

Financial statements

for the year ended 31 December 2024

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

The results are for the year ended 31 December 2024 as compared to the year ended 31 December 2023.

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

Section	Note Reference
Performance	1 to 4
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Material accounting policies which are relevant to an understanding of the financial statements and which summarise the measurement basis used are provided throughout the notes and are denoted by the highlight surrounding the text.

Directors' statement

for the year ended 31 December 2024

The Directors of Restaurant Brands New Zealand Limited (the Company) are pleased to present the consolidated financial statements for Restaurant Brands and its subsidiaries (together the Group) for the year ended 31 December 2024 contained on pages 3- 40.

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

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

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

The Directors hereby approve and authorise for issue the consolidated financial statements for the year ended 31 December 2024.

For and on behalf of the Board:



José Parés
Chairman
27 February 2025



Emilio Fullaondo
Director
27 February 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2024

\$NZ000's	Note	31 Dec 2024	31 Dec 2023
Store sales revenue	1,2	1,393,598	1,322,187
Other revenue	1,2	81,145	73,064
Total operating revenue		1,474,743	1,395,251
Cost of goods sold		(1,224,463)	(1,165,352)
Gross profit		250,280	229,899
Distribution expenses		(9,897)	(9,509)
Marketing expenses		(71,899)	(68,461)
General and administration expenses		(66,587)	(67,186)
Other income	2	1,021	4,700
Other expenses	2	(9,043)	(10,831)
Operating profit		93,875	78,612
Financing expenses		(57,042)	(56,193)
Profit before taxation		36,833	22,419
Taxation expense	17	(10,305)	(6,156)
Profit after taxation attributable to shareholders		26,528	16,263
Other comprehensive income:			
Exchange differences on translating foreign operations		19,899	955
Other comprehensive income		19,899	955
Total comprehensive income attributable to shareholders		46,427	17,218
Basic and diluted earnings per share (cents)	3	21.26	13.04

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2024

\$NZ000's	Note	Share capital	Foreign currency translation reserve	Retained earnings	Total
For the year ended 31 December 2023					
Balance at 1 January 2023		154,565	8,935	129,684	293,184
Profit					
Profit after taxation attributable to shareholders		-	-	16,263	16,263
Other comprehensive income					
Movement in foreign currency translation reserve		-	955	-	955
Total other comprehensive income		-	955	-	955
Total comprehensive income		-	955	16,263	17,218
Transactions with owners					
Net dividends distributed		-	-	(19,961)	(19,961)
Total transactions with owners		-	-	(19,961)	(19,961)
Balance as at 31 December 2023	8	154,565	9,890	125,986	290,441
For the year ended 31 December 2024					
Balance at 1 January 2024		154,565	9,890	125,986	290,441
Profit					
Profit after taxation attributable to shareholders		-	-	26,528	26,528
Other comprehensive income					
Movement in foreign currency translation reserve		-	19,899	-	19,899
Total other comprehensive income		-	19,899	-	19,899
Total comprehensive income		-	19,899	26,528	46,427
Transactions with owners					
Net dividends distributed		-	-	(22,457)	(22,457)
Total transactions with owners		-	-	(22,457)	(22,457)
Balance as at 31 December 2024	8	154,565	29,789	130,057	314,411

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2024

\$NZ000's	Note	31 Dec 2024	31 Dec 2023
Non-current assets			
Property, plant and equipment	14	358,286	341,773
Land held for development	12	8,461	12,431
Right of use assets	15	608,015	587,649
Sub-lease receivable		2,971	878
Intangible assets	16	368,883	349,216
Deferred tax assets	17	63,377	54,187
Total non-current assets		1,409,993	1,346,134
Current assets			
Inventories	9	19,022	19,761
Trade and other receivables	10	26,404	23,739
Income tax receivable		5,246	4,600
Cash and cash equivalents	11	30,834	31,584
Total current assets		81,506	79,684
Total assets		1,491,499	1,425,818
Equity attributable to shareholders			
Share capital	8	154,565	154,565
Reserves	8	29,789	9,890
Retained earnings		130,057	125,986
Total equity attributable to shareholders		314,411	290,441
Non-current liabilities			
Provisions	18	6,027	5,354
Deferred income	19	188	477
Loans	5	284,120	288,962
Lease liabilities	15	708,646	674,304
Total non-current liabilities		998,981	969,097
Current liabilities			
Income tax payable		5,895	-
Trade and other payables	13	134,938	131,339
Provisions	18	1,871	1,689
Lease liabilities	15	34,509	31,984
Deferred income	19	894	1,268
Total current liabilities		178,107	166,280
Total liabilities		1,177,088	1,135,377
Total equity and liabilities		1,491,499	1,425,818

