THE ANNUAL REPORT

31 DECEMBER 2022

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STORY | PAGE

ABOUT RESTAURANT BRANDS

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

Leadership for the times — Fresh opportunities and familiar challenges

Experienced international leadership team in good place for post-COVID era says Restaurant Brands new Acting Group CEO.

As one door closes on an era so another opens. Arif Khan, Restaurant Brands' Acting Group CEO is full of praise for the achievements of CEO Russel Creedy and CFO Grant Ellis who both retire this year. Yet at the same time, he is quick to assert their legacy is not just about the past. "Great leadership is great because of how it sets people and organisations up for the future. It's a winning spirit that runs deeply throughout the company today. It's a mindset and can-do attitude amongst all our international leaders towards problem solving and envisioning what's possible," says Khan.

For his own part, Khan is extremely enthusiastic about the next stage of the company's growth and to working closely with the company's new incoming Group CFO, Julio Valdés. "The organisation is vastly different from the domestic business it used to be, though some of the challenges are familiar. The GFC and more recently COVID have, in different ways, taught the company a lot about itself and its ability to adapt, pivot and take advantage of the opportunities that emerge from economic pressure," says Khan. "Julio and I have a great team of leaders working across the business – people who make us and this company proud every day. And we have some of the most amazing, globally recognised power brands. Combining these two factors sets us up to unlock more growth opportunities as we lead the business into the future."

Read more about Arif Khan's and Julio Valdés' ambitions for Restaurant Brands' future on page 12

Highlights

Year in review

Financial highlights

All figures in $NZ millions unless stated	52 weeks 25 Feb 2019	44 weeks 31 Dec 2019	52 weeks 31 Dec 2020	52 weeks 31 Dec 2021	52 weeks 31 Dec 2022
FINANCIAL PERFORMANCE					
Sales*					
New Zealand	419.8	367.5	410.4	461.1	529.2
Australia	191.5	169.1	214.9	244.1	283.4
Hawaii	182.7	168.9	215.1	206.5	247.5
California	-	-	51.9	156.5	179.0
Total sales	794.0	705.5	892.4	1,068.2	1,239.0
Concept EBITDA before G&A*					
New Zealand	76.4	67.9	76.3	83.3	89.5
Australia	29.1	25.2	28.6	31.6	31.2
Hawaii	23.7	22.9	32.6	33.9	42.3
California	-	-	8.5	23.8	17.1
Total EBITDA	129.2	116.0	146.0	172.7	180.2
Operating profit	56.2	64.4	74.8	102.1	86.7
NPAT (reported)	35.7	30.1	30.6	51.9	32.1
FINANCIAL POSITION/CASH FLOW					
Share capital	154.6	154.6	154.6	154.6	154.6
Total equity	224.7	208.0	229.8	289.7	293.2
Total assets	460.3	879.9	1,180.2	1,329.8	1,417.3
Operating cash flows	71.3	87.6	111.2	126.4	121.6
SHARES					
Shares on issue (year end)	124,758,523	124,758,523	124,758,523	124,758,523	124,758,523
Number of shareholders (year end)	7,127	6,026	5,428	5,180	5,225
Basic earnings per share (full year reported)	28.8c	24.1c	24.6c	41.6c	25.8c
Ordinary dividend per share	0c	0c	0c	32.0c	16.0c
OTHER					
Number of stores (year end)					
New Zealand	142	148	137	137	143
Australia	61	65	70	79	83
Hawaii	80	74	72	73	75
California	-	-	69	70	75
Total stores	283	287	348	359	376
Number of employees					
New Zealand	3,484	3,777	4,582	3,748	4,041
Australia	3,360	3,887	4,055	4,526	4,719
Hawaii	2,007	1,935	2,055	1,764	1,687
California	-	-	1,381	1,402	1,542
Total employees	8,851	9,599	12,073	11,440	11,989

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

Key points

TOTAL SALES

A $170.8 million increase in total sales for the year to $1,239.0 million, 16.0% up against the previous year, with all four operating divisions showing growth.

TOTAL EBITDA[1]

Combined store EBITDA (pre-NZ IFRS 16) for the period was $180.2 million, up 4.3% on the previous year.

TOTAL STORES

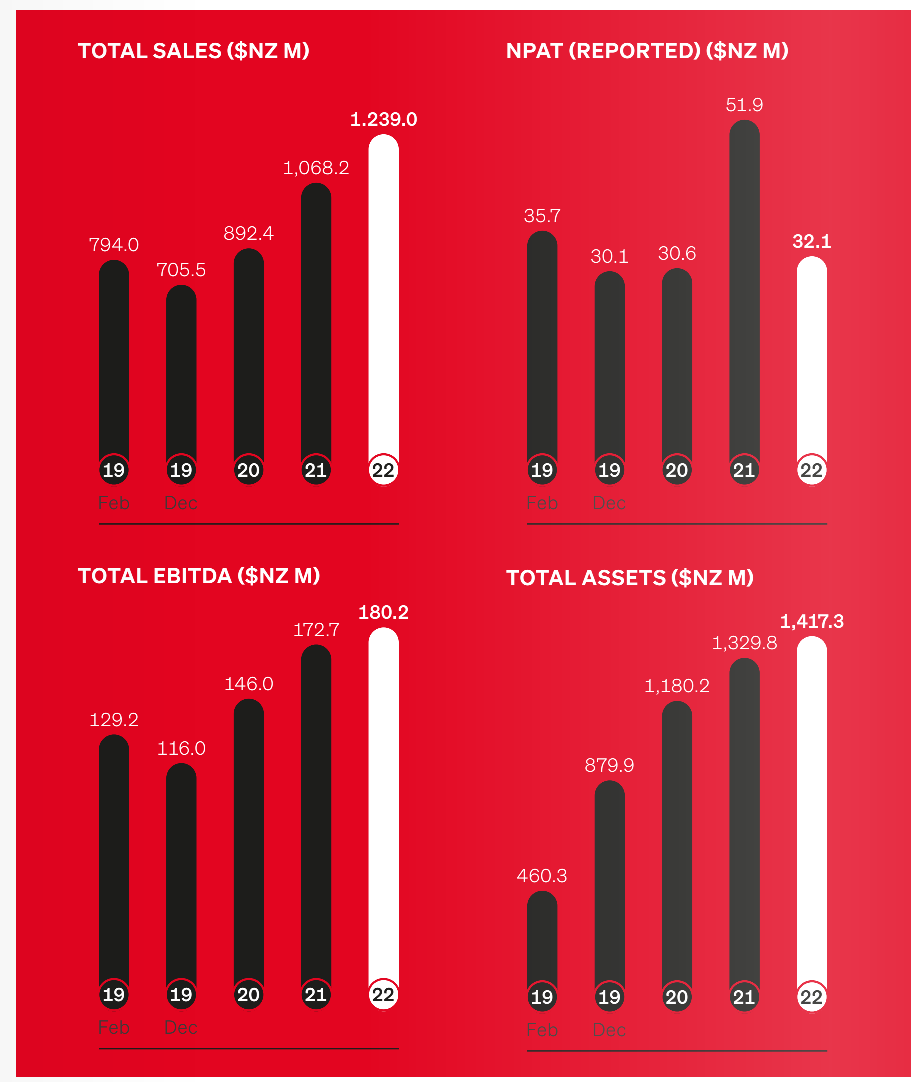
Total store numbers increased by 17 to 376 including the acquisition of two KFC stores, one in New Zealand and one in California.

DIVIDENDS

Directors have declared a fully imputed final dividend of 16.0 cents per ordinary share, payable on 20 April to all shareholders on the register on 6 April 2023.

NET PROFIT AFTER TAX

Reported net profit after tax of $32.1 million for the year, which was down $19.8 million on the last year, due to the ongoing adverse impact of inflation and the FY21 results re-cording forgiveness of the $11.4 million US Government loan.



[1] EBITDA is earnings before interest, tax, depreciation and amortisation. It is a non-GAAP financial measure and is not prepared in accordance with NZ IFRS.

Our brands

FRANCHISOR: YUM! BRANDS INC.

FRANCHISOR: YUM! BRANDS INC.

FRANCHISOR: YUM! BRANDS INC.

FRANCHISOR: CKE RESTAURANTS INC.

Highlights

The year at a glance

YEAR ENDED 31 DECEMBER 2022

Group

57.9 MILLION HAPPY CUSTOMERS

488 STORES
- 376 OWNED
- 112 FRANCHISED

11,989 EMPLOYEES

FINANCIAL RESULTS

$1.2b	$32.1m	$180.2m	$1.4b
SALES	NPAT	EBITDA	ASSETS

Divisions

NEW ZEALAND

4,041 EMPLOYEES

255 STORES

	KFC	Pizza Hut	TACO BELL	Carl's Jr.
143 OWNED	109	6	13	15
112 FRANCHISED	4	108		

1 SUPPORT OFFICE

SUPPLY CHAIN Managed by New Zealand logistics team

AUSTRALIA

4,719 EMPLOYEES

	KFC	TACO BELL
83 STORES ALL OWNED	72	11

1 SUPPORT OFFICE

SUPPLY CHAIN Managed by Yum!

HAWAII (INC. GUAM AND SAIPAN)

1,687 EMPLOYEES

	Pizza Hut	TACO BELL
75 STORES ALL OWNED	36 Inc. 5 in Guam 1 in Saipan	39 Inc. 7 in Guam

1 SUPPORT OFFICE

1 CALL CENTRE

SUPPLY CHAIN Managed by Yum!

CALIFORNIA

1,542 EMPLOYEES

	KFC	TACO BELL / KFC
75 STORES ALL OWNED	65	10

1 SUPPORT OFFICE

SUPPLY CHAIN Managed by Yum!

Chairman and CEO's report

Guiding business success through global challenges

José Parés
Chairman

Russel Creedy
Outgoing Group CEO

Overview

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

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

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

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

Group operating results

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

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

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

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

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

$32.1 MILLION

NET PROFIT AFTER TAX

$NZm	Dec 2022	Dec 2021	Change ($)	Change (%)
Total sales	1,239.0	1,068.2	+170.8	+16.0
Net profit after tax	32.1	51.9	-19.8	-38.2

Total store numbers increased by 17 to 376 including the acquisition of two KFC stores, one in New Zealand and one in California.

Chairman and CEO's report

New Zealand operations

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

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

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

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

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

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

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

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

The Pizza Hut store network has also continued to grow with nine new independently franchised stores opening over the year. This brought the total number of Pizza Hut stores to 114, of which 108 are operated by independent franchisees under a master franchise agreement with Restaurant Brands.

$529.2 MILLION

NEW ZEALAND TOTAL STORE SALES ($NZm)

Australian operations

	31 December 2022	31 December 2021	Change ($)	Change (%)
Store sales ($Am)	259.0	230	+29.0	+12.6
EBITDA ($Am)	28.6	29.8	-1.2	-4.0
EBITDA as a % of sales	*11.0*	*13.0*		
Store numbers	83	79		

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

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

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

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

$259 MILLION

AUSTRALIAN TOTAL STORE SALES ($Am)

Hawaiian operations

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

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

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

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

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

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

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

$156.4 MILLION

HAWAII TOTAL STORE SALES ($USm)

Californian operations

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

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

$113.2 MILLION

CALIFORNIA TOTAL STORE SALES ($USm)

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

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

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

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

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

Chairman and CEO's report

16 CENTS
FINAL DIVIDEND DECLARED

Corporate & other

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

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

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

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

Other items

Other net expenses of $2.9 million are down from a net income of $7.2 million for the prior year. The prior year positive income arose primarily due to the forgiveness of the US PPP loan of $11.4 million. This year's expenditure primarily was a further $4.0 million in systems development costs (FY21 $4.2 million) which were incurred as part of a major overhaul of the company's financial systems. Other items in other income and expenses in FY22 were $1.2 million in store closure and asset impairment costs, insurance recovery on a flood damaged store under a full replacement insurance policy and a gain on acquisition relating to a store in California acquired for a value lower than its net assets.

Cash flow & balance sheet

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

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

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

Debt refinancing

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

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

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

Dividend

Directors have assessed at balance date the current and projected financial position of the company and in particular its cash flows, capital expenditure demands and debt levels. A final dividend has been declared for 16.0 cents per ordinary share, payable on 20 April 2023 to all shareholders on the register on 6 April 2023. The dividend will be paid as fully imputed to all New Zealand resident shareholders. In addition, a supplementary dividend of 2.8235 cents per share will be paid to all overseas shareholders at the same time. There is no dividend reinvestment plan in place for this dividend.

Julio Valdés *Incoming Group CFO* · Grant Ellis *Outgoing Group CFO* · Russel Creedy *Outgoing Group CEO* · Arif Khan *Acting Group CEO*

Sustainability reporting

Restaurant Brands is continuing its journey into taking more accountability for its environmental, social and governance outcomes. With the appointment of dedicated ESG resource at a senior level and a wider acceptance of these non-financial performance measures and associated activities at all levels in the organisation, we are confident in institutionalising sustainable outcomes in all our activities.

Further details on progress in our sustainability journey are elsewhere in this report.

Future strategies

Despite the short-term headwinds faced by the business over the past twelve months, we remain focussed on the longer-term growth strategies that will deliver enhanced shareholder value.

Much of this growth is built around new store builds and major refurbishments. All four markets will see some increase in new store numbers, but California is seen as our greatest network growth opportunity with both new store builds and targeted acquisitions driving expansion over the coming years.

We also remain focussed on building a profitable Taco Bell business in Australia and New Zealand. To that end we are slowing the pace of our new Taco Bell store builds while we review menus, cost structures and market opportunities to establish a firm base for future expansion.

> Despite the short-term headwinds faced by the business over the past twelve months, we remain focussed on the longer-term growth strategies that will deliver enhanced shareholder value.

We continue to be open to acquiring new brands, but as already seen with Taco Bell, this is a long and carefully managed process and will always take time and patience.

With proven returns from existing brands in existing markets we will continue to re-invest in store refurbishments and infill opportunities to ensure continued same store sales growth.

Staff appreciation

The past twelve months have provided little relief to our 11,989 people in terms of continued COVID-related pressures. Further periodic COVID outbreaks, together with continued in-store vacancies has meant often long working hours for our dedicated staff.

We acknowledge the considerable pressures on them and their families and remain grateful for their dedication and "can-do" approach to keeping the business going and our stores open over these difficult times.

Change of management

The board acknowledges the retirement of Russel Creedy as Group CEO and Grant Ellis as Group CFO in March and May of this year respectively. Russel (with 22 years of service) and Grant (with 26 years) have been instrumental in growing Restaurant Brands to a billion-dollar company, operating in a truly international environment.

Arif Khan has been appointed Acting Group CEO and Julio Valdés will be taking over as Group CFO. Both are well experienced in their particular fields. Further details about the new senior management team are elsewhere in this annual report.

Directors & shareholders

We would like to thank our board for their constant support and involvement over this past year. Their guidance has been sincerely appreciated.

And finally we thank our shareholders for their trust in us as we continue to steer the company through what have been trying times.

Annual Shareholders' Meeting

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

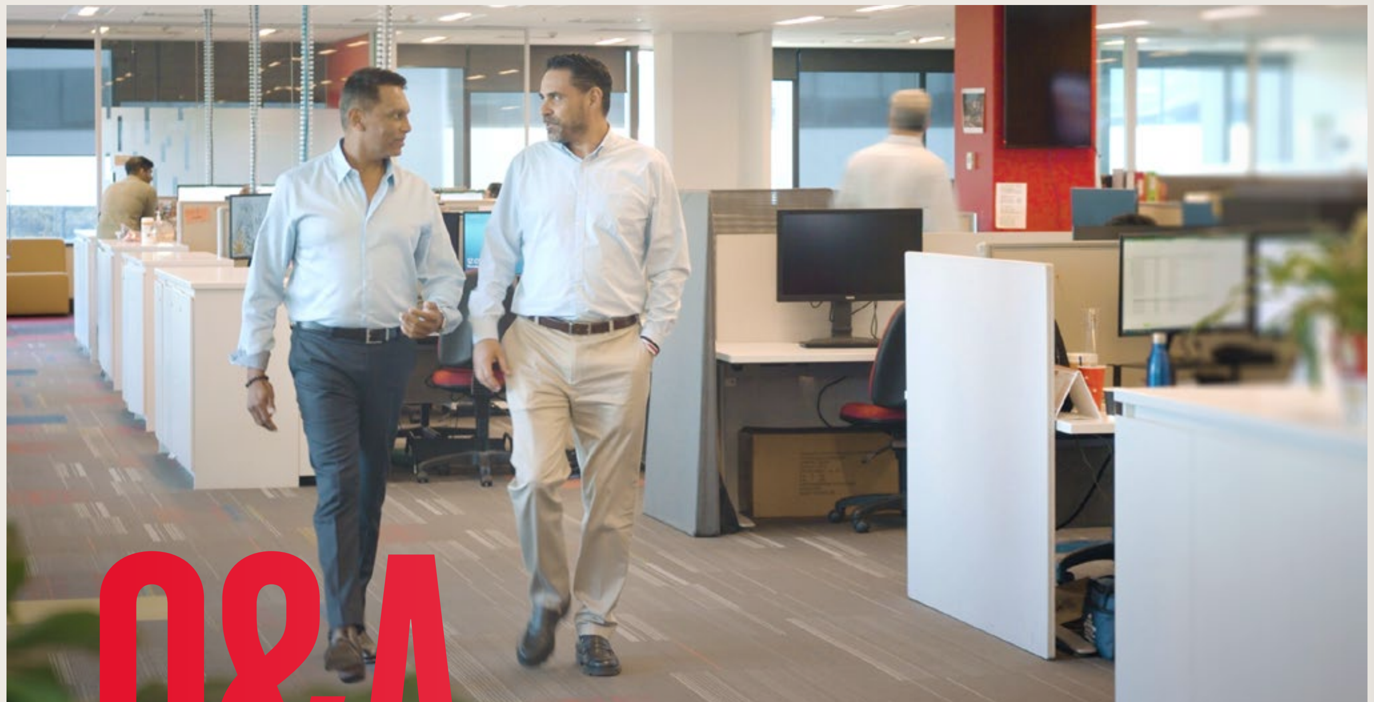
Authorised by:

José Parés
Chairman of the Board

Russel Creedy
Group CEO

Restaurant Brands' leadership

Leadership on knowledge, experience & the future



Q&A

With Arif Khan and Julio Valdés

The Annual Report team caught up with the company's new leadership, Arif Khan and Julio Valdés, Acting Group CEO and incoming Group CFO respectively, to get to know them a little better and to learn more about how they see the Group growing in the future.

Arif, you joined RBD in 2018 as CEO for New Zealand, but this wasn't your first time joining the company was it?

Arif: Absolutely not. I first joined the company back in the Nineties while studying. I was a restaurant team member working in KFC and also spent time delivering pizzas for Pizza Hut. I have been working with these brands based in the Middle East – working with Yum! – and Asia including a coffee chain (in Australia), and latterly in SE Asia I was with Jardines Group before returning to New Zealand as CEO of RBD New Zealand.

Did you find a very different company compared to the one you left?

Arif: Hugely. Everything was done on paper back then; there was no internet, so orders were taken on paper pads. Pizza Hut was served all you can eat pizzas and pastas and desserts at $9.90 and KFC had a simple menu with single lane small Drive-thru format stores.

Whereas now the pace of change is very rapid with a big focus on digital technologies so customers can engage with our brands and enter our brands via multiple channels, making it easy and convenient to consumers! And there's also been significant international growth, with acquisitions in Australia, Hawaii, and more recently California making us one of Yum!'s larger franchises.

> "Seeing the operation and enthusiasm behind every piece of chicken, pizza, taco and burger made me fall in love with this organisation and its brands."

Presumably, Julio, being a numbers man, it's the kind of growth trajectory that attracted Grupo Finaccess to acquiring a majority stake in 2019. What was your involvement in that?

Julio: Yes I am into the numbers, thanks for the compliment. I was part of the Finaccess acquisition team that first visited New Zealand to get to grips with all of the fun reporting stuff – like the infamous IFRS 16 accounting protocols. But as enthusiastic as we were about the history of growth and solid financial performance, we were very excited about the culture of the place and the work ethic. Getting out to visit the stores here, in Hawaii and California was a real highlight for me personally – seeing the operation and enthusiasm behind every piece of chicken, pizza, taco and burger made me fall in love with this organisation and its brands.

Arif: I hear you fell in love with one of our tacos, and it's now your favourite daily staple, is that right, Julio?

Julio: Well I wouldn't exactly say I have a favourite as I love all of them. But yeah, there's a new Mexican in town and he's definitely a supporter of Taco Bell.

You both have broad experience of international markets which is a clearly an advantage for RBD going forward. What are some of the key differences and implications between one QSR market and another?

Arif: I've worked in mostly emerging markets where our consumers were much younger, living in multi-generational families than in mature markets like here and Australia. Take Vietnam, where they're a lot younger generally, extremely enthusiastic for our food yet with less in their pocket to spend. Developing brand love and repeat purchase with distinctive value offers was a very different challenge in those economies – keeping the brand younger and more everyday so to speak!

Though having said that, there are parallels right now, specifically in this post-COVID inflationary environment with the pressure on restricted consumer spending. We'll be looking more towards lower capital expenditure models for our store builds across the year in future. This means we'll be effectively value engineering the success of each store from the start. It makes a big difference if we are to build 10-20 stores going forwards.

Julio, the experience you bring is not purely from QSR. You spent the best part of 30 years with PwC with responsibliity for multinational/multi-geography companies like RBD. How is your broader industry experience going to be an advantage in this QSR leadership role?

