 million toward the Fuel the Flame investment and \$28 million toward our Royal Reset investment and as of September 30, 2023, we have funded a total of \$33 million toward the Fuel the Flame investment and \$45 million toward our Royal Reset investment.

On August 31, 2023, our board of directors approved a share repurchase authorization of up to \$1,000 million of our common shares until September 30, 2025. This approval follows the expiration of RBI's prior two-year authorization to repurchase up to the same \$1,000 million of our common shares. On September 13, 2023, we announced that the Toronto Stock Exchange (the “TSX”) had accepted and approved the notice of our intention to renew the normal course issuer bid, permitting the repurchase up to 30,895,637 common shares for the 12-month period ending on September 14, 2024. Share repurchases under the normal course issuer bid will be made through the facilities of the TSX, the New York Stock Exchange (the “NYSE”) and/or other exchanges and alternative Canadian or foreign trading systems, if eligible, or by such other means as may be permitted by the TSX and/or the NYSE under applicable law. Shareholders may obtain a copy of the prior notice, free of charge, by contacting us. During the nine months ended September 30, 2023, we repurchased 2,099,360 RBI common shares on the open market for \$142 million and as of September 30, 2023, had \$858 million remaining under the authorization. Subsequent to September 30, 2023 through October 31, 2023, we repurchased 5,539,777 RBI common shares for \$358 million and as of October 31, 2023 had \$500 million remaining under the share repurchase authorization. Repurchases under the Company's authorization will be made in the open market or through privately negotiated transactions.

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

Debt Instruments and Debt Service Requirements

As of September 30, 2023, our long-term debt consists primarily of borrowings under our Credit Facilities, amounts outstanding under our 3.875% First Lien Senior Notes due 2028, 5.75% First Lien Senior Notes due 2025, 3.50% First Lien Senior Notes due 2029, 4.375% Second Lien Senior Notes due 2028, 4.00% Second Lien Senior Notes due 2030 (together, the “Senior Notes”), TH Facility, and obligations under finance leases. For further information about our long-term debt, see Note 10 to the accompanying unaudited condensed consolidated financial statements included in this report.

As of September 30, 2023, there was \$6,450 million outstanding principal amount under our Term Loan Facilities with a weighted average interest rate of 7.37%. The interest rate applicable to borrowings under our Term Loan A and Revolving Credit Facility is, at our option, either (i) a base rate, subject to a floor of 1.00%, plus an applicable margin varying from 0.00% to 0.50%, or (ii) Term SOFR (Secured Overnight Financing Rate), subject to a floor of 0.00%, plus an applicable margin varying between 0.75% to 1.50%, in each case, determined by reference to a net first lien leverage based pricing grid. The

interest rate applicable to borrowings under our Term Loan B is, at our option, either (i) a base rate, subject to a floor of 1.00%, plus an applicable margin of 1.25%, or (ii) Term SOFR, subject to a floor of 0.00%, plus an applicable margin of 2.25%.

Based on the amounts outstanding under the Term Loan Facilities and SOFR as of September 30, 2023, subject to a floor of 0.00%, required debt service for the next twelve months is estimated to be approximately \$482 million in interest payments and \$39 million in principal payments. In addition, based on SOFR as of September 30, 2023, net cash settlements that we expect to receive on our \$4,000 million interest rate swaps are estimated to be approximately \$138 million for the next twelve months. Based on the amounts outstanding at September 30, 2023, required debt service for the next twelve months on all of the Senior Notes outstanding is approximately \$264 million in interest payments. Based on the amounts outstanding under the TH Facility as of September 30, 2023, required debt service for the next twelve months is estimated to be approximately \$9 million in interest payments and \$13 million in principal payments.

Restrictions and Covenants

As of September 30, 2023, we were in compliance with all applicable financial debt covenants under the Credit Facilities, the TH Facility, and the indentures governing our Senior Notes.

Cash Dividends

On October 4, 2023, we paid a dividend of \$0.55 per common share and Partnership made a distribution in respect of each Partnership exchangeable unit in the amount of \$0.55 per Partnership exchangeable unit.

Our board of directors has declared a cash dividend of \$0.55 per common share, which will be paid on January 4, 2024 to common shareholders of record on December 21, 2023. Partnership will also make a distribution in respect of each Partnership exchangeable unit in the amount of \$0.55 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 October 27, 2023, we had outstanding 312,028,584 common shares and one special voting share. The special voting share is held by a trustee, entitling the trustee to that number of votes on matters on which holders of common shares are entitled to vote equal to the number of Partnership exchangeable units outstanding. The trustee is required to cast such votes in accordance with voting instructions provided by holders of Partnership exchangeable units. At any shareholder meeting of the Company, holders of our common shares vote together as a single class with the special voting share except as otherwise provided by law. For information on our share-based compensation and our outstanding equity awards, see Note 14 to the audited consolidated financial statements in Part II, Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2022, filed with the U.S. Securities and Exchange Commission (the “SEC”) and Canadian securities regulatory authorities on February 22, 2023.