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2024

\$NZ000's	Note	31 Dec 2024	31 Dec 2023
Cash flow from operating activities			
Cash was provided by / (applied to):			
Receipts from customers		1,471,507	1,394,168
Payments to suppliers and employees		(1,269,222)	(1,197,705)
Interest paid		(21,483)	(20,071)
Interest paid on leases	15	(36,227)	(35,303)
Payment of income tax		(11,942)	(13,252)
Net cash from operating activities		132,633	127,837
Cash flow from investing activities			
Cash was provided by / (applied to):			
Payment for intangible assets		(588)	(1,562)
Purchase of property, plant and equipment		(56,914)	(79,359)
Purchase of land held for development		-	(5,347)
Proceeds from disposal of property, plant and equipment		4,049	1,545
Net cash used in investing activities		(53,453)	(84,723)
Cash flow from financing activities			
Cash was provided by / (applied to):			
Proceeds from loans		181,702	444,535
Repayment of loans		(209,127)	(436,876)
Dividends paid to shareholders	4	(22,457)	(19,961)
Payments for lease principal		(31,950)	(29,462)
Net cash used in financing activities		(81,832)	(41,764)
Net (decrease)/increase in cash and cash equivalents		(2,652)	1,350
Foreign exchange movements		1,902	365
Cash and cash equivalents at beginning of the year		31,584	29,869
Cash and cash equivalents at the end of the year		30,834	31,584
Cash and cash equivalents comprise:			
Cash on hand	11	728	691
Cash at bank	11	30,106	30,893
		30,834	31,584

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

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

for the year ended 31 December 2024

\$NZ000's	Note	31 Dec 2024	31 Dec 2023
Reconciliation of profit after taxation with net cash from operating activities:			
Total profit after taxation attributable to shareholders		26,528	16,263
Add items classified as investing activities:			
Loss on disposal of property, plant and equipment	14	621	1,948
Loss on disposal of intangibles		468	-
		1,089	1,948
Add / (less) non-cash items:			
Depreciation	14, 15	93,787	89,332
Lease termination		(885)	(792)
Increase in provisions		856	667
Amortisation of intangible assets	16	9,701	10,071
Impairment on property, plant and equipment	14	7,385	6,861
Impairment on intangible assets	16	460	2,124
Net increase in deferred tax assets	17	(7,295)	(10,520)
		104,009	97,743
Add / (less) movement in working capital:			
Decrease in inventories		1,038	5,388
Increase in trade and other receivables		(1,424)	(7,167)
(Decrease)/increase in trade and other payables		(4,265)	10,239
Increase in income tax payable		5,658	3,423
		1,007	11,883
Net cash from operating activities		132,633	127,837
Reconciliation of movement in loans			
Opening balance		288,962	280,281
Net (repayments)/proceeds from loans		(27,425)	7,659
Decrease in prepaid facility costs		121	143
Foreign exchange movement		22,462	879
Closing balance	5	284,120	288,962

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

Notes to and forming part of the consolidated financial statements

for the year ended 31 December 2024

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NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2024

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

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

Subsidiaries of the Company are as follows:

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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BASIS OF PREPARATION

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

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

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

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

These audited consolidated financial statements were authorised for issue on 27 February 2025 by the Board of Directors who do not have the power to amend afterwards.

New disclosure requirements and changes in accounting policies

There are various standards, amendments and interpretations which are published but not yet effective and were assessed as having an immaterial impact on the Group. There are no NZ IFRS, NZ IFRIC interpretations or other applicable IFRS Accounting Standards that are effective for the first time for the financial year beginning on or after 1 January 2024 that had a material impact on these consolidated financial statements.

In May 2024, the External Reporting Board introduced NZ IFRS 18 Presentation and Disclosure in Financial Statements (NZ IFRS 18) (effective for annual reporting periods beginning on or after 1 January 2027). This standard replaces NZ IAS 1 and primarily introduces a defined structure for the statement of comprehensive income, disclosure of management-defined performance measures (a subset of non-GAAP measures) in a single note, together with reconciliation requirements. The Group has not early adopted this standard and is yet to assess its impacts.

