ARCOS DORADOS HOLDINGS INC.

Company Profile & Multi-Country Footprint Analysis

NYSE: ARCO | The World's Largest Independent McDonald's Franchisee
With Information on McThai, The Thailand Country Licensee

Prepared by Edwards Global Services, Inc. (EGS)
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Executive Summary

Arcos Dorados Holdings Inc. (NYSE: ARCO) is the world's largest independent McDonald's franchisee, holding exclusive rights to own, operate, and sub-franchise McDonald's restaurants across 21 countries and territories in Latin America and the Caribbean. Headquartered in Montevideo, Uruguay, and founded in 2007, Arcos Dorados is a single-brand operator. It does not own or manage any restaurant concept other than McDonald's, distinguishing its model from diversified multi-brand franchisors.

This brief summarizes the company's geographic footprint, divisional structure, financial weighting by region, the terms of its master franchise agreement with McDonald's Corporation, and its current operating trajectory as of mid-2026.

***Editor's Note**: Since its founding in 2001, EGS has assisted over 40 franchisors across 12 different business sectors enter more than 30 countries. In our broad brand, sector and geographic experience the key factor for the success of franchise licensee in a country is the Operator. Arcos Dorados Holdings Inc. is the textbook classic case of this being true. A country's economic, legal and political situation are important for the success of a foreign franchise in a new country, but the quality of the Operator is #1, always.*

Geographic Footprint

Arcos Dorados holds the exclusive right to own, operate, and grant franchises of McDonald's restaurants in 21 Latin American and Caribbean countries and territories, with more than 2,500 restaurants operated by the Company or its sub-franchisees, together employing over 100,000 people (as of June 30, 2026).

Countries and Territories Served

Region Grouping	Countries / Territories
Brazil (standalone division)	Brazil
NOLAD (North Latin America)	Mexico, Costa Rica, Panama, Puerto Rico, Martinique, Guadeloupe, French Guiana, U.S. Virgin Islands (St. Croix & St. Thomas), St. Martin
SLAD (South Latin America)	Argentina, Chile, Ecuador, Peru, Uruguay, Colombia, Venezuela, Trinidad and Tobago, Aruba, Curaçao

Source: Arcos Dorados 20-F FY2025 (SEC filing, filed May 2026); Arcos Dorados Investor Relations, Company Overview.

Organizational Structure

Rather than managing 21 markets individually, Arcos Dorados organizes its operations into three geographic divisions. Division presidents report directly to the Chief Operating Officer. Administrative and strategic functions are centralized at headquarters, while marketing, recruiting, and menu decisions are managed at the divisional and local level which is a hub-and-spoke model that balances central control with local responsiveness.

- **Brazil —** Standalone division; the Company's largest by restaurant count and revenue. Operations are headquartered in São Paulo. McDonald's has operated in Brazil since its first restaurant opened in Rio de Janeiro in 1979.
- **NOLAD (North Latin America Division) —** Nine markets anchored by Mexico, where divisional management is based. McDonald's has operated in Mexico since its first restaurant opened in Mexico City in 1985.
- **SLAD (South Latin America Division) —** Ten markets including Argentina, Chile, Colombia, Peru, Uruguay, and Venezuela.

Source: Arcos Dorados 20-F FY2025 (SEC filing); Q1 2026 earnings call transcript (The Motley Fool / The Globe and Mail, May 2026).

Financial Weighting by Division (FY2024 Actuals)

Brazil is by far the Company's most significant market, contributing nearly half of total restaurant count and roughly 40% of total revenue. NOLAD is the second-largest division, anchored by Mexico as the Company's #2 individual country market.

Division	Restaurants (FY2024)	% of Total Restaurants	Revenue (FY2024)	% of Total Revenue
Brazil	1,173	48.3%	$1,768.3M	39.6%
NOLAD (9 countries)	654	26.9%	$1,225.8M	27.4%
SLAD (10 countries)	~ remainder	~24.8%	~ remainder	~33.0%

Source: Arcos Dorados 20-F FY2024 (SEC filing, filed 2025). SLAD figures are derived as the residual share; the Company's FY2024 filing did not break out SLAD restaurant/revenue totals in the passages reviewed.

Master Franchise Agreement with McDonald's Corporation

Arcos Dorados' entire business rests on a single master franchise agreement with McDonald's Corporation, renewed effective January 2025 for a term of 20 years, with an additional 20-year renewal option available at McDonald's discretion beginning January 2045.

Term	Detail
Initial term	20 years, effective January 2025
Royalty — Years 1–10	6.0% of applicable sales
Royalty — Years 11–15	6.25% of applicable sales
Royalty — Years 16–20	6.5% of applicable sales
Renewal option	Further 20 years from January 2045, at McDonald's discretion

Source: Rio Times Online, “Arcos Dorados: McDonald's Biggest Franchisee” (July 3, 2026), citing Company filings.

