

DIRECTORS' REPORT

For the year ended 31 December 2022 (FY22)

\$NZm	Dec 2022	Dec 2021	Change (\$)	Change (%)
Total Sales	1,239.0	1,068.2	+170.8	+16.0
Net Profit After Tax	32.1	51.9	-19.8	-38.2

Key Points

- A \$170.8 million increase in total sales for the year to \$1,239.0 million, 16.0% up against the previous year, with all four operating divisions showing growth.
- Reported net profit after tax of \$32.1 million for the year, which was down \$19.8 million on the last year, due to the ongoing adverse impact of inflation and the 2021 (FY21) result which included the forgiveness of the \$11.4 million US Government loan.
- Combined store EBITDA¹ (pre-NZ IFRS 16) for the period was \$180.2 million, up 4.3% on the previous year.
- Total store numbers increased by 17 to 376 including the acquisition of two KFC stores, one in New Zealand and one in California.
- Directors have declared a fully imputed final dividend of 16.0 cents per ordinary share, payable on 20 April to all shareholders on the register on 6 April 2023.

Overview

After successfully riding out the COVID-19 challenges during the 2020 and 2021 years, Restaurant Brands faced an even bigger challenge in 2022, that of sudden significant inflation pressures across all operating divisions. Food inflation has been particularly high, being well above the overall consumer price index (CPI) inflation rates in each of the company's markets. Price increases have been taken to mitigate some of the impact of rising costs where possible.

The result was once again adversely affected by COVID-19, particularly in the first quarter of the year with disruptions across all the company's operations primarily due to staffing issues caused by isolation requirements. Staffing shortages continue to be a challenge with high levels of vacancies across all divisions.

In the FY21 year the company saw its federal PPP loan in Hawaii forgiven, resulting in an additional \$11.4 million in net income. This was a one-off gain which, when normalised, reduces the FY21 result to \$40.5 million.

The resulting FY22 reported NPAT of \$32.1 million is down 38.2% or \$19.8 million on the prior year. Normalised for the gain on the PPP loan forgiveness the result is down \$8.4 million or 20.7%.

Group Operating Results

Directors wish to report that during these high inflationary times Restaurant Brands has produced a reported net profit after tax (NPAT) for the year ended 31 December 2022 (FY22) of \$32.1 million.

Direct comparisons between the FY21 and FY22 years remain difficult as both years have been affected by COVID-19. In addition this year's result has been severely impacted by inflation whilst last year's result included the benefit of the \$11.4 million US PPP loan forgiveness.

¹ EBITDA is earnings before interest, tax, depreciation and amortisation. The EBITDA amounts referred to throughout this report are before G&A, NZ IFRS 16 and Other Items. EBITDA is a non-GAAP financial measure and is not in accordance with NZ IFRS.

Total brand sales for the Company were \$1,239.0 million, up \$170.8 million on the previous year. This is due to the reduced sales levels in 2021 arising from the extended lock down in New Zealand (with an estimated \$26 million of lost sales) and the inclusion of 17 new stores opened between December 2021 and December 2022. All four divisions produced positive total sales growth over the year. Same store sales were also positive for all divisions except California which saw reduced consumer spending in the face of high inflation levels and the withdrawal of government stimulus payments to households.

Combined store EBITDA (pre-NZ IFRS 16 and Other Items) of \$180.2 million was up \$7.5 million or +4.3% on the prior year. Sales growth was assisted by a significant turnaround in the New Zealand business (with store closures significantly impacting 2021 performance) and a strong result in the Hawaii division. EBITDA margins (as a % of sales) reduced from 16.2% to 14.5% due to continued cost pressures across all divisions.

Restaurant Brands' store numbers at the end of December 2022 totalled 376, comprising 143 in New Zealand, 83 stores in Australia, 75 in Hawaii and 75 stores in California.

New Zealand Operations

Total store sales in New Zealand were \$529.2 million, up \$68.1 million or +14.8% on the December 2021 year. This was largely from strong sales in the KFC brand, along with growing store numbers in the KFC and Taco Bell networks. The favourable prior year comparison was also partly because the 2021 result was adversely affected by major COVID-related store closures across the country (including an extended lockdown in the major Auckland region which resulted in lost sales of approximately \$26 million).

	31 December 2022	31 December 2021	Change (\$)	Change (%)
Store sales (\$m)	529.2	461.1	+68.1	+14.8%
EBITDA (\$m)	89.5	83.3	+6.2	+7.4%
EBITDA as a % of Sales	16.9	18.1		
Store Numbers	143	137		

The New Zealand KFC and Pizza Hut businesses both delivered some of the strongest sales in their respective brands' histories. With price increases and the continued introduction of great new products including *Hot & Crispy Boneless Chicken* (KFC) and *Detroit Pizza* (Pizza Hut) weekly sales reached new highs for both brands.

Carl's Jr. continues to perform well with sales up on last year, even with reduced store numbers.

Although Taco Bell remains a small portion of the New Zealand business, with three stores opened during the year, overall sales more than doubled during 2022. An e-commerce website has been launched for Taco Bell which allows customers to order online.

Store EBITDA for NZ operations was \$89.5 million, up \$6.2 million with some leverage from the higher sales. This was despite the underlying EBITDA as a percentage of sales reducing to 16.9% from 18.1%. Inflation had a substantial impact on margins with ingredient and labour input costs rising significantly and well above the level of CPI.

COVID-19 isolation requirements for staff and ongoing tightness in the New Zealand labour market adversely impacted the result, particularly in the first half of FY22. This consequently restricted the ability to operate full trading hours across all stores and channels. However, the situation is slowly being remedied with some growth in staff numbers.

Whilst plant and equipment constraints have slowed development, the NZ division continued to build and develop new stores with three KFC outlets opening at Whangarei South, Richmond and Ruakura. The business also acquired the KFC in the Auckland Airport International Terminal. Three Taco Bells were opened at Cuba Mall, Wellington, Botany Downs, Auckland and Christchurch Airport.

The Pizza Hut store network has also continued to grow with nine new independently franchised stores opening over the year. This brought the total number of Pizza Hut stores to 115, of which 109 are operated by independent franchisees under a master franchise agreement with Restaurant Brands.

Australian Operations

In NZ\$ terms the Australian business contributed total sales of \$NZ283.4 million (up 16.1%) and a store EBITDA of \$NZ31.2 million (down 1.3%).

	31 December 2022	31 December 2021	Change (\$)	Change (%)
Sales (\$Am)	259.0	230.0	+29.0	+12.6%
Store EBITDA (\$Am)	28.6	29.8	-1.2	-4.0%
EBITDA as a % of Sales	11.0	13.0		
Store Numbers	83	79		

Total sales in Australia were \$A259.0 million, up \$A29.0 million (or +12.6%) on last year, due to same store sales growth of +7.4% along with additional store openings and the full annualised effect of stores opened throughout FY21.

Store EBITDA of \$A28.6 million (11.0% of sales) was down \$A1.2 million or -4.0% on last year. This was because of a number of challenges during the year, including further COVID-19 outbreaks, extreme weather events, major supply chain disruptions, and significant inflationary pressures. With the lower EBITDA, the % margin dropped from 13.0% to 11.0%.

Despite these challenges the business has continued to grow with four new Taco Bell stores and one new KFC store opening during the year and ongoing upgrades to existing facilities including further investment in digital technology (kiosks & digital drive thru menu boards) improving customer experience. There has also been further expansion of the delivery channels with the launch of Uber Eats as a delivery partner.

Hawaiian Operations

In \$NZ terms, Hawaiian operations contributed \$NZ247.5 million in sales and \$NZ42.3 million in store EBITDA for the year. This was significantly higher than FY21 with sales up \$NZ41.0 million and EBITDA up \$NZ8.4 million, partly helped by a favourable NZD/USD exchange rate.

	31 December 2022	31 December 2021	Change (\$)	Change (%)
Sales (\$USm)	156.4	146.3	+10.1	+6.9%
Store EBITDA (\$USm)	26.8	24.4	+2.4	+9.8%
EBITDA as a % of Sales	17.1	16.4		
Store Numbers	75	73		

Total sales in Hawaii in USD terms for the period were \$US156.4 million, up 5.4%. Store level EBITDA was \$US26.8 million (17.1% as a percentage of sales vs 16.4% in the prior period). Taco Bell sales topped \$US100 million for the first time in the division's history.

The strong sales growth (up \$US10.1 million) was primarily due to the continued outstanding recovery by Taco Bell after it was severely affected by COVID-19. Same store sales growth for Hawaii was 2.9% for the year, following on from an increase of 9.1% in same store sales growth in FY21.

Taco Bell's strong performance was underpinned by strong promotional activities and product innovation. Sales for the *Mexican Pizza* were particularly strong, with the initial promotion selling out of product in less than a week. A relaunch later in the year proved equally successful. Delivery aggregators also continue to grow in volume.

Taco Bell also opened two new restaurants at Kilauea (on the island of Hawaii) and Ho'okele (on Maui).

Although Pizza Hut achieved more moderate growth, innovative product offers such as *Pizza Melts*, which targeted lunchtime diners were very successful. During the year DoorDash also rolled out a delivery service in the State. This allowed Pizza Hut to still deliver orders generated from the Pizza Hut proprietary systems despite facing delivery driver staffing shortages.

Californian Operations

In \$NZ terms California operations contributed \$NZ179.0 million (up \$22.5 million) in revenue. However, store EBITDA was down \$6.7 million to \$NZ17.1 million. The reported revenue increase in \$NZ terms is largely due to a strong \$US exchange rate.

	31 December 2022	31 December 2021	Change (\$)	Change (%)
Sales (\$USm)	113.2	110.3	+2.9	+2.6%
Store EBITDA (\$USm)	10.9	16.8	-5.9	-35.1%
EBITDA as a % of Sales	9.6	15.2		
Store Numbers	75	70		

Total sales were up \$2.9 million to \$113.2 million primarily due to store growth from four new KFC stores opened during the year and the acquisition of an existing KFC store in the Palm Valley area. Same store sales were down 2.9% for the year due to reduced California consumer spending in the face of high inflation levels and the withdrawal of government stimulus payments that were made to households in 2020 and 2021.

Store EBITDA was \$US10.9 million (9.6% as a percentage of sales). The reduction in % EBITDA margin was the result of significant cost pressures which continue to impact the business into 2023.

There were four new KFC store openings during the FY22 year with the first three new stores since acquisition of the California business in September 2020 opening over an intensive period of six weeks. KFC San Bernardino opened in February 2022. KFC Perris (opened March 2022) and KFC Barstow (opened April 2022) were both new format 'American Showman Next Generation' store formats.

The sales from these stores continue to track above expectations. A fourth new store at Ridgecrest opened in August 2022. Opening day trading in both the Ridgecrest and Barstow stores were in the top 10 opening days ever for any US KFC outlet.

Overall, store numbers grew by five with the four new store openings, and one acquired store. The store, acquired in January 2022, has tracked to expectation and is being remodelled in early 2023 to improve back of house operations and present a more contemporary customer offering consistent with our existing stores.

Corporate & Other

General and administration (G&A) costs were \$61.4million, up \$11.4 million from last year reflecting the effect of inflation on salary costs as well as the continued expansion of the business, particularly the growth of Taco Bell in New Zealand and Australia. G&A as a % of total revenue was 4.7% which is up from 4.5% for FY21.

Depreciation charges of \$85.2 million for the year ended 31 December 2022 were \$10.1 million higher than the prior year primarily due to the impact of continued high capital expenditure on new stores and refurbishments of existing stores. Of the \$85.2 million, \$41.3 million related to right of use asset depreciation incurred under NZ IFRS 16.

Financing costs of \$44.5 million were up \$8.2 million on prior year, reflecting the impact of both increased debt levels and higher interest rates. Interest on bank debt for the period ended 31 December 2022 was \$11.1 million, up \$4.3 million on last year. The additional debt arose from continued heavy reinvestment in property, plant and equipment and the payment of the first dividend since 2018.

Tax expense was \$10.1 million, \$3.8 million lower than the prior year reflecting the lower level of profitability for the year. The effective tax rate was 23.9% (21.1% for FY21) due to the higher level of non-assessable income in FY21 which included the forgiveness of the US PPP Loan.

Other Items

Other net expenses of \$2.9 million are down from a net income of \$7.2 million for the prior year. The prior year positive income arose primarily due to the forgiveness of the US PPP loan of \$11.4 million. This year's expenditure primarily was a further \$4.0 million in systems development costs (FY21 \$4.2 million) which were incurred as part of a major overhaul of the company's financial systems. Other items in other income and expenses in FY22 were \$1.2 million in store closure and asset impairment costs, insurance recovery on

a flood damaged store under a full replacement insurance policy and a gain on acquisition relating to a store in California acquired for a value lower than its net assets.

Cash Flow & Balance Sheet

Total assets were \$1,417.3 million, up \$87.4 million on FY21 primarily because of new store acquisitions and store builds which increased the value of both property, plant and equipment as well as lease assets. Equally, there has been an increase of \$84.0 million in liabilities, primarily reflecting the future discounted lease liability on leases acquired and an increase in debt.