On 14 December 2022 the External Reporting Board (XRB) published its climate-related disclosure standards. The mandatory reporting regime for disclosing risk in the annual report is for reporting periods beginning after 1 January 2023. Climate-related disclosures will be reported on or before 30 April 2025 as per the blanket exemption issued during the reporting period.

Expected changes to income tax legislation

On 8 October 2021, 136 countries, which are part of the OECD/G20 Inclusive Framework (IF), reached an agreement for a two-pillar approach to international tax reform (“OECD agreement”). In May 2023 the New Zealand Government has announced that New Zealand will adopt the OECD-led global tax initiative aimed at ensuring large multinationals pay a minimum tax rate of 15.0% in participating countries. The OECD agreement is likely to see changes in corporate tax rates in a number of countries in the next few years.

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2024

and liabilities would be impacted by the rules, this would be from the date when the relevant national legislation is enacted or substantively enacted.

As at 31 December 2024, the Pillar Two requirements have been enacted in Australia and New Zealand. However in New Zealand the rules are effective from 1 January 2025. The Group is closely monitoring the enactment process in jurisdictions where it operates and its potential impact on the Group operations and the consolidated financial statements. Further details are disclosed in note 17.

Use of non-GAAP measures within the consolidated financial statements

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

- Store EBITDA before General and Administration expenses (G&A), NZ IFRS 16 and other items. The Group calculates Earnings Before Interest, Tax, Depreciation, Amortisation ("EBITDA") before G&A, NZ IFRS 16 and other items by taking net profit before taxation and adding back (or deducting) financing expenses, other items, depreciation, amortisation, NZ IFRS 16 and G&A. The Group also refers to this measure as Store EBITDA before G&A and other items. This measure provides the results of the Group's core operating business and excludes those costs not directly attributable to stores.
- Capital expenditure including intangible assets – This represents additions to property, plant and equipment and intangible assets. This measure represents the amount of investment in the business and is therefore a useful measure to assist the understanding of the Group's financial position.
- Other items – These relate to non-core business items disclosed as other income and other expenses as set out in note 2.

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

Judgements and estimates

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

Climate change

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2024

PERFORMANCE

1. SEGMENTAL REPORTING

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

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

Segment assets include items directly attributable to the segment. 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.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2024

31 December 2024 \$NZ000's	New Zealand	Australia	Hawaii	California	Corporate support function	Total
Business segment						
Store sales revenue	625,904	309,930	280,317	177,447	-	1,393,598
Other revenue	78,449	-	2,690	6	-	81,145
Total operating revenue	704,353	309,930	283,007	177,453	-	1,474,743
Store EBITDA before G&A expenses, NZ IFRS 16 and other items	104,033	35,218	47,388	7,673	-	194,312
G&A expenses	(14,858)	(14,275)	(12,579)	(11,411)	(3,502)	(56,625)
	89,175	20,943	34,809	(3,738)	(3,502)	137,687
Other income	-	-	903	118	-	1,021
Other expenses	-	(453)	-	(745)	-	(1,198)
Impairment charges	(306)	(6,011)	(346)	(1,182)	-	(7,845)
Depreciation	(23,644)	(14,046)	(9,045)	(4,732)	(15)	(51,482)
Amortisation	(1,024)	(1,194)	(1,539)	(5,790)	(154)	(9,701)
Adjustments for NZ IFRS 16	10,806	6,916	3,074	4,597	-	25,393
Operating profit/(loss)	75,007	6,155	27,856	(11,472)	(3,671)	93,875
Financing expenses	(15,249)	(16,490)	(6,300)	(19,002)	(1)	(57,042)
Taxation expense	(18,005)	3,337	(2,470)	5,805	1,028	(10,305)
Net profit/(loss) after taxation (NPAT)	41,753	(6,998)	19,086	(24,669)	(2,644)	26,528
Current assets	38,608	12,280	14,339	16,279	-	81,506
Non-current assets excluding deferred tax	369,202	360,110	314,036	303,268	-	1,346,616
Total assets excluding deferred tax	407,810	372,390	328,375	319,547	-	1,428,122
Capital expenditure including intangible assets	35,946	12,800	6,093	1,930	-	56,769

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2024

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

The G&A expenses in the segmental reporting note include EBITDA related to transactions with Independent Franchisees of \$9.5 million (Dec 2023: \$7.7 million) and exclude depreciation and amortisation expense of \$0.8 million (Dec 2023: \$0.9 million) and NZ IFRS 16 adjustments of \$0.3 million (Dec 2023: \$0.3 million).