There were 133,597,764 Partnership exchangeable units outstanding as of October 27, 2023. During the nine months ended September 30, 2023, Partnership exchanged 9,398,876 Partnership exchangeable units pursuant to exchange notices received. The holders of Partnership exchangeable units have the right to require Partnership to exchange all or any portion of such holder’s Partnership exchangeable units for our common shares at a ratio of one share for each Partnership exchangeable unit, subject to our right as the general partner of Partnership to determine to settle any such exchange for a cash payment in lieu of our common shares.

Comparative Cash Flows

Operating Activities

Cash provided by operating activities was \$920 million for the nine months ended September 30, 2023, compared to \$1,067 million during the same period in the prior year. The decrease in cash provided by operating activities was primarily driven by an increase in interest payments and an increase in cash used for working capital, partially offset by an increase in segment income in each of our segments.

Investing Activities

Cash used for investing activities was \$11 million for the nine months ended September 30, 2023, compared to \$66 million during the same period in the prior year. This change was primarily driven by a decrease in payments for other investing activities, an increase in proceeds from derivatives, an increase in net proceeds from disposal of assets, restaurant closures and refranchisings and the non-recurrence of payments in connection with the acquisition of Firehouse Subs in the prior year, partially offset by an increase in capital expenditures.

Financing Activities

Cash used for financing activities was \$774 million for the nine months ended September 30, 2023, compared to \$1,111 million during the same period in the prior year. The change in cash used for financing activities was driven primarily by the decrease in RBI common share repurchases, increase in proceeds from derivatives, increase in proceeds from long-term debt, and an increase in proceeds from stock option exercises, partially offset by payment of financing costs in the current year, an increase in payment of dividends and distributions, and an increase in long-term debt repayments.

Critical Accounting Policies and Estimates

For information regarding our Critical Accounting Policies and Estimates, see the “Critical Accounting Policies and Estimates” section of “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K, filed with the SEC on February 22, 2023.

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 nine months ended September 30, 2023 to the disclosures made in Part II, Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2022 filed with the SEC and Canadian securities regulatory authorities on February 22, 2023.

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 September 30, 2023. 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 September 30, 2023 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, the war in Ukraine, conflict in the Middle East and related macro-economic pressures, such as inflation, rising interest rates and currency fluctuations on our results of operations, business, liquidity, prospects and restaurant operations and those of our franchisees; (ii) our digital, marketing, remodel and technology enhancement initiatives and expectations regarding further expenditures

relating to these initiatives, including our “Reclaim the Flame” plan to accelerate sales growth and drive franchisee profitability at Burger King; (iii) our commitment to growth opportunities, plans and strategies for each of our brands and ability to enhance operations and drive long-term, sustainable growth; (iv) our discontinuation of operations in and financial results from Russia; (v) the amount and timing of future Corporate restructuring and advisory fees and the expectation that no additional FHS Transaction costs will be incurred during the remainder of 2023; (vi) 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; (vii) our targets with respect to reduction in greenhouse gas emissions; (viii) our exposure to changes in interest rates and foreign currency exchange rates and the impact of changes in interest rates and foreign currency exchange rates on the amount of our interest payments, future earnings and cash flows; (ix) certain tax matters, including our estimates with respect to tax matters and their impact on future periods; (x) the amount of net cash settlements we expect to pay or receive on our derivative instruments; and (xi) 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) risks related to the conflict between Russia and Ukraine and the conflict in the Middle East; (12) the ability of the counterparties to our credit facilities and derivatives to fulfill their commitments and/or obligations; (13) evolving legislation and regulations in the area of franchise and labor and employment law; (14) 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; and (15) our ability to address environmental and social sustainability issues.

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, 2022 filed with the SEC and Canadian securities regulatory authorities on February 22, 2023, 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, *Commitments and Contingencies*.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

Following are our monthly share repurchases for the third quarter of Fiscal year 2023:

Period	Total Number of Shares Purchased	Total Dollar Value of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Approximate Dollar Value of Shares that May Yet be Purchased under the Plans or Programs
July 1, 2023 - July 31, 2023	—	\$ —	\$ —	—	\$ 1,000,000,000
August 1, 2023 - August 31, 2023	—	—	—	—	1,000,000,000
September 1, 2023 - September 30, 2023	2,099,360	142,283,557	67.77	2,099,360	857,716,443
	<u>2,099,360</u>	<u>\$ 142,283,557</u>		<u>2,099,360</u>	

- (1) In August 2023, the Board of Directors authorized repurchases of up to \$1.0 billion common shares through September 30, 2025 and the open market repurchases of the common shares listed in the table above were made pursuant to that authorization. Under the program, shares may be repurchased in privately negotiated or open market transactions, including under plans complying with Rule 10b5-1 under the Exchange Act. Most of the purchases made during September 2023 were pursuant to a Rule 10b5-1 plan.

Item 5. Other Information

During the three months ended September 30, 2023, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

Exhibit Number	Description
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: November 3, 2023

By: /s/ Matthew Dunnigan

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

CERTIFICATION

I, Joshua Kobza, 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/ Joshua Kobza

Joshua Kobza

Chief Executive Officer

Dated: November 3, 2023

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: November 3, 2023

**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 September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Joshua Kobza, 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/ Joshua Kobza

Joshua Kobza

Chief Executive Officer

Dated: November 3, 2023

**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 September 30, 2023 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: November 3, 2023