ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

RESTAURANTBRANDS.CO.NZ

Management commentary
(no financial statements)

Table of contents

ABOUT RESTAURANT BRANDS

Restaurant Brands New Zealand Limited (RBNZ) and its subsidiaries (together the Group), also referred to as Restaurant Brands (RBD), operates the KFC, Pizza Hut, Taco Bell and Carl's Jr. brands in New Zealand, the KFC and Taco Bell brands in Australia, the KFC and Taco Bell brands in California, and the Taco Bell and Pizza Hut brands in Hawaii, Saipan and Guam. These brands – four of the world's most famous – are distinguished for their product, look, style, ambience and service and for the total experience they deliver to their customers around the world.

Management commentary
(no financial statements)

Year in review

Key results

TOTAL STORE SALES

Total Group store sales hit a record high of $1,322.2 million, an increase of $83.2 million (6.7%) on FY22, with all four operating divisions showing growth in terms of $NZ.

NET PROFIT AFTER TAX (NPAT)

The reported NPAT of $16.3 million for the year was down $15.8 million on the prior year. This was primarily driven by inflationary impact experienced in the first half of the year.

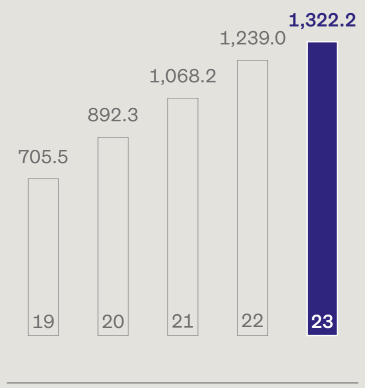
TOTAL STORE EBITDA*

Total Store EBITDA for the period was $178.4 million. This was down 0.9% on the previous year.

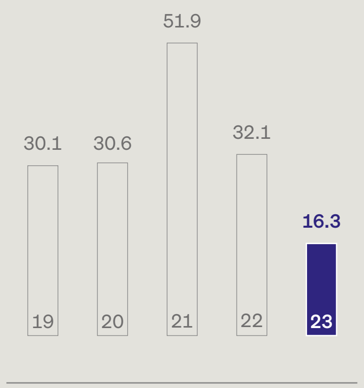
TOTAL STORES

Total owned stores as at 31 December 2023 were 376, unchanged from 31 December 2022. Pizza Hut stores in New Zealand reached 124 (118 are operated by independent franchisees).

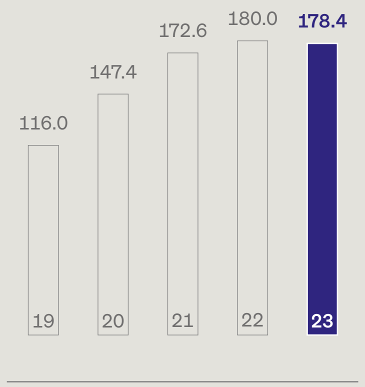
TOTAL STORE SALES ($NZm)



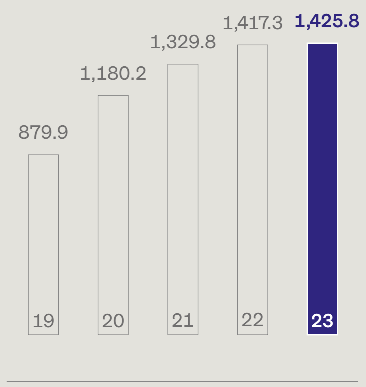
NPAT (REPORTED) ($NZm)



TOTAL STORE EBITDA ($NZm)



TOTAL ASSETS ($NZm)



* Store EBITDA is earnings before interest, tax, depreciation and amortisation. The Store EBITDA amounts referred to throughout this report are before General and Administration (G&A) expenses, NZ IFRS 16 and Other Items. Store EBITDA is a non-GAAP financial measure and is not in accordance with NZ IFRS.

Financial highlights

HISTORICAL SUMMARY

All figures in $NZm unless stated	44 Weeks 31 Dec 2019	52 Weeks 31 Dec 2020	52 Weeks 31 Dec 2021	52 Weeks 31 Dec 2022	52 Weeks 31 Dec 2023
Financial performance					
Store sales*					
New Zealand	367.5	410.4	461.1	529.2	571.8
Australia	169.1	214.9	244.1	283.4	310.0
Hawaii	168.9	215.1	206.5	247.5	259.7
California	–	51.9	156.5	179.0	180.7
Total store sales	705.5	892.3	1,068.2	1,239.0	1,322.2
Store EBITDA* before G&A					
New Zealand	67.9	75.9	83.3	89.3	80.5
Australia	25.2	29.5	31.6	31.2	37.8
Hawaii	22.9	33.5	33.8	42.3	45.0
California	–	8.5	23.8	17.1	15.1
Total Store EBITDA	116.0	147.4	172.6	180.0	178.4
Operating profit	64.4	74.8	102.1	86.7	78.6
NPAT (reported)	30.1	30.6	51.9	32.1	16.3
Financial position/cash flow					
Share capital	154.6	154.6	154.6	154.6	154.6
Total equity	208.0	230.5	289.7	293.2	290.4
Total assets	879.9	1,180.2	1,329.8	1,417.3	1,425.8
Operating cash flows	87.6	111.9	126.4	121.6	127.8
Shares					
Shares on issue	124,758,523	124,758,523	124,758,523	124,758,523	124,758,523
Number of shareholders	6,026	5,428	5,180	5,225	5,158
Basic earnings per share	24.1c	24.6c	41.6c	25.8c	13.0c
Ordinary dividend per share	0c	0c	32.0c	16.0c	0c
Number of stores (year end)					
New Zealand	148	137	137	143	147
Australia	65	70	79	83	84
Hawaii	74	72	73	75	70
California	–	69	70	75	75
Total stores	287	348	359	376	376
Number of employees					
New Zealand	3,777	4,582	3,748	4,041	4,422
Australia	3,887	4,055	4,526	4,719	4,698
Hawaii	1,935	2,055	1,764	1,687	1,697
California	–	1,381	1,402	1,542	1,536
Total employees	9,599	12,073	11,440	11,989	12,353

* Store sales and Store EBITDA for each of the concepts may not aggregate to the total due to rounding.

Management commentary
(no financial statements)

Year at a glance

58.7m

HAPPY CUSTOMERS SERVED IN FY23

498 STORES

376 OWNED

122 FRANCHISED

12,353 EMPLOYEES

FINANCIAL RESULTS

$1.3b STORE SALES

$178.4m EBITDA

$16.3m NPAT

$1.4b ASSETS

Management commentary
(no financial statements)

Chairman and CEO's report

Welcome to the Restaurant Brands' Annual Report for the year ended 31 December 2023 (FY23)

JOSÉ PARÉS
CHAIRMAN

ARIF KHAN
GROUP CEO

We thank our investors for their support in what was a challenging year as the Group managed the ongoing impact of the economic environment, while ensuring we continue to deliver long-term shareholder value.

Despite the challenging operating environment, sales remain strong, reaching a record high of $1,322.2 million, with growth delivered across all four operating regions in NZ dollars.

Same store sales were positive in all divisions, with the exception of California, where consumer spending continues to be adversely impacted by inflation.

All divisions continued to experience ingredient inflation and minimum wage increases in FY23, with New Zealand stores suffering the most, impacting margins and total Store EBITDA, particularly in the first half of the year (1H 2023).

Inflation pressures eased in most regions in the second half of the year, and the implementation of strategic initiatives, including cost control measures, proved to be successful, with margin gains achieved in the second half (2H 2023).

This delivery of record sales growth, in adverse economic conditions, demonstrates that our pricing strategy, which carefully balances the need to mitigate consumer pressures while protecting sales volume and brand health, is working.

LOOKING FORWARD: Our recipe for recovery and growth

Inflation remains elevated and above central bank targets, impacting the Group's margins. We continue to monitor the impacts of this closely on all divisions.

Over the coming 12 months, we will continue to drive improved margin and profit levels, while maintaining momentum on positioning the Group to deliver sustainable long-term value. Our strategy is outlined on page 16 of this report.

We are delivering against business improvement and innovation workstreams to ensure our systems and processes are fit for purpose to meet the challenges of the current operating environment and our growing store network.

Despite the challenging operating environment, sales remain strong, reaching a record high of $1,322.2 million, with growth delivered across all four operating regions.

This includes technology investment to streamline contracting, procurement, revenue management, hiring, inventory, point of sale and financial management processes to drive cost and time efficiencies.

Alongside diligent margin and cost controls, we are focused on being disruptive in the way we bring value to our customers. This includes innovation across our menu, store formats, operations and customer experience and continued investment into digital platforms and marketing programmes to maximise customer access.

We are confident that these workstreams place the Group in a strong position to deliver on its strategy to achieve improved margins, increased profit in FY24 and provide long-term shareholder value.

Management commentary
(no financial statements)

$NZm	31 Dec 2023	31 Dec 2022	Change ($)	Change (%)
Total Group store sales	1,322.2	1,239.0	+83.2	+6.7
Group Net Profit After Tax (NPAT)	16.3	32.1	-15.8	-49.3
Group Store EBITDA	178.4	180.0	-1.6	-0.9

GROUP OPERATING RESULTS

Group store sales totalled $1,322.2 million, up $83.2 million on the previous year. Same store sales were positive in all regions except for California, which was impacted by an inflation driven reduction in consumer spending.

NPAT for the year ended 31 December 2023 was $16.3 million. The reduction of NPAT on the prior year is a result of continuing inflation pressures, higher financing costs, and reduced consumer spending which affected California throughout the year and New Zealand in 1H 2023. NPAT includes an impairment of $9.0 million ($6.4 million after-tax).

Total Store EBITDA was $178.4 million, down $1.6 million or 0.9% on the prior year. EBITDA margins (as a % of sales) reduced from 14.5% to 13.5%. The decrease in EBITDA is due to tighter margins caused by continued cost pressures across all divisions, particularly in 1H 2023. Inflationary pressures eased in the second half of the year.

STORE NUMBERS

The Group's owned store numbers as at 31 December 2023 totalled 376, comprising 147 in New Zealand, 84 stores in Australia, 70 in Hawaii and 75 in California. Pizza Hut stores in New Zealand increased to 124, of which 118 are operated by independent franchisees.

CHAIRMAN AND CEO'S REPORT

$571.8M
NEW ZEALAND TOTAL STORE SALES ($NZm)

NEW ZEALAND OPERATIONS

The New Zealand business contributed total store sales of $571.8 million, up $42.6 million or 8.1% on FY22. Same store sales increased 6.2%. This was driven by strong sales for the KFC brand, along with growing momentum in the Carl's Jr. and Taco Bell brands.

The New Zealand business once again delivered a solid result, despite tough economic conditions.

Total store sales are up $42.6 million to $571.8 million, an increase of 8.1% from FY22, showing strong customer growth.

Positive same store sales growth of 6.2% (2.4% in FY22) and the opening of four new stores during the year drove a strong result in tough economic conditions.

Store EBITDA for New Zealand operations was $80.5 million, down $8.8 million. This was due to persistent inflation, particularly in 1H 2023. Inflationary pressures are primarily attributable to ingredient, labour input, and occupancy costs.

Cost reduction initiatives and strategic pricing improved the result in 2H 2023 with Store EBITDA margin up by 2.0% from 1H 2023. Our strategic pricing programme is being executed at a pace and level to ensure both margin recovery and brand health. As a result, same store sales growth was maintained without compromising sales volumes.

	31 Dec 2023	31 Dec 2022	Change ($)	Change (%)
Store sales ($m)	571.8	529.2	+42.6	+8.1
Store EBITDA ($m)	80.5	89.3	-8.8	-9.9
EBITDA as a % of sales	14.1	16.9		
Store numbers	147	143		

The New Zealand KFC and Pizza Hut businesses both delivered the strongest sales in their respective brand histories. The continued innovation of new products contributed to weekly sales records for both brands.

Carl's Jr. continues to perform well, with sales up on last year. Two new delivery and carry-out concept stores (Auckland and Hamilton) were opened during the year, further expanding the network, and continuing to build brand awareness.

Although Taco Bell remains a small portion of the New Zealand business, brand sales are strong and increased by 13.3% year on year as a result of new store openings and a refreshed menu.

Management has been realigned to bring the New Zealand and Australian Taco Bell divisions under one leadership team and the brand continues to further establish itself in the New Zealand market despite a slow start.

Store developments slowed across all brands due to restricted availability of building materials and store equipment. The New Zealand division opened four new stores in the year: KFC Karaka, Taco Bell Otahuhu and two Carl's Jr. in Glenfield and Hamilton East, increasing total owned stores to 147.

The Pizza Hut store network has increased by 10 new independently franchised stores. This brought the total number of Pizza Hut stores to 124, of which 118 are operated by independent franchisees under a master franchise agreement with Restaurant Brands.

Significant store enhancements have been made in FY23, with 22 stores refurbished over the year. We remain committed to our development programme with further new store builds and refurbishments planned for FY24.

While the pace of increased input costs is expected to slow in 2024, inflation is expected to persist and place pressure on EBITDA margins.

Our strategy, which includes investments in new technologies to drive store efficiencies and customer access, strategic price increases, cost reduction measures, and the innovation of our staff and customer experience will continue to assist in our journey to margin and profit recovery.

Management commentary
(no financial statements)

AUSTRALIAN OPERATIONS

In $NZ terms, the Australian business contributed total store sales of $NZ310.1 million, up 9.4% on the previous year, and Store EBITDA of $NZ37.8 million, up 21.1% on the previous year.

The Australian business continued to deliver strong year-on-year sales growth in FY23, with total sales of $A286.6 million, up $A27.7 million, or 10.7% on FY22. The implementation of value-driven marketing strategies had a positive impact on store sales, delivering same store sales growth of 6.5%.

Continued focus on operational efficiencies, and sales growth in Australia has resulted in Store EBITDA of $A34.9 million (12.2% of sales), an increase of $A6.3 million or 22.0% on FY22. The improved Store EBITDA result is driven by the strong performance of the KFC brand and the continued recovery of the Sydney CBD and mall stores, which have seen a marked recovery through sales leverage.

Our strategic focus on staff development, margin enhancing initiatives, store upgrades and investments in eCommerce technology has further propelled operational efficiency and helped to maintain relevance in the Australian QSR market.

KFC sales growth is driven by a strategic approach of delivering consumer value whilst mitigating the impacts of inflationary pressures through a measured price increase programme. Growth was generated across all channels, and in particular, online sales, which delivered a mix increase of 8.6% compared to the prior year.

	31 Dec 2023	31 Dec 2022	Change ($)*	Change (%)
Store sales ($Am)	286.6	259.0	+27.7	+10.7
Store EBITDA ($Am)	34.9	28.6	+6.3	+22.0
EBITDA as a % of sales	12.2	11.0		
Store numbers	84	83		

The uplift in Taco Bell sales is driven by the annualised sales growth of three stores launched during FY22 as well as two new store openings in FY23 in Bathurst and Cessnock, which has broadened brand reach in key growth areas. Taco Bell Tamworth was closed and will be converted to a KFC store.

The division will continue to see benefits from planned investment into new stores and store refurbishments in FY24.

The prevailing economic environment, characterised by inflationary impact, reduced consumer spending and geopolitical volatility is expected to place continued pressure on sales volume and margins in FY24.

Our mitigation strategy, which includes labour optimisation and ongoing cost cutting measures will continue to be implemented to protect and improve margins where possible.

$286.6M
AUSTRALIA TOTAL STORE SALES ($Am)

* Store sales and NPAT change may not aggregate to the total due to rounding.

HAWAIIAN OPERATIONS

In $NZ terms, Hawaiian operations contributed $NZ259.7 million in store sales, an increase of $NZ12.2 million or 4.9% on FY22. Store EBITDA increased $NZ2.7 million to $NZ45.0 million, partly supported by a favourable NZD/USD exchange rate.

Profitability remained strong for the Hawaiian division despite continuing staff shortages and cost pressures, with both store sales and Store EBITDA up on the prior year.

In $US terms, total store sales in Hawaii were $US159.5 million, an increase of 2% on FY22. Same store sales increased 3.5% on FY22.

	31 Dec 2023	31 Dec 2022	Change ($)	Change (%)
Store sales ($USm)	159.5	156.4	+3.1	+2.0
Store EBITDA ($USm)	27.6	26.8	+0.8	+3.0
EBITDA as a % of sales	17.3	17.1		
Store numbers	70	75		

$159.5M
HAWAII TOTAL STORE SALES ($USm)

Store EBITDA was $US27.6 million, a $US0.8 million increase on FY22, showing a higher margin increase than sales growth during FY23.

This result is attributable to strong Taco Bell sales, which were partially offset by a decline in Pizza Hut sales growth.

The Taco Bell brand continues to thrive in the Hawaiian market, with new product innovations, unique customer experiences and strong marketing campaigns driving sales growth. Staffing improvements and cost cutting measures continue to drive margin improvements.

Extended store hours in key stores have been implemented to support an uplift in Taco Bell's late-night footprint and attracted a larger customer base.

While the Pizza Hut brand experienced a small decline in sales growth, new product innovation and promotional offerings supported sales. Hawaii Pizza Hut also benefited from staffing gains, which enabled select stores to expand operating hours to access the late-night customer market.

Overall Hawaii store numbers decreased by five during the year, with the closure of two stores in Pearl Harbor, in May 2023. Two stores remain temporarily closed in Lahaina following the major wildfire in August 2023, and one store at Johnson Circle was closed in November 2023.

The Kahului Pizza Hut relocation is expected to be completed in April 2024 and both the Taco Bell and Pizza Hut brands will work on minor remodelling and refurbishment projects to support the customer and brand experience.

Labour challenges continue in Hawaii for both brands. Acquisition and retention of store employees continue to place pressure on the division, and the increase of Hawaii's minimum wage by 16.7% on 1 January 2024 adds further costs into the business.

Our strategy to mitigate the margin impacts of labour cost increases includes our ongoing strategic pricing programme, cost controls and marketing initiatives. We remain confident that similar strong Store EBITDA margins can be achieved in FY24.

Management commentary
(no financial statements)

CALIFORNIAN OPERATIONS

In $NZ terms, the Californian operations contributed $NZ180.7 million in store sales, up $NZ1.7 million or 0.9% on FY22, partially offset by a favourable NZD/USD exchange rate.

In $US terms, store sales were $US110.9 million, down by $US2.3 million or 2% on a total basis compared to FY22.

The Californian division continues to navigate the impacts of the inflationary environment on ingredients and labour costs, alongside a market-wide reduction in consumer spending.

Although inflation eased in the second half of FY23, the shift in consumer preference to a value-orientated menu and promotional items and competitive pressure, has hampered the ability to fully recover.

Mitigation measures implemented to drive sales and limit impact on margins are showing progress, however at a rate slower than expected. As a result, Store EBITDA was $US9.3 million (8.4% of sales), down 14.7%, on FY22. Total store sales were $US110.9 million, down 2.0% on FY22 and same store sales were down 4.3% on FY22.

Californian store numbers remained unchanged during the year overall compared to prior year. KFC Paramount was opened in June 2023 and two KFC stores opened in the Southern California cities of South Gate and Ontario in December 2023. This was offset by the closure of three stores located in challenging trading locations as part of our portfolio optimisation plan.

Increased revenues from the two stores opened in December will flow into FY24.

During the year, we conducted trials on enhanced energy management systems in our stores to drive improved energy efficiency and costs, primarily around HVAC and lighting controls. The trials were successful, and our first wave of implementation will see these systems rolled out to a third of our store portfolio in the first half of 2024. We continue to explore and test initiatives to make our stores more efficient and reduce operating costs, including labour.

Labour conditions remain tight, and we are preparing for increased labour costs, with the minimum wage increasing by 29% to $US20.00 per hour effective 1 April 2024. The impacts of this are being monitored carefully, and mitigation measures are in place to offset additional margin pressure.

Increasing our market share in the region remains a key area of strategic focus, and workstreams are underway to support this, including additional investments in technology, programmes to attract and retain talent, and the optimisation of the Californian store portfolio to refocus on key areas of growth.

While this market remains challenging, we believe we have the right strategy in place and the benefits of this will be realised over the next few years.

	31 Dec 2023	31 Dec 2022	Change ($)	Change (%)
Store sales ($USm)	110.9	113.2	-2.3	-2.0
Store EBITDA ($USm)	9.3	10.9	-1.6	-14.7
EBITDA as a % of sales	8.4	9.6		
Store numbers	75	75		

$110.9M
CALIFORNIA TOTAL STORE SALES ($USm)

CORPORATE & OTHER

General and administration (G&A) expenses were $67.2 million, up $5.7 million from last year reflecting the effect of inflation on salary costs, filling vacancies and upgrade of SaaS* systems. G&A as a % of total revenue was 4.8% which is up from 4.7% for FY22.

Depreciation charges of $89.3 million for the year ended 31 December 2023 were $4.1 million higher than the prior year primarily due to the impact of continued capital expenditure particularly on refurbishments of existing stores. Included in the depreciation charge was $42.6 million related to right of use asset depreciation incurred under NZ IFRS 16.

Financing costs of $56.2 million (including interest on lease liabilities), were up $11.7 million on the prior year. Interest on bank debt for the period ended 31 December 2023 was $20.7 million, up $9.6 million on last year, reflecting the impact of higher of interest rates.

OTHER EXPENSES

Other net expenses of $6.1 million are up $3.2 million from $2.9 million for the prior year. This year's increase is primarily driven by a net impairment charge of $9.0 million partially offset by $4.7 million of insurance recovery proceeds following the wildfire in Lahaina and flood damage in Australia. Remaining items in other expenses in FY23 were $0.6 million relating to a store closure in Australia and $1.3 million of legal expenses in California.

$1,425.8M
TOTAL ASSETS

CASH FLOW & BALANCE SHEET

Total assets were $1,425.8 million, up $8.5 million on FY22 primarily driven by store refurbishments and eight new stores added across the network during the year which increased the value of property, plant and equipment. The Group also acquired land for new store development. Total liabilities were $1,135.4 million up $11.3 million on the prior year, reflecting the inflationary impact on trade and other payables, the Group's commitment to the store refurbishment programme, and higher levels of bank debt.

Operating cash flows supported by inventory reductions were up $6.3 million to $127.8 million.

Net investing cash outflows were $84.7 million ($91.6 million in FY22). A decrease of $6.9 million is mostly attributable to a decrease in capital expenditure and reflects the lower investment in new store builds compared with FY22.

DIVIDEND

The Board has assessed at balance date the current and projected financial position of the Group and in particular its cash flows, capital expenditure demands and debt levels. Given the demands of the store development programme on the Group's capital resources and an increased level of debt, directors believe it is in the best interests of the Group to retain cash in order to support growth and maintain funding flexibility and maintaining a healthy leverage ratio. No dividend is declared for FY23.

TOTAL ASSETS UP
↑ $8.5M
ON FY22

ANNUAL SHAREHOLDERS' MEETING

The Annual Shareholders' Meeting of the company will be held in Auckland on Friday 24 May 2024.

ACKNOWLEDGEMENTS

Restaurant Brands has over 12,000 employees. This amazing team has done an outstanding job in the challenging environment. They have been working very hard to ensure we continue to deliver top quality product and service to our customers. We are also fortunate to have the support and invaluable trust of an extraordinary group of shareholders and continues guidance from the board members. Our sincere thanks to our customers and the entire team as we appreciate the passion and dedication put in by our staff and leaders, as this is what makes Restaurant Brands a success.

José Parés
Chairman of the Board

Arif Khan
Group CEO

* Software as a service (SaaS)

Management commentary
(no financial statements)

One Group

With operations spanning two hemispheres, we are increasingly growing together as a Group.

AUSTRALIA
PAGE 10

NEW ZEALAND
PAGE 9

CALIFORNIA
PAGE 12

HAWAII
PAGE 11

AS ONE TEAM

12,353 EMPLOYEES	$1.3b SALES
498 STORES	$1.4b ASSETS

As we begin to share values, ambitions, capabilities, brand intelligence and learnings, so we will become more aligned and closer as an organisation. Across the board, our teams are feeling the reality of belonging to something bigger than their immediate day-to-day. Technologies and systems are drawing us together and promising fresh opportunities for our people. It amounts to the potential of a new Group energy that will enable new growth and value to flow through the business.

Management commentary
(no financial statements)

Our strategy

A recipe for recovery and growth

FY23 was a challenging year, but one that saw significant transformation and progress against key initiatives that will take the Group into a new era. The work undertaken to enhance our systems and innovate our customer offering is clearly demonstrating its value and the Group is well placed to keep growing successfully.

Our strategy is focused on two-key priority areas: recovery and growth. We are working to achieve improved margins and increased profit, while continuing to position the Group to deliver sustainable long-term value for our stakeholders and the best possible experience for both our staff members and our customers.

Across all divisions, we are adapting at pace to respond to the changing needs of the operating environment, our customers, and our growing store network.

We aspire to reach $2 billion in Group sales and are well on our way to achieving this through the growth and optimisation of our portfolio.

We continue to operate winning brands that are digital-first, younger, more relevant, and more accessible every day. Our strategy to achieve this is enabled by technology, innovation, operational excellence, and powered by winning teams.

Strategic Drivers

RECOVERY

GROWTH

01 MARGIN IMPROVEMENT

As we continue to navigate volatile economic conditions, margin improvements are being driven by an ongoing strategic pricing programme and cost control measures. We are seeing the benefits of this strategy on our margins, and are proud to have achieved this without impacting sales volume.

Customer loyalty and brand health remain foundational to Restaurant Brands' long-term growth. While the near-term focus is firmly on managing inflationary pressures, our pricing programme will continue to be executed at a pace that support sales volumes, protects our strong customer base and maintains relativity to competitors into the future.

02 TECHNOLOGY INVESTMENT

We are enhancing our systems and processes to meet the challenges of the current operating environment and support our growing store network.

Our objective is to deliver significant cost and time efficiencies, while improving customer access and our staff experience. Foundational to achieving this is increased alignment across all divisions and we're maximising the benefits of combined capabilities, data and brand intelligence across the Group.

A core component of our strategy is making our brands and products event more accessible through digital channels to create higher levels of online engagement and sales.

Our pipeline of technology investments include enhanced contracting, procurement, pricing, hiring, inventory, point of sale and financial management tools.

ENABLERS

Our People
Technology
Operational excellence
Innovation

03 NETWORK EXPANSION

Our growth, and pathway to $2 billion in Group sales, is fuelled by new stores, innovation of our store formats, brand development and the optimisation of our portfolio.

We're expanding our brand reach with the opening of new company owned stores across all brands, in all markets.

Franchisees play a critical role in our recipe for success and we have a strong focus on the recruitment of motivated business owners to join our award-winning Pizza Hut network.

We're adopting new store formats, including small-format delivery and carry out models, drive-through, and mall concepts to meet the changing needs of our customers. Where appropriate, we're consolidating our portfolio to focus on key growth areas.

While we believe the biggest near-to-medium term growth potential lies in our current network, we continue to explore and assess potential brand acquisitions to support the growth of the Restaurant Brands portfolio.

04 WINNING BRANDS AND CUSTOMER EXPERIENCES

We are disrupting our brand offering to ensure we deliver value that goes far beyond price and create new ways to grow revenue.

Our focus is on building modern, distinctive, relevant, digital-first brands that deliver a winning experience not only to our customers, but to the Restaurant Brands team, and our franchisee network.

A culture of innovation drives our strategy forward. We are transforming our menus, store formats and customer experience models, and investing in digital platforms and marketing programmes to enhance access to new customers and optimise our current customer base.

RECOVERY

GROWTH

We aspire to reach $2 billion in Group sales and are well on our way to achieving this through the growth and optimisation of our portfolio.

Management commentary
(no financial statements)

Our winning recipe

Embracing our diversity and team culture for unified success.

For Restaurant Brands, the ultimate end game is the very best possible team and customer experience – every day – across all brands, all markets and all stores. It's a Group-wide purpose for which the magic ingredient is the heart and passion of every single employee right through the business from the people at head office to the front-line individual team member who greets and serves the customer.

Culture, ethnicity, language, age, life experience are the ingredients that come together to deliver a customer experience. But because we're talking about people, combining diverse talents and perspectives makes the task a little more complex. Everyone is different.

Arif Khan, Group CEO, sets the tone. "We're an extraordinarily diverse company. By looking after our people and giving them the best team experience, they will look after the customer and deliver a winning customer experience. Get that equation right, and the business will always be in good shape."

Under new leadership, the Group is becoming more aligned, sharing ambitions, capabilities, brand intelligence and learnings. Leaders are visible, on the ground and listening with more 'town hall' team gatherings, and field visits. Technology investments are systematising processes, making the brands more accessible to both employees and consumers alike.

TEAMS POWERED BY TECHNOLOGY

There's no doubt that in-store kiosks, digital ordering and delivery channels work well with sophisticated always-on social media experiences to orientate the brands towards younger customers. Our group-wide technology is helping to foster belonging and inclusion among employees as well, making them feel a part of something bigger. Online training, Plate (the Group's employee platform) and social media groups all help to make the Group more visible and help managers connect better with team members.

The power of the team working together as one can be formidable. Take the Waikato region in NZ for example. Area Manager, Berny Reid, who speaks with pride about her team, who she says embody the Group's unique culture and deliver on the values every day, powered by the Group's digital connectivity.

"I'm grateful that I have such a collaborative team. People step up," says Berny. The Restaurant Brands culture fosters an environment of trust and a strong sense of responsibility. The technology we have in place allows us to focus on great team and customer experiences".

BERNY REID
AREA MANAGER KFC (NZ)

We're focused on building a winning team and customer experience by making our brands younger, more relevant and more accessible every day. Technology enables us to make great strides forward in that.

ARIF KHAN, GROUP CEO

Management commentary
(no financial statements)

NEW VALUES

The new Restaurant Brands Group values, launched in 2023, have been well received by all employees in all markets. They've given Area Coaches and restaurant General Managers throughout the Group the tools to help them build strong teams focused on the company's number one priority – a winning customer experience.

Rebecca McLellan, General Manager (GM) Operations and Customer Experience (Australia), talks about how the values represent a common language to wrap around the Group's purpose.

"They help managers get comfortable with the language so they can translate our 'why' to their team members – some of whom are young and fresh out of school," says Rebecca.

"Much more than this, the values are helping us to rebuild connection and belonging among our people – something we all lost during COVID. By building an environment of trust and responsibility we can orientate young people from all kinds of backgrounds, teach them life skills, and give them purpose – all in a safe place. People are enjoying coming to work."

JP & YASMEEN SAHOTA
INDEPENDENT FRANCHISEES (PH NZ)

"Responsibility is our promise – that's my favourite value," says Berny Reid, "it helps me talk about taking ownership and being accountable for ourselves and our actions. The values help us all to make good decisions."

Monique Knight, Area Coach for KFC in California, applauds the values communication materials for how they help her to recognise members of her team for their values-led behaviours. "I use the cards to show I value my team members. They're very cool and provide a nice touch – especially when we display them on the restaurant notice board and publicly post the reward achievers up on Plate for everyone to see."

Restaurant Brands introduced a set of group-wide values in June/July 2023 to enable everyone in the company to focus on what matters and the behaviours necessary for achieving personal and business success. Promotional, training and recognition materials were presented and shared across the different markets.

Great employee experiences will always come first....

ARIF KHAN, GROUP CEO

TWO-WAY CONVERSATIONS

But it's not just a one-way, top-down approach. The annual Employee Engagement Survey, has facilitates a healthy and productive dialogue and opportunity for learning from the ground up. Employees give their feedback knowing their voices will be heard and acted upon – 'trust is our strength' is one of the values. From market to market, brand to brand, store to store, and individual to individual, the feedback is taken very seriously.

"It's important for us as leaders to understand and listen to the differences in our teams," says David Hill, Taco Bell Operations Manager (NZ). "People respond differently to the same prompt. Cultural sensitivities, a mix of ages and languages means we must actively listen and extra intently if we are to help our people be the best they can, to enjoy their work and pass on that positivity to the customer."

"Sometimes the improvements we make, because we listen, can be small. But they can have a big impact in the field. Setting up a Help Desk for managers to call has been a huge help."

But aside from the survey feedback, the Group's operations managers are instinctively attuned to the needs of their team members.

"Because we're one big family, we can tell someone when something's not right," says Monique. "And when you have trust and openness, they'll tell us what's wrong. Our culture is unique like that."

A WINNING CULTURE

Leaders across the Group play an empowering role in supporting their employees. It's a way of describing how leaders guide, enable and empower individuals to shine and make the best of themselves working together with a common purpose.

GEORGINA FRANCES
DIGITAL MARKETING DIRECTOR (NZ)

Genicar Failano, Taco Bell Area Coach (Hawaii), believes very strongly in this. "I'm here to support the restaurant GMs, every day and every week, however I can – helping them to achieve their career ambitions with our brand. I bring everyone together regularly through training, and also fun family days at Thanksgiving and Christmas. It's important they feel they are part of something bigger than their store."

Rebecca McLellan adds, "I'm here to make the lives of my teams easier. It's about being intentional and visible. Face to face is so important in building connections. It's why I'm on the road three to four days a week getting to see as many of the people in the 72 stores I look after as possible."

Leanne Too, KFC Marketing Director (NZ), describes growing future leaders. "I'm focused on building capability and empowering people to make strategy with confidence. It's giving our people the right balance of autonomy and guidance."

Although Leanne is a recent recruit in the Group – she came with a solid international blue chip FMCG background – she is enthused and inspired by the Group culture. "I'm part of a cohort of new blood to come in with fresh perspectives and experiences to contribute, and I sense a big appetite to share and learn together as a group. It's an amazing forum here for recognition and empowerment to innovate and create sustainable growth with global brands."

Georgina Frances, Digital Marketing Director (NZ), agrees. "The team culture here is in the best shape it's ever been. Cross functional sharing and collaboration is at an all time high, and autonomy and recognition are very much alive. People are so happy coming to work. We have a monthly team marketing award, and our hash tag '#WinWorthSharing' initiative applauds everyday achievements and wins to keep everyone feeling valued and motivated."

Marc Gilchrist, GM Operations for Pizza Hut (NZ), embraces the teamwork culture principles to the maximum – and has the metrics to prove it works. He has to, because he counts the 81 franchise owners as customers who look to him and Restaurant Brands New Zealand for their return on investment. Marc and his team, including Irena Uslinova (Franchise Coach), deploy all of the available tools they can to help create a very special Pizza Hut culture.

Management commentary
(no financial statements)


MARC GILCHRIST
GM OPERATIONS FOR PIZZA HUT (NZ)


IRENA USLINOVA
FRANCHISE BUSINESS COACH (PH NZ)

There's a fresh energy coming into our business and it's driving better metrics.

MARC GILCHRIST, GM OPERATIONS PIZZA HUT (NZ)

"Because most of the stores are owned by franchisees, our conversations focus on how investing in culture leads to increased sales and greater profit," says Marc.

"We combine online training with in-store workshops on just about everything. Not only on operational specifics, but also creating community and belonging by bringing people from across all of the Pizza Hut stores. They get to meet each other and share their love of the brand."

"Our Customer Mania workshops focus on customer experience," says Irena. "We adapt the modules for Pizza Hut and use the customer satisfaction metrics to create the tools and build the skills necessary for franchisee success."

Marc, who started his career as a KFC brand manager and subsequently became Marketing Manager for Carl's Jr., definitely feels a change in how the Group is operating. "We're giving our franchisees more autonomy to take initiatives and responsibility."