Brand Scope — Single-Brand Operator

Arcos Dorados operates exclusively as a McDonald's franchisee. It does not own or operate any other restaurant brand or concept which is a structural contrast to diversified multi-brand franchisors (e.g., portfolio holding companies that operate several distinct restaurant concepts under one corporate umbrella).

- **Sub-franchisees:** The Company grants sub-franchises to local operators within its territory; these sub-franchisees operate only the McDonald's brand.
- **Store formats, not separate brands:** Within the McDonald's system, the Company operates multiple formats — traditional restaurants, “Experience of the Future” (EOTF) digital-forward locations, McCafé kiosks, and non-traditional/satellite units (malls, gas stations, etc.). All remain under the single McDonald's brand.
- **Corporate reporting:** The Company organizes and reports its more than 2,140+ McDonald's-branded restaurants by geographic division rather than by brand or concept, reflecting the single-brand model.

Source: Yahoo Finance, ARCO Company Profile (accessed August 2026); MarketScreener, Arcos Dorados Company Profile.

Current Operating Trajectory (2026)

- **Restaurant openings:** 102 restaurants opened in 2025 (64 in Brazil, 23 in SLAD, 15 in NOLAD); guidance of 105–115 new openings for 2026.
- **Capital expenditures:** 2026 guidance of US$275–325 million.
- **Q1 2026 performance:** Strong SLAD revenue growth and margin expansion (EBITDA margin +~120 bps ex-sub-franchisee transactions); NOLAD margins stable with temporary pressure from minimum-wage increases, partly offset by a Mexico restaurant transaction.
- **Digital channels:** Mobile app, delivery, and self-order kiosks grew 21% and represented 64% of system-wide sales in Q1 2026.
- **Loyalty program:** Surpassed 30 million registered members, a 62% year-over-year increase.
- **FY2025 revenue:** Reached nearly US$4.7 billion, growth of roughly 4.7% versus the prior year.
- **Upcoming:** 2026 Investor Day scheduled for October 1, 2026, in New York, NY.

Sources: Arcos Dorados 6-K, “Restaurant Openings and Capex Guidance for 2026” (SEC filing, January 28, 2026); Q1 2026 earnings call transcript (The Motley Fool, May 20, 2026); The Motley Fool, “Should You Buy McDonald's Largest Franchisee...” (July 10, 2026); Arcos Dorados 6-K, Investor Day announcement (July 23, 2026).

Observations for International Franchise Development

Arcos Dorados offers a useful reference model for structuring large-scale regional master franchise arrangements:

- **Regional-bloc structuring:** A single master franchisee manages an entire continent as one P&L, with country/territory sub-franchising underneath which is the inverse of a country-by-country master franchisee approach.
- **Long-horizon agreements:** A 20-year initial term with a further 20-year renewal option (potentially 40 years total) illustrates the duration sophisticated master franchisors can negotiate at scale.
- **Single-brand depth vs. multi-brand breadth:** Arcos Dorados' model of deep, exclusive commitment to one brand across many markets contrasts with diversified multi-brand platforms, offering a useful comparison point when advising franchisors on expansion strategy.

Why Arcos Dorados Is an Excellent Licensee for McDonald's Across Multiple Countries

Arcos Dorados' 20-plus-year track record as McDonald's largest independent franchisee illustrates several traits that make a master franchisee well-suited to operate a brand across many countries simultaneously:

- **Proven multi-market operating capability:** The Company has successfully operated McDonald's restaurants across 21 diverse countries and territories spanning large economies (Brazil, Mexico, Argentina) and small island/territory markets (Aruba, Curaçao, Martinique). This demonstrates an operating model that scales across very different regulatory, economic, and consumer environments.
- **Disciplined divisional management structure:** Organizing 21 markets into three geographic divisions (Brazil, NOLAD, SLAD), each with dedicated divisional leadership reporting to a central COO, allows local responsiveness in marketing, recruiting, and menu decisions while preserving centralized strategic and brand control — a structure that mitigates the execution risk of managing so many markets at once.
- **Long-term capital commitment:** 2026 guidance alone calls for US$275–325 million in capital expenditures and 105–115 new restaurant openings, evidencing sustained reinvestment in the brand's physical footprint and modernization (including the "Experience of the Future" format) rather than harvesting the business for short-term returns.
- **Financial scale and stability:** With FY2025 revenue of nearly US$4.7 billion and a NYSE listing (ARCO), Arcos Dorados has the balance sheet depth and public-market transparency to fund brand-standard capital requirements and weather macroeconomic volatility in individual markets which is a critical consideration for a franchisor entrusting its brand across an entire region.
- **Demonstrated resilience across market cycles:** The Company has managed currency volatility, inflation, and macroeconomic pressure in individual markets (e.g., Argentina, Venezuela) while still delivering consolidated revenue growth and margin expansion, showing an ability to absorb country-specific shocks without destabilizing the overall system.
- **Digital and innovation investment:** Digital channels (mobile app, delivery, self-order kiosks) represented 64% of system-wide sales in Q1 2026, and the loyalty program surpassed 30 million members (+62% year-over-year) — indicating the Company continues to modernize the customer experience across its footprint rather than relying on a static format.
- **Long-horizon alignment with the franchisor:** The 20-year master franchise term (with a further 20-year renewal option through 2065) reflects a deep, mutually reinforcing commitment between Arcos Dorados and McDonald's Corporation — the kind of long runway that justifies the scale of investment a multi-country master franchisee must make.
- **Single-brand focus:** Because Arcos Dorados operates exclusively as a McDonald's franchisee with no competing or distracting side concepts all management attention, capital, and operating expertise are concentrated on executing the McDonald's brand consistently across its entire territory.

