Monday 26 February
NZX/ASX

Restaurant Brands New Zealand Limited releases FY23 full year result

- Total Group Store sales hit a record high of $1,322 million, an increase of $83 million (6.7%) on FY22, with all four operating divisions showing growth in terms of $NZ.

- Net Profit After Tax (NPAT) was $16.3 million (in the upper range of market guidance), NPAT was down $15.8 million on the prior year due to inflationary pressures on ingredient and wages, and underperformance in California and New Zealand, which were not fully mitigated by revenue growth.

- Cost pressures continue. The implementation of a strategic programme of price increases and cost control measures delivered margin gains in the second half of FY23, and the Group is starting to see steady signs of recovery in margins.

- Group Store EBITDA* for the period was $178.4 million, down 0.9% on the previous year.

- At present, Directors have not deemed it appropriate to declare a dividend payment.

Restaurant Brands New Zealand Limited and its subsidiaries (together the Group) delivered record total store sales of $1,322 million in FY23, an increase of $83 million (6.7%) on FY22. All four regions produced positive sales growth over the year (in terms of $NZ).

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

Inflation pressures eased in most of the regions in the second half of FY23. Inflation remains elevated and above Central Bank targets, impacting the Group's margins.

NPAT was $16.3 million (13.04 cents per share). The decreased profit versus FY22 is primarily a result of continuing inflationary pressures, higher financing costs impacting the New Zealand region in the first half of 2023 (1H 2023), and decreased performance in the California business.

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

Restaurant Brands New Zealand Limited Chairman, José Parés, says that while inflationary pressures continue to impact profit, sales have remained strong, with growth delivered across all four operating regions in NZ dollars.

"All divisions experienced ingredient inflation and minimum wage increases, with New Zealand stores impacted the most. This placed significant pressure on margins, particularly in the first half of FY23."

"The implementation of a strategic programme of price increases and cost control measures to relieve margin pressures proved to be successful with margin gains in the second half of FY23."

"Our pricing strategy carefully balances the need to mitigate inflation while protecting sales volume and brand health. The delivery of record revenue growth in FY23 demonstrates this strategy is working."

Parés says that despite FY23 being a challenging year, the Group remains well positioned to deliver on its strategy to provide continued long-term shareholder value.

"The Board and Management team are confident that the right foundations are in place to support an increase in sales and profit."

The Group Chief Executive Officer, Arif Khan, says the Group delivered significant progress in FY23 against business improvement and innovation workstreams.

"We are fine-tuning operations to ensure our systems and processes are fit for purpose to meet the challenges of the volatile economic environment and our growing store network."

"This includes the enhancement of end-to-end processes to streamline contracting, procurement, pricing, hiring and inventory management."

"Alongside diligent margin and cost controls, we are focused on being disruptive in the way we bring value to our customers."

"We are progressing innovation across our menu, store formats, operations and customer experience and continue to invest significantly in our digital platforms and marketing programmes to maximise customer access."

"Our focus is on creating value, that goes beyond price, and positioning the Group for sustainable future growth".

The Board have resolved not to declare a dividend payment for FY23.

The Group is not providing guidance for FY24 at present given ongoing economic volatility.

Supplementary table – summary data from the Directors' Report

$NZm	**Dec-23**	**Dec-22**	**Change ($)**	**Change (%)**
Total Group Store sales	**1,322.2**	**1,239.0**	**+83.2**	**+6.7**
Group Net Profit After Tax (NPAT)**	**16.3**	**32.1**	**-15.8**	**-49.3**
Group Store EBITDA*	**178.4**	**180.0**	**-1.6**	**-0.9**

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

** NPAT change may not aggregate to the total due to rounding

DIRECTORS' REPORT
For the year ended 31 December 2023 (FY23)

$NZm	**Dec-23**	**Dec-22**	**Change ($)**	**Change (%)**
Total Group Store sales[1]	**1,322.2**	**1,239.0**	**+83.2**	**+6.7**
Group Net Profit After Tax (NPAT)[2]	**16.3**	**32.1**	**-15.8**	**-49.3**
Group Store EBITDA[3 4]	**178.4**	**180.0**	**-1.6**	**-0.9**

Key Points

- Total Group store sales hit a record high of $1,322.2 million, an increase of $83.2 million (6.7%) on FY22, with all four operating divisions showing growth in terms of $NZ.
- The reported NPAT of $16.3 million for the year was down $15.8 million on the prior year. This was primarily driven by inflationary impact experienced in the first half of the year.
- The implementation of a strategic programme of price increases and cost control measures delivered margin gains in the second half of FY23. The Group is starting to see steady signs of recovery, notwithstanding the continuing cost pressures.
- Total store EBITDA for the period was $178.4 million. This was down 0.9% on the previous year.
- Total store numbers as at 31 December 2023 totalled 376, unchanged from 31 December 2022. Pizza Hut stores in New Zealand reached 124 (118 are operated by independent franchisees).
- At present Directors have not deemed it appropriate to declare a dividend payment.

Operating Results

NPAT for the year ended 31 December 2023 was $16.3 million. Reduced NPAT versus prior year is a result of continuing inflation pressures, higher financing costs, and under-performance of the California region and the New Zealand region in the first half of 2023 (1H 2023).

Inflation pressures have eased in all regions, but they remain elevated and above Central Banks' targets. The conditions in the labour market improved but remain tight across the Group. The implementation of a strategic programme of price increases and cost control measures have proved successful in the second half of FY23.

NPAT includes an impairment of $9.0 million ($6.4 million after-tax).

Total Group store sales were $1,322.2 million, up $83.2 million on the previous year. All four regions produced positive sales growth over the year in terms of NZ dollars. Same store sales were also positive in all regions except for California where it was affected by reduced consumer spending due to inflation.

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

[1] Store sales change may not aggregate to the total due to rounding.
[2] NPAT change may not aggregate to the total due to rounding.
[3] EBITDA is earnings before interest, tax, depreciation and amortisation. The Store EBITDA amounts referred to throughout this report are before General and Administration (G&A) expenses, NZ IFRS 16 and Other Items. Store EBITDA is a non-GAAP financial measure and is not in accordance with NZ IFRS.
[4] Group Store EBITDA may not aggregate to the total due to rounding.

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

New Zealand Operations

The New Zealand business contributed total store sales of $571.8 million, up $42.6 million or 8.1% on FY22. Sales grew across all brands. This was driven by strong sales in the KFC brand, along with growing momentum in the Carl's Jr. and Taco Bell brands. Same store sales were up 6.2% for FY23.

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

The New Zealand KFC and Pizza Hut businesses both delivered some of the strongest sales in their respective brands' histories. Strategic price increases and the continued innovation of new products achieved weekly sales records for both brands.

Carl's Jr. continues to perform well with sales up on last year and included the opening of two new smaller format delivery concept stores. Although Taco Bell remains a small portion of the New Zealand business, the brand sales increased by 13.3% year on year. The management has been realigned to combine the New Zealand and Australian businesses under one leadership.