For Pizza Hut in New Zealand, this has worked exceptionally well given the incredibly price-competitive pizza market. The brand is appealing much more to a younger audience nowadays, and sales have risen accordingly for three years in a row. It reflects a performance that compelled the global Pizza Hut leaders in Dallas to visit New Zealand to see what they might learn from this shining light downunder.

A WINNING TEAM

While Pizza Hut NZ has every right to feel proud, so too are the many leaders across the Group who see their teams performing to their best. Because when it comes to service the final judge is, of course, our customer.

Witnessing the Taco Bell that is rung by satisfied patrons when they leave the store feels good. "It rings a lot," says David Hill. "It's loud too!" Manpreet Kaur is a District Manager who takes customer hospitality seriously. Her six Carl's Jr. stores achieved 90% customer satisfaction. "Carl's Jr. is about table service and front of house. It's a superstar customer service model that has no room for mistakes." Manpreet and her team's passion for customer service has seen the Carl's Jr. Takanini store winning the International Restaurant of the Year award for three years in a row.

Nothing gives area managers greater pride than seeing their team members recognised by the wider Group or global brand operation.

Genicar Failano, Area Coach for Taco Bell in Hawaii, was once a restaurant GM herself and, at the time, the only one from Hawaii to ever be selected to attend the awards ceremony for the top 100 performers out of 7,000 Taco Bell stores. She vowed that if she became an Area Coach, she would help one of her store managers to be recognised and go as well.

MANPREET KAUR
DISTRICT MANAGER CARL'S JR. (NZ)

2023 was a tough year for Hawaii. The wildfires brought havoc and devastation for many. But her team dug deep and played their part by packing and delivering 700 food boxes to the victims. Going above and beyond saw three restaurant GMs, selected to go to the Golden Bell Best of the Best Awards. A joyful moment for Genicar and her team.

Berny Reid can also feel the pride for her team since one of her managers has been selected to go through to the international KFC Champions Club – a brand wide recognition programme culminating this year on Australia's Gold Coast – as one of the top 10 KFC store managers from New Zealand.

Ultimately, a quality team experience delivers a quality customer experience. The two go hand in hand. Values, new technologies and channels, and impassioned ever-present leaders, can combine to unlock a group-wide potential to deliver even greater value than ever. It's a new beginning for the Group – the foundations are in place, and a new energy is flowing.

Arif vows to visit every store. "While I've met every Area Manager and Operations Manager, I want to meet every single Restaurant GM across every single store that we operate. I'm getting there."

"But it's like everything we strive to do – encouraging, instilling, coaching and inspiring our people so they can pass on their passion to the customer experience. We can do all of that – but none of it is real until it's real in the store."

The pride, passion, optimism and energy levels are getting stronger across the Group.

And that customer bell rings yet again.

RECOGNITION

Arif Khan leads the Restaurant Brands's culture of employee recognition by example, making it a priority to personally meet with as many frontline team members as he can when he is visiting the Group's international markets.

This is a culture he fosters among the entire Restaurant Brand's leadership team, and he says that customer experience will never exceed the team experience at Restaurant Brands.

"No one has more insight into our business than our employees on the store floor who are serving our customers, and utilising our systems and processes every day. Great employee experiences will always come first. When we take care of our people, and recognise their value, we know they will look after our customers and we'll see the results as a business."


DAVID HILL
OPERATIONS MANAGER TACO BELL (NZ)

Management commentary
(no financial statements)

Our ingredients for sustainability

In the unfolding narrative of environmental, social, and governance responsibility, Restaurant Brands re-affirms its commitment to sustainable growth through equity, inclusion, ethical governance and environmental responsibility across every aspect of its operations.

Management commentary
(no financial statements)

Materiality:
Materiality Assessment with our stakeholders

Group framework:
Updated ESG* Framework

Group emissions:
Group greenhouse gas emissions are measured

Group targets:
Approved emissions reduction targets

Reporting and compliance:
Climate-related disclosure

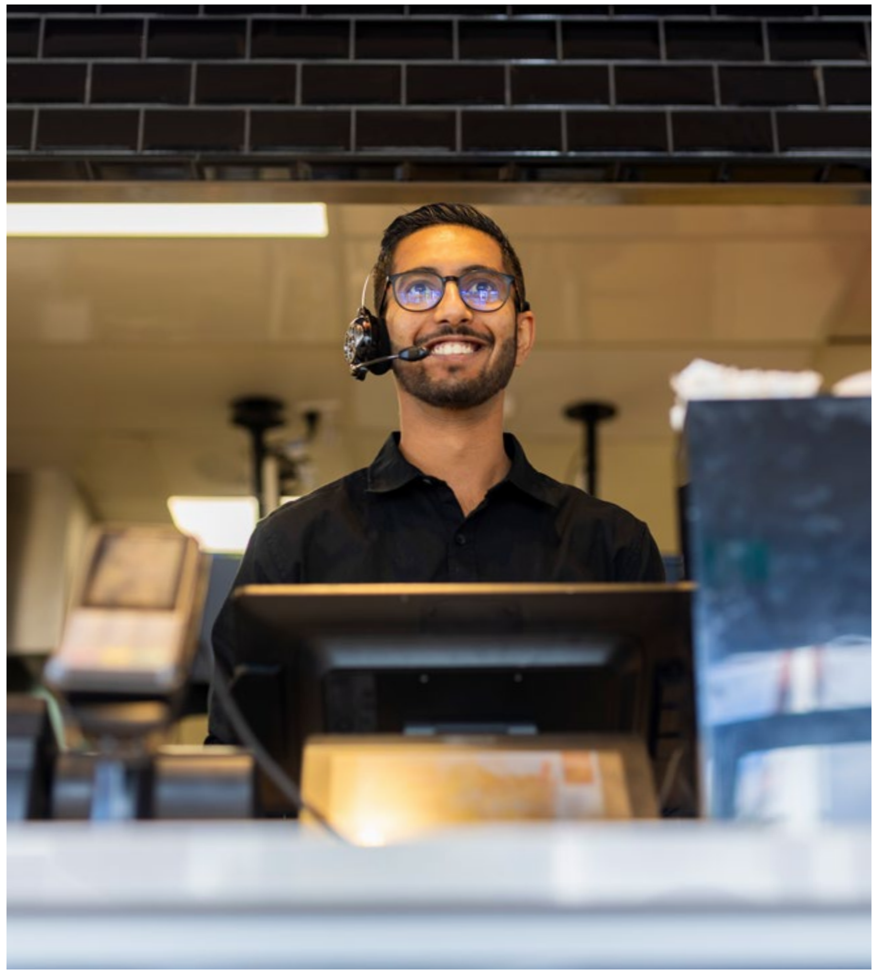
INTRODUCTION

The turn of the year marked a great milestone in our nation's decarbonisation journey. Legislation for mandatory climate-related disclosure was formalised with Aotearoa New Zealand Climate Standards issued in December 2022.

Around 200 large companies meeting certain criteria are now required to publish their climate-related disclosures annually. Restaurant Brands meets the definition of a Climate Reporting Entity in the Financial Markets Conduct Act (2013), and hence 2023 was the the first year of our climate-related disclosures.

Our environmental report provides the summary of the main highlights and milestones we have achieved in 2023, with more detailed information regarding our greenhouse gas inventory, emissions reduction targets and plans described in the Group's climate-related disclosures.

Environmental report and climate-related disclosures will be issued as a separate document on or before 30 April 2024 as required by the Financial Markets Authority (FMA), and will be available on the Group ESG web page: ***https://www.restaurantbrands.co.nz/community-and-sustainability***



* Environmental, Social and Governance

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MATERIALITY ASSESSMENT AND FRAMEWORK UPDATE

2023 was the first post-COVID year not materially disrupted by the pandemic. It was also our first year of the mandatory climate-related disclosures. With the new ESG manager permanent role filled at the beginning of the year, it was perfect timing for Restaurant Brands to take an inventory of its sustainability pathway, re-set our ESG goals and align them with the Group strategy.

The first step in the process of reviewing and updating our ESG framework was to gain a better understanding of what was important to our stakeholders, what environmental, social and governance areas needed to be prioritised, and how we were positioned in our sustainability journey compared to the main industry peers. The Group engaged an independent consulting firm to complete a materiality assessment via a set of individual and group interviews and questionnaires with our main stakeholder groups – customers, employees, suppliers, partners, investors, lenders, and communities. The main questions we asked our stakeholders to share with us were around the main ESG issues, risks and opportunities the Group may be facing or should be addressing in the upcoming years.

All the answers were grouped by topic, ranked by the importance to our stakeholders and mapped to the materiality matrix.

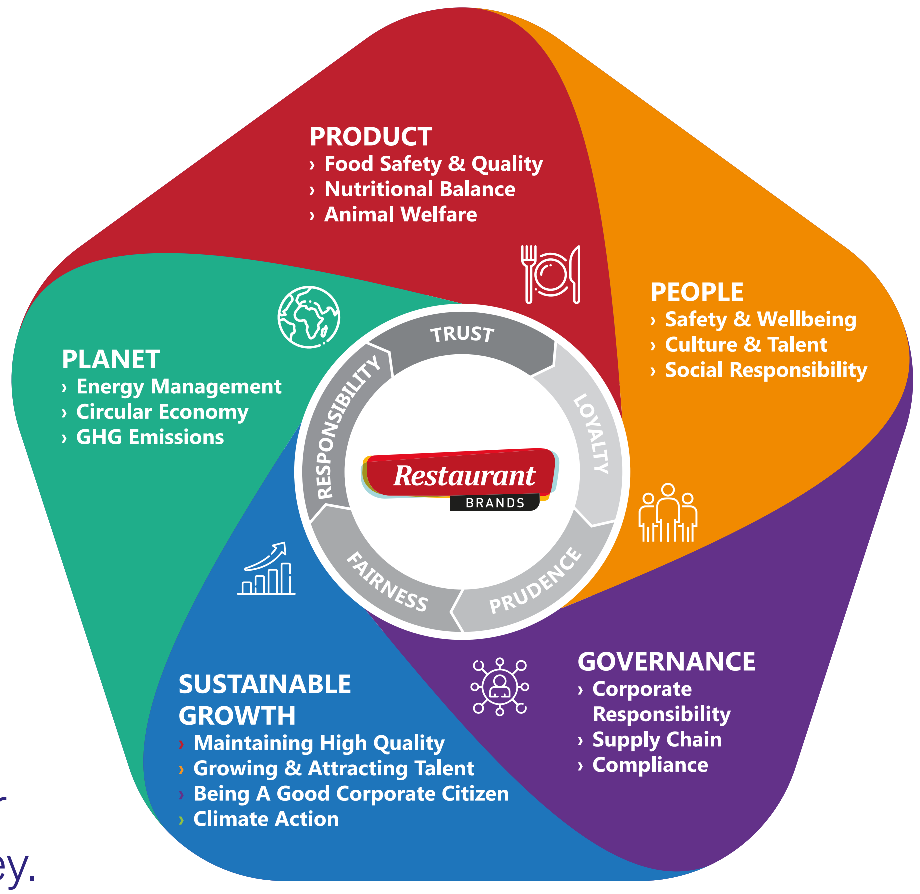
The matrix then was reviewed by Restaurant Brands' executive team and assessed through the double-materiality lens: the importance of those topics and their impact on the Group, and our impact on the environment and society in each of those areas/topics.

Below is the Restaurant Brands 2023 double-materiality matrix. It is an insightful summary of what is paramount to our internal and external stakeholders (top right quartile), as well as a good reflection of the areas within our greater influence and control (the smaller circle in the top right corner).

RESTAURANT BRANDS DOUBLE-MATERIALITY MATRIX

Management commentary
(no financial statements)

GROUP ESG FRAMEWORK



Our company values are important enablers supporting us in our sustainability journey.

The double-materiality matrix then was used as a foundation to revise the Group ESG Framework as shown above.

In addition to the main three areas in our sustainability report – Product, People and Planet, we have added Governance, which is considered an important fourth pillar to support our main overarching goal – Sustainable Growth. Each of the four main pillars include the most important areas of focus identified during the materiality assessment exercise mapped on the double-materiality matrix.

Each area was then assessed in terms of the key performance indicators (KPIs) which can be used to track our performance against the benchmark or with a specific target set against each KPI.

Some of the KPIs have been used by the Group historically, while others are new metrics or initiatives aiming to improve or maintain high standards in the areas critical to our success and reputation.

Initiatives to support our KPIs and targets are being put in place with the progress to be reported annually going forward.

	GOAL	GOAL STATEMENT	KEY PERFORMANCE INDICATOR	TARGET
PRODUCT	Food Safety & Quality	Supreme food safety and quality	Assure Quality audit score % GFSI certification	90% or higher audit score. 100% suppliers GFSI*-certified by 2025
PRODUCT	Nutritional Balance	Continuous nutritional improvement of our menu	Year-on-year reduction is sodium, sugar and saturated fats	Actively work with suppliers to reduce sugar sodium and saturated fats and disclose nutritional improvements
PRODUCT	Animal Welfare	Animal welfare and biosecurity compliance	All chicken suppliers are certified	Maintain 100% SPCA** or 5 Freedoms certification for our chicken suppliers (NZ)
PEOPLE	Safety & Wellbeing	Health, Safety & Wellbeing of our employees is top priority	Lost time injuries (per million hours worked)	To be confirmed in 2024
PEOPLE	Culture & Talent	Culture built on support and inclusion, attracting and retaining talent	Staff engagement Job step moves	To be confirmed in 2024
PEOPLE	Social Responsibility	Working together with partners and communities	Donations & Sponsorship Paid Volunteer Day	Maintain current level of partnership Volunteer day (trial in 2024)
PLANET	Energy Management	Optimizing and reducing energy consumption	Purchased energy reduction and replacement with renewable electricity	10% reduction by 2030
PLANET	Circular Economy	Reducing waste and increasing recoveries	Waste reduction Packaging	To be confirmed in 2024 Packaging initiatives in place in 2024
PLANET	Greenhouse Gas (GHG) Emissions	Reducing our GHG emissions across all regions and brands	Scope 1-2 GHG emissions reduction	30% reduction by 2030
GOVERNANCE	Corporate Responsibility	Living our values, promoting our brand and sharing our story	Customer satisfaction	Internal targets only***
GOVERNANCE	Supply Chain	Working with our suppliers on cost optimisation and de-carbonisation	Supplier code of conduct Cost optimisation GHG reduction	In place by 2025 To be confirmed in 2024
GOVERNANCE	Compliance	Strong governance through effective policies and compliance	Updated code of conduct Cyber-security checks	In place by 2025 Suppliers to complete cyber-security survey by 2025

FAIRNESS + PRUDENCE + RESPONSIBILITY + LOYALTY + TRUST

* Global Food Safety Initiative
** Royal New Zealand Society for the Prevention of Cruelty to Animals
*** Internal targets are set based on the international industry benchmarks normalised for each market, with the performance reviewed regularly by senior management.

Management commentary
(no financial statements)

SCOPE 1 AND 2 EMISSIONS PROFILE

A big milestone in measuring, understanding and reducing our carbon footprint has been achieved by the Group in 2023. We have implemented a cloud-based carbon footprint tracking and reporting tool and started measuring our greenhouse gas emissions consistently across all divisions. We are using 2023 as the base year for modelling and setting up carbon reduction targets for our direct Scope 1, and indirect Scope 2 emissions.

The majority of our Scope 1 and 2 emissions are coming from electricity, which is one of our main opportunities in terms of reducing our direct emissions while also keeping our electricity costs down.

Our targets were modelled with the help of external experts and compared against the science-based target (SBTi) showing the CO2e emissions reduction levels required to keep the global warming capped at 1.5°C by the end of the century. Considering the current challenges and opportunities we are facing, while being prudent and diligent in our environmental journey, the Group target for Scope 1 and 2 emissions has been set at **30%** reduction by the end of **2030** reporting period from the current 2023 base.

We believe our target is both a challenging and an aspirational first step in our decarbonisation journey.

Projects that will allow us to meet our targets include, among others:

- fleet replacement plan
- refrigerant gas loss reduction
- solar panel installation and increased share of the renewable electricity consumed

Technology will need to play its part as well, particularly in Australia and Hawaii where electricity generation is more reliant on fossil fuels, impacting our overall Scope 2 emissions.

Our performance against the GHG emissions reduction target will be reviewed and reported annually. The target may be re-assessed based on internal or external factors, such as the changes in the emission factors released by the respective authorities, updated climate projections or changes in the technology or legislation.

Restaurant Brands indirect Scope 3 emissions and reduction targets will be determined and reported in our 2024 climate-related disclosures.

GREENHOUSE GAS EMISSIONS:

SCOPE 1
DIRECT EMISSIONS FROM SOURCES OWNED OR CONTROLLED BY THE GROUP

SCOPE 2
INDIRECT EMISSIONS FROM THE GENERATION OF PURCHASED ENERGY USED BY THE GROUP

SCOPE 3
ALL OTHER INDIRECT EMISSIONS

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A DIVERSE AND INCLUSIVE WORKFORCE

Our commitment to diversity and inclusion continues to be a key driver behind our success. We recognise that people from different backgrounds and experiences not only bring value to customers and other stakeholders, but also create a work culture that encourages individuals to realise their potential at Restaurant Brands.

Our practices, policies and structure promote diversity at all levels of the Group and ensures that employees adopt a collaborative approach in the workplace.

We create a work culture that encourages individuals to realise their potential.

Management commentary (no financial statements)

GENDER DIVERSITY

Region		2023 Male	2023 Female	2023 Not Specified	2022 Male	2022 Female	2022 Not Specified
Group	Board	71%	29%	–	71%	29%	–
	Key Management	75%	25%	–	67%	33%	–
New Zealand	Senior Leadership	67%	33%	–	75%	25%	–
	All Employees	46%	52%	2%	47%	52%	1%
Australia	Senior Leadership	60%	40%	–	60%	40%	–
	All Employees	54%	45%	1%	53%	47%	–
Hawaii	Senior Leadership	43%	57%	–	57%	43%	–
	All Employees	44%	55%	1%	43%	56%	1%
California	Senior Leadership	50%	50%	–	40%	60%	–
	All Employees	51%	49%	–	52%	48%	–

COMPETITIVE REMUNERATION

We place a strong emphasis on maintaining competitive salary and wage levels to ensure our employees feel valued.

Region	Currency	Hourly Wage (Male)	Hourly Wage (Female)	Group Adult Minimum Wage	% of Employees on Minimum Wage
New Zealand	$NZ	24.00	24.32	22.80	0%
		In New Zealand, our lowest rate of pay is $22.80 – 10 cents above minimum wage.			
Australia	$A	20.94	20.74	24.85	0%*
		Australia has a large casual workforce, with majority of all employees working on this basis. Most of that workforce are under 25, and the average age of our team members is 17.1.			
Hawaii	$US	13.64	13.42	12.00	6%
		Guam minimum $9.75. Saipan minimum $7.75. Significant reduction in employees on minimum wage as compared with 2022.			
California	$US	16.20	16.67	15.50	0%
		California minimum wage is $15.50. City of Los Angeles minimum wage is $16.78. Unincorporated area of LA County is $16.90.			

* adult rate in Australia is applicable from 21 years old

FIRST JOB

As a business in the Quick Service Restaurants (QSR) industry, Restaurant Brands often represents the first formal job for many of our employees. Last year we began tracking this data to better understand how we can help our inexperienced employees that are new to the workforce.

Region	% of employees for whom their job at RBD is their first 2023	2022
New Zealand	44%	34%
Australia	44%	13%
Hawaii	43%	43%
California	49%	n/a

CAREER PROGRESSION

We want to empower our people to fulfil their potential. Key areas we focus on to achieve this goal are:

- Encourage employees to share their vision for their career at Restaurant Brands and beyond, including which region they would like to be based in.
- Collaborate with employees as to how to progress towards their stated aspirations.
- Provide a comprehensive and easily digestible framework that enables employees to consider available career pathways.

To measure success in supporting our people to be the best they can be, we look at the percentage of employees that make a 'job step', or are promoted, within the year.

JOB STEP MOVES

Region	% of Total headcount 2023	2022
New Zealand	5%	13%
Australia	9%	8%
Hawaii	11%	11%
California	7%	9%

Management commentary
(no financial statements)

Living Our Values

STAFF SATISFACTION AND WELLBEING

A strong commitment to staff wellbeing and satisfaction underpins our success. We recognise that our people are our strength. To measure employee satisfaction, we conduct an annual engagement survey across all divisions.

STAFF ENGAGEMENT

Region	Engagement Score	Participation Rate
New Zealand	77%	63%
Australia	80%	39%
Hawaii	84%	66%
California	89%	65%

We think it is critical that we have clearly stated Group values. This ensures transparency and demonstrates our commitment to both consumers and staff.

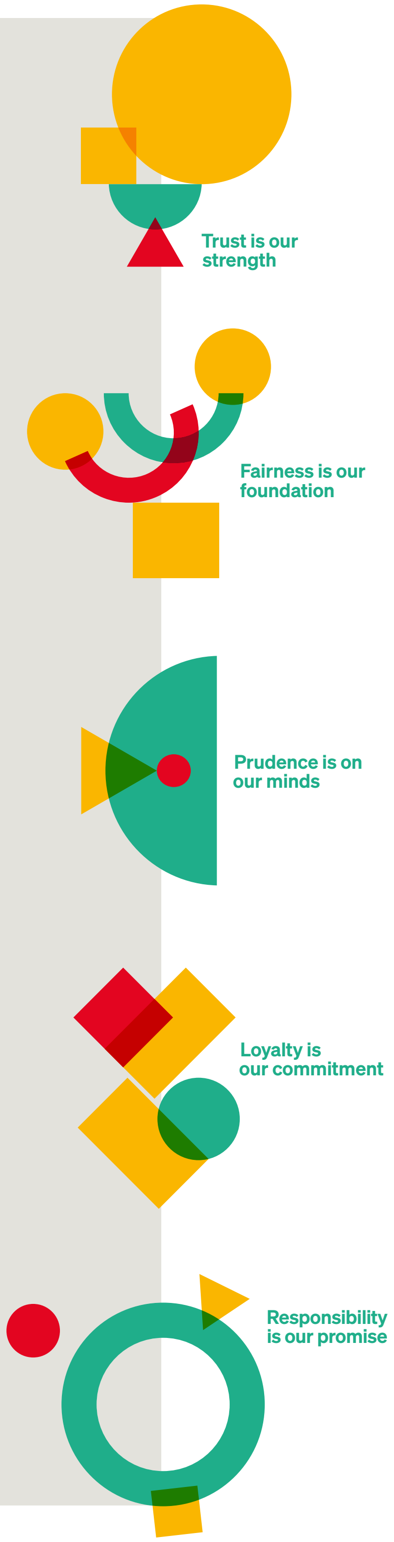
We will continue to build on this momentum into 2024 as we listen to staff input and action changes that maximise their experience at Restaurant Brands.

STAFF TURNOVER (AS A % OF TOTAL STAFF)

Region	2023 % (involuntary)	2022 % (involuntary)
New Zealand	78% (2%)	89% (2%)
Australia	58% (3%)	68% (1%)
Hawaii	70% (2%)	77% (2%)
California	75% (6%)	72% (5%)

The QSR industry is known for its high staff turnover rate. This can be attributed to a variety of reasons, including the fact that many employees are either students, new to the workforce, or simply seeking temporary employment.

Notwithstanding the above, we are proud to report that voluntary staff turnover has dropped in every region except California, where it remains steady. This reflects the progress we have made in making staff feel valued which is in line with our stated value of Loyalty.



ZERO TOLERANCE FOR FORCED OR UNDERAGE LABOUR

We have a zero-tolerance policy for forced or underage labour in effect across our business and wider supply chain. There were no known breaches of this policy in 2023, and we will continue to be vigilant in the monitoring of this.

LOST TIME INJURIES (LTIs) (PER MILLION HOURS WORKED)

Region	2023	2022
New Zealand	13.9	9.1
Australia	12.0	9.2
Hawaii	6.4	3.6
California	11.9	9.7

2023 saw an increase in Lost Time Injuries for all divisions, however, there were no incidents requiring notification to safety regulators. Safety of our employees continues to be of paramount importance as it relates to our business. We are continuously training our staff in proactive injury prevention measures, as well as continuing to promote the reporting of all safety events.

We have successfully rolled out Clever First Aid equipment across our New Zealand and Australian networks has given us greater insights into safety in stores. This has helped us improve our incident management protocols and procedures.

These initiatives are being rolled out in tandem with the introduction of a new group wide health and safety management system.

Management commentary
(no financial statements)

SUPPORTING OUR COMMUNITIES

THE RESTAURANT BRANDS CHARITABLE FUND*

Restaurant Brands is embedded in our communities beyond serving high quality delicious food. The Restaurant Brands Charitable Fund was established in 2019 to support local communities and charitable organisations in many initiatives. As a large employer of young people, these causes are particularly close to our hearts as we support access to education for the younger generation.

$30,000
FIRST FOUNDATION

First Foundation

First Foundation supports talented young Kiwis who face financial and other barriers to attending university. We have donated $30,000 to this organisation this year which will fund five students during their first year of university and also offer paid work experience to these students. This programme gives each student access to the support and professional networks they need to succeed in their studies and careers, dramatically improving their opportunities in life. This is the third year of a four-year sponsorship commitment, and our total donation by the end of 2024 will be $110,000.

$35,000
MANAIAKALANI EDUCATION TRUST

Manaiakalani

The Manaiakalani Education Trust provides support to New Zealand school children, families, and whānau in challenged, stressed, and isolated communities, with a particular focus on Decile 1 and 2 school areas. Their goal is to provide access to local, global, and digital citizenship to those who may not have the resources to do so. The Restaurant Brands Charitable Fund supported this organisation with a $35,000 donation to continue their great work.

$20,000
EASTERN & CENTRAL COMMUNITY TRUST

$20,000
KIDSCAN

Cyclone Gabrielle Relief

Cyclone Gabrielle devastated our communities in early 2023 and the effects of the damage continue to be felt by families across the country. The Restaurant Brands Charitable Fund supported communities and families in need with a $20,000 donation to the Eastern and Central Community Trust and $20,000 to the Kids Can Appeal.

The Eastern and Central Community Trust are a local community trust that provide funding to charities and community groups across the Hawkes Bay, Gisborne Tairawhiti. They assessed the local needs and provided funding out into the community to those that needed it most.

KidsCan provided clothing and food supplies to kids and their families via the schools and early childhood centres it supports.

*The Restaurant Brands Charitable Fund is managed by a panel responsible for reviewing the allocation of funds on an ongoing basis to ensure that they remain relevant and valuable to our communities. It includes Restaurant Brands' executive management and Board members.

LOCAL SPONSORSHIPS AND PARTNERSHIPS

Each year, across our divisions, we assist key community organisations, offering financial, marketing and promotional support.

NEW ZEALAND

Surf Life Saving NZ (SLSNZ)

2023 marked the 11th summer of partnership between KFC and SLSNZ, and the ongoing support from KFC has made a huge impact in raising public awareness about water safety and supporting the vital work of Surf Lifeguards who patrol our beaches. SLSNZ relies entirely on grants, donations and sponsorship as all their life guards are volunteers. In 2023 KFC won an award at the Sport & Leisure Awards for Best Commercial Partnership through its work with SLSNZ. Some of the fundraising initiatives include Bucket Fundraiser, Summer Merch Sale, Surfboard Sale, donations to Piha and Orewa, and donations arising out of cricket events in 2023.

St John

Since becoming an official partner in 2020, Pizza Hut continues to support St John as they do incredible work treating and transporting over 450,000 people every year. As a brand that is all about big social gatherings and experiences, our support goes directly to Event Health Services – the team that go to large events and concerts to keep people safe. In 2023, Pizza Hut donated $1 for every Limo product sold via Delivery and $2 during the June Annual Appeal. Funds raised from the latter will be used to help provide a new Major Incidents Vehicle, generators, volunteer training, and other support to the Hawkes Bay region.

The Grace Foundation

The Grace Foundation seeks to empower and assist marginalised members of our community to live healthy, sustainable lives by providing education, housing, employment and other services. Restaurant Brands works with the Grace Foundation to provide surplus cooked chicken product unsold at close of business each day that is frozen before collection. This is currently being trialled in two KFC stores and we look forward to expanding this program in 2024.

$NZ208,356
SURF LIFE SAVING NZ

$NZ119,789
ST JOHN

SURPLUS COOKED CHICKEN
THE GRACE FOUNDATION

Management commentary
(no financial statements)

AUSTRALIA

KFC Youth Foundation

We have a longstanding commitment to supporting young Australians. The vast majority of our team are under 25 so this is something we will always care deeply for. The donations from the KFC Youth Foundation continue to provide support to young people in the community.

Suburban Sporting Club Sponsorships

In Australia we also sponsored several suburban sporting clubs across cricket, rugby and rugby league, as we continue to promote participation in the community.

$A50,501
KFC YOUTH FOUNDATION

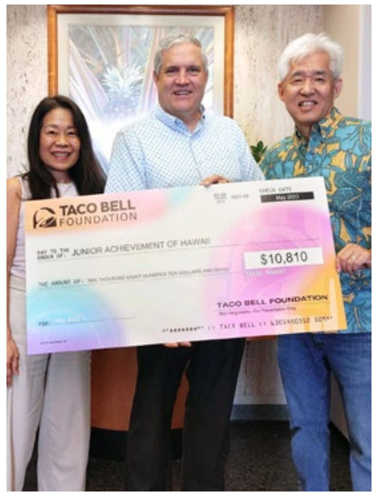
$A37,000
SPORT CLUBS SPONSORSHIPS

HAWAII

Our communities in Hawaii, Guam and Saipan had to face devastating weather events in 2023, including the Maui wildfires and Typhoon Mawar.

The Taco Bell Foundation's Round Up program raises money to support community grants to youth organisations focused on education and career readiness as well as funding for Live Mas Scholarships which connects students with opportunities to learn and succeed.

In 2023, two non-profit organizations in Hawaii received community grants from the Taco Bell Foundation. This years recipients are the Boys and Girls Club of Hawaii and Junior Achievement of Hawaii. Both of these organizations are focused on supporting and empowering youth in our community to succeed. The Taco Bell Foundation also awarded scholarships to two of our Taco Bell team members. It is wonderful to see that 100% of the funds raised through our campaigns are being used to support local communities. There was also a $US45,000 one-off donation to charitable organisations helping communities on various social and educational matters.



$US97,682
TACO BELL FOUNDATION

$US15,000
AMERICAN RED CROSS

$US56,190
OTHER

CALIFORNIA

This year, our California restaurants donated to the KFC Foundation through our Secret Recipe campaign and 'Round Up' campaign. We are incredibly proud to have raised over $US72,000 from the Round Up campaign, which is $US60,000 more than we raised in 2022.

26 KFC Foundation Scholarships were awarded to our team members in stores ranging from $US2,500 to $US20,000 toward tertiary education ($US132,500 in total). Most recipients were also first in family to attend university.

In 2023 five local non-profit organisations were recipients of $US10,000 KFC Foundation Kentucky Fried Wishes grants.

$US107,873
KFC FOUNDATION DONATIONS

$US3,500
TACO BELL OWNERS GIVING

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

These include ABC Hopes supporting persons with intellectual disabilities; Pacific Lifeline empowering women and children facing chronic homelessness; Riverside Area Rape Crisis Center and Special Needs Network supporting autism and other development disabilities in underserved communities.

We are also proud to partner with KFC Foundation and Western Governors University to offer tuition-free online university courses toward more than 60 different degrees.

FOOD

FOOD RECOVERY

Restaurant Brands has a proud commitment to reduce the negative impacts of food waste on our environment and supporting those in need. Our work with food recovery partners continued in 2023 in New Zealand, Australia and California.

FOOD DONATED IN TONNES

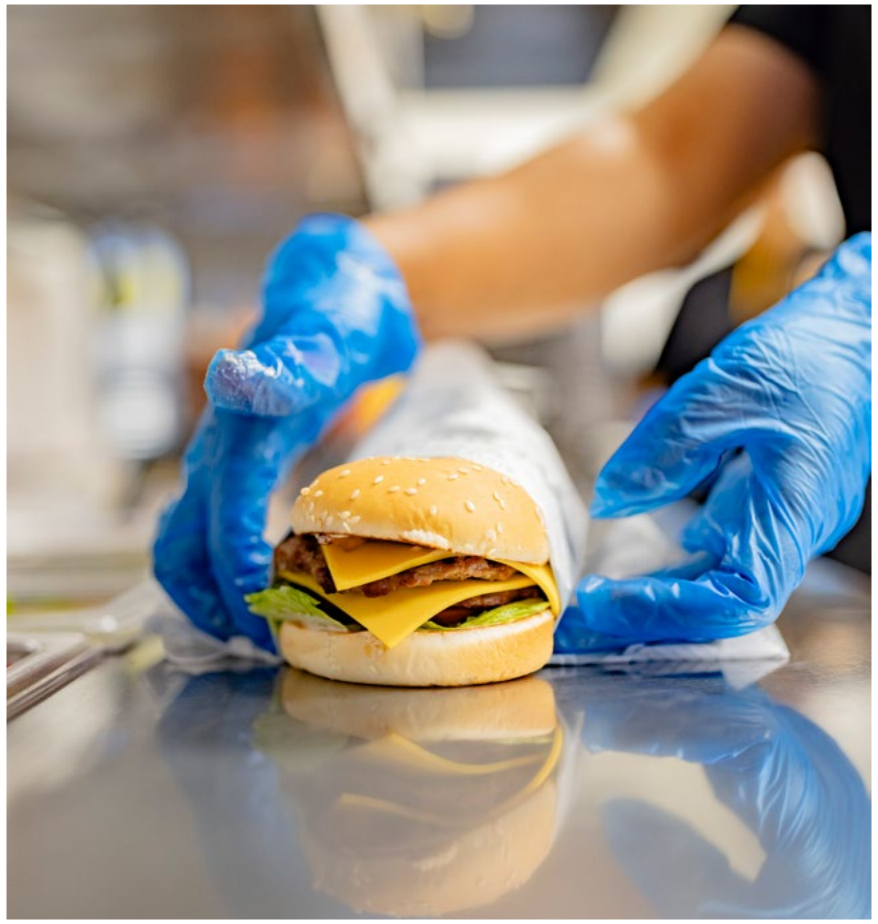
Region	2023	2022
New Zealand	–	16.3
Australia	6.4	3.4
Hawaii	n/a	n/a
California	49.5	46.5

Australia

In the last year, KFC has donated 6.4 tonnes of cooked chicken to partner, OZHarvest. This was able to be repurposed into over 12,000 meals to families in need.

California

Our California restaurants donate surplus food in partnership with Food Donation Connection through the KFC Harvest Program. Last year, we introduced a 'store champion' for each restaurant to lead the initiative in excess food collection and donation. We continue to see the effectiveness of this initiative with 49.5 tonnes of food being donated in 2023.



Management commentary
(no financial statements)

LOCAL PROCUREMENT

New Zealand: We manage procurement and the supply chain for all brands and restaurants and it is our policy to purchase locally where possible, to both support the local community and reduce our impact on the planet.

Region	Local Based Supplier Partnerships		Packaging Manufactured Locally		Protein sourced locally	
	2023	2022	2023	2022	2023	2022
New Zealand	82%	81%	21%	18%*	93%	93%
Australia	89%	91%	35%	35%	100%	100%
Hawaii	n/a	n/a	n/a	n/a	n/a	n/a
California	95%	n/a	88%	n/a	100%	n/a

* Restated

Australia: Procurement is managed by our franchisor Yum! and we are dependent on their supply chain for each brand.