2. REVENUE AND EXPENSES

Revenue

Store sales revenue

Store sales revenue from the sale of goods is recognised at point of sale, measured at the fair value of the consideration received, net of returns, discounts, and excluding Goods and Services Tax (GST), and Sales Tax in California and Hawaii.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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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 2024	31 Dec 2023
Royalties paid	82,250	78,126

Royalties are recognised as an expense as revenue is earned.

Wages and salaries

\$NZ000's	31 Dec 2024	31 Dec 2023
Wages and salaries	400,715	373,860
(Decrease) / increase in liability for long service leave	(224)	58
	400,491	373,918

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

Lease expenses

\$NZ000's	31 Dec 2024	31 Dec 2023
Lease expenses	9,548	10,954

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

Other income

\$NZ000's	31 Dec 2024	31 Dec 2023
Net insurance recovery	903	4,700
Other	118	-
Total other income	1,021	4,700

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2024

Insurance Recovery

The current year amount relates to additional insurance proceeds received in 2024 regarding the Maui wildfires in Hawaii.

Other expenses

\$NZ000's	31 Dec 2024	31 Dec 2023
Net impairment of property, plant and equipment, and intangible assets	7,845	8,985
Store closures	746	596
Other	452	1,250
Total other expenses	9,043	10,831

Store closures and net impairment of property, plant, and equipment and intangible assets

The Group continued to face challenges in the California and Australia divisions as a result of reduced household spending impacting sales and margins, and the 29% increase in the minimum wage in California. As part of the portfolio optimisation plan, four stores were closed in California which resulted in net assets write down of \$0.7 million (Dec 2023: \$0.6 million relating to one store closure in Australia). A detailed review of property, plant and equipment, intangible assets, and right of use assets of stores at the year end identified impairment indicators in several stores. Based on further analysis a net impairment charge of \$7.8 million was recognised during the year (Dec 2023: \$9.0 million).

3. EARNINGS PER SHARE

	31 Dec 2024	31 Dec 2023
Basic and diluted earnings per share		
Profit after taxation attributable to the shareholders (\$NZ000's)	26,528	16,263
Weighted average number of shares on issue (000's)	124,759	124,759
Basic earnings per share (cents)	21.26	13.04

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.

4. DIVIDEND DISTRIBUTIONS

\$NZ000's	31 Dec 2024	31 Dec 2023
Final dividend paid April 2023 (16 cents per share)	-	19,961
Special dividend paid December 2024 (18 cents per share)	22,457	-
	22,457	19,961

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2024

FUNDING AND EQUITY

5. LOANS

\$NZ000's	31 Dec 2024	31 Dec 2023
Secured bank loans denominated in:		
NZD	22,000	34,000
AUD	94,414	95,730
USD	168,037	159,684
Secured bank loans	284,451	289,414
A loan is classified as current if it is due for repayment within 12 months of the Group's year end. As at 31 December 2024 the Group's loans are non-current.		
Non-current	284,451	289,414
Secured bank loans	284,451	289,414
\$NZ000's		
Secured bank loans	284,451	289,414
Less prepaid facility fees	(331)	(452)
Loan balance	284,120	288,962

Included in the loans balance in the consolidated statement of financial position is \$0.3 million (Dec 2023: \$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.

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 \$405.1 million with the following financial institutions:

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

Security

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

The Group also has indemnity guarantees of \$4.0 million across various properties leased in Australia and an obligation to provide standby letters of credit totalling \$4.5 million in California. The California letters of credit expired in April 2024 and have not yet been renewed.

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2024

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

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

- debt coverage ratio (i.e. net debt to EBITDA),
- fixed charge coverage ratio (EBITDAL¹ to fixed charges), with EBITDAL being EBITDA before lease costs, fixed charges comprising interest and lease costs,
- guaranteeing Group assets ratio (i.e. total guaranteeing Group tangible assets to total consolidated Group tangible assets), and
- guaranteeing Group earnings ratio (i.e. non-guaranteeing Group EBITDA to the consolidated Group EBITDA).

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

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

There have been no breaches of the covenants during the current financial year (Dec 2023: no breaches). There are also no forecast breaches of covenants.

For more information about the Group's exposure to interest rate and foreign currency risk see note 7.

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 expenses

\$NZ000's	31 Dec 2024	31 Dec 2023
Financing expenses - leases (NZ IFRS 16)	36,227	35,302
Financing expenses - bank	20,815	20,891
Financing expenses	57,042	56,193

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 15); 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.