Store EBITDA for the New Zealand operations was $80.5 million, down $8.8 million. This was due to persistent inflation throughout the year, particularly in 1H 2023. The inflationary pressures were primarily attributable to ingredient, labour input, and occupancy costs. Despite these challenges, the brands endeavoured to maintain value propositions to customers to ensure they remained competitive in the QSR market.

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

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

Australian Operations

In $NZ terms the Australian business contributed total store sales of $NZ310.1 million (up 9.4%) and a store EBITDA of $NZ37.8 million (up 21.1%).

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

Total store sales in Australia were $A286.6 million, up $A27.7 million (or 10.7%) on last year. Total same store sales growth was 6.5% across both brands however the growth in sales was predominantly driven by the KFC brand. The KFC sales growth is attributable to a balanced approach in delivering consumer value whilst mitigating the impacts of inflationary pressures. Taco Bell sales growth is attributable to the continued investment in new stores, with two new stores opened in the year.

Continued focus on operational efficiencies has resulted in a store EBITDA of $A34.9m (12.2% of sales) which was up $A6.3m or 22.0% on last year. The improved store EBITDA result was driven by the strong performance of the KFC brand and the continued recovery of the Sydney CBD and mall stores. Additionally, an ongoing commitment to reinvesting in store upgrades and delivering on eCommerce sales channels has helped to maintain modernity in the QSR market.

Overall store numbers increased by one during the year. Two Taco Bell stores were opened during 1H 2023 and Taco Bell Tamworth was closed and will be converted to a KFC store.

Hawaiian Operations

In $NZ terms, the Hawaiian operations contributed $NZ259.7 million in store sales (up 4.9%) and $NZ45.0 million (up 6.4%) in Store EBITDA for the year. This was higher than FY22 with store sales up $NZ12.2 million and Store EBITDA up $NZ2.7 million partly supported by a favourable NZD/USD exchange rate.

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

Total store sales in Hawaii were $US159.5 million, up by 2.0% versus last year. Overall sales growth was due to strong Taco Bell sales partially offset by the decline in Pizza Hut sales growth. Taco Bell's promotions were performing better than expected. Hawaii same store sales were up 3.5% versus last year.

Store EBITDA was $US27.6 million, a $US0.8 million increase over FY22, and 17.3% as a percentage of sales. The improvement was primarily attributable to the lift in sales for the higher margin Taco Bell stores. Staffing continues to be an issue at a few locations but has steadily been improving throughout FY23, with extended store hours in key stores, primarily in the late-night hours, this should contribute to the future increase of Taco Bell's late-night footprint to a larger customer base.

Overall store numbers decreased by five during the year. with the closure of two Pearl Harbor Pizza Hut and Taco Bell stores in May 2023 and two Pizza Hut and Taco Bell stores are temporarily closed in Lahaina following the major wildfire in August 2023, and a further Taco Bell at Johnson Circle was closed in November 2023.

Californian Operations

In $NZ terms California operations contributed $NZ180.7 million (up $NZ1.7 million or 0.9%) in store sales. However, store EBITDA was down $NZ2.1 million to $NZ15.1 million.

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

Total store sales in California were $US110.9 million, down 2.0% on a total basis versus the prior year. Whilst three new KFC stores were opened during the year, two were opened in late December so increased revenues from store growth will flow into FY24. Same store sales were down 4.3%. Although inflation eased, the rollback of pandemic government assistance has seen consumers shifting to value-orientated menu and promotional items.

Store EBITDA was $US9.3 million (8.4% as a percentage of sales). Whilst the rate of cost of sales inflation slowed this year in comparison to the prior year, the rising cost of labour and other costs as well as the shift in consumer preference and competitive pressure hampered the ability to fully recover margin through price increases in FY23.

Californian store numbers remained unchanged during the year overall compared to prior year. KFC Paramount was opened in June 2023 and two KFC stores opened in the Southern California cities of South Gate and Ontario in December 2023 offset by three store closures.

Corporate & Other

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

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

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

Other expenses

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

Cash Flow & Balance Sheet

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

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

Net investing cash outflows were $84.7 million (vs $91.6 million in FY22). A decrease of $6.8 million is mostly attributable to a decrease in capital expenditure and reflects the lower investment in new store builds compared with FY22.

Dividend

The Board have assessed at balance date the current and projected financial position of the Group and in particular its cash flows, capital expenditure demands and debt levels. Given the demands of the store development programme on the Group's capital resources and an increased level of debt, directors believe it is in the best interests of the Group to retain cash in order to support growth and maintain funding flexibility.

Annual Shareholders' Meeting

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

José Parés
Chairman of the Board

Arif Khan
Group CEO

Group pro forma profit statement
For the year ended 31 December 2023

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

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

Non-GAAP Financial Measures
For the year ended 31 December 2023

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

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

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

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

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

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

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

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

Restaurant
BRANDS

ANNUAL RESULTS TO 31 DECEMBER 2023 (FY23)

Arif Khan | Group CEO
Julio Valdés | Group CFO

26 February 2024

Presentation Outline

FY23 Overview

Key Points

	FY21	FY22	**FY23**	FY23 vs. FY22
• Group Store Sales	$1,068.2m	$1,239.0m	$1,322.2m	+6.7%
• Reported NPAT	$51.9m	$32.1m	$16.3m	-49.3%
• Store EBITDA *	$172.7m	$180.0m	$178.4m	-0.9%

- Store sales hit record high of $1,322m, up $83m (6.7%) on FY22.
- Store EBITDA down 0.9% from inflationary pressures, particularly in the first half of FY23.
- Reported NPAT of $16.3m, down $15.8m on FY22 due to external economic pressures.

- *- Store EBITDA includes Government Grants - FY21 $7.2m*

FY23 in review

- Despite challenging operating environment, sales reached a record high.
- All divisions experienced ingredient inflation and minimum wage increases, with New Zealand stores impacted the most, which impacted margins.
- A year of two halves with a recovery in margins during the second half as ingredient/wage inflation pressures eased assisted by mitigation strategies.
- Caution exercised on price increases to ensure long term consumer base is supported.
- Continued progress delivered against business improvement and innovation workstreams to ensure our systems and customer offering place the Group in a strong position for sustainable future growth.