California and Hawaii: In the US, the supply chain is managed by Restaurant Supply Chain Solutions; a Yum! Brands co-operative. Whilst they do not track domestic vs international spend, they only look to international supply if there isn't a domestic supply option.

For packaging, a small amount of paper bags is sourced internationally along with resin, gloves, straws, and cutlery. That equates to <15% of our total packaging spend coming from international sources.

PLASTIC REDUCTION AND PACKAGING

New Zealand and Australia have phased out 100% plastic bags, straws and lids. Hawaii also continues to approach this target. California follows the Yum! Brands Sustainable Packaging Policy with its own plastic 2025 related goals.

We will announce Scope 3 emissions targets in the 2024 annual report. As we look to 2024, our focus will be on introducing new initiatives to reduce our packaging and waste emissions. These include introducing more recycled content into our packaging and removing all hard to recycle plastics from within the supply chain.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CLIMATE RELATED DISCLOSURE

For our electricity, natural gas and fuel consumption, as well as refrigerant gas losses (Scope 1 and 2 emissions) please refer to our Climate-Related Disclosure Report.

LED LIGHTING

% OF RESTAURANTS WITH LED LIGHTING

Region	2023	2022
New Zealand	100%	90%
Australia	60%	60%
Hawaii	84%	52%
California	48%	44%

We continue to transition to LED lighting across our business and are making good progress towards this goal. We are pleased to report that New Zealand has achieved 100% LED usage in 2023. Other divisions have faced logistical challenges that we continue to work through as we trend towards 100% LED lighting in all regions.

SOLAR ENERGY INNOVATION

As part of our commitment to using renewables to reduce our emissions, we are rolling out installation of solar panels across our network. Now that we have announced our emissions reduction targets, we will be accelerating this process in the upcoming years.

New Zealand has six sites with solar panel installation and two more in production.

11 restaurants in Australia generated a total of 253 MWh of solar energy in 2023; enough to power a KFC restaurant for a year. This is more than triple the solar generation in 2022, and we look forward to building on this progress in 2024.

In California, we are proud to report that solar panels are successfully installed at KFC Paramount – one of the new stores built in 2023. We are at the beginning of this journey in the region, and will continue to install solar panels as we progress towards a full transition.

SUSTAINABLE FLEET

Our business requires the use of vehicles in our day to day operations. As hybrid, electric and other more fuel efficient vehicles emerge globally, Restaurant Brands is embracing the new technology as we look to reduce our GHG emissions.

Across all regions, we aim to transition our fleet to hybrids and fully electric vehicles. In Australia and California, half of our fleet are already hybrid vehicles.

FOOD SAFETY AND PRODUCT QUALITY

The safety and quality of our food is fundamental to our business. All restaurants are inspected by the relevant local food safety bodies and have a Food Control Plan in place to ensure food sold is safe and suitable.

In addition to local inspections, all Yum! restaurants; KFC, Pizza Hut, Taco Bell, are subject to brand audits. Brand audits include a food safety component along with brand standards (including health and safety) and restaurants are audited by a 3rd party, approved by Yum! globally.

Our aim is to exceed an 85% rating on the Yum! Standard, significantly above the food safety standards prescribed by local food safety regulations.

Here's how we performed:

Region	2023	2022
New Zealand*	95%	97%
Australia	83%	81%
Hawaii	97%	78%
California	96%	95%

*AsureQuality audit on behalf of Ministry for Primary Industries

We are proud to see improvement in most regions, particularly in Hawaii where there has been significant uplift due to improved training of staff and process optimisation.

Food safety training

All staff must complete our food safety training programme before they commence working in a restaurant. This is part of the restaurant staff induction programme as well as a requirement for all other staff before they spend time in a restaurant.

100% of restaurant staff complete food safety training.

Our New Zealand division works actively to reduce the levels of fat, sodium and sugar in our food.

SUPPLIER CODE OF CONDUCT, POLICY AND AUDIT PROGRAMMES

In New Zealand, all suppliers are carefully selected, undergo due diligence and are audited on an annual basis to ensure they meet our ethical standards. Our standards are based on a combination of the Yum! Supplier Code of Conduct and other best practice guidelines. Our Australia, Hawaii and California divisions are part of the Yum! supply chain and all their suppliers must adhere to their Supplier Code of Conduct. All suppliers are audited on a regular basis.

Nutritional Profile

All nutritional information, including the amount of fats, sodium and sugar in our core menu items, is listed on our brand websites with the exception of Taco Bell in Australia.

New Zealand division also has nutritional information for all its short term promotional menu items available by request and in Australia, Hawaii and California, kilojoules are available on restaurant menus.

NUTRITIONAL IMPROVEMENTS AND ETHICAL SOURCING

Nutritional Improvements

Our New Zealand division works actively to reduce the levels of fat, sodium and sugar in our food. We plan to focus on this in 2024 working with our suppliers to continually improve.

Animal Welfare

All New Zealand manufacturing sites that produce meat and meat products for Restaurant Brands must meet the requirements of the Animal Welfare Act and are audited by both SPCA and Asure Quality. Our two largest, long-standing chicken suppliers are Tegel and Inghams. Both companies are committed to following all the right animal welfare codes and guidelines and ensuring the humane treatment of their birds.

Further information on their standards can be found on the KFC New Zealand website.

The other divisions – Australia, Hawaii and California – rely on Yum! supply chain controls as outlined in their Global Animal Welfare website. Their commitment to animal health and well-being remains steadfast and guided by holistic, science-based Sustainable Animal Protein Principles.

Management commentary
(no financial statements)

Board of Directors

José Parés
Chairman and Non-Executive Director

TERM OF OFFICE
Appointed Director 1 April 2019 and appointed Chairman 10 July 2019.
Last re-elected 2022 Annual Meeting.

BOARD COMMITTEES
Member of the Audit and Risk Committee.

José is the Chief Executive Officer of Finaccess Capital. He is also the Chairman of the Board and an Executive Chairman of AmRest Holdings SE. During his professional career he has been director of the Board of Crown Imports, Chicago, Il, the Vice Chairman of the Board of MMI, Toronto, Canada, director of the Board of DIFA, Mexico and former member of the Beer Chamber of Mexico.

Previously, José worked for 19 years at Grupo Modelo (Mexico), in various positions, including as the Vice President of Marketing and Sales International where he oversaw growth of Grupo Modelo's annual revenues from USD 1 billion to USD 3 billion.

José graduated from Universidad Panamericana, Mexico (Business and Finance) and completed his MBA at ITAM, Mexico as well as the Business D-1 Program at IPADE, Mexico and Executive Programme at Wharton, San Francisco.

Emilio Fullaondo
Independent Non-Executive Director

TERM OF OFFICE
Appointed Director 1 April 2019.
Last re-elected 2022 Annual Meeting.

BOARD COMMITTEES
Chairman of the Audit and Risk Committee, Member of the Remuneration and Nominations Committee and the Health, Safety & Sustainability Committee.

Emilio is a senior executive with over 23 years of experience in the beer industry. Emilio worked in a number of finance roles for Grupo Modelo, including four years as Chief Financial Officer. Following the acquisition of Grupo Modelo by AB InBev in 2013, Emilio oversaw significant cultural and organisational changes at AB InBev (Mexico) as Vice President, Human Resources (to 2017) and Vice President, Projects until his resignation in January 2019.

Emilio is currently a member of the Audit and Control Committee of AmRest Holdings SE.

Emilio graduated from ITAM, Mexico (Public Accountant) and completed his MBA at the same institution as well as the Executive Management (AD) Program at IPADE, Mexico.

Carlos Fernández
Non-Executive Director

TERM OF OFFICE
Appointed Director 10 July 2019.
Last re-elected 2022 Annual Meeting.

Over the last 30 years, Carlos Fernandez has held positions in various business sectors. He was the CEO (1997-2013) and Chairman of the Board of Directors (2005-2013) of Grupo Modelo. From the time he was named CEO, up to 2013, this group consolidated its position as the leading brewing company in Mexico, the seventh biggest worldwide and the world's biggest beer exporter.

He has also served on the boards of national and international companies, including Banco Santander, SA (Spain), Anheuser Bucsh (US), Emerson Electric Co. (US), Seeger Industrial (Spain), Grupo Televisa (Mexico), Crown Imports Ltd. (US), Inbursa (Mexico) and Mexican Stock Exchange (Bolsa Mexicana de Valores). He has served on the advisory board of Grupo Modelo and has also been a member of the international advisory board at Banco Santander, S.A. and a director of Grupo Financiero Santander Mexico S.A.B de C.V.

Carlos is currently Chairman of the Board of Directors of Grupo Finaccess S.A.P.I. de C.V. – a company of which he was founder and which controls 75% of Restaurant Brands ordinary shares and is also active in Mexico, Europe, Asia and the US. He is Honorary Charmain of the Board of Directors of AmRest Holdings SE. He is also a Proprietary Director of Inmobiliaria Colonial, S.A. and a member of their Executive Committee.

Carlos is an industrial engineer and has also studied on senior management programmes at the IPADE Business School (Instituto Panamericano de Alta Direccion de Empresa).

Luis Miguel Álvarez
Non-Executive Director

TERM OF OFFICE
Appointed Director 10 July 2019.
Last re-elected 2022 Annual Meeting

BOARD COMMITTEES
Member of the Remuneration and Nominations Committee.

Luis Miguel is a Board Member, Audit Committee Member and Investment Committee Member of Finaccess, S.A.P.I. de C.V. (since 2013). He is also the Founder & CEO of Compitalia, S.A. de C.V., a family investment company business which primarily invests directly in target companies through equity holdings and real estate investments, primarily in sectors such as: consumer goods, restaurants, real estate projects and financial funds.

For over 25 years Luis Miguel occupied different positions within several Grupo Modelo entities (including the Vertical Companies director of Grupo Modelo, S.A.B. de C.V., President & General Manager of Gmodelo Agriculture, LLC., Idaho Falls, Idaho, Vice President & General Manager of Gmodelo Agriculture, Inc.). During his time at Grupo Modelo, Luis Miguel held various board positions within the Group, including: Alternate Board Member and Executive Committee Member of Grupo Modelo, S.A.B. de C.V., Board Member and Executive Committee Member of InteGrow Malt, LLC., as well as Board Member of Impulsora Agricola, S.A. and International CO2 Extraction LLC.

Luis Miguel is currently a Proprietary director of AmRest Holdings SE and a member of the Appointments & Remuneration Committee. He also serves as a board member of other private and not for profit organisations.

He is an industrial engineer with studies on senior management programmes at the IPADE Business School (Instituto Panamericano de Alta Dirección de Empresa).

Huei Min (Lyn) Lim
MNZM
Independent Non-Executive Director

TERM OF OFFICE
Appointed Director 10 July 2019.
Last re-elected 2022 Annual Meeting.

BOARD COMMITTEES
Chairman of the Health, Safety & Sustainability Committee, Member of the Audit and Risk Committee and the Remuneration and Nominations Committee.

Lyn Lim has diverse board and committee Chair experience. She is experienced in investment structures, risk management, HR, HSW, AML, dispute management and resolution.

She was on the Boards of General Capital Limited and Auckland Regional Amenities Funding Board. She was also a trustee of the Asia New Zealand Foundation.

Lyn had previously served on the Boards of SP Corporation Pte.Ltd (Singapore), AUT, New Zealand Shareholders' Association, Public Trust (and chaired the Human Resources and Remuneration Committee), the New Zealand China Trade Association, the Hong Kong and New Zealand Business Association, New Zealand Chinese Youth Trust (Chair), Foundation North (the biggest and leading philanthropic entity in New Zealand – Chair) and Middlemore Foundation (Chair). She was a member of ANZ Private Bank External Advisory Board and has served as a council member of the Auckland District Law Society Inc.

Lyn holds an LLB (Hons) from the University of Canterbury and has 30 years of legal practice specialising in commercial, corporate and governance issues and dispute resolution.

In 2017, Lyn was appointed as a Member of the New Zealand Order of Merit for her services to New Zealand-Asia relations and governance. Lyn is a Chartered Member of the New Zealand Institute of Directors, a member of the New Zealand Law Society and a member and Vice Chair of the Women in Business Committee of the Inter-Pacific Bar Association.

Management commentary
(no financial statements)

Stephen Ward
Independent Non-Executive Director

TERM OF OFFICE

Appointed Director 10 July 2019.
Last re-elected 2022 Annual Meeting.

BOARD COMMITTEES

Chairman of the Remuneration and Nominations Committee, Member of the Audit and Risk Committee and the Health, Safety & Sustainability Committee.

Stephen Ward is a professional director with diverse corporate governance experience in New Zealand and Australia together with extensive expertise as a corporate and commercial lawyer in New Zealand.

Stephen is the non-executive Chair of SecureFuture Wiri Limited. He is also a non-executive director of Huntington Commercial Finance New Zealand Limited and Renaissance Holdings (NZ) Limited. Stephen is the Independent Chair of the Advisory Council for the Financial Dispute Resolution Service and a consultant of Simpson Grierson.

Stephen holds an LLB from the University of Canterbury, is a member of the New Zealand Law Society and is a Chartered Member of the New Zealand Institute of Directors.

Maria Elena (Malena) Pato-Castel
Independent Non-Executive Director

TERM OF OFFICE

Appointed Director 1 April 2021.
Last re-elected 2021 Annual Meeting.

Malena has over 33 year of experience in the Fast Moving Consumer Goods and Retail Hospitality industries in the US and Europe, including senior regional roles at Unilever and Yum! Brands. Prior to her retirement from the company in 2020, Malena spent nine years in various roles at AmRest Holdings SE (six of which as a member of the AmRest Exec Committee). Her appointments included President for AmRest Spain and, most recently Chief Proprietary Brands Officer with responsibilities extending across markets in Spain, China, France, Portugal and Germany.

Malena served on the board of various Yum! Brands subsidiaries that operated Pizza Hut and KFC stores in Spain and has extensive experience as an owner/operator of KFC branded restaurants in Europe as a co-founder and managing director of a restaurant operating company that grew from 14 to more than 130 restaurants prior to being acquired by AmRest.

Malena is fluent in English, French and Spanish and holds a Business Administration and Management (ADE) degree from the ICADE School of Business and Economics.

Management commentary
(no financial statements)

PRO FORMA PROFIT STATEMENT

for the year ended 31 December 2023

$NZ000's	31 Dec 2023	% sales	vs Prior %	31 Dec 2022	% sales
Store sales					
New Zealand	571,771		8.1	529,158	
Australia	310,050		9.4	283,397	
Hawaii	259,677		4.9	247,459	
California	180,689		0.9	179,035	
Total sales	**1,322,187**		6.7	**1,239,048**	
Other revenue	73,064		23.5	59,170	
Total operating revenue	**1,395,251**		7.5	**1,298,218**	
Cost of goods sold	(1,165,352)		(8.2)	(1,077,075)	
Gross margin	**229,899**		**4.0**	**221,143**	
Distribution expenses	(9,509)		(15.3)	(8,244)	
Marketing expenses	(68,461)		(10.7)	(61,849)	
General and administration expenses	(67,186)		(9.3)	(61,445)	
Other items	(6,131)		(111.4)	(2,900)	
Operating profit	**78,612**		**(9.3)**	**86,705**	
Financing expenses	(56,193)		(26.2)	(44,528)	
Net profit before taxation	**22,419**		**(46.8)**	**42,177**	
Taxation expense	(6,156)		39.0	(10,094)	
Total profit after taxation (NPAT)	**16,263**		**(49.3)**	**32,083**	
Store EBITDA before G&A, NZ IFRS 16 and other items					
New Zealand	80,482	14.1	(9.9)	89,342	16.9
Australia	37,796	12.2	21.1	31,205	11.0
Hawaii	45,040	17.3	6.4	42,322	17.1
California	15,059	8.3	(12.2)	17,147	9.6
Total Store EBITDA before G&A, NZ IFRS 16 and other items	**178,377**	**13.5**	**(0.9)**	**180,016**	**14.5**
Ratios					
Net tangible assets per security (net tangible assets divided by number of shares) in cents	24.2			11.9	

Cost of goods sold are direct costs of operating stores: food, paper, freight, labour and store overheads. Distribution expenses are costs of distributing product from store. Marketing expenses are order centre, advertising and local store marketing expenses. General and administration expenses (G&A) are non-store related overheads. Store sales and Store EBITDA for each of the concepts may not aggregate to the total due to rounding.

NON-GAAP FINANCIAL MEASURES

for the year ended 31 December 2023

The Group results are prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP") and comply with New Zealand International Financial Reporting Standards ("NZ IFRS"). These financial statements include non-GAAP financial measures that are not prepared in accordance with NZ IFRS. The non-GAAP financial measures used in this presentation are as follows:

1. **Store EBITDA before General and Administration (G&A) expenses, NZ IFRS 16 and other items.** The Group calculates Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") before G&A, NZ IFRS 16 and other items by taking net profit before taxation and adding back (or deducting) financing expenses, other items, depreciation, amortisation, NZ IFRS 16 and G&A. The Group also refers to this measure as Store EBITDA before G&A and other items. This measure provides the results of the Group's core operating business and excludes those costs not directly attributable to stores. This is believed to be a useful measure to assist in the understanding of the financial performance of the Group.

   The term **Store** refers to the Group's 10 operating divisions comprising the New Zealand brands (KFC, Pizza Hut, Taco Bell and Carl's Jr.), the two Australia brands (KFC and Taco Bell), the two Hawaii brands (Taco Bell and Pizza Hut), and the two California brands (KFC and Taco Bell). The term **G&A** represents non-store related overheads.

2. **Total NPAT excluding the impact of NZ IFRS 16.** Total Net Profit After Taxation ("NPAT") excluding the impact of NZ IFRS 16 is calculated by taking profit after taxation attributable to shareholders and adding back (or deducting) lease items whilst also allowing for any tax impact of those items. This measure reflects the performance of the business, excluding costs associated with the adoption of NZ IFRS 16 and is considered a useful measure to assist with understanding the financial performance of the Group.

The Group believes that these non-GAAP measures provide useful information to readers to assist in the understanding of the financial performance and position of the Group but that they should not be viewed in isolation, nor considered as a substitute for measures reported in accordance with IFRS. Non-GAAP measures as reported by the Group may not be comparable to similarly titled amounts reported by other companies.

The following is a reconciliation between these non-GAAP measures and net profit after taxation:

$NZ000's	Note*	31 Dec 2023	31 Dec 2022
Store EBITDA before G&A, NZ IFRS 16 and other items	1	178,377	180,016
Depreciation		(46,717)	(43,935)
Net loss on sale of property, plant and equipment (included in depreciation)		(909)	(952)
Lease depreciation		(42,615)	(41,282)
Lease costs		65,558	60,473
Amortisation (included in cost of sales)		(10,071)	(10,119)
General and administration costs - area managers, general managers and support centre		(58,880)	(54,596)
Net impairment		(8,985)	(162)
Other items		2,854	(2,738)
Operating profit		**78,612**	**86,705**
Financing expenses		(56,193)	(44,528)
Net profit before taxation		**22,419**	**42,177**
Taxation expense		(6,156)	(10,094)
Net profit after taxation		**16,263**	**32,083**
Add back NZ IFRS 16 impact		12,359	14,208
Income tax on NZ IFRS 16 impact		(2,792)	(3,934)
Total NPAT excluding the impact of NZ IFRS 16	2	**25,830**	**42,357**

* Refers to the list of non-GAAP measures as listed above.

Management commentary
(no financial statements)

Restaurant BRANDS

ENVIRONMENTAL REPORT AND CLIMATE-RELATED DISCLOSURES

FOR THE YEAR ENDED 31 DECEMBER 2023

STATEMENT OF COMPLIANCE

Restaurant Brands New Zealand Limited (**Restaurant Brands** or, together with its subsidiaries, the **Group**) is a Climate-Reporting Entity (**CRE**) under the Financial Markets Conduct Act 2013 (the **Act**).

This is Restaurant Brands’ first Environmental Report and Climate-Related Disclosures (**CRD**) under the Act and covers our last 12 months of activity from 1 January 2023 to 31 December 2023.

These climate-related disclosures comply with Aotearoa New Zealand Climate Standards NZ CS 1-3 (the **Standards**) issued by the External Reporting Board.

The following provisions specified in the Standards have been adopted by the Group:

- *Adoption provision 1: Current financial impacts*
- *Adoption provision 2: Anticipated financial impacts*
- *Adoption provision 3: Transition planning*
- *Adoption provision 4: Scope 3 greenhouse gas (**GHG**) emissions*
- *Adoption provision 5: Comparatives for Scope 3 GHG emissions*
- *Adoption provision 6: Comparatives for metrics*
- *Adoption provision 7: Analysis of trends*

José Parés
Chairman

Emilio Fullaondo
Director

24 April 2024

Note: We recognise that climate change projections carry inherent uncertainty. This report reflects our current understanding of climate-related risks and opportunities as of 31 December 2023. This report includes forward looking statements relating to climate-related scenarios that are inherently uncertain and subject to change in future reports.
This report includes metrics and targets that are based on estimates and assumptions which are uncertain and subject to limitations. Challenges relating to data inputs may change over time and impact uncertainty of projections. Restaurant Brands is committed to progressing towards our targets as outlined in this report, however due to uncertain technological changes, economic factors and environmental changes, our targets and strategies to achieve these targets are subject to change. Nothing in this report constitutes the Group’s financial, legal, tax or strategic growth guidance or advice.

CONTENT

Page

WHO WE ARE

TCFD

WHO WE ARE

Restaurant Brands is a corporate franchisee specialising in the operation of quick service and takeaway restaurants of world-class brands across New Zealand, Australia, California and Hawaii (including Guam and Saipan).

In New Zealand, Restaurant Brands operates four brands - KFC, Pizza Hut, Carl's Jr. and Taco Bell; two brands in Australia and California - KFC and Taco Bell and two brands in Hawaii (including Guam and Saipan) - Pizza Hut and Taco Bell.

We invest in worldwide famous brands that are distinguished by their product, look, style, ambience and service and for the total experience they deliver to their customers around the world. The New Zealand region manages local supply chain and distribution contracts, whereas supply chain is managed by YUM! Brands in our other three regions.

New Zealand (NZ)	Australia (AU)	Hawaii (HA) (incl. Guam and Saipan)	California (CA)
Owned Stores • KFC - 110 • Pizza Hut - 6 • Taco Bell - 14 • Carl's Jr. -17 **Franchised Stores*** • Pizza Hut - 118	**Owned Stores** • KFC - 72 • Taco Bell - 12	**Owned Stores** • Pizza Hut - 34 (incl. 5 in Guam & 1 in Saipan) • Taco Bell - 36 (incl. 7 in Guam)	**Owned Stores** • KFC - 65 • KFC / Taco Bell - 10

**Restaurant Brands also provides marketing, supply chain and other support to four independent franchisee-owned KFC stores in New Zealand.*

SUSTAINABILITY IN 2023

Restaurant BRANDS

SUSTAINABILITY IN 2023

In 2023, the Group implemented a carbon footprint tracking and reporting tool to measure our emissions across all regions.
The Group also engaged external consultants to conduct a materiality assessment on our Environmental, Social and Governance (**ESG**) Framework. Through this process - which included interviews and surveys with our main stakeholders - we were able to identify the key areas of focus for sustainable growth. The four pillars of our ESG Framework are Product, People, Planet and Governance. We have updated our ESG Framework to align with the key focus areas for the business which are:

- Energy management
- Circular economy
- GHG emissions

Our initiatives are therefore primarily oriented to improve these areas, including Key Performance Indicators (**KPIs**) and targets set through to 2030 to ensure accountability and to measure progress. The Planet pillar of our ESG Framework is shown below as it is relevant to this report and will drive the Group's emissions reduction initiatives.

PLANET			
	ENERGY MANAGEMENT	**CIRCULAR ECONOMY**	**GHG EMISSIONS**
Goal Statement	Optimising and reducing energy consumption	Reducing waste and increasing recoveries	Reducing GHG emissions across all regions
KPI	Purchased electricity reduction and replacement with renewable energy	Waste reduction Sustainable packaging	Scope 1-2 GHG emissions reduction
Target	10% reduction by 2030 vs 2023 base	To be confirmed in 2024 and included in Scope 3 disclosure	30% reduction by 2030 vs 2023 base
Initiatives & opportunities	Solar panels and LED lighting Tracking and monitoring power consumption in stores Building Management System controls Increasing share of renewable energy in purchased electricity	Packaging initiatives targeting reduction of non-compostable components Waste audit and separation initiatives	Group fleet renewal and replacement with hybrid or electric vehicles Refrigerant gas loss reduction through improved replacement and maintenance schedules Solar panels and LED installations Energy management

GOVERNANCE

Identity of the governance body

The Restaurant Brands' Board of Directors (the **Board**) is responsible for the governance of all climate-related risks and opportunities affecting the Group. The Board is supported in discharging this responsibility by the Audit and Risk Committee and Health, Safety and Sustainability Committee.

All Board members have experience holding executive positions in both private and publicly listed companies, with the majority of the Board having international experience in governance roles overseeing business operations and reporting compliance across Europe, Asia and the Pacific. Collectively the Board has a diverse mix of skills and experience gained in various industries, markets, and geographies over the last several decades.
For more information on each Board member see Restaurant Brands 2023 Annual Report.

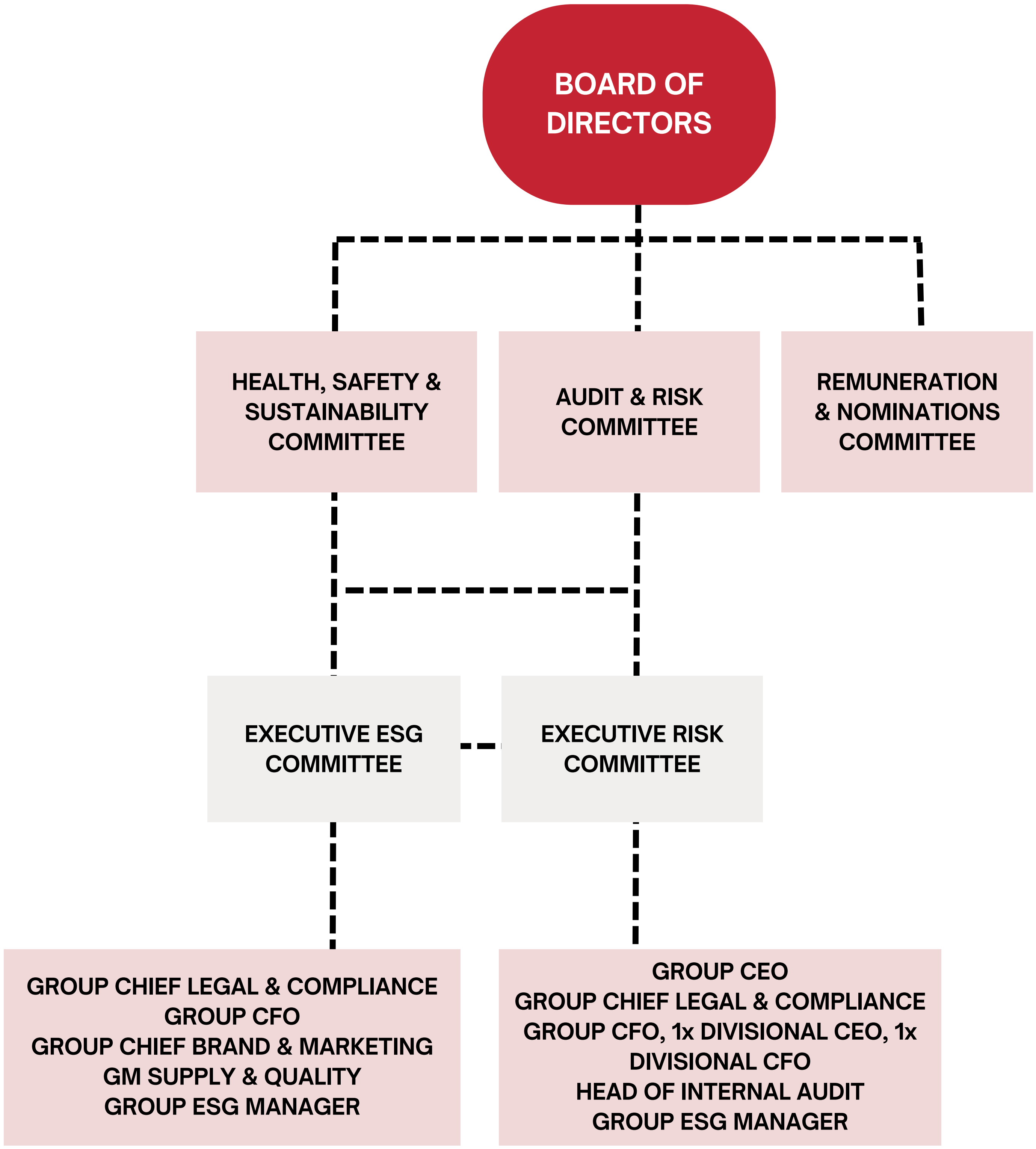
Audit and Risk Committee and Health, Safety and Sustainability Committee

The Group Risk Management Framework states that the Audit and Risk Committee is responsible for monitoring and reporting to the Board on all risks, including climate-related risks. The Audit and Risk Committee oversees the management of physical and transitional climate-related risks with assistance from the Health, Safety and Sustainability Committee. The Audit and Risk Committee is supported by the Executive Risk Committee when carrying out its risk functions.

The Health, Safety and Sustainability Committee is responsible for reviewing and recommending to the Board for approval policies that relate to the Group's ESG objectives and obligations. The Health, Safety and Sustainability Committee is also responsible for reporting on and reviewing ESG performance by the Group. The Health, Safety and Sustainability Committee is supported by the ESG Committee.

All identified climate-related risks are assessed through the Group Risk Management Framework using a contingency/probability matrix, reviewed by the Executive Risk Committee twice a year. Material climate-related risks identified are submitted to the Audit and Risk Committee and the Board as part of the annual Group risk assessment process. To the extent a climate-related risk is identified as a key/material risk to the Group (i.e. a risk that has sufficient potential to materially impact the delivery of the Group's strategy), it is subject to ongoing monitoring, central testing and oversight by the Audit and Risk Committee and Board under the Risk Management Framework processes.

GROUP GOVERNANCE



Executive ESG Committee

The Executive ESG Committee is responsible for:

- Addressing climate-related initiatives and opportunities with Management
- Overseeing the implementation of the Group's ESG Framework
- Providing recommendations to the Health, Safety and Sustainability Committee on ESG initiatives
- Monitoring ESG reporting against targets and metrics
- Reporting climate-related risks to the Executive Risk Committee as part of the Group's Risk Management Framework's annual risk assessment process
- Developing the Group ESG policies and submitting them to the Health, Safety and Sustainability Committee for review and further approval by the Board

In addition to the Executive ESG Committee and Group ESG function, each region has dedicated individuals (including divisional CFOs) responsible for leading environmental initiatives, recording climate-related events and risks, collecting carbon footprint data, as well as providing support to their respective regions.

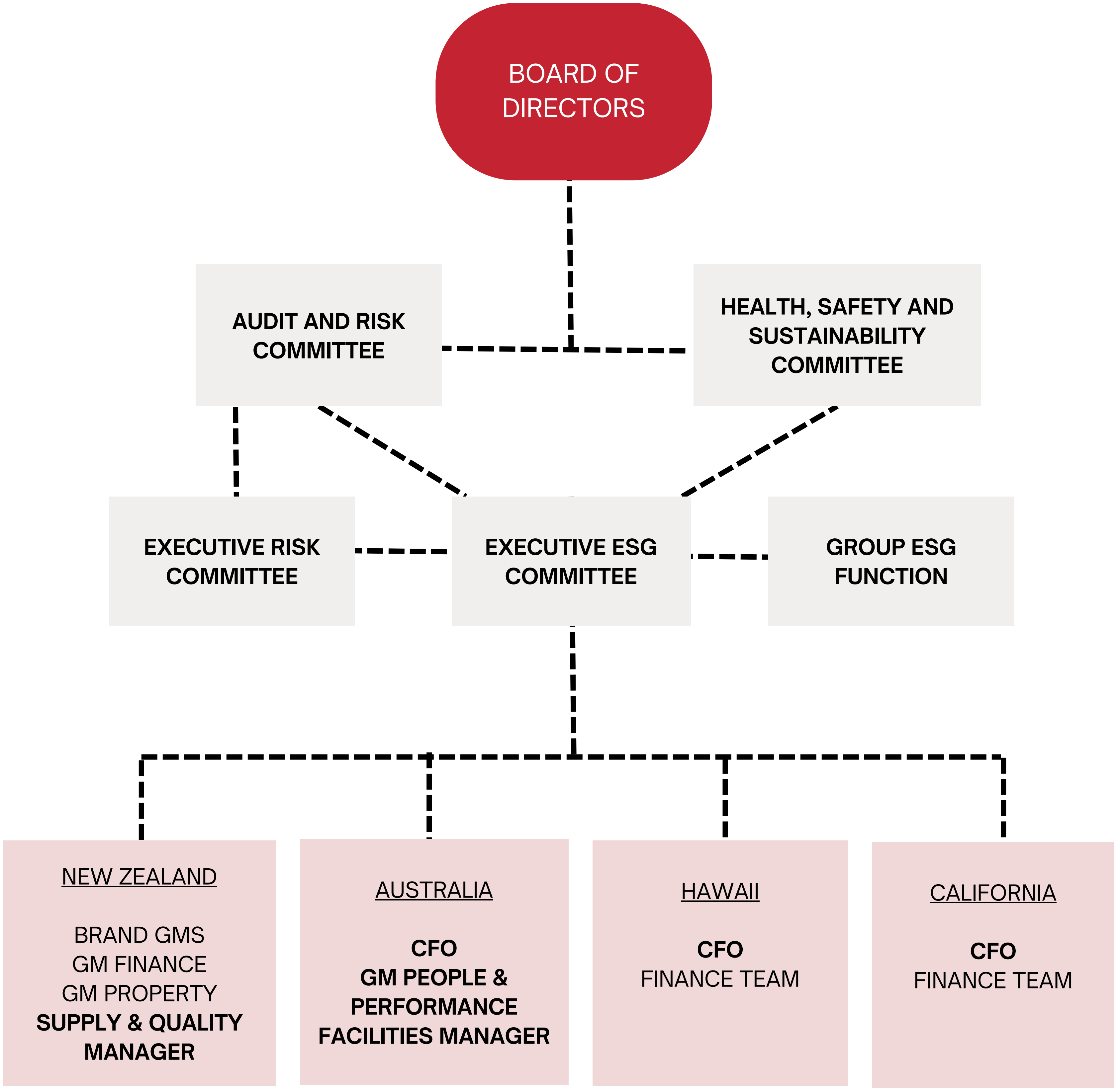
Climate-related events which impact operational activities are reported to the Regional and Group Management Team and discussed at monthly business reviews. Depending on the severity of the impact, these events are reported to the Executive ESG Committee and escalated accordingly.

Strategy and Capital Expenditure

Capital expenditure at Restaurant Brands is prioritised according to business needs and expected returns. To the extent that a climate-related risk or initiative is identified as having a critical need/impact on the Group's strategic goals, then capital will be allocated to pursue that initiative. While no significant capital allocations were made in relation to climate-related risks or initiatives during 2023, we expect this to change as and when new technologies become available.