Julio: Throughout my career I've learned that the core of all businesses across different cultures from professional services, to manufacturing, to retail, consumer and QSR are not that different. They all focus on offering value to customers requiring an in-depth understanding of their different needs and expectations, on attracting, retaining and developing talent, as well as responding to their key communities like investors, for example. It adds up to a breadth and depth of insight and experience that I'm confident will bring a lot to the company.

Arif: We'll definitely get you into the stores for some experience of washing up and making some tacos and pizzas!

Julio: Yes, I'm looking forward to it! I actually already have a training schedule mapped out for me that involves a bit of that. Can't promise I'll naturally be a good cook, but I'll do my best for sure.

Arif Khan – *Acting Group CEO*

Arif Khan's extensive career spans more than 25 years in the hospitality and Quick Service Restaurant (QSR) sectors across both Franchisor and Master Franchisee networks. His global experience covers New Zealand, Australia, the Middle East, Southeast Asia, Pakistan, Turkey, and North Africa. He has a proven track record leading growth and innovation in large businesses.

Having spent several years at RBD earlier in his career, Arif returned to the company in 2018 as CEO to lead the New Zealand operations. Under his leadership the New Zealand operations have continued to grow rapidly, including the launch of Taco Bell into New Zealand in 2019 and the turnaround of Pizza Hut and Carl's Jr. brands in New Zealand. RBD currently has over 250 locations across New Zealand and employs over 4,000 people in that market.

Arif is a strategic and commercially-focused people leader. He has a long history in both high level national and international managerial positions. He has a strong business acumen and successfully steered the New Zealand business through the COVID pandemic.

Julio Valdés – *Incoming Group CFO*

Julio Valdés, who has more than 30 years' experience in accounting, auditing, mergers, divestitures, and taxes, has provided a diversity of services primarily to companies in the consumer products, power & utilities, and manufacturing sectors advising both Mexican and international companies and supporting their comprehensive development. He has also participated in projects for multinational public companies with diverse statutory reporting requirements.

Julio Valdés currently serves as CFO for Grupo Finaccess, a post to which he was appointed in September 2020. Previously, he served as Director of New Business Integration. Julio also participated in the process through which Grupo Finaccess acquired a majority stake in RBD.

Prior to joining Grupo Finaccess, Julio worked for more than 29 years at PwC, where he held several positions including Market Team Leader for the largest audit team in Mexico, overseeing 18 Audit Partners and a staff of over 300 people. He also served as either Leading Partner or Manager advising several of the most relevant companies in Mexico and participated in PwC's Global Leadership Programs.

Restaurant Brands' leadership

Russel and Grant had a management approach and style of their own – are you going to be different?

Arif: Russel and Grant have done an awesome job in this organisation for more than 20 years. And I believe the longest serving CEO and CFO combo in a New Zealand public company. Both great leaders – commercially-minded and never miss a beat in how they've grown the business and its people.

I believe great leaders leave a great legacy. I've learned much from Russel over the years and that will count for a lot in how Julio and I take the business forward into the future. But be sure my style will be very different from Russel's. I'm just as committed to great ideas, our growth strategies and growing all our brands across all the geographies we operate in. But I am also going to be very close to the field, being visible and available on the front line, understanding challenges and ensuring we deliver to our people and customer promises!

Julio: I'm liking your style, Arif. For my part I can say that I've been working very closely with Grant learning a lot from his experience so am confident of a smooth transition. Yes I guess I will be different, of course. Up front I can tell you I am very people and results oriented driven by the importance of being prepared, understanding our people, our customers and our business. Overall I consider myself an easy person to work with. Grant has set the bar very high and in that respect we're similar. Delivering to the high expectations of our different audiences – our shareholders, our customers, our communities and above all our people – will always be fundamentally important to me just as it has always been to Grant.

> "I've been working very closely with Grant learning a lot from his experience so am confident of a smooth transition."

Where do you see the future growth opportunities coming from?

Arif: Across the regions throughout our business we have the most amazing, globally recognised powerhouse brands and I really believe there's a lot more we could do with them. There's a lot of opportunity in California – it's a white space for us.

We have a great KFC brand in Australia and it's encouraging to see that our business in Australia is starting to bounce back this year post-COVID. Taco Bell. That's our new brand which we started in 2019 just before the pandemic negatively impacted growth ambitions. But in both Australia and New Zealand, we're very confident about it and we're restarting Taco Bell as a growth engine with a cohesive reset and structure so we can live and breathe the brand with the right team and leadership.

Technology is also a means to unlock new growth within each of our brands in their geographies. like online ordering and enhanced e-commerce platforms for all our brands, which are also supported by RBD NZ's owned last mile delivery systems.

Julio: Just as Arif said, there's a lot more we can be doing with our existing brands and technology will play a big part. And we are closely looking at the opportunities ranging from new store openings and acquisitions. But all future growth is a due diligence process, and we're always aiming to make our investments when we believe we are going to get them right – at the right time and at the right location!

What do you consider the biggest challenges facing the company in this post-COVID world?

Arif: Well COVID brought unprecedented challenges as well as opportunities in how our teams pivoted and embedded digital eco-systems to reopen the business and deliver our delicious products to our customers. But going forward post-COVID the challenges stem from inflation and staff shortages. Supply chain issues are beginning to stabilise, however the inflationary pressures remain around certain input and labour costs, costs of construction, and also challenges around site availability and having the staff to fully operate new units.

Julio: The challenges are plenty right now, but I am confident this business can deal to them well. The foundations are solid and have proven themselves to be resilient through the pandemic, as long as we stay focused, diligent and execute as planned and adapt when we have to.

Arif: Yes adapting, especially in shifts in consumer behaviour in how they purchase and engage with our brands. There is a shift in channel mix as we are starting to see customers coming back into restaurants, dining in and picking up orders. The delivery channels are smoothing out but we need to remain tuned to the inflationary pressures facing our customers. These brands are built on having great food, convenient and accessible locations, and everyday great value. We must remain focussed on this, and be more adaptive and agile as we grow these brands.

> "These brands are built on having great food, convenient and accessible locations, and everyday great value. We must remain focussed on this, and be more adaptive and agile as we grow these brands."

So what's going to be key in meeting these challenges?

Arif: Motivated and engaged teams! Our RGMs (Restaurant General Managers) are pivotal to our success and so there's plenty to do right now around our people strategies and leadership initiatives. Specifically, having RGM's who are highly visible, motivated and engaged in their businesses. It's critical they get the right support from the Customer Service Centre here, from the leadership team, and we equip them with what they need. Get that right and we see the translation into sales and profitability from those stores.

Where will you be based for this role; where is home going to be?

Julio: I start on 1st June and I will be living in New Zealand. Looking forward to being a Kiwi! But not only a Kiwi, also an Australian, Hawaiian and if possible a surfer in California! We want to be close to our regions and bring them closer than ever so we achieve not just regional success, but Group success.

Arif: Well New Zealand is home for us. We've lived in different parts of the country and indeed in different countries over the past 20 years. So yeah very much based here.

There'll be a fair amount of travel involved. How do you and your families feel about that?

Julio: Family is always a major consideration in our organisation with any decision that might impact them and I am happy to say that I totally and absolutely appreciate their support for this opportunity. In fact they're really excited and looking forward to moving to New Zealand for what is going to be an amazing experience.

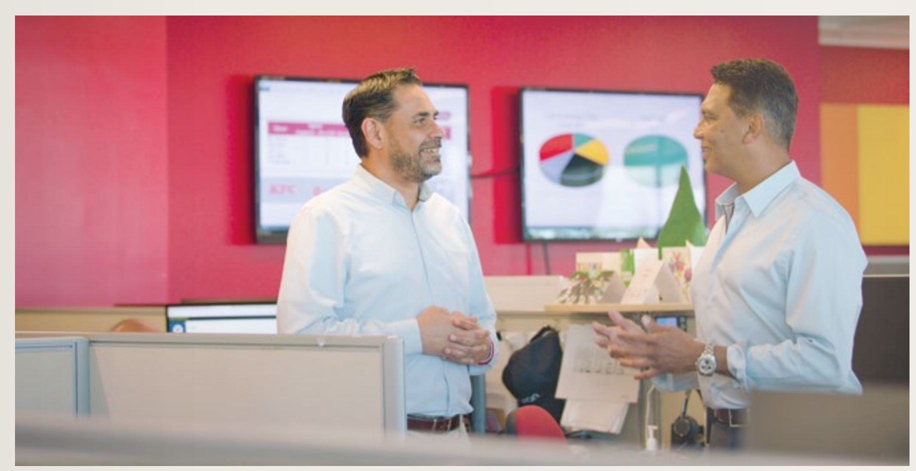
Arif: We've moved around a fair bit during my career – Australia, Middle East, Asia – and there was a lot of travel involved too so in a way we're all used to it. We understand the nature of the job and what comes with it. Besides I expect just quietly that they'll quite like me out of the home for a few days every now and then.

Julio: Yeah, probably the same for me too.

Just wrapping up, what are you both looking forward to the most in your new roles?

Julio: As I said the bar is set high, but I'm looking forward to working with you, Arif, to take the company on to the next level. Our success will be driven by making the organisation a great place to work, a great place for our customers and a great place for our investors.

Arif: And I am especially looking forward to working with you too, Julio, my new partner. It will be great to work with Finaccess and to align our growth strategies. But I'm also looking forward to growing our brands and working with the special people in this organisation who have delivered some awesome results and done awesome things for us. I'm looking forward to to helping them to grow as well as the business.



WATCH THE INTERVIEW

Scan the QR code or visit restaurantbrands.co.nz/about-us/future-at-restaurant-brands/

Restaurant Brands' leadership

Leading is in the Group's DNA

With two of the industry's well-known campaigners moving on and fresh blood coming in to take their place, a question might be asked about the role of leadership at Restaurant Brands, and especially how Russel and Grant's legacy will continue.

The Annual Report team spoke with a range of people from across the business representing the leadership and middle management of different functions and geographies.

It is clear from speaking with everybody that leadership in the company is not an embodiment of one or two people, but rather a very healthy and robust state of mind, an attitude, that runs freely throughout the organisation. Leadership is at the core of Restaurant Brands' DNA.

Here we examine some of those functions and get to meet the people who drive and lead them every day.

Property – Experience by design

Gino Gigliotti (Australia) and Andrew Buckthought (New Zealand) share similar pressures when it comes to finding and developing sites for new stores.

"Land prices are climbing and competition is intensifying in highly populated areas like Sydney," says Gino. "It's difficult to get good sites. Add to that the shifts in considerations we need to design into our stores these days and things are not as straightforward as they once were. COVID accelerated home delivery and "Click & Collect", so along with additional drive-through lanes we've flexed to accommodate more options with our new builds and refurbs. Parking for scooters and delivery vehicles for example, designated areas for helmeted pick up riders, kiosks for our 20-35 year old digitally savvy consumers. Ultimately we're designing for the very best customer experience."

Keeping one step ahead to ensure customers can happily access their favourite food via any channel they prefer puts big pressure on the planning.

Andrew Buckthought sums it up. "We're effectively doing more with our stores these days but with less time and funds to do it," he says. "Take our refurbs; when you think we might be upgrading 30 odd stores a year and each store has to close then we really need to minimise that downtime. 30 stores each closed perhaps for a day and we lose 30 days trading. Having said that store upgrades are proving to deliver significant uplift in EDITDA."

"Our ESG commitments give us the opportunity to explore a number of initiatives, like retrofitting solar panels. Pre-fabrication is also an option we're looking at but the overriding challenge is creating store assets that have long term viability, where we can optimise savings in the cost of the build. Tough to do when supply chains are squeezed and costs of materials are increasing."

It's a constant balancing act for the property teams. Leadership demands close collaboration with operations to minimise the impacts of necessary upgrade and maintenance work on customer experience and store trading. Stores have to be kept safe, healthy and modern – it's hospitality after all and well-designed stores help to grow the business.

Gino Gigliotti

Andrew Buckthought

"We're effectively doing more with our stores these days but with less time and funds to do it..."

Thuy Le-Kim

IT – A foundational game-changer

Thuy Le-Kim provided the steady hand of leadership to the project team charged with implementing its new Group-wide ERP system. It is probably the largest foundational project ever undertaken by the company to bring together all geographies and brands on to a single platform.

Kenny Thein

"The company leadership gave me full empowerment to drive this project. We had the right mix of people from across the Group collaborating remotely – we were in lockdown – and across the different time zones," says Thuy.

"The success of 'Project Camino' – meaning journey – relied on transparency, agility, pragmatism, and frank and honest exchanges to ensure the right issues were addressed and the right decisions were made at the right time. We were outcome-focused with no room given to sweating the small stuff."

"I'm truly proud of everyone's efforts and input into what will now provide the business with a tremendous foundation to grow. We've replaced three different financial systems – all more than 20 years old – with a cloud-based, responsive product that allows us to move faster, share information, and work better together as one Group."

Kenny Thein was a key New Zealand-based member of the Senior Leadership Team with a particular focus on evolving technologies and cyber security while ensuring the business maintains the best in class approaches to system implementation.

Says Kenny, "There are many more moving parts in our business compared with, say, 10 years ago. And fragmented too, with the uptake of BYOD and laptops. An integral part of our security posture new system is moving towards a zero-trust approach to help manage this. With our multi-faceted cyber security approach, working 24/7 to analyse, identify and isolate any threats, we are now more secure than ever, while being able to move faster, easier and safer."

Restaurant Brands' leadership

Supply Chain – Plan B, C, D, E...

Pivoting on a dime! That's how Leonie Reyneke, New Zealand's Supply Chain GM, describes the last two years keeping the supply of goods flowing to the restaurants. "No two days are the same these days," she says. "What was a complex but nonetheless well-oiled machine several years ago, has been confronted by headwinds on all fronts; COVID, geo-political tensions, commodity price inflation, labour shortages, transport disruptions and more recently, floods!"

Contingency planning has been a daily activity for the past few years requiring Leonie's team to remain agile and adaptable at every turn. 'Just in time' planning has given way to 'just in case' contingency strategies.

"It's made a huge difference to know you have the trust of the company leadership and room to act, to make the calls and be accountable to the business," says Leonie. "Take the chillies that go into the Zinger marinade for example; when our usual source of supply choked off due to shipping problems, we had to find an alternative – not just with the same properties but also one that passes all of the regulations. Sunflower oil too; prices have sky-rocketed due to the situation in the Ukraine, so we had to find another source that has the same high oleic content. We're talking to our suppliers on a daily basis to keep one step ahead."

> "My team deals with it effectively through agility, perseverance, passion for the business, and a sprinkle of grit."

Leonie maintains the confidence and calm of a leader who's got things under control. Commodity prices will eventually settle back and she is already beginning to see a softening in the market.

"Managing risk is what we've been trained for – and we've been trained well," she says. "My team deals with it effectively through agility, perseverance, passion for the business, and a sprinkle of grit."

Leonie Reyneke

Elizabeth Fink

Emma Jones

HR – Finders keepers

Businesses the world over are struggling to find good talent and Restaurant Brands is no exception. While COVID brought a range of people issues, the post-COVID era is presenting a new set of challenges requiring the company's HR function to shift and adapt, yet again. Elizabeth (Beth) Fink (California) and Emma Jones (Australia) are at the forefront.

"COVID was all about the physical and emotional strain on people and families so we had to frame our culture around empathy. That's still there of course but now the focus is on building a culture of training, personal growth and development," explains Beth, "Retention is the name of the game, with competency training, upskilling, and leadership initiatives like our HeartStyles soft skills programme is fulfilling the ambitions of a younger generation."

Emma points out, meanwhile, that Australia's unemployment rates are at an all time low. "There are many more opportunities for employment around the world without ever having to leave home. Borders have reopened allowing young people to head off on their OE. And big brands have entered the Australian market adding to the competition for talent," she says.

Recruitment difficulties maybe starting to ease now so energies can get behind identifying and nurturing talent, building leadership capability and a Group-wide community and culture.

"Priorities can differ by generation – our staff are aged anywhere between 15 and 50+. So while younger team members are hungry for life's experiences, older workers value stability and guaranteed work. It's about matching their priorities to the right opportunities. And now with our new HR systems giving us oversight of all our people we can identify nurture the gold a lot quicker," explains Emma.

"One thing's for sure these days," Beth summarises, "If you cultivate a great happy culture then this new generation will stay with you. And a happy crew lifts the customer experience, which elevates their brand experience versus our competitors', which in turn builds the business."

> "One thing's for sure these days, if you cultivate a great happy culture then this new generation will stay with you. And a happy crew lifts the customer experience, which elevates their brand experience versus our competitors', which in turn builds the business."

Restaurant Brands' leadership

Operations – Providing certainty

Leading the frontline teams through COVID and now post-COVID has provided huge learnings, calling on the business to pivot and shift through the uncertainties. But one thing's crystal clear now, putting your people first and providing them with as much certainty about their future as you can is working well.

Nancy Franco (California), Shahida Khan (New Zealand) – both with many years experience working with our brands – and Cynthia (Cindy) Julian, a QSR veteran in her own right in Hawaii, all have thing or two to share about how the dialled up people focus is delivering results.


Nancy Franco

"Restaurant Brands has been a phenomenal partner and owner," says Nancy, "They care so much about their employees. The sales and profits have grown as a consequence. HR has helped us to develop our restaurant managers to lead with their heart and connect with their teams."

The HeartStyles programme, on-hand training, weekly face-to-face development classes and benchmark certification is help-


Cynthia Julian

ing restaurant leaders to be the best they can. It's an investment in leadership that identifies and retains potential as well as showing other team members by example that there is a genuine path for career and personal development.

> "The company trusts us to get on with it which we do and that's why it works," says Nancy.

Shahida concurs. "There's much more self awareness these days after COVID. We've grounded our values – like family – and work together across the business a lot more with shared purpose."

"And we've focused too on simplifying operations; COVID taught us to rationalise the menu and tighten our processes in the kitchen, the drive through lanes, "Click & Collect", and delivery. Also we've been able to shape the operation to suit each store's customer profile," she says.

Cindy acknowledges the continuous challenge of finding good committed staff. "Younger people in Hawaii have so much choice these days about how and when they want to work. Living at home has given them more disposable income and more options," she says. "So it's really important we set ourselves apart as an employer and sell the personal development dream!"

Both Cindy and Shahida confirm that the labour shortages are leading some restaurants to engage older workers as long as they fit with our values and are right for the type of store and customer community.

Cindy shares her wisdom around the need for compassion at every step and for every age group of employee. "The young want to be heard while the older workers want to be seen."

"There's no doubt," concludes Shahida, "that putting our next generation leaders at the centre of our operations, providing them with clear development pathways and supporting them in a variety of ways is providing the future certainty they need. The known will always pull you through the unknown."


Shahida Khan

Finance – Fast, detailed and accurate

The benefits of the new Group ERP system ('Project Camino') have been well-received across the Group's geographies.

Elyse Hooper (New Zealand) and Alice Liu (California), who look after the purse strings in their respective countries, both had significant input into the system from a financial perspective. And, understandably, they are both full of praise for the new efficiencies.

"Constant change has become the new normal for us, so automating a lot of what used to be manual processes, has been a welcome breath of fresh air," says Alice. "All four regions are now aligned working with the same data on a bigger platform so we can learn best practice from each other and agree our decisions as a group."

Elyse elaborates. "As our needs keep changing we have to be more agile than ever. Freeing up manpower, allowing people to learn new skills and redeploying skills across different parts of the business is making a huge difference now – which a lot of the time helps us to be more productive and ultimately save money."

Through these inflationary times the system is flexing very efficiently allowing for faster scrutiny of costs and timely, better decision making right down to individual store level.

"Increases in interest rates means our results have to be out as fast as possible," says Elyse. "The analysis needs to be fast and ac-


Alice Liu


Elyse Hooper

curate across all areas of our business – even including things like couriers and shipping costs. By noticing shifts in certain cost trends we can be one step ahead meaning we can discuss opportunities for savings with managers. It makes us smarter with our resources while maintaining optimum product quality and customer experience."

The new financial agility bodes well for the business as it navigates the current turbulence. Higher than expected cost increases for food have hit hospitality and manufacturing hard and, while increases appear to be easing, the new system is helping to identify and implement the consumer pricing sweet spot in double quick time.

"Inflation appears to be easing out of its climb which is good," says Alice, "so hopefully the pattern of constant change might settle. Oh, but looking out my window, I see we've got snow in LA!"

> "As our needs keep changing we have to be more agile than ever. Freeing up manpower, allowing people to learn new skills and redeploying skills across different parts of the business is making a huge difference now – which a lot of the time helps us to be more productive and ultimately save money."

Restaurant Brands' leadership

Marketing – Complexity needs agility

COVID drew every area of the business together for closer, more collaborative and cohesive working relationships. Meanwhile, the market and society in general has fragmented with the proliferation of choices around what to eat, what and when to watch on a screen, even where and when to work.

The implications for marketing have been extraordinary, especially in the post-COVID inflationary environment. Clark Wilson and Leah Allen head the marketing for New Zealand and Hawaii respectively. How each has defined the role of their departments reflects the challenges they face in their markets.

Clark points to the proliferation of media compared with, say, 10 years ago. "We've a complex media eco-system now particularly driven by social media and the array of video-on-demand channels. Audiences are segmented more and we need to deploy appropriate strategies to reach them," he says. "Activation though sports sponsorships and PR initiatives are much more common. And creative has had to evolve too – especially for those who don't want to be 'marketed to' with traditional ads."

The role of digital has evolved massively such that it's no longer a discrete marketing function. Everybody in Marketing needs to be digitally upskilled – after all, digital channels are where audiences live.

Meanwhile in Hawaii, Marketing's role has adapted and expanded too. Only this time as a resource for managers who often struggle to resource their shifts.