Taken together, these characteristics make Arcos Dorados a model example of the type of large-scale, well-capitalized, operationally disciplined master franchisee (Operator) capable of representing a global brand consistently and sustainably across a large, heterogeneous group of countries.

Sources

The following sources were used in the preparation of this report:

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Appendix – McThai

McThai Company Limited is the sole master franchisee operating McDonald's in Thailand. This is a single-country license, unlike Arcos Dorados' multi-country model. The first McDonald's restaurant in Thailand opened in 1985, making it the 35th country in the world to serve the brand, and McDonald's Thailand currently has at least 240 restaurants nationwide. Ownership passed to new hands in the mid-2000s when Hester Chew and his partner Vicha Poolvaraluck led a buyout of McThai, with the new owners investing roughly 500 million baht (about US$14 million) over five years to open 50 new restaurants and renovate existing sites. Chew has served as Chairman of the Executive Committee and CEO, and under his leadership McThai has leaned heavily into localization with Thailand-specific menu items such as the Samurai Pork Burger and Spicy Chicken Teriyaki and Rice, plus format innovation like drive-thrus (introduced in 2010, growing to roughly 43-50 locations) and 24-hour operations starting in 2007. McThai Co., Ltd. | Food Production & Processing | Restaurants, Cafes & Bars - CM Member Profile - AMCHAM Thailand +3

The company has historically kept a tight, centralized operating model rather than sub-franchising: as of 2016-17, McThai had no policy of franchising out its Thailand restaurants, believing instead in its own teamwork and operating capability, in contrast to competitors like KFC Thailand which moved to a fully franchised model. Current leadership is under CEO Kittiwan Anuwatesakul, and the company reported solid growth in 2025 despite a challenging economic and competitive landscape, with a 2026 plan to expand into high-potential locations nationwide while investing in digital touchpoints and brand partnerships. Unlike Arcos Dorados' 21-country/three-division master franchise, McThai represents the opposite structural pole: a deep, single-country, largely company-operated license with 40 years of continuous local operating history, useful as a contrast case when discussing single- vs. multi-country master franchise structuring with clients. Nation ThailandMini Me Insights

Who We Are And What We Do For U.S. Businesses

Edwards Global Services, Inc. (EGS) exports U.S. franchises around the world. EGS represents U.S. and international franchises in their global expansion that have the following qualities: consistent growth; proven unit margins despite the high level of US competition, strong training, support and marketing resources; state-of-the-art technology; and the potential for a good Return On Investment (ROI) for the international partner, distributor or licensee.

EGS provides a complete international market research, operations and development solution for Franchisors. From the initial global market research and country prioritization - our GlobalAssess™ and GlobalEntry® tools - to developing new international markets and providing operational support around the world, EGS offers a complete country expansion solution based on experience as franchisor executives, international licensees, franchisees and consultants working with 40+ brands across more than countries, across 12 business sectors and with diverse cultures. Our international operations and development team are experienced in finding, qualifying, signing, starting up and growing international licenses using trademarked processes and services based on decades of problem-solving experience. EGS' Founder and CEO has been a country master franchisee in Asia, Europe and the Middle East and has held senior executive roles in international operations and development for a major franchisor.

Our U.S. based executive team has living experience in 13 countries and working business experience in more than 50 countries. EGS has twice received the U.S. President's E-Award for Export Excellence. Our Associate network on the ground covers 20+ countries and provides international expertise and experience. We are also known for our extensive country, cultural and sector research and publications. EGS has published the quarterly GlobalVue™ chart of how countries rank as places to do business since 2001. (https://edwardsglobal.com/globalvue/). And we have published a biweekly global business update newsletter since March 2020. (https://edwardsglobal.com/geowizard/)

William Edwards, CEO and Global Trade Advisor, has 5 decades of international operations, international start-ups, executive, consulting, and entrepreneurial experience, has lived in 7 countries in Asia, Europe and the Middle East plus Alaska, and worked on projects in more than 50 countries. Bill is the Chairman of the District Export Council of Southern California and has been an International Trade Advisor to the U.S. Trade Representative. He has authored more than 50 articles on global business development.

To learn how EGS can help your franchise realize it's full global potential, contact William (Bill) Edwards at bedwards@edwardsglobal.com or on +1 949 375 1896.