The development and implementation of Restaurant Brands' ESG strategy is primarily carried out during quarterly meetings of the Executive ESG Committee, with any material climate-related opportunities discussed and evaluated during these meetings. The recommended business response and potential capital expenditure required are estimated and reported to the Health, Safety and Sustainability Committee and the Board.

MANAGEMENT'S ROLE



*Roles with dedicated climate-related responsibilities are shown in **bold** on the chart*

RISK MANAGEMENT

RISK MANAGEMENT

The Group Risk Management Framework prioritises risks that are rated “high” or “extreme” according to the Risk Management Matrix as these risks present a clear and present danger to the delivery of our strategy. To the extent that a climate-related risk is assessed to have an “high” or “extreme” rating, it will form part of the list of key/material risks that are actively monitored by the Executive Risk Committee, Audit and Risk Committee and the Board. Suitable controls/mitigants will be deployed to better manage that risk and the effectiveness of such controls will be monitored and assessed by the Executive Risk Committee, Audit and Risk Committee and the Board.

The formal risk assessment is carried out on an annual basis. However, if a significant risk is identified outside of the formal Risk Management Framework’s usual processes, the rating and treatment of the risk can be reviewed and amended during meetings of the Executive Risk Committee, Audit and Risk Committee or the Board.

Impact / *Likelihood*	*Insignificant*	*Minor*	*Moderate*	*Major*	*Severe*
Almost Certain	*MODERATE*	*HIGH*	*EXTREME*	*EXTREME*	*EXTREME*
Likely	*MODERATE*	*HIGH*	*HIGH*	*EXTREME*	*EXTREME*
Possible	*LOW*	*MODERATE*	*HIGH*	*HIGH*	*EXTREME*
Unlikely	*LOW*	*MODERATE*	*MODERATE*	*HIGH*	*HIGH*
Rare	*LOW*	*LOW*	*LOW*	*MODERATE*	*MODERATE*

Each impact category has its definition for each of the following business factors:

- Management effort / level of review
- Financial / materiality
- People
- Reputation
- Operational
- Legal
- Stakeholder

This provides a framework for the identified risks to be reviewed, assessed and addressed at the appropriate management and governance level.

STRATEGY

TCFD

CURRENT PHYSICAL AND TRANSITION IMPACTS

Current Physical Impacts

The following climate-related events affected our operations in 2023:

- In New Zealand several stores were temporarily closed during the Auckland Flood in January and Cyclone Gabrielle in February.
- In Hawaii two stores were lost to wildfires in Lahaina on Maui island in August. Lost revenue and future rebuilding costs related to these stores are covered by insurance.
- Typhoon Mawar in Guam caused store closures for several days.
- Flooding in California caused temporary disruptions to store trading hours for several stores.

Current Transition Impacts

Stakeholders' expectations and compliance requirements targeting net zero GHG emissions by 2050 are current transition impacts that affected our business, leading the Group to invest additional resources during 2023 to assist with our climate-related reporting obligations and to transition towards the net zero emissions expectation set out in legislation and increasingly expected by customers and other stakeholders.

SCENARIO ANALYSIS UNDERTAKEN

The Group has undertaken scenario analysis to understand the resilience of our business model and strategy.

The periods were selected to follow the timelines and milestones commonly used by various climate modelling initiatives and insurers. The 5-, 15- and 25-year horizon was also used with a view towards alignment with typical franchise and lease tenures, and main Group strategic and operational cycles.

For the climate scenario modelling, the Group has selected three Shared Socioeconomic Pathways (**SSP**) from the Intergovernmental Panel on Climate Change (**IPCC**) framework. The three selected SSPs are:

- SSP1-1.9 scenario assuming the global warming will be capped at 1.5°C*.
- SSP2-4.5 scenario assuming the global warming will be limited to 3°C*.
- SSP3-7.0 scenario assuming the global warming will be limited to 4°C*.

The three chosen scenarios provide a spectrum of possible outcomes and pathways - from organised rapid transition to net zero under the SSP1-1.9 scenario, to the “hot house / current policies” scenario SSP3-7.0.
The summary of the differences between the three selected scenarios is shown below, with the main narratives provided on the next page.**

The Group has used the following timeframe for its climate scenario modelling:

- *Short term: 2024-2030 (5-6 years)*
- *Medium term: 2031-2040 (~15 years)*
- *Long term: 2041-2050 (~25 years)*

IPCC scenarios from AR6 Working Group (WGIII) report**:

Category in WGIII	Category description	GHG emissions scenarios (SSPx-y*) in WGI & WGII
C1	limit warming to 1.5°C (>50%) with no or limited overshoot	Very low (SSP1-1.9)
C2	return warming to 1.5°C (>50%) after a high overshoot	
C3	limit warming to 2°C (>67%)	Low (SSP1-2.6)
C4	limit warming to 2°C (>50%)	
C5	limit warming to 2.5°C (>50%)	
C6	limit warming to 3°C (>50%)	Intermediate (SSP2-4.5)
C7	limit warming to 4°C (>50%)	High (SSP3-7.0)
C8	exceed warming of 4°C (>50%)	Very high (SSP5-8.5)

SSP1-1.9 (1.5°C)

- *Low emissions scenario with net zero emissions by ~2050. Global warming is limited to 1.5°C by 2100*
- *Policies and consumer sentiment: immediate rapid change towards more aggressive policies and responsible consumption*
- *Technology change: fast*
- *Physical impacts: low through 2050, then low to moderate*
- *Transition impacts: moderate until 2040, then low*

SSP2-4.5 (<3°C)

- *Intermediate scenario with current emissions levels until ~2050. Global warming is limited to 3°C by 2100*
- *Policies and consumer sentiment: slow, then accelerating*
- *Technology change: slow through 2040, then moderate*
- *Physical impacts: low through 2050, then moderate*
- *Transition impacts: low through 2040, then moderate*

SSP3-7.0 (<4°C)

- *High emissions scenario with emissions to double by ~2100. Global warming is exceeding 3°C by 2100*
- *Policies and consumer sentiment: minimal change*
- *Technology change: slow*
- *Physical impacts: low/moderate through 2050, then high*
- *Transition impacts: low*

** By 2100 compared to the pre-industrial levels (1850-1900)*
*** For more information on the IPCC scenarios refer to the Climate Change 2023 Synthesis Report (also known as the Sixth Assessment report or AR6) on the IPCC website: https://www.ipcc.ch/assessment-report/ar6/*

MAIN NARRATIVES UNDER EACH SCENARIO

SSP1-1.9 Scenario

The most optimistic but also one of the most challenging scenarios in the short-to-medium term, characterised by rapid developments in global and national policies supported by technological innovations. This is also driven by changes in consumer preferences to allow for a timely transition towards a more sustainable and socially responsible economic model, and with net zero emissions by 2050. However, to be achievable, this scenario requires immediate action and increased cooperation between businesses and governments globally. This scenario assumes higher transition costs in the next 10-15 years, with increased upfront capital spending and investment in technology and innovation, renewable energy and reusable materials. This will lead to a rapid decarbonisation of the planet and provide the foundation for long-term sustainable growth and smooth transition to a circular economy and more transparent socioeconomic model. Investors, consumers and lenders are expected to drive demand for openly-available information and proactive environmental action from businesses globally, with laggards most likely penalised by increased insurance and borrowing costs, reduced demand for their goods/services from consumers and growing pressure from regulators and media.

SSP3-7.0 Scenario

A pessimistic scenario assuming the extensive economic growth and overproduction/overconsumption culture will result in the emissions doubling by 2100 from the current levels. Short-term gains from low production costs and minimal transition impacts for businesses will be outweighed by considerably increased physical impacts from more frequent and severe weather events, rising sea levels and extended disruptions to business operations. Many currently populated areas will become uninhabitable or submerged. This in turn will lead to political polarisation, growing fragmentation of the global economy and increasing social inequality worldwide.

SSP2-4.5 Scenario

An intermediate scenario assuming that current socioeconomic model will in general remain intact for some time, with the emissions levels staying more or less unchanged until about 2050. This scenario is characterised by trends similar to the SSP3-7.0 scenario in 2025-2050, when the overproduction and overconsumption culture will prevail short and medium term, with governments, regulators, lenders, investors and consumer groups proactively trying to lead the change and disrupt the status-quo. However, the effect of those actions overall will only have impact in the second half of the century, when decarbonisation and transition to more sustainable economic model will become urgent and critical. Unfortunately, this will mean high transition costs in addition to increased physical climate-related impacts, with a growing pressure on technology to deliver feasible solutions within a constrained timeframe.

Because the Group time horizon is limited to 2050, the future physical impacts under all three scenarios are currently considered to be similar within the time horizon used, with physical risks under SSP1-1.9 scenario expected to be ranked as low, under SSP2-4.5 scenario - low or marginally higher, and under the SSP3-7.0 scenario - low to moderate. The difference in the scale and severity of the impacts between the three scenarios is expected to be significantly higher and accelerating in 2050-2100, which is not covered by this analysis.

Transition risks and respective anticipated impacts for the period 2025-2050 were overall estimated as medium under the SSP1-1.9 scenario, while assumed low under the other two scenarios for the same periods.

TRANSITION PLAN

While we have elected to use Adoption Provision 3: transition planning (NZ CS 2) for this report, we continue to work to develop the transition plan aspect of our strategy.

We have established our Scope 1 and 2 emissions reduction targets based on 2023 emissions data. Projects and initiatives will be starting in 2024, including a review of capital allocation and approval for those initiatives.
Our Scope 1 and 2 GHG emissions will be measured and reported annually, and performance monitored against the approved targets. More information on targets is provided in the Metrics and Targets section of the report.

The largest category of our emissions is indirect Scope 3 emissions, of which the biggest driver is emissions from purchased and processed food ingredients. This also represents a significant opportunity for us to work with our suppliers and service providers on packaging and waste reduction, material recoveries, and GHG emissions reductions in the upstream distribution chain. Scope 3 emissions reduction targets will be modelled and disclosed in the 2024 report.

While our targets are initially set for 2030, strategically our business will be aligned with the Aotearoa New Zealand Net Zero 2050 policy, with both short-term and long-term climate-related targets embedded into the Group strategic planning and capital allocation process.

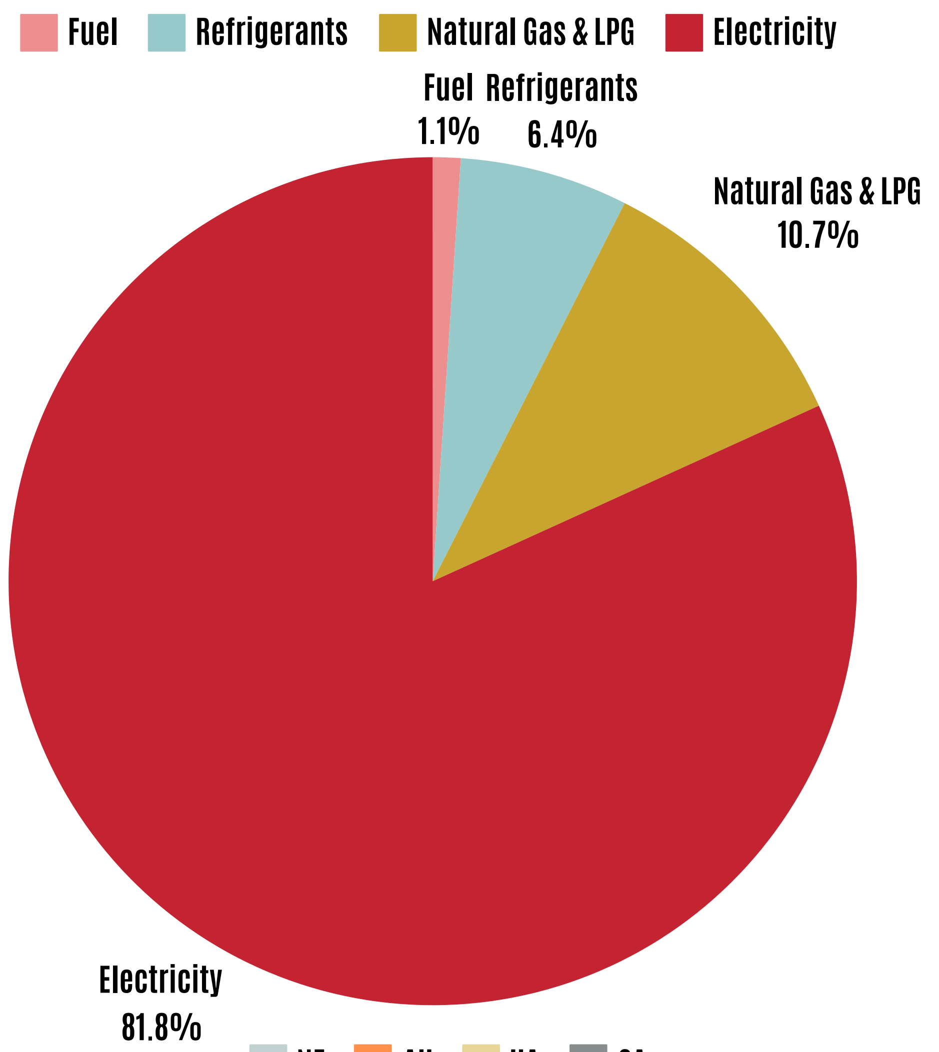
METRICS AND TARGETS

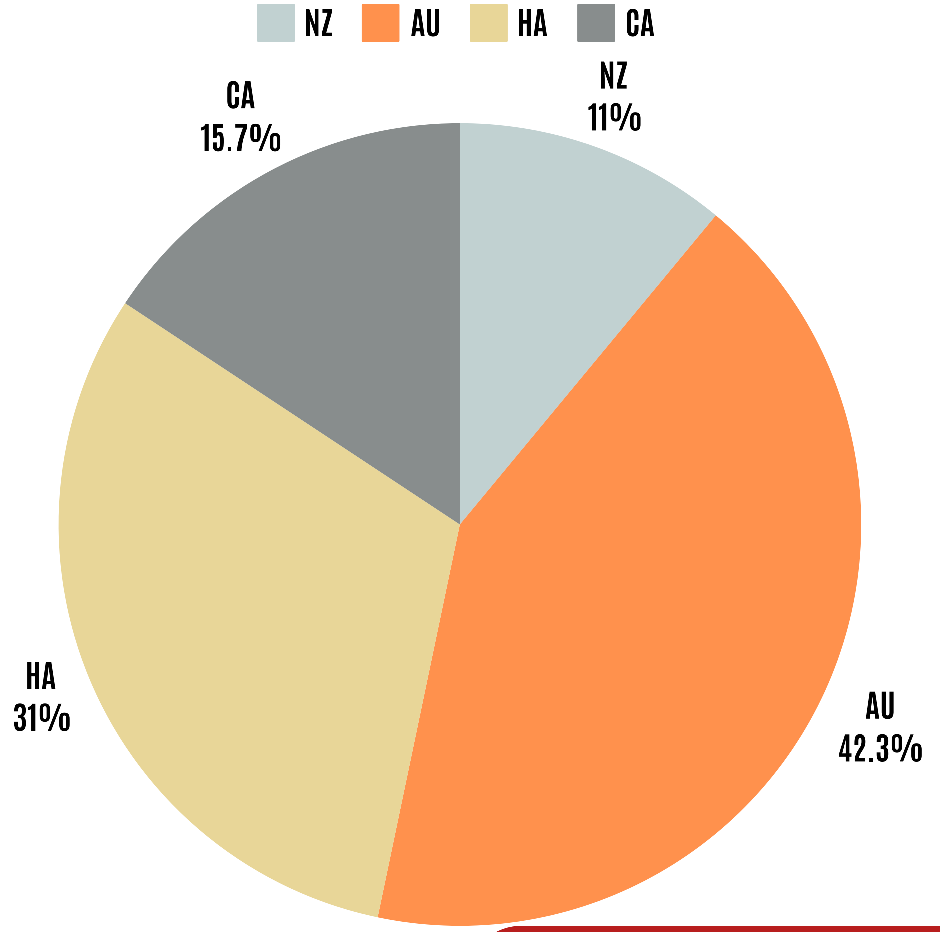
CURRENT GROUP GHG EMISSIONS PROFILE

The breakdown of our Scope 1 and 2 emissions for each region by driver and GHG type is in the table below

TONNES CO2e BY CATEGORY	*NZ*	*AU*	*HA*	*CA*	*GROUP**
Scope 1 - Mobile Combustion (Fuel)	*168.3*	*128.8*	*44.9*	*95.3*	*437.2*
Scope 1 - Fugitive Emissions (Refrigerants)	*598.6*	*562.1*	*835.7*	*659.0*	*2,655.4*
Scope 1 - Stationary Combustion (Natural Gas & LPG)	*769.0*	*90.9*	*1,528.2*	*2,050.1*	*4,438.3*
Total Scope 1*	***1,536.0***	***781.8***	***2,408.8***	***2,804.4***	***7,530.9*****
Scope 2 - Purchased Electricity (location-based)	*3,017.0*	*16,703.3*	*10,418.5*	*3,690.4*	*33,829.2*
Total Scope 2	***3,017.0***	***16,703.3***	***10,418.5***	***3,690.4***	***33,829.2*****
Total Scope 1 and 2*	***4,553.0***	***17,485.1***	***12,827.3***	***6,494.8***	***41,360.1***

TONNES CO2e BY GHG TYPE	*NZ*	*AU*	*HA*	*CA*	*GROUP**
Carbon Dioxide (CO2)	*3,860.4*	*16,917.6*	*11,907.3*	*5,820.1*	*38,505.4*
Methane (CH4)	*82.6*	*1.7*	*29.5*	*6.3*	*120.2*
Nitrous Oxide (N2O)	*11.4*	*3.7*	*54.8*	*9.4*	*79.2*
Hydrofluorocarbons (HFCs)	*598.6*	*562.1*	*835.7*	*658.9*	*2,655.4*
Perfluorocarbons (PFCS), Sulphur hexafluoride (SF6) & Other	*0*	*0*	*0*	*0*	*0*
Total Scope 1 and 2*	***4,553.0***	***17,485.1***	***12,827.3***	***6,494.8***	***41,360.1***





*CO2e tonnes may not aggregate to the totals due to rounding.
**Scope 1 and 2 tCO2e absolute emissions for the year ended 31 December 2023 have been included in the scope of PwC's limited assurance engagement. No other amounts or calculations have been included in the assurance engagement and are not covered by the limited assurance report issued.

GHG PROFILE AND INTENSITY METRICS

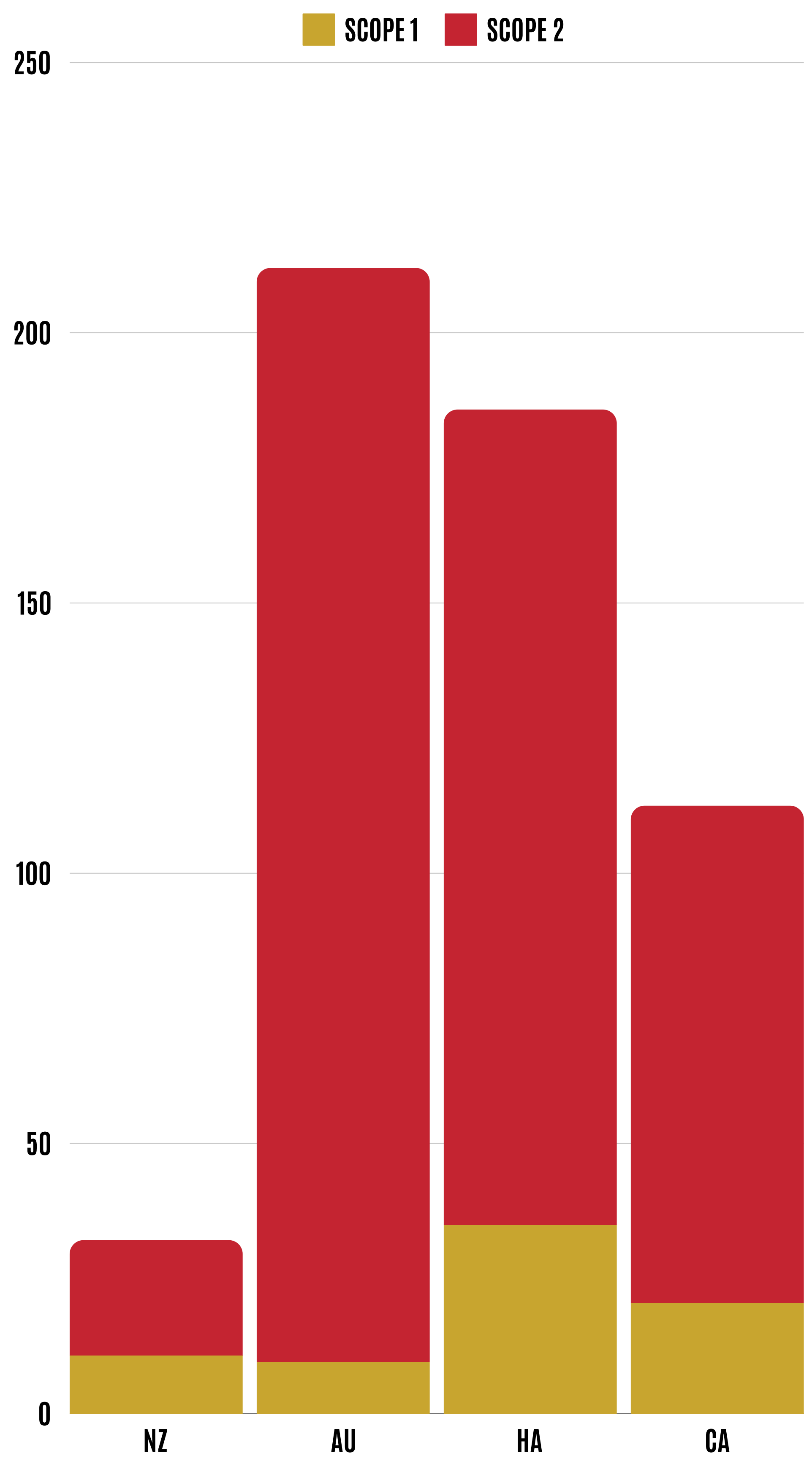
The two intensity metrics chosen by the Group for GHG emissions are:

- *Tonnes CO2e per $million sales (regional metrics are shown in local currency, Group totals - in NZ$)*
- *Tonnes CO2e per store based on the full year trading days equivalent (363 trading days are used for Hawaii, and 364 for all other regions)*

Intensity Metric	NZ	AU	HA	CA	GROUP
Scope 1 - tonnes CO2e per $million sales	2.7	2.7	15.1	25.3	5.7
Scope 1 - tonnes CO2e per store	10.8	9.5	34.9	37.7	20.5
Scope 2 - tonnes CO2e per $million sales	5.3	58.3	65.3	33.3	25.6
Scope 2 - tonnes CO2e per store	21.3	202.5	150.9	49.6	92.0
Total Scope 1-2 - tonnes CO2e per $million sales*	8.0	61.0	80.4	58.6	31.3
Total Scope 1-2 - tonnes CO2e per store*	32.1	212.0	185.7	7.3	112.5

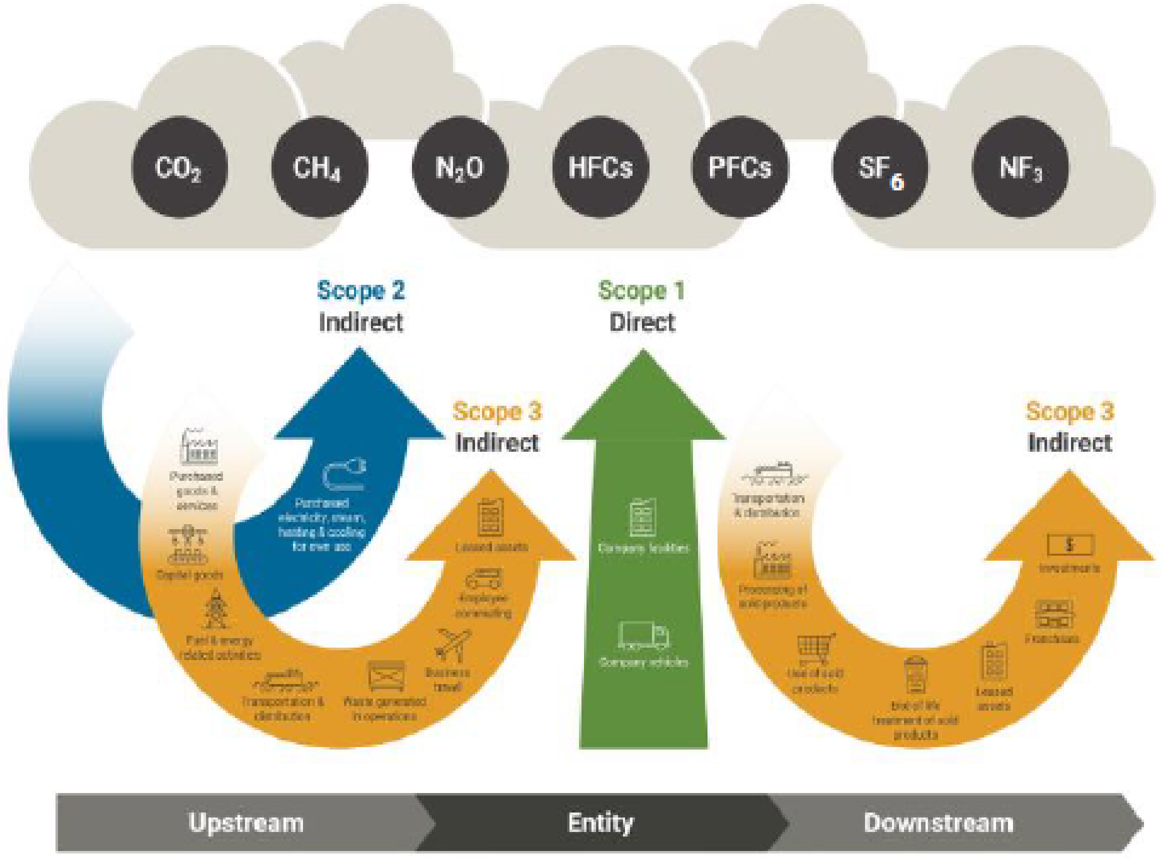
** CO2e tonnes may not aggregate to the totals due to rounding*

CO2e TONNES PER STORE



CRITERIA USED TO PREPARE OUR GHG EMISSIONS

This report includes Scope 1 and Scope 2 GHG emissions.
Scope 3 emissions are not disclosed in the first reporting period under provision 4 of the NZ CS 2.
GHG Protocol was used as a guide when calculating and reporting Group emissions.
The Group adopted an operational control approach for the consolidation of the Group GHG emissions which includes 376 stores, company fleet and four support offices.
Franchised stores will form part of Scope 3 emissions. The Group has excluded warehouses and storage units from Scope 1 and Scope 2 emissions.
Scope 2 emissions are reported using location-based approach. No contractual instruments or energy attribute certificates from specific suppliers are currently used by the Group.
A market-based approach is not required to be reported under XRB NZ CS1 and therefore has not been presented.



Source: XRB - getting started on measuring your emissions

The following sources were used for respective conversion factors and unit ratios when calculating the Group GHG emissions:

Emission Factor Source	Region	Global Warming Potential (GWP)
Ministry for the Environment. 2023. *Measuring emissions: A guide for organisations: 2023. Emission Factor Workbook* (**MFE**)	New Zealand Australia Hawaii California	*IPCC Fifth Assessment Report (AR5) 2014 is used for the GWP of GHGs*
Australian National Greenhouse Accounts Factors Workbook 2023, Australian Government Department of Climate Change, Energy, the Environment and Water (**ANG**)	Australia	*IPCC Fifth Assessment Report (AR5) 2014 is used for the GWP of GHGs*
US Environmental Protection Agency - GHG emssions factors hub, September 2023 (**EPA**)	Hawaii California	*IPCC Fourth Assessment Report (AR4), 2007 is used for the GWP of GHGs*
California Air Resources Board, GHG Global Warming Potentials Website (**CARB**)	New Zealand Hawaii California	*IPCC Fifth Assessment Report (AR5), 2014 is used for the GWP of GHGs*
UK Government GHG Conversion Factors for Company Reporting, June 2023 (**UKG**)	New Zealand	*IPCC Fifth Assessment Report (AR5), 2014 is used for the GWP of GHGs*

CRITERIA USED TO PREPARE OUR GHG EMISSIONS - CONTINUED

Scope	Emission Source	Data Source	Emission Factor Used	Methodology, Estimates, Exclusions and Limitations	Uncertainty
Scope 1	**Mobile Combustion - Fleet Fuel (Petrol and Diesel)**	• NZ, HA and CA: fuel amount obtained from fuel card reports. • AU: mileage for vehicles derived from odometer readings taken across the year.	• NZ, AU: MFE • HA, CA: EPA	• NZ, HA and CA: Conversion made from litres (NZ) and gallons (HA and CA) for relevant fuel type to tCO2e. Assumption that supplier reports are complete and accurate. • AU: Car type, engine size and distance travel recorded. Conversion made to tCO2e. Assumption that odometer readings are accurate.	• NZ, HA, CA: Low • AU: Moderate due to km-based calculation method
	Stationary Combustion - Natural Gas, LPG, Propane, Generator Fuel (Diesel)	• NZ and AU: Supplier reports and invoicing. • HA and CA: Supplier invoicing.	• NZ: MFE • AU: ANG • HA, CA: EPA	• All regions: Monthly invoices and reports from suppliers used for 'used fuel' amounts. Assumption that supplier invoicing is complete and accurate. • AU: Due to data unavailability, November and December consumption was estimated for two stores based on previous months billing. • HA: Due to data unavailability, estimation of gas usage for six stores (up to 12 months), made based on consumption for similar-size stores. Separate estimation made for partial missing data using previous month billing. Assumption made that natural gas usage does not vary significantly across the year. Synthetic and non-synthetic natural gas treated as same emission factor due to data unavailability; GHG emissions are therefore likely to be overstated in this category.	• NZ, AU, CA: Low • HA: Moderate due to estimations
	Fugitive Emissions - Refrigerant Gas	• NZ, AU and CA: Supplier reports and invoicing. • HA: Supplier invoicing.	• NZ: MFE, CARB, UKG • AU: MFE • HA, CA: MFE, CARB	• All regions: Refrigerant type and top-up amount converted to tCO2e. • NZ: Data taken directly from supplier reports. Gas from 15 stores excluded due to unavailability of data from vendor servicing stores in 2023. • AU and CA: Data from supplier reports and invoicing. Assumption that supplier invoicing is complete and accurate. • HA: Data from supplier invoicing. Assumption that supplier invoicing is complete and accurate.	• AU, HA, CA: Low • NZ: Moderate due to incompleteness
Scope 2	**Purchased Electricity**	• NZ and AU: Supplier reports and invoicing. • CA and HA: Supplier invoicing.	• NZ: MFE • AU: ANG • HA, CA: EPA	• All regions: Supplier invoicing and reports used to derive full year consumption and converted to tCO2e. Estimation for AU, CA and HA support offices consumption made using size comparison of NZ office. Assumption made that store electricity usage does not vary significantly across the year. Assumption that supplier invoicing is complete and accurate. • NZ: Estimation made for three stores where data was unavailable for FY23. Estimation based on similar size stores. Estimation made for partial missing days using previous month billing. • AU: Estimation made based on previous months billing for one store where November and December data was unavailable. • HA: Due to data unavailability, estimation of electricity usage for nine stores made based on consumption for similar-size stores. Estimation made for partial missing data using previous months billing. • CA: Estimation made for partial missing data using previous month billing.	• NZ, AU, CA: Low • HA: Moderate due to estimations

METRICS AND TARGETS

Restaurant Brands has set targets to reduce Scope 1 and 2 emissions by **30%** by the end of **2030** using 2023 as a base year.
As a separate target, the Group has committed to a **10%** reduction in purchased electricity consumption by 2030.

The opportunities to reduce our emissions include:

- Replacing own fleet with electric and hybrid vehicles.
- Reducing fugitive emissions through improved maintenance and replacing high global warming potential (GWP) refrigerants with low-GWP substitutes.
- Using alternative energy sources where practical (e.g. replacing natural gas with renewable electricity).
- Reducing electricity consumption through better energy management, solar panel installation and LED lighting, increasing renewable energy in the purchased mix.
- Waste and packaging reduction initiatives (to be reviewed and confirmed in 2024).

Climate-related opportunities

- Due to the commercial sensitivity, Restaurant Brands is unwilling to disclose specifics of business activities which may benefit from any climate-related opportunity. Technology change is expected to be a significant contributor to the decarbonisation of our global operations, and for Scope 2 carbon emissions reduction – in particular. This is expected to be the case under all scenarios, but particularly under the SSP1-1.9 scenario which is aligned with the Net Zero 2050 policy.

Capital deployment

- As discussed on page 11, Restaurant Brands' capital allocation is aligned with its strategic plans and prioritised around the needs of our main business activities.
- While we have allocated some capital expenditure on a store-by-store basis, it is expected that emission reduction process will require a more comprehensive and structured planning process for capital allocation.

Internal emission price

- Currently Restaurant Brands doesn't have methodology to calculate the internal emission price. However with the development of our emissions reduction initiatives and obtaining data for our intensity metrics, operating expenditure and capital expenditure, an internal emission price may be addressed and developed in the future.

Remuneration linked to climate-related risks and opportunities

- Climate-related targets are currently under consideration and development for future inclusion in the Group remuneration structure.

METHODOLOGY AND DATA SOURCES USED FOR CLIMATE RISK ASSESSMENT

Restaurant Brands participated in the 'Retail Sector Shared Scenarios Project' led by KPMG which included several large NZ retail companies.
The outcome of this collaborative work was the "Integrated Climate Change Scenarios for New Zealand Retail Sector Report" published by KPMG in September 2023*. The report provided useful guidance and a foundation for our assessment of climate-related transition risks.

Physical Risk Assessment

The Group ESG function and Executive ESG Committee worked with regions on identifying and ranking the main physical and transition risks and the anticipated impacts**. Based on the feedback collected we have identified the list of stores with potentially high exposure to the physical risk - particularly under the second and third scenarios. The identified physical risks were cross-checked against a physical risk assessment report obtained by the Group from Marsh (independent third party consultants) which sets out the main current and future climate hazards for all our stores under the three scenarios.

Physical risk exposure and severity of the physical impacts under the SSP1-1.9 scenario is expected to be noticeably lower than under the other two scenarios used. The general assumption is that the additional 0.2°C increase in the average global temperature by the middle of the century (SSP1-1.9 scenario) will not lead to drastic changes in the weather patterns or materially elevated physical risk exposure for the Group between now and 2050. Consequently, we've obtained physical hazards data for scenario SSP1-2.6 (1.5-2.0°C) as an additional layer of stress testing under our most optimistic scenario.

Transition Risk Assessment

Group regions also provided a list of the main climate-related transition risks expected to rise or develop. These were reviewed and discussed with the Executive ESG Committee during the final ranking review. Additionally, New Zealand Supply and Quality team organised meetings with several major NZ suppliers to discuss the main climate-related risks and impacts anticipated in our supply chain. It has been agreed to continue this work with annual reviews to be scheduled going forward.

Current physical and transition risk assessment results will be used for evaluation of the anticipated financial impacts in 2024 and added, as deemed appropriate, to the Group capital allocation and strategic planning.