FY23 Financial Performance

NPAT decreases on inflationary pressures and higher financing costs

$NZm	FY22	FY23	Change B/(W)	
Store EBITDA *	180	**178**	(2)	(1%)
Net G&A Expenses	55	**58**	(3)	(5%)
	125	**120**	(5)	(4%)
Other Expenses	3	**6**	(3)	(100%)
Depreciation & Amortisation	55	**58**	(3)	(5%)
Operating Profit Pre IFRS 16	**67**	**56**	**(11)**	**(16%)**
IFRS 16 Adjustment	19	**22**	3	16%
Operating Profit	**86**	**78**	**(8)**	**(9%)**
Financing Expenses	44	**56**	(12)	(27%)
Net Profit Before Tax	**42**	**22**	**(20)**	**(48%)**
Taxation	10	**6**	4	40%
Net Profit After Tax	**32**	**16**	**(16)**	**(50%)**

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

NPAT improved in second half on margin improvement

$NZm	FY23 1st Half	FY23 2nd Half	Change B/(W)	
Store EBITDA *	78	**100**	22	28%
G&A Expenses	29	**29**	0	0%
	49	**71**	22	45%
Other Expenses	2	**4**	(2)	(100%)
Depreciation & Amortisation	28	**30**	(2)	(7%)
Operating Profit Pre IFRS 16	**19**	**37**	**18**	**95%**
IFRS 16 Adjustment	11	**11**	0	0%
Operating Profit	**30**	**48**	**18**	**60%**
Financing Expenses	27	**29**	(2)	(7%)
Net Profit Before Tax	**3**	**19**	**16**	**533%**
Taxation	1	**5**	(4)	(400%)
Net Profit After Tax	**2**	**14**	**12**	**600%**

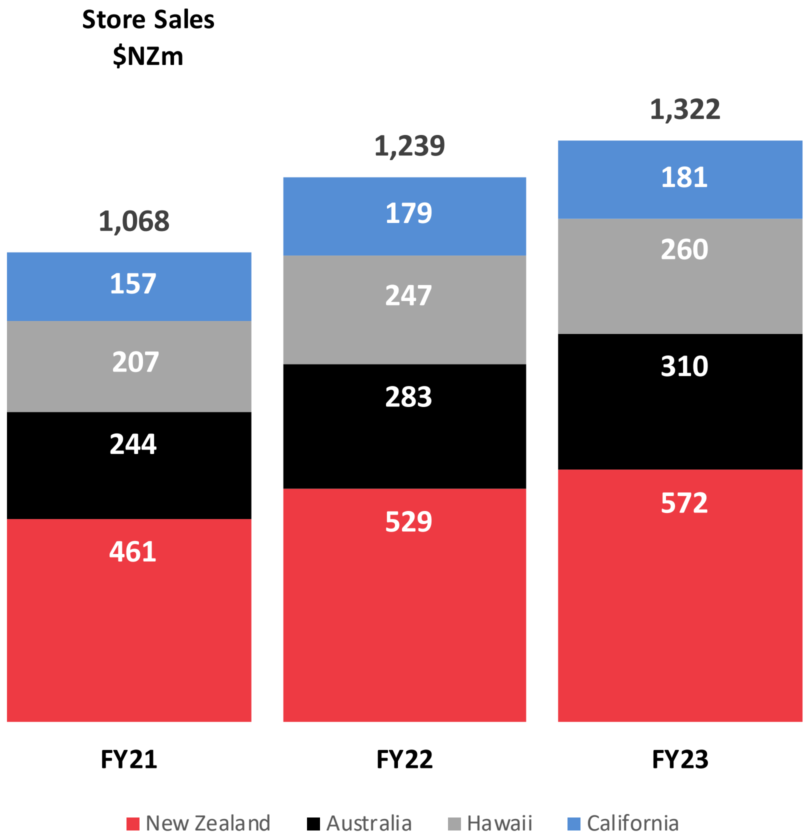
** - Pre G&A, NZ IFRS 16 and Other (Income)/Expenses*

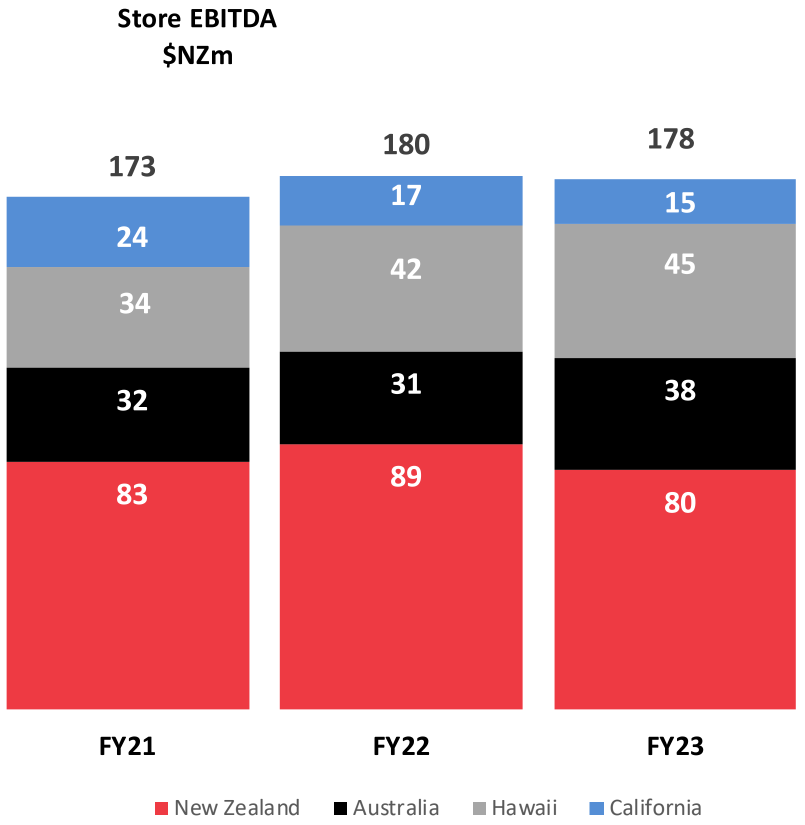
Quarterly Trends – Consistent recovery from inflation impact

FY23 Store EBITDA %

FY22 Store EBITDA %

Sales lift with margins under inflationary pressures





Other Income and Expenses – Store impairment costs partly offset by insurance recoveries

$NZm Pre-tax (Other Income)/Expenses

	FY22	FY23
Insurance recoveries	(1.6)	**(4.7)**
Gain on acquisition	(0.8)	**-**
Acquisition costs	0.1	**-**
Legal settlement	-	**1.2**
ERP implementation	4.0	**-**
Store impairments & closures	1.2	**9.6**
Net Other (Income)/Expenses	2.9	**6.1**

Operating cash flows supported by inventory reductions. Investing cash flows at traditional run rate of new stores and refurbishments

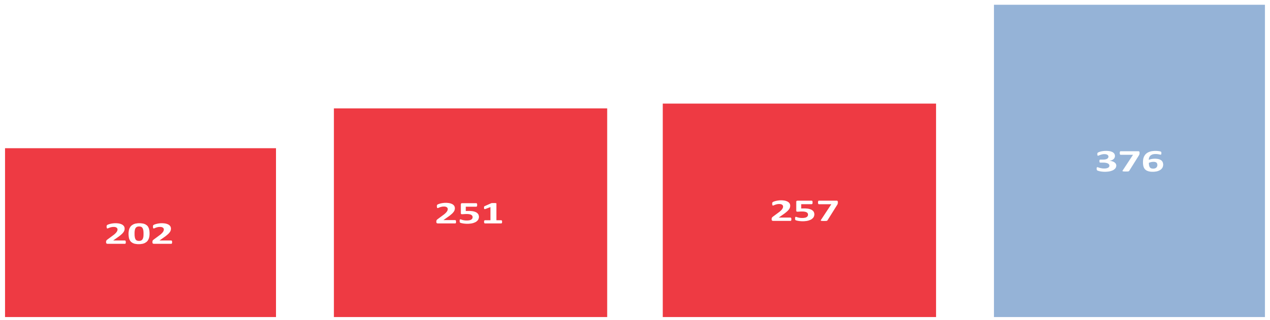
$NZm	**FY21**		**FY22**		**FY23**	
Operating Cash Flow (NZ IFRS 16 adjusted)	102	*	95	*	**98**	*
Investing Cash Flow (adjusted)	(82)	**	(92)		**(85)**	
Free Cash Flow	20		3		**13**	