¹ Earnings Before Interest, Tax, Depreciation, Amortisation and Lease costs. EBITDAL measure is used by the banks, with the Group's total fixed charge coverage ratio based on this figure.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2024

6. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets

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

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 consolidated statement of financial position date. These are classified as non-current assets. The Group's loans and receivables comprise trade receivables, other receivables and cash and cash equivalents in the consolidated statement of financial position.

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

Financial liabilities

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

Financial instruments

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

Derivative financial instruments

The Group might use derivative financial instruments to manage the exposures that arise due to movements in foreign currency exchange rates and interest rates arising from operational, financing and investment activities. The Group does not hold derivative financial instruments for trading purposes. Derivatives that do not qualify for hedge accounting are accounted for at fair value through profit or loss. The Group did not have any derivative financial instruments as at 31 December 2024 (Dec 2023: nil).

Financial assets and financial liabilities at amortised cost by category

\$NZ000's	31 Dec 2024	31 Dec 2023
Loans and receivables at amortised cost		
Trade receivables	11,608	12,135
Other receivables	4,500	3,372
Cash and cash equivalents	30,834	31,584
	46,942	47,091
Financial liabilities at amortised cost		
Loans (excluding prepaid facility fees)	284,451	289,414
Trade and other payables (excluding indirect and other taxes and employee benefits)	91,724	89,583
	376,175	378,997

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2024

7. FINANCIAL RISK MANAGEMENT

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

(a) Foreign currency risk

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

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

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

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

There is currently no hedging cover in place.

(b) Interest rate risk

The Group's main interest rate risk arises from bank loans. The Group's loans are at fixed interest rates with terms up to 90 days. The interest rates are reset at the end of each term. As such, at balance date, the Group's loans of \$284.5 million (Dec 2023: \$289.4 million) are exposed to repricing within the next 12 months. Based on a number of scenarios, the Group calculates the impact on profit or loss of a defined interest rate shift. Based on these scenarios the maximum loss potential is assessed by management as to whether it is within acceptable limits.

Where necessary the Group may hedge its exposure to changes in interest rates primarily through the use of interest rate swaps. There are guidelines as to the minimum prescribed level of hedging (zero to 100 percent), set out by the Board, however the Board reviews all swaps before they are entered into. The Group did not have any derivative financial instruments as at 31 December 2024 (Dec 2023: nil).

(c) Liquidity risk

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

\$NZ000's	Effective interest rates	Total	Less than 1 year	Between 1 and 5 years
31 Dec 2024				
Cash on hand	-	728	728	-
Cash at bank	3.75%	30,106	30,106	-
Bank term loan - principal (NZD)	7.63%	(22,000)	-	(22,000)
Bank term loan - principal (AUD)	6.47%	(94,414)	-	(94,414)
Bank term loan - principal (USD)	6.37%	(168,037)	-	(168,037)
Bank term loan - expected interest	6.50%	(52,119)	(18,141)	(33,978)
Trade and other payables (excluding indirect and other taxes and employee benefits)	-	(91,724)	(91,724)	-
		(397,460)	(79,031)	(318,429)

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2024

\$NZ000's	Effective interest rates	Total	Less than 1 year	Between 1 and 5 years
31 Dec 2023				
Cash on hand	-	691	691	-
Cash at bank	5.00%	30,893	30,893	-
Bank term loan - principal (NZD)	8.28%	(34,000)	-	(34,000)
Bank term loan - principal (AUD)	6.50%	(95,730)	-	(95,730)
Bank term loan - principal (USD)	7.34%	(159,684)	-	(159,684)
Bank term loan - expected interest	7.17%	(79,396)	(20,522)	(58,874)
Trade and other payables (excluding indirect and other taxes and employee benefits)	-	(89,583)	(89,583)	-
		(426,809)	(78,521)	(348,288)

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 \$405.1 million (Dec 2023: \$376.1 million) available at variable rates. The amount undrawn at 31 December 2024 was \$120.7 million (Dec 2023: \$86.7 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 2024	31 Dec 2023
Within one year	71,083	65,827
One to five years	290,985	252,695
Beyond five years	872,128	838,967
	1,234,196	1,157,489

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

(d) Credit risk

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

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

There were no financial assets past due nor impaired at the balance date (Dec 2023: nil).

At 31 December 2024 there were no significant concentrations of credit risk and the maximum exposure to credit risk is represented by the carrying value of each financial asset in the consolidated statement of financial position (Dec 2023: nil).

(e) Fair values and set-off

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

Sensitivity analysis