** The full report can be found on the KPMG website: https://kpmg.com/nz/en/home/services/kpmg-impact/climate-change-and-decarbonisation/the-futures-of-retail.html*

*** The additional external climate data sources used for the initial risk assessment conducted by the Group are :*

- *NASA sea level projection tool: https://sealevel.nasa.gov/ipcc-ar6-sea-level-projection-tool*
- *Climate Analytics - Climate impact explorer: https://climate-impact-explorer.climateanalytics.org*
- *World Bank - Climate change knowledge portal: https://climateknowledgeportal.worldbank.org*
- *California government location hazard tool: https://myhazards.caloes.ca.gov*

CLIMATE-RELATED PHYSICAL RISKS

A summary of the Group's current exposure and risk index changes under the three scenarios by 2030, 2040 and 2050 are shown in the table below.
Overall, the physical risk impacts are not expected to vary materially under the three scenarios selected between now and 2050.
Some risks such as surface flood exposure are relevant across all four regions, and others such as wildfire weather stress or tropical cyclone exposure are more relevant or ranked higher only in some of our regions.
Although region-specific risk scores are elevated for some regions, the overall change between current levels and the 2050 time horizon is considered low to moderate.
Precipitation stress is currently projected to be the hazard that the Group will experience the most significant change in exposure to under the three scenarios.
Hawaii, including Guam and Saipan, is the only region where some stores are exposed to high or extreme tropical cyclones (Zones 4 and 5). This is not expected to change between now and 2050 under either scenario. Sea level rise hazard only shows high or extreme score for 5% of the Group assets, with half of those stores located in Hawaii.
The detailed breakdown showing the % of locations exposed to climate hazard by region under each scenario and the description of the main hazards is provided in the next three pages.
We have elected to use SSP1-2.6 (1.6°C) as a proxy for physical risk modelling under the first scenario on the basis that robust data was unavailable for all our regions under SSP1-1.9 (1.5°C).
While most of our stores are exposed to climate-related physical risks, the physical risk exposure tables only include information for stores with high or extreme risk score.

*GROUP MAIN CLIMATE HAZARDS SUMMARY***	*Current*	*SSP1-2.6 2030*	*SSP1-2.6 2040**	*SSP1-2.6 2050*	*SSP1-2.6 change by 2050*	*SSP2-4.5 2030*	*SSP2-4.5 2040**	*SSP2-4.5 2050*	*SSP2-4.5 change by 2050*	*SSP3-7.0 2030*	*SSP3-7.0 2040**	*SSP3-7.0 2050*	*SSP3-7.0 change by 2050*
FLUVIAL (RIVER) FLOOD EXPOSURE % of locations in 50- & 100-year return zone	12%	13-14%	13-14%	14-15%	+3%	16%	16%	17%	+5%	18%	18%	18%	+6%
PRECIPITATION STRESS % of locations with high or extreme score	52%	60%	60%	60%	+8%	57%	59%	60%	+8%	55%	58%	62%	+10%
FIRE WEATHER STRESS % of locations with high or extreme score	37%	38%	38%	38%	+1%	38%	39%	39%	+2%	38%	38%	39%	+2%
SEA LEVEL RISE (BY 2100) % of locations with high or extreme score	-	-	-	5%	-	-	-	5%	-	-	-	5%	-

** Mean between 2030 and 2050 is used*
***Description of each hazard can be found in the Appendix*

Colour coding: 0-5% increase, 6-10% increase, 11%+ increase

ASSETS EXPOSED TO PHYSICAL RISK UNDER SSP1-2.6 SCENARIO

SSP1-2.6	CURRENT					2030					2050				
REGION EXPOSURE	NZ	AU	HA	CA	ALL	NZ	AU	HA	CA	ALL	NZ	AU	HA	CA	ALL
FLUVIAL (RIVER) FLOOD EXPOSURE % of locations exposed to 50-year & 100-year return period	6%	16%	15%	17%	12%	MARGINAL CHANGE IS ASSUMED (compared to the other two scenarios)									
PLUVIAL (FLASH/SURFACE) FLOOD EXPOSURE % of locations in Zones 5 and 6	0%	25%	79%	2%	20%	-	-	-	-	-	-	-	-	-	-
PRECIPITATION STRESS % of locations with high or extreme score	74%	89%	20%	0%	52%	76%	94%	20%	27%	60%	77%	89%	20%	30%	60%
TROPICAL CYCLONE EXPOSURE % of locations in Zones 4 and 5 (252km/h and higher)	0%	0%	17%	0%	3%	NO CHANGE ASSUMED (in line with the other two scenarios)									
FIRE WEATHER STRESS % of locations with high or extreme score	0%	4%	79%	95%	37%	0%	4%	79%	99%	38%	0%	5%	80%	99%	38%
WILDFIRE EXPOSURE % of locations in Zones 3 and 4	0%	6%	4%	20%	6%	-	-	-	-	-	BY 2100				
SEA LEVEL RISE % of assets with high or extreme exposure by 2100	-	-	-	-	-	-	-	-	-	-	3%	7%	12%	0%	5%

ASSETS EXPOSED TO PHYSICAL RISK UNDER SSP2-4.5 SCENARIO

SSP2-4.5	CURRENT					2030					2050				
REGION EXPOSURE	NZ	AU	HA	CA	ALL	NZ	AU	HA	CA	ALL	NZ	AU	HA	CA	ALL
FLUVIAL (RIVER) FLOOD EXPOSURE % of locations exposed to 50-year & 100-year return period	6%	16%	15%	17%	12%	9%	19%	17%	26%	16%	10%	19%	17%	26%	17%
PLUVIAL (FLASH/SURFACE) FLOOD EXPOSURE % of locations in Zones 5 and 6	0%	25%	79%	2%	20%	-	-	-	-	-	-	-	-	-	-
PRECIPITATION STRESS % of locations with high or extreme score	74%	89%	20%	0%	52%	76%	92%	20%	17%	57%	81%	91%	20%	25%	60%
TROPICAL CYCLONE EXPOSURE % of locations in Zones 4 and 5 (252km/h and higher)	0%	0%	17%	0%	3%	0%	0%	17%	0%	3%	0%	0%	17%	0%	3%
FIRE WEATHER STRESS % of locations with high or extreme score	0%	4%	79%	95%	37%	0%	4%	80%	99%	38%	0%	8%	80%	99%	39%
WILDFIRE EXPOSURE % of locations in Zones 3 and 4	0%	6%	4%	20%	6%	-	-	-	-	-	BY 2100				
SEA LEVEL RISE % of assets with high or extreme exposure by 2100	-	-	-	-	-	-	-	-	-	-	3%	8%	13%	0%	5%

ASSETS EXPOSED TO PHYSICAL RISK UNDER SSP3-7.0 SCENARIO

SSP3-7.0	CURRENT					2030					2050				
REGION EXPOSURE	NZ	AU	HA	CA	ALL	NZ	AU	HA	CA	ALL	NZ	AU	HA	CA	ALL
FLUVIAL (RIVER) FLOOD EXPOSURE % of locations exposed to 50-year & 100-year return period	6%	16%	15%	17%	12%	10%	19%	17%	30%	18%	11%	19%	17%	29%	18%
PLUVIAL (FLASH/SURFACE) FLOOD EXPOSURE % of locations in Zones 5 and 6	0%	25%	79%	2%	20%	-	-	-	-	-	-	-	-	-	-
PRECIPITATION STRESS % of locations with high or extreme score	74%	89%	20%	0%	52%	76%	91%	20%	10%	55%	79%	96%	20%	30%	62%
TROPICAL CYCLONE EXPOSURE % of locations in Zones 4 and 5 (252km/h and higher)	0%	0%	17%	0%	3%	0%	0%	17%	0%	3%	0%	0%	17%	0%	3%
FIRE WEATHER STRESS % of locations with high or extreme score	0%	4%	79%	95%	37%	0%	4%	79%	99%	38%	0%	5%	80%	100%	39%
WILDFIRE EXPOSURE % of locations in Zones 3 and 4	0%	6%	4%	20%	6%	-	-	-	-	-	BY 2100				
SEA LEVEL RISE % of assets with high or extreme exposure by 2100	-	-	-	-	-	-	-	-	-	-	3%	8%	13%	0%	5%

CLIMATE-RELATED TRANSITION RISKS AND IMPACTS

Restaurant Brands used the three scenarios (covered in the Strategy section) to generate a list of the main climate-related transition risks faced by the Group within the next 25 years. The Group ESG Executive team discussed and shared risks with several large vendors and received inputs from regional leaders. Depending on the severity or scale of the possible impacts, all risks were categorised using “low”, “medium”, “high” or “extreme” ranking under each of the three selected scenarios (all transition risks were assumed as low or medium for the Group in 2025-2050). The list and ranking of transition risks are shown in the next page.

All of our operations are exposed to key transition risks due to the nature of the Quick Service Restaurants industry. However, the diverse geography of our portfolio means that those risks may elevate at different times and with a different severity across our four regions.

Based on our analysis, we consider insurance, borrowing costs and consumer preferences as the transition risks most likely to impact our business.

No high or extreme anticipated impacts have been assumed under the selected scenarios for the period 2025-2050.

CLIMATE-RELATED TRANSITION RISKS AND IMPACTS

SCENARIO	SSP1-1.9			SSP2-4.5			SSP3-7.0			POSSIBLE MITIGATION
TRANSITION RISK / TIME HORIZON	2025 2030	2031 2040	2041 2050	2025 2030	2031 2040	2041 2050	2025 2030	2031 2040	2041 2050	
Legal & regulatory requirements leading to increased cost of compliance	med.	med.	med.	low	low	med.	low	low	low	Ensure adequate resource is available to comply with the new policies and capital allocated to support environmental initiatives.
Consumer preferences change towards alternative proteins resulting in sales decline	med.	med.	med.	low	low	med.	low	low	low	Monitor customer preferences and explore options of enhancing our offer to the market.
Decreased consumer buying power caused by financial instability or high inflation/cost of living	med.	med.	low	low	low	med.	low	low	low	Explore options to diversify our menu, offer substitutes or enter other market segments.
Increased costs of upstream distribution	med.	med.	med.	low	low	med.	low	low	med.	Work together with vendors on alternative options, invest in local growers or vertical integration.
Disruptions in upstream distribution, shortages, frequent change of suppliers	low	med.	med.	low	low	med.	low	low	med.	Monitor global food and commodity markets, have action or back-up plans for all critical categories.
Poor brand reputation impacting ability to attract and retain talent	med.	low	low	low	low	med.	low	low	med.	Improved brand perception and recognition through good corporate governance, social initiatives and environmental action.
Scoring poorly in ESG rankings will impact the access to capital & cost of borrowing	med.	med.	med.	low	low	med.	low	low	low	Full compliance with policies and regulations, good governance, achieving group emission reduction targets.
The availability or the cost of insurance	med.	med.	med.	low	low	med.	low	low	med.	Regular asset portfolio review added to strategic planning. Insurance cost optimisation, self-insurance.

CLIMATE-RELATED OPPORTUNITIES

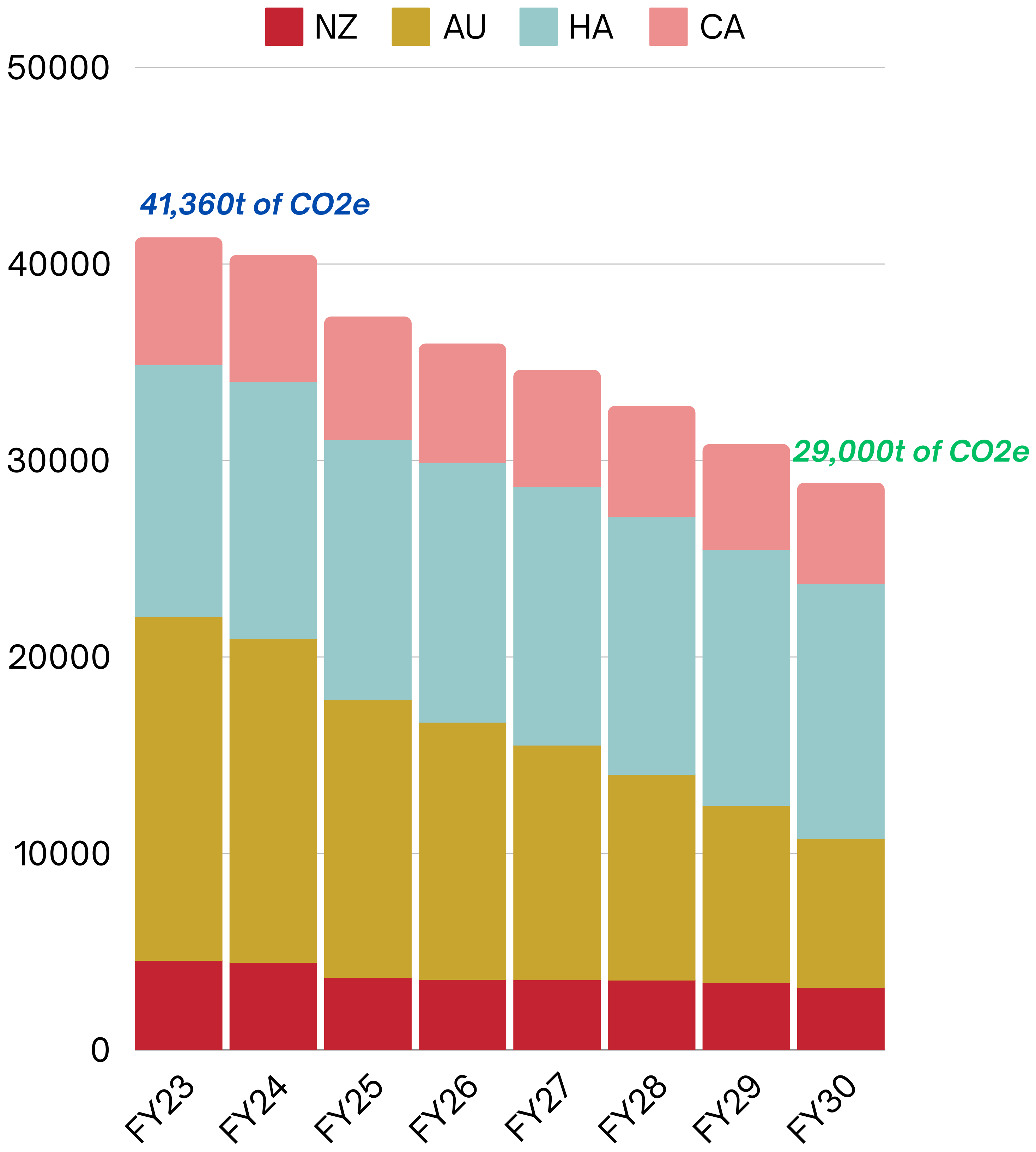
Additionally, opportunities arising from the climate-related impacts were discussed with the Group Executive ESG team and divisional leaders. The following opportunities have been identified and mapped against the respective scenarios.

SCENARIO	SSP1-1.9			SSP2-4.5			SSP3-7.0		
TIME HORIZON / OPPORTUNITY	2025 2030	2030 2040	2040 2050	2025 2030	2030 2040	2040 2050	2025 2030	2030 2040	2040 2050
Increased local or in-house production helping to reduce/offset upstream distribution cost. Cost pressure and/or warmer climate conditions will allow to grow and source more ingredients locally or invest in vertical integration		X				X			X
Increased cooperation between manufacturers, suppliers, and retailers to reach climate targets will drive efficiencies and cost reduction in the value chain	X	X	X			X			
Waste-conscious consumer behaviour will lead to the reduction in waste-handling and packaging costs, increased recoveries, and decarbonisation		X	X						
Technology change leading to increased efficiencies/reduced costs, automation, and increased pace of decarbonisation	X	X	X			X			

Further comprehensive analysis is required to scope and evaluate the financial impacts associated with climate-related risks and opportunities under the respective scenarios.
The physical risk exposure report and transition risks and impacts identified and provided in this disclosure will be used when modelling the financial impacts under the three scenarios.
The outcome then will be shared with the leadership team and relevant inputs will be used for strategic planning and capital allocation from 2024 onwards.
This task will be performed in 2024 with details provided in our next climate disclosures report.
Provision 2 of the NZ CS 2 providing the exemption from disclosing the anticipated financial impacts is adopted in this report.

GROUP TARGETS

30% Group Scope 1-2 Emissions Reduction by 2030



- The Group Scope 1-2 emissions reduction target is set at 30% by 2030 against 2023 base.
- This is approximately a quarter less than required by the science-based target aligned with the 1.5°C global warming scenario.
- The 30% reduction target is set for absolute and intensity direct emissions metrics: reduction of Scope 1-2 total tonnes of CO_2e, and tonnes of CO_2e per store and per $m sales.
- The target may be re-assessed based on internal or external factors, such as changes in the emission factors released by the respective authorities, updated climate projections or changes in technology or legislation.
- As a separate target, 10% reduction in purchased electricity by 2030 against 2023 baseline for the Group is set and approved by the Board.
- Because those are new targets, the Group performance against the GHG emissions reduction target will be reviewed and reported annually.
- No interim targets are set currently.
- No offsets are currently assumed or factored in for achieving the GHG emissions reduction target. This option may be re-assessed later if required, after actual data is collected and tracking against the target based on historical performance is reviewed and evaluated.

INDEPENDENT ASSURANCE

TCFD

Independent Assurance Report

To the Directors of Restaurant Brands New Zealand Limited

Limited Assurance Report on Restaurant Brands New Zealand Limited's Greenhouse Gas Emissions

Our conclusion

We have undertaken a limited assurance engagement on the Total Scope 1 and Total Scope 2 Greenhouse Gas Emissions (the Subject Matter Information) of Restaurant Brands New Zealand Limited (Restaurant Brands or the Company) and its subsidiaries (the Group), contained in the Current Group GHG Emissions Profile (tonnes CO2e by category) disclosed on page 19 of the Environmental Report and Climate-Related Disclosures Report (the CRD Report) for the year ended 31 December 2023.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Group's Total Scope 1 and Total Scope 2 Greenhouse Gas Emissions for the year ended 31 December 2023 are not prepared, in all material respects, in accordance with the *Criteria Used To Prepare Our Greenhouse Gas Emissions* (the Criteria) applied as explained on pages 21 and 22 of the CRD Report.

Our assurance engagement does not extend to any other information included, or referred to, in the CRD Report. We have not performed any procedures with respect to the excluded information and, therefore, no conclusion is expressed on it.

Basis for conclusion

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (New Zealand) 3410, *Assurance Engagements on Greenhouse Gas Statements* (ISAE (NZ) 3410), issued by the New Zealand Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain limited assurance about whether the Subject Matter Information is free from material misstatement.

We assessed the Subject Matter Information against the Criteria. The Subject Matter Information needs to be read and understood together with the Criteria. The Subject Matter Information (on page 19 of the CRD Report), comprises:

Greenhouse Gas Emissions for the year ended 31 December 2023	Total Group (gross tonnes CO2e)
Total Scope 1	7,530.9
Total Scope 2	33,829.2

Emphasis of matter - Estimations

We draw attention to the *Methodology, Estimates, Exclusions and Limitations* disclosure on page 22 of the CRD Report in which the Group describes its key estimates made for all relevant Scope 1 and Scope 2 emission categories. For Scope 2 emissions related to certain stores in Hawaii, where data was not available for part of the population, estimations have been made to arrive at the reportable value based on extrapolation of existing and comparable data. Our assurance conclusion is not modified in respect of this matter.

Directors' responsibilities

The Directors are responsible on behalf of the Company for the preparation of the CRD Report, including the Subject Matter Information in accordance with the Criteria, applied as explained on pages 21 and 22 of the CRD Report. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the Subject Matter Information that is free from material misstatement, whether due to fraud or error.

Our independence and quality management

We have complied with the independence and other ethical requirements of Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We apply Professional and Ethical Standard 3 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires our firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are independent of the Group. In addition to our roles as financial statement auditor and as assurance practitioners, our firm provides other services including specified procedures on landlord certificates, and a whistleblower call line service. The provision of these other services and relationships has not impaired our independence as assurance practitioners and financial statement auditor of the Group.

Assurance practitioner's responsibilities

Our responsibility is to express a limited assurance conclusion on the Subject Matter Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with ISAE (NZ) 3410. That standard requires that we plan and perform this engagement to obtain limited assurance about whether the Subject Matter Information is free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE (NZ) 3410 involves assessing the suitability in the circumstances of the Group's use of the Criteria as the basis for the preparation of the Subject Matter Information, assessing the risks of material misstatement of the Subject Matter Information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Subject Matter Information as disclosed in the CRD Report. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included enquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Our limited assurance procedures included the following:

- Enquiries of management to obtain an understanding of the overall governance and internal control environment, risk management processes and procedures relevant to the Subject Matter Information;
- Evaluation of the appropriateness of the Criteria, quantification methodology and reporting policies used, and the reasonableness of estimates made by the Group;
- Analytical review and trend analysis of the Subject Matter Information;
- Recalculation of the Subject Matter Information;
- Sample testing the underlying source data to supportive evidence; and
- Evaluation of the overall presentation of the Subject Matter Information and its Criteria.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Subject Matter Information has been prepared, in all material respects, in accordance with the Criteria applied as explained on pages 21 and 22 of the CRD Report.

Inherent limitations

Because of the inherent limitations of an assurance engagement, together with the internal control structure, it is possible that fraud, error or non-compliance may occur and not be detected.

GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Use of Report

This report, including our conclusions, has been prepared solely for the Directors of the Company.

Our report should not be used for any other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility for any reliance on this report to anyone other than the Directors of the Company, as a body, or for any purpose other than that for which it was prepared.

PricewaterhouseCoopers

PricewaterhouseCoopers
24 April 2024

Wellington, New Zealand

CLIMATE HAZARD SCORE REFERENCE (MARSH)

Peril	Description of current and projected climate hazard scores	Scenario
Tropical Cyclone	Tropical Cyclone zones (100 year return period). The Tropical Cyclone projections are based on published model run results of the High-Resolution Forecast-Oriented Low Ocean Resolution (HiFLOR) model at the NOAA Geophysical Fluid Dynamics Laboratory (GFDL). The HiFLOR model allows the user to assess how climate change will alter the frequency and intensity of tropical cyclones. The scientific results are used for remodelling the NATHAN hazard zones, represented by the five-level scale for the probable maximum intensity with an exceedance probability of 10% in 10 years (equivalent to return period of 100 years).	RCP 4.5, RCP 8.5
Storm surge	Munich Re's Global Storm Surge Zones provide information about the frequency of flooding due to storm surge from the ocean. In areas affected by tropical cyclones, a fully probabilistic storm surge model is used to calculate the hazard zones	-
River Flood	River Flood zones (100 & 500 year return period). The flood projections follow a hybrid method using the output from the latest high-resolution CMIP5 global climate model runs and global land surface models to estimate changes in peak water runoff at hydrological basin resolution. These changes in peak runoff are then used to scale current river flood maps, using flood depth data from JBA Risk Management.	RCP 4.5, RCP 8.5
Flash Flood	Flash Flood zones are represented in 6 zones starting from Zone 1 (low hazard) to Zone 6 (high hazard). The flash flood map is based on meteorological data as well as soil, terrain and hydrographic data (slope and flow accumulation). The meteorological data includes the amount, variability and extreme behavior of rainfall. MunichRE also considers soil-sealing maps (impervious surfaces), curvature (terrain elevation data), slope and flow accumulation as modifiers.	-
Sea Level Rise	Zones are based on a 30m resolution for flooding hazard by sea-level rise. The extents of potentially flooded areas are given by storm surge events with a 100-year return period. Sea-level rise zones were modelled on the basis of high-resolution elevation data from the ALOS elevation model and sea-level rise projections from climate models. This enables the identification of five different hazard classes describing the potential hazard level, from no hazard to extreme hazard.	RCP 2.6, RCP 4.5, RCP 8.5
Precipitation Stress	Precipitation Stress Index based on heavy precipitation indicators Due to global warming and in particular to warmer oceans, air contains more moisture. This can lead to an intensification of high-precipitation events and an alteration of the frequency of such events. The impact of climate change on precipitation is very heterogenous globally, which is caused by its fine-scale features. which can lead to crop damage, soil erosion and increased flood risk.	SSP1 2.6, SSP2 4.5, SSP3 7.0, SSP5 8.5
Heat Stress	This Index is based on range of high temperature indicators. Relevant heat parameters are modelled on the basis of ERA5 ECMWF atmospheric reanalysis data (~25 km horizontal resolution) for the reference period and data from latest high-resolution local (CORDEX) and global (CMIP5) climate models for the future. The Heat Stress Index combines relevant information from these parameters and classifies the climatological heat stress situation on a scale ranging from 0 (very low) to 10 (very high)..	SSP1 2.6, SSP2 4.5, SSP3 7.0, SSP5 8.5
Fire Weather Stress	Climatological Index for Fire Weather Stress. Wildfires are a destructive hazard, which can occur naturally and be caused by humans. They burn down vegetation and lead to destruction of infrastructure and economic resources. Fire events are often accompanied by secondary effects including erosion, landslides, impaired water quality and smoke damage. The Fire Weather Stress Index is based on the Fire Weather Index (FWI), which describes the climatological conditions for wildfire. The FWI is a widely used numeric rating, combining the probability of ignition, the speed and likelihood of fire spread and the availability of fuel.	SSP1 2.6, SSP2 4.5, SSP3 7.0, SSP5 8.5
Drought Stress	Drought Stress Index based on Standardized Precipitation-Evapotranspiration Index (SPEI) [projection only] Increasing temperature in addition to changes in precipitation patterns can cause drier weather conditions and hence more intense and frequent drought events, which can have severe economic, environmental and social impacts. The Drought Stress Index describes the change in the water balance, characterised by the change in precipitation and potential evapotranspiration.	SSP2 4.5, SSP5 8.5
Cold Stress	The Cold Stress Index combines several temperature-related parameters and classifies climatological cold stress. Parameters included are: Annual Minimum Temperature, Annual Mean Daily Minimum Temperature, Annual Cold Spell Duration Index Days, Frost Days, Ice Days.	SSP1 2.6, SSP2 4.5, SSP3 7.0, SSP5 8.5

Financial statements

31 December 2023

Contents	Page

Restaurant Brands New Zealand Limited is pleased to present its financial statements.

The results are for the year ended 31 December 2023 as compared to the year ended 31 December 2022.

Note disclosures are grouped into five sections which the Directors consider most relevant when evaluating the financial performance of the Group.

Section	Note Reference
Performance	1-3
Funding and equity	4-7
Working capital	8-12
Long term assets	13-15
Other notes	16-26

Material accounting policies which are relevant to an understanding of the financial statements and which summarise the measurement basis used are provided throughout the notes and are denoted by the highlight surrounding the text.

Directors' statement

for the year ended 31 December 2023

The Directors of Restaurant Brands New Zealand Limited (Restaurant Brands or the Company) are pleased to present the consolidated financial statements for Restaurant Brands and its subsidiaries (together the Group) for the year ended 31 December 2023 contained on pages 52-88.

Consolidated financial statements for each financial period fairly present the consolidated financial position of the Group and its consolidated financial performance and cash flows for that period and have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates and all relevant consolidated financial reporting and accounting standards have been followed.

Proper accounting records have been kept that enable, with reasonable accuracy, the determination of the consolidated financial position of the Group and facilitate compliance of the consolidated financial statements with the Financial Markets Conduct Act 2013.

Adequate steps have been taken to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

The Directors hereby approve and authorise for issue the consolidated financial statements for the year ended 31 December 2023.

For and on behalf of the Board:

José Parés
Chairman

26 February 2024

Emilio Fullaondo
Director

26 February 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2023

$NZ000's	Note	31 Dec 2023	31 Dec 2022
Store sales revenue	1, 2	1,322,187	1,239,048
Other revenue	1, 2	73,064	59,170
Total revenue		**1,395,251**	**1,298,218**
Cost of goods sold		(1,165,352)	(1,077,075)
Gross profit		**229,899**	**221,143**
Distribution expenses		(9,509)	(8,244)
Marketing expenses		(68,461)	(61,849)
General and administration expenses		(67,186)	(61,445)
Other income	2	4,700	2,465
Other expenses	2	(10,831)	(5,365)
Operating profit		**78,612**	**86,705**
Financing expenses	4	(56,193)	(44,528)
Profit before taxation		**22,419**	**42,177**
Taxation expense	16	(6,156)	(10,094)
Profit after taxation attributable to shareholders		**16,263**	**32,083**
Other comprehensive income:			
Exchange differences on translating foreign operations		955	10,515
Derivative hedging reserve		–	954
Income tax relating to components of other comprehensive income		–	(182)
Other comprehensive income for the period, net of tax		**955**	**11,287**
Total comprehensive income for the period attributable to shareholders		**17,218**	**43,370**
Basic and diluted earnings per share (cents)	3	13.04	25.72

The accompanying material accounting policy information and notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2023

$NZ000's	Note	Share capital	Foreign currency translation reserve	Derivative hedging reserve	Retained earnings	Total
For the year ended 31 December 2022						
Balance at 1 January 2022		**154,565**	**(1,480)**	**(872)**	**137,524**	**289,737**
Profit						
Profit after taxation attributable to shareholders		–	–	–	32,083	32,083
Other comprehensive income						
Movement in foreign currency translation reserve		–	10,415	100	–	10,515
Movement in derivative hedging reserve		–	–	772	–	772
Total other comprehensive income		**–**	**10,415**	**872**	**–**	**11,287**
Total comprehensive income		**–**	**10,415**	**872**	**32,083**	**43,370**
Transactions with owners						
Net dividend distributed		–	–	–	(39,923)	(39,923)
Total transactions with owners		**–**	**–**	**–**	**(39,923)**	**(39,923)**
Balance as at 31 December 2022	7	**154,565**	**8,935**	**–**	**129,684**	**293,184**
For the year ended 31 December 2023						
Balance at 1 January 2023		**154,565**	**8,935**	**–**	**129,684**	**293,184**
Profit						
Profit after taxation attributable to shareholders		–	–	–	16,263	16,263
Other comprehensive income						
Movement in foreign currency translation reserve		–	955	–	–	955
Total other comprehensive income		**–**	**955**	**–**	**–**	**955**
Total comprehensive income		**–**	**955**	**–**	**16,263**	**17,218**
Transactions with owners						
Net dividend distributed		–	–	–	(19,961)	(19,961)
Total transactions with owners		**–**	**–**	**–**	**(19,961)**	**(19,961)**
Balance as at 31 December 2023	7	**154,565**	**9,890**	**–**	**125,986**	**290,441**

The accompanying material accounting policy information and notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2023

$NZ000's	Note	31 Dec 2023	31 Dec 2022
Non-current assets			
Property, plant and equipment	13	341,773	319,302
Land held for development	11	12,431	7,084
Right of use assets	14	587,649	607,765
Sub-lease receivable		878	962
Intangible assets	15	349,216	358,336
Deferred tax asset	16	54,187	43,627
Total non-current assets		**1,346,134**	**1,337,076**
Current assets			
Inventories	8	19,761	25,140
Trade and other receivables	9	23,739	15,570
Income tax receivable		4,600	9,616
Cash and cash equivalents	10	31,584	29,869
Total current assets		**79,684**	**80,195**
Total assets		**1,425,818**	**1,417,271**
Equity attributable to shareholders			
Share capital	7	154,565	154,565
Reserves	7	9,890	8,935
Retained earnings		125,986	129,684
Total equity attributable to shareholders		**290,441**	**293,184**
Non-current liabilities			
Provisions	17	5,354	4,858
Deferred income	18	477	804
Loans	4	288,962	280,281
Lease liabilities	14	674,304	685,332
Total non-current liabilities		**969,097**	**971,275**
Current liabilities			
Income tax payable		–	1,480
Trade and other payables	12	131,339	119,290
Provisions	17	1,689	1,866
Lease liabilities	14	31,984	29,599
Deferred income	18	1,268	577
Total current liabilities		**166,280**	**152,812**
Total liabilities		**1,135,377**	**1,124,087**
Total equity and liabilities		**1,425,818**	**1,417,271**

The accompanying material accounting policy information and notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2023

$NZ000's	Note	31 Dec 2023	31 Dec 2022
Cash flow from operating activities			
Cash was provided by / (applied to):			
Receipts from customers		1,394,168	1,295,520
Payments to suppliers and employees		(1,197,705)	(1,109,499)
Interest paid		(20,071)	(10,901)
Interest paid on leases	14	(35,303)	(33,429)
Payment of income tax		(13,252)	(20,097)
Net cash from operating activities		**127,837**	**121,594**
Cash flow from investing activities			
Cash was provided by / (applied to):			
Acquisition of business	25	–	(1,087)
Payments for intangible assets		(1,562)	(1,559)
Purchase of property, plant and equipment		(79,359)	(83,431)
Purchase of land held for development	11	(5,347)	(7,084)
Proceeds from the disposal of property, plant and equipment		1,545	1,591
Net cash used in investing activities		**(84,723)**	**(91,570)**
Cash flow from financing activities			
Cash was provided by / (applied to):			
Proceeds from loans		444,535	527,834
Repayment of loans		(436,876)	(506,397)
Dividend paid to shareholders		(19,961)	(39,923)
Payments for lease principal	14	(29,462)	(27,044)
Net cash used in financing activities		**(41,764)**	**(45,530)**
Net increase / (decrease) in cash and cash equivalents		**1,350**	**(15,506)**
Cash and cash equivalents at beginning of the year		29,869	45,155
Foreign exchange movements		365	220
Cash and cash equivalents at the end of the year		**31,584**	**29,869**
Cash and cash equivalents comprise:			
Cash on hand	10	691	678
Cash at bank	10	30,893	29,191
		31,584	**29,869**

The accompanying material accounting policy information and notes form an integral part of the consolidated financial statements.

$NZ000's	Note	31 Dec 2023	31 Dec 2022
Reconciliation of profit after taxation with net cash from operating activities:			
Total profit after taxation attributable to shareholders		**16,263**	**32,083**
Add items classified as investing activities:			
Gain on acquisition of business	2	–	(842)
Loss on disposal of property, plant and equipment	13	1,948	949
		1,948	**107**
Add/(less) non-cash items:			
Depreciation	13, 14	89,332	85,220
Lease termination		(792)	–
Increase in provisions		667	941
Amortisation	15	10,071	10,118
Impairment of property, plant and equipment	13	6,861	1,209
Impairment of intangible assets	15	2,124	–
Net increase in deferred tax asset	16	(10,520)	(6,217)
		97,743	**91,271**
Add/(less) movement in working capital:			
Decrease / (Increase) in inventories		5,388	(2,648)
(Increase) / Decrease in trade and other receivables		(7,167)	1,265
Increase in trade and other payables		10,239	3,303
Increase / (Decrease) in income tax payable		3,423	(3,787)
		11,883	(1,867)
Net cash from operating activities		**127,837**	**121,594**
Reconciliation of movement in loans			
Opening balance		**280,281**	**246,887**
Net proceeds from loans		7,659	21,437
Decrease / (Increase) in prepaid facility costs		143	(92)
Foreign exchange movement		879	12,049
Closing balance		**288,962**	**280,281**

The accompanying material accounting policy information and notes form an integral part of the consolidated financial statements.