* Adjusted for lease principal payments of $29.5m (FY22 $27.0m, FY21 $24.5m) classified as financing activities under NZ IFRS 16

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

Net borrowings – minor increase following softer first half year result

Net Bank Debt $NZm



Ratios	FY21	FY22	FY23	Facility (3-4 years)
Net Bank Debt: EBITDA*	1.6:1	2.0:1	2.2:1	
Gearing (NBD:NBD+E)	41%	46%	47%	

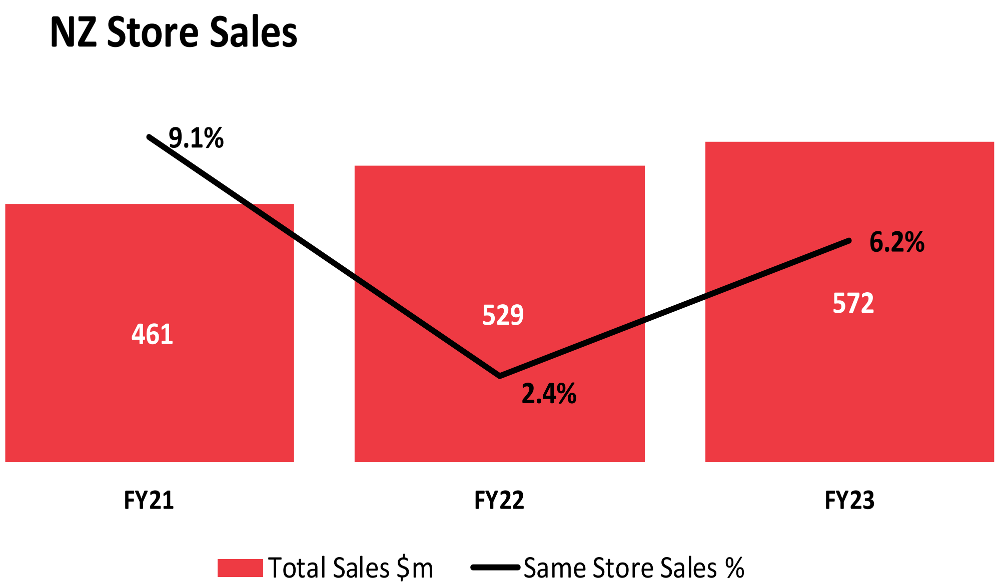
* *EBITDA excluding right of use asset lease costs (pre-NZ IFRS 16)*

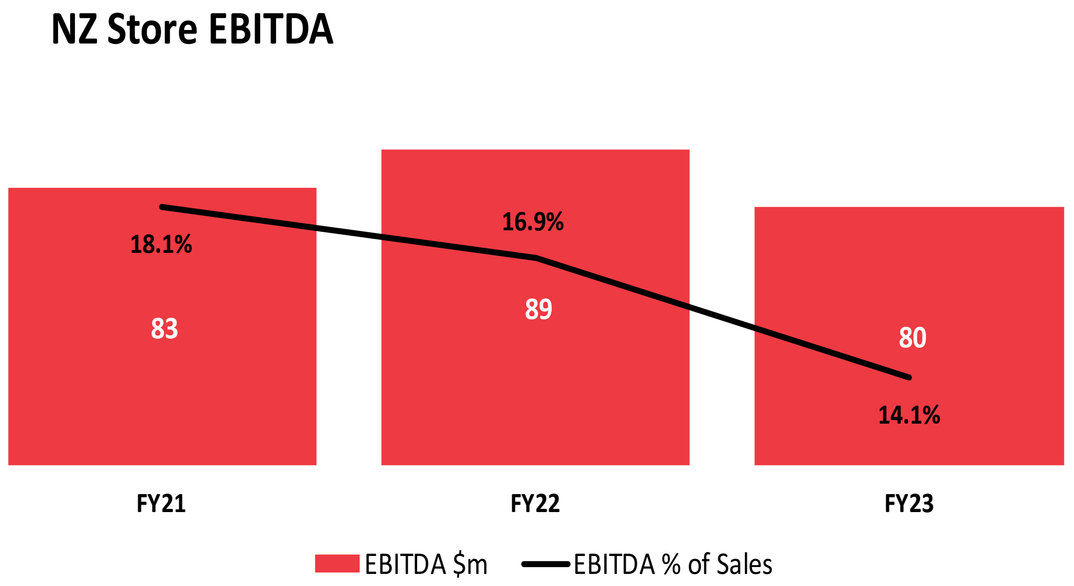
FY23 Regional Performance

New Zealand Operations

KFC Pizza Hut TACO BELL Carl's Jr.