Clark Wilson

Leah explains. "Consumer demand for Pizza Hut and Taco Bell products is strong, however the labour environment is extremely challenging. For the first time ever, we've had to leverage our marketing relationships to build our employment brand as way of recruiting and retaining staff. We work closely with HR and Operations to incentivise and attract delivery drivers and restaurant team workers. The competition for employees is fierce, especially on Maui where we not only compete with other restaurants and aggregate meal delivery drivers like Uber Eats but also with hotels who offer higher pay."

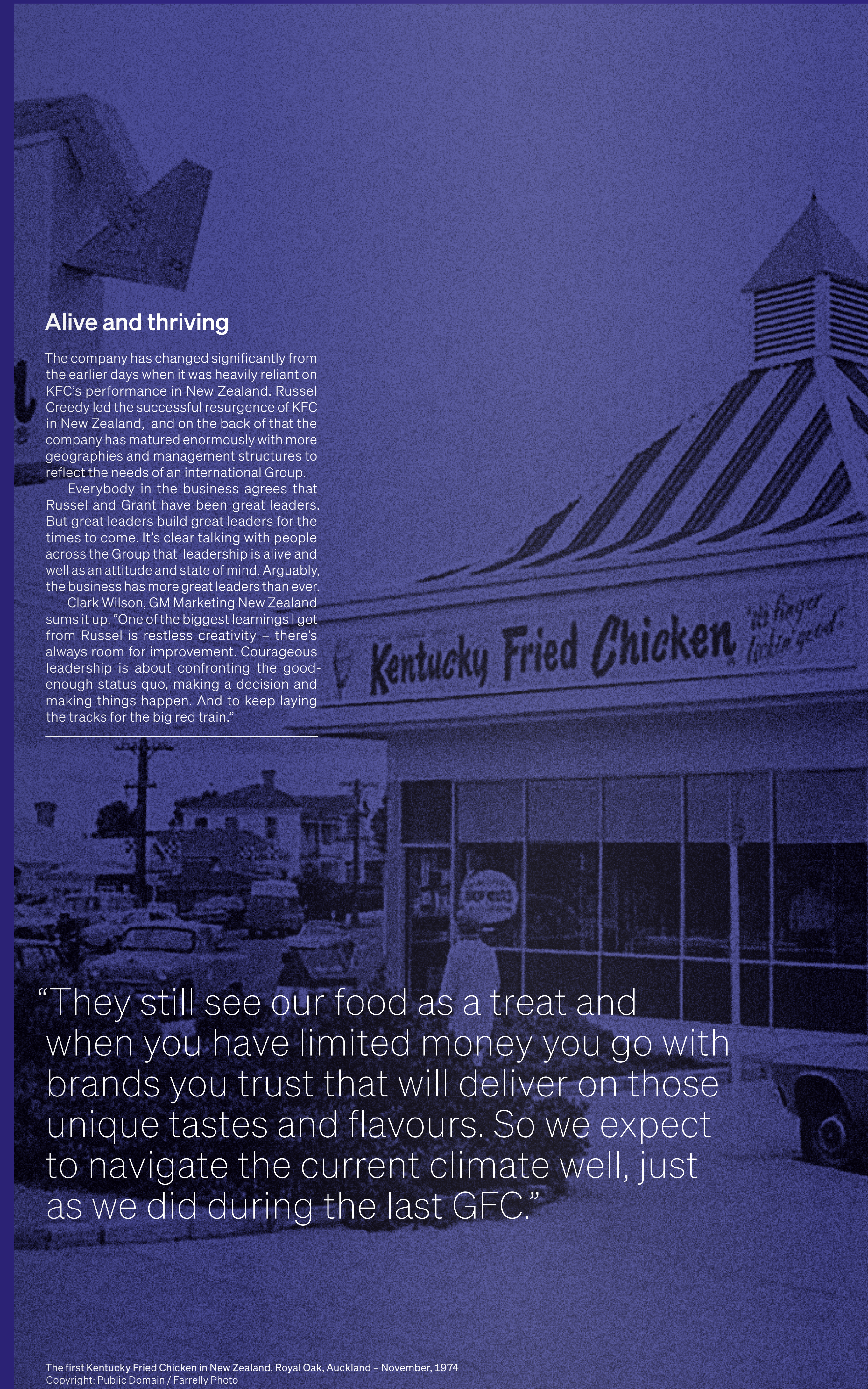
Leah describes how Marketing and all other areas of the business are like one big team where everyone collaborates across a range of challenges. "We treat the business like it's our own," she says, "we all have faith in each other to do our part to ensure the businesses are successful for many years to come."

Aside from media fragmentation, Clark is also focused on maintaining the brands' appeal for consumers who are facing huge cost of living pressures.

"It's a really interesting dynamic," he says. "There's a big consumer focus on value for money – which is not just about price. We've seen a slight move away from delivery services post-COVID as customers weigh up the cost of convenience versus picking it up themselves. We've had to adapt how we best offer value as customers shop around for the best deals and trade across the menu. And with supermarket prices climbing it's not always cheaper to make food at home so that can work in our favour."

Across all the company's brands, customers have come to know and love their distinctive personalities and tastes. "They still see our food as a treat and when you have limited money you go with brands you trust that will deliver on those unique tastes and flavours. So we expect to navigate the current climate well, just as we did during the last GFC", says Clark.


Leah Allen



Alive and thriving

The company has changed significantly from the earlier days when it was heavily reliant on KFC's performance in New Zealand. Russel Creedy led the successful resurgence of KFC in New Zealand, and on the back of that the company has matured enormously with more geographies and management structures to reflect the needs of an international Group.

Everybody in the business agrees that Russel and Grant have been great leaders. But great leaders build great leaders for the times to come. It's clear talking with people across the Group that leadership is alive and well as an attitude and state of mind. Arguably, the business has more great leaders than ever.

Clark Wilson, GM Marketing New Zealand sums it up. "One of the biggest learnings I got from Russel is restless creativity – there's always room for improvement. Courageous leadership is about confronting the good-enough status quo, making a decision and making things happen. And to keep laying the tracks for the big red train."

"They still see our food as a treat and when you have limited money you go with brands you trust that will deliver on those unique tastes and flavours. So we expect to navigate the current climate well, just as we did during the last GFC."

The first Kentucky Fried Chicken in New Zealand, Royal Oak, Auckland – November, 1974
Copyright: Public Domain / Farrelly Photo

Sustainability report – Environmental, Social and Governance

Sustainable success on the menu

Restaurant Brands' commitment to sustainable growth is steadfast. We work hard, every year, to make progress across all three pillars of our business: our people, our planet, and our food.

As 2022 gained momentum, the Omicron variant of COVID impacted operations across all our divisions. This event further highlighted the critical importance of caring for our team members and communities. Our resilient supply chain also played a crucial role in ensuring that we could continue to provide our customers with the food they know and love.

We are pleased to share our progress towards greater sustainability, especially in the area of carbon emissions and managing our climate-related risk. While we encountered some challenges in collating the necessary information to measure our carbon footprint, we persevered and accomplished much of what we set out to achieve.

Our journey will continue with dedication and pace, and we look forward to sharing our plans for Emission Reduction and Climate Adaptation in the 2023 Annual Report.

OUR SUSTAINABILITY FRAMEWORK

Purpose:

To be a thriving business built on brands that our employees and customers love and trust.

Leading in food quality

BEYOND COMPLIANCE

- Food safety and product quality
- Food safety training
- Supply chain food safety
- Nutritional profile
- Nutritional improvements
- Hormone and steroid-free chicken
- Responsible antibiotic use in chicken

ETHICAL SOURCING

- Supplier code of conduct, policy and audit programmes
- Animal welfare
- Forest stewardship

Caring about people and communities

AN INCLUSIVE & PRODUCTIVE TEAM FOCUSED ON WELLBEING

- A diverse and inclusive workforce
- Competitive remuneration
- First job
- Career progression
- Staff satisfaction and wellbeing
- Lost time injuries
- Workforce relations and monitoring
- Zero tolerance for forced or underage labour

SUPPORTING OUR COMMUNITIES

- Charitable donations
- Local sponsorships and partnerships
- Food recovery
- Local procurement

Environmental consciousness

PACKAGING & RESOURCE MANAGEMENT

- Landfill waste reduction
- Back-of-house waste reduction and diversion
- Sustainable packaging

CLIMATE ACTION

- Energy usage
- Refrigerant gas loss
- LED lighting
- Solar energy innovation
- Sustainable restaurants

Sustainability governance

The Restaurant Brands' Board oversees sustainability performance and provides strategic input and governance on our Sustainability Framework. The Board has convened a Health, Safety & Sustainability Committee to assist it in providing leadership and oversight for environmental, social and governance policies and disclosure matters across the Group's business. The Health, Safety & Sustainability Committee also assists the Audit & Risk Committee with collecting, reviewing and verifying the data that goes into our sustainability reports, and has oversight of the Group's performance and annual targets. Major initiatives, programmes and policies under the framework are discussed and signed off at Board level.

The Audit & Risk Committee of the Board oversees all significant risks to our business through the Risk Management Framework and any sustainability or climate-related risks that are identified as critical to our business are closely monitored by management and reported to the Audit & Risk Committee.

Operational responsibility is with the newly appointed Group ESG Manager and oversight for our sustainability strategy falls to our Executive Sustainability Committee. Together they develop and support the Sustainability Framework and its strategic objectives, and review progress against it. Input is provided by the Board, Department Heads and members of staff. It is the role of the Committee to develop, review, refine and aid the implementation of sustainability programmes and policies.

Each of our business units has a committed Environmental Lead, collating and providing information on a quarterly basis and providing valuable local insights to the Executive Sustainability Committee.

In the new year, as we work towards aligning with the Aotearoa New Zealand Climate Standards issued by the External Reporting Board at the end of 2022, our sustainability governance will be further reviewed.

Sustainability report – Environmental, Social and Governance

Caring about people & communities

An inclusive and productive team focused on wellbeing

A diverse and inclusive workforce

Restaurant Brands has a strong commitment to diversity and recognises the value of attracting and retaining people with different backgrounds, knowledge, experiences and abilities. Not only does diversity benefit individuals, customers, teams, shareholders, and other stakeholders, it also creates a vibrant and thriving work environment.

Our business policies, practices and behaviours promote diversity and equal opportunity and create an environment where individual differences are valued and all employees have the opportunity to realise their potential and contribute to Restaurant Brands' success.

Gender diversity

	MALE	FEMALE	NOT SPECIFIED
GROUP			
BOARD	71%	29%	
KEY MANAGEMENT	67%	33%	
NEW ZEALAND			
SENIOR LEADERSHIP	75%	25%	
ALL EMPLOYEES	47%	52%	1%
AUSTRALIA			
SENIOR LEADERSHIP	60%	40%	
ALL EMPLOYEES	53%	47%	
HAWAII			
SENIOR LEADERSHIP	57%	43%	
ALL EMPLOYEES	43%	56%	1%
CALIFORNIA			
SENIOR LEADERSHIP	40%	60%	
ALL EMPLOYEES	52%	48%	

Competitive remuneration

We work to keep salary and wage levels on or above market rates to ensure our employees feel valued and remunerated.

	RESTAURANT BRANDS AVERAGE HOURLY WAGE		ADULT MINIMUM WAGE BY DIVISION (As at 31 December 2022)	% OF EMPLOYEES ON COUNTRY MINIMUM WAGE
	MALE	FEMALE		
NEW ZEALAND ($NZ)	$22.38	$21.58	$21.30	0%
AUSTRALIA ($A)	$19.43	$19.71	$21.38	0%
HAWAII ($US)	$14.09	$14.33	$12.00	15%
CALIFORNIA ($US)	$15.59	$15.97	$15.00 ($16.04 IN CITY OF LOS ANGELES METROPOLITAN AREA)	51%

In New Zealand, our lowest rate of pay is $21.30 per hour – 10 cents above minimum wage. 31% of our employees are on this entry-level wage.

Australia has a large casual workforce, with 91% of all employees working on this basis. The majority of that workforce are youth, and both casual and permanent employees are paid above the minimum Fast Food Award wage starting from $8.71 at the entry level, and rising to up to $21.15 for 15-20 year old employees as they progress and become qualified for work.

In Hawaii, 85% of our employees earn above State minimum wage. Our employee 'package' includes medical benefits and a retirement plan.

California pays the State or applicable local jurisdiction minimum wage at point of entry.

Sustainability report – Environmental, Social and Governance

Career progression

We want our people to be their best selves. To achieve this, it is important that we understand an employee's career aspirations and provide the direction, support, and training to help them realise their potential.

To do this we:

- Ask employees to tell us their career aspirations and where geographically they'd like to work when completing their online employee profiles.
- Link into the above information during succession activities and performance reviews, giving managers insight into an employee's aspirations and allowing them to actively discuss how they can progress towards them.
- Publish clear, easy-to-understand role career pathways, so all employees can see the various store career pathways available to them.

This approach also has benefits for Restaurant Brands. By identifying employees who want a career with us, we can focus on developing the potential of these individuals and grow our own talent pool – an asset in a tight labour market.

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

JOB STEP MOVES
(as a % of total headcount)

	2021	2022
NEW ZEALAND	2021 – 13.3%	2022 12.8%
AUSTRALIA	2021 – 7.4%	2022 8.4%
HAWAII	2021 – 10.2%	2022 11.4%
CALIFORNIA	2021 – 8.8%	2022 9.0%

First job

For some of our new team members, a job at Restaurant Brands is their first. This year we have captured data to better understand the percentage of employees that make up this group and our initial findings confirm the importance of specific programmes to get these employees off to the best possible start.

% OF EMPLOYEES FOR WHOM THEIR JOB AT RESTAURANT BRANDS IS THEIR FIRST

NEW ZEALAND	34.2%
AUSTRALIA	12.9%
HAWAII	43%*
CALIFORNIA	NA (not measured this year)

* of the new employees who answered the question

ZERØ TOLERANCE FOR FORCED OR UNDERAGE LABOUR

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

Staff satisfaction and wellbeing

Restaurant Brands is committed to fostering an inclusive, rewarding, and safe environment in which our people can thrive.

To measure employee satisfaction and our performance consistently across the Group, we have recently launched a company-wide Restaurant Brands Engagement Survey. The findings of this are presented below.

STAFF ENGAGEMENT

	PARTICIPATION RATE	ENGAGEMENT SCORE
NEW ZEALAND	26%	77%
AUSTRALIA	10%	79%
HAWAII	54%	85%
CALIFORNIA	54%	88%

To grow active participation and encourage all employees to 'have their say', we will be launching a campaign in July 2023 that will encompass our restaurants and internal social channels. Our aim is to create a collaborative work environment where all team members feel empowered to share their thoughts, ideas, and opinions. We look forward to engaging with everyone in the company and creating a culture of open communication and feedback.

Going forward, the survey will be completed in September and the results will feed into our people planning and specific action plans for the following year.

In addition to the Engagement Survey, we have also launched New Starter and Exit Surveys. These will be rolled out through all divisions in 2023 and will provide valuable insights into what we are doing well, and what we can improve, to cultivate a positive working environment for all.

In other new developments, a programme called Heartstyles is now company wide. Its underlying philosophy is to give individuals and teams the ability to create positive outcomes for themselves and others on a long-term basis. All Restaurant General Managers and Above Restaurant Leaders complete the Leading with Heart leadership and personal development training and we look forward to seeing the benefits of this in the future.

STAFF TURNOVER
(as a % of average total staff)

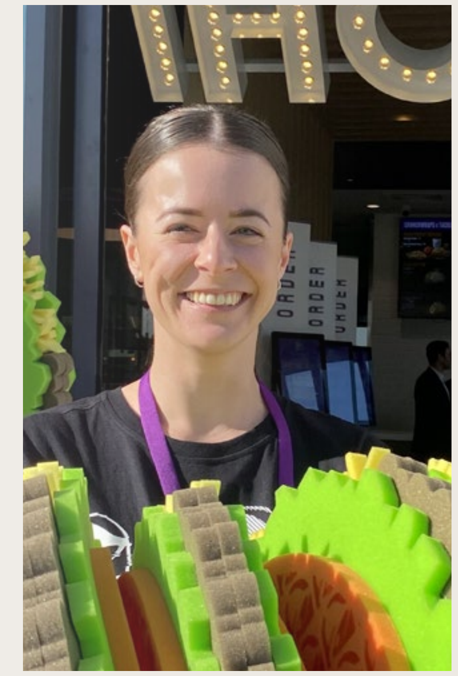
	2021	2022
NEW ZEALAND	2021: 75% (6 % involuntary)	2022: 89% (2% involuntary)
AUSTRALIA	2021: 49% (1 % involuntary)	2022: 68% (1% involuntary)
HAWAII	2021: 79% (11 % involuntary)	2022: 77% (2% involuntary)
CALIFORNIA	2021: 86% (4 % involuntary)	2022: 72% (5% involuntary)

Involuntary turnover is any instance where Restaurant Brands has decided to terminate an employee. This includes restaurant closure and employment abandonment.

The Quick Service Restaurant (QSR) industry is known for its high staff turnover rate.* This can be attributed to a variety of reasons, including the fact that many employees are either students, new to the workforce, or simply seeking temporary employment. As a result, high turnover is a systemic feature of our business.

Committed to fostering an inclusive, rewarding, and safe environment in which our people can thrive.

*Over 70% for the U.S. Accommodation and Food Services industry (monthly turnover rate of between 5.4% and 6.2% in 2022, published by the U.S. Bureau of Labour Statistics).



Lost time injuries (LTIs)

(per million hours worked)

	2019	2020	2021	2022
NEW ZEALAND	6.3	5.2	10.4	9.1
AUSTRALIA	10.0	11.9	17.1	9.2
HAWAII	6.2	2.5	4.1	3.6
CALIFORNIA	n/a	5.2	9.1	9.7

The safety of our employees is of utmost importance and a measure of this is the time lost to injuries.

Of note this year, Australia has seen a 40% reduction in LTIs as the team continued to build an operations-led safety culture promoting safety lead metrics.

Hawaii also had a decrease which can be attributed, in part, to a new program for Driver Safety Trainers which has seen accidents reduced by 25% as compared to the same period last year.

Across the business, we will continue to have a strong focus on injury prevention to improve our performance and mitigate the number of injuries.

Workforce relations and monitoring

New Zealand operates under both collective and individual employment agreements which provide for fixed shifts for employees. All restaurant employees are required to record their hours of work and are paid accordingly. We are also compliant in paying to the collective and individual rates of pay.

The Australian division operates under the KFC National Enterprise Agreement 2020 and Taco Bell Team Members Enterprise Agreement 2020. Employees in restaurants are required to record their hours of work and are paid accordingly to the hours worked. Pay records are audited annually to ensure compliance with the Enterprise Agreements.

Enterprise agreements are not a feature of the Hawaiian and Californian QSR markets, but nevertheless, our policies and processes are designed to comply with local labour laws.

Sustainability report – Environmental, Social and Governance

Supporting our communities

RESTAURANT BRANDS CHARITABLE FUND

Charitable donations

Restaurant Brands established the Restaurant Brands Charitable Fund in 2019. The Fund is committed to supporting youth-orientated New Zealand charities that focus their activities on improving access to education. As a large employer of young people, this cause is close to our hearts.

In February 2023, $100,000 was contributed to the fund for the FY22 period. Of the total contributions made to date, $225,000 has been donated to the communities we serve.

This year's beneficiaries of the fund are Manaiakalani Education Fund and First Foundation.

$35,000 TO THE MANAIAKALANI EDUCATION TRUST

The Manaiakalani Education Trust provides support to New Zealand school children, families, and whanau in challenged, stressed, and isolated communities, with a particular focus on Decile 1 and 2 school areas. Their goal is to provide access to local, global, and digital citizenship to those who may not have the resources to do so.

Despite the challenges posed by COVID, the Manaiakalani Programme continued to make strides in lifting the learning engagement and achievement of students across New Zealand. Their seamless transition between physical and online learning helped maintain the connection between home and school, and resulted in a 20% increase in participation in 2022.

$30,000 TO THE FIRST FOUNDATION

Through our partnership with the First Foundation, Restaurant Brands is supporting talented young Kiwis who face financial and other barriers to attending university. Our funding of five scholars attending universities in Auckland and Waikato covers four years of study and includes financial assistance and an offer of paid work experience. This programme gives each student access to the support and professional networks they need to succeed in their studies and careers, dramatically improving their opportunities in life.

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

Local sponsorships and partnerships

Each year, across our divisions, we assist key community organisations, offering financial, marketing and promotional support. This year is no exception!

NEW ZEALAND

We are excited to announce the launch of the KFC Foundation for Good this year, formalising our commitment to give back to the communities we serve, as well as our 3000-strong team across the country. Our mission is to champion causes that equip young Kiwi adults with the skills and support they need to enhance their wellbeing, so they can be free to be themselves.

KFC's partnership with Surf Life Saving New Zealand (SLSNZ) is now part of the KFC Foundation for Good. This partnership is an essential part of our commitment to delivering a meaningful and positive impact on the lives of New Zealanders.

Over the past 10 years we have raised a total of $1.58m for SLSNZ and our donations have been instrumental in educating, training, and supporting the 4,500 Surf Lifeguards who patrol 92 beaches across New Zealand every summer. 9,584 people have qualified as Surf Lifeguards since the partnership began October 2012. As a result of their tireless efforts and dedication, they have delivered over two million hours of patrolling and saved 9,709 lives over our decade-long collaboration.

In 2020, Pizza Hut became an official partner of St John, New Zealand's leading provider of event health services, and we are delighted to report that this year we raised $97,105 for this worthy organisation.

The funds raised are used to purchase essential equipment and supplies, including uniforms, medical kits and golf carts that allow paramedics to quickly respond to emergencies during high-profile sports events and small community fairs alike. We are proud to support St John in its efforts to keep New Zealanders safe and healthy, and we look forward to continuing our partnership in the years to come.