Notes to and forming part of the financial statements

for the year ended 31 December 2023

Reporting entity

The reporting entity is the consolidated group (the "Group") comprising the parent entity Restaurant Brands New Zealand Limited (the "Company") and its subsidiaries. Restaurant Brands New Zealand is a limited liability company incorporated and domiciled in New Zealand. The principal activity of the Group is the operation of quick service and takeaway restaurant concepts in New Zealand, Australia, California, and Hawaii (including Saipan and Guam).

Restaurant Brands New Zealand Limited is registered under the Companies Act 1993 and is an FMC reporting entity under Part 7 of the Financial Markets Conduct Act 2013. The address of its registered office is Level 3, Building 7, Central Park, 666 Great South Road, Penrose, Auckland. The Company is listed on the New Zealand Stock Exchange ("NZX") and the Australian Securities Exchange ("ASX"). The Group is designated as a for-profit entity for financial reporting purposes.

Subsidiaries of the Company are as follows:

Name	Nature
Restaurant Brands Limited	Restaurant operating
Restaurant Brands Australia Pty Limited	Restaurant operating
QSR Pty Limited	Restaurant operating
Taco Aloha Inc.	Restaurant operating
Hawaii Pizza Hut Inc.	Restaurant operating
Pizza Hut of Guam, Inc.	Restaurant operating
Pizza Hut of Saipan, Inc.	Restaurant operating
TB Guam Inc.	Restaurant operating
RBD California Restaurants Limited	Restaurant operating
RBD US Holdings Limited	Investment holding
Pacific Islands Restaurants Inc.	Investment holding
TD Food Group Inc.	Investment holding
RB Holdings Limited	Investment holding
RBP Holdings Limited	Investment holding
RBDNZ Holdings Limited	Investment holding
RBN Holdings Limited	Investment holding
Restaurant Brands Australia Holdings Pty Limited	Investment holding
Restaurant Brands Properties Limited	Property holding
Restaurant Brands Nominees Limited	Employee share option plan trustee
Restaurant Brands Pizza Limited	Non-trading

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with:

- New Zealand Generally Accepted Accounting Practice ("NZ GAAP")
- Part 7 of the Financial Markets Conduct Act 2013
- NZX Main Board Listing Rules

They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), NZ IFRIC interpretations, and other applicable Financial Reporting Standards, as appropriate for a for-profit entity. The consolidated financial statements comply with International Financial Reporting Standards Accounting Standards ("IFRS Accounting Standards") as issued by the IASB.

The measurement basis adopted in the preparation of these consolidated financial statements is historical cost, modified by the revaluation of certain financial instruments as identified in the accompanying notes. The consolidated financial statements are presented in New Zealand dollars, rounded where necessary to the nearest thousand dollars. The material accounting policies applied in the preparation of these consolidated financial statements are set out in the accompanying notes including where an accounting policy choice is provided by NZ IFRS, is new or has changed, is specific to the Group's operations or is material. These policies have been consistently applied to all the periods presented, unless otherwise stated. Certain comparative amounts have been reclassified to conform with the current year's presentation.

New disclosure requirements and changes in accounting policies

There are various standards, amendments and interpretations which are published but not yet effective and were assessed as having an immaterial impact on the Group. There are no NZ IFRS, NZ IFRIC interpretations or other applicable IFRS Accounting Standards that are effective for the first time for the financial year beginning on or after 1 January 2023 that had a material impact on the consolidated financial statements.

On 14th of December 2022 the External Reporting Board (XRB) published its climate-related disclosure standards. The mandatory reporting regime for disclosing risk in the annual report is for reporting periods beginning after 1 January 2023. Climate-related Disclosures will be reported at the time of the issuance of the annual report.

Expected changes to income tax legislation

On 8 October 2021, 136 countries reached an agreement for a two-pillar approach to international tax reform ("OECD agreement"). In May 2023 the New Zealand Government has announced that New Zealand will adopt the OECD-led global tax initiative aimed at ensuring large multinationals pay a minimum tax rate of 15 per cent in participating countries. The OECD agreement is likely to see changes in corporate tax rates in a number of countries in the next few years.

Applying the OECD Pillar Two model rules and determining their impact on the IFRS financial statements is complex and poses a number of practical challenges. It is not immediately apparent how entities would apply the principles and requirements in IAS 12 Income Taxes in accounting for top-up tax arising from the Pillar Two model rules – specifically, whether the recognition and measurement of deferred tax assets and liabilities would be impacted. If deferred tax assets and liabilities would be impacted by the rules, this would be from the date when the relevant national legislation is enacted or substantively enacted.

As at 31 December 2023, the Pillar Two requirements have not been enacted in any of the territories in which the Group operates and as a result there is no impact on these consolidated financial statements.

Use of non-GAAP measures within the consolidated financial statements

The consolidated financial statements include non-GAAP financial measures that are not prepared in accordance with NZ IFRS. The non-GAAP financial measures used in the consolidated financial statements are referenced below along with an explanation as to why these measures provide relevant and reliable information for investors and how the Group uses the information internally:

- Operating profit/(loss) before NZ IFRS 16 - Operating profit before NZ IFRS 16 is used by the Group to review the underlying operating profit without the non-cash adjustment relating to NZ IFRS 16 – Leases. This is how many of the external users of the consolidated financial statements also view the performance of the business.
- EBITDA – Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) is a key business measure that provides information on the business on a cash basis before funding and tax costs. This is a key measure used by the banks, with the Group's debt covenants based on this figure, and also is a key assumption within the impairment testing because it reflects how management evaluates and manages the performance of its cash generating units.
- EBITDAL - Earnings Before Interest, Tax, Depreciation, Amortisation and Lease costs. This is another measure used by the banks, with the Group's total fixed charge coverage ratio based on this figure.
- EBITDA before general and administration expenses, NZ IFRS 16 and other items – The Group calculates EBITDA before G&A (general and administration expenses) and other items by taking net profit before taxation and adding back (or deducting) financing expenses, other items, depreciation, amortisation and G&A. The Group also refers to this measure as Store EBITDA before G&A and other items. This measure provides the results of the Group's core operating business and excludes those costs not directly attributable to stores. This is believed to be a useful measure to assist in the understanding of the financial performance of the Group.
- Net profit after taxation excluding NZ IFRS 16 – This is calculated by taking profit after taxation attributable to shareholders and excluding lease items whilst also allowing for any tax impact of those items. This measure reflects the performance of the business, excluding costs associated with NZ IFRS 16 and is considered a useful measure to assist with understanding the financial performance of the Group.
- Capital expenditure including intangible assets – This represents additions to property, plant and equipment and intangible assets. This measure represents the amount of investment in the business and is therefore a useful measure to assist the understanding of the Group's financial position.
- Other items – These relate to non-core business items disclosed as other income and other expenses as set out in note 2.

References to, EBITDA and EBITDAL within note 4 relate to the debt covenants specified by the banks and therefore these constitute non-GAAP measures used by the Group within the consolidated financial statements.

The Group believes that these non-GAAP measures provide useful information to readers to assist in the understanding of the financial performance and position of the Group: however, they should not be viewed in isolation, nor considered as a substitute for measures reported in accordance with NZ IFRS. The non-GAAP measures presented do not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities. These non-GAAP measures are used by management in making the business decisions for the Group as shown in note 1.

These audited consolidated financial statements were authorised for issue on 26 February 2024 by the Board of Directors who do not have the power to amend afterwards.

Judgements and estimates

Material accounting policy information and critical estimates and assumptions are disclosed in the relevant notes to the consolidated financial statements and identified using coloured boxes. By definition these will seldom equal the actual results. Estimates and judgements are continually assessed, and are based on professional experience and various factors, including expectations of future events, that are deemed to be justified in given circumstances. Revisions to estimates are recognised prospectively.

Climate change

All companies face risks and opportunities derived from the climate and are having to make strategic decisions in this area. In 2022, the Group established an Environmental, Social and Governance (ESG) Management Committee to assess the relevant climate risks that impact the business in conjunction with climate-related disclosure requirements that became effective in 2023. The impacts of climate risks on the consolidated financial statements are broad and potentially complex and will depend on the specific risks of the sector. When the future is analysed, probability scenarios are presented where not only the physical consequences of climate change are assessed, but also the changes in environmental regulations to face it. Both physical risks such as susceptibility of stores and other key locations to rising sea levels and flooding, and transitional risks pose a number of threats and opportunities to overall financial stability, potentially influencing financial markets in the future. The Group has performed an initial assessment of potential climate-related risks and the location of the restaurants and other key operations in each region that it operates in. This included considering whether there are any short to medium term impact on the recognised assets of the Group arising from climate-related risks. The Group concluded that there is no material impact on the consolidated financial statements.

PERFORMANCE

1. SEGMENTAL REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The Group is split into four geographically distinct operating divisions; New Zealand, Australia, Hawaii and California. The chief operating decision makers, responsible for allocating resources and assessing performance of the operating segments, have been identified as the Group Chief Executive Officer (Group CEO) and Group Chief Financial Officer (Group CFO). The chief operating decision makers consider the performance of the business from a geographic perspective, being New Zealand, Australia, Hawaii (including Guam and Saipan) and California while the performance of the corporate support function is assessed separately.

The Group is therefore organised into four operating segments, depicting the four geographic regions the Group operates in and the corporate support function located in New Zealand. All segments operate quick service and takeaway restaurant stores.

The Group evaluates performance and allocates resources to its operating segments on the basis of segment assets, segment revenues, Store EBITDA before general and administration expenses, NZ IFRS 16 and operating profit before other items. Operating profit refers to earnings before interest and taxation. Revenue is from external customers.

Segment assets include items directly attributable to the segment (i.e. property, plant and equipment, intangible assets and inventories). Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill. The Group has not disclosed segment liabilities as the chief operating decision makers evaluate performance and allocate resources purely on the basis of aggregated Group liabilities.

31 December 2023 $NZ000's	New Zealand	Australia	Hawaii	California	Corporate support function	Total
Business segment						
Store sales revenue	571,771	310,050	259,677	180,689	–	1,322,187
Other revenue	71,039	423	1,493	109	–	73,064
Total revenue	**642,810**	**310,473**	**261,170**	**180,798**	**–**	**1,395,251**
Store EBITDA before general and administration expenses, NZ IFRS 16 and other items	**80,482**	**37,796**	**45,040**	**15,059**	**–**	**178,377**
General and administration expenses	(15,389)	(15,298)	(11,922)	(10,934)	(5,337)	(58,880)
	65,093	**22,498**	**33,118**	**4,125**	**(5,337)**	**119,497**
Other income	–	1,529	3,171	–	–	4,700
Other expenses	–	(595)	–	(1,251)	–	(1,846)
Impairment charges	13	(2,596)	(559)	(5,843)	–	(8,985)
Depreciation	(20,677)	(13,570)	(8,947)	(4,414)	(18)	(47,626)
Amortisation	(1,095)	(1,165)	(1,405)	(6,252)	(154)	(10,071)
Operating profit / (loss) before NZ IFRS 16	**43,334**	**6,101**	**25,378**	**(13,635)**	**(5,509)**	**55,669**
Adjustment for NZ IFRS 16	9,960	6,325	2,821	3,837	–	22,943
Operating profit / (loss)	**53,294**	**12,426**	**28,199**	**(9,798)**	**(5,509)**	**78,612**
Financing expenses	(15,143)	(16,187)	(7,024)	(17,803)	(36)	(56,193)
Taxation expenses	(11,379)	530	(5,486)	8,626	1,553	(6,156)
Net profit / (loss) after taxation (NPAT)	**26,772**	**(3,231)**	**15,689**	**(18,975)**	**(3,992)**	**16,263**
Current assets	34,805	17,402	17,370	10,107	–	79,684
Non-current assets excluding deferred tax	351,564	367,547	287,112	285,724	–	1,291,947
Total assets excluding deferred tax	**386,369**	**384,949**	**304,482**	**295,831**	**–**	**1,371,631**
Capital expenditure including intangible assets	**42,813**	**20,623**	**10,174**	**12,170**	**–**	**85,780**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2023

31 December 2022 $NZ000's	New Zealand	Australia	Hawaii	California	Corporate support function	Total
Business segment						
Store sales revenue	529,157	283,397	247,459	179,035	–	1,239,048
Other revenue	56,961	1,329	880	–	–	59,170
Total revenue	**586,118**	**284,726**	**248,339**	**179,035**	**–**	**1,298,218**
Store EBITDA before general and administration expenses, NZ IFRS 16 and other items	**89,405**	**31,184**	**42,304**	**17,123**	**–**	**180,016**
General and administration expenses	(16,521)	(14,293)	(10,862)	(9,024)	(3,896)	(54,596)
	72,884	**16,891**	**31,442**	**8,099**	**(3,896)**	**125,420**
Other income	–	1,622	–	843	–	2,465
Other expenses	–	(667)	–	(1)	(4,535)	(5,203)
Impairment charges	(698)	(380)	–	916	–	(162)
Depreciation	(20,235)	(12,480)	(7,976)	(4,172)	(24)	(44,887)
Amortisation	(1,538)	(1,308)	(1,378)	(5,784)	(110)	(10,118)
Operating profit / (loss) before NZ IFRS 16	**50,413**	**3,678**	**22,088**	**(99)**	**(8,565)**	**67,515**
Adjustment for NZ IFRS 16	9,452	4,945	2,450	2,343	–	19,190
Operating profit / (loss)	**59,865**	**8,623**	**24,538**	**2,244**	**(8,565)**	**86,705**
Financing expenses	(13,496)	(12,838)	(6,092)	(12,090)	(12)	(44,528)
Taxation expenses	(12,113)	1,329	(4,758)	3,155	2,293	(10,094)
Net profit / (loss) after taxation (NPAT)	**34,256**	**(2,886)**	**13,688**	**(6,691)**	**(6,284)**	**32,083**
Current assets	37,044	16,964	16,980	9,207	–	80,195
Non-current assets excluding deferred tax	334,878	367,451	286,843	304,277	–	1,293,449
Total assets excluding deferred tax	**371,922**	**384,415**	**303,823**	**313,484**	**–**	**1,373,644**
Capital expenditure including intangible assets	**43,078**	**23,105**	**14,402**	**10,725**	**–**	**91,310**

The general and administrative expenses in the segmental reporting note include EBITDA related to transactions with Independent Franchisees of $7.7 million (Dec 2022: $6.1 million) and exclude depreciation and amortisation expense of $0.9 million (Dec 2022: $1.0 million) and NZ IFRS 16 adjustments of $0.3 million (Dec 2022: $0.3 million).

1.1 Reconciliation between operating profit and net profit after taxation excluding NZ IFRS 16

$NZ000's	31 Dec 2023	31 Dec 2022
Operating profit	**78,612**	**86,705**
Financing expenses	(56,193)	(44,528)
Net profit before taxation	**22,419**	**42,177**
Taxation expense	(6,156)	(10,094)
Net profit after taxation	**16,263**	**32,083**
Add back net financing impact of NZ IFRS 16	12,359	14,208
Less taxation expense on NZ IFRS 16	(2,792)	(3,934)
Net profit after taxation excluding NZ IFRS 16	**25,830**	**42,357**

2. REVENUE AND EXPENSES

Revenue

Store sales revenue

Store sales revenue from the sale of goods is recognised at point of sale, measured at the fair value of the consideration received, net of returns, discounts, and excluding GST.

Other revenue

Other revenue includes sale of goods and services to independent franchisees. Sale of goods, including cost of freight, are recognised similar to store sales revenue. Sale of services is recognised over time as the independent franchisee simultaneously receives and consumes the benefit provided by the Group. Royalties received are based on the revenue generated by the independent franchisees, recognised over time.

Also included in other revenue is revenue related to the sale of new stores developed and constructed under contract to franchisees. Under the terms of the contracts, the Group is contractually restricted from redirecting the properties to another customer and has an enforceable right to payment for work done. Revenue from construction of stores is therefore recognised over time using a cost-to-cost method (i.e. based on the portion of the contracted costs incurred for work performed to date relative to the estimated total cost).

Operating expenses

Royalties paid

$NZ000's	31 Dec 2023	31 Dec 2022
Royalties paid	**78,126**	**72,393**

Royalties are recognised as an expense as revenue is earned.

Wages and salaries

$NZ000's	31 Dec 2023	31 Dec 2022
Wages and salaries	373,860	347,957
Decrease / (Increase) in liability for long service leave	58	(455)
	373,918	**347,502**

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

Lease expenses

$NZ000's	31 Dec 2023	31 Dec 2022
Lease expenses	**10,954**	**7,960**

This relates to short term and variable lease costs included in the consolidated statement of comprehensive income not included in NZ IFRS 16 costs.

Other income

$NZ000's	31 Dec 2023	31 Dec 2022
Net insurance recovery	4,700	1,623
Gain on business acquisition	–	842
	4,700	**2,465**

Insurance recovery

This relates to the insurance proceeds received in 2023 following the Maui wildfires in Hawaii and flood damage in Australia. The insurance proceeds were higher than the carrying value of assets. Proceeds of $5.1 million was received off-set by $0.4 million of asset write-offs.

Gain on business acquisition

There were no acquisitions in 2023. The amount of $0.8 million recorded in 2022 is the result of the net assets included in an acquisition of a store in California in 2022 being higher than the net consideration paid.

Other expenses

$NZ000's	31 Dec 2023	31 Dec 2022
ERP system implementation	–	4,014
Store closures	596	1,047
Net impairment expense on property, plant, and equipment, intangible assets and right of use assets	8,985	162
Other	1,250	142
Total other expenses	**10,831**	**5,365**

Store closures

Costs relating to the closure of a Taco Bell store in Australia in 2023 and 2022 following the decision to permanently close the store including the write-off of the net book value of the store's fixed assets.

Net impairment expense

An impairment review of property, plant and equipment, intangible assets and right of use assets of stores at year end resulted in a number of stores with impairment indicators. Based on further analysis an impairment charge of $9.0 million was recognised during the year (Dec 2022: $0.2 million, net of impairment reversals). This included two stores in Australia with an impairment charge of $2.6 million, one store in Hawaii of $0.6 million and nine stores in California of $5.8 million. Refer to Notes 13 and 15.

Other

Periodically, the Group is involved in disputes and court proceedings resulting from the Group's on-going operations. In 2023, the Group incurred expenses related to legal proceedings which amounted to $1.3 million (Dec 2022: nil).

3. EARNINGS PER SHARE

	31 Dec 2023	31 Dec 2022
Basic and diluted earnings per share		
Profit after taxation attributable to the shareholders ($NZ000's)	16,263	32,083
Weighted average number of shares on issue (000's)	124,759	124,759
Basic earnings per share (cents)	13.04	25.72

Basic earnings per share (EPS) is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS reflects any commitments the Company has to issue shares in the future that would decrease EPS. There are no commitments of this nature currently in place.

FUNDING AND EQUITY

4. LOANS

$NZ000's	31 Dec 2023	31 Dec 2022
Secured bank loans denominated in:		
NZD	34,000	29,000
AUD	95,730	92,821
USD	159,684	159,055
Secured bank loans	**289,414**	**280,876**

A loan is classified as current if it is due for repayment within 12 months of the Group's year end.

Current	–	–
Non-current	289,414	280,876
Secured bank loans	**289,414**	**280,876**

$NZ000's		
Secured bank loans	289,414	280,876
Less prepaid facility fees	(452)	(595)
Loan balance	**288,962**	**280,281**

Included in the loans balance in the consolidated statement of financial position is $0.5 million (Dec 2022: $0.6 million) relating to prepaid facility fees that are being amortised over the term of the loan facilities.

Facilities

On 15 December 2022 the Group renewed its bank facilities as the majority of the 2020 facility was expiring on 1 May 2023. The facilities are split between NZD, USD and AUD tranches, most of the tranches are four-year terms with the remainder expiring in five years.

The Group has loan facilities in place totalling $376.1 million with the following financial institutions:

- Westpac Banking Corporation - $NZ20.0 million and $A70.0 million facility with $NZ12.0 million and $A42.0 million expiring on 14 December 2026 with the remaining $NZ8.0 million and $A28.0 million expiring on 14 December 2027,
- Bank of China - $NZ20.0 million and $A40.0 million facility with $NZ12.0 million and $A24.0 million expiring on 14 December 2026 with the remaining $NZ8.0 million and $A16.0 million expiring on 14 December 2027,
- J P Morgan - $US75.0 million facility with $US45.0 million expiring on 14 December 2026 with the remaining $US30.0 million expiring on 14 December 2027, and
- Rabobank - $NZ20.0 million and $US50.0 million facility with $NZ12.0 million and $US30.0 million expiring on 14 December 2026 with the remaining $NZ8.0 million and $US20.0 million expiring on 14 December 2027.

Security

The Group's AUD, USD and NZD loan facilities are supported by a Common Terms Deed entered into by Restaurant Brands New Zealand Limited and its subsidiary companies. The Common Terms Deed includes a negative pledge and cross guarantees between the guaranteeing subsidiaries in favour of qualifying lenders.

The Group also has indemnity guarantees of $4.5 million across various properties leased in Australia, a standby letter of credit of $4.0 million in California, and a standby letter of credit in Hawaii of $0.5 million.

The Group is subject to a number of externally imposed bank covenants as part of the terms of its secured bank loan facilities.

The most significant covenants relating directly to capital management are the ratio of total debt to earnings before interest, tax and amortisation (EBITA) and restrictions relating to acquiring its own shares.

The specific covenants relating to financial ratios the Group is required to meet under the facility agreements are:

- debt coverage ratio (i.e. net debt to EBITDA),
- fixed charge coverage ratio (EBITDAL to fixed charges), with EBITDAL being EBITDA before lease costs, fixed charges comprising interest and lease costs,
- guaranteeing Group assets ratio (i.e. total guaranteeing Group tangible assets to total consolidated Group tangible assets), and
- guaranteeing Group earnings ratio (i.e. non-guaranteeing Group EBITDA to the consolidated Group EBITDA).

These ratios exclude the impact of NZ IFRS 16 – Leases but include lease payments treated as operating expenses (as was the treatment prior to the adoption of NZ IFRS 16).

The covenants are reported to the bank on a six monthly basis, whilst the Board reviews covenant compliance on a monthly basis.

There have been no breaches of the covenants during the current financial year (Dec 2022: no breaches). There are also no forecast breaches of covenants.

For more information about the Group's exposure to interest rate and foreign currency risk see note 6.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value, if any, is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Financing expense

$NZ000's	31 Dec 2023	31 Dec 2022
Financing expense – leases (NZ IFRS 16)	35,302	33,399
Financing expense – bank	20,891	11,129
Financing expenses	**56,193**	**44,528**

Financing expenses comprise: interest payable on borrowings calculated using the effective interest rate method; interest received on funds invested calculated using the effective interest rate method; lease interest (note 14); foreign exchange gains and losses; gains and losses on certain financial instruments that are recognised in profit or loss in the consolidated statement of comprehensive income; unwinding of the discount on provisions and impairment losses on financial assets.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2023

5. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial Assets

The Group classifies its financial assets as those to be measured at amortised cost (loans, receivables, and cash), and those to be measured subsequently at fair value either through OCI or through profit or loss (derivative financial instruments).

Financial assets held at amortised cost

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date. These are classified as non-current assets. The Group's loans and receivables comprise trade receivables, other debtors and cash and cash equivalents in the consolidated statement of financial position.

Financial assets that are stated at cost or amortised cost are reviewed individually once a year date to determine whether there is objective evidence of impairment. Any impairment losses are recognised in profit or loss in the consolidated statement of comprehensive income.

Financial liabilities

Loans and borrowings are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost, and trade and other payables which are initially recognised at fair value and subsequently measured at amortised cost.

Financial instruments

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Group's contractual rights to the cash flows from the financial assets expire or when the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised when the Group's obligations specified in the contract expire or are discharged or cancelled.

Derivative financial instruments

The Group might use derivative financial instruments to manage the exposures that arise due to movements in foreign currency exchange rates and interest rates arising from operational, financing and investment activities. The Group does not hold derivative financial instruments for trading purposes. Derivatives that do not qualify for hedge accounting are accounted for at fair value through profit or loss. The Group did not have any derivative financial instrument as at 31 December 2023 (Dec 2022: nil).

Financial assets and financial liabilities at amortised cost by category

$NZ000's	31 Dec 2023	31 Dec 2022
Loans and receivables at amortised cost		
Trade receivables	12,135	6,023
Other receivables	3,372	3,416
Cash and cash equivalents	31,584	29,869
	47,091	**39,308**
Financial liabilities at amortised cost		
Loans (excluding prepaid facility fees)	289,414	280,876
Trade and other payables (excluding indirect and other taxes and employee benefits)	89,583	81,497
	378,997	**362,373**

6. FINANCIAL RISK MANAGEMENT

Exposure to market risk (credit, interest rate and foreign currency risk) as well as liquidity and capital risk, arises in the normal course of the Group's business. Derivative financial instruments may be used to hedge exposure to fluctuations in foreign currency exchange rates and interest rates.

(a) Foreign currency risk

The Group is exposed to foreign currency risk on purchases that are denominated in a currency other than the New Zealand dollar. The currencies giving rise to this risk are primarily Australian dollars and United States dollars.

The direct exposure to foreign currency risk is small and is primarily confined to raw material purchases, some items of property, plant and equipment and some franchise fee payments. Where any one item is significant, and considering specific circumstances, the Group may assess hedging its currency risk exposure.

The Group has an indirect exposure to foreign currency risk on some of its locally sourced ingredients, where those ingredients in turn have a high imported component. Where this is significant the Group contracts to a known purchase price with its domestic supplier based on a forward cover position taken by that supplier on its imported components.

The Group has a foreign currency risk on its assets and liabilities that are denominated in Australian and US dollars as part of its Australia and US investments.

There is currently no hedging cover in place.

(b) Interest rate risk

The Group's main interest rate risk arises from bank loans. The Group's loans are at fixed interest rates with terms up to 90 days. The interest rates are reset at the end of each term. As such, at balance date, the Group's loans of $289.4 million (Dec 2022: $280.9 million) are exposed to repricing within the next 12 months. Based on a number of scenarios, the Group calculates the impact on profit or loss of a defined interest rate shift. Based on these scenarios the maximum loss potential is assessed by management as to whether it is within acceptable limits.

Where necessary the Group may hedge its exposure to changes in interest rates primarily through the use of interest rate swaps. There are guidelines as to the minimum prescribed level of hedging (zero to 100 percent), set out by the Board, however the Board reviews all swaps before they are entered into. The Group did not have any derivative financial instruments as at 31 December 2023 (Dec 2022: nil).

(c) Liquidity risk

In respect of the Group's cash balances and non-derivative financial liabilities, the following table analyses the amounts into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date, along with their effective interest rates at balance date. The amounts disclosed in the table are the contractual undiscounted cash flows.

$NZ000's	Effective interest rates	Total	Less than 1 year	Between 1 and 5 years
31 Dec 2023				
Cash on hand	–	691	691	–
Cash at bank	0.35%	30,893	30,893	–
Bank term loan – principal (NZD)	8.28%	(34,000)	–	(34,000)
Bank term loan – principal (AUD)	6.50%	(95,730)	–	(95,730)
Bank term loan – principal (USD)	7.34%	(159,684)	–	(159,684)
Bank term loan – expected interest	7.17%	(79,396)	(20,522)	(58,874)
Trade and other payables (excluding indirect and other taxes and employee benefits)	–	(89,583)	(89,583)	–
	–	**(426,809)**	**(78,521)**	**(348,288)**

$NZ000's	Effective interest rates	Total	Less than 1 year	Between 1 and 5 years
31 Dec 2022				
Cash on hand	–	678	678	–
Cash at bank	0.35%	29,191	29,191	–
Bank term loan – principal (NZD)	7.27%	(29,000)	–	(29,000)
Bank term loan – principal (AUD)	5.25%	(92,821)	–	(92,821)
Bank term loan – principal (USD)	6.34%	(159,055)	–	(159,055)
Bank term loan – expected interest	6.07%	(82,323)	(16,923)	(65,400)
Trade and other payables (excluding indirect and other taxes and employee benefits)	–	(81,497)	(81,497)	–
	–	**(414,827)**	**(68,551)**	**(346,276)**

Prudent liquidity risk management implies the availability of funding through adequate amounts of committed credit facilities. The Group aims to maintain flexibility in funding by keeping committed credit lines available.

The Group has a negative working capital balance as the nature of the business results in most sales conducted on a cash basis. The Group has bank funding facilities, excluding overdraft facilities, of $376.1 million (Dec 2022: $374.9 million) available at variable rates. The amount undrawn at 31 December 2023 was $86.7 million (Dec 2022: $94.0 million) and therefore the Group has the ability to fully pay debts as they fall due.

The Group has lease liabilities with future cash payments as disclosed in the table below:

$NZ000's	31 Dec 2023	31 Dec 2022
Within one year	65,827	62,909
One to five years	252,695	243,425
Beyond 5 years	838,967	870,703
	1,157,489	**1,177,037**

This includes future lease options that the Group currently expects to exercise and is not discounted for the future nature of payments, therefore, the amounts in the table do not reflect the Group's future contractual minimum payments.

(d) Credit risk

Credit risk arises from cash deposits with banks and financial institutions and outstanding trade and other receivables.

No collateral is required in respect of financial assets. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The nature of the business results in most sales being conducted on a cash basis that significantly reduces the risk that the Group is exposed to. The Group's bankers are used for investing and cash handling purposes.

There were no financial assets past due nor impaired at the balance date (Dec 2022: nil).

At 31 December 2023 there were no significant concentrations of credit risk and the maximum exposure to credit risk is represented by the carrying value of each financial asset in the consolidated statement of financial position (Dec 2022: nil).

(e) Fair values and set-off

The carrying values of bank loans are the fair value of these liabilities. A Group set-off arrangement is in place between certain bank accounts operated by the Group.

Sensitivity analysis

In managing interest rate and currency risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer term, however, permanent changes in foreign exchange and interest rates on a weighted average balance will have an impact on profit.

At 31 December 2023 it is estimated that a general increase of one percentage point in interest rates would decrease the Group profit before income tax by approximately $2.9 million (Dec 2022: $2.8 million), however equity would decrease $2.2 million (Dec 2022: $2.1 million). A one percentage point decrease in interest rates would increase the Group profit before income tax by approximately $2.9 million (Dec 2022: $2.8 million), however equity would increase by $2.2 million (Dec 2022: $2.1 million).

A general increase of one percentage point in the value of the New Zealand dollar against other foreign currencies would have minimal impact on the cost of the Group's directly imported ingredients denominated in foreign currencies.

(f) Capital risk management

The Group's capital comprises share capital, reserves, retained earnings.

The Group's objectives when managing capital are to safeguard the Group's ability to continue to operate as a going concern, and to maintain an optimal capital structure commensurate with risk and return and reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, or issue new shares.

7. EQUITY AND RESERVES

Share capital

	31 Dec 2023 Number	31 Dec 2023 $NZ000's	31 Dec 2022 Number	31 Dec 2022 $NZ000's
	124,758,523	**154,565**	124,758,523	154,565

The issued and authorised capital of the Company represents ordinary fully paid up shares. The par value is nil (Dec 2022: nil). All issued shares carry equal rights in respect of voting and the receipt of dividends, and upon winding up rank equally with regards to the Company's residual assets.

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

Foreign currency translation reserve

$NZ000's	31 Dec 2023	31 Dec 2022
	9,890	**8,935**

The foreign currency translation reserve comprises all exchange rate differences arising from translating the financial statements of the foreign currency operations.

WORKING CAPITAL

8. INVENTORIES

$NZ000's	31 Dec 2023	31 Dec 2022
Raw materials and consumables	**19,761**	**25,140**

Inventories recognised as an expense during the period ended 31 December 2023 amounted to $403.5 million (Dec 2022: $368.4 million). This is included in cost of goods sold.

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price less the estimated costs of marketing, selling and distribution. The cost of inventories is based on the first-in first-out method and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location. The cost of inventories consumed is recognised as an expense and included in cost of goods sold in the consolidated statement of comprehensive income.

9. TRADE AND OTHER RECEIVABLES

$NZ000's	31 Dec 2023	31 Dec 2022
Trade receivables	12,135	6,023
Prepayments	8,232	6,131
Other receivables	3,372	3,416
	23,739	**15,570**

The carrying amount of the Group's trade and other receivables are denominated in the following currencies:

NZD	10,205	8,969
AUD	6,960	2,677
USD	6,574	3,924
	23,739	**15,570**

The carrying value of trade and other receivables approximates fair value.

Trade and other receivables are initially recognised at fair value. They are subsequently adjusted for impairment losses when required. Discounting is not applied to receivables where collection is expected to occur within the next twelve months. The Group currently does not have trade receivables where collection is expected to occur beyond the next twelve months.

10. CASH AND CASH EQUIVALENTS

$NZ000's	31 Dec 2023	31 Dec 2022
Cash on hand	691	678
Cash at bank	30,893	29,191
	31,584	**29,869**

The carrying amount of the Group's cash and cash equivalents are denominated in the following currencies:

NZD	8,494	6,702
AUD	8,147	8,634
USD	14,943	14,533
	31,584	**29,869**

Included in cash and cash equivalents are credit card receipts and delivery receipts that are in transit at balance date.

11. LAND HELD FOR DEVELOPMENT

$NZ000's	31 Dec 2023	31 Dec 2022
Land held for development	**12,431**	**7,084**

Relates to land that has been purchased for use in developing new stores in the future. Land held for development is measured at cost.

12. TRADE AND OTHER PAYABLES

$NZ000's	31 Dec 2023	31 Dec 2022
Trade payables	55,236	54,099
Other payables and accruals	34,347	27,398
Employee benefits	31,438	29,467
Indirect and other taxes	10,318	8,326
	131,339	**119,290**

The carrying amount of the Group's trade and other payables are denominated in the following currencies:

NZD	74,859	63,869
AUD	23,507	22,494
USD	32,973	32,927
	131,339	**119,290**

The carrying value of trade payables and other payables approximates fair value.