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

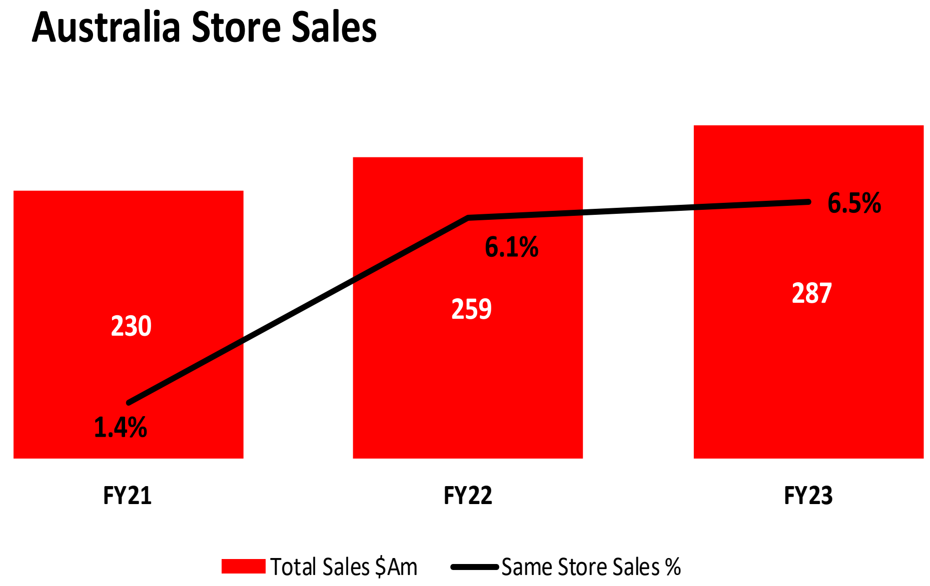


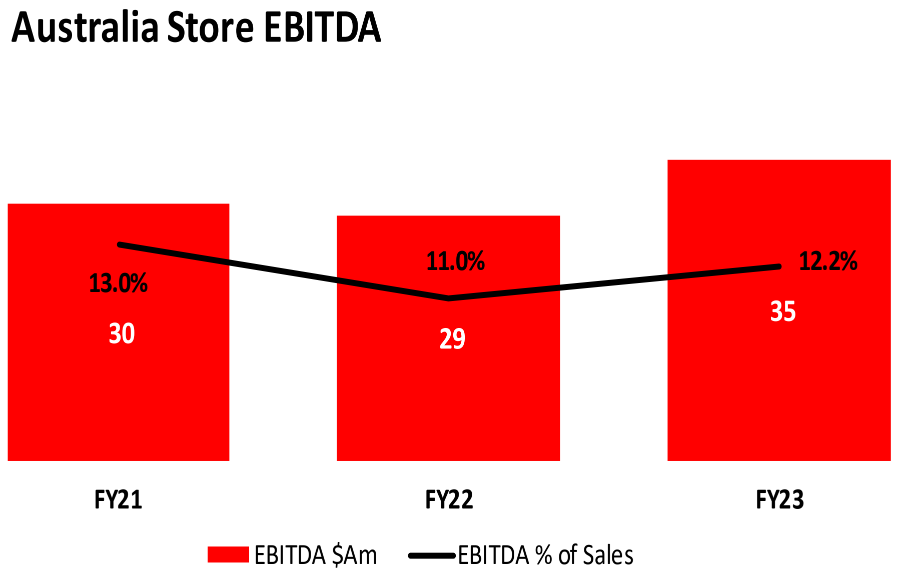


Australian Operations

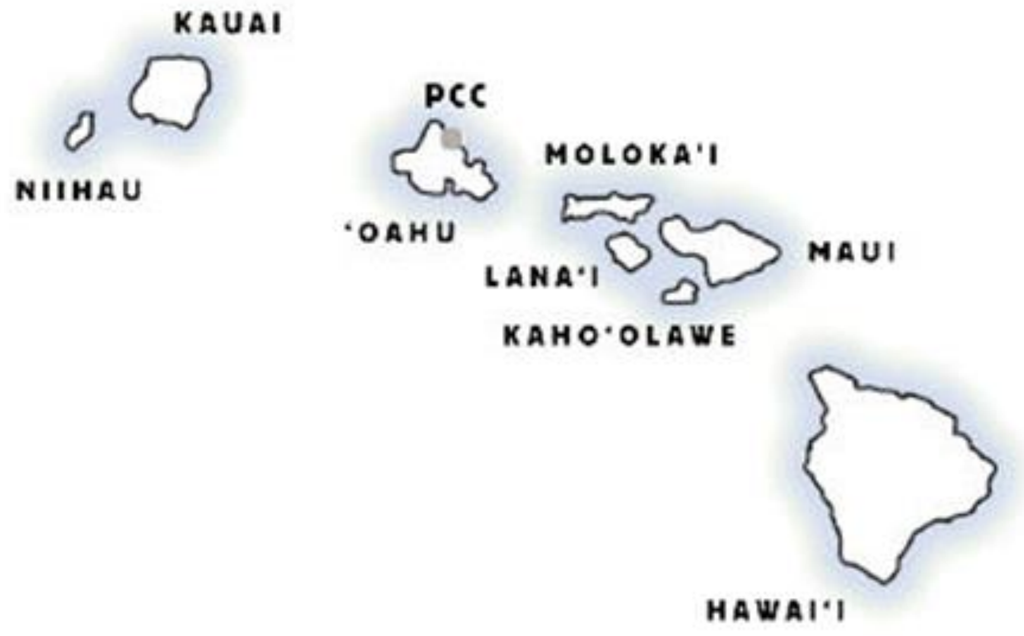
KFC TACO BELL

Australian sales and margin increase as mall and CBD stores recover from COVID-19. Inflation pressures on consumers continue



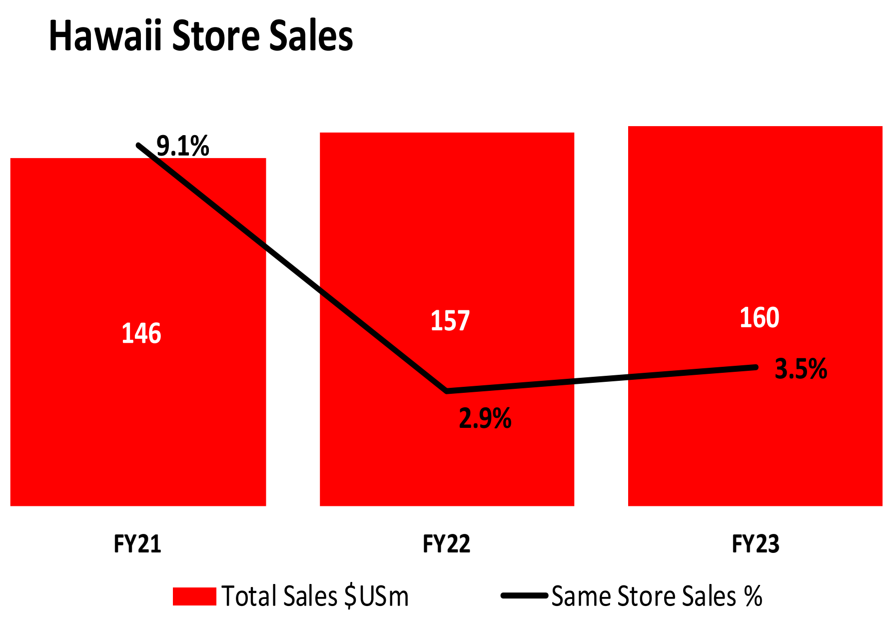


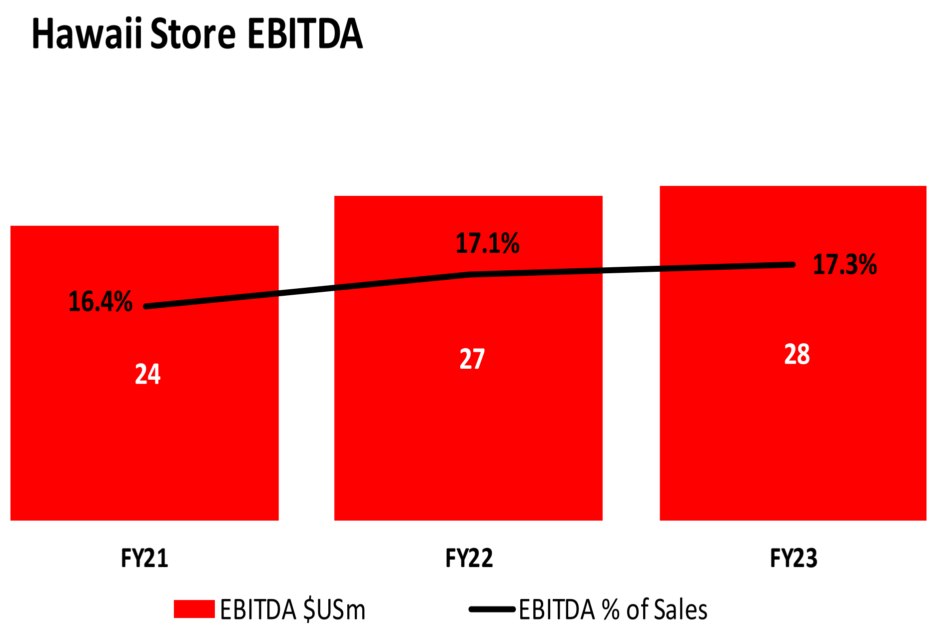
Hawaiian Operations



TACO BELL Pizza Hut

Hawaii sales and margins continue to be strong



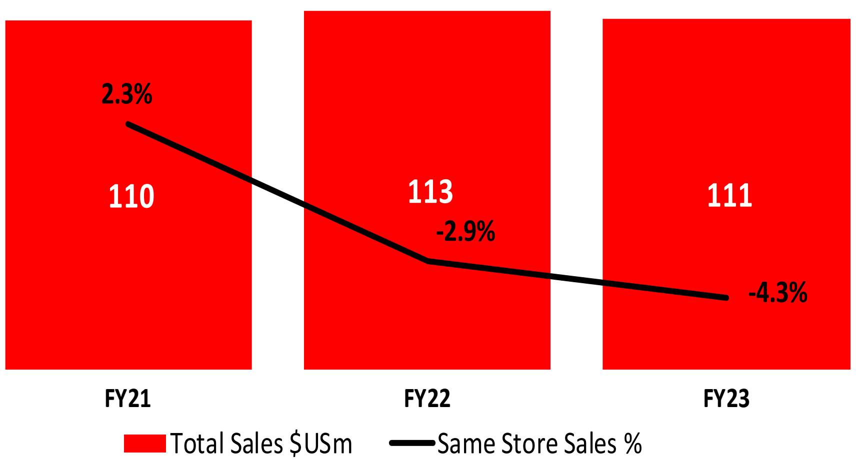


Californian Operations

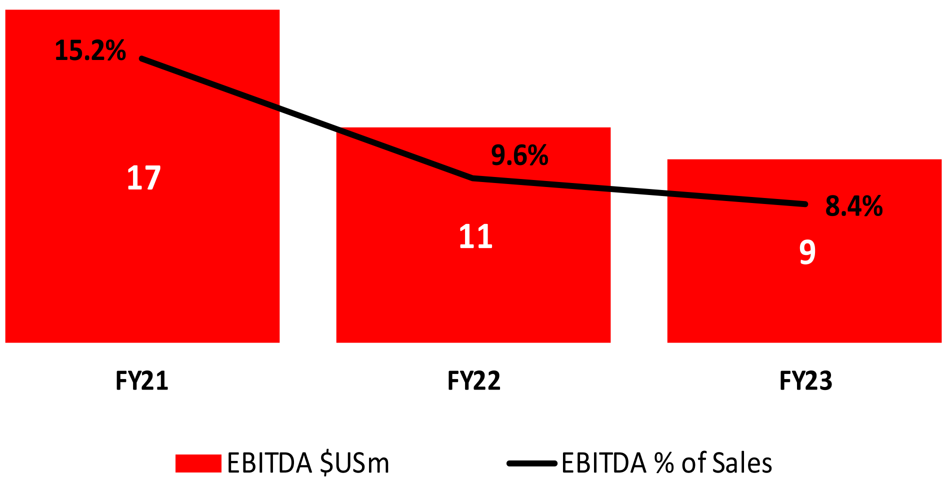
KFC TACO BELL

California adversely impacted by inflationary impacts on consumers

California Store Sales



California Store EBITDA



FY24 Expectations

- Sales - New Zealand to continue strong growth, weaker sales in Australia and California, with Hawaii maintaining their strong market share.

- Margin gains from second half of FY23 to continue, noting that inflationary pressures continue to impact our consumers, particularly in Australia and California markets.

- $20 p/hr minimum wage in California starts 1 April (currently $16 p/hr), with plans in place to maintain margin and capture market share.

- Capex spend expected to continue at FY23 levels on mix of new stores, refurbishments and new technology.

FY24 Outlook

FY24 Outlook

Dividend update

- Given the demands of the store development programme on the Group's capital resources and an increased level of debt, directors believe it is in the best interests of the Group to retain cash in order to support growth and maintain funding flexibility, therefore the Directors have not deemed it appropriate to declare a dividend payment.

Profit guidance

- No guidance at present given ongoing economic volatility, but to reassess after half year.

What's next: the roadmap for sustainable growth

- Restaurant Brands remains well positioned to deliver on its strategy to provide continued long-term shareholder value despite current challenging economic conditions.

- Key strategic workstreams are underway to continue transforming the business and ensure strong foundations are in place to deliver sustainable growth.

  - Innovation across menu store formats, operations, staffing and customer experience
  - Ongoing margin improvement and cost stabilisation measures
  - Enhancement of end-to-end processes to streamline contracting, procurement, pricing, hiring and inventory management
  - Investment in digital platforms to maximise customer access
  - Enhanced marketing and promotions
  - ESG initiatives, including general waste diversion, energy efficiency, and food waste reduction programs

Questions

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 ended 31 December 2023 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.

Restaurant Brands New Zealand Limited
Consolidated Financial Statements
For the year ended 31 December 2023

Directors' statement

for the year ended 31 December 2023

The Directors of Restaurant Brands New Zealand Limited (Restaurant Brands or the Company) are pleased to present the consolidated financial statements for Restaurant Brands and its subsidiaries (together the Group) for the year ended 31 December 2023 contained on pages 2 to 35.

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

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

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

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

For and on behalf of the Board:

José Parés
Chairman
26 February 2024

Emilio Fullaondo
Director
26 February 2024

Consolidated statement of comprehensive income

for the year ended 31 December 2023

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

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

Consolidated statement of changes in equity

for the year ended 31 December 2023

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

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

Consolidated statement of financial position

as at 31 December 2023

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

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

Consolidated statement of cash flows

for the year ended 31 December 2023

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

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

Consolidated statement of cash flows (continued)
for the year ended 31 December 2023

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

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

Notes to and forming part of the consolidated financial statements

for the year ended 31 December 2023

Basis of preparation

for the year ended 31 December 2023

Reporting entity

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

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

Subsidiaries of the Company are as follows:

Name	*Nature*
Restaurant Brands Limited	Restaurant operating
Restaurant Brands Australia Pty Limited	Restaurant operating
QSR Pty Limited	Restaurant operating
Taco Aloha Inc.	Restaurant operating
Hawaii Pizza Hut Inc.	Restaurant operating
Pizza Hut of Guam, Inc.	Restaurant operating
Pizza Hut of Saipan, Inc.	Restaurant operating
TB Guam Inc.	Restaurant operating
RBD California Restaurants Limited	Restaurant operating
RBD US Holdings Limited	Investment holding
Pacific 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 consolidated financial statements of the Group have been prepared in accordance with:

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

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

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

Basis of preparation (continued)

for the year ended 31 December 2023

New disclosure requirements and changes in accounting policies

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

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

Expected changes to income tax legislation

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

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

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

Use of non-GAAP measures within the consolidated financial statements

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

- Operating profit/(loss) before NZ IFRS 16 - Operating profit before NZ IFRS 16 is used by the Group to review the underlying operating profit without the non-cash adjustment relating to NZ IFRS 16 - Leases. This is how many of the external users of the consolidated financial statements also view the performance of the business.