KFC For Good Foundation	$102,000
Surf Lifesaving New Zealand – KFC	$62,517*
St John – Pizza Hut	$97,105
Community donations – All brands	$9,390

WATCH THE ADVERT

Scan the QR code or visit https://youtu.be/sNS87BpNSYo

AUSTRALIA

With over 90% of our team members being under the age of 25, supporting Aussie youth is something we're deeply passionate about. Together with us on this journey, we have three charity partners: The Black Dog Institute, ReachOut Australia and Whitelion. In 2022 we proudly launched cashless and round-up donations nationally, which saw an over 30% increase in donations.

KFC Youth Foundation **$A62,866**

CALIFORNIA

Each year, with every case of Secret Recipe Fries sold, our California restaurants donate to the KFC Foundation. This allows us to participate in the Kentucky Fried Wishes grant programme and to make a tangible impact in our communities.

In 2022, two of our stores were successful in nominating local non-profit organisations to be the recipient of one of 50 grants nationwide. Future Leaders of America, which provides leadership training, educational experiences, and personal development for youth, and My Friends House LA, which supports the needs of the homeless and other marginalised populations in and around the Downtown Los Angeles Area known as Skid Row, were both deserving recipients.

In addition to supporting our communities, the KFC Foundation is also committed to investing in the education of our California restaurant team members. We're proud to partner with Western Governors University to offer tuition fee-free online university courses toward more than 60 different degrees. This initiative will help our team members achieve their educational goals, further their careers, and achieve their dreams.

KFC Foundation/Kentucky Fried Wishes/ Reach Grant **$US33,543**

*The total of this year's fundraising was disappointingly impacted by the spread of the COVID Omicron variant in the community hampering fundraising initiatives planned for January–March 2022.

Sustainability report – Environmental, Social and Governance

HAWAII

The Taco Bell Foundation, our largest donation recipient, is focused on youth empowerment by helping young people explore their career passion with scholarships, experience and community support. Funds are raised via national Taco Bell fundraisers like 'Round Up' where customers can donate a small amount by rounding up their check to the nearest dollar. These small donations add up quickly and fund valuable scholarships to many future leaders.

This year, we were delighted that two employees from Taco Bell Hawaii were awarded $US10,000 Live Más Scholarships to advance their education. These scholarships are designed to support creative and innovative students aged 16-26 with a passion for creating a better future and making a positive impact on their community.

Taco Bell Foundation	$US45,733
Red Cross	$US20,000
Taco Bell Owners Giving	$US10,500
Other	$US3,855

Food recovery

Restaurant Brands is proud to work with food recovery partners in New Zealand, Australia and California, reducing the negative impacts of food waste on our environment and nourishing those in need.

FOOD DISTRIBUTED IN 2022

NEW ZEALAND

'Feed more, waste less' is the motto of our New Zealand food recovery partner KiwiHarvest and we are proud to play our part in this mission. The decrease in tonnage reflects less COVID related lockdown donations and a more consistent supply chain.

2021: 26.9 → 2022: 16.3 TONNES

AUSTRALIA

In the past year, KFC has donated 3.37 tonnes of cooked chicken to partner, OZHarvest. This has been converted to 6,734 meals, feeding almost three times as many people as in the 2021.

2021: 1.1 → 2022: 3.4 TONNES

CALIFORNIA

Our California restaurants donate surplus food in partnership with Food Donation Connection through the KFC Harvest Program, KFC's prepared food donation programme.

During 2022, each of our restaurants appointed a 'store champion' to lead the initiative ensuring surplus food donations are collated and regularly donated to non-profit organisations that help Americans facing food insecurity. This has led to an 18.6% increase from the previous year.

2021: 39.2 → 2022: 46.5 TONNES

HAWAII

We are yet to partner with a food rescue organisation in Hawaii and will be exploring this in the coming year.

Local procurement

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

NEW ZEALAND

This year we were pleased to secure local supply of our Potato & Gravy tubs and to report that of all protein sourced, only three ingredients are imported. They are pepperoni, string cheese for our Stuffed Crust®, and beef patties.

LOCAL BASED SUPPLIER PARTNERSHIPS
% of the total spend
2021: 76% → 2022: 81%

PACKAGING MANUFACTURED IN NEW ZEALAND
% of the total weight
2021: N/A → 2022: 5%

PROTEIN SOURCED IN NEW ZEALAND
% of the total weight
2021: N/A → 2022: 93%

AUSTRALIA

Outside of New Zealand procurement is managed by our franchisor Yum! and we are dependent on their supply chain for each brand, but we are able to share the following insights:

LOCAL BASED SUPPLIER PARTNERSHIPS
% of the total spend
2021: 92% → 2022: 91%

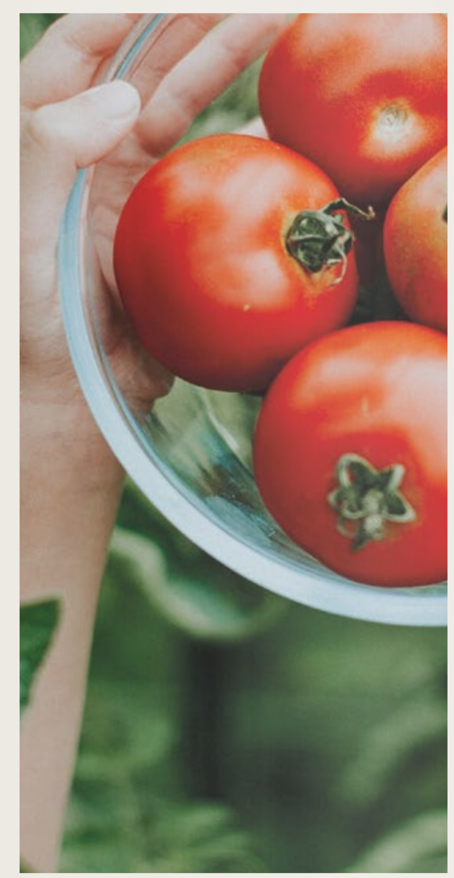
PACKAGING MANUFACTURED IN AUSTRALIA
% of the total weight
2021: N/A → 2022: 35%

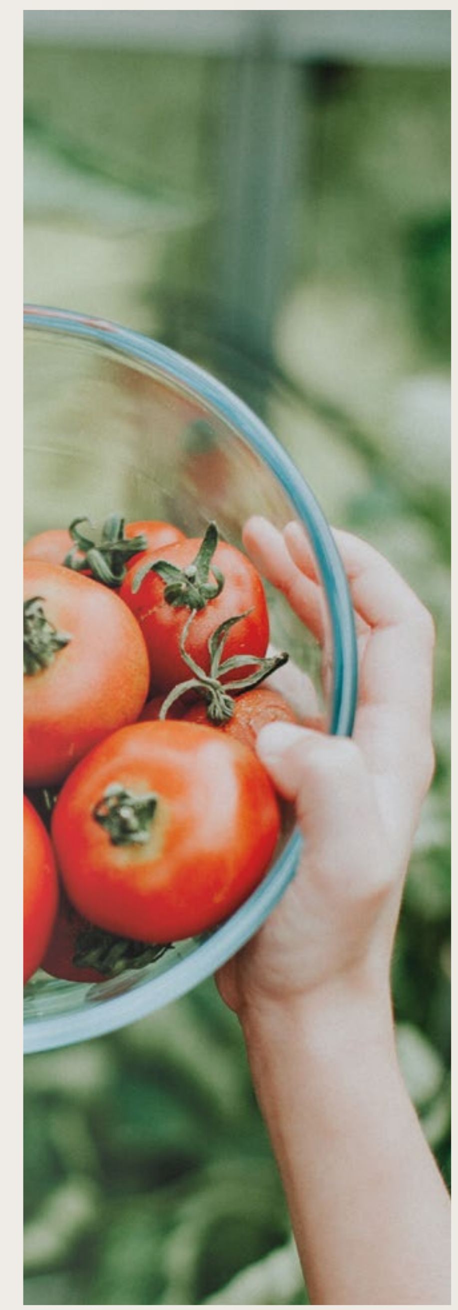
PROTEIN SOURCED IN AUSTRALIA
% of the total weight
2021: N/A → 2022: 100%

CALIFORNIA AND HAWAII

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

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





Sustainability report – Environmental, Social and Governance

Environmental consciousness

Packaging and resource management

Landfill waste reduction

One of the key areas of focus for Restaurant Brands is reducing the amount of all waste going to the landfill. From packaging used to serve and transport our food to our customers, to supplier packaging, food waste, construction waste and e-waste. All contribute to our greenhouse gas emissions, and all have a role to play in reducing our carbon footprint and our impact on the environment.

Over the past year, we have continued with our quest to better understand the levels of waste being sent to landfill not only by us, but by our customers too, and the complexities of this remain. It is our aim to share some data across all areas of waste in our next report, and for our management of waste to play a part in the emissions reduction plan we've been working on.

In Australia, KFC continues to partner with industry, waste service providers, and packaging suppliers to innovate on solutions that will take a full life cycle approach, including options for end-of-life upcycling initiatives.

In California, it is mandatory to have separate waste recycling containers in each restaurant. Currently, this waste is then measured in cubic feet but we are working on a way to extrapolate this into tonnage to allow us to measure greenhouse gas emissions. We are also considering options for reducing the quantity sent to landfill.

In Hawaii, waste is in part mitigated by H-Power which incinerates solid waste from around O'ahu and turns it into electricity, thus preventing items such as pizza boxes and food packaging from occupying landfills.

CONSTRUCTION WASTE REDUCTION

Restaurant Brands New Zealand has partnered with Waste Management to handle waste from new builds and refurbishments in the past year and, in Australia, they are working with their build partners to explore and manage ways to minimise this waste.

In Hawaii and California, Yum! is responsible for the management of construction waste.

Sustainability report – Environmental, Social and Governance

YUM! HAS COMMITTED TO DIVERT 50% OF BACK-OF-HOUSE OPERATIONAL WASTE, MEASURED BY WEIGHT, GENERATED IN U.S. RESTAURANTS BY 2025.

Back-of-house waste reduction and diversion

CARDBOARD

All back-of-house cardboard waste is recycled In New Zealand, Australia and California. Hawaii has achieved an estimated 50% level of recycling, limited by the access or space to store cardboard in some restaurants.

COOKING OIL RECYCLING

We continue to recycle 100% of expired oil in all our divisions. This recycled oil then goes into the production of bio-diesel – a renewable, clean-burning diesel with lower emissions.

Sustainable packaging

All customer-facing packaging will be used and either get recycled or end up as waste. The challenge is that we can't know the fate of the packaging once it leaves our restaurants. Over the past year, as the best measure of packaging waste, we have been working with our suppliers to capture its weight and we will include this in our 2023 report.

In New Zealand, we have updated the packaging for our Potato & Gravy to a polypropylene material that can be recycled, and we continue to work with suppliers to develop a sustainable fit-for-purpose chicken bucket.

Our Australian division is working to remove unnecessary plastics from Go Bucket lids and shifting to alternative options and increased recyclable plastics for menu items such as frozen drinks and Potato & Gravy.

PLASTIC REDUCTION

% PHASED OUT PLASTIC BAGS, STRAWS AND LIDS IN 2022

NEW ZEALAND	100%
AUSTRALIA	100%
HAWAII	87%
CALIFORNIA	N/A

New Zealand and Australia are delighted to achieve our target ahead of time.

Hawaii continues to work towards the target and will also achieve this ahead of time and in compliance with the States' plastics ban.

California follows the Yum! Brands Sustainable Packaging Policy with its own plastic related 2025 goals.

OUR GOAL: TO PHASE OUT PLASTIC BAGS, STRAWS AND LIDS BY 2025.

Climate action

To deliver on our commitment to reducing Restaurant Brands' carbon footprint, and in preparation for New Zealand's mandatory reporting requirements from 2023 onwards, Climate Action has been a major focus for the business in the past year.

Emissions Reduction Plan

Over the past 12 months, we have:

1. Conducted a series of workshops with key internal team members and major franchisor Yum! to enable us to define Restaurant Brands' carbon footprint scope and commit to a 2022 base year for benchmarking, and
2. Developed the tools, and worked with suppliers, to collect the necessary data to report our carbon footprint each year.

Throughout these initial stages, it was evident that each division has some data collection challenges. These have, and may continue to, influence our final agreed scope.

The next steps are as follows:

1. Complete calculation of the 2022 Base Year footprint,
2. Obtain third-party verification to assure compliance with the ISO standards,
3. Improve data collection systems for 2023 and get underway with data collection, and
4. Set reduction targets and develop an Emissions Reduction Plan.

Climate Adaptation Plan

In our next Annual Report, we will share with you details of our Climate Adaptation Plan, which will be undergoing revision in 2023 in preparation to meet the newly launched Aotearoa NZ Climate Standard requirements.

Recent weather events in New Zealand are a stark reminder that our climate is changing, and we need to be prepared. The impacts from the physical, transitional and financial risks associated with climate change are significant and will only increase with time. As an enduring business, we need to mitigate the risks, and benefit from the opportunities that lie ahead through sound strategy and good governance. This will be a big focus for us in 2023.

Whilst we are not able to share our 2022 carbon emissions at this time, we are pleased with the progress we have made and grateful to internal teams and external partners for their ongoing support of our commitment.

Sustainability report – Environmental, Social and Governance

Here we look at the progress we have made on our existing key performance indicators and the additional areas of Natural Gas usage and refrigerant gas loss.

Energy usage

MWH OF ELECTRICITY USED

	2021	2022
NEW ZEALAND	37,889	39,729
AUSTRALIA	21,676	23,610
HAWAII	12,031	13,004
CALIFORNIA	15,022	15,650

MWH OF ELECTRICITY USED PER $MILLION SALES
(local currency $)

	2021	2022
NEW ZEALAND	82	75
AUSTRALIA	94	91
HAWAII	82	83
CALIFORNIA	136	138

Restaurant Brands achieved a reduction in electricity consumption per $ million of sales in both New Zealand and Australia, with a respective decrease of 9% and 3%.

Following the restatement of FY21 figures based on the updated consumption inputs, Hawaii and California's performance remained relatively unchanged.

MWH NATURAL GAS USED

	2022
NEW ZEALAND	3,354
AUSTRALIA	Nil
HAWAII	7,953
CALIFORNIA	11,321

MWH NATURAL GAS USED PER $MILLION SALES
(local currency $)

	2022
NEW ZEALAND	6
AUSTRALIA	Nil
HAWAII	51
CALIFORNIA	100

Natural gas is only used in New Zealand, Hawaii and California operations. In these locations, it is used predominantly for cooking, with some use as a heating fuel. Given natural gas has a higher carbon footprint than electricity in New Zealand, opportunities to switch from gas to electricity across the restaurant network will likely be a focus of the decarbonisation strategy.

Refrigerant gas loss

TOTAL REFRIGERANT GAS LOST (KGS)

	2022
NEW ZEALAND	120
AUSTRALIA	215
HAWAII	N/A
CALIFORNIA	N/A

As a handler of fresh and frozen produce, we rely heavily on refrigeration. All stores have large freezers and cold stores which require the use of refrigerant gases to maintain temperature. Failing systems and even small leaks can result in the release of kilograms of these gases into the atmosphere. As greenhouse gases that have high "global warming potentials" in some cases, losses will contribute significantly to our carbon footprint.

Our future Emissions Reduction Plan will focus on having well-maintained modern refrigeration systems that utilise refrigerant gases with low or zero global warming potential. We will talk about this more in future reports as the plan is developed and implemented.

LED lighting

We continue to transition to LED lighting across the business and are making good progress against our target of having 100% LED lights by the end of 2023.

% OF RESTAURANTS WITH LED LIGHTING

	2021	2022
NEW ZEALAND	47%	90%
AUSTRALIA	45%	60%
HAWAII	47%	52%
CALIFORNIA	33%	44%

Excluding the planned 2023 refurbishments, all restaurants in New Zealand have been upgraded to LED and we are on track to reach the target.

In Australia, LED lighting is being deployed at each refurbishment and currently, all dining room, and over half of back-of-house, lighting is converted. External signage lighting will follow as part of refurbishments.

Hawaii is confident they are on track to reach the target.

Our Californian restaurants comply with the State's energy efficiency standards for lighting which requires the use of LEDs. However most of the kitchen areas still use fluorescent tubes and parking lot lights are yet to be converted. An accurate measure of lighting use will be made in 2023 as we continue to work towards a full transition through back-of-house conversions and new builds.

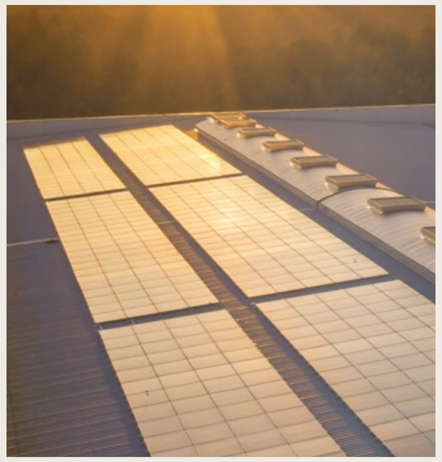
Solar energy innovation

Across Restaurant Brands, 13 restaurants are currently piloting the use of solar energy: three in New Zealand and ten in Australia.

The data collected in New Zealand to date has been encouraging and we are working on a plan to roll out this initiative across at least two more stores in 2023. Our target is to replace up to 20% of the electricity consumed in these restaurants with self-generated solar power.

Across the ten Australian sites, the average electricity yield was 10.6% of the restaurants' consumption and a total of 69.9Mwh was generated.

In California we commenced discussions with providers around parking lot solar panels and further research is underway. The new Paramount restaurant, opening in 2023, will be the first with rooftop solar. We are also exploring further solar panel and EV charging station installations at selected restaurants.



Sustainable restaurants

In New Zealand, consideration has been given to "Green" certification for every new build, but more work is required to set up a framework and we aim to get this underway this year. We are also exploring the opportunity of using our recyclable plastic to produce store furniture and interior decorations we are looking to upgrade power consumption readers in pilot stores, to assess the saving opportunities.

In a QSR restaurant-first, KFC Australia has introduced carbon-negative upcycled internal walls and ceiling tiles in one restaurant. These will become standard products for new and refurbished restaurants going forward.

California is excited to be opening its first LEED Certified Restaurant (New Build) in Paramount in early 2023. LEED certification is a globally recognised symbol of sustainability achievement and leadership, and its framework informs all building types including new construction, interiors, operations and maintenance, and core and shell.

The division is also trialling on-demand electricity management to assist restaurants to reduce peak period consumption, usually supplemented by thermal generation.

Sustainability report – Environmental, Social and Governance

Leading in food quality

Beyond compliance

Food safety and product quality

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

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

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

Here's how we performed:

	2020	2021	2022
NEW ZEALAND*	98%	98%	97%
AUSTRALIA	85%	92%	81%
HAWAII	93%	95%	78%
CALIFORNIA	Not available	93%	95%

*AsureQuality audit on behalf of Ministry for Primary Industries.
Note: there were no food safety audits carried out in California between 2 September and 31 December 2020 (the first four months of our ownership).

Hawaii and Australia have identified the areas of improvement and are currently working on additional staff training options to maintain the required store safety and food quality levels and lift the score up back to above the 90% mark in 2023.

Food safety training

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

100% OF RESTAURANT STAFF COMPLETE FOOD SAFETY TRAINING

Supply chain food safety

In Australia, Hawaii and California, Yum! manages the supply chain and they uphold an industry-leading food safety programme including processes for auditing suppliers and mitigating risk across their global supply chain.

Food safety audit outcomes are reported as a performance Tier, ranging from Tier 1 (top Tier) to Tier 4. The 85% Yum! Standard represents the % of supplier audits achieving Tier 1 & Tier 2.

In New Zealand, in addition to all achieving the local standards, 74% of our suppliers achieved Tier 1 and 2 of the Yum! standard this year, an increase from 68% in 2021.

Nutritional profile

Nutritional information, including the amount of fats, sodium and sugar in our core menu items, is listed on our brand websites with the exception of Taco Bell in Australia. This is something we aim to address in the coming year.

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

Sustainability report – Environmental, Social and Governance

Nutritional improvements

Restaurant Brands is committed to providing food that our customers can love and trust, that tastes good and *is* good.

In New Zealand, where we have the greatest control over our menu and supply chain, we actively drive reductions in sodium, sugar and saturated fats through a programme of continuous improvement.

Here's how we did:

SODIUM

KFC CHICKEN SNACK PATTIES ↓ 10%

CARL'S JR. BIG CHICKEN FILLET ↓ 10%

PIZZA HUT HAM TOPPING ↓ 11%

SUGAR

KFC ARBY BURGER BUNS AND BREAD ROLLS ↓ 10%

FANTA POST-MIX ↓ 35%

SATURATED FAT

PIZZA HUT HAM TOPPING ↓ 5%

Both KFC and Taco Bell Australia also strive to improve the nutrition of their menu. KFC has reduced the sodium in core chicken menu options by 20% and fillets and strips are now MSG free. Taco Bell has also stripped MSG from all food ingredients, including the chicken and beef seasoning, and reduced the sodium in tortillas.

Hormone and steroid free chicken

All our chicken is hormone and steroid free. Our suppliers must comply with this policy, to ensure our customers enjoy the highest quality product.

Responsible antibiotic use in chicken

In New Zealand, our chicken is antibiotic free. In other divisions, animal health may necessitate the use of antibiotics to maintain or restore health. In these instances, antibiotics are used only for this purpose and at levels that are not significant in human medicines.

Restaurant Brands is committed to providing food that our customers can love and trust, that tastes good and *is* good.