Operating cash flows (adjusted by \$27.0 million for NZ IFRS 16) were down \$7.3 million to \$94.6 million, reflecting the lower margins from the effects of inflation.

Net investing cash outflows were \$91.6 million (vs \$109.6 million in FY21). FY21 was higher than the current year because of the acquisition of seven stores (for a total of \$28.0 million). Payments for property, plant and equipment were \$90.5 million, compared with \$82.6 million in the prior year. Much of the expenditure was on new stores with four new KFC and seven new Taco Bell stores in New Zealand and Australia (together with significant KFC refurbishment expenditure in both those markets). There were also four new KFC stores opened in California and two Taco Bell stores opened in Hawaii.

Debt Refinancing

Over the year the company renewed its bank lending facilities with Westpac, JPMorgan, Rabobank and Bank of China - the majority of which were due to expire in April 2023.

The refinancing was with bi-lateral committed bank debt facilities under the existing global negative pledge arrangement, totalling approximately \$370 million (NZD equivalent). The facilities are split between NZD, USD and AUD tranches with a mix of four and five-year tenors.

The lending facilities are on similar terms to RBD's previous banking arrangements and were activated in December 2022.

Dividend

Directors have assessed at balance date the current and projected financial position of the company and in particular its cash flows, capital expenditure demands and debt levels.

A final dividend has been declared for 16.0 cents per ordinary share, payable on 20 April 2023 to all shareholders on the register on 6 April 2023. The dividend will be paid as fully imputed to all New Zealand resident shareholders. In addition, a supplementary dividend of 2.8235 cents per share will be paid to all overseas shareholders at the same time.

There is no dividend reinvestment plan in place for this dividend.

Annual Shareholders' Meeting

The Annual Shareholders' Meeting of the company will be held in Auckland on Thursday 18 May 2023.

Authorised by:

José Parés
Chairman of the Board

Russel Creedy
Group CEO

Consolidated Income Statement
For the year ended 31 December 2022

	31 December 2022		vs Prior %	31 December 2021	
SNZ000's					
Sales					
New Zealand	529,158		14.8	461,121	
Australia	283,397		16.1	244,104	
Hawaii	247,459		19.8	206,506	
California	179,035		14.4	156,516	
Total sales	1,239,048		16.0	1,068,247	
Other revenue	59,170		28.1	46,195	
Total operating revenue	1,298,218		16.5	1,114,441	
Cost of goods sold	(1,077,075)		(18.1)	(912,359)	
Gross margin	221,143		9.4	202,082	
Distribution expenses	(8,244)		3.6	(8,555)	
Marketing expenses	(61,849)		(10.8)	(55,840)	
General and administration expenses	(61,444)		(23.0)	(49,974)	
Government grants	-		n/a	7,165	
Loan forgiven	-		n/a	11,419	
Other items	(2,900)		31.3	(4,219)	
Operating profit	86,705		(15.1)	102,077	
Financing expenses	(44,528)		(22.7)	(36,284)	
Net profit before taxation	42,177		(35.9)	65,793	
Taxation expense	(10,094)		27.4	(13,912)	
Total profit after taxation (NPAT)	32,083		(38.2)	51,881	
		% sales			% sales
Concept EBITDA before G&A including Government grants					
New Zealand	89,545	16.9	7.5	83,319	18.1
Australia	31,205	11.0	(1.3)	31,614	13.0
Hawaii	42,322	17.1	24.7	33,932	16.4
California	17,147	9.6	(28.1)	23,849	15.2
Total concept EBITDA before G&A	180,219	14.5	4.3	172,713	16.2
Ratios					
Net tangible assets per security (net tangible assets divided by number of shares) in cents	11.9			8.4	

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.

Sales and concept 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 2022

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-NZ GAAP financial measures that are not prepared in accordance with NZ IFRS. The non-NZ GAAP financial measures used in this presentation are as follows:

1. **EBITDA including Government grants, G&A and other items.** The Group calculates Earnings Before Interest, Tax, Depreciation and Amortisation ("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.

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-NZ 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-NZ 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-NZ GAAP measures and net profit after taxation:

\$NZ000's	Note*	31 Dec 2022	31 Dec 2021
EBITDA including Government grants, before G&A and other items	1	180,016	172,713
Depreciation		(43,935)	(36,944)
Net loss on sale of property, plant and equipment (included in depreciation)		(952)	(3,619)
Lease depreciation		(41,282)	(38,129)
Lease costs		60,473	53,993
Amortisation (included in cost of sales)		(10,119)	(9,231)
General and administration costs - area managers, general managers and support centre		(54,596)	(43,906)
Loan forgiven		-	11,419
Other items		(2,900)	(4,219)
Operating profit		86,705	102,077
Financing expenses		(44,528)	(36,284)
Net profit before taxation		42,177	65,793
Taxation expense		(10,094)	(13,912)
Net profit after taxation		32,083	51,881
Add back NZ IFRS 16 impact		14,208	13,586
Income tax on NZ IFRS 16 impact		(3,934)	(3,986)
Total NPAT excluding the impact of NZ IFRS 16	2	42,357	61,482

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

Restaurant Brands New Zealand Limited
Financial statements
For the year ended 31 December 2022

Directors' statement

for the year ended 31 December 2022

The Directors of Restaurant Brands New Zealand Limited (Restaurant Brands) are pleased to present the financial statements for Restaurant Brands and its subsidiaries (together the Group) for the year ended 31 December 2022 contained on pages 2 to 34.

Financial statements for each financial period fairly present the financial position of the Group and its financial performance and cash flows for that period and have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgments 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 financial position of the Group and facilitate compliance of the 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 financial statements for the year ended 31 December 2022.

For and on behalf of the Board:



José Parés
Chairman
28 February 2023



Emilio Fullaondo
Director
28 February 2023

Consolidated statement of comprehensive income
for the year ended 31 December 2022

\$NZ000's	Note	31 December 2022	31 December 2021
Store sales revenue	1,2	1,239,048	1,068,246
Other revenue	1,2	59,170	46,195
Total operating revenue		1,298,218	1,114,441
Cost of goods sold		(1,077,075)	(912,359)
Gross profit		221,143	202,082
Distribution expenses		(8,244)	(8,555)
Marketing expenses		(61,849)	(55,841)
General and administration expenses		(61,445)	(49,974)
Government grants	2	-	7,165
Loan forgiveness	2	-	11,419
Other income	2	2,465	945
Other expenses	2	(5,365)	(5,164)
Operating profit		86,705	102,077
Financing expenses	4	(44,528)	(36,284)
Profit before taxation		42,177	65,793
Taxation expense	16	(10,094)	(13,912)
Profit after taxation attributable to shareholders		32,083	51,881
Other comprehensive income:			
Exchange differences on translating foreign operations		10,515	6,558
Derivative hedging reserve		954	1,820
Income tax relating to components of other comprehensive income		(182)	(370)
Other comprehensive income for the period, net of tax		11,287	8,008
Total comprehensive income for the period attributable to shareholders		43,370	59,889
Basic and diluted earnings per share (cents)	3	25.72	41.58

The accompanying accounting policies and notes form an integral part of the financial statements.

Consolidated statement of changes in equity for the year ended 31 December 2022

\$NZ000's	Note	Share capital	Foreign currency translation reserve	Derivative hedging reserve	Retained earnings	Total
For the year ended 31 December 2021						
Balance at 1 January 2021		154,565	(8,038)	(2,322)	85,643	229,848
Comprehensive income						
Profit after taxation attributable to shareholders		-	-	-	51,881	51,881
Other comprehensive income						
Movement in foreign currency translation reserve		-	6,558	-	-	6,558
Movement in derivative hedging reserve		-	-	1,450	-	1,450
Total other comprehensive income		-	6,558	1,450	-	8,008
Total comprehensive income		-	6,558	1,450	51,881	59,889
Balance as at 31 December 2021	7	154,565	(1,480)	(872)	137,524	289,737
For the year ended 31 December 2022						
Balance at 1 January 2022		154,565	(1,480)	(872)	137,524	289,737
Comprehensive income						
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

The accompanying accounting policies and notes form an integral part of the financial statements.

Consolidated statement of financial position

as at 31 December 2022

\$NZ000's	Note	31 December 2022	31 December 2021
Non-current assets			
Property, plant and equipment	13	319,302	276,748
Land held for development	11	7,084	-
Right of use assets	14	607,765	576,527
Sub-lease receivable		962	993
Other receivables		-	765
Intangible assets	15	358,336	348,216
Deferred tax asset	16	43,627	38,711
Total non-current assets		1,337,076	1,241,960
Current assets			
Inventories	8	25,140	22,261
Trade and other receivables	9	15,570	11,012
Income tax receivable		9,616	9,452
Cash and cash equivalents	10	29,869	45,155
Total current assets		80,195	87,880
Total assets		1,417,271	1,329,840
Equity attributable to shareholders			
Share capital	7	154,565	154,565
Reserves	7	8,935	(2,352)
Retained earnings		129,684	137,524
Total equity attributable to shareholders		293,184	289,737
Non-current liabilities			
Provisions	17	4,858	4,479
Deferred income	18	804	173
Loans	4	280,281	246,887
Lease liabilities	14	685,332	643,072
Deferred tax liabilities	16	-	1,136
Total non-current liabilities		971,275	895,747
Current liabilities			
Income tax payable		1,480	5,280
Trade and other payables	12	119,290	110,476
Provisions	17	1,866	1,304
Lease liabilities	14	29,599	25,609
Deferred income	18	577	770
Derivative financial instruments	5	-	917
Total current liabilities		152,812	144,356
Total liabilities		1,124,087	1,040,103
Total equity and liabilities		1,417,271	1,329,840

The accompanying accounting policies and notes form an integral part of the financial statements.

Consolidated statement of cash flows

for the year ended 31 December 2022

\$NZ000's	Note	31 December 2022	31 December 2021
Cash flow from operating activities			
Cash was provided by / (applied to):			
Receipts from customers		1,295,520	1,114,474
Receipts from Government grants	2	-	7,165
Payments to suppliers and employees		(1,109,499)	(940,494)
Interest paid		(10,901)	(6,701)
Interest paid on leases	14	(33,429)	(29,450)
Payment of income tax		(20,097)	(18,619)
Net cash from operating activities		121,594	126,375
Cash flow from investing activities			
Cash was (applied to) / provided by:			
Acquisition of business	25	(1,087)	(27,992)
Payments for intangibles		(1,559)	(2,889)
Purchase of property, plant and equipment		(90,515)	(82,564)
Proceeds from the disposal of property, plant and equipment		1,591	2,620
Landlord contributions received		-	1,257
Net cash used in investing activities		(91,570)	(109,568)
Cash flow from financing activities			
Cash was provided by / (applied to):			
Proceeds from loans		527,834	370,529
Repayment of loans		(506,397)	(356,046)
Dividend paid to shareholders		(39,923)	-
Payments for lease principal	14	(27,044)	(24,543)
Net cash used in financing activities		(45,530)	(10,060)
Net (decrease) / increase in cash and cash equivalents		(15,506)	6,747
Cash and cash equivalents at beginning of the year		45,155	35,666
Opening cash balances acquired on acquisition		-	1,264
Foreign exchange movements		220	1,478
Cash and cash equivalents at the end of the year		29,869	45,155
Cash and cash equivalents comprise:			
Cash on hand	10	678	640
Cash at bank	10	29,191	44,515
		29,869	45,155

The accompanying accounting policies and notes form an integral part of the financial statements.

Consolidated statement of cash flows (continued)
for the year ended 31 December 2022

\$NZ000's	Note	31 December 2022	31 December 2021
Reconciliation of profit after taxation with net cash from operating activities:			
Total profit after taxation attributable to shareholders		32,083	51,881
Add items classified as investing activities:			
Gain on acquisition	2	(842)	-
Loss on disposal of property, plant and equipment		949	2,673
		107	2,673
Add/(less) non-cash items:			
Depreciation		85,220	75,931
Loan forgiveness	2	-	(11,419)
Lease termination		-	(233)
Increase/(decrease) in provisions		941	(145)
Amortisation		10,118	9,231
Impairment of property, plant and equipment		1,209	-
Net (increase) / decrease in deferred tax asset		(6,217)	536
		91,271	73,901
Add/(less) movement in working capital:			
Increase in inventories		(2,648)	(5,526)
Decrease in trade and other receivables		1,265	1,094
Increase in trade and other payables		3,303	7,597
Decrease in income tax payable		(3,787)	(5,245)
		(1,867)	(2,080)
Net cash from operating activities		121,594	126,375
Reconciliation of movement in loans			
Opening balance		246,887	235,639
Net cash flow from financing activities		21,437	14,483
(Increase) / decrease in prepaid facility costs		(92)	256
Loan forgiveness		-	(11,419)
Foreign exchange movement		12,049	7,928
Closing balance		280,281	246,887

The accompanying accounting policies and notes form an integral part of the financial statements.