- EBITDA – Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) is a key business measure that provides information on the business on a cash basis before funding and tax costs. This is a key measure used by the banks, with the Group's debt covenants based on this figure, and also is a key assumption within the impairment testing because it reflects how management evaluates and manages the performance of its cash generating units.

- EBITDAL - Earnings Before Interest, Tax, Depreciation, Amortisation and Lease costs. This is another measure used by the banks, with the Group's total fixed charge coverage ratio based on this figure.

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

- Net profit after taxation excluding NZ IFRS 16 – This is calculated by taking profit after taxation attributable to shareholders and excluding lease items whilst also allowing for any tax impact of those items. This measure reflects the performance of the business, excluding costs associated with NZ IFRS 16 and is considered a useful measure to assist with understanding the financial performance of the Group.

- Capital expenditure including intangible assets – This represents additions to property, plant and equipment and intangible assets. This measure represents the amount of investment in the business and is therefore a useful measure to assist the understanding of the Group's financial position.

- Other items – These relate to non-core business items disclosed as other income and other expenses as set out in note 2.

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

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

Basis of preparation (continued)

for the year ended 31 December 2023

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

Judgements and estimates

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

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

PERFORMANCE

1. Segmental reporting

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

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

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

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

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

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

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

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

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

2. Revenue and expenses

REVENUE

Store sales revenue

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

Other revenue

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

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

OPERATING EXPENSES

Royalties paid

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

Royalties are recognised as an expense as revenue is earned.

Wages and salaries

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

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

Lease expenses

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

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

Other income

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

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

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

Other expenses

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

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

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

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

3. Earnings per share

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

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

FUNDING AND EQUITY

4. Loans

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

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

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

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

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

Facilities

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

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

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

Security

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

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

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

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

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

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

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

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

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

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

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

Financing expense

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

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

5. Financial assets and financial liabilities

Financial Assets

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

Financial assets held at amortised cost

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

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

Financial liabilities

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

Financial instruments

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

Derivative financial instruments

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

Financial assets and financial liabilities at amortised cost by category

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

6. Financial risk management

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

(a) Foreign currency risk

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

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

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

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

There is currently no hedging cover in place.

(b) Interest rate risk

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

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

(c) Liquidity risk

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

$NZ000's	Effective interest rates	Total	Less than 1 year	Between 1 and 5 years
31 Dec 2023				
Cash on hand	-	691	691	-
Cash at bank	0.35%	30,893	30,893	-
Bank term loan – principal (NZD)	8.28%	(34,000)	-	(34,000)
Bank term loan – principal (AUD)	6.50%	(95,730)	-	(95,730)
Bank term loan – principal (USD)	7.34%	(159,684)	-	(159,684)
Bank term loan – expected interest	7.17%	(79,396)	(20,522)	(58,874)
Trade and other payables (excluding indirect and other taxes and employee benefits)	-	(89,583)	(89,583)	-
		(426,809)	**(78,521)**	**(348,288)**
31 Dec 2022				
Cash on hand	-	678	678	-
Cash at bank	0.35%	29,191	29,191	-
Bank term loan – principal (NZD)	7.27%	(29,000)	-	(29,000)
Bank term loan – principal (AUD)	5.25%	(92,821)	-	(92,821)
Bank term loan – principal (USD)	6.34%	(159,055)	-	(159,055)
Bank term loan – expected interest	6.07%	(82,323)	(16,923)	(65,400)
Trade and other payables (excluding indirect and other taxes and employee benefits)	-	(81,497)	(81,497)	-
		(414,827)	**(68,551)**	**(346,276)**

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

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

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

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

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

(d) Credit risk

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

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

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

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

(e) Fair values and set-off

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

Sensitivity analysis

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

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

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

(f) Capital risk management

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

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

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

7. Equity and reserves

Share capital

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

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

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

Foreign currency translation reserve

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

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

WORKING CAPITAL

8. Inventories

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

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

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

9. Trade and other receivables

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

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

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

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

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

10. Cash and cash equivalents

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

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

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

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

11. Land held for development

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

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

12. Trade and other payables

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

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

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

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

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

LONG TERM ASSETS

13. Property, plant and equipment

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

Depreciation expense

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

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

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

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

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

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

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

Significant judgements and estimates – store impairment testing

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

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

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

Key assumptions in the determination of recoverable amount are:

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

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

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

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

	31-Dec-23 Percentage used (%) NZ	**31-Dec-23 Percentage used (%) Australia**	**31-Dec-23 Percentage used (%) Hawaii**	**31-Dec-23 Percentage used (%) California**	31-Dec-22 Percentage used (%) NZ	31-Dec-22 Percentage used (%) Australia	31-Dec-22 Percentage used (%) Hawaii	31-Dec-22 Percentage used (%) California
Sales growth	2.7 – 20.4	-4.0 – 14.8	-24.0 – 10.5	3.0 – 15.0	1.9 – 44.6	2.5 – 17.2	-8.5 – 21.9	-19.7 – 20.0
EBITDA margin	-18.6 – 9.6	-38.4 – 10.0	-12.0 – 8.8	-62.2 – 8.8	-11.2 – 11.5	1.6 – 6.9	0.8 – 6.4	-8.1 – 3.2
EBITDA margin terminal year	-14.1 – 13.2	-15.1 – 12.1	0.9 – 9.3	-12.8 – 9.5	3.5 – 16.5	11.0	6.8 – 9.3	3.5 – 8.2
Terminal growth rate	2.1	2.5	2.3	2.3	1.9	2.5	2.3	2.3
Discount rate*	8.5 – 9.4	7.3	9.1	7.5	9.6 – 11.5	8.9	11.0	11.0
Number of stores impaired	-	2	1	9	5	2	4	4
Impairment value $NZ millions**	-	$2.60	$0.60	$5.80	$1.40	$0.40	-	$1.50

*The post tax discount rate in the prior year is on a pre-IFRS 16 basis while the current year is on a post-IFRS 16 basis.
**Included in the impairment value of $9.0 million in 2023 is $2.1 million relating to the impairment of intangible assets

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

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

14. Leases

Key estimates and judgements

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

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

Right of use assets (ROU assets)

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

Additions relate to new leases entered into by the Group.