In New Zealand, our chicken is antibiotic free

Ethical sourcing

Supplier code of conduct, policy and audit programmes

In New Zealand, all suppliers are carefully selected, undergo due diligence and are audited on an annual basis to ensure they meet our ethical standards. Our standards are based on the combination of the Yum! Supplier Code of Conduct and other best practice guidelines.

Australia, Hawaii and California are part of the Yum! supply chain and all their suppliers must adhere to their Supplier Code of Conduct which sets basic requirements of all suppliers whether they provide food or beverages, packaging or equipment. All suppliers are audited on a regular basis.

Animal welfare

All New Zealand manufacturing sites that produce meat and meat products supplied to Restaurant Brands must meet the requirements of the Animal Welfare Act and are audited by both SPCA and Asure Quality.

Our two largest, long-standing chicken suppliers are Tegel and Ingham's. Both companies are committed to following all the right animal welfare codes and guidelines and ensuring the humane treatment of their birds. Further information on their standards can be found on the KFC New Zealand website.

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

AsureQuality Kaitiaki Kai

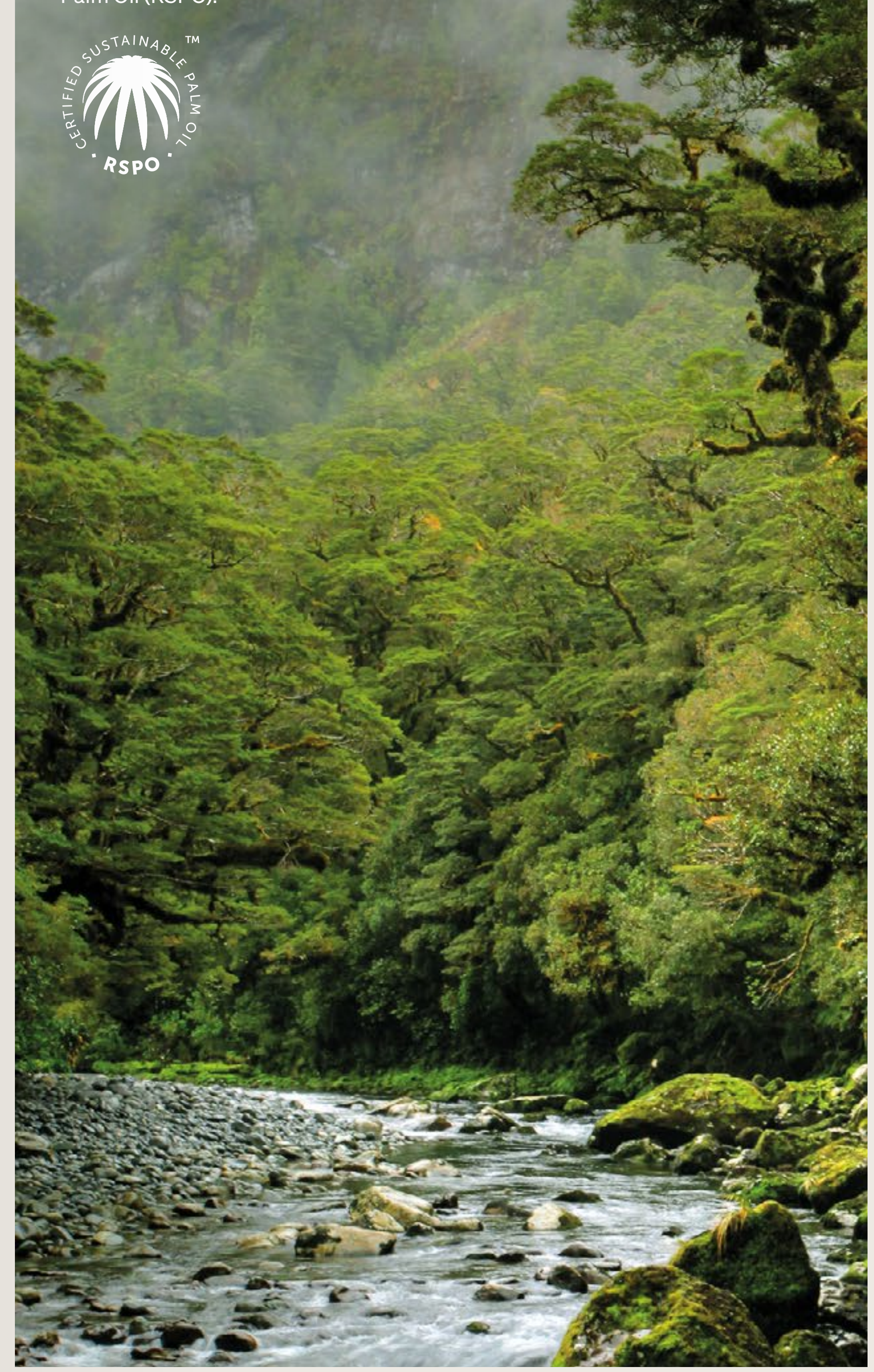
SPCA

Forest stewardship

The supply of beef, soy, palm oil and paper is a focus for major franchisor Yum! as they seek to address climate change by reducing deforestation. As active members of the New York Declaration on Forests, Tropical Forest Alliance, and UK Roundtable on Sustainable Soya, they are monitoring legislation worldwide and participating in discussions about how governments and businesses can protect forests. We look forward to seeing an increase in disclosure and progress in the future.

Across the Group, palm oil has either been removed or is sourced from responsibly managed sources, with third-party certification from the Roundtable on Sustainable Palm Oil (RSPO).

CERTIFIED SUSTAINABLE PALM OIL RSPO



Future focus

Restaurant Brands recognise that sustainability is not only important for the future of our planet, but also for the success of our business. With the guidance of the Executive Sustainability Committee and the addition of our Group ESG Manager, we are well-positioned to drive advancements and ensure success across the pillars of our business.

The upcoming mandatory climate standards will have a significant impact on what and how we report, but we are prepared for the challenge. We have the team and plans in place to deliver, and whilst there is still much to be done, we are confident that by working together, we can make a positive impact on our environment and communities.

Restaurant BRANDS

Operations report

New Zealand

Pleasing results in difficult trading conditions

The New Zealand division's total store sales were up $68.1 million to $529.2 million, an increase of 14.8%. KFC continued to be the prime driver of total sales growth, with a further contribution from Taco Bell. The increase in revenue was driven by new store numbers (a net six stores opening over the year), together with continued positive same store sales growth. The growth comparison was assisted by the rolling over of store closures under the extended lockdown during 2021, the impact of which has been estimated as approximately $26 million.

The business responded well with improved efficiencies and targeted price increases recovering some of these costs, with the balance expected to be made up over the coming months.

Same store sales were +2.4% for the year, rolling over the +9.1% growth achieved last year, a pleasing result in sometimes difficult trading conditions.

KFC remains the key contributor to the New Zealand operations. The brand once again delivered a strong result with both sales and profit performance up on last year's reported numbers and some weeks producing record sales levels. Price increases to meet inflationary challenges, together with some successful new product roll outs (*Hot & Crispy Boneless Chicken*) drove same store sales growth and assisted in margin recovery.

Carl's Jr. also saw strong revenue growth with same store sales significantly up on last year. The brand continued to benefit from the use of third-party delivery providers. Carl's Jr. will see some network growth with plans to begin opening new stores in the FY23 year.

The Pizza Hut brand also continued to grow, with nine new independently franchised stores opening over the year, bringing the entire network up to 114 Pizza Huts, of which 108 are owned by independent franchisees. A further four KFC stores are also owned by independent franchisees.

Taco Bell now has 13 stores open in New Zealand. This is despite the adverse impact of COVID lockdowns and effect of inflation on building costs. The brand continues to gain momentum with store sales more than doubling from FY21.

With immediate COVID pressures now behind us, the new challenges facing the business were substantial cost increases in both ingredients and wages. These inflationary stresses, together with staff shortages from COVID disruption and a singularly low unemployment rate placed considerable pressure on margins.

The business responded well with improved efficiencies and targeted price increases recovering some of these costs, with the balance expected to be made up over the coming months.

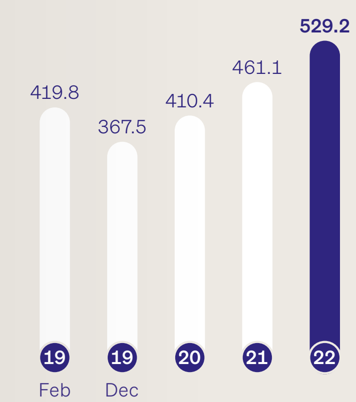
Consequently, whilst store EBITDA for the New Zealand business was $89.5 million, (up $6.2 million) flowing through from the increased sales, it was adversely impacted by cost inflation. The EBITDA margin for New Zealand was 16.9%, which is down on last year's 18.1%.

Total company owned stores increased by six to 143. This includes four new KFC stores (including the purchase of the KFC at the Auckland International Airport) and three new Taco Bell stores, off-set by the closure of one Carl's Jr. store.

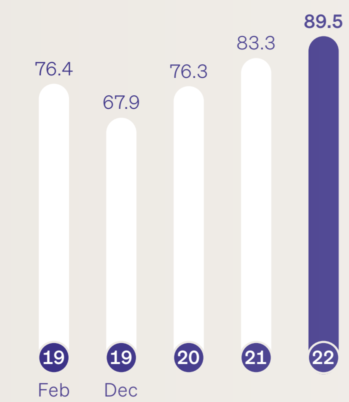
The New Zealand business has also seen significant store reinvestment with 18 stores remodelled over the year and another 25 store refurbishments planned during FY23.

Whilst the pace of increased costs has slowed somewhat as we begin the new financial year, these will continue to put pressure on EBITDA margins in FY23. Store efficiencies and price increases will however assist a return to full margin recovery over the coming year. A limited number of new store builds is expected in the coming year (three Taco Bell and two KFC stores).

TOTAL SALES ($NZ m)



TOTAL EBITDA ($NZ m)



4,041 STAFF

143 STORES

(+112 FRANCHISED)

Operations report

Australia

Leading recovery with returning margins

A strong sales recovery in the Australian business helped mitigate the negative effects of inflation. Same store sales rebounded strongly at 7.4%, reflecting the solid turnaround of the CBD and mall stores in the network. Both these groups of stores were hit hard by the COVID closures but are now outperforming the rest of the business in terms of recovering from that downturn. In AUD terms, total sales were up $A29.0 million (12.6%) on prior year to $A259.0 million.

In NZD terms sales were $NZ283.4 million (up 16.1% or $NZ39.3 million).

Growth in store numbers assisted in building sales with four new Taco Bell stores and one KFC store opening during the year. Despite the difficult trading conditions, the Australian business continued its store refurbishment programme, together with making further investment in digital experience in-store (kiosks in store and digital drive thru menu boards).

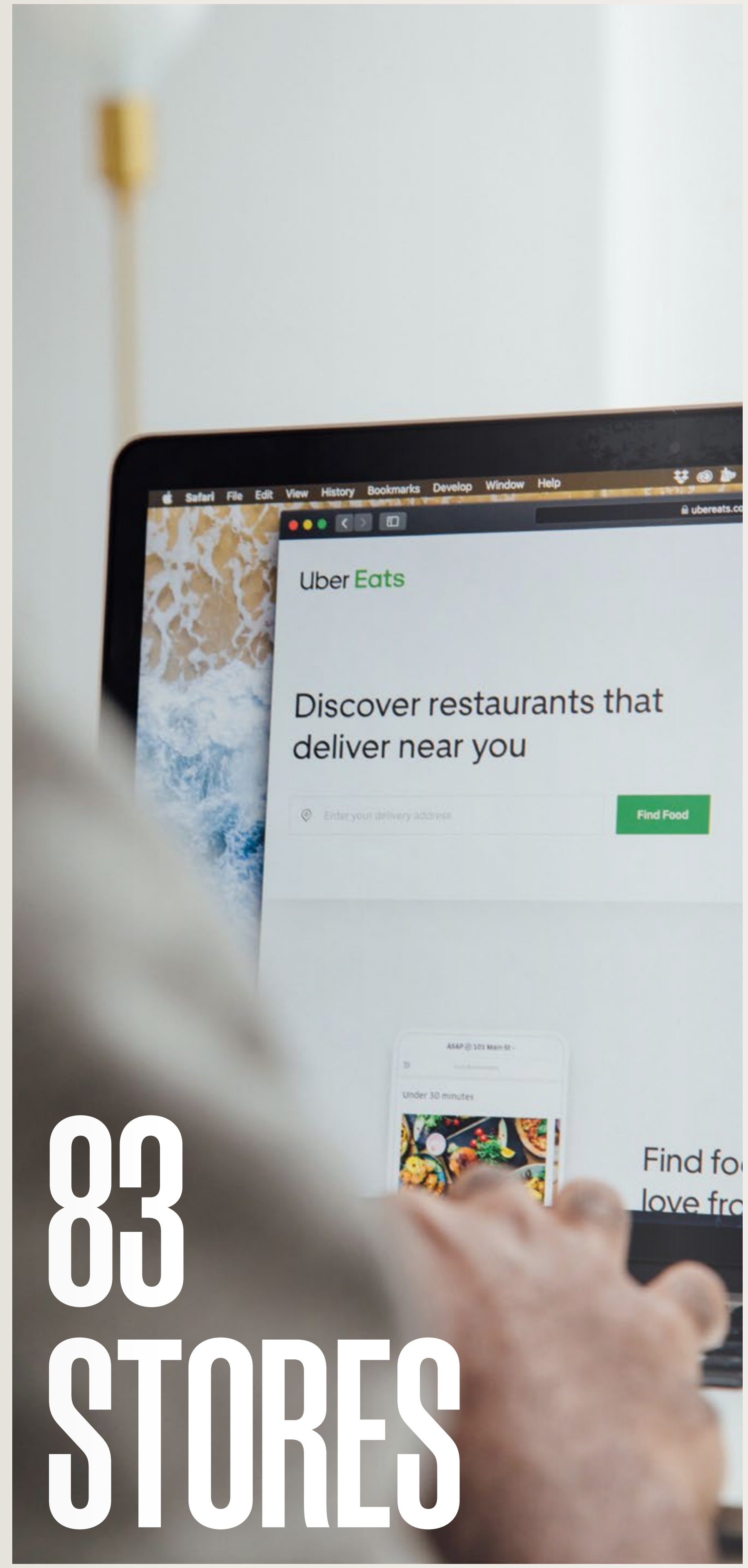
Delivery sales received a boost with the introduction of Uber Eats as a delivery partner.

Despite the strong sales performance, margins fell with the impact of increased ingredient and labour costs. Store EBITDA was $NZ31.2 million ($A28.6 million), down $A1.2 million due to continued cost pressures, supply chain disruptions and labour shortages resulting in stores operating reduced hours particularly in the first quarter of 2022.

4,719 STAFF

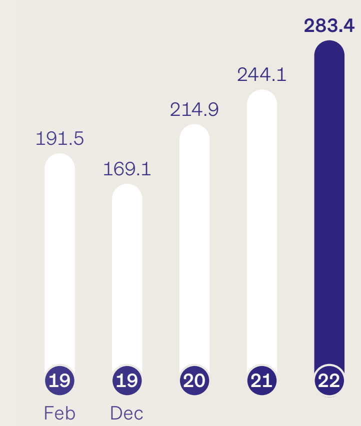
As a % of sales, store EBITDA was 11.0%, which is down from 13.0% last year. Once again this was a direct effect of ingredient inflation through the company's supply chain, together with labour cost escalation.

A focus on enhanced trading performance from the Taco Bell business will be a priority for the FY23 year, together with returning margins to pre-COVID levels through continued pricing adjustments and cost control. Store refurbishments in the KFC business will continue, together with one anticipated new KFC store opening, plus three more Taco Bells.

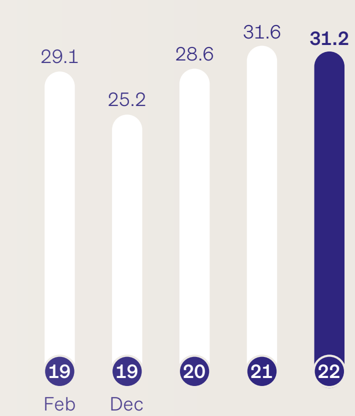


Delivery sales received a boost with the introduction of Uber Eats as a delivery partner.

TOTAL SALES ($NZ m)



TOTAL EBITDA ($NZ m)



Operations report

Hawaii

100 million reasons to celebrate

The Hawaiian business, despite experiencing continuing staff shortages and the major food cost escalation seen in other divisions, had a good year. Its USD sales were up 6.9% to $US156.4 million. Same store sales were up 2.9% (rolling over +9.1% in FY21).

The Taco Bell operations went from strength to strength with a sound promotional programme and some innovative new product releases (including the Mexican Pizza). Pizza Hut also enjoyed some success with strong product offers such as Pizza Melts. The introduction of a third party delivery service (Door Dash) helped maintain delivery volumes, despite continued driver shortages. With both same store sales and unit growth, Taco Bell Hawaii exceeded $US100 million in annual sales for the first time in its history.

In NZD terms, total store sales were up $41.0 million to $247.5 million (19.8%), primarily due to the strengthening of the USD/NZD exchange rate.

Total store numbers increased by two to 75 with two new Taco Bell stores at Ho'okele on Maui and Kilauea on the Big Island. Both stores are performing significantly above expectations. Store refurbishments also continue to generate excellent returns.

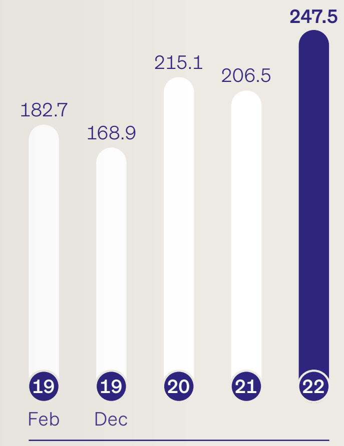
Profitability also remained strong, with store EBITDA of $US26.8 million ($NZ42.3 million), up 9.8% on prior year. As a % of sales, EBITDA was 17.1%, up from 16.4%. The increase is driven largely by the success of Taco Bell which has improved both in sales volume and EBITDA margin over last year.

This performance is expected to continue with margins being maintained into the new year. Two relocations and two rebuilds are also expected to be completed over FY23 (planning consents permitting).

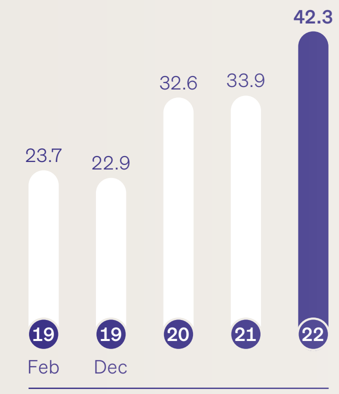
Total store numbers increased by two to 75 with two new Taco Bell stores at Ho'okele on Maui and Kilauea on the Big Island. Both stores are performing significantly above expectations.

75 STORES

TOTAL SALES ($NZ m)



TOTAL EBITDA ($NZ m)



1,687 STAFF

Operations report

California

New initiatives, innovations and improved store efficiencies

The recent economic disruptions were particularly hard on our California business in the FY22 year. Inflation levels served to both limit customer demand and add considerable premiums to food cost. Cost escalation for this business was rapid and significant with some key ingredients experiencing (temporary) price hikes of more than 30%. Several initiatives were undertaken to mitigate the impact, including improved store efficiencies and selling price increases. Unfortunately, the pace of selling price increases lagged the cost escalation, with resultant short term margin deterioration.

With the price increases and an additional five stores being added to the network, sales in USD terms increased by $US3.0 million to $US113.2 million. However, on a same store sales basis they were down 2.9%. The prior year comparisons were aggravated by the fact that the business was rolling over the strong sales growth last year driven by two stimulus payments, from the US Federal Government, in January and March 2021.

In NZD terms the strengthening of the USD over the year saw total sales up to $179.0 million, an increase of 14.4%.

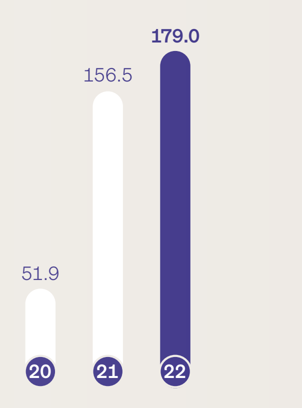
One KFC store was acquired during the year from an independent franchisee. Four new stores opened in San Bernadino, Perris, Barstow and Ridgecrest. They are all built to the American Showman Next Generation new store design format. The California store network now comprises 75 stores.

Despite the current trading difficulties in the California market, all four new stores are trading well above expectations.

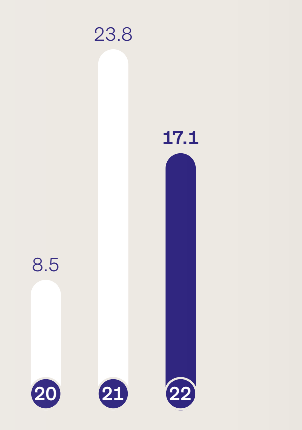
Store EBITDA was $NZ17.1 million, $6.7 million down on last year, reflecting the impact of significant cost increases incurred. As a percentage of sales this was 9.6%, which was down from 15.2% last year. The drop in EBITDA as a percentage of sales reflects supply chain issues as well as increased cost pressures which are expected to continue into 2023.

As with 2022, the challenges of 2023 remain, dealing with the effects of inflation and continuing shortages in the labour market. Solid further growth will come from bringing on new stores with our full development programme, introducing some innovations in store design.