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

LONG TERM ASSETS

13. PROPERTY, PLANT AND EQUIPMENT

$NZ000's	Land	Leasehold improvements	Plant, equipment and fittings	Motor vehicles	Capital work in progress	Total
Cost						
Balance as at 31 December 2021	**4,452**	**325,029**	**121,285**	**2,172**	**30,459**	**483,397**
Additions	–	–	–	–	82,572	82,572
Acquisition of business	–	–	90	–	96	186
Transfers from work in progress	–	59,021	32,623	304	(91,948)	–
Disposals	–	(5,227)	(3,250)	(207)	–	(8,684)
Movement in exchange rates	42	6,627	2,579	28	752	10,028
Balance as at 31 December 2022	**4,494**	**385,450**	**153,327**	**2,297**	**21,931**	**567,499**
Additions	–	–	–	–	78,871	78,871
Transfers from work in progress	–	51,049	26,005	330	(77,384)	–
Disposals	–	(7,107)	(4,192)	(316)	(212)	(11,827)
Movement in exchange rates	13	391	50	1	5	460
Balance as at 31 December 2023	**4,507**	**429,783**	**175,190**	**2,312**	**23,211**	**635,003**
Accumulated depreciation						
Balance as at 31 December 2021	**–**	**(136,154)**	**(66,712)**	**(1,323)**	**–**	**(204,189)**
Charge	–	(27,922)	(16,116)	(403)	–	(44,441)
Disposals	–	3,429	2,651	175	–	6,255
Movement in exchange rates	–	(1,258)	(1,206)	(13)	–	(2,477)
Balance as at 31 December 2022	**–**	**(161,905)**	**(81,383)**	**(1,564)**	**–**	**(244,852)**
Charge	–	(28,551)	(17,786)	(380)	–	(46,717)
Disposals	–	4,511	2,258	281	–	7,050
Movement in exchange rates	–	15	32	(1)	–	46
Balance as at 31 December 2023	**–**	**(185,930)**	**(96,879)**	**(1,664)**	**–**	**(284,473)**
Impairment						
Balance as at 31 December 2021	**–**	**(2,155)**	**(305)**	**–**	**–**	**(2,460)**
Utilised/disposed	–	2,446	13	–	–	2,459
Impairment	–	(3,301)	–	–	–	(3,301)
Movement in exchange rates	–	(164)	121	–	–	(43)
Balance as at 31 December 2022	**–**	**(3,174)**	**(171)**	**–**	**–**	**(3,345)**
Utilised/disposed	–	1,368	6	–	(56)	1,318
Impairment	–	(5,701)	(1,085)	–	(75)	(6,861)
Movement in exchange rates	–	96	31	–	4	131
Balance as at 31 December 2023	**–**	**(7,411)**	**(1,219)**	**–**	**(127)**	**(8,757)**
Carrying amounts						
Balance as at 31 December 2021	4,452	186,720	54,268	849	30,459	276,748
Balance as at 31 December 2022	4,494	220,371	71,773	733	21,931	319,302
Balance as at 31 December 2023	**4,507**	**236,442**	**77,092**	**648**	**23,084**	**341,773**

Depreciation expense

$NZ000's	31 Dec 2023	31 Dec 2022
Depreciation expense	46,717	43,935
Disposal of property, plant and equipment		
Net loss on disposal of property, plant and equipment (included in depreciation expense)	(909)	(949)
Net loss on disposal of property, plant and equipment (included in other items)	(1,039)	–

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses.

Depreciation is calculated on a straight line basis to allocate the cost of an asset, less any residual value, over its estimated useful life. Leased assets are depreciated over the shorter of the lease term and their useful lives. The estimated useful lives of property, plant and equipment are as follows:

Leasehold improvements	5 – 25 years
Plant and equipment	3 – 12.5 years
Motor vehicles	4 – 5 years
Furniture and fittings	3 – 10 years
Computer equipment	3 – 10 years

Depreciation methods, useful lives and residual values are reassessed at the reporting date within cost of sale and general and administration expenses.

Depreciation expense is included in the consolidated statement of comprehensive income within cost of goods sold, and general and administration expenses.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss in the consolidated statement comprehensive income.

Significant judgements and estimates – store impairment testing

Impairment testing involves significant estimates and judgements. The outcome of impairment tests may result in a material adjustment to the carrying amounts of the Group's assets.

Store assets include property, plant and equipment, right of use assets and intangible assets. The Group reviews store assets for impairment indicators at each reporting period. Impairment is assessed at the assets' cash-generating unit (CGU) level, which is the smallest group of assets that generates independent cash inflows. Management has determined that individual stores are cash generating units for the purpose of assessing impairment for store assets. An impairment loss is recognised in the consolidated statement of comprehensive income when the asset's carrying amount exceeds its recoverable amount. The recoverable amount is based on the CGU's fair value less costs of disposal or value in use.

The stores showing an impairment using the value in use method are retested using fair value less cost of disposal and the higher result of the two is applied. The value in use calculation evaluates recoverability based on the store's forecasted cash flows, which incorporate estimated sales growth and expected margin based upon the latest plans for the store. Fair value less costs of disposal was determined by discounting the future net cash flows generated from the continuing use of the CGUs, less disposal cost of 1% of the recoverable amount. If, in a subsequent period, the amount of the impairment decreases due to an increase in the service potential of an asset after the impairment was recognised, the reversal of the previously recognised impairment is recognised in the consolidated statement of comprehensive income.

Key assumptions in the determination of recoverable amount are:

- the estimate of future cash flows of the store incorporating estimated sales growth and expected margin.
- the discount rate based on the weighted average cost of capital reflecting the current market assessment of the time value of money and the business risk of the cash generating units.
- The terminal growth rate assumption reflects the long-term projected inflation relevant to the specific region/market.

Estimates of future cash flows are highly subjective being based on management's judgement and can be significantly impacted by changes in the business or economic conditions.

Following a review of store performance and consideration of other impairment indicators, the Group determined that there were stores across all four segments that required a calculation of the recoverable amount as there were impairment indicators that mainly arose due to inflationary pressures on the financial performance.

The key assumptions used for the value in use and fair value less cost of disposal calculation are as follows:

	31 Dec 2023				31 Dec 2022			
Key assumptions	Percentage used %	Percentage used %	Percentage used %	Percentage used %	Percentage used %	Percentage used %	Percentage used %	Percentage used %
	NZ	Australia	Hawaii	California	NZ	Australia	Hawaii	California
Sales growth	2.7 – 20.4	-4.0 – 14.8	-24.0 – 10.5	3.0 – 15.0	1.9 – 44.6	2.5 – 17.2	-8.5 – 21.9	-19.7 – 20.0
EBITDA margin	-18.6 – 9.6	-38.4 – 10.0	-12.0 – 8.8	-62.2 – 8.8	-11.2 – 11.5	1.6 – 6.9	0.8 – 6.4	-8.1 – 3.2
EBITDA margin terminal year	-14.1 – 13.2	-15.1 – 12.1	0.9 – 9.3	-12.8 – 9.5	3.5 – 16.5	11.0	6.8 – 9.3	3.5 – 8.2
Terminal growth rate	2.1	2.5	2.3	2.3	1.9	2.5	2.3	2.3
Discount rate*	8.5 – 9.4	7.3	9.1	7.5	9.6 – 11.5	8.9	11.0	11.0
Number of stores impaired	–	2	1	9	5	2	4	4
Impairment value $NZ millions**	–	$2.60	$0.60	$5.80	$1.40	$0.40	–	$1.50

*The post tax discount rate in the prior year is on a pre-IFRS 16 basis while the current year is on a post-IFRS 16 basis.

**Included in the impairment value of $9.0 million in 2023 is $2.1 million relating to the impairment of intangible assets.

Based on the calculations, impairment of $9.0 million was recognised during the financial year (Dec 2022: $3.3 million) against property, plant and equipment and intangible assets in the consolidated statement of comprehensive income as part of other expenses. This comprised seven stores with recoverable amounts lower than their respective carrying value of assets, and five stores impaired due to closure.

The Group also evaluated stores' assets which have been previously impaired to determine whether the conditions that gave rise to the initial impairments still existed at the balance date. A recalculation is performed to reassess the recoverable amount and check the headroom exists. For the stores that have demonstrated positive sustainable trading results, management may conclude there is sufficient evidence to support an impairment reversal. There was no impairment reversal recognised for the year ended 31 December 2023 (Dec 2022: $3.1 million).

14. LEASES

Key estimates and judgements

There are several judgements and estimates in calculating the future lease liabilities and right of use asset value. These include:

- incremental borrowing rate. The Group engages an independent valuation expert to establish the incremental borrowing rates applied during the period.
- lease terms, including any rights of renewal expected to be exercised. The Group has assumed that all rights of renewal are expected to be exercised which is consistent with the Group's strategy and previous leases. This judgement has been applied unless a store closure or a decision to relocate a store is known when valuing the lease.

Right of use assets (ROU assets)

$NZ000's	31 Dec 2023	31 Dec 2022
Opening balance	607,765	576,527
Depreciation	(42,615)	(41,282)
Modifications to existing right of use assets	4,215	(984)
Additions	16,388	53,834
Foreign exchange movement	1,896	19,670
Closing balance	**587,649**	**607,765**

Additions relate to new leases entered into by the Group.

The Group leases relate to land and buildings. Rental contracts are typically made for fixed periods of 1 to 50 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Under NZ IFRS 16, leases are recognised as a right of use asset and a corresponding lease liability. Each lease payment is allocated between the lease liability and the finance cost. The finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments and known fixed lease increases, less any lease incentives receivable. Right of use assets are measured at cost comprising the amount of the initial measurement of lease liability and any restoration costs. These assets are subsequently depreciated using the straight line method from the commencement date to the end of the lease term.

The Group is exposed to potential future increases in variable lease payments based on an index, rate or market rent review, which are not included in the lease liability or right of use asset until they take effect.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The Group has applied the recognition exemption allowed by the standard in respect of short-term and low value leases. Payments associated with short term leases and leases of low value assets are recognised on a straight line basis as an expense in the statement of comprehensive income. Short term leases are leases with a lease term of 12 months or less. Low value assets comprise IT equipment and small items of office furniture.

Lease liabilities

$NZ000's	31 Dec 2023	31 Dec 2022
Opening balance	714,931	668,681
Cash flow payments	(65,381)	(61,331)
Interest	35,117	33,034
Modifications to existing lease liabilities	3,493	(106)
Additions	16,340	53,642
Foreign exchange movement	1,788	21,011
Closing balance	**706,288**	**714,931**
Current lease liabilities	31,984	29,599
Non-current lease liabilities	674,304	685,332
Closing balance	**706,288**	**714,931**

The weighted average incremental borrowing rate applied to lease additions during the year was 7.4% (Dec 2022: 6.4%).

15. INTANGIBLE ASSETS

31 December 2023 $NZ000's	Goodwill	Franchise fees	Concept development costs	Acquired software costs	Total
Cost					
Balance as at 31 December 2021	**274,095**	**93,116**	**801**	**12,364**	**380,376**
Additions	–	1,523	–	131	1,654
Acquisition of business	63	1,778	–	–	1,841
Disposals	–	(283)	–	(28)	(311)
Reclassification from property, plant and Equipment	–	–	–	(95)	(95)
Movement in exchange rates	12,253	5,651	–	–	17,904
Balance as at 31 December 2022	**286,411**	**101,785**	**801**	**12,372**	**401,369**
Additions	–	813	–	749	1,562
Disposals	–	(372)	–	(1,427)	(1,799)
Movement in exchange rates	1,029	416	–	7	1,452
Balance as at 31 December 2023	**287,440**	**102,642**	**801**	**11,701**	**402,584**
Accumulated amortisation and impairment					
Balance as at 31 December 2021	**(831)**	**(20,276)**	**(741)**	**(10,312)**	**(32,160)**
Charge	–	(9,092)	(5)	(1,023)	(10,120)
Disposals	–	221	–	28	249
Movement in exchange rates	–	(1,001)	–	(1)	(1,002)
Balance as at 31 December 2022	**(831)**	**(30,148)**	**(746)**	**(11,308)**	**(43,033)**
Charge	–	(9,497)	–	(574)	(10,071)
Disposals	–	409	–	1,357	1,766
Impairment	–	(2,124)	–	–	(2,124)
Movement in exchange rates	–	95	–	(1)	94
Balance as at 31 December 2023	**(831)**	**(41,265)**	**(746)**	**(10,526)**	**(53,368)**

Impairment charges are recognised in other expenses in the consolidated statement of comprehensive income.

Carrying amounts					
Balance as at 31 December 2021	273,264	72,840	60	2,052	348,216
Balance as at 31 December 2022	285,580	71,637	55	1,064	358,336
Balance as at 31 December 2023	**286,609**	**61,377**	**55**	**1,175**	**349,216**

Goodwill

Goodwill arises on the acquisition of subsidiaries and business combinations. Goodwill is measured at cost less accumulated impairment losses and has an indefinite useful life. Goodwill is allocated to cash generating units and is tested annually for impairment. Where the Group disposes of an operation within a CGU, the goodwill associated with the operation disposed of is part of the gain or loss on disposal. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

Franchise fees

Franchise fees are costs incurred in obtaining franchise rights or licences to operate quick service and takeaway restaurant concepts. They include for example, the initial fee paid to a system franchisor when a new store is opened. These are measured at cost less accumulated amortisation and accumulated impairment costs. Amortisation is on a straight line basis over the life of the applicable franchise or licence agreement.

Concept development costs

Concept development costs include certain costs, other than the direct cost of obtaining the franchise, associated with the establishment of quick service and takeaway restaurant concepts. These include, for example, professional fees and consulting costs associated with the establishment of a new brand or business acquisition. These costs are capitalised where the concept is proven to be commercially feasible and the related future economic benefits are expected to exceed those costs with reasonable certainty. These are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight line basis over the period which future economic benefits are reasonably expected to be derived.

Acquired software costs

Software costs have a finite useful life. Software costs are capitalised and amortised on a straight line basis over the estimated economic life of 3-8 years.

Amortisation

Amortisation charge is recognised in cost of goods sold in the consolidated statement of comprehensive income.

$NZ000's	31 Dec 2023	31 Dec 2022
Amortisation of intangible assets	10,071	10,120

Significant judgements and estimates – impairment testing

Impairment testing involves significant estimates and judgements. The outcome of impairment tests can result in a material adjustment to the carrying amount of the Group's goodwill balances.

For the purpose of impairment testing, goodwill is allocated to the Group's operating brands which represent the CGU within the Group at which the goodwill is monitored for internal management purposes.

Allocation of goodwill by CGU:

$NZ000's	31 Dec 2023	31 Dec 2022
KFC Australia	114,434	114,034
KFC New Zealand	6,599	6,593
Pizza Hut New Zealand	7,434	7,434
Pizza Hut and Taco Bell Hawaii	128,097	127,592
KFC and Taco Bell California	30,045	29,927
Total goodwill	**286,609**	**285,580**

In 2023 the recoverable amount of each CGU was based on fair value less costs of disposal approach. Fair value less costs of disposal was determined by discounting the future net cash flows generated from the continuing use of the CGU, less disposal cost of 1–2% of the recoverable amount. The cash flow inputs are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk. Cash flows were projected based on a 2024–2027 financial plan as approved by the Board of Directors.

The key assumptions used in the impairment testing are as follows:

Brand	31 Dec 2023 Sales growth 2024–2026 %	31 Dec 2023 EBITDA margin 2024–2027 %	31 Dec 2023 Discount rate %	31 Dec 2022 Sales growth 2023–2025 %	31 Dec 2022 EBITDA margin 2023–2026 %	31 Dec 2022 Discount rate* %
KFC Australia	8.6 – 9.4	14.8 – 15.9	7.3	4.1 – 5.5	13.0 - 14.7	8.9
KFC New Zealand	6.2 – 7.1	17.5 – 20.7	9.0	4.1 – 6.2	18.7 – 21.0	9.6
Pizza Hut New Zealand	3.8 – 6.9	5.1	11.3	3.1 – 3.2	8.0 – 10.0	12.5
Pizza Hut and Taco Bell Hawaii	3.7 – 6.0	16.9 – 17.7	9.1	2.5 – 8.9	7.7 – 16.9	11.0
KFC and Taco Bell California	1.8 – 10.1	6.0 – 11.0	7.5	2.6 – 3.6	12.4 – 15.3	11.0

*The post tax discount rate in the prior year is on a pre-IFRS 16 basis while the current year is on a post-IFRS 16 basis.

The terminal growth rate is calculated on a CGU basis, based on the 2027 year and assumes a continuous sales growth of a minimum of projected inflation estimates of 2.1% to 2.5% (Dec 2022: 1.9% to 2.5%).

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources including Board approved forecasts (historical data). The key assumptions are detailed below:

- Sales growth – Average annual growth rate over the three-year forecast period based on past performance, management's expectations of market development, current industry trends and including long-term inflation forecasts for each territory.
- EBITDA margin 2024–2027. Based on past performance and management's expectations for the future. EBITDA growth has been disclosed as a key assumption as a number of costs are variable and link directly to revenue levels, such as the cost of labour, and food costs. Other fixed costs of the CGUs, which do not vary significantly with revenue changes, are forecast based on the current structure of the business, adjusting for inflationary increases.
- Terminal growth rate – This is the growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with expected long-term inflation for each territory in which the CGU operates.
- The discount rate – The rate used to reflect specific risks relating to the relevant segments and the countries in which they operate.

In respect of the New Zealand KFC and Pizza Hut brands any reasonably possible change in the key assumptions used in the calculations would not cause the carrying amount to exceed its recoverable amount.

In respect of the Hawaii brands of Taco Bell and Pizza Hut, any reasonably possible change in the key assumptions used in the calculations would not cause the carrying amount to exceed its recoverable amount.

In respect of the Australian KFC brand, any reasonably possible change in the key assumptions used in the calculations would not cause the carrying amount to exceed its recoverable amount.

The financial performance of the California segment has declined in 2023 because of reduced California consumer spending in the face of high inflation levels. EBITDA margins reduced due to cost pressures which we expect will continue to impact the business into 2024.

No impairment was recognised in this financial year for the California CGU goodwill, however the changes to the below key assumptions would result in the carrying amount being equal to the recoverable amount (breakeven point).

Key Assumption	Sensitivity to Breakeven
Sales turnover	A decrease of 15.5%
EBITDA margin	A decrease of 1.6%
Discount rate	An increase of 1.8%

OTHER NOTES

16. TAXATION

Current and deferred taxation are calculated on the basis of tax rates enacted or substantially enacted at reporting date and are recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred income taxation is recognised in respect of temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred income taxation is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance date and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

Deferred income taxation assets are only recognised to the extent that it is probable that future taxable amounts will be available against which to utilise those temporary differences.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Tax returns for the Group and the detailed calculations that are required for filing tax returns are not prepared until after the consolidated financial statements are prepared. Estimates of these calculations are made for the purpose of calculating income tax expense, current tax and deferred tax balances. Any difference between the final tax outcomes and the estimations made in previous years will affect current year balances.

The consolidated statement of comprehensive income and statements of cash flows have been prepared exclusive of Goods and Services Taxation (GST). All items in the consolidated statement of financial position are stated net of GST, with the exception of receivables and payables, which are inclusive of GST.

Taxation – consolidated statement of comprehensive income

The taxation expense is analysed as follows:

$NZ000's	Note		31 Dec 2023		31 Dec 2022
Total profit before taxation for the period	1		22,419		42,177
Taxation expense	1		(6,156)		(10,094)
Net profit after income tax			**16,263**		**32,083**
Taxation expense using the Company's domestic tax rate		(28.0%)	(6,277)	(28.0%)	(11,810)
Other		(2.6%)	(585)	2.4%	1,025
Adjustments due to different jurisdictions		3.1%	706	1.6%	691
Taxation expense		**(27.5%)**	**(6,156)**	**(23.9%)**	**(10,094)**
Taxation expense comprises:					
Current tax expense			(16,676)		(16,311)
Deferred tax expense			10,520		6,217
			(6,156)		**(10,094)**

Imputation credits

The below amounts represent the balance of the imputation account as at the end of the reporting period, adjusted for:

- Imputation credits that will arise from the payment of the amount of the provision for income tax
- Imputation credits that will be utilised from the payment of dividends recognised as a liability at the reporting date; and
- Imputation credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The current and deferred tax rates for the period were calculated using rates of 28% for New Zealand, 30% for Australia, 28% for California, and 26% for Hawaii (Dec 2022: 28% New Zealand, 30% Australia, 28% for California and 26% for Hawaii).

$NZ000's	31 Dec 2023	31 Dec 2022
Imputation credits available for subsequent reporting periods	35,801	31,905

Taxation – consolidated statement of financial position

The following are the major deferred taxation liabilities and assets recognised by the Group and movements thereon during the current and prior year:

	Assets		Liabilities		Net	
$NZ000's	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Property, plant and equipment	15,646	14,509	(4,456)	(7,430)	11,190	7,079
Inventory	51	59	–	–	51	59
Trade and other receivable	–	–	(394)	(288)	(394)	(288)
Provisions	6,365	4,901	109	–	6,474	4,901
Intangible assets	–	1,232	(3,244)	(3,496)	(3,244)	(2,264)
ROU assets and lease liabilities	203,693	202,856	(170,275)	(172,382)	33,418	30,474
Other	6,692	3,666	–	–	6,692	3,666
	232,447	**227,223**	**(178,260)**	**(183,596)**	**54,187**	**43,627**

$NZ000's	Balance 31 Dec 2021	Opening balance on acquisition	Recognised in consolidated statement of comprehensive income	Recognised in equity	Foreign currency translation	Balance 31 Dec 2022
Property, plant and equipment	4,746	–	2,720	–	(387)	7,079
Inventory	39	–	20	–	–	59
Trade and other receivables	(274)	–	(11)	–	(3)	(288)
Provisions	6,995	–	(2,197)	–	103	4,901
Intangible assets	(2,200)	–	103	–	(167)	(2,264)
Other	2,507	–	1,180	(182)	161	3,666
Lease liabilities	186,932	–	14,877	–	1,047	202,856
ROU assets	(161,170)	–	(10,475)	–	(737)	(172,382)
	37,575	**–**	**6,217**	**(182)**	**17**	**43,627**

$NZ000's	Balance 31 Dec 2022	Opening balance on acquisition	Recognised in consolidated statement of comprehensive income	Recognised in equity	Foreign currency translation	Balance 31 Dec 2023
Property, plant and equipment	7,079	–	4,124	–	(13)	11,190
Inventory	59	–	(8)	–	–	51
Trade and other receivable	(288)	–	(106)	–	–	(394)
Provisions	4,901	–	1,561	–	12	6,474
Intangible assets	(2,264)	–	(967)	–	(13)	(3,244)
Other	3,666	–	3,054	–	(28)	6,692
Lease liabilities	202,856	–	343	–	494	203,693
ROU assets	(172,382)	–	2,519	–	(412)	(170,275)
	43,627	**–**	**10,520**	**–**	**40**	**54,187**

$NZ000's	31 Dec 2023	31 Dec 2022
Deferred tax assets	54,187	43,627
Deferred tax liabilities	–	–
	54,187	**43,627**

17. PROVISIONS

$NZ000's	Employee entitlements	Make good provisions	Total
Balance at 31 December 2022	**2,438**	**4,286**	**6,724**
Created during the period	288	416	704
Used during the period	(353)	(10)	(363)
Released during the period	–	(37)	(37)
Foreign exchange movement	7	8	15
Balance at 31 December 2023	**2,380**	**4,663**	**7,043**
31 December 2023			
Current	1,689	–	1,689
Non-current	691	4,663	5,354
Total	**2,380**	**4,663**	**7,043**

The provision for employee entitlements relates to long service leave obligations. The provision is affected by a number of estimates, including the expected length of service of employees and the timing of benefits being taken. Once an employee attains the required length of service, the employee has a period of five years in which to take this leave.

The make good provision represents the contractual obligations for the estimated future store restoration costs at the completion of the property lease term. The make good provision is classified as non-current..

18. DEFERRED INCOME

$NZ000's	
Balance at 31 December 2022	**1,381**
Created during the period	4,023
Realised during the period	(3,639)
Foreign exchange movement	(20)
Balance at 31 December 2023	**1,745**
31 December 2023	
Current	1,268
Non-current	477
Total	**1,745**

Deferred income relates to rebates from suppliers and is recognised in profit or loss in the consolidated statement of comprehensive income on a systematic basis over the life of the associated contract.

19. RELATED PARTY TRANSACTIONS

Parent and ultimate controlling party

The immediate parent of the Group is Finaccess Restauración, S.L. and the ultimate parent company is Grupo Finaccess S.A.P.I de C.V.

Transactions with entities with key management or entities related to them

During the period the Group incurred $30,000 of travel related expenses for Julio Valdés, whilst employed as CFO of Grupo Finaccess S.A.P.I de C.V. (the ultimate parent company of the Group), prior to his appointment as Group Chief Financial Officer of Restaurant Brands New Zealand Limited on 1 June 2023. During 2022 the Group received internal audit services totalling $14,000 from Finaccess Servicios Corporativos S.A. de C.V., a subsidiary of Grupo Finaccess S.A.P.I de C.V., the ultimate parent company of the Group. In both years these transactions were on normal commercial terms. There were no other related party transactions with key management or any Directors or entities associated with them.

Key management and director compensation

Key management personnel comprises the Group CEO and his direct reports, the Group CFO and the four Divisional CEO's, Group Chief People Officer, Chief Legal and Compliance Officer, and Group Chief Marketing Officer.

$NZ000's	31 Dec 2023	31 Dec 2022
Key management – total benefits	6,074	6,021
Directors' fees	510	510

Key management - total benefits relates to short-term employee benefits paid during the year.

Total Group CEO Remuneration

$NZ000's	Salary	Short term incentive	Long term incentives	Total remuneration
31 December 2023	843	636	–	1,479
31 December 2022	1,013	616	–	1,629

The Group CEO remuneration comprises of the former Group CEO, Russel Creedy, and the current Group CEO, Arif Khan. Arif Khan was formally appointed as the Acting Group CEO effective 1 April 2023 and appointed as permanent role of Group CEO on 1 September 2023.

In addition to the amounts disclosed above, in September 2022 the former Group CEO was awarded a one-time compensation benefit due to his retirement in March 2023. The total amount of the one-time award was $1.3 million and was paid upon his retirement on 31 March 2023. The amount recognised in 2023 was $0.6 million (Dec 2022: $0.7 million).

Incentive schemes

A short-term incentive scheme is in place for all support office employees. The incentive is based on achieving in excess of planned results for the specific financial year. Incentive payment to employees is at the discretion of the Remuneration and Nominations Committee. The maximum that can be received by the Group CEO is 50% of base salary.

In May 2022 a payment of $0.4 million was paid in lieu of a share price based incentive scheme, as no long term incentive scheme has been agreed. This is included as part of the short term incentives.

In 2023 no long term incentive scheme has been agreed (Dec 2022 nil).

20. COMMITMENTS

Capital commitments

The Group has capital commitments which are not provided for in these consolidated financial statements, as follows:

$NZ000's	31 Dec 2023	31 Dec 2022
Store development	22,447	7,877
Point of sale system	5,569	–

21. CONTINGENT LIABILITIES

In December 2023, Gordon Legal and Shine Lawyers have filed two class actions in the Federal Court of Australia on behalf of certain KFC employees naming the franchisor, QSR Pty Limited (the Group's Australian operating subsidiary) and eighty-eight other franchisees as respondents. As at balance date, there was no impact to the consolidated financial statements, however the Group will continue to assess the claims and will update the market in the event that the claims are expected to have a material impact on the Group.

22. SUBSEQUENT EVENTS

There are no subsequent events that would have a material effect on these consolidated financial statements.

23. FEES PAID TO AUDITOR

$NZ000's	31 Dec 2023	31 Dec 2022
Audit and review of consolidated financial statements		
Audit and review of consolidated financial statements – PwC	1,180	1,241
Other services – performed by PwC		
Specified procedures on landlord certificates	6	7
Yum! Advertising co-operative report assurance services	12	13
Greenhouse gas emissions assurance services	89	–
Greenhouse gas emissions assurance readiness assessment	16	10
Total other services	**123**	**30**
Total fees paid to auditors	**1,303**	**1,271**

Included in the 2023 audit fee costs are out of pocket expenses of $30,000 relating to visits to overseas divisions. Included in the 2022 audit fee is $24,000 relating to the 2021 audit.

24. DONATIONS

$NZ000's	31 Dec 2023	31 Dec 2022
Donations	116	572

The Group did not make any donations to political parties.

25. BUSINESS COMBINATIONS

There were no business combinations during 2023.

26. DEED OF CROSS GUARANTEE

Pursuant to the Australian Securities and Investment Commission (ASIC) Class Order 98/1418, the wholly owned subsidiary, QSR Pty Limited (QSR), is relieved from the Corporations Act 2001 requirement for the preparation, audit and lodgement of financial reports.

It is a condition of that class order that Restaurant Brands New Zealand Limited and QSR enter into a Deed of Cross Guarantee (Deed). On 9 February 2017 a Deed was executed between RBNZ, QSR, Restaurant Brands Australia Pty Limited and Restaurant Brands Australia Holdings Pty Limited under which each company guarantees the debts of the others.

Set out below is the consolidated information for the year ended 31 December 2023 of the closed group consisting of Restaurant Brands New Zealand Limited, QSR, Restaurant Brands Australia Holdings Pty Limited and Restaurant Brands Australia Pty Limited.

$NZ000's		31 Dec 2023	31 Dec 2022
Financial information in relation to:			
(i)	**Statement of comprehensive income**		
	Revenue	310,050	283,397
	Earnings before interest and taxation	6,917	58
	Finance expense	(16,223)	(12,850)
	Loss before taxation	(9,306)	(12,792)
	Taxation expense	2,083	3,622
	Loss after taxation	**(7,223)**	**(9,170)**
	Items that may be reclassified subsequently to the statement of comprehensive income:		
	Exchange differences on translating foreign operations	366	1,189
	Derivative hedge reserve	–	622
	Taxation expense relating to components of comprehensive income	–	(183)
	Other comprehensive income	366	1,628
	Total comprehensive income	**(6,857)**	**(7,542)**
(ii)	**Summary of movements in retained earnings**		
	Retained earnings at the beginning of the period	109,476	117,018
	Total comprehensive income	(6,857)	(7,542)
	Retained earnings at the end of the year	**102,619**	**109,476**

$NZ000's		31 Dec 2023	31 Dec 2022
(iii)	**Statement of financial position**		
	Non-current assets		
	Property, plant and equipment	94,703	90,800
	Right of use assets	152,064	155,355
	Intangible assets	120,780	121,297
	Deferred tax asset	14,234	13,961
	Investment in subsidiaries	239,353	239,353
	Total non-current assets	**621,134**	**620,766**
	Current assets		
	Inventories	1,877	1,596
	Trade and other receivables	7,610	3,185
	Income tax receivable	2,223	5,898
	Cash and cash equivalents	6,626	(155)
	Total current assets	**18,336**	**10,524**
	Total assets	**639,470**	**631,290**
	Equity attributable to shareholders		
	Share capital	154,565	154,565
	Reserves	(2,456)	(2,822)
	Retained earnings	(49,490)	(42,267)
	Total equity attributable to shareholders	**102,619**	**109,476**
	Non-current liabilities		
	Provisions	3,054	2,725
	Lease liabilities	168,679	167,456
	Loans	95,546	92,499
	Total non-current liabilities	**267,279**	**262,680**
	Current liabilities		
	Trade and other payables	25,265	24,148
	Provisions	1,377	1,433
	Lease liabilities	10,835	11,369
	Amounts payable to subsidiaries	232,095	222,184
	Total current liabilities	**269,572**	**259,134**
	Total liabilities	**536,851**	**521,814**
	Total equity and liabilities	**639,470**	**631,290**

pwc

Independent auditor's report

To the shareholders of Restaurant Brands New Zealand Limited

OUR OPINION

In our opinion, the accompanying consolidated financial statements of Restaurant Brands New Zealand Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 31 December 2023, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards Accounting Standards (IFRS Accounting Standards).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Group in the areas of: specified procedures on landlord certificates, a greenhouse gas emissions assurance readiness assessment, and assurance services over greenhouse gas emissions and the Yum! Advertising co-operative report. Subsequent to 31 December 2023, we have been engaged to provide a whistleblower line call service. In addition, certain partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the Group. The provision of these other services and relationships have not impaired our independence as auditor of the Group.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of the key audit matter	How our audit addressed the key audit matter
Goodwill impairment assessment – KFC and Taco Bell California Goodwill recognised in relation to KFC and Taco Bell California cash-generating unit (CGU) amounted to $30.0 million (2022: $29.9 million) as at 31 December 2023. During the year, this CGU incurred a net loss after tax of $19.0 million (refer to note 1 of the consolidated financial statements). Assessing the carrying amount of goodwill for the KFC and Taco Bell California CGU was an area of focus for the audit due to the impacts of inflationary costs on financial results and the inherent judgement involved in estimating future business performance. Management performed an annual impairment assessment using a discounted cash flow model under a Fair Value Less Cost of Disposal (FVLCOD) approach which was based on the strategic plan approved by the Board of Directors, to determine whether the carrying value of assets held by the KFC and Taco Bell California CGU are recoverable. The recoverable amount (based on the FVLCOD model) was higher than the carrying value and as a result, no impairment expense was recognised. However, management identified certain scenarios where a reasonably possible change in the key assumptions of sales turnover, EBITDA margin and the discount rate would result in the carrying amount being equal to its recoverable amount. Refer to note 15 of the consolidated financial statements.	In addressing the risk of goodwill impairment for the KFC and Taco Bell California CGU, our audit procedures included: • updating our understanding of the business process applied by management in preparing the impairment assessment; • reviewing prior year actual store sales and profitability against the original budgeted performance to determine the reliability of the budgeting process; • agreeing forecast future performance included in the FVLCOD impairment assessment to the strategic plan approved by the Board of Directors; • challenging key assumptions used in the FVLCOD model in relation to: sales growth, EBITDA margin, terminal growth rate and discount rate and assessing whether these are reasonable by understanding management initiatives underway to mitigate cost increases and maintain or grow EBITDA margin and reviewing recent monthly performance; • evaluating whether corporate costs had been allocated appropriately and included in the cash flows for the CGU; • with the assistance of our auditor's valuation expert, assessing the appropriateness of the terminal growth rate and discount rate; • reviewing industry trends and external market forecasts for the industry to determine the reasonableness of management's forecast; • testing the mathematical accuracy of the carrying amount of the CGU that is compared against the recoverable amount in the impairment model; • performing a sensitivity analysis over key assumptions to determine whether reasonably possible changes would result in an impairment of goodwill; and • reviewing financial statement disclosures.

Description of the key audit matter	How our audit addressed the key audit matter
Impairment assessment of store property, plant and equipment, intangible assets and right of use assets For the period ended 31 December 2023, the Group recognised impairment of $9.0 million (2022: $3.3 million) in relation to CGUs in the Australia, Hawaii and California regions (refer to note 2 of the consolidated financial statements). For the purposes of store property, plant, and equipment, intangible assets and right of use asset impairment testing, each individual store is considered to be a separate CGU. An assessment was performed by management to identify impairment indicators for stores including those that have experienced continued losses due to inflationary pressures. For these stores, management has performed Value In Use (VIU) and/or FVLCOD calculations to assess whether the associated carrying amounts of property, plant and equipment, intangible assets and right of use assets are recoverable. The key assumptions used in management's discounted cash flow model for stores are sales growth, EBITDA margin, EBITDA margin terminal year, terminal growth rate and discount rate. This is a key focus of our audit due to the impact of inflationary pressures on the future financial performance and recoverable amount of each CGU given the value of property, plant and equipment, intangible assets and right of use assets held by the Group. Refer to notes 13 and 15 of the consolidated financial statements.	Our audit procedures included: • considering whether the group of assets identified by management as a CGU is appropriate; • where impairment indicators existed, recalculating the carrying value for each CGU and testing the impairment models prepared by management; • gaining an understanding of the business process applied by management in preparing the impairment assessments; • reviewing store profit or loss performance data to analyse how each store has performed historically and for the past year, to identify whether an impairment indicator existed in addition to those identified by management; • challenging key assumptions used in the VIU and/or FVLCOD models for each store in respect to: sales growth, EBITDA margin and EBITDA margin terminal year by assessing whether management's assumptions are reasonable against historical performance and industry trends and whether they take account of ongoing uncertainty from inflationary pressures. This includes considering the potential for future store closures and the impact of closures on remaining lease terms in respect of right of use assets recognised; • with the assistance of our auditor's valuation expert, assessing the appropriateness of the terminal growth rates and discount rates; • evaluating the feasibility of management's plans to improve store profitability; • performing a sensitivity analysis over key assumptions to determine whether reasonably possible changes would result in an impairment of property, plant and equipment, intangible assets and right of use assets; and • reviewing financial statement disclosures.
Revenue recognition Total revenue for the year amounted to $1.4 billion (2022: $1.3 billion). The Group primarily earns revenue from store sales, which accounts for approximately 95% of total revenue, while other revenue includes sale of goods and services to independent franchisees. Refer to notes 1 and 2 of the consolidated financial statements. Given the volume and significance of revenue recognised across four regions, this required significant auditor attention and is a key area of focus for the audit.	Our audit approach to test revenue is a combination of controls and substantive testing and included the following procedures: • updating our understanding of the systems, processes and controls in place over the recognition of revenue in each region; • testing, on a sample basis, management's controls over the reconciliations of the point-of-sale-systems, general ledger and bank statements; • verifying the completeness of revenue recognised, on a sample basis, by agreeing daily cash received to the general ledger; • for store sales revenue, evaluating the flow of revenue journals to validate that revenue transactions are settled in cash. For those not settled in cash, agreeing the accounting entries to supporting documents, on a sample basis; • for a sample of other revenue transactions, examining invoices issued to independent franchisees and cash remittances, where paid; • testing bank and bank clearing account reconciliations at year end by agreeing material reconciling items to supporting documents; and • reviewing the appropriateness of disclosures in the financial statements.