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

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

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

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

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

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

Lease liabilities

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

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

15. Intangible assets

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

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

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

Goodwill

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

Franchise fees

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

Concept development costs

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

Acquired software costs

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

Amortisation

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

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

Significant judgements and estimates - impairment testing

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

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

Allocation of goodwill by CGU:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

OTHER NOTES

16. Taxation

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

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

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

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

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

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

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

Taxation – consolidated statement of comprehensive income

The taxation expense is analysed as follows:

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

Imputation credits

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

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

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

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

Taxation – consolidated statement of financial position

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

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

$NZ000's	Balance 31 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
Trade and other receivables	(274)	-	(11)	-	(3)	(288)
Provisions	6,995	-	(2,197)	-	103	4,901
Intangible assets	(2,200)	-	103	-	(167)	(2,264)
Other	2,507	-	1,180	(182)	161	3,666
Lease liabilities	186,932	-	14,877	-	1,047	202,856
ROU assets	(161,170)	-	(10,475)	-	(737)	(172,382)
	37,575	**-**	**6,217**	**(182)**	**17**	**43,627**

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

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

17. Provisions

NZ$000's	Employee entitlements	Make good	Total
Balance at 31 December 2022	**2,438**	**4,286**	**6,724**
Created during the period	288	416	704
Used during the period	(353)	(10)	(363)
Released during the period	-	(37)	(37)
Foreign exchange movement	7	8	15
Balance at 31 December 2023	**2,380**	**4,663**	**7,043**
31 December 2023			
Current	1,689	-	1,689
Non-current	691	4,663	5,354
Total	**2,380**	**4,663**	**7,043**

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

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

18. Deferred income

NZ$000's	
Balance at 31 December 2022	**1,381**
Created during the period	4,023
Realised during the period	(3,639)
Foreign exchange movement	(20)
Balance at 31 December 2023	**1,745**
31 December 2023	
Current	1,268
Non-current	477
Total	**1,745**

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

19. Related party transactions

Parent and ultimate controlling party

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

Transactions with entities with key management or entities related to them

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

Key management and director compensation

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

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

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

Total Group CEO Remuneration

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

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

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

Incentive schemes

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

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

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

20. Commitments

Capital commitments

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

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

21. Contingent liabilities

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

22. Subsequent events

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

23. Auditor's remuneration

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

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

24. Donations

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

The Group did not make any donations to political parties.

25. Business combinations

There were no business combinations during 2023.

26. Deed of Cross Guarantee

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

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

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

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

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

for the year ended 31 December 2023

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

Independent auditor’s report

To the shareholders of Restaurant Brands New Zealand Limited

Our opinion

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

What we have audited

The Group's consolidated financial statements comprise:

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

Basis for opinion

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

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

Independence

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

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

Key audit matters

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

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

Description of the key audit matter	How our audit addressed the key audit matter
For the period ended 31 December 2023, the Group recognised impairment of $9.0 million (2022: $3.3 million) in relation to CGUs in the Australia, Hawaii and California regions (refer to note 2 of the consolidated financial statements). For the purposes of store property, plant, and equipment, intangible assets and right of use asset impairment testing, each individual store is considered to be a separate CGU. An assessment was performed by management to identify impairment indicators for stores including those that have experienced continued losses due to inflationary pressures. For these stores, management has performed Value In Use (VIU) and/or FVLCOD calculations to assess whether the associated carrying amounts of property, plant and equipment, intangible assets and right of use assets are recoverable. The key assumptions used in management's discounted cash flow model for stores are sales growth, EBITDA margin, EBITDA margin terminal year, terminal growth rate and discount rate. This is a key focus of our audit due to the impact of inflationary pressures on the future financial performance and recoverable amount of each CGU given the value of property, plant and equipment, intangible assets and right of use assets held by the Group. Refer to notes 13 and 15 of the consolidated financial statements.	● gaining an understanding of the business process applied by management in preparing the impairment assessments; ● reviewing store profit or loss performance data to analyse how each store has performed historically and for the past year, to identify whether an impairment indicator existed in addition to those identified by management; ● challenging key assumptions used in the VIU and/or FVLCOD models for each store in respect to: sales growth, EBITDA margin and EBITDA margin terminal year by assessing whether management's assumptions are reasonable against historical performance and industry trends and whether they take account of ongoing uncertainty from inflationary pressures. This includes considering the potential for future store closures and the impact of closures on remaining lease terms in respect of right of use assets recognised; ● with the assistance of our auditor's valuation expert, assessing the appropriateness of the terminal growth rates and discount rates; ● evaluating the feasibility of management's plans to improve store profitability; ● performing a sensitivity analysis over key assumptions to determine whether reasonably possible changes would result in an impairment of property, plant and equipment, intangible assets and right of use assets; and ● reviewing financial statement disclosures.
Revenue recognition Total revenue for the year amounted to $1.4 billion (2022: $1.3 billion). The Group primarily earns revenue from store sales, which accounts for approximately 95% of total revenue, while other revenue includes sale of goods and services to independent franchisees.	Our audit approach to test revenue is a combination of controls and substantive testing and included the following procedures: ● updating our understanding of the systems, processes and controls in place over the recognition of revenue in each region;

Description of the key audit matter	How our audit addressed the key audit matter
Refer to notes 1 and 2 of the consolidated financial statements. Given the volume and significance of revenue recognised across four regions, this required significant auditor attention and is a key area of focus for the audit.	• testing, on a sample basis, management's controls over the reconciliations of the point-of-sale-systems, general ledger and bank statements; • verifying the completeness of revenue recognised, on a sample basis, by agreeing daily cash received to the general ledger; • for store sales revenue, evaluating the flow of revenue journals to validate that revenue transactions are settled in cash. For those not settled in cash, agreeing the accounting entries to supporting documents, on a sample basis; • for a sample of other revenue transactions, examining invoices issued to independent franchisees and cash remittances, where paid; • testing bank and bank clearing account reconciliations at year end by agreeing material reconciling items to supporting documents; and • reviewing the appropriateness of disclosures in the financial statements.

Our audit approach

Overview

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

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

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

– performed full scope audits for all the Group's principal business units which correspond to its market segments in New Zealand, Australia, Hawaii and California based on their financial significance; and

– performed specified audit procedures and analytical procedures over the remaining entities and on consolidation entries.

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

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

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

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

Materiality

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

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

How we tailored our group audit scope

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

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

Other information

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

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

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

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

Responsibilities of the Directors for the consolidated financial statements

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-1/
This description forms part of our auditor's report.

Who we report to

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

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

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
26 February 2024

Auckland

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	12 months to 31 December 2023	
Previous Reporting Period	12 months to 31 December 2022	
Currency	NZD	
	Amount (000s)	**Percentage change**
Revenue from continuing operations	$1,395,251	7.5%
Total Revenue	$1,395,251	7.5%
Net profit/(loss) from continuing operations	$16,263	-49.3%
Total net profit/(loss)	$16,263	-49.3%
Interim/Final Dividend		
Amount per Quoted Equity Security	No dividend will be paid for the year ended 31 December 2023.	
Imputed amount per Quoted Equity Security	Not applicable	
Record Date	Not Applicable	
Dividend Payment Date	Not applicable	
	Current period	**Prior comparable period**
Net tangible assets per Quoted Equity Security	$0.24	$0.12
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 26 February 2024	
Authority for this announcement		
Name of person authorised to make this announcement	Julio Valdés	
Contact person for this announcement	Julio Valdés	
Contact phone number	+64 9 525 8700	
Contact email address	Julio.Valdes@rbd.co.nz	
Date of release through MAP	26/02/2024	

Audited financial statements accompany this announcement.