TOTAL SALES ($NZ m)



TOTAL EBITDA ($NZ m)



Solid further growth will come from bringing on new stores with our full development programme, introducing innovations in store design.

75 STORES

1,542 STAFF

Restaurant Brands' Board of Directors

Ability & experience

José Parés

Chairman and Non-Executive Director

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

BOARD COMMITTEES
Member of the Audit and Risk Committee.

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

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

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

Emilio Fullaondo

Independent Non-Executive Director

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

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

Emilio is a senior executive with over 23 years of experience in the beer industry. Emilio worked in a number of finance roles for Grupo Modelo, including four years as Chief Financial Officer. Following the acquisition of Grupo Modelo by AB InBev in

2013, Emilio oversaw significant cultural and organisational changes at AB InBev (Mexico) as Vice President, Human Resources (to 2017) and Vice President, Projects until his resignation in January 2019.

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

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

Carlos Fernández

Non-Executive Director

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

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

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

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

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

Luis Miguel Álvarez

Non-Executive Director

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

BOARD COMMITTEES
Member of the Remuneration and Nominations Committee.

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

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

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

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

Huei Min (Lyn) Lim

MNZM
Independent Non-Executive Director

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

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

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

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

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

served as a council member of the Auckland District Law Society Inc.

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

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

Stephen Ward

Independent Non-Executive Director

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

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

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

Stephen is the non-executive Chair of SecureFuture Wiri Limited. He is also a non-executive director of Huntington Commercial Finance New Zealand Limited and Renaissance Holdings (NZ) Limited. Stephen is the Independent Chair of the Advisory Council for the Financial Dispute Resolution Service and a consultant of Simpson Grierson. He holds voluntary positions on the Boards of Wellington Free Ambulance, and The Life Flight Trust.

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

Maria Elena (Malena) Pato-Castel

Independent Non-Executive Director

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

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

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

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

Consolidated income statement

FOR THE YEAR ENDED 31 DECEMBER 2022

$NZ000's	31 Dec 2022 52 weeks	% sales	vs Prior %	31 Dec 2021 52 weeks	% sales
Sales					
Total New Zealand sales	529,158		*14.8*	461,120	
Total Australia sales	283,397		*16.1*	244,104	
Total Hawaii sales	247,459		*19.8*	206,506	
Total California sales	179,035		*14.4*	156,516	
Total sales	1,239,048		*16.0*	1,068,246	
Other revenue	59,170		*28.1*	46,195	
Total operating revenue	1,298,218		*16.5*	1,114,441	
Cost of goods sold	(1,077,075)		*(18.1)*	(912,359)	
Gross margin	221,143		*9.4*	202,082	
Distribution expenses	(8,244)		*3.6*	(8,555)	
Marketing expenses	(61,849)		*(10.8)*	(55,841)	
General and administration expenses	(61,445)		*(23.0)*	(49,974)	
Government grants	–		n/a	7,165	
Loan forgiveness	–		n/a	11,419	
Other items	(2,900)		*31.3*	(4,219)	
Operating profit	86,705		*(15.1)*	102,077	
Financing expenses	(44,528)		*(22.7)*	(36,284)	
Net profit before taxation	42,177		*(35.9)*	65,793	
Taxation expense	(10,094)		*27.4*	(13,912)	
Total profit after taxation (NPAT)	32,083		*(38.2)*	51,881	
Concept EBITDA before G&A including Government grants		*% sales*			*% sales*
Total New Zealand	89,545	*16.9*	*7.5*	83,319	*18.1*
Total Australia	31,205	*11.0*	*(1.3)*	31,614	13.0
Total Hawaii	42,322	*17.1*	*24.7*	33,932	16.4
Total California	17,147	*9.6*	*(28.1)*	23,849	15.2
Total concept EBITDA before G&A	180,219	*14.5*	*4.3*	172,714	16.2
Ratios					
Net tangible assets per security (net tangible assets divided by number of shares) in cents	11.9			8.4	

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

Non-GAAP financial measures

FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

  The term **Store** refers to the Group's 10 operating divisions comprising the New Zealand brands (KFC, Pizza Hut, Taco Bell and Carl's Jr.), the two Australia brands (KFC and Taco Bell), the two Hawaii brands (Taco Bell and Pizza Hut), and the two California brands (KFC and Taco Bell). The term **G&A** represents non-store related overheads.
- **Total NPAT excluding the impact of NZ IFRS 16.** Total Net Profit After Taxation ("NPAT") excluding the impact of NZ IFRS16 is calculated by taking profit after taxation attributable to shareholders and adding back (or deducting) lease items whilst also allowing for any tax impact of those items. This measure reflects the performance of the business, excluding costs associated with the adoption of NZ IFRS 16 and is considered a useful measure to assist with understanding the financial performance of the Group.

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

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

$NZ000's	Note*	31 Dec 2022	31 Dec 2021
EBITDA including Government grants, before G&A and other items	1	180,016	172,714
Depreciation		(43,935)	(36,944)
Net loss on sale of property, plant and equipment (included in depreciation)		(952)	(3,619)
Lease depreciation		(41,282)	(38,129)
Lease costs		60,473	53,993
Amortisation (included in cost of sales)		(10,119)	(9,231)
General and administration costs - area managers, general managers and support centre		(54,596)	(43,907)
Loan forgiveness		-	11,419
Other expenses		(2,900)	(4,219)
Operating profit		86,705	102,077
Financing expenses		(44,528)	(36,284)
Net profit before taxation		42,177	65,793
Taxation expense		(10,094)	(13,912)
Net profit after taxation		32,083	51,881
Add back IFRS 16 impact		14,208	13,586
Taxation expense on IFRS 16 impact		(3,934)	(3,986)
Total NPAT excluding the impact of NZ IFRS 16	2	42,357	61,482

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

FINANCIAL STATEMENTS

DECEMBER 2022

CONTENTS

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

The results are for the year ended 31 December 2022 as compared to the year ended 31 December 2021.

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

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

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

Financial Statements December 2022

Directors’ statement

FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors of Restaurant Brands New Zealand Limited (Restaurant Brands) are pleased to present the financial statements for Restaurant Brands and its subsidiaries (together the Group) for the year ended 31 December 2022 contained on pages 59 to 92.

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

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

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

The Directors hereby approve and authorise for issue the financial statements for the year ended 31 December 2022.

For and on behalf of the Board:

José Parés
Chairman

28 February 2023

Emilio Fullaondo
Director

28 February 2023

Consolidated statement of comprehensive income

FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

Consolidated statement of changes in equity

FOR THE YEAR ENDED 31 DECEMBER 2022

$NZ000's	Note	Share capital	Foreign currency translation reserve	Derivative hedging reserve	Retained earnings	Total
For the year ended 31 December 2021						
Balance at 1 January 2021		**154,565**	**(8,038)**	**(2,322)**	**85,643**	**229,848**
Comprehensive income						
Profit after taxation attributable to shareholders		–	–	–	51,881	51,881
Other comprehensive income						
Movement in foreign currency translation reserve		–	6,558	–	–	6,558
Movement in derivative hedging reserve		–	–	1,450	–	1,450
Total other comprehensive income		**–**	**6,558**	**1,450**	**–**	**8,008**
Total comprehensive income		**–**	**6,558**	**1,450**	**51,881**	**59,889**
Balance as at 31 December 2021	7	**154,565**	**(1,480)**	**(872)**	**137,524**	**289,737**
For the year ended 31 December 2022						
Balance at 1 January 2022		**154,565**	**(1,480)**	**(872)**	**137,524**	**289,737**
Comprehensive income						
Profit after taxation attributable to shareholders		–	–	–	32,083	32,083
Other comprehensive income						
Movement in foreign currency translation reserve		–	10,415	100	–	10,515
Movement in derivative hedging reserve		–	–	772	–	772
Total other comprehensive income		**–**	**10,415**	**872**	**–**	**11,287**
Total comprehensive income		**–**	**10,415**	**872**	**32,083**	**43,370**
Transactions with owners						
Net dividend distributed		–	–	–	(39,923)	(39,923)
Total transactions with owners		**–**	**–**	**–**	**(39,923)**	**(39,923)**
Balance as at 31 December 2022	7	**154,565**	**8,935**	**–**	**129,684**	**293,184**

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

Consolidated statement of financial position

AS AT 31 DECEMBER 2022

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

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

Consolidated statement of cash flows

FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

Consolidated statement of cash flows (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2022

Basis of preparation

FOR THE YEAR ENDED 31 DECEMBER 2022

Reporting entity

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

Restaurant Brands New Zealand Limited is registered under the Companies Act 1993 and is a 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 financial statements of the Group have been prepared in accordance with:

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

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

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

Basis of preparation (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

New standards and amendments

There are various standards, amendments and interpretations which are published but not yet effective and were assessed as having an immaterial impact on the Group. There are no NZ IFRS, NZ IFRIC interpretations or other applicable IFRS that are effective for the first time for the financial year beginning on or after 1 January 2022 that had a material impact on the financial statements.

Use of non-GAAP measures within the financial statements

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

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

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

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

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

Judgments and estimations

Significant accounting policies and critical estimates and assumptions are disclosed in the relevant notes to the consolidated financial statements and identified using coloured boxes. By definition these will seldom equal the actual results. Estimates and judgments are continually verified, and are based on professional experience and various factors, including expectations of future events, that are deemed to be justified in given circumstances. Revisions to estimates are recognised prospectively. These policies have been consistently applied to all the years presented, unless otherwise stated.

All companies face risks and opportunities derived from the climate and are having to make strategic decisions in this area. In 2022, the Group established an ESG Management Committee to assess the relevant climate risks that impact the business in conjunction with climate-related disclosure requirements that will be applicable in the future. The impacts of climate risks on financial statements are broad and potentially complex and will depend on the specific risks of the sector.

When the future is analysed, probability scenarios are presented where not only the physical consequences of climate change are assessed, but also the changes in environmental regulations to face it. Both physical risks such as susceptibility of stores and other key locations to rising sea levels and flooding, and transitional risks pose a number of threats and opportunities to overall financial stability, potentially influencing financial markets in the future.

The Group has performed an initial assessment of potential climate-related risks and considered the location of the restaurants and other key operations in each region that it operates in and concluded that there is no material impact on the current financial statements. Climate risk has been incorporated into the estimates and judgments in relation to the future use of assets for accounting purposes, there is no material impact on the current financial statements.

Notes to and forming part of the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2022

Performance

1. SEGMENTAL REPORTING

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

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

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

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

31 December 2022 $NZ000's	New Zealand	Australia	Hawaii	California	Corporate support function	Total
Business segment						
Store sales revenue	529,157	283,397	247,459	179,035	-	1,239,048
Other revenue	56,961	1,329	880	-	-	59,170
Total operating revenue	**586,118**	**284,726**	**248,339**	**179,035**	**-**	**1,298,218**
EBITDA before general and administration expenses, NZ IFRS 16 and other items	**89,405**	**31,184**	**42,304**	**17,123**	**–**	**180,016**
General and 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	(698)	(1,047)	-	915	(4,535)	(5,365)
Depreciation	(20,235)	(12,480)	(7,976)	(4,172)	(24)	(44,887)
Amortisation	(1,538)	(1,308)	(1,378)	(5,784)	(110)	(10,118)
Operating profit 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	**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 after taxation (NPAT)	**34,256**	**(2,886)**	**13,688**	**(6,691)**	**(6,284)**	**32,083**
Current assets	37,044	16,964	16,980	9,207	–	80,195
Non-current assets	177,627	224,925	197,620	128,177	-	728,349
Non-current lease assets (excluding lease deferred tax)	187,777	155,355	88,554	177,041	-	608,727
Total assets	**402,448**	**397,244**	**303,154**	**314,425**	**-**	**1,417,271**
Capital expenditure including intangibles	43,078	23,105	14,402	10,725	–	91,310

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

FOR THE YEAR ENDED 31 DECEMBER 2022

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

1.1 RECONCILIATION BETWEEN OPERATING PROFIT AND NET PROFIT AFTER TAXATION EXCLUDING NZ IFRS 16

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

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

FOR THE YEAR ENDED 31 DECEMBER 2022

2. REVENUE AND EXPENSES

OPERATING REVENUE

Store sales revenue

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

Other revenue

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

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

OPERATING EXPENSES

Royalties paid

$NZ000's	31 Dec 2022	31 Dec 2021
Royalties paid	**72,393**	62,533

Royalties are recognised as an expense as revenue is earned.

Wages and salaries

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

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

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

FOR THE YEAR ENDED 31 DECEMBER 2022

Government grants

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

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

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

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

Lease expenses

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

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

Other income

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

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

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

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

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

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

FOR THE YEAR ENDED 31 DECEMBER 2022

Other expenses

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

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

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

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

3. EARNINGS PER SHARE

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

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

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

FOR THE YEAR ENDED 31 DECEMBER 2022

Funding And Equity

4. LOANS

$NZ000's	31 Dec 2022	31 Dec 2021
Secured bank loans denominated in:		
NZD	29,000	10,000
AUD	92,821	80,671
USD	159,055	156,719
Secured bank loans	280,876	247,390

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

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

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

Included in the loans balance in the consolidated statement of financial position is $0.6 million (Dec 2021: $0.5 million) relating to prepaid facility fees that are being amortised over the term of the loan facilities.

Facilities

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

The Group has loan facilities in place totalling $374.9 million with the following financial institutions:

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

Security

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

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

The Group also has indemnity guarantees of $3.5 million across various properties leased in New Zealand and Australia, a standby letter of credit of $4.0 million in California, and a standby letter of credit in Hawaii of $0.5 million.

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

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

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

FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

These ratios exclude the impact of NZ IFRS 16 - Leases.

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

There have been no breaches of the covenants during the period (Dec 2021: no breaches). There are also no forecast breaches of covenants. The carrying value equates to fair value. For more information about the Group's exposure to interest rate and foreign currency risk see note 6.

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

Financing expense

$NZ000's	31 Dec 2022	31 Dec 2021
Financing expense – lease	33,399	29,450
Finance expense – bank	11,129	6,834
Financing expenses	44,528	36,284

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

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

5. DERIVATIVES AND HEDGE ACCOUNTING

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

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

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

FOR THE YEAR ENDED 31 DECEMBER 2022

Financial Assets

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

Financial assets held at amortised cost

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

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

Financial instruments

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

Non-derivative financial instruments

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

Derivative financial instruments

The Group uses derivative financial instruments to manage the exposures that arise due to movements in foreign currency exchange rates and interest rates arising from operational, financing and investment activities. The Group does not hold derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for at fair value through profit or loss. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

Financial assets and financial liabilities by category

$NZ000's	31 Dec 2022	31 Dec 2021
Loans and receivables		
Trade receivables	6,023	3,717
Other receivables	3,416	1,332
Cash and cash equivalents	29,869	45,155
	39,308	50,204
Derivatives used for hedging		
Derivative financial instruments – liabilities	-	917
	-	917
Financial liabilities at amortised cost		
Loans (excluding prepaid facility fees)	280,876	247,390
Trade and other payables (excluding indirect and other taxes and employee benefits)	81,469	77,677
	362,372	325,067

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

FOR THE YEAR ENDED 31 DECEMBER 2022

6. FINANCIAL RISK MANAGEMENT

Exposure to credit, interest rate and foreign currency risks arises in the normal course of the Group's business. Derivative financial instruments may be used to hedge exposure to fluctuations in foreign currency exchange rates and interest rates.

(a) Foreign currency risk

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

The direct exposure to foreign currency risk is small and is primarily confined to raw material purchases, some items of capital equipment and some franchise fee payments. Where any one item is significant, the Group will specifically hedge its exposure.

The Group has an indirect exposure to foreign currency risk on some of its locally sourced ingredients, where those ingredients in turn have a high imported component. Where this is significant the Group contracts to a known purchase price with its domestic supplier based on a forward cover position taken by that supplier on its imported components. There is currently no hedging cover in place.

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

(b) Interest rate risk

The Group's main interest rate risk arises from bank loans. Based on a number of scenarios, the Group calculates the impact on profit or loss of a defined interest rate shift. Based on these scenarios the maximum loss potential is assessed by management as to whether it is within acceptable limits.

Where necessary the Group hedges its exposure to changes in interest rates primarily through the use of interest rate swaps. There are guidelines as to the minimum prescribed level of hedging (zero to 100 percent), set out by the Board, however the Board reviews all swaps before they are entered into.

(c) Liquidity risk

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

$NZ000's	Effective interest rate	Total	Less than 1 year	Between 1 and 5 years
31 Dec 2022				
Cash on hand	-	678	678	-
Cash at bank	0.35%	29,191	29,191	-
Money market deposit	-	-	-	-
Bank term loan – principal (NZD)	7.27%	(29,000)	-	(29,000)
Bank term loan – principal (AUD)	5.25%	(92,821)	-	(92,821)
Bank term loan – principal (USD)	6.34%	(159,055)	-	(159,055)
Bank term loan – expected interest	6.07%	(82,323)	(16,923)	(65,400)
Derivative financial instruments	-	-	-	-
Trade and other payables (excluding indirect and other taxes and employee benefits)	-	(80,970)	(80,970)	-
		(414,300)	(68,024)	(346,276)
31 Dec 2021				
Cash on hand	-	640	640	-
Cash at bank	0.25%	24,115	24,115	-
Money market deposit	0.70%	20,400	20,400	-
Bank term loan – principal (NZD)	7.83%	(10,000)	-	(10,000)
Bank term loan – principal (AUD)	3.13%	(80,671)	-	(80,671)
Bank term loan – principal (USD)	2.25%	(156,719)	-	(156,719)
Bank term loan – expected interest	2.76%	(8,047)	(4,858)	(3,189)
Derivative financial instruments	-	(762)	(762)	-
Trade and other payables (excluding indirect and other taxes and employee benefits)	-	(77,087)	(77,087)	-
		(288,131)	(37,552)	(250,579)

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

FOR THE YEAR ENDED 31 DECEMBER 2022

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

The Group has a negative working capital balance as the nature of the business results in most sales conducted on a cash basis. The Group has bank funding facilities, excluding overdraft facilities, of $374.9 million (Dec 2021: $359.8 million) available at variable rates. The amount undrawn at balance date was $94.0 million (Dec 2021: $112.5 million) and therefore the Group has the ability to fully pay debts as they fall due.

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

$NZ000's	31 Dec 2022	31 Dec 2021
Within one year	62,909	56,801
One to five years	243,425	224,436
Beyond 5 years	870,703	802,240
	1,177,037	1,083,477

This includes future lease options that the Group currently expects to exercise and is not discounted for the future nature of payments. This does not reflect the Group's future contractual minimum payments.

(d) Credit risk

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

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

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

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

(e) Fair values

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

Sensitivity analysis

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

At 31 December 2022 it is estimated that a general increase of one percentage point in interest rates would decrease the Group profit before income tax by approximately $2.8 million (Dec 2021: $1.7 million), however equity would decrease $2.1 million (Dec 2021: $0.1 million). A one percentage point decrease in interest rates would increase the Group profit before income tax by approximately $2.8 million (Dec 2021: $2.4 million), however equity would increase by $2.1 million (Dec 2021 $1.8 million).

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

Capital risk management

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

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, sell assets to reduce debt or draw down more debt.

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

FOR THE YEAR ENDED 31 DECEMBER 2022

7. EQUITY AND RESERVES

Share capital

	31 Dec 2022 Number	31 Dec 2022 $NZ000's	31 Dec 2021 Number	31 Dec 2021 $NZ000's
	124,758,523	154,565	124,758,523	154,565

The issued and authorised capital of the Company represents ordinary fully paid up shares. The par value is nil (Dec 2021: nil). All issued shares carry equal rights in respect of voting and the receipt of dividends, and upon winding up rank equally with regards to the Company's residual assets.

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

Foreign currency translation reserve

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

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

Derivative hedging reserve

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

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

Working capital

8. INVENTORIES

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

Inventories recognised as an expense during the period ended 31 December 2022 amounted to $368.4 million (Dec 2021: $269.9 million). This is included in cost of goods sold.

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

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

FOR THE YEAR ENDED 31 DECEMBER 2022

9. TRADE AND OTHER RECEIVABLES

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

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

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

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

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

10. CASH AND CASH EQUIVALENTS

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

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

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

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

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

FOR THE YEAR ENDED 31 DECEMBER 2022

11. LAND HELD FOR DEVELOPMENT

$NZ000's	31 Dec 2022	31 Dec 2021
Land held for development	7,084	-

There was $7.1 million relating to land that has been purchased for use in developing new stores in the future. Land held for development is measured at cost.

12. TRADE AND OTHER PAYABLES

$NZ000's	31 Dec 2022	31 Dec 2021
Trade payables	54,099	45,443
Other payables and accruals	27,398	32,234
Employee benefits	29,467	24,476
Indirect and other taxes	8,326	8,323
	119,290	110,476

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

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

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

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

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

FOR THE YEAR ENDED 31 DECEMBER 2022

Long Term Assets

13. PROPERTY, PLANT AND EQUIPMENT

$NZ000's	Land	Leasehold improvements	Plant, equipment and fittings	Motor vehicles	Leased plant and equipment	Capital work in progress	Total
Cost							
Balance as at 31 December 2020	**4,467**	**280,120**	**127,003**	**2,099**	**196**	**18,915**	**432,800**
Additions	–	–	–	–	–	82,445	82,445
Acquisition of business	–	3,418	832	–	–	–	4,250
Transfers from work in progress	–	54,717	16,102	487	–	(71,306)	–
Disposals	–	(18,246)	(20,785)	(426)	(196)	–	(39,653)
Reclassifications	–	1,264	(3,385)	–	–	–	(2,121)
Movement in exchange rates	(15)	3,756	1,518	12	–	405	5,676
Balance as at 31 December 2021	**4,452**	**325,029**	**121,285**	**2,172**	**–**	**30,459**	**483,397**
Additions	–	–	–	–	–	82,572	82,572
Acquisition of business	–	–	90	–	–	96	186
Transfers from work in progress	–	59,021	32,623	304	–	(91,948)	–
Disposals	–	(5,227)	(3,250)	(207)	–	–	(8,684)
Movement in exchange rates	42	6,627	2,579	28	–	752	10,028
Balance as at 31 December 2022	**4,494**	**385,450**	**153,327**	**2,297**	**–**	**21,931**	**567,499**
Accumulated depreciation							
Balance as at 31 December 2020	**–**	**(126,024)**	**(73,450)**	**(1,208)**	**(196)**	**–**	**(200,878)**
Charge	–	(23,413)	(13,636)	(410)	–	–	(37,459)
Disposals	–	14,567	18,421	299	196	–	33,483
Reclassification	–	(582)	2,703	–	–	–	2,121
Movement in exchange rates	–	(702)	(750)	(4)	–	–	(1,456)
Balance as at 31 December 2021	**–**	**(136,154)**	**(66,712)**	**(1,323)**	**–**	**–**	**(204,189)**
Charge	–	(27,922)	(16,116)	(403)	–	–	(44,441)
Disposals	–	3,429	2,651	175	–	–	6,255
Movement in exchange rates	–	(1,258)	(1,206)	(13)	–	–	(2,477)
Balance as at 31 December 2022	**–**	**(161,905)**	**(81,383)**	**(1,564)**	**–**	**–**	**(244,852)**
Impairment provision							
Balance as at 31 December 2020	**–**	**(2,785)**	**(428)**	**–**	**–**	**–**	**(3,213)**
Charge	–	(170)	(173)	–	–	–	(343)
Utilised/disposed	–	914	316	–	–	–	1,230
Movement in exchange rates	–	(114)	(20)	–	–	–	(134)
Balance as at 31 December 2021	**–**	**(2,155)**	**(305)**	**–**	**–**	**–**	**(2,460)**
Charge	–	506	–	–	–	–	506
Utilised/disposed	–	(4,662)	13	–	–	–	(4,649)
Impairment created	–	3,301	–	–	–	–	3,301
Movement in exchange rates	–	(164)	121	–	–	–	(43)
Balance as at 31 December 2022	**–**	**(3,174)**	**(171)**	**–**	**–**	**–**	**(3,345)**
Carrying amounts							
Balance as at 31 December 2020	4,467	151,311	53,125	891	–	18,915	228,709
Balance as at 31 December 2021	4,452	186,720	54,268	849	–	30,459	276,748
Balance as at 31 December 2022	**4,494**	**220,371**	**71,773**	**733**	**–**	**21,931**	**319,302**

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

FOR THE YEAR ENDED 31 DECEMBER 2022

Depreciation expense

$NZ000's	31 Dec 2022	31 Dec 2021
Depreciation expense	43,935	36,623

Sale of property, plant and equipment

Net loss on disposal of property, plant and equipment (included in depreciation expense)	(952)	(3,619)
Net gain on disposal of property, plant and equipment (included in other expenses)	-	945

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

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

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

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

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

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

Significant judgments and estimates

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

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

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

Key assumptions in the determination of recoverable amount are:

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

Management has assessed individual restaurant assets to identify whether impairment indicators existed as at balance date for associated property, plant and equipment and right of use assets. Following a review of store performance and consideration of other impairment indicators, the Group determined that there were restaurants across all four segments that required a calculation of the recoverable amount as there were impairment indicators that mainly arose due to inflationary pressures and the ongoing impact of COVID-19 on the financial performance. The key assumptions used in the value in use calculations were as follows:

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

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

FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

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

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

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

14. NZ IFRS 16 – LEASES

Key estimates and judgements

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

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

Right of use assets (ROU assets)

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

Additions relate to new leases entered 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 short-term and low value leases. Payments associated with short term leases and leases of low value assets are recognised on a straight line basis as an expense in the statement of comprehensive income. Short term leases are leases with a lease term of 12 months or less. Low value assets comprise IT equipment and small items of office furniture.

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

FOR THE YEAR ENDED 31 DECEMBER 2022

Lease liabilities

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

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

15. INTANGIBLES

$NZ000's	Note	Goodwill	Franchise fees	Concept development costs	Acquired software costs	Total
Cost						
Balance as at 31 December 2020		249,278	82,405	801	10,595	343,079
Additions		–	2,689	–	200	2,889
Acquisition of business		18,152	5,840	–	–	23,992
Disposals		(327)	(1,583)	–	(552)	(2,462)
Reclassification from property, plant and Equipment		–	–	–	2,121	2,121
Movement in exchange rates		6,992	3,765	–	–	10,757
Balance as at 31 December 2021		274,095	93,116	801	12,364	380,376
Additions		–	1,523	–	131	1,654
Acquisition of business	25	63	1,778	–	–	1,841
Disposals		–	(283)	–	(28)	(311)
Reclassification from property, plant and Equipment		–	–	–	(95)	(95)
Movement in exchange rates		12,253	5,651	–	–	17,904
Balance as at 31 December 2022		286,411	101,785	801	12,372	401,369
Accumulated amortisation						
Balance as at 31 December 2020		(831)	(13,061)	(736)	(7,465)	(22,093)
Charge		–	(8,151)	(5)	(1,076)	(9,232)
Disposals		–	1,392	–	350	1,742
Reclassification from property, plant and equipment		–	–	–	(2,121)	(2,121)
Movement in exchange rates		–	(456)	–	–	(456)
Balance as at 31 December 2021		(831)	(20,276)	(741)	(10,312)	(32,160)
Charge		–	(9,092)	(5)	(1,023)	(10,120)
Disposals		–	221	–	28	249
Movement in exchange rates		–	(1,001)	–	(1)	(1,002)
Balance as at 31 December 2022		(831)	(30,148)	(746)	(11,308)	(43,033)

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

Carrying amounts						
Balance as at 31 December 2020		248,447	69,344	65	3,130	320,986
Balance as at 31 December 2021		273,264	72,840	60	2,052	348,216
Balance as at 31 December 2022		285,580	71,637	55	1,064	358,336

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

FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

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

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

Amortisation
Amortisation charge is recognised in cost of sales and other expenses in the consolidated statement of comprehensive income.

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

Significant judgments and estimates – impairment testing

Impairment testing is an area where estimates and judgments have a significant risk of causing a material adjustment to the carrying amount of the Group's goodwill balances.

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

Allocation of goodwill by cash generating unit:

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

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

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

FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

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

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

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

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

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

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

- Sales growth - Average annual growth rate over the three-year forecast period based on past performance, management's expectations of market development, current industry trends and including long-term inflation forecasts for each territory.
- EBITDA margin 2023-2025 and EBITDA margin terminal year - Based on past performance and management's expectations for the future. EBITDA growth has been disclosed as a key assumption as a number of costs are variable and link directly to revenue levels, such as the cost of labour, and food costs. Other fixed costs of the CGUs, which do not vary significantly with revenue changes, are forecast based on the current structure of the business, adjusting for inflationary increases but not reflecting any future restructurings or cost-saving measures.
- Terminal growth rate - This is the growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with expected long-term inflation for each territory in which the CGU operates.
- The discount rate - The rate used to reflect specific risks relating to the relevant segments and the countries in which they operate.

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

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

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

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

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

FOR THE YEAR ENDED 31 DECEMBER 2022

Other Notes

16. TAXATION

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

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

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

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

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

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

Taxation – consolidated statement of comprehensive income

The total taxation expense is analysed as follows:

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

Imputation credits

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

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

The current and deferred tax rates for the period were calculated using the rate of 28% for New Zealand, 30% for Australia and 21% for USA (Dec 2021: 28% New Zealand, 30% Australia and 21% USA).

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

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

FOR THE YEAR ENDED 31 DECEMBER 2022

Taxation – consolidated statement of financial position

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

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

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

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

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

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

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

FOR THE YEAR ENDED 31 DECEMBER 2022

17. PROVISIONS

$NZ000's	Employee provisions	Make good provisions	Total
Balance at 31 December 2021	**1,984**	**3,799**	**5,783**
Created during the period	926	565	1,491
Used during the period	(343)	(75)	(418)
Released during the period	(135)	(15)	(150)
Foreign exchange movement	6	12	18
Balance at 31 December 2022	**2,438**	**4,286**	**6,724**
31 December 2022			
Non-current	572	4,286	4,858
Current	1,866	-	1,866
Total	**2,438**	**4,286**	**6,724**

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

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

18. DEFERRED INCOME

$NZ000's	
Balance at 31 December 2021	**943**
Created during the period	3,515
Used during the period	(3,108)
Foreign exchange movement	31
Balance at 31 December 2022	**1,381**
31 December 2022	
Non-current	804
Current	577
Total	**1,381**

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

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

FOR THE YEAR ENDED 31 DECEMBER 2022

19. RELATED PARTY TRANSACTIONS

Parent and ultimate controlling party

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

Transactions with entities with key management or entities related to them

During the period the Group received internal audit services from Finaccess Servicios Corporativos S.A. de C.V. a subsidiary of Grupo Finaccess S.A.P.I de C.V., the ultimate parent company of the Group. Acquired services totalling $14,000 have been included in the consolidated statement of comprehensive income of which no amount remains owing at 31 December 2022. These transactions were at arm's length and performed on normal commercial terms.

Apart from directors' fees and key management remuneration, there were no other related party transactions with key management or any Directors or entities associated with them.

Key management and director compensation

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

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

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

Total Group CEO remuneration

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

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

Short term incentive scheme

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

In May 2022 a payment of $0.4 million (Dec 21: $0.6 million) was paid in lieu of a share price based incentive scheme, as no long term incentive scheme has been agreed. This is included as part of the short term incentives.

Long term incentive scheme

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

20. COMMITMENTS

Capital commitments

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

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

21. CONTINGENT LIABILITIES

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

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

FOR THE YEAR ENDED 31 DECEMBER 2022

22. SUBSEQUENT EVENTS

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

23. FEES PAID TO AUDITOR

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

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

24. DONATIONS

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

The Group did not make any political donations.

25. BUSINESS COMBINATIONS

KFC California acquisitions

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

KFC New Zealand acquisition

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

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

FOR THE YEAR ENDED 31 DECEMBER 2022

26. DEED OF CROSS GUARANTEE

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

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

Set out below is the consolidated information for the year ended 31 December 2022 of the closed group consisting of RBNZ, QSR, Restaurant Brands Australia Holdings Pty Limited and Restaurant Brands Australia Pty Limited.

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

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

FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

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Independent auditor's report

TO THE SHAREHOLDERS OF RESTAURANT BRANDS NEW ZEALAND LIMITED

OUR OPINION

In our opinion, the accompanying financial statements of Restaurant Brands New Zealand Limited (the Company), including its subsidiaries (the Group), present fairly, in all material respects, the financial position of the Group as at 31 December 2022, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

What we have audited

The Group's financial statements comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

BASIS FOR OPINION

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

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

Independence

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

Our firm carries out other services for the Group in the areas of specified procedures on landlord certificates, review of the Yum! Advertising co-operative report and Greenhouse gas emissions assurance readiness assessment. In addition, certain partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the Group. These relationships and provision of other services has not impaired our independence as auditor of the Group.

KEY AUDIT MATTERS

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

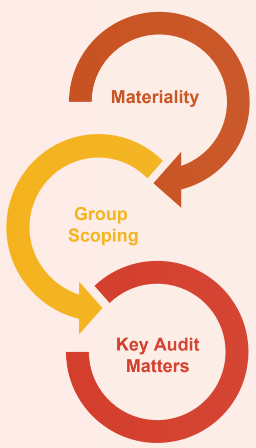
PricewaterhouseCoopers, PwC Tower, 15 Customs Street West, Private Bag 92162, Auckland 1142 New Zealand
T: +64 9 355 8000, www.pwc.co.nz

Description of the key audit matter	How our audit addressed the key audit matter
Goodwill impairment assessment - KFC and Taco Bell California As at balance date, goodwill recognised in relation to KFC and Taco Bell California amounted to $29.9 million (2021: $27.8 million). The net loss after tax of the California segment (refer to note 1 of the financial statements) was $6.7 million as a result of reduced consumer spending, and significant cost pressures that impacted the business. The California segment is also relatively new to the Group, being acquired in September 2020. Our audit focussed on the KFC and Taco Bell California cash generating unit (CGU) due to the impacts of inflationary cost and the inherent judgement involved in estimating future business performance, which includes certain key assumptions such as sales growth, EBITDA margin, EBITDA margin terminal year, terminal growth rate and the discount rate. Management performed an annual impairment assessment using a discounted cash flow value in use (VIU) model, which is based on the four year budgets approved by the Board of Directors, to determine whether the carrying value of assets held by the KFC and Taco Bell California CGU are recoverable. The recoverable amount based on the VIU model was higher than the carrying value and as a result, no impairment charge was recognised. However, management identified certain scenarios where a reasonably possible change in the key assumptions would result in the carrying amount exceeding its recoverable amount. Management therefore also prepared a fair value less cost of disposal (FVLCOD) model which resulted in adequate headroom despite any reasonably possible changes in the key assumptions. Refer to note 15 of the 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 the prior year (which was the first full year of operation for this CGU) actual restaurant sales and profitability against the original budgeted performance to determine the reliability of the budgeting process and consider the impact on forecast performance; – Agreeing forecast future performance included in the VIU and FVLCOD impairment assessments to four year budgets approved by the Board of Directors; – Challenging key assumptions used in the VIU and FVLCOD models in relation to sales growth, EBITDA margins, EBITDA margin terminal year, terminal growth rate and discount rate, and assessing whether these are reasonable by understanding strategic and operational initiatives underway, along with reviewing recent monthly performance trends to assess management's plans to mitigate cost increases and maintain or grow EBITDA margins; – Evaluating whether corporate costs had been allocated appropriately and included in the cash flows for the CGU; – With the assistance of our auditor's valuation expert, assessing the appropriateness of the terminal growth and discount rates; – Reviewing industry trends and external market forecasts for the industry to determine the reasonableness of the forecasts; – Testing the mathematical accuracy of the carrying amount of the CGU assets and the models; – Performing a sensitivity analysis over key assumptions to determine whether reasonably possible changes would result in impairment of goodwill; and – Reviewing the financial statements to ensure appropriate identification and disclosure of key assumptions.

Description of the key audit matter	How our audit addressed the key audit matter
Impairment assessment of restaurant property, plant and equipment and right of use assets - Australia, California and New Zealand regions As disclosed in note 13, the Group has recognised impairment of $3.3 million in relation to certain restaurants in the Australia, New Zealand and California regions. The Group also recognised impairment reversals for specific restaurants in Carl's Jr New Zealand and KFC California of $3.1 million. Accounting standards require an entity to assess at the end of each reporting period whether there is any indication that an asset may be impaired. For the purposes of restaurant property, plant and equipment and right of use asset impairment testing, each individual restaurant is considered to be a separate CGU. The Group has identified impairment indicators for certain restaurants which have experienced continued losses due to inflationary pressures and the ongoing impact of COVID-19. For these restaurants, management has performed VIU calculations to assess whether the associated carrying amounts of property, plant and equipment and right of use assets are recoverable. The key assumptions used in management's discounted cash flow model for restaurants identified to have impairment indicators are sales growth, EBITDA margin, EBITDA margin terminal year, terminal growth rate and discount rate. This area is a key focus of our audit due to the inherent judgement in assumptions used in impairment testing including the uncertainty as to the ongoing impact of COVID-19 on forecast sales, costs and EBITDA margins for each restaurant as well as the impact of inflationary pressures on the future financial performance of each CGU.	Our audit procedures included: – Where impairment indicators existed, considered whether the group of assets identified by management as a CGU is appropriate and the relevant carrying value for each CGU has been correctly calculated; – Gaining an understanding of the business process applied by management in preparing the impairment assessment; – Reviewing restaurant performance data to analyse how restaurants have performed for the year and in recent months, to identify whether an impairment indicator existed at period end, such as an EBITDA loss; – Reviewing the last two years' actual restaurant EBITDA against the current year result to assess whether each CGU has performed significantly worse than expected; – Challenging key assumptions used in the VIU model in relation to sales growth, EBITDA margin, EBITDA margin terminal year, terminal growth rate and discount rate by performing sensitivity analyses and assessing whether management's assumptions are reasonable when taking into account ongoing uncertainty from COVID-19 and inflationary pressures. This includes considering the potential for future restaurant closures and the impact of this on future sales and recovery of costs; – Evaluating the feasibility of management's plans to improve restaurant profitability; – Reviewing the last two years' actual EBITDA of the restaurants for which impairment was reversed by management to validate that the conditions that originally gave rise to the previous impairment no longer existed; – Checking the mathematical accuracy of the impairment reversal recorded by management to release previously recognised impairments and adjust the carrying value of property, plant and equipment of specific restaurants in Carl's Jr New Zealand and KFC California; – Considering whether the disclosures in the financial statements complied with the requirements of the accounting standards.

pwc

OUR AUDIT APPROACH



Overview

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

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

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

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

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

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

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

Materiality

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

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

How we tailored our group audit scope

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

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

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OTHER INFORMATION

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

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

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

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

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

Responsibilities of the Directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at: https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-1/

This description forms part of our auditor's report.

Who we report to

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

The engagement partner on the audit resulting in this independent auditor's report is Philippa (Pip) Cameron.

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
28 February 2023

Auckland

Other Information

CONTENTS	PAGE

Shareholder information

AS AT 27 FEBRUARY 2023 (UNLESS OTHERWISE STATED)

1. STOCK EXCHANGE LISTINGS

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

2. DISTRIBUTION OF SECURITY HOLDERS AND SECURITY HOLDINGS

Size of Holding	Number of security holders		Number of securities	
1 to 499	2,462	46.99%	495,832	0.40%
500 to 999	847	16.17%	577,959	0.46%
1,000 to 4,999	1,579	30.14%	3,094,541	2.48%
5,000 to 9,999	199	3.80%	1,309,353	1.05%
10,000 to 49,999	125	2.39%	2,427,921	1.95%
50,000 to 99,999	11	0.21%	757,569	0.61%
100,000 to 499,999	6	0.11%	1,691,535	1.36%
500,000 to 999,999	2	0.04%	1,376,248	1.10%
1,000,000 and over	8	0.15%	113,027,565	90.61%
	5,239	**100.00%**	**124,758,523**	**100.02%**

Geographic distribution				
New Zealand	4,997	95.38%	120,505,790	96.59%
Australia	160	3.05%	4,095,114	3.28%
Rest of World	82	1.57%	157,619	0.13%
	5,239	**100.00%**	**124,758,523**	**100.00%**

3. 20 LARGEST REGISTERED HOLDERS OF QUOTED EQUITY SECURITIES

	Number of ordinary shares	Percentage of ordinary shares
HSBC Nominees (New Zealand) Limited - NZCSD <HKBN90> [1]	96,939,567	77.70%
Custodial Services Limited <A/C 4>	3,673,749	2.94%
JPMorgan Chase Bank NA NZ Branch-Segregated Clients <A/C - NZCSD <Cham24>	3,272,623	2.62%
Citibank Nominees (New Zealand) Limited - NZCSD <CNOM90>	2,661,539	2.13%
Hobson Wealth Custodian Limited <Resident cash A/C>	1,953,095	1.57%
Accident Compensation Corporation - NZCSD <ACCI40>	1,823,304	1.46%
National Nominees Limited - NZCSD <NNLZ90>	1,525,920	1.22%
BNP Paribas Nominees (NZ) Limited - NZCSD <BPSS40>	1,177,768	0.94%
New Zealand Depository Nominee Limited <A/C 1 cash account>	874,140	0.70%
HSBC Nominees (New Zealand) Limited A/C State Street - NZCSD <HKBN45>	502,108	0.40%
BNP Paribas Nominees (NZ) Limited - NZCSD <COGN40>	365,408	0.29%
FNZ Custodians Limited	352,841	0.28%
Simplicity Nominees Limited - NZCSD	300,812	0.24%
BNP Paribas Nominees (NZ) Limited - NZCSD	261,237	0.21%
Tea Custodians Limited Client Property Trust Account - NZCSD <TEAC40>	251,237	0.20%
JA Hong Koo & Pyung Keum Koo	160,000	0.13%
Hobson Wealth Custodians Limited <Equities DTA A/C>	93,919	0.08%
Forsyth Barr Custodians Limited <1-CUSTODY>	89,572	0.07%
Hobson Wealth Custodians Limited <Resident DRP account>	87,052	0.07%
Leveraged Equities Finance Limited	76,605	0.06%
	116,442,496	**93.31%**

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

Shareholder information (continued)

AS AT 27 FEBRUARY 2023 (UNLESS OTHERWISE STATED)

4. SUBSTANTIAL PRODUCT HOLDERS

The following shareholder had given notices as at 31 December 2022, in accordance with subpart 5 of part 5 of the New Zealand Finance Market Conduct Act 2013 that they were substantial product holders in the Company and held a relevant interest in the number of ordinary shares shown below.

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

5. SHARES ON ISSUE

As at 31 December 2022, the total number of ordinary shares of the company was 124,758,523.

6. DIRECTORS' SECURITY HOLDINGS

As at 31 December 2022, Stephen Ward has an interest in 15,000 fully paid ordinary shares in RBD. As at 31 December 2022, Lyn Lim has an interest in 7,500 fully paid shares in RBD.

7. NZX WAIVERS

No waivers have been granted by the NZX during the financial year ended 31 December 2022.

Statutory information

FOR THE YEAR ENDED 31 DECEMBER 2022

1. DIRECTORSHIPS

The names of the directors of the Company as at 31 December 2022 are set out on pages 52-53 of this annual report.

Grant Ellis and Russel Creedy are Directors of all subsidiary companies.

Arif Khan is a Director of Restaurant Brands Limited, RB Holdings Limited, RBDNZ Holdings Limited, Restaurant Brands Properties Limited, RBP Holdings Limited, Restaurant Brands Pizza Limited, RBN Holdings Limited and Restaurant Brands Nominees Limited.

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

Kevin Kurihara is a Director of Restaurant Brands US Holdings Limited, Pacific Island Restaurant Inc., TD Foods Group Inc., Taco Aloha Inc., Hawaii Pizza Hut Inc. Pizza Hut of Guam, Inc., Pizza Hut of Saipan, Inc. and TB Guam, Inc.

2. DIRECTORS AND REMUNERATION

$NZ000's	Total remuneration
J Parés	75
E Fullaondo	90
C Fernández	-
LM Álvarez	75
H M Lim	90
S Ward	90
M Pato-Castel	90
	510

3. ENTRIES RECORDED IN THE INTERESTS REGISTER

The follow entries were recorded in the interest register of the Company and its subsidiaries during the year ended 31 December 2022.

(a) Share dealings of Directors
No shares were bought or sold by directors during the year ended 31 December 2022.

(b) Loans to Directors
There were no loans to directors during the year ended 31 December 2022.

Statutory information (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

(c) General disclosure of interest

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

Name	Position	Party
J Parés	Executive chairman	AmRest Holdings SE
	Director	Grupo Finaccess S.A.P.I de C.V
	President	Finaccess Capital USA
E Fullaondo	Director	AmRest Holdings SE
C Fernández	Chairman	Grupo Finaccess S.A.P.I de C.V
	Director	AmRest Holdings SE
	Director	Inmobiliaria Colonial, S.A.
	Chairman	Solidaridad y Trabajo Virgen del Camino SL
	Chairman	Cinia de Mexico SA de CV
LM Álvarez	Chairman	Compitalia, S.A. de C.V.
	Director	Finaccess, S.A.P.I. de C.V.
	Director	Global Beverage Team
	Director	AmRest Holdings SE
H M Lim	Director	Asia New Zealand Foundation
	Director	Auckland Regional Amenities Funding Board
	Director	General Capital Limited
	Director	SP Corporation Limited – ceased 31 December 2022
	Chair	Middlemore Foundation – ceased 4 December 2022
S Ward	Chairman	SecureFuture Wiri Limited
	Director	Huntington Commercial Finance
	Chairman	Advisory Council to the Financial Dispute Resolution Service
	Deputy Chair	National Provident Fund – ceased 30 June 2022
	Director	Windoma Holdings Limited
	Deputy Chairman	Life Flight Trust
	Board member	Wellington Free Ambulance
	Trustee	Wellington Free Ambulance Trust
	Director	Renaissance Holdings (NZ) Limited
	Consultant	Simpson Grierson
	Director	Sydney Airport Limited – ceased 9 March 2022
M Pato-Castel	External Advisor	KR Project SL
	External Advisor	Rosendo Mila SL

(d) Directors' indemnity and insurance

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

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

Statutory information (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

4. EMPLOYEES' REMUNERATION

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

			Number of employees	
			Dec 2022	Dec 2021
$100,000	–	$109,999	36	22
$110,000	–	$119,999	33	11
$120,000	–	$129,999	23	8
$130,000	–	$139,999	10	3
$140,000	–	$149,999	9	13
$150,000	–	$159,999	11	7
$160,000	–	$169,999	9	3
$170,000	–	$179,999	6	2
$180,000	–	$189,999	3	2
$190,000	–	$199,999	2	4
$200,000	–	$209,999	2	3
$210,000	–	$219,999	1	2
$220,000	–	$229,999	2	-
$230,000	–	$239,999	5	4
$240,000	–	$249,999	1	4
$250,000	–	$259,999	2	1
$260,000	–	$269,999	2	2
$270,000	–	$279,999	2	1
$280,000	–	$289,999	2	1
$290,000	–	$299,999	1	-
$300,000	–	$309,999	2	3
$320,000	–	$329,999	2	-
$330,000	–	$339,999	1	-
$370,000	–	$379,999	-	1
$380,000	–	$389,999	-	1
$400,000	–	$409,999	1	-
$420,000	–	$429,999	1	-
$430,000	–	$439,999	1	-
$480,000	–	$489,999	-	1
$530,000	–	$539,999	1	-
$570,000	–	$579,999	1	-
$580,000	–	$589,999	-	1
$640,000	–	$649,999	1	1
$820,000	–	$829,999	1	-
$900,000	–	$909,999	1	-
$930,000	–	$939,999	-	1
$1,620,000	–	$1,629,999	1	-
$1,700,000	–	$1,709,999	-	1
			176	103

5. SUBSIDIARY COMPANY DIRECTORS

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

Statement of corporate governance

FOR THE YEAR ENDED 31 DECEMBER 2022

OVERVIEW

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

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

The board considers that as at 31 December 2022, the corporate governance practices it has adopted are in compliance with the NZX Code other than Recommendation 2.9 (stating that an issuer should have an independent chair of the board).

An explanation as to why this Recommendation has not been adopted is provided under Principle 2 on page 105.

PRINCIPLE 1 – CODE OF ETHICAL BEHAVIOUR

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

RBD Ethical Conduct Policy

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

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

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

Interests register

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

RBD Securities (Insider Trading) Policy

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

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

Statement of corporate governance (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

PRINCIPLE 2 – BOARD COMPOSITION & PERFORMANCE

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

Responsibilities of the Board

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

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

Delegation

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

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

Composition and focus

The Company's constitution prescribes a minimum of three directors and, as at 31 December 2022, the board comprised seven non-executive directors (including the Chairman).

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

As at 31 December 2022, Emilio Fullaondo, Huei Min (Lyn) Lim, Maria Elena (Malena) Pato-Castel and Stephen Ward were considered by the board to be independent under the NZX Listing Rules as they are not executives of the Company and do not have any direct or indirect interests or relationships that could reasonably influence, in a material way, their decisions in relation to the Company. José Parés, Carlos Fernández and Luis Miguel Álvarez were considered to not be independent as they represent a significant shareholding. Per the Company's Constitution, in the case of an equality of votes when a resolution of the board is tabled, the chair of the board has a casting vote.

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

The board elected to not adopt Recommendation 2.9 (stating that an issuer should have an independent chair of the board) of the NZX Corporate Governance Code during 2022 on the basis that, with the board consisting of a majority of independent directors, it is appropriate for a shareholder holding 75% of the Company's shares (ie Finaccess) to be represented by the chair of the board. The chairs of all sub-committees of the board (being the Audit & Risk, Health & Safety and Remuneration & Nominations Committees) are independent directors.

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

Shareholding

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

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

Nomination and appointment

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

Written agreement

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

Diversity

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

Statement of corporate governance (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

As at 31 December 2022, the gender balance of the Company's directors, officers and all employees is as follows:

	Directors				Officers*				Employees			
	Dec 2022		Dec 2021		Dec 2022		Dec 2021		Dec 2022		Dec 2021	
Female	2	29%	2	29%	3	30%	3	30%	5,980	50%	5,171	45%
Male	5	71%	5	71%	7	70%	7	70%	5,937	49%	5,579	49%
Not specified									72	1%	690	6%
Total	7	100%	7	100%	10	100%	10	100%	11,989	100%	11,440	100%

* "Officers" is defined in the NZX Listing Rules as only including those members of management who report directly to the board or report directly to a person who reports to the board. As at 31 December 2022, the Group CEO is the only direct report to the board and the Group CFO, COO, CPO, CLCO, CMO and four Local Operating Division CEOs are the only direct reports to the Group CEO.

The RBD Diversity Policy requires the Remuneration and Nominations Committee to develop and recommend to the board a set of measurable goals for the Company to drive achievement of the objectives of the policy. The board considers that the performance of the Company during the period ended 31 December 2022 in relation to most of the systemic elements of the RBD Diversity Policy was satisfactory.

Board appraisal and training

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

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

Access to resources and advice

Directors may seek their own independent professional advice to assist with their responsibilities. During the 2022 financial year, no director sought their own independent professional advice, but the board sought external advice and/or assistance with respect to the impending retirement of the Group CEO and CFO.

Re-election

Pursuant to the requirements of the NZX Listing Rules, directors of the Company must not hold office (without re-election) past the third Annual Shareholders' Meeting following their appointment or three years (whichever is later) but may seek re-election at that meeting. At the 2022 Annual Shareholder Meeting José Parés, Carlos Fernández, Emilio Fullaondo, Stephen Ward, Huei Min (Lyn) Lim and Luis Miguel Álvarez were re-elected as directors of the company.

Meetings

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

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

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

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

Board and committee meeting attendance for the period ended 31 December 2022 was as follows:

Name	Board meetings held	Board meetings attended	Audit and Risk Committee meetings held	Audit and Risk Committee meetings attended	Health and Safety Committee meetings held	Health and Safety Committee meetings attended	Remuneration and Nominations Committee meetings held	Remuneration and Nominations Committee meetings attended
L M Álvarez	10	9	n/a	n/a	n/a	n/a	3	3
J Parés	10	10	3	3	n/a	n/a	n/a	n/a
E Fullaondo	10	10	3	3	3	3	3	3
C Fernández	10	10	n/a	n/a	n/a	n/a	n/a	n/a
S Ward	10	10	3	3	3	3	3	3
H M Lim	10	10	3	3	3	3	3	3
M Pato-Castel	10	10	n/a	n/a	n/a	n/a	n/a	n/a

Statement of corporate governance (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

PRINCIPLE 3 – BOARD COMMITTEES

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

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

Audit and Risk Committee

As at 31 December 2022, the members of the Audit and Risk Committee were Emilio Fullaondo (Chair), José Parés, Stephen Ward and Huei Min (Lyn) Lim. This committee is constituted to monitor the veracity of the financial data produced by the Company, ensure controls are in place to minimise the opportunities for fraud or for material error in the accounts and to oversee the operation of the Company's Risk Management Framework (discussed in more detail in the "Risk Management Framework" section under Principle 6). A majority of the committee's members must be independent directors and executive directors may not be members of the committee.

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

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

Remuneration and Nominations Committee

As at 31 December 2022, the members of the Remuneration and Nominations Committee were Stephen Ward (Chair), Huei Min (Lyn) Lim, Emilio Fullaondo and Luis Miguel Álvarez. This committee is constituted to administer the Director Nomination and Appointment Procedure, approve appointments of senior executives of the Company (principally the Group CEO and those reporting directly to the Group CEO) and make recommendations to the board in relation to terms of remuneration for non-executive directors and senior executives. It also reviews any company-wide incentive and share option schemes as required and recommends remuneration packages for directors to the shareholders.

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

Health and Safety Committee

As at 31 December 2022, the members of the Health and Safety Committee were Huei Min (Lyn) Lim (Chair), Stephen Ward and Emilio Fullaondo. This committee is constituted to assist the board to provide leadership and policy in discharging its health and safety governance duties. In particular, the Health and Safety Committee is responsible for administering the Company's Health and Safety Framework, monitoring and assessing the Company's Health and Safety performance and developing Health and Safety targets/objectives for the business.

The Terms of Reference for the Health and Safety Committee are set out in the Board Health and Safety Charter which is available on the Company's website.

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

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

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

Takeover protocols

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

Statement of corporate governance (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

PRINCIPLE 4 – REPORTING AND DISCLOSURE

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

Continuous Disclosure Policy

The board and Company are committed to promoting shareholder and market confidence through open, timely and accurate communication in compliance with the Company's continuous disclosure obligations under the NZX and ASX Listing Rules and the Financial Markets Conduct Act 2013. The RBD Continuous Disclosure Policy contains processes and procedures for ensuring that there is full and timely disclosure of market sensitive information to all shareholders and other market participants and also outlines the responsibilities in relation to the identification, reporting, review and disclosure of material information. The board has appointed a Disclosure Officer to administer this policy.

Charters and policies

Copies of the Company's key governance documents (including the Board Charter, Committee Charters, RBD Diversity Policy, RBD Continuous Disclosure Policy, RBD Director and Senior Executive Remuneration Policy, RBD Code of Ethical Conduct, RBD Human Rights Policy and RBD Securities (Insider Trading) Policy are available in the "Governance" section of the Company's website.

Financial reporting

The board is committed to ensuring integrity and timeliness in its financial reporting and providing information to shareholders and the wider market which reflects a considered view on the present and future prospects of the Company.

The Audit and Risk Committee oversees the quality and integrity of the Company's external financial reporting including the accuracy, completeness, balance and timeliness of financial statements. It reviews the Company's full and half year financial statements and makes recommendations to the board concerning the application of accounting policies and practice, areas of judgement, compliance with accounting standards, stock exchange and legal requirements as well as the results of the external audit.

While the Audit and Risk Committee ultimately oversees the quality of the Company's external financial reporting, the Company's management also provides confirmation in writing to the board that the Company's external financial reports represent a true and fair representation of the financial performance of the Company.

Non-financial reporting

The Company's Environmental, Social and Governance Report is set out earlier in this annual report. The Company continues to develop its environmental, social and governance reporting framework.

PRINCIPLE 5 – REMUNERATION

"The remuneration of directors and executives should be transparent, fair and reasonable."

Board remuneration

The Company's approach to the remuneration of directors and senior executives is set out in the RBD Director and Senior Executives Remuneration Policy. The board's Remuneration and Nominations Committee reviews director and senior executive remuneration and makes recommendations to the board after taking into account the requirements of the policy. The Remuneration and Nominations Committee's membership and role are set out in more detail under Principle 3 above.

The total pool of director fees authorised at the Annual Shareholders' Meeting on 21 June 2018 was $475,000 per annum. At the time the total pool was authorised, the Company had five directors. On 24 June 2021, the board resolved to increase the directors' fees pool in accordance with NZX Listing Rule 2.11.3 by $172,500 to $647,500 per annum to allow for directors' fees to be paid to the two additional directors that joined the board since the pool was last increased on 21 June 2018.

No directors currently take a portion of their remuneration under a performance-based equity compensation plan, although a number of directors do hold shares in the Company. Directors do not receive additional remuneration or benefits in connection with any directorship they may hold of subsidiaries of the Company.

The terms of any retirement payments to directors are prescribed in the Company's constitution and require prior approval of shareholders at a general meeting. No retirement payments have been made to any director.

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

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

Group Chief Executive Officer remuneration

The remuneration arrangements in place for the Group CEO consist of a base salary and a short term incentive scheme. In addition, in September 2022 the Group CEO was awarded a one-time compensation benefit due to his impending retirement in March 2023. Details of the Group CEO remuneration arrangements (including the amounts paid in 2021 and 2022 financial periods) are set out in Note 19 to the 31 December 2022 financial statements in this annual report.

Statement of corporate governance (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

PRINCIPLE 6 – RISK MANAGEMENT

"Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks."

Risk management framework

The Company has a Risk Management Framework for identifying, monitoring, managing and controlling the material risks faced by the business. While the board is ultimately responsible for the effectiveness of the Company's Risk Management Framework, the Audit and Risk Committee administers the Risk Management Framework and:

- receives and reviews regular risk reporting from management;
- provides recommendations to the board in relation to:
  - key/material risk identification and appetite levels;
  - whether the Company's processes for managing risks are sufficient; and
  - incidents involving serious fraud or other material break-down/failing of the Company's internal controls;
- periodically reviews:
  - key/material risks that have been identified and the controls in place to manage them; and
  - the Company's business activities to identify likely sources of new risks; and
- confirms the robustness of the Risk Management Framework to the board on an annual basis.

The Committee is required to review the Risk Management framework at least biennially and conduct regular deep dive assessments of each key/material risk to the Company's business and the associated business controls management have put in place to manage/mitigate these risks.

In managing the Company's business risks, the board approves and monitors additional policies and processes in such areas as:

- Internal Audit – regular checks are conducted by operations and financial staff on all aspects of store operations.
- Treasury Management – exposure to interest rate and foreign exchange risks is managed in accordance with the Company's treasury policy.
- Financial Performance – full sets of management accounts are presented to the board at every meeting. Performance is measured against an annual budget with periodic forecast updates.
- Capital Expenditure – all capital expenditure is subject to relevant approval levels with significant items approved by the board. The board also monitors expenditure against approved projects and approves the capital plan.

Insurance

The Company has insurance policies in place covering most areas of risk to its assets and business. These include material damage and business interruption cover at all of its sites. Policies are reviewed and renewed annually with reputable insurers.

Health and safety

The Company's Health and Safety Committee is responsible for reviewing and making recommendations to the board in respect of the Company's health, safety and wellbeing policies, procedures and performance. The Committee's primary responsibility is to ensure that the systems used to identify and manage health, safety and wellbeing risks are fit for purpose and are being effectively implemented, reviewed and continuously improved. The Committee is also responsible for developing health and safety targets/objectives for the business. At the time of this report's publication, the Committee has been renamed as the Health, Safety & Sustainability Committee.

Management and the Committee receive detailed reporting on lead and lag indicators of health, safety and wellbeing performance including health and safety incidents, injury rates by severity and mechanism, identified hazards and outputs from local, area and regional employee health and safety forum meetings. The Company has dedicated health and safety experts who investigate incidents, analyse hazard/incident trends to identify and mitigate potential health, safety and wellbeing risks and review, develop and monitor compliance with health, safety and wellbeing processes and procedures.

At an individual store level, comprehensive policies and procedures for carrying out tasks in a safe manner are in place and regularly reviewed to ensure they remain fit-for-purpose. Staff are trained in these policies and procedures as part of their induction. Registers are kept of potential hazards at each store and regular reviews/audits of compliance with health, safety and wellbeing processes and procedures are carried out by internal staff and external providers.

Reporting of lag indicators of health, Safety and wellbeing performance is contained in the Environmental, Social and Governance Section of this annual report.

Statement of corporate governance (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

PRINCIPLE 7 – AUDITORS

"The board should ensure the quality and independence of the external audit process."

External auditor

Oversight of the Company's external audit arrangements is the responsibility of the Audit and Risk Committee. The Committee operates under the Audit and Risk Committee Charter which (among other things) requires the Committee to:

- recommend the appointment of the external auditor;
- set the remuneration and review the performance of the external auditor;
- ensure the relationship with the external auditor is reviewed every five years and that the audit partner is rotated after five years;
- set the scope and work plan of the annual audit and half year review (along with the external auditor and management);
- ensure that no unreasonable restrictions are placed on the external auditor by the board or management;
- ensure that open lines of communication are maintained between the board, internal audit, management and the external auditor; and
- ensure the independence of the external auditor by:
  - reviewing the nature and scope of professional services outside of the external statutory audit role proposed to be provided by the external auditor and approving or declining their use in light of the requirement for external auditor independence;
  - monitoring any approved services outside of the external statutory audit role provided by the external auditors to ensure that the nature and scope of such professional services does not change in a manner that could be perceived as impacting on the external auditor's independence;
  - reviewing the nature and scope of professional audit services proposed to be provided by firms other than the external auditor and approving or declining their use in light of the requirement for external auditor independence; and
  - reviewing and approving or declining any proposed employment by the Company or its subsidiaries of any former audit partner or audit manager.

The Audit and Risk Committee receives an annual confirmation from the external auditor as to their independence from the Company. The external auditor regularly meets with the Committee (including meetings without management present) and attends the Company's Annual Shareholders' Meeting where the lead audit partner is available to answer questions from shareholders.

PwC have been the Company's auditors since 2008.

Internal audit

The Audit and Risk Committee is responsible for the integrity and effectiveness of the Company's internal audit function. The Company has an internal audit team that performs assurance and compliance reviews across the Company's operations as part of an annual programme of work agreed with the Audit and Risk Committee.

Statement of corporate governance (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

PRINCIPLE 8 – SHAREHOLDER RIGHTS & RELATIONS

"The Board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer."

Shareholder communication

The board places importance on effective shareholder communication. Half year and annual reports are published each year and posted on the Company's website, together with quarterly sales releases, profiles of directors and key members of management, key governance documents and copies of investor presentations. From time to time the board may communicate with shareholders outside this regular reporting regime.

Shareholders are provided with the option of receiving communications from the Company electronically.

Consistent with best practice and of the Company's continuous disclosure obligations under the NZX Listing Rules, external communications that may contain market sensitive data are released through NZX and ASX in the first instance. Further communication is encouraged with press releases through mainstream media. The board formally reviews its proceedings at the conclusion of each meeting to determine whether there may be a requirement for a disclosure announcement.

Shareholder meetings

Shareholder attendance at annual meetings is encouraged and the board allows extensive shareholder debate on all matters affecting the Company. The Company complies with its obligations under the Companies Act 1993 and the NZX Listing Rules in relation to obtaining shareholder approval for major decisions/actions that may change the nature of the company shareholders have invested in.

Notice of the Company's Annual Shareholders' Meeting will be available at least 20 working days prior to the date of the meeting.

In accordance with the requirements of Rule 6.1.1 of the NZX Listing Rules, voting at the Annual Shareholders' Meeting will be carried out by way of a poll on the basis of one share, one vote.

Corporate directory

DIRECTORS

José Parés (Chairman)
Emilio Fullaondo
Carlos Fernández
Luis Miguel Álvarez
Stephen Ward
Huei Min (Lyn) Lim
Maria Elena (Malena) Pato-Castel

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AUDITORS

PricewaterhouseCoopers

SOLICITORS

Bell Gully
Harmos Horton Lusk
Meredith Connell
Squire Patton Boggs
Corrs Chambers Westgarth
Cades Schutte

BANKERS

Westpac Banking Corporation
J.P. Morgan
Rabobank
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Financial calendar

Annual meeting
18 May 2023

Financial year end
31 December 2023

Annual profit announcement
February 2024