OUR AUDIT APPROACH

Overview

Overall group materiality: $6.7 million, which represents approximately 0.5% of total revenue.

We chose revenue as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark.

Following our assessment of the risk of material misstatement, we:

- performed full scope audits for all the Group's principal business units which correspond to its market segments in New Zealand, Australia, Hawaii and California based on their financial significance; and
- performed specified audit procedures and analytical procedures over the remaining entities and on consolidation entries.

As reported above, we have three key audit matters, being:

- Goodwill impairment assessment - KFC and Taco Bell California
- Impairment assessment of store property, plant and equipment, intangible assets and right of use assets
- Revenue recognition

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements.

In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates. We performed full scope audits for all of the Group's principal business units in New Zealand, Australia, Hawaii and California.

The materiality levels applied in the full scope audits of the principal business units were calculated by reference to a portion of Group materiality appropriate to the relative scale of the business concerned.

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. The other information we obtained prior to the date of this auditor's report comprised the Historical Summary, Group Pro Forma Profit Statement, Non-GAAP Financial Measures and the Directors' Report. The remaining other information included in the Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors and use our professional judgement to determine the appropriate action to take.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS Accounting Standards, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the External Reporting Board's website at:

https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-1/

This description forms part of our auditor's report.

WHO WE REPORT TO

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Karen Shires.

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
26 February 2024

Auckland

Other information

Contents

Financial statements

SHAREHOLDER INFORMATION

as at 29 February 2024 (unless otherwise stated)

1. STOCK EXCHANGE LISTINGS

The Company's ordinary shares are dual listed on the main board equity securities markets operated by the NZX and ASX.

2. DISTRIBUTION OF SECURITY HOLDERS AND SECURITY HOLDINGS

Size of holding	Number of security holders		Number of securities	
1 to 499	2,366	45.87%	473,915	0.38%
500 to 999	810	15.70%	550,852	0.44%
1,000 to 1,999	937	18.17%	1,229,233	0.99%
2,000 to 4,999	655	12.70%	1,953,958	1.57%
5,000 to 9,999	211	4.09%	1,377,343	1.10%
10,000 to 49,999	157	3.04%	2,962,626	2.37%
50,000 to 99,999	9	0.17%	570,967	0.46%
100,000 to 499,999	4	0.08%	735,043	0.59%
500,000 to 999,999	3	0.06%	2,032,142	1.63%
1,000,000 and over	6	0.12%	112,872,444	90.47%
	5,158	**100.00%**	**124,758,523**	**100.00%**

Geographic distribution				
New Zealand	4,886	94.73%	120,501,645	96.59%
Australia	196	3.80%	4,106,452	3.29%
Rest of world	76	1.47%	150,426	0.12%
	5,158	**100.00%**	**124,758,523**	**100.00%**

3. 20 LARGEST REGISTERED HOLDERS OF QUOTED EQUITY SECURITIES

	Number of ordinary shares	Percentage of ordinary shares
HSBC Nominees (New Zealand) Limited - NZCSD <HKBN90> [1]	100,674,169	80.70%
Custodial Services Limited <A/C 4>	3,492,439	2.80%
Citibank Nominees (New Zealand) Limited - NZCSD <CNOM90>	2,554,289	2.05%
JPMorgan Chase Bank NA NZ Branch-Segregated Clients <A/C - NZCSD <CHAM24>	2,530,588	2.03%
Accident Compensation Corporation - NZCSD <ACCI40>	2,043,426	1.64%
Hobson Wealth Custodian Limited <Resident cash A/C>	1,577,533	1.26%
New Zealand Depository Nominee Limited <A/C 1 cash account>	795,678	0.64%
BNP Paribas Nominees (NZ) Limited - NZCSD <BPSS40>	677,062	0.54%
JP Morgan Nominees Australia Limited	559,402	0.45%
FNZ Custodians Limited	235,482	0.19%
BNP Paribas Nominees (NZ) Limited - NZCSD	218,837	0.18%
JA Hong Koo & Pyung Keum Koo	160,000	0.13%
Guobang Liiu	120,724	0.10%
Hobson Wealth Custodian Limited <Resident DRP account>	94,241	0.08%
Custodial Services Limited <A/C 12>	74,361	0.06%
Forsyth Barr Custodians Limited <1-CUSTODY>	68,212	0.05%
Margarete Freeland	61,084	0.05%
Russel Ernest George Creedy	61,069	0.05%
Te Iwi Carving Limited	58,000	0.05%
Graham Paul Vincent & Barbara Margaret Vincent	54,000	0.04%
	116,110,596	**93.07%**

[1] Included in HSBC Nominees (New Zealand) Limited is 93,568,919 shares owned by Finaccess Restauración, S.L. (formerly Global Valar, S.L.)

4. SUBSTANTIAL PRODUCT HOLDERS

The following person had given notices as at 31 December 2023, in accordance with subpart 5 of part 5 of the New Zealand Finance Market Conduct Act 2013 that they were substantial product holders in the Company and held a relevant interest in the number of ordinary shares shown below.

Size of holding	Date of notice	Number of ordinary shares	Percentage of voting securities
Finaccess Restauracion, S.L. (formerly Global Valar, S.L.)	27 March 2019	93,568,892	75.00%

5. SHARES ON ISSUE

As at 31 December 2023, the total number of ordinary shares of the company was 124,758,523.

6. DIRECTORS' SECURITY HOLDINGS

As at 31 December 2023, Stephen Ward has an interest in 30,000 full paid ordinary shares in RBD.

As at 31 December 2023, Huei Min Lim has an interest in 10,000 fully paid ordinary shares in RBD.

7. NZX WAIVERS

No waivers have been granted by the NZX during the financial year ended 31 December 2023.

1. DIRECTORSHIPS

The names of the Directors of the Company as at 31 December 2023 are set out on pages 44-46 of this annual report.

Grant Ellis and Russel Creedy ceased directorship of all subsidiary companies during 2023.

Julio Valdés and Arif Khan are Directors of all subsidiary companies.

Ashley Jones is a Director of Restaurant Brands Australia Pty Limited, Restaurant Brands Australia Holdings Pty Limited and QSR Pty Limited.

Kevin Kurihara is a Director of RBD US Holdings Limited, Pacific Islands Restaurants Inc., TD Food Group Inc., Taco Aloha Inc., Hawaii Pizza Hut Inc., Pizza Hut of Guam, Inc., Pizza Hut of Saipan, Inc. and TB Guam, Inc.

2. DIRECTORS AND REMUNERATION

$NZ000's	31 Dec 2023
J Parés	75
E Fullaondo	90
C Fernández	–
LM Álvarez	75
H M Lim	90
S Ward	90
M Pato–Castel	90
	510

3. ENTRIES RECORDED IN THE INTEREST REGISTER

The following entries were recorded in the interest register of the Company and its subsidiaries during the year ended 31 December 2023:

(a) Share dealings of Directors

	Transaction date	Number of shares acquired
S Ward	06/03/2023	719
S Ward	07/03/2023	692
S Ward	08/03/2023	12,589
S Ward	09/03/2023	1,000
H M Lim	29/03/2023	2,500

(b) Loans to Directors

There were no loans to Directors during the year ended 31 December 2023.

(c) General disclosure of interest

In accordance with section 140 (2) of the Companies Act 1993, directors of the Company have made general disclosures of interest in writing to the board of positions held in other named companies or parties as follows:

Name	Position	Party
J Parés	Executive chairman	AmRest Holdings SE
	Director	Grupo Finaccess S.A.P.I. de C.V.
	President	Finaccess Capital USA
E Fullaondo	Director	AmRest Holdings SE
C Fernández	Chairman	Grupo Finaccess S.A.P.I de C.V.
	Honorary Chairman	AmRest Holdings SE
	Director	Levadura Azteca SA de C.V.
	Director	Inmobiliaria Colonial, S.A.
	Chairman	Solidaridad y Trabajo Virgen del Camino SL
	Chairman	Cinia de Mexico SA de C.V.
LM Álvarez	Chairman	Compitalia, S.A. de C.V.
	Director	Finaccess, S.A.P.I. de C.V.
	Director	Global Beverage Team
	Director	AmRest Holdings SE
H M Lim	Honorary Adviser	Asia New Zealand Foundation
	Director	Auckland Regional Amenities Funding Board - ceased 31 August 2023
	Director	General Capital Limited - ceased 31 May 2023
S Ward	Chairman	SecureFuture Wiri Limited
	Director	Huntington Commercial Finance
	Chairman	Advisory Council to the Financial Dispute Resolution Service
	Director	Windoma Holdings Limited
	Trustee	Wellington Free Ambulance Trust
	Director	Renaissance Holdings (NZ) Limited
	Consultant	Simpson Grierson
	Deputy Chairman	Life Flight Trust - ceased 30 June 2023
	Board Member	Wellington Free Ambulance - ceased 30 June 2023
M Pato–Castel	External Advisor	KR Project SL
	External Advisor	Rosendo Mila SL

(d) Directors' indemnity and insurance

The Company has insured all its directors and the directors of its subsidiaries against liabilities to other parties (except the Company or a related party of the Company) that may arise from their position as directors. The insurance does not cover liabilities arising from criminal actions.

The Company has executed a deed of indemnity indemnifying all directors to the extent permitted by section 162 of the Companies Act 1993.

4. EMPLOYEES' REMUNERATION

During the period the following number of employees or former employees received remuneration of at least $100,000.

			Number of employees	
			Dec 2023	Dec 2022
$100,000	–	$109,999	40	36
$110,000	–	$119,999	29	33
$120,000	–	$129,999	24	23
$130,000	–	$139,999	11	10
$140,000	–	$149,999	9	9
$150,000	–	$159,999	10	11
$160,000	–	$169,999	12	9
$170,000	–	$179,999	6	6
$180,000	–	$189,999	3	3
$190,000	–	$199,999	5	2
$200,000	–	$209,999	3	2
$210,000	–	$219,999	1	1
$220,000	–	$229,999	4	2
$230,000	–	$239,999	3	5
$240,000	–	$249,999	5	1
$250,000	–	$259,999	4	2
$260,000	–	$269,999	1	2
$270,000	–	$279,999	–	2
$280,000	–	$289,999	2	2
$290,000	–	$299,999	1	1
$300,000	–	$309,999	–	2
$310,000	–	$319,999	1	–
$320,000	–	$329,999	–	2
$330,000	–	$339,999	–	1
$340,000	–	$349,999	1	–
$380,000	–	$389,999	1	–
$390,000	–	$399,999	1	–
$400,000	–	$409,999	–	1
$420,000	–	$429,999	1	1
$430,000	–	$439,999	–	1
$530,000	–	$539,999	1	1
$570,000	–	$579,999	–	1
$640,000	–	$649,999	–	1
$670,000	–	$679,999	1	–
$790,000	–	$799,999	1	–
$820,000	–	$829,999	–	1
$860,000	–	$869,999	1	–
$900,000	–	$909,999	–	1
$1,600,000	–	$1,609,999	1	–
$1,620,000	–	$1,629,999	–	1
			183	176

5. SUBSIDIARY COMPANY DIRECTORS

No employee of the Company appointed as a director of the Company or its subsidiaries receives, or retains any remuneration or benefit, as a director. The remuneration and other benefits of such employees, received as employees, are included in the relevant bandings for remuneration disclosure under note 4 above.

OVERVIEW

Restaurant Brands New Zealand Limited (the **Company**) is listed on the NZX Main Board and as a Foreign Exempt Listing on the ASX (both under the ticker code "RBD").

The board is committed to having best-practice governance structures and principles and to following the guiding values of the Company: Trust, Fairness, Loyalty, Responsibility, and Prudence. In this part of the annual report, we provide an overview of the Company's corporate governance framework. It is structured to follow the recommendations set out in the 17 June 2022 version of the NZX Corporate Governance Code (the "**NZX Code**") and discloses how the Company is applying these recommendations.

The board considers that as at 31 December 2023, the corporate governance practices it has adopted are in compliance with the NZX Code other than Recommendation 2.9 (stating that an issuer should have an independent chair of the board).

An explanation as to why this Recommendation has not been adopted is provided under Principle 2 on page 101.

PRINCIPLE 1 – CODE OF ETHICAL BEHAVIOUR

"Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation."

RBD Ethical Conduct Policy

The RBD Ethical Conduct Policy sets out the ethical standards the board expects all directors, officers, employees, contractors and agents to adhere to when they represent the Company and its subsidiaries. The policy covers a wide range of areas including: standards of professional behaviour, compliance with laws and policies, conflicts of interest, gifts and entertainment and proper use of Company assets and information. The policy requires the reporting of breaches (or suspected breaches) of the policy.

In addition, each geographic business unit of the Company (i.e. New Zealand, Australia, Hawaii and California) (referred to as a **Local Operating Division**) is empowered to adopt specific policies and/or procedures that complement, enhance or supplement the general standards set out in the RBD Ethical Conduct Policy if appropriate for that Local Operating Division.

The RBD Ethical Conduct Policy is available on the Company's website and is subject to biennial reviews.

Interests register

The board maintains an interests register. In considering matters affecting the Company, directors are required to disclose any actual or potential conflicts. Where a conflict or potential conflict has been disclosed, the director takes no further part in receipt of information or participation in discussions on that matter.

RBD Securities (Insider Trading) Policy

The RBD Securities (Insider Trading) Policy details the Company's securities trading policy and includes restrictions on and procedures for directors and employees trading in the Company's financial products. In particular, the policy:

- prohibits trading by an individual holding non-public material information about the Company;
- requires all directors, officers, employees and contractors of the Company to obtain permission before trading can occur; and
- prohibits directors, the Group CEO, Group CFO and direct reports to the Group CEO and Group CFO from trading outside of set 8 week trading windows that follow:
  - the release of half and full year results; or
  - the issuance of a "cleansing statement" under the Financial Markets Conduct Act 2013.

PRINCIPLE 2 – BOARD COMPOSITION & PERFORMANCE

"To ensure an effective Board, there should be a balance of independence, skills, knowledge, experience and perspectives."

Responsibilities of the board

The board is responsible for the proper direction and control of the Company's activities and is the ultimate decision-making body of the Company. The board has adopted a formal Board Charter detailing its authority, responsibilities, membership and operation. The Board Charter is available for viewing on the Company's website.

The key responsibilities of the Board under the Board Charter include setting strategic direction, approval of significant expenditures, policy determination, stewardship of the Company's assets, identification of significant business risks, legal compliance and monitoring management performance.

Delegation

The board has delegated responsibility for the day-to-day leadership and management of the Company to the Group Chief Executive Officer (**Group CEO**) who is required to do so in accordance with board direction. The Group CEO's performance is reviewed each year by the board. The review includes a formal performance appraisal against measured objectives together with a qualitative review.

The board has approved a schedule of delegated authorities affecting all aspects of the Company's operation. This is reviewed from time to time as to appropriateness and levels of delegation.

Composition and focus

The Company's constitution prescribes a minimum of three directors and, as at 31 December 2023, the board comprised seven non-executive directors (including the Chairman).

Profiles of the current directors, together with a summary of skill sets included in the "Board of Directors" section of this annual report and on the Company's website.

As at 31 December 2023, Emilio Fullaondo, Huei Min (Lyn) Lim, Maria Elena (Malena) Pato-Castel and Stephen Ward were considered by the board to be independent under the NZX Listing Rules as they are not executives of the Company and do not have any direct or indirect interests or relationships that could reasonably influence, in a material way, their decisions in relation to the Company. José Parés, Carlos Fernández and Luis Miguel Álvarez were considered to not be independent as they represent a significant shareholding. Per the Company's Constitution, in the case of an equality of votes when a resolution of the board is tabled, the chair of the board has a casting vote.

The board does not have a policy on a minimum number of independent directors.

The board elected to not adopt Recommendation 2.9 (stating that an issuer should have an independent chair of the board) of the NZX Corporate Governance Code during 2023 on the basis that, with the board consisting of a majority of independent directors, it is appropriate for a shareholder holding 75% of the Company's shares (i.e. Finaccess) to be represented by the chair of the board. The chairs of all sub-committees of the board (being the Audit & Risk, Health & Safety and Remuneration & Nominations Committees) are independent directors.

The roles of Chairman and Group CEO are exercised by separate persons. In addition to committee responsibilities (below), individual board members work directly with management in major initiatives such as acquisitions and asset rationalisations.

Shareholding

There is no prescribed minimum shareholding for directors, refer to the "Shareholder Information" section of this annual report for more detail.

Directors may purchase shares upon providing proper notice of their intention to do so and in compliance with the operation of the RBD Securities (Insider Trading) Policy (see above).

Nomination and appointment

The board has adopted a Director Nomination and Appointment Procedure. This procedure is administered by the Remuneration and Nominations Committee and includes guidelines relating to board composition, considerations for new director appointments and the process by which potential directors are nominated and assessed.

Written agreement

The Director Nomination and Appointment Procedure requires the terms of appointment for all new directors to be set out in a formal letter of appointment and also stipulates that new directors are to receive induction training regarding the Company's values and culture, governance framework, the RBD Ethical Conduct Policy, Board and Committee policies, processes and key issues, financial management and business operations.

Diversity

The Company and the board are committed to promoting a diverse and inclusive workplace. This is outlined in the RBD Diversity Policy which is available on the Company's website. The Company endeavours to ensure diversity at all levels of the organisation to ensure a balance of skills and perspectives are available in the service of its shareholders and customers.

As at 31 December 2023, the gender balance of the Company's directors, officers and all employees is as follows:

	Directors				Officers*				Employees			
	Dec 2023		Dec 2022		Dec 2023		Dec 2022		Dec 2023		Dec 2022	
Female	2	29%	2	29%	3	33%	3	30%	5,884	48%	5,980	50%
Male	5	71%	5	71%	6	67%	7	70%	6,348	51%	5,937	49%
Not specified									121	1%	72	1%
Total	7	100%	7	100%	9	100%	10	100%	12,353	100%	11,989	100%

* "Officers" is defined in the NZX Listing Rules as only including those members of management who report directly to the board or report directly to a person who reports to the board. As at 31 December 2023, the Group CEO is the only direct report to the board and the Group CFO, Chief People Officer, Chief Legal Compliance Officer, Chief Marketing Officer and four Local Operating Division CEOs are the only direct reports to the Group CEO.

The RBD Diversity Policy requires the Remuneration and Nominations Committee to develop and recommend to the board a set of measurable goals for the Company to drive achievement of the objectives of the policy. The board considers that the performance of the Company during the period ended 31 December 2023 in relation to most of the systemic elements of the RBD Diversity Policy was satisfactory.

Board appraisal and training

The board has adopted a performance appraisal programme by which it biennially monitors and assesses individual and board performance.

The Company does not impose any specific training requirements on its directors but does expect all directors to carry out appropriate training to enable them to effectively perform their duties. New directors complete an induction programme with company senior management.

Access to resources and advice

Directors may seek their own independent professional advice to assist with their responsibilities. During the 2023 financial year, no director sought their own independent professional advice, but the board sought external advice and/or assistance with respect to the retirement and replacement of the Group CEO and Group CFO.

Re-election

Pursuant to the requirements of the NZX Listing Rules, directors of the Company must not hold office (without re-election) past the third Annual Shareholders' Meeting following their appointment or three years (whichever is later) but may seek re-election at that meeting.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)
for the year ended 31 December 2023

Meetings

The board normally meets eight to ten times a year and, in addition to reviewing normal operations of the Company, approves a strategic plan and annual budget each year.

Board meetings are usually scheduled annually in advance, although additional meetings may be called at shorter notice.

Directors receive formal proposals, management reports and accounts in advance of all meetings.

The Group CEO and Group CFO are regularly invited to attend board meetings and participate in board discussion. Directors also meet with other senior executives on items of particular interest.

Board and committee meeting attendance for the period ended 31 December 2023 was as follows:

Name	Board meetings held	Board meetings attended	Audit & Risk Committee meetings held	Audit & Risk Committee meetings attended	Health & Safety Committee meetings held	Health & Safety Committee meetings attended	Remuneration & Nominations Committee meetings held	Remuneration & Nominations Committee meetings attended
José Parés	9	9	3	3	n/a	n/a	n/a	n/a
Carlos Fernández	9	9	n/a	n/a	n/a	n/a	n/a	n/a
Emilio Fullaondo	9	9	3	3	3	3	3	3
Luis Miguel Álvarez	9	9	n/a	n/a	n/a	n/a	3	3
Stephen Ward	9	9	3	3	3	3	3	3
Huei Min (Lyn) Lim	9	9	3	3	3	3	3	3
Malena Pato-Castel	9	9	n/a	n/a	n/a	n/a	n/a	n/a

PRINCIPLE 3 – BOARD COMMITTEES

"The Board should use committees where this will enhance effectiveness in key areas, while retaining board responsibility."

From amongst its own members, the board has appointed the following permanent committees:

Audit and Risk Committee

As at 31 December 2023, the members of the Audit and Risk Committee were Emilio Fullaondo (Chair), José Parés, Stephen Ward and Huei Min (Lyn) Lim. This committee is constituted to monitor the veracity of the financial data produced by the Company, ensure controls are in place to minimise the opportunities for fraud or for material error in the accounts and to oversee the operation of the Company's Risk Management Framework (discussed in more detail in the "Risk Management Framework" section under Principle 6). A majority of the committee's members must be independent directors and executive directors may not be members of the committee.

The Audit and Risk Committee meets two to four times a year. External auditors of the Company, senior management and executives performing internal audit management from within the Company attend by invitation. The external auditors also meet separately with the Audit and Risk Committee with no members of management present.

The Audit and Risk Committee has adopted a charter setting out the parameters of its relationship with internal and external audit functions. The charter (which is available on the Company's website) requires, among other things, five yearly reviews of the external audit relationship and audit partner rotation.

Remuneration and Nominations Committee

As at 31 December 2023, the members of the Remuneration and Nominations Committee were Stephen Ward (Chair), Huei Min (Lyn) Lim, Emilio Fullaondo and Luis Miguel Álvarez. This committee is constituted to administer the Director Nomination and Appointment Procedure, approve appointments of senior executives of the Company (principally the Group CEO and those reporting directly to the Group CEO) and make recommendations to the board in relation to terms of remuneration for non-executive directors and senior executives. It also reviews any company-wide incentive and share option schemes as required and recommends remuneration packages for directors to the shareholders.

The Remuneration and Nominations Committee has adopted a written charter which is available on the Company's website.

Health, Safety & Sustainability Committee

As at 31 December 2023, the members of the Health, Safety & Sustainability Committee were Huei Min (Lyn) Lim (Chair), Stephen Ward and Emilio Fullaondo. This committee is constituted to assist the board to provide leadership and policy in discharging its health, safety and wellbeing governance duties. In particular, the Health, Safety & Sustainability Committee is responsible for administering the Company's Health, Safety and Wellbeing Framework, monitoring and assessing the Company's Health, Safety and Wellbeing performance and developing Health, Safety and Wellbeing targets/objectives for the business.

In addition, the board has appointed the Health, Safety & Sustainability Committee to assist the board in fulfilling Restaurant Brands' environmental, social and governance responsibilities and objectives by providing leadership and oversight for environmental, social and governance policies and disclosure matters. The Health, Safety and Sustainability Committee also assists the Audit & Risk Committee with collecting, reviewing and verifying the data that goes into our sustainability reports, and has oversight of Restaurant Brands' ESG performance and annual targets.

The Health, Safety & Sustainability Committee has adopted a revised written charter which is available on the Company's website.

Other sub-committees may be constituted and meet for specific ad hoc purposes as required.

Takeover protocols

The board has adopted a set of Takeover Procedures and Protocols to be followed if there is a takeover offer for the Company. The Takeover Procedures and Protocols provides for the formation of a committee of independent directors to consider and manage a takeover offer in accordance with the Takeovers Code.

PRINCIPLE 4 – REPORTING AND DISCLOSURE

"The Board should demand integrity in financial and non-financial reporting and in the timeliness and balance of corporate disclosures."

Continuous Disclosure Policy

The board and Company are committed to promoting shareholder and market confidence through open, timely and accurate communication in compliance with the Company's continuous disclosure obligations under the NZX and ASX Listing Rules and the Financial Markets Conduct Act 2013. The RBD Continuous Disclosure Policy contains processes and procedures for ensuring that there is full and timely disclosure of market sensitive information to all shareholders and other market participants and also outlines the responsibilities in relation to the identification, reporting, review and disclosure of material information. The board has appointed a Disclosure Officer to administer this policy.

Charters and policies

Copies of the Company's key governance documents (including the Board Charter, Committee Charters, Group Diversity Policy, Group Continuous Disclosure Policy, Group Director and Senior Executive Remuneration Policy, Group Code of Ethical Conduct and Group Securities (Insider Trading Policy) are available in the "Governance" section of the Company's website.

Financial reporting

The board is committed to ensuring integrity and timeliness in its financial reporting and providing information to shareholders and the wider market which reflects a considered view on the present and future prospects of the Company.

The Audit and Risk Committee oversees the quality and integrity of the Company's external financial reporting including the accuracy, completeness, balance and timeliness of financial statements. It reviews the Company's full and half year financial statements and makes recommendations to the board concerning the application of accounting policies and practice, areas of judgement, compliance with accounting standards, stock exchange and legal requirements as well as the results of the external audit.

While the Audit and Risk Committee ultimately oversees the quality of the Company's external financial reporting, the Company's management also provides confirmation in writing to the board that the Company's external financial reports represent a true and fair representation of the financial performance of the Company.

Non-financial reporting

The Company's Environmental, Social and Governance Report is set out earlier in this annual report. The Company has set out its climate-related disclosures separately to this annual report in accordance with the Financial Markets Conduct Act 2013.

PRINCIPLE 5 – REMUNERATION

"The remuneration of directors and executives should be transparent, fair and reasonable."

Board remuneration

The Company's approach to the remuneration of directors and senior executives is set out in the Company's Director and Senior Executives Remuneration Policy. The board's Remuneration and Nominations Committee reviews director and senior executive remuneration and makes recommendations to the board after taking into account the requirements of the policy. The Remuneration and Nominations Committee's membership and role are set out in more detail under Principle 3 above.

The total pool of director fees authorised at the Annual Shareholders' Meeting on 21 June 2018 was $475,000 per annum. At the time the total pool was authorised, the Company had five directors. On 24 June 2021, the board resolved to increase the directors' fees pool in accordance with NZX Listing Rule 2.11.3 by $172,500 to $647,500 per annum to allow for directors' fees to be paid to the two additional directors that joined the board since the pool was last increased on 21 June 2018.

No directors currently take a portion of their remuneration under a performance-based equity compensation plan, although a number of directors do hold shares in the Company. Directors do not receive additional remuneration or benefits in connection with any directorship they may hold of subsidiaries of the Company.

The terms of any retirement payments to directors are prescribed in the Company's constitution and require prior approval of shareholders at a general meeting. No retirement payments have been made to any director.

The Company has insured all of its directors and the directors of its subsidiaries against liabilities to other parties (except the Company or a related party of the Company) that may arise from their position as directors. The insurance does not cover liabilities arising from criminal actions.

The Company has executed a Deed of Indemnity, indemnifying all directors to the extent permitted by section 162 of the Companies Act 1993.

Group CEO remuneration

The remuneration arrangements in place for the Group CEO consist of a base salary and a short term incentive scheme. In addition, in September 2022 the previous Group CEO was awarded a one-time compensation benefit due to his retirement in March 2023. The amount recognised in 2023 was $0.6 million. Details of the Group CEO remuneration arrangements (including the amounts paid in 2022 and 2023 financial periods) are set out in Note 19 to the 31 December 2023 financial statements in this annual report.

PRINCIPLE 6 – RISK MANAGEMENT

"Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks."

Risk management framework

The Company has a Risk Management Framework for identifying, monitoring, managing and controlling the material risks faced by the business. While the board is ultimately responsible for the effectiveness of the Company's Risk Management Framework, the Risk and Audit Committee administers the Risk Management Framework and:

- receives and reviews regular risk reporting from management;
- provides recommendations to the board in relation to:
  - key/material risk identification and appetite levels;
  - whether the Company's processes for managing risks are sufficient; and
  - incidents involving serious fraud or other material break-down/failing of the Company's internal controls;
- periodically reviews:
  - key/material risks that have been identified and the controls in place to manage them; and
  - the Company's business activities to identify likely sources of new risks; and
- confirms the robustness of the Risk Management Framework to the board on an annual basis.

The Committee is required to review the Risk Management Framework at least biennially and conduct regular deep dive assessments of each key/material risk to the Company's business and the associated business controls management have put in place to manage/mitigate these risks.

In managing the Company's business risks, the board approves and monitors additional policies and processes in such areas as:

- Internal Audit – regular checks are conducted by operations and financial staff on all aspects of store operations.
- Treasury Management – exposure to interest rate and foreign exchange risks is managed in accordance with the Company's treasury policy.
- Financial Performance – full sets of management accounts are presented to the board at every meeting. Performance is measured against an annual budget with periodic forecast updates.
- Capital Expenditure – all capital expenditure is subject to relevant approval levels with significant items approved by the board. The board also monitors expenditure against approved projects and approves the capital plan.

Insurance

The Company has insurance policies in place covering most areas of risk to its assets and business. These include material damage and business interruption cover at all of its sites. Policies are reviewed and renewed annually with reputable insurers.

Health, safety and wellbeing

The Company's Health, Safety & Sustainability Committee is responsible for reviewing and making recommendations to the board in respect of the Company's health, safety and wellbeing policies, procedures and performance. The Committee's primary responsibility is to ensure that the systems used to identify and manage health, safety and wellbeing risks are fit for purpose and are being effectively implemented, reviewed and continuously improved. The Committee is also responsible for developing health and safety targets/objectives for the business.

Management and the Committee receive detailed reporting on lead and lag indicators of health, safety and wellbeing performance including health and safety incidents, injury rates by severity and mechanism, identified hazards and outputs from local, area and regional employee health and safety forum meetings. The Company has dedicated health and safety experts who investigate incidents, analyse hazard/incident trends to identify and mitigate potential health, safety and wellbeing risks and review, develop and monitor compliance with health, safety and wellbeing processes and procedures.

At an individual store level, comprehensive policies and procedures for carrying out tasks in a safe manner are in place and regularly reviewed to ensure they remain fit-for-purpose. Staff are trained in these policies and procedures as part of their induction. Registers are kept of potential hazards at each store and regular reviews/audits of compliance with health, safety and wellbeing processes and procedures are carried out by internal staff and external providers.

Reporting of lag indicators of health, Safety and wellbeing performance is contained in the Environmental, Social and Governance Section of this annual report.

STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)
for the year ended 31 December 2023

PRINCIPLE 7 – AUDITORS

"The board should ensure the quality and independence of the external audit process."

External auditor

Oversight of the Company's external audit arrangements is the responsibility of the Audit and Risk Committee. The Committee operates under the Audit and Risk Committee Charter which (among other things) requires the Committee to:

- recommend the appointment of the external auditor;
- set the remuneration and review the performance of the external auditor;
- ensure the relationship with the external auditor is reviewed every five years and that the audit partner is rotated after five years;
- set the scope and work plan of the annual audit and half year review (along with the external auditor and management);
- ensure that no unreasonable restrictions are placed on the external auditor by the board or management;
- ensure that open lines of communication are maintained between the board, internal audit, management and the external auditor; and
- ensure the independence of the external auditor by:
  - reviewing the nature and scope of professional services outside of the external statutory audit role proposed to be provided by the external auditor and approving or declining their use in light of the requirement for external auditor independence;
  - monitoring any approved services outside of the external statutory audit role provided by the external auditors to ensure that the nature and scope of such professional services does not change in a manner that could be perceived as impacting on the external auditor's independence;
  - reviewing the nature and scope of professional audit services proposed to be provided by firms other than the external auditor and approving or declining their use in light of the requirement for external auditor independence; and
  - reviewing and approving or declining any proposed employment by the Company or its subsidiaries of any former audit partner or audit manager.

The Audit and Risk Committee receives an annual confirmation from the external auditor as to their independence from the Company. The external auditor regularly meets with the Committee (including meetings without management present) and attends the Company's Annual Shareholders' Meeting where the lead audit partner is available to answer questions from shareholders.

PwC have been the Company's external auditor since 2008.

Internal audit

The Audit and Risk Committee is responsible for the integrity and effectiveness of the Company's internal audit function. The Company has an internal audit team that performs assurance and compliance reviews across the Company's operations as part of an annual programme of work agreed with the Audit and Risk Committee.

PRINCIPLE 8 – SHAREHOLDER RIGHTS & RELATIONS

"The Board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer."

Shareholder communication

The board places importance on effective shareholder communication. Half year and annual reports are published each year and posted on the Company's website, together with quarterly sales releases, profiles of directors and key members of management, key governance documents and copies of investor presentations. From time to time the board may communicate with shareholders outside this regular reporting regime.

Shareholders are provided with the option of receiving communications from the Company electronically.

Consistent with best practice and of the Company's continuous disclosure obligations under the NZX Listing Rules, external communications that may contain market sensitive data are released through NZX and ASX in the first instance. Further communication is encouraged with press releases through mainstream media. The board formally reviews its proceedings at the conclusion of each meeting to determine whether there may be a requirement for a disclosure announcement.

Shareholder Meetings

Shareholder attendance at annual meetings is encouraged and the board allows extensive shareholder debate on all matters affecting the Company. The Company complies with its obligations under the Companies Act 1993 and the NZX Listing Rules in relation to obtaining shareholder approval for major decisions/actions that may change the nature of the company shareholders have invested in.

Notice of the Company's Annual Shareholders' Meeting will be available at least 20 working days prior to the date of the meeting.

In accordance with the requirements of Rule 6.1.1 of the NZX Listing Rules, voting at the Annual Shareholders' Meeting will be carried out by way of a poll on the basis of one share, one vote.

Corporate directory

Directors

José Parés (Chairman)
Emilio Fullaondo
Carlos Fernández
Luis Miguel Álvarez
Stephen Ward
Huei Min (Lyn) Lim
Maria Elena (Malena) Pato-Castel

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PricewaterhouseCoopers

Solicitors

Bell Gully
Harmos Horton Lusk
Meredith Connell
Squire Patton Boggs
Corrs Chambers Westgarth
Cades Schutte

Bankers

Westpac Banking Corporation
J.P. Morgan
Rabobank
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Financial calendar

Annual meeting
24 May 2024

Financial year end
31 December 2024

Annual profit announcement
February 2025

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