Notes to and forming part of the financial statements
for the year ended 31 December 2022

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Basis of preparation

for the year ended 31 December 2022

Reporting entity

The reporting entity is the consolidated group (the "Group") comprising the economic 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:

<i>Name</i>	<i>Nature</i>
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 Island 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 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 financial statements comply with International Financial Reporting Standards ("IFRS") as issued by the IASB.

The measurement basis adopted in the preparation of these financial statements is historical cost, modified by the revaluation of certain investments and financial instruments as identified in the accompanying notes. The financial statements are presented in New Zealand dollars, rounded where necessary to the nearest thousand dollars. The principal accounting policies applied in the preparation of these 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 significant or material. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of preparation (continued)

for the year ended 31 December 2022

New standards and amendments

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 that are effective for the first time for the financial year beginning on or after 1 January 2022 that had a material impact on the financial statements.

Use of non-GAAP measures within the financial statements

The financial statements include non-GAAP financial measures that are not prepared in accordance with NZ IFRS. The non-GAAP financial measures used in the 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 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 financial statements also view the performance of the business.
- EBITDA - Earnings Before Interest, Tax, Depreciation and Amortisation 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.
- EBITDA before general and administration expenses, NZ IFRS 16 and other items - The Group calculates Earnings Before Interest, Tax, Depreciation and Amortisation ("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 Concept 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 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 NZ IFRS 16 and is considered a useful measure to assist with understanding the financial performance of the Group.
- Capital expenditure including intangibles - 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 EBITA, 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 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 but that 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 the key management in making the business decisions for the Group as shown in note 1.

These audited financial statements were authorised for issue on 28 February 2023 by the Board of Directors who do not have the power to amend afterwards.

Judgments and estimations

Significant accounting policies 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 judgments are continually verified, 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. These policies have been consistently applied to all the years presented, unless otherwise stated.

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 ESG Management Committee to assess the relevant climate risks that impact the business in conjunction with climate-related disclosure requirements that will be applicable in the future. The impacts of climate risks on 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 considered the location of the restaurants and other key operations in each region that it operates in and concluded that there is no material impact on the current financial statements. Climate risk has been incorporated into the estimates and

judgments in relation to the future use of assets for accounting purposes, there is no material impact on the current financial statements.

Notes to and forming part of the financial statements

for the year ended 31 December 2022

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 concepts. All operating revenue is from external customers.

The Group evaluates performance and allocates resources to its operating segments on the basis of segment assets, segment revenues, concept EBITDA before general and administration expenses, NZ IFRS 16 and operating profit before other items. Operating profit refers to earnings before interest and taxation. Operating 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 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 operating revenue	586,118	284,726	248,339	179,035	-	1,298,218
EBITDA before general and administration expenses, NZ IFRS 16 and other items	89,405	31,184	42,304	17,123	-	180,016
General and administrative 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	(698)	(1,047)	-	915	(4,535)	(5,365)
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	177,627	224,925	197,620	128,177	-	728,349
Non-current lease assets (excluding lease deferred tax)	187,777	155,355	88,554	177,041	-	608,727
Total assets	402,448	397,244	303,154	314,425	-	1,417,271
Capital expenditure including intangibles	43,078	23,105	14,402	10,725	-	91,310

Notes to and forming part of the financial statements (continued)
for the year ended 31 December 2022

31 December 2021 \$NZ000's	New Zealand	Australia	Hawaii	California	Corporate support function	Total
Business segment						
Store sales revenue	461,120	244,104	206,506	156,516	-	1,068,246
Other revenue	46,195	-	-	-	-	46,195
Total operating revenue	507,315	244,104	206,506	156,516	-	1,114,441
EBITDA before general and administration expenses, NZ IFRS 16 and other items	76,154	31,614	33,932	23,849	-	165,549
Government grants	7,165	-	-	-	-	7,165
General and administrative expenses	(13,853)	(10,870)	(8,940)	(8,146)	(2,417)	(44,226)
	69,466	20,744	24,992	15,703	(2,417)	128,488
Other income	945	-	11,419	-	-	12,364
Other expenses	95	(726)	-	(641)	(3,892)	(5,164)
Depreciation	(18,446)	(10,357)	(7,779)	(3,643)	(17)	(40,242)
Amortisation	(1,707)	(1,198)	(1,266)	(5,060)	-	(9,231)
Operating profit / (loss) before NZ IFRS 16	50,353	8,463	27,366	6,359	(6,326)	86,215
Adjustment for NZ IFRS 16	8,187	4,279	1,860	1,536	-	15,862
Operating profit / (loss)	58,540	12,742	29,226	7,895	(6,326)	102,077
Financing expenses	(12,470)	(10,921)	(4,854)	(8,295)	256	(36,284)
Taxation expenses	(12,200)	(447)	(3,423)	458	1,700	(13,912)
Net profit / (loss) after taxation (NPAT)	33,870	1,374	20,949	58	(4,370)	51,881
Current assets	49,606	12,608	14,901	10,765	-	87,880
Non-current assets	155,956	213,672	179,764	115,048	-	664,440
Non-current lease assets (excluding lease deferred tax)	184,393	151,659	78,643	162,825	-	577,520
Total assets	389,955	377,939	273,308	288,638	-	1,329,840
Capital expenditure including intangibles	40,312	21,518	17,706	5,798	-	85,334

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

\$NZ000's	31 December 2022	31 December 2021
Operating profit	86,705	102,077
Finance expense	(44,528)	(36,284)
Net profit before taxation	42,177	65,793
Taxation expense	(10,094)	(13,912)
Net profit after taxation	32,083	51,881
Add back net financing impact of NZ IFRS 16	14,208	13,586
Less taxation expense on NZ IFRS 16	(3,934)	(3,985)
Net profit after taxation excluding NZ IFRS 16	42,357	61,482

Notes to and forming part of the financial statements (continued)
for the year ended 31 December 2022

2. Revenue and expenses

OPERATING 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 2022	31 Dec 2021
Royalties paid	72,393	62,533

Royalties are recognised as an expense as revenue is earned.

Wages and salaries

\$NZ000's	31 Dec 2022	31 Dec 2021
Wages and salaries	347,957	310,654
(Increase)/decrease in liability for long service leave	(455)	259
	347,502	310,913

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.

Government grants

\$NZ000's	31 Dec 2022	31 Dec 2021
Government grants	-	7,165

During 2021 as part of the New Zealand Government's response to COVID-19 the Group received a Government wage subsidy of \$7.2 million due to an Alert Level 4 lockdown initiated in August 2021. This has been included as a separate line item on the consolidated statement of comprehensive income. The Group views these as a credit against wage and salaries costs, however due to the material nature of the subsidy it has been disclosed separately. It has been included as receipts from Government grants in the consolidated statement of cash flows.

Government grants are recognised when there is reasonable assurance that the company will comply with the conditions attached to the grant and the grant will be received. A forgivable loan from the government is treated as a government grant when there is reasonable assurance that the company will meet the terms for forgiveness of the loan.

The Group will recognise a grant using the income approach with the grant recognised in profit and loss over the period in which the company recognises as expenses the related costs for which the grant is intended to compensate.

Notes to and forming part of the financial statements (continued)

for the year ended 31 December 2022

Lease expense

\$NZ000's	31 Dec 2022	31 Dec 2021
Lease expenses	7,960	5,222

This relates to short term and variable lease costs included in the consolidated statement of comprehensive income not included in NZ IFRS 16 costs. Included in the above is rent relief of \$0.2 million (Dec 2021: \$0.5 million) which has been received during the year and has been included as a negative variable rent within the consolidated statement of comprehensive income. Contracts with abatement clauses total \$0.1 million (Dec 2021: \$0.3 million) whilst those without abatement clauses total \$0.1 million (Dec 2021: \$0.2 million).

Other income

\$NZ000's	31 Dec 2022	31 Dec 2021
Insurance recovery	1,623	-
Gain on acquisition	842	-
Net gain on the sale of stores	-	945
Loan forgiveness	-	11,419
	2,465	12,364

Insurance recovery

This relates to the value of assets replaced following flood damage in Australia being higher than the carrying value of the assets being replaced under a full replacement insurance policy. Proceeds of \$2.0 million was received off-set by \$0.4 million of asset write-offs.

Gain on acquisition

This is the result of the net assets included in an acquisition of a store in California being higher than the net consideration paid, refer note 25.

Net gain on the sale of stores

During 2021 the Group sold five Pizza Hut stores to independent franchisees resulting in a gain of \$0.9 million.

Loan forgiveness

In June 2021 the Hawaii Paycheck Protection Programme loan was forgiven by the US Small Business Association. This amount is shown on a separate line in the consolidated statement of comprehensive income due to its material nature. The loan forgiveness has been shown as a non-cash item in the cash flow reconciliation of profit after taxation with net cash from operating activities.

Other expenses

\$NZ000's	31 Dec 2022	31 Dec 2021
Acquisition costs	-	715
IT system implementation	4,014	4,189
Unused franchise rights	-	260
Store closure	1,047	-
Net impairment of fixed assets	162	-
Other	142	-
Total other expenses	5,365	5,164

IT system implementation

As a result of an agenda decision issued in 2021 by the International Financial Reporting Interpretation Committee (IFRIC) clarifying the accounting treatment for software implementation costs in cloud computing arrangements, the Group expensed \$4.0 million in relation to its group-wide IT system implementation during the year (Dec 2021: \$4.2 million).

Store closure

Costs relating to the closure of a Taco Bell store in Australia 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 of fixed assets

Following a detailed review of all operating stores, previous asset impairments provisions of \$3.1 million relating to stores in New Zealand and California were released whilst \$3.3 million of new impairments on stores in New Zealand, Australia and California were taken up. The Group has \$3.6 million in asset impairment provisions at 31 December 2022, refer note 13.

Notes to and forming part of the financial statements (continued)
for the year ended 31 December 2022

3. Earnings per share

	31 Dec 2022	31 Dec 2021
Basic earnings per share		
Profit after taxation attributable to the shareholders (\$NZ000's)	32,083	51,881
Weighted average number of shares on issue ('000's)	124,759	124,759
Basic earnings per share (cents)	25.72	41.58
Diluted earnings per share		
Profit after taxation attributable to the shareholders (\$NZ000's)	32,083	51,881
Weighted average number of shares on issue ('000's)	124,759	124,759
Basic earnings per share (cents)	25.72	41.58

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 2022	31 Dec 2021
Secured bank loans denominated in:		
NZD	29,000	10,000
AUD	92,821	80,671
USD	159,055	156,719
Secured bank loans	280,876	247,390

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

Current	-	-
Non-current	280,876	247,390
Secured bank loans	280,876	247,390

\$NZ000's		
Secured bank loans	280,876	247,390
Less prepaid facility fees	(595)	(503)
Loan balance	280,281	246,887

Included in the loans balance in the consolidated statement of financial position is \$0.6 million (Dec 2021: \$0.5 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 \$374.9 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.

Notes to and forming part of the financial statements (continued)

for the year ended 31 December 2022

Security

As security over the AUD and NZD loans, banks hold a negative pledge deed between Restaurant Brands New Zealand Limited and all its Australian and New Zealand subsidiary companies. The negative pledge deed includes all obligations and cross guarantees between the guaranteeing subsidiaries.

As security over the USD debt facility, the bank holds guarantees and security over the USA businesses (Hawaii and California).

The Group also has indemnity guarantees of \$3.5 million across various properties leased in New Zealand and 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 covenants are unchanged from the previous facility.

The specific covenants relating to financial ratios the Group is required to meet under the new 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.

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 period (Dec 2021: no breaches). There are also no forecast breaches of covenants.

The carrying value equates to fair value. 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 2022	31 Dec 2021
Financing expense – leases	33,399	29,450
Finance expense – bank	11,129	6,834
Financing expenses	44,528	36,284

Included within the period ended 31 December 2022 is \$33.4 million (Dec 2021: \$29.5 million) of interest relating to leases recognised in accordance with NZ IFRS 16.

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 2022

5. Derivatives and hedge accounting

\$NZ000's	31 Dec 2022	31 Dec 2021
Term		
Fair value of interest rate swaps	-	917
Derivative financial instruments	-	917
Change in fair value of interest rate swaps	-	1,781
Change in value of hedge item used to determine hedge effectiveness	-	(1,781)

The Group currently does not hold any interest rate swaps with a number of previously held swaps maturing during the year not being replaced.

Financial Assets

The Group classifies its financial assets as those to be measured at amortised cost (loans, receivables and non-derivative financial instruments), 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 balance sheet 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 at balance 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 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.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade receivables and other debtors, which are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost, cash and cash equivalents, loans and borrowings (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.

Derivative financial instruments

The Group uses 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. However, derivatives that do not qualify for hedge accounting are accounted for at fair value through profit or loss. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

Notes to and forming part of the financial statements (continued)
for the year ended 31 December 2022

Financial assets and financial liabilities by category

\$NZ000's	31 Dec 2022	31 Dec 2021
Loans and receivables		
Trade receivables	6,023	3,717
Other receivables	3,416	1,332
Cash and cash equivalents	29,869	45,155
	39,308	50,204
Derivatives used for hedging		
Derivative financial instruments - liabilities	-	917
	-	917
Financial liabilities at amortised cost		
Loans (excluding prepaid facility fees)	280,876	247,390
Trade and other payables (excluding indirect and other taxes and employee benefits)	81,496	77,677
	362,372	325,067

6. Financial risk management

Exposure to credit, interest rate and foreign currency risks 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 capital equipment and some franchise fee payments. Where any one item is significant, the Group will specifically hedge its 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. There is currently no hedging cover in place.

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

(b) Interest rate risk

The Group's main interest rate risk arises from bank loans. 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 hedges 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.

Notes to and forming part of the financial statements (continued)

for the year ended 31 December 2022

(c) Liquidity risk

In respect of the Group's cash balances, non-derivative financial liabilities and 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 2022				
Cash on hand	-	678	678	-
Cash at bank	0.35%	29,191	29,191	-
Money market deposit	-	-	-	-
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)
Derivative financial instruments	-	-	-	-
Trade and other payables (excluding indirect and other taxes and employee benefits)	-	(80,970)	(80,970)	-
		(414,300)	(68,024)	(346,276)
31 Dec 2021				
Cash on hand	-	640	640	-
Cash at bank	0.25%	24,115	24,115	-
Money market deposit	0.70%	20,400	20,400	-
Bank term loan – principal (NZD)	7.83%	(10,000)	-	(10,000)
Bank term loan – principal (AUD)	3.13%	(80,671)	-	(80,671)
Bank term loan – principal (USD)	2.25%	(156,719)	-	(156,719)
Bank term loan – expected interest	2.76%	(8,047)	(4,858)	(3,189)
Derivative financial instruments	-	(762)	(762)	-
Trade and other payables (excluding indirect and other taxes and employee benefits)	-	(77,087)	(77,087)	-
		(288,131)	(37,552)	(250,579)

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 \$374.9 million (Dec 2021: \$359.8 million) available at variable rates. The amount undrawn at balance date was \$94.0 million (Dec 2021: \$112.5 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 2022	31 Dec 2021
Within one year	62,909	56,801
One to five years	243,425	224,436
Beyond 5 years	870,703	802,240
	1,177,037	1,083,477

This includes future lease options that the Group currently expects to exercise and is not discounted for the future nature of payments. This does 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. Reputable financial institutions are used for investing and cash handling purposes.

There were no financial assets past due nor impaired at balance date (Dec 2021: nil).

At 31 December 2022 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.

Notes to and forming part of the financial statements (continued)

for the year ended 31 December 2022

(e) Fair values

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 2022 it is estimated that a general increase of one percentage point in interest rates would decrease the Group profit before income tax by approximately \$2.8 million (Dec 2021: \$1.7 million), however equity would decrease \$2.1 million (Dec 2021: \$0.1 million). A one percentage point decrease in interest rates would increase the Group profit before income tax by approximately \$2.8 million (Dec 2021: \$2.4 million), however equity would increase by \$2.1 million (Dec 2021: \$1.8 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.

Capital risk management

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

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, issue new shares, sell assets to reduce debt or draw down more debt.

7. Equity and reserves

Share capital

	31 Dec 2022 Number	31 Dec 2022 \$NZ000's	31 Dec 2021 Number	31 Dec 2021 \$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 2021: 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 2022	31 Dec 2021
	8,935	(1,480)

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

Derivative hedging reserve

\$NZ000's	31 Dec 2022	31 Dec 2021
	-	(872)

The derivative hedging reserve represents the fair value of outstanding derivatives.

WORKING CAPITAL

8. Inventories

\$NZ000's	31 Dec 2022	31 Dec 2021
Raw materials and consumables	25,140	22,261

Inventories recognised as an expense during the period ended 31 December 2022 amounted to \$368.4 million (Dec 2021: \$269.9 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.

Notes to and forming part of the financial statements (continued)
for the year ended 31 December 2022

9. Trade and other receivables

\$NZ000's	31 Dec 2022	31 Dec 2021
Trade receivables	6,023	3,717
Prepayments	6,131	5,963
Other receivables	3,416	1,332
	15,570	11,012

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

NZD	8,969	7,016
AUD	2,677	1,781
USD	3,924	2,215
	15,570	11,012

The Group's exposure to credit risk is minimal as the Group's primary source of revenue is from sales made on a cash basis. The carrying value of trade and other receivables approximates fair value.

Receivables are initially recognised at fair value. They are subsequently adjusted for impairment losses. Discounting is not applied to receivables where collection is expected to occur within the next twelve months.

10. Cash and cash equivalents

\$NZ000's	31 Dec 2022	31 Dec 2021
Cash on hand	678	640
Cash at bank	29,191	44,515
	29,869	45,155

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

NZD	6,702	23,829
AUD	8,634	6,944
USD	14,533	14,382
	29,869	45,155

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 2022	31 Dec 2021
Land held for development	7,084	-

There was \$7.1 million relating 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 2022	31 Dec 2021
Trade payables	54,099	45,443
Other payables and accruals	27,398	32,234
Employee benefits	29,467	24,476
Indirect and other taxes	8,326	8,323
	119,290	110,476

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

NZD	63,869	60,944
AUD	22,494	20,890
USD	32,927	28,642
	119,290	110,476

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

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

Notes to and forming part of the financial statements (continued)
for the year ended 31 December 2022

LONG TERM ASSETS

13. Property, plant and equipment

\$NZ000's	Land	Leasehold improvements	Plant, equipment and fittings	Motor vehicles	Leased plant and equipment	Capital work in progress	Total
Cost							
Balance as at 31 December 2020	4,467	280,120	127,003	2,099	196	18,915	432,800
Additions	—	—	—	—	—	82,445	82,445
Acquisition of business	—	3,418	832	—	—	—	4,250
Transfers from work in progress	—	54,717	16,102	487	—	(71,306)	—
Disposals	—	(18,246)	(20,785)	(426)	(196)	—	(39,653)
Reclassifications	—	1,264	(3,385)	—	—	—	(2,121)
Movement in exchange rates	(15)	3,756	1,518	12	—	405	5,676
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
Accumulated depreciation							
Balance as at 31 December 2020	—	(126,024)	(73,450)	(1,208)	(196)	—	(200,878)
Charge	—	(23,413)	(13,636)	(410)	—	—	(37,459)
Disposals	—	14,567	18,421	299	196	—	33,483
Reclassification	—	(582)	2,703	—	—	—	2,121
Movement in exchange rates	—	(702)	(750)	(4)	—	—	(1,456)
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)
Impairment provision							
Balance as at 31 December 2020	—	(2,785)	(428)	—	—	—	(3,213)
Charge	—	(170)	(173)	—	—	—	(343)
Utilised/disposed	—	914	316	—	—	—	1,230
Movement in exchange rates	—	(114)	(20)	—	—	—	(134)
Balance as at 31 December 2021	—	(2,155)	(305)	—	—	—	(2,460)
Charge	—	506	—	—	—	—	506
Utilised/disposed	—	(4,662)	13	—	—	—	(4,649)
Impairment created	—	3,301	—	—	—	—	3,301
Movement in exchange rates	—	(164)	121	—	—	—	(43)
Balance as at 31 December 2022	—	(3,174)	(171)	—	—	—	(3,345)
Carrying amounts							
Balance as at 31 December 2020	4,467	151,311	53,125	891	—	18,915	228,709
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

Notes to and forming part of the financial statements (continued)

for the year ended 31 December 2022

Depreciation expense

\$NZ000's	31 Dec 2022	31 Dec 2021
Depreciation expense	43,935	36,623
Sale of property, plant and equipment		
Net loss on disposal of property, plant and equipment (included in depreciation expense)	(952)	(3,619)
Net gain on disposal of property, plant and equipment (included in other expenses)	-	945

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 fixed assets 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 – 5 years

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

Depreciation expense is included in the consolidated statement of comprehensive income.

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

Significant judgments and estimates

Impairment testing is an area where estimates and judgments have a significant risk of causing a material adjustment to the carrying amount of the Group's tangible asset balances. Estimates of future cash flows are highly subjective judgments and can be significantly impacted by changes in the business or economic conditions.

Property, plant and equipment and right of use assets are reviewed for impairment semi-annually, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the consolidated statement of comprehensive income for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. When assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows; a restaurant's assets is the relevant cash generating unit. If, in a subsequent period, the amount of the impairment loss decreases and it can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

The value in use calculation evaluates recoverability based on the restaurant's forecasted discounted cash flows, which incorporate estimated sales growth and margin improvement based upon current plans for the store and actual results at comparable restaurants.

Key assumptions in the determination of recoverable amount are:

- the estimate of future cash flows of the restaurant incorporating reasonable sales growth and margin improvement
- the discount rate incorporating the rates of return based on the risk and uncertainty inherent in the forecast cash flows
- the terminal growth rate is calculated based on continuous sales growth at a minimum projected inflation estimated at 1.9% to 2.5% across the four regions.

Management has assessed individual restaurant assets to identify whether impairment indicators existed as at balance date for associated property, plant and equipment and right of use assets.

Following a review of store performance and consideration of other impairment indicators, the Group determined that there were restaurants across all four segments that required a calculation of the recoverable amount as there were impairment indicators that mainly arose due to inflationary pressures and the ongoing impact of COVID-19 on the financial performance. The key assumptions used in the value in use calculations were as follows:

Key assumptions	Percentage used (%)	Percentage used (%)	Percentage used (%)	Percentage used (%)
	NZ	Australia	Hawaii	California
Sales growth	1.9 – 44.6	2.5 – 17.2	-8.5 – 21.9	-19.7 – 20.0
EBITDA margin	-11.2 – 11.5	1.6 – 6.9	0.8 – 6.4	-8.1 – 3.2
EBITDA margin terminal year	3.5 – 16.5	11.0	6.8 – 9.3	3.5 – 8.2
Terminal growth rate	1.9	2.5	2.3	2.3
Discount rate	9.6 – 11.5	8.9	11.0	11.0
Number of stores impaired	5	2	4	4
Impairment value \$NZ millions	\$1.4	\$0.4	-	\$1.5

Notes to and forming part of the financial statements (continued)

for the year ended 31 December 2022

The sales growth and EBITDA margin assumptions are based on management's best estimate of the future cash flow forecasts for each of the individual restaurants.

The terminal growth rate assumption reflects the long-term projected inflation relevant to the specific region/market while the discount rate is based on the post-tax discount rate for each brand.

Based on the calculations, six stores showed a recoverable amount lower than their respective carrying value of assets, resulting in \$3.3 million impairment recognised in the Consolidated Statement of Comprehensive Income as part of other expenses. The impairment is taken up as a property, plant and equipment provision.

The Group also evaluated restaurant assets which have been previously impaired to determine whether the conditions that gave rise to the initial impairments still existed at balance date. Where the restaurants have achieved at least two years of consistent positive results, management have concluded there is sufficient evidence to support an impairment reversal. As a result of this process, four Carl's Jr. stores in New Zealand and one KFC California store with a previously recognised impairment of \$1.4 million was reversed and released to the Consolidated Statement of Comprehensive Income as part of other expenses. The Group also adjusted the impairment provision by \$1.7 million relating to two stores in California and reduced it to their current asset carrying value.

A full impairment test was performed as required by IAS 36 for the goodwill balance, refer to note 15 for further detail over assumptions utilised.

14. NZ IFRS 16 - Leases

Key estimates and judgments

There are several judgments 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 judgment has been applied unless a store closure or a decision to relocate a store is known when valuing the lease.
- foreign exchange conversion rates.

Right of use assets (ROU assets)

\$NZ000's	31 Dec 2022	31 Dec 2021
Opening balance	576,527	517,085
Right of use assets acquired on acquisition of businesses	-	19,072
Depreciation	(41,282)	(38,194)
Adjustments to existing right of use assets	(984)	27,070
Additions	53,834	39,838
Foreign exchange movement	19,670	11,656
Closing balance	607,765	576,527

Additions relate to new leases entered 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 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.

Notes to and forming part of the financial statements (continued)

for the year ended 31 December 2022

Lease liabilities

\$NZ000's	31 Dec 2022	31 Dec 2021
Opening balance	668,681	595,614
Lease liabilities asset acquired on acquisition of businesses	-	19,072
Cash flow payments	(61,331)	(54,857)
Interest	33,034	28,993
Adjustments to existing lease liabilities	(106)	27,786
Additions	53,642	39,510
Foreign exchange movement	21,011	12,563
Closing balance	714,931	668,681
Current lease liabilities	29,599	25,609
Non-current lease liabilities	685,332	643,072
Closing balance	714,931	668,681

The weighted average incremental borrowing rate applied to lease additions during the year was 6.4% (Dec 2021: 4.2%).

15. Intangibles

\$NZ000's	Note	Goodwill	Franchise fees	Concept development costs	Acquired software costs	Total
Cost						
Balance as at 31 December 2020		249,278	82,405	801	10,595	343,079
Additions		-	2,689	-	200	2,889
Acquisition of business		18,152	5,840	-	-	23,992
Disposals		(327)	(1,583)	-	(552)	(2,462)
Reclassification from property, plant and Equipment		-	-	-	2,121	2,121
Movement in exchange rates		6,992	3,765	-	-	10,757
Balance as at 31 December 2021		274,095	93,116	801	12,364	380,376
Additions		-	1,523	-	131	1,654
Acquisition of business	25	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
Accumulated amortisation						
Balance as at 31 December 2020		(831)	(13,061)	(736)	(7,465)	(22,093)
Charge		-	(8,151)	(5)	(1,076)	(9,232)
Disposals		-	1,392	-	350	1,742
Reclassification from property, plant and Equipment		-	-	-	(2,121)	(2,121)
Movement in exchange rates		-	(456)	-	-	(456)
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)
Impairment charges are recognised in other expenses in the consolidated statement of comprehensive income.						
Carrying amounts						
Balance as at 31 December 2020		248,447	69,344	65	3,130	320,986
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

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for the year ended 31 December 2022

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 cash generating unit, 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 cash generating unit retained.

Franchise fees

Franchise costs are those 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 sales and other expenses in the consolidated statement of comprehensive income.

\$NZ000's	31 Dec 2022	31 Dec 2021
Amortisation of intangibles	10,120	9,232

Significant judgments and estimates - impairment testing

Impairment testing is an area where estimates and judgments have a significant risk of causing 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 lowest level of cash generating unit within the Group at which the goodwill is monitored for internal management purposes.

Allocation of goodwill by cash generating unit:

\$NZ000's	31 Dec 2022	31 Dec 2021
KFC Australia	114,034	112,800
KFC New Zealand	6,593	6,528
Pizza Hut New Zealand	7,434	7,433
Pizza Hut and Taco Bell Hawaii	127,592	118,669
KFC and Taco Bell California	29,927	27,834
Total goodwill	285,580	273,264

The recoverable amount of each cash generating unit was based on its value in use. Value in use was determined by discounting the future cash flows generated from the continuing use of the brand. Cash flows were projected based on a four year financial plan as approved by the Board of Directors.

Notes to and forming part of the financial statements (continued)

for the year ended 31 December 2022

The key assumptions used for the value in use calculation are as follows:

Brand	31 Dec 2022	31 Dec 2022	31 Dec 2022	31 Dec 2021	31 Dec 2021	31 Dec 2021
	Sales growth 2023-2025 %	EBITDA margin 2023-2025 %	EBITDA margin terminal year %	Sales growth 2022-2024 %	EBITDA margin 2022-2024 %	EBITDA margin terminal year %
KFC Australia	4.1 – 5.5	13.0 – 14.1	14.7	4.1 – 5.1	14.4 – 15.2	15.5
KFC New Zealand	4.1 – 6.2	18.7 – 20.0	21.0	4.1 – 5.2	20.8 – 21.3	21.3
Pizza Hut New Zealand	3.1 – 3.2	8.0 – 10.0	10.0	3.0 – 5.1	8.3 – 9.5	10.0
Pizza Hut and Taco Bell Hawaii	2.5 – 8.9	7.7 – 21.1	7.9 – 21.3	3.0 – 6.9	10.3 – 20.0	10.6 – 20.2
KFC and Taco Bell California	2.6 – 3.6	12.4 – 14.2	15.3	(4.7) – 3.5	15.0 – 17.0	18.0

The key assumptions on sales growth in each cash-generating unit are broadly consistent with the prior year. The Group lowered its assumptions on the EBITDA margins due to current inflationary effects which are expected to continue to impact the results into 2023.

The terminal growth rate is calculated on a CGU basis, based on the 2026 year and assumes a continuous sales growth of a minimum of projected inflation estimates of 1.9% to 2.5% (Dec 2021: 2.0%).

The weighted average post-tax cost of capital discount rate for each cash generating units is set out below:

Brand	31 Dec 2022	31 Dec 2021
	Weighted average post-tax cost of capital %	Weighted average post-tax cost of capital %
KFC Australia	8.9	7.8
KFC New Zealand	9.6	7.8
Pizza Hut New Zealand	12.5	10.9
Pizza Hut and Taco Bell Hawaii	11.0	8.0
KFC and Taco Bell California	11.0	8.0

The weighted average cost of capital calculation was reviewed in 2022 based on the capital asset pricing model (CAPM) methodology using market inputs at the time.

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 2023-2025 and EBITDA margin terminal year. 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 but not reflecting any future restructurings or cost-saving measures.
- 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 dropped in 2022 because of reduced California consumer spending in the face of high inflation levels and the absence of government stimulus payments from the prior year. EBITDA margins reduced due to significant cost pressures which continue to impact the business into 2023. As such, for the California KFC and Taco Bell brands, which were acquired in September 2020, an impairment test was carried out using a value in use model which resulted in some reasonably possible changes in the key assumptions that would result in the carrying amount exceeding its recoverable amount. Therefore a fair value less cost of disposal model was undertaken which resulted in a higher recoverable amount. The key assumptions used in the California fair value less cost of disposal calculation are the same as those noted above. The fair value less cost of disposal model however, includes the impact of future stores on sales and EBITDA and a 1.5% cost of disposal based on the total calculated enterprise value. This resulted in management concluding that any reasonably possible change in the key assumptions used in the calculations would not result in an impairment adjustment.

Notes to and forming part of the financial statements (continued)

for the year ended 31 December 2022

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 financial statements.

Deferred income taxation is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet 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.

Tax returns for the Group and the detailed calculations that are required for filing tax returns are not prepared until after the 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 include GST invoiced.

Taxation – consolidated statement of comprehensive income

The total taxation expense is analysed as follows:

\$NZ000's	Note	31 Dec 2022		31 Dec 2021
Total profit before taxation for the period	1	42,177		65,793
Taxation expense	1	(10,094)		(13,912)
Net profit after income tax		32,083		51,881
Taxation expense using the Company's domestic tax rate	(28.0%)	(11,810)	(28.0%)	(18,422)
Non-assessable income	-	-	6.0%	3,094
Other	2.4%	1,025	1.8%	978
Adjustments due to different jurisdictions	1.6%	691	0.8%	437
	(23.9%)	(10,094)	(26.8%)	(13,912)
Taxation expense comprises:				
Current tax expense		(16,311)		(13,257)
Deferred tax expense		6,217		(655)
		(10,094)		(13,912)

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 and 21% for USA (Dec 2021: 28% New Zealand, 30% Australia and 21% USA).

\$NZ000's	31 Dec 2022	31 Dec 2021
Imputation credits available for subsequent reporting periods	31,905	35,435

Notes to and forming part of the financial statements (continued)

for the year ended 31 December 2022

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:

\$NZ000's	Assets		Liabilities		Net	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Property, plant and equipment	14,509	10,354	(7,430)	(5,608)	7,079	4,746
Inventory	59	39	-	-	59	39
Accounts receivable	-	-	(288)	(274)	(288)	(274)
Provisions	4,901	6,995	-	-	4,901	6,995
Intangibles	1,232	1,214	(3,496)	(3,414)	(2,264)	(2,200)
Leases	30,474	25,762	-	-	30,474	25,762
Other	3,666	2,507	-	-	3,666	2,507
	54,841	46,871	(11,214)	(9,296)	43,627	37,575

\$NZ000's	Balance 31 December 2020	Opening balance on acquisition	Recognised in consolidated statement of comprehensive income	Recognised in equity	Foreign currency translation	Balance 31 December 2021
Property, plant and equipment	9,592	-	(4,817)	-	(29)	4,746
Inventory	57	-	(18)	-	-	39
Accounts receivable	(287)	-	12	-	1	(274)
Provisions	6,830	-	119	-	46	6,995
Intangibles	(1,920)	(1,290)	1,304	-	(294)	(2,200)
Leases	22,054	-	3,619	-	89	25,762
Other	3,585	-	(874)	(370)	166	2,507
	39,911	(1,290)	(655)	(370)	(21)	37,575

\$NZ000's	Balance 31 December 2021	Opening balance on acquisition	Recognised in consolidated statement of comprehensive income	Recognised in equity	Foreign currency translation	Balance 31 December 2022
Property, plant and equipment	4,746	-	2,720	-	(387)	7,079
Inventory	39	-	20	-	-	59
Accounts receivable	(274)	-	(11)	-	(3)	(288)
Provisions	6,995	-	(2,197)	-	103	4,901
Intangibles	(2,200)	-	103	-	(167)	(2,264)
Leases	25,762	-	4,402	-	310	30,474
Other	2,507	-	1,180	(182)	161	3,666
	37,575	-	6,217	(182)	17	43,627

In 2021 the Hawaii and California divisions have a net deferred tax liability of \$1.1 million which cannot be offset against the deferred tax assets held in the other divisions, therefore this is classified as a non-current liability in the consolidated statement of financial position.

\$NZ000's	31 Dec 2022	31 Dec 2021
Deferred tax assets	43,627	38,711
Deferred tax liabilities	-	(1,136)
	43,627	37,575

Notes to and forming part of the financial statements (continued)

for the year ended 31 December 2022

17. Provisions

NZ\$000's	Employee provisions	Make good provisions	Total
Balance at 31 December 2021	1,984	3,799	5,783
Created during the period	926	565	1,491
Used during the period	(343)	(75)	(418)
Released during the period	(135)	(15)	(150)
Foreign exchange movement	6	12	18
Balance at 31 December 2022	2,438	4,286	6,724
31 December 2022			
Non-current	572	4,286	4,858
Current	1,866	-	1,866
Total	2,438	4,286	6,724

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 provisions represent 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

NZ\$000's	
Balance at 31 December 2021	943
Created during the period	3,515
Used during the period	(3,108)
Foreign exchange movement	31
Balance at 31 December 2022	1,381
31 December 2022	
Non-current	804
Current	577
Total	1,381

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.

Notes to and forming part of the financial statements (continued)

for the year ended 31 December 2022

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 received internal audit services 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. Acquired services totalling \$14,000 have been included in the consolidated statement of comprehensive income of which no amount remains owing at 31 December 2022. These transactions were at arm's length and performed on normal commercial terms.

Apart from directors' fees and key management remuneration, 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 Integration Officer.

\$NZ000's	31 Dec 2022	31 Dec 2021
Key management – total benefits	6,021	5,556
Directors fees	510	488

Key management - total benefits relates to short-term employee benefits paid during the year. In addition to these amounts, a total amount of \$1.0 million has been accrued pertaining to one-time compensation benefits due to be paid in FY23.

Total Group CEO Remuneration

\$NZ000's	Salary	Short term incentive	Long term incentives	Total remuneration
31 December 2022	1,013	616	-	1,629
31 December 2021	1,147	553	-	1,700

In addition to the amounts disclosed above, in September 2022 the Group CEO was awarded a one-time compensation benefit due to his upcoming retirement in March 2023. The total amount of the one-time award is \$1.3 million and is payable upon his retirement on 31 March 2023, after certain conditions are met. This award has been accrued on a straight-line basis from the period when the award was agreed and the retirement date. As of 31 December 2022, the total accrual for this benefit was \$0.7 million.

Short term incentive scheme

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. Any bonus payment to employees is at the discretion of the Appointments and Remuneration Committee. The maximum that can be received by the CEO is 50% of base salary.

In May 2022 a payment of \$0.4 million (Dec 21: \$0.6 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.

Long term incentive scheme

There is currently no other long term incentive plan in place.

20. Commitments**Capital commitments**

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

\$NZ000's	31 Dec 2022	31 Dec 2021
Store development	7,877	17,966

21. Contingent liabilities

There are no contingent liabilities that the directors consider will have a significant impact on the financial position of the Group (Dec 2021: nil).

Notes to and forming part of the financial statements (continued)

for the year ended 31 December 2022

22. Subsequent events

The significant weather events that occurred in New Zealand during January and February 2023 have not materially impacted the Group. The directors have declared a fully imputed final dividend of 16.0 cents per share for the year ended 31 December 2022. There are no other subsequent events that would have a material effect on these financial statements.

23. Fees paid to auditor

\$NZ000's	31 Dec 2022	31 Dec 2021
Audit of financial statements		
Audit and review of financial statements – PwC	1,241	977
Other services – performed by PwC		
Specified procedures on landlord certificates	7	6
Review of Yum! advertising co-operative report	13	11
Greenhouse gas emissions assurance readiness assessment	10	-
Total other services	30	17
Total fees paid to auditors	1,271	994

Included in the 2022 audit fee costs are out of pocket expenses relating to visits to overseas divisions, which have not been possible in recent years due to COVID-19. Also included in the audit fee is \$24,000 relating to the 2021 audit.

24. Donations

\$NZ000's	31 Dec 2022	31 Dec 2021
Donations	572	549

The Group did not make any political donations.

25. Business combinations**KFC California acquisitions**

During the year the Group acquired a KFC store in California for a total of \$0.9 million. The store contributed sales of \$2.3 million resulting in a net loss after tax of \$0.1 million in the consolidated statement of comprehensive income. The acquisition gives rise to \$1.7 million of intangible assets which resulted in a \$0.8 million gain on acquisition, refer note 2.

KFC New Zealand acquisition

In December 2022 the Group acquired a KFC store in New Zealand for a total of \$0.1 million. The store contributed sales of \$0.1 million in the consolidated statement of comprehensive income. The fair value of the assets acquired were \$0.1 million therefore no goodwill.

Notes to and forming part of the financial statements (continued)

for the year ended 31 December 2022

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 (RBNZ) 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 2022 of the closed group consisting of RBNZ, QSR, Restaurant Brands Australia Holdings Pty Limited and Restaurant Brands Australia Pty Limited.

\$NZ000's	31 Dec 2022	31 Dec 2021
Financial information in relation to:		
(i) Statement of profit and loss and other comprehensive income		
Operating revenue	283,397	244,104
Earnings before interest and taxation	58	6,405
Finance expense	(12,850)	(10,666)
Loss before taxation	(12,792)	(4,261)
Taxation expense	3,622	1,267
Loss after taxation	(9,170)	(2,994)
<i>Items that may be reclassified subsequently to the statement of comprehensive income:</i>		
Exchange differences on translating foreign operations	1,189	(418)
Derivative hedge reserve	622	1,253
Taxation expense relating to components of comprehensive income	(183)	(370)
Other comprehensive income	1,628	465
Total comprehensive income	(7,542)	(2,529)
Summary of movements in retained earnings		
(ii) Retained earnings at the beginning of the period	117,018	119,547
Total comprehensive income	(7,542)	(2,529)
Retained earnings at the end of the year	109,476	117,018

Notes to and forming part of the financial statements (continued)

for the year ended 31 December 2022

	\$NZ000's	31 Dec 2022	31 Dec 2021
(iii) Statement of financial position			
Non-current assets			
Property, plant and equipment		90,800	81,883
Right of use assets		155,355	151,859
Intangible assets		121,297	120,846
Deferred tax asset		13,961	10,799
Investment in subsidiaries		239,353	239,353
Total non-current assets		620,766	604,740
Current assets			
Inventories		1,596	1,432
Trade and other receivables		3,185	2,249
Income tax receivable		5,898	3,209
Cash and cash equivalents		(155)	27,745
Total current assets		10,524	34,635
Total assets		631,290	639,375
Equity attributable to shareholders			
Share capital		154,565	154,565
Reserves		(2,822)	(4,450)
Retained earnings		(42,267)	(33,097)
Total equity attributable to shareholders		109,476	117,018
Non-current liabilities			
Provisions		2,725	2,312
Lease liabilities		167,456	161,762
Loans		92,499	90,671
Total non-current liabilities		262,680	254,775
Current liabilities			
Trade and other payables		24,148	22,962
Provisions		1,433	950
Derivative financial instruments		-	622
Lease liabilities		11,369	9,105
Amounts payable to subsidiaries		222,184	233,943
Total current liabilities		259,134	267,582
Total liabilities		521,814	522,357
Total equity and liabilities		631,290	639,375

Last year's comparatives have been changed to correct a late tax adjustment that was not reflected in this note correctly.



Independent auditor's report

To the shareholders of Restaurant Brands New Zealand Limited

Our opinion

In our opinion, the accompanying 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 2022, 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 (IFRS).

What we have audited

The Group's financial statements comprise:

- the consolidated statement of financial position as at 31 December 2022;
- 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 financial statements, which include significant accounting policies 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, review of the Yum! Advertising co-operative report and Greenhouse gas emissions assurance readiness assessment. 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. These relationships and provision of other services has 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 financial statements of the current year. These matters were addressed in the context of our audit of the 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
<p>Goodwill impairment assessment - KFC and Taco Bell California</p> <p>As at balance date, goodwill recognised in relation to KFC and Taco Bell California amounted to \$29.9 million (2021: \$27.8 million). The net loss after tax of the California segment (refer to note 1 of the financial statements) was \$6.7 million as a result of reduced consumer spending, and significant cost pressures that impacted the business. The California segment is also relatively new to the Group, being acquired in September 2020.</p> <p>Our audit focussed on the KFC and Taco Bell California cash generating unit (CGU) due to the impacts of inflationary cost and the inherent judgement involved in estimating future business performance, which includes certain key assumptions such as sales growth, EBITDA margin, EBITDA margin terminal year, terminal growth rate and the discount rate.</p> <p>Management performed an annual impairment assessment using a discounted cash flow value in use (VIU) model, which is based on the four year budgets 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 VIU model was higher than the carrying value and as a result, no impairment charge was recognised. However, management identified certain scenarios where a reasonably possible change in the key assumptions would result in the carrying amount exceeding its recoverable amount. Management therefore also prepared a fair value less cost of disposal (FVL COD) model which resulted in adequate headroom despite any reasonably possible changes in the key assumptions.</p> <p>Refer to note 15 of the financial statements.</p>	<p>In addressing the risk of goodwill impairment for the KFC and Taco Bell California CGU, our audit procedures included:</p> <ul style="list-style-type: none"> • updating our understanding of the business process applied by management in preparing the impairment assessment; • reviewing the prior year (which was the first full year of operation for this CGU) actual restaurant sales and profitability against the original budgeted performance to determine the reliability of the budgeting process and consider the impact on forecast performance; • agreeing forecast future performance included in the VIU and FVL COD impairment assessments to four year budgets approved by the Board of Directors; • challenging key assumptions used in the VIU and FVL COD models in relation to sales growth, EBITDA margins, EBITDA margin terminal year, terminal growth rate and discount rate, and assessing whether these are reasonable by understanding strategic and operational initiatives underway, along with reviewing recent monthly performance trends to assess management's plans to mitigate cost increases and maintain or grow EBITDA margins; • 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 and discount rates; • reviewing industry trends and external market forecasts for the industry to determine the reasonableness of the forecasts; • testing the mathematical accuracy of the carrying amount of the CGU assets and the models; • performing a sensitivity analysis over key assumptions to determine whether reasonably possible changes would result in impairment of goodwill; and • reviewing the financial statements to ensure appropriate identification and disclosure of key assumptions.

Description of the key audit matter	How our audit addressed the key audit matter
<p>Impairment assessment of restaurant property, plant and equipment and right of use assets - Australia, California and New Zealand regions</p> <p>As disclosed in note 13, the Group has recognised impairment of \$3.3 million in relation to certain restaurants in the Australia, New Zealand and California regions. The Group also recognised impairment reversals for specific restaurants in Carl's Jr New Zealand and KFC California of \$3.1 million.</p> <p>Accounting standards require an entity to assess at the end of each reporting period whether there is any indication that an asset may be impaired. For the purposes of restaurant property, plant and equipment and right of use asset impairment testing, each individual restaurant is considered to be a separate CGU.</p> <p>The Group has identified impairment indicators for certain restaurants which have experienced continued losses due to inflationary pressures and the ongoing impact of COVID-19. For these restaurants, management has performed VIU calculations to assess whether the associated carrying amounts of property, plant and equipment and right of use assets are recoverable.</p> <p>The key assumptions used in management's discounted cash flow model for restaurants identified to have impairment indicators are sales growth, EBITDA margin, EBITDA margin terminal year, terminal growth rate and discount rate.</p> <p>This area is a key focus of our audit due to the inherent judgement in assumptions used in impairment testing including the uncertainty as to the ongoing impact of COVID-19 on forecast sales, costs and EBITDA margins for each restaurant as well as the impact of inflationary pressures on the future financial performance of each CGU.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • where impairment indicators existed, considered whether the group of assets identified by management as a CGU is appropriate and the relevant carrying value for each CGU has been correctly calculated; • gaining an understanding of the business process applied by management in preparing the impairment assessment; • reviewing restaurant performance data to analyse how restaurants have performed for the year and in recent months, to identify whether an impairment indicator existed at period end, such as an EBITDA loss; • reviewing the last two years' actual restaurant EBITDA against the current year result to assess whether each CGU has performed significantly worse than expected; • challenging key assumptions used in the VIU model in relation to sales growth, EBITDA margin, EBITDA margin terminal year, terminal growth rate and discount rate by performing sensitivity analyses and assessing whether management's assumptions are reasonable when taking into account ongoing uncertainty from COVID-19 and inflationary pressures. This includes considering the potential for future restaurant closures and the impact of this on future sales and recovery of costs; • evaluating the feasibility of management's plans to improve restaurant profitability; • reviewing the last two years' actual EBITDA of the restaurants for which impairment was reversed by management to validate that the conditions that originally gave rise to the previous impairment no longer existed; • checking the mathematical accuracy of the impairment reversal recorded by management to release previously recognised impairments and adjust the carrying value of property, plant and equipment of specific restaurants in Carl's Jr New Zealand and KFC California; • considering whether the disclosures in the financial statements complied with the requirements of the accounting standards.

Our audit approach

Overview



Overall group materiality: \$3.6 million, which represents approximately 2% of EBITDA.

We chose this benchmark because, in our view, it provides a more stable measure and better reflects the performance of the Group.

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;
- Performed specified audit procedures and analytical procedures over the remaining entities and on consolidation entries.

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

- Goodwill impairment assessment - KFC and Taco Bell California
- Impairment assessment of restaurant property, plant and equipment and right of use assets - Australia, California and New Zealand regions.

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

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the 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 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 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 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, Consolidated Income Statement, Non-GAAP Financial Measures and the Directors' statement. The remaining other information is expected to be made available to us after that date.

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 financial statements

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

In preparing the 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 financial statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

A further description of our responsibilities for the audit of the 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 Philippa (Pip) Cameron.

For and on behalf of:

A handwritten signature in black ink, appearing to read "Philippa Cameron", written in a cursive style.

Chartered Accountants
28 February 2023

Auckland



Restaurant Brands New Zealand Limited

**Annual Results to 31 December 2022
(FY22)**

**Russel Creedy - Group CEO
Grant Ellis - Group CFO**

28 February 2023

Presentation Outline

- The New Team
- Key Points
- Results Overview
- New Zealand Operations
- Australian Operations
- Hawaiian Operations
- Californian Operations
- Questions

The New Team



Arif Khan – Acting Group Chief Executive Officer

- Previously CEO for Restaurant Brands NZ division since 2018.
- 25 years international QSR and hospitality experience.
- New role effective 1 April 2023.

Julio Valdés – Group Chief Financial Officer

- Currently serves as CFO for Grupo Finaccess – the 75% shareholder of Restaurant Brands.
- Prior to joining Grupo Finaccess, Julio worked for 29 years at PwC as Market Team Leader of the largest auditing team in Mexico.
- New role effective 1 June 2023.

Key Points

	FY 20	FY 21	FY 22	FY 22 vs. FY 21
• Group Sales	\$892.4m	\$1,068.2m	\$1,239.0m	+16.0%
• Reported NPAT	\$30.6m	\$51.9m	\$32.1m	-38.2%
• Brand EBITDA *	\$146.0m	\$172.7m	\$180.0m	+4.2%

- Group sales grow on strong post COVID trading and additional new stores.
- FY21 result includes \$11.4m of PPP loan forgiven in Hawaii.
- NPAT impacted by inflation pressures and higher financing costs.
- Dividend of 16.0 cents per share declared, payable on 20 April 2023.

* - Brand EBITDA includes Government Grants - FY21 \$7.2m (FY20 \$22.0m)

Results Overview

NPAT decreases on inflation pressures and higher financing costs

\$NZm	FY 21	FY 22	Change B/(W)	
Brand EBITDA *	165	180	15	9%
G&A Expenses	44	55	(11)	(25%)
	121	125	4	3%
Government Grants	(7)	-	(7)	(100%)
PPP Loan Forgiven	(11)	-	(11)	(100%)
Other Expenses	4	3	1	25%
Depreciation & Amortisation	49	55	(6)	(12%)
Operating Profit Pre IFRS 16	86	67	(19)	(22%)
IFRS 16 Adjustment	16	19	3	19%
Operating Profit	102	86	(16)	(16%)
Financing Expenses	36	44	(8)	(22%)
Net Profit Before Tax	66	42	(24)	(36%)
Taxation	14	10	4	29%
Net Profit After Tax	52	32	(20)	(38%)

* - Pre G&A, NZ IFRS 16 and Other (Income)/Expenses

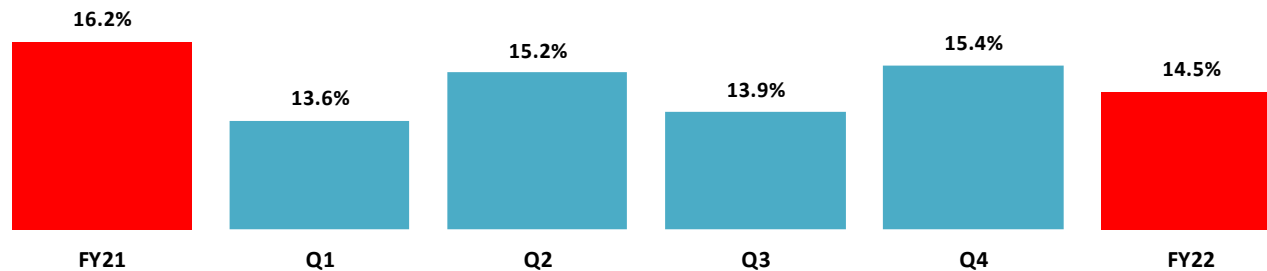
Inflation – A significant and continuing impact on the business

- All divisions experienced ingredient inflation, with California stores suffering the most. Shortages of supplies now having minimal impact.
- Wage costs increasing with minimum wage increases, general inflationary pressures and low unemployment.
- Building costs under pressure; however starting to settle down as construction sector experiences demand downturn.
- Mitigation strategies include:
 - Menu re-engineering
 - Price increases
 - Cost reductions / store efficiencies
 - Promotional activity



Quarterly Trends

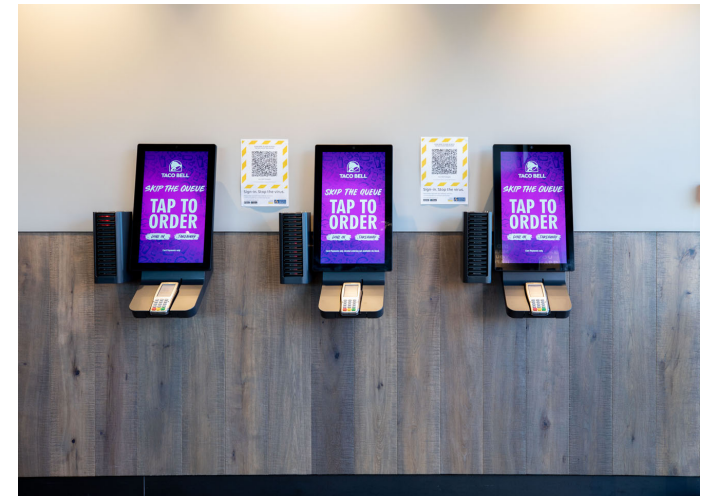
FY22 Brand EBITDA



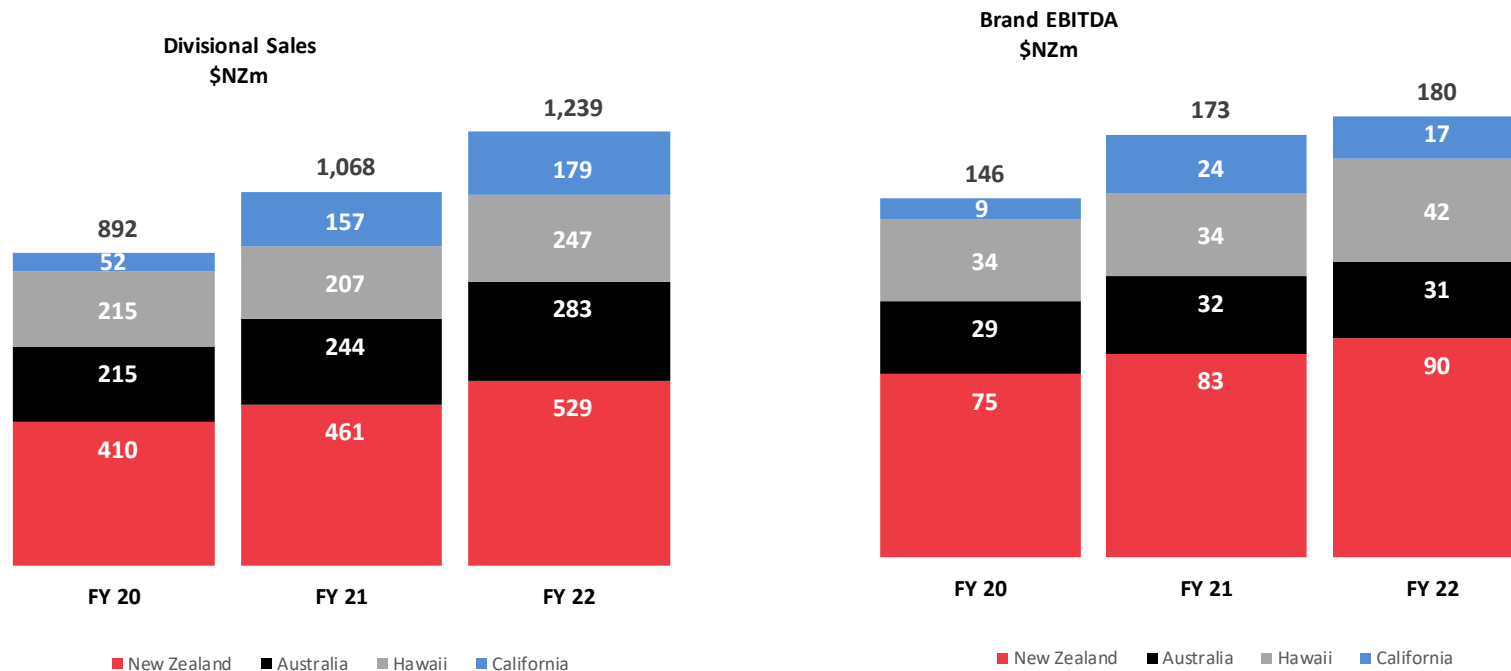
- Q1 impacted by COVID-19 outbreak.
- Q2 recovered as COVID-19 restrictions and case numbers decreased.
- Q3 high inflation impacts margins.
- Q4 price increases and other initiatives begin to impact.

Taco Bell – New Zealand & Australia

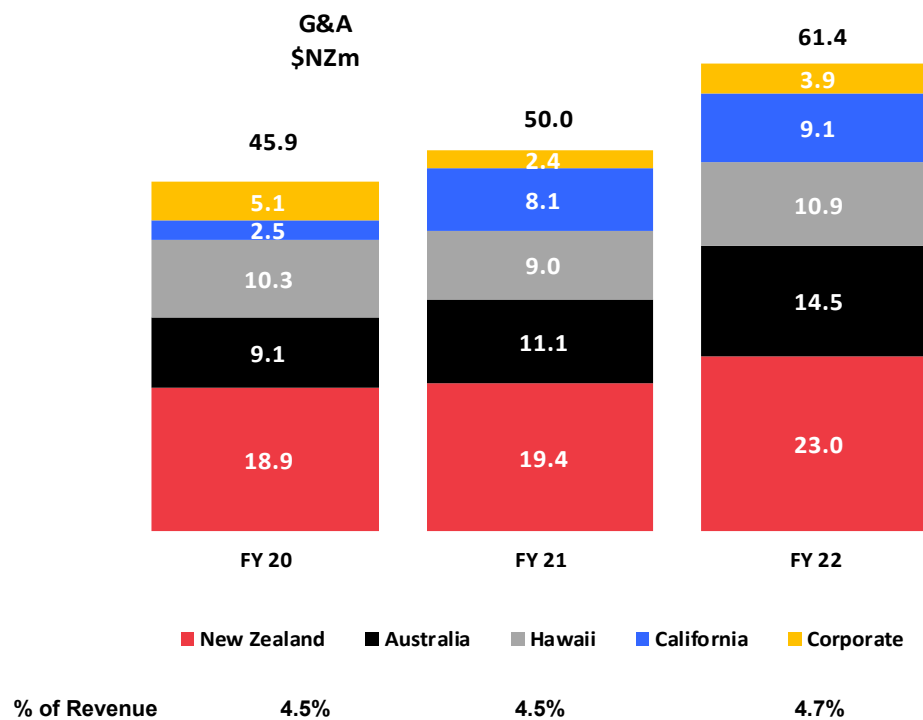
- At year end 13 stores trading in NSW and 11 stores in New Zealand.
- Particularly hard-hit by COVID-19 flow on effects, especially labour.
- Ability to pass on cost increases more limited than with established brands.
- Roll out of further stores paused (once under construction stores completed) until margins and trading conditions stabilise.
- Dee Why store closed.



Sales lift on rolling over prior year COVID-19 store closures and new stores. Margins under inflationary pressures



G&A costs stable at 4.7% of revenues, but up in \$ terms with inflationary pressures



Other Income and Expenses mainly ERP implementation costs for completed SAP system

\$NZm Pre-tax (Income)/Expenses

	FY 21	FY 22
Loan Forgiveness	(11.4)	-
Gain on sale Pizza Hut stores	(0.9)	-
Insurance recovery	-	(1.6)
Gain on acquisition	-	(0.8)
Acquisition costs	0.7	0.1
Store impairment & closure	-	1.2
Sundry other income & expenses	0.2	-
ERP Implementation	4.2	4.0
Net Other (Income) & Expenses	(7.2)	2.9

**Operating cash flows down on prior year with softer margins.
Investing cash flows higher on catch up of prior year's COVID-19 related delays.**

<i>\$NZm</i>	FY 20		FY 21		FY 22	
Operating Cashflow (NZ IFRS 16 adjusted)	90	*	102	*	95	*
Investing Cashflow (adjusted)	(58)	**	(82)	***	(92)	
Free Cashflow	32		20		3	

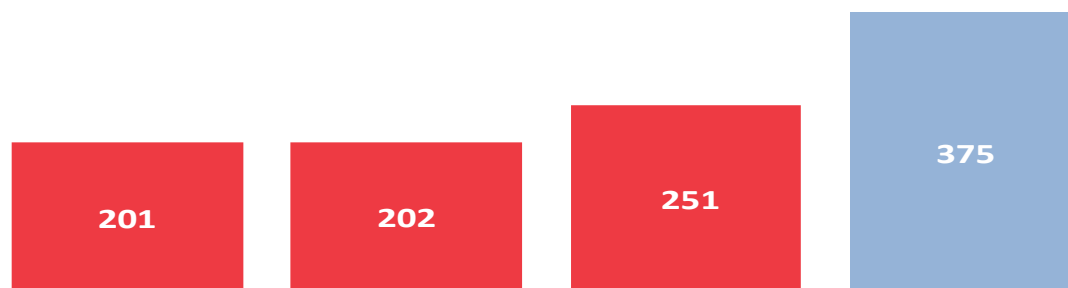
* Adjusted for lease principal payments of \$27.0m (FY21 \$24.5m, FY20 \$21.2m) classified as financing activities under NZ IFRS 16

** Adjusted for \$119.2m (\$US80.7m) 69 store California acquisition in FY20

*** Adjusted for \$27.5m (\$A23.3m) 5 store Australia acquisition in FY21

Net borrowings increase on increased investment in stores and \$40m dividend paid. Bank facilities renewed for 4 to 5 year tenors

Net Bank Debt \$NZm



FY 20	FY 21	FY 22	Facility (4-5 years)
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Ratios

Net Debt: EBITDA*	1.9:1	1.6:1	2.0:1
Gearing (ND:ND+E)	47%	41%	46%

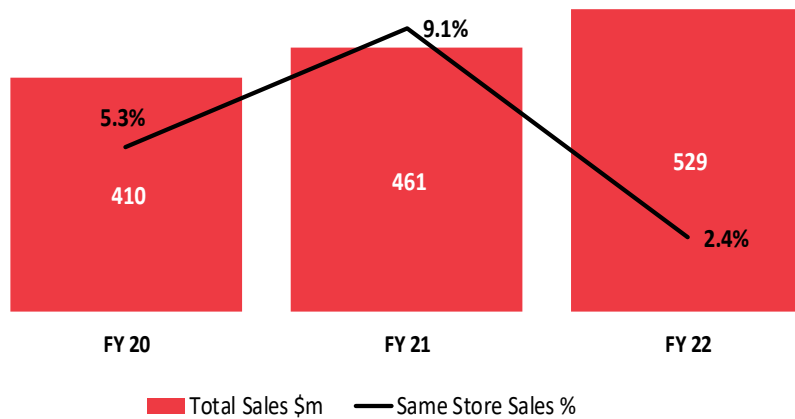
* EBITDA excluding right of use asset lease costs (pre-NZ IFRS 16)

New Zealand Operations

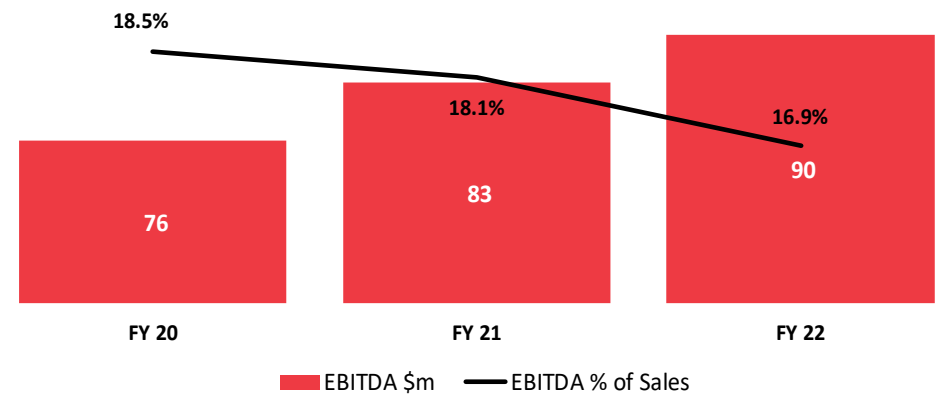


NZ sales grow on rolling over prior year COVID-19 closures and new stores. Margins impacted by inflation and higher mix of Taco Bell stores

NZ Sales



NZ Store EBITDA



Australian Operations

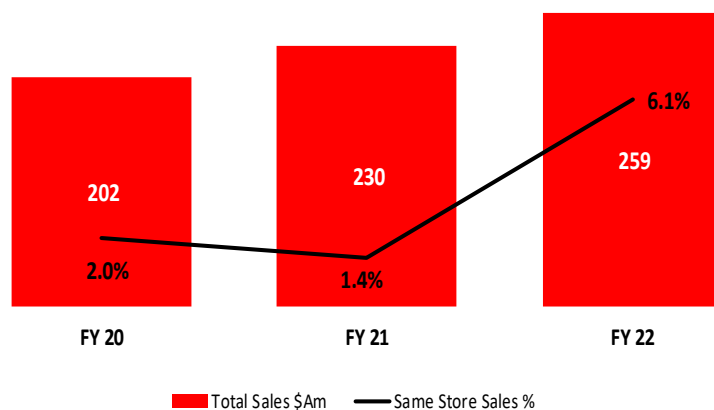


KFC
FINGER LICKIN' GOOD

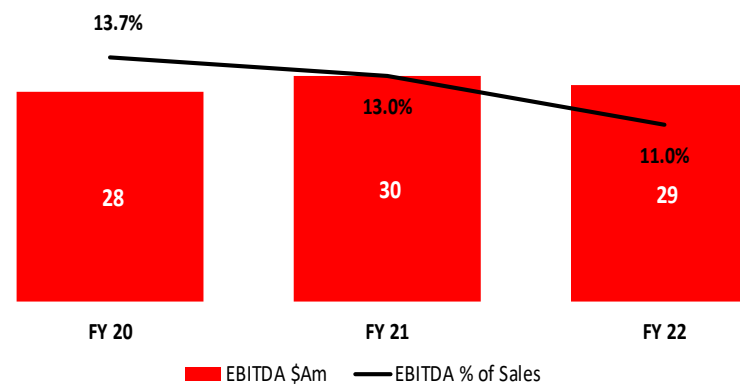

TACO BELL

Australian sales increase as mall and CBD stores recover strongly from COVID-19 downturn. Margins under pressure from inflation

Australia Sales



Australia Store EBITDA

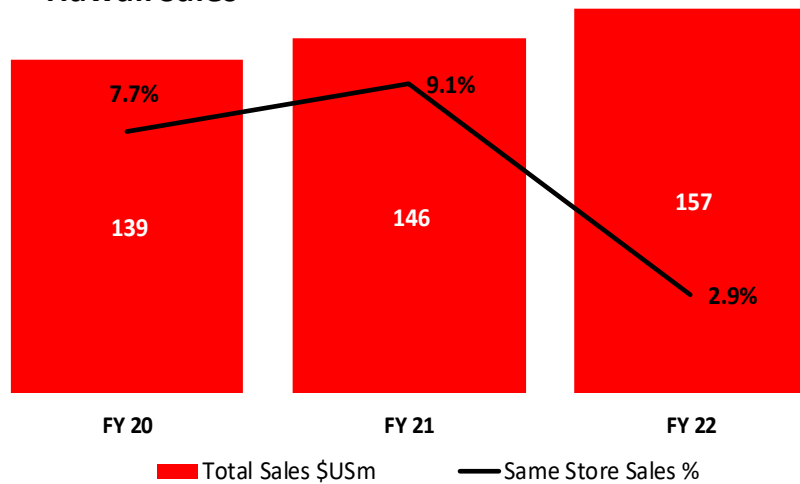


Hawaiian Operations

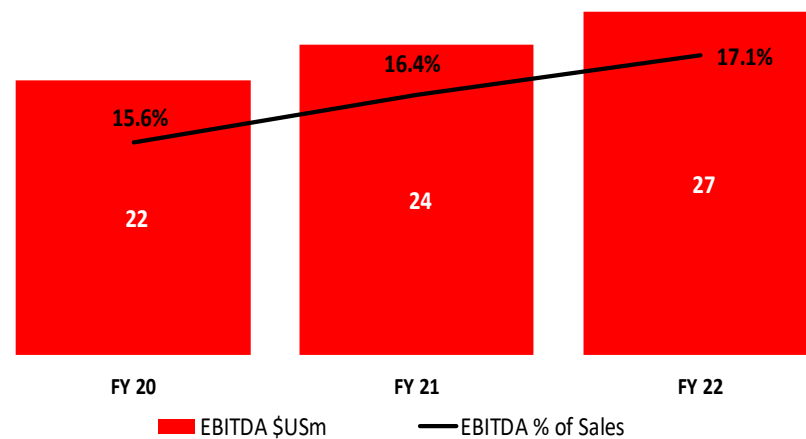


Hawaii sales and margins continue to be strong with recovery of economy as tourism returns

Hawaii Sales



Hawaii Store EBITDA

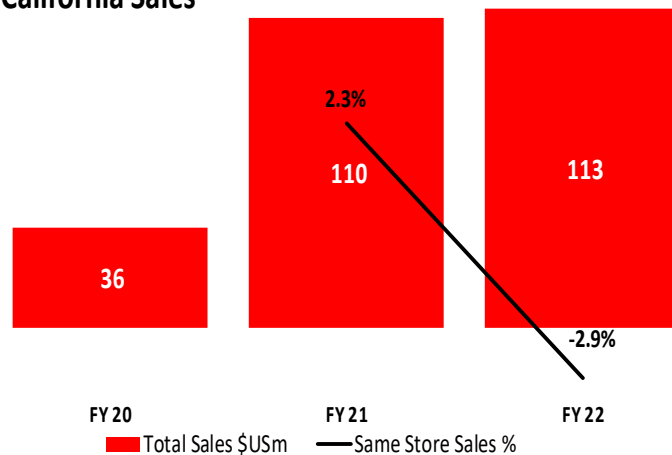


Californian Operations

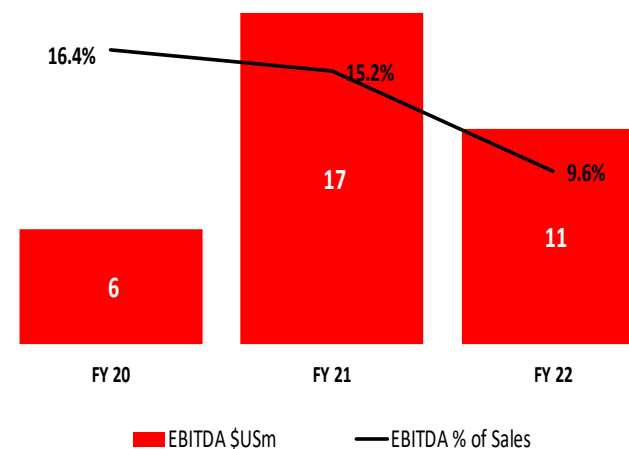


California adversely impacted by high inflation and rolling over prior year sales assisted by government stimulus payments

California Sales



California Store EBITDA



Note:

- FY 20 = 4 months to 31 December 2020

Questions

DISCLAIMER

The information in this presentation:

- Is provided by Restaurant Brands New Zealand Limited ("**RBD**") for general information purposes and does not constitute investment advice or an offer of or invitation to purchase RBD securities.
- Includes forward-looking statements. These statements are not guarantees or predictions of future performance. They involve known and unknown risks, uncertainties and other factors, many of which are beyond RBD's control, and which may cause actual results to differ materially from those contained in this presentation.
- Includes statements relating to past performance which should not be regarded as reliable indicators of future performance.
- Is current at the date of this presentation, unless otherwise stated. Except as required by law or the NZX Main Board and ASX listing rules, RBD is not under any obligation to update this presentation, whether as a result of new information, future events or otherwise.
- Should be read in conjunction with RBD's audited consolidated financial statements for the 12 months ending 31 December 2022 and NZX and ASX market releases.
- Includes non-GAAP financial measures including "EBITDA". These measures do not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities. However, they should not be used in substitution for, or isolation of, RBD's audited consolidated financial statements. We monitor EBITDA as a key performance indicator, and we believe it assists investors in assessing the performance of the core operations of our business.
- Has been prepared with due care and attention. However, RBD and its directors and employees accept no liability for any errors or omissions.

Please note: all cash amounts in this form should be provided to 8 decimal places

Section 1: Issuer information				
Name of issuer	Restaurant Brands New Zealand Limited			
Financial product name/description	Final dividend			
NZX ticker code	RBD			
ISIN (If unknown, check on NZX website)	NZRBDE0001S1			
Type of distribution (Please mark with an X in the relevant box/es)	Full Year	X	Quarterly	
	Half Year		Special	
	DRP applies			
Record date	06/04/2023			
Ex-Date (one business day before the Record Date)	05/04/2023			
Payment date (and allotment date for DRP)	20/04/2023			
Total monies associated with the distribution ¹	\$19,961,364			
Source of distribution (for example, retained earnings)	Retained earnings			
Currency	NZ Dollars			
Section 2: Distribution amounts per financial product				
Gross distribution ²	\$0.2222222			
Gross taxable amount ³	\$0.2222222			
Total cash distribution ⁴	\$0.16000000			
Excluded amount (applicable to listed PIEs)	\$0.00000000			
Supplementary distribution amount	\$0.02823529			
Section 3: Imputation credits and Resident Withholding Tax ⁵				
Is the distribution imputed	Fully imputed	X		
	Partial imputation			
	No imputation			

¹ Continuous issuers should indicate that this is based on the number of units on issue at the date of the form

² "Gross distribution" is the total cash distribution plus the amount of imputation credits, per financial product, before the deduction of Resident Withholding Tax (RWT).

³ "Gross taxable amount" is the gross distribution minus any excluded income.

⁴ "Total cash distribution" is the cash distribution excluding imputation credits, per financial product, before the deduction of RWT. This should include any excluded amounts, where applicable to listed PIEs.

⁵ The imputation credits plus the RWT amount is 33% of the gross taxable amount for the purposes of this form. If the distribution is fully imputed the imputation credits will be 28% of the gross taxable amount with remaining 5% being RWT. This does not constitute advice as to whether or not RWT needs to be withheld.

If fully or partially imputed, please state imputation rate as % applied ⁶	28%	
Imputation tax credits per financial product	\$0.06222222	
Resident Withholding Tax per financial product	\$0.01111111	
Section 4: Distribution re-investment plan (if applicable)		
DRP % discount (if any)	%	
Start date and end date for determining market price for DRP	[dd/mm/yyyy]	[dd/mm/yyyy]
Date strike price to be announced (if not available at this time)	[dd/mm/yyyy]	
Specify source of financial products to be issued under DRP programme (new issue or to be bought on market)		
DRP strike price per financial product	\$	
Last date to submit a participation notice for this distribution in accordance with DRP participation terms	[dd/mm/yyyy]	
Section 5: Authority for this announcement		
Name of person authorised to make this announcement	Grant Ellis	
Contact person for this announcement	Grant Ellis	
Contact phone number	+64 9 525 8710	
Contact email address	Grant.ellis@rbd.co.nz	
Date of release through MAP	28/02/2023	

⁶ Calculated as (imputation credits/gross taxable amount) x 100. Fully imputed dividends will be 28% as a % rate applied.

Results announcement

(for Equity Security issuer/Equity and Debt Security issuer)

Results for announcement to the market		
Name of issuer	Restaurant Brands New Zealand Limited	
Reporting Period	Year ended 31 December 2022	
Previous Reporting Period	Year ended 31 December 2021	
Currency	NZD	
	Amount (000s)	Percentage change
Revenue from continuing operations	\$1,298,218	16.5%
Total Revenue	\$1,298,218	16.5%
Net profit/(loss) from continuing operations	\$32,083	-38.2%
Total net profit/(loss)	\$32,083	-38.2%
Interim/Final Dividend		
Amount per Quoted Equity Security	\$ 0.16	
Imputed amount per Quoted Equity Security	\$0.0622	
Record Date	06/04/2023	
Dividend Payment Date	20/04/2023	
	Current period	Prior comparable period
Net tangible assets per Quoted Equity Security	\$0.12	\$0.08
A brief explanation of any of the figures above necessary to enable the figures to be understood	Refer announcement for Restaurant Brands released to the market on 28 February 2023	
Authority for this announcement		
Name of person authorised to make this announcement	Grant Ellis	
Contact person for this announcement	Grant Ellis	
Contact phone number	+64 9 525 8710	
Contact email address	Grant.ellis@rbd.co.nz	
Date of release through MAP	28/02/2023	

Audited financial statements accompany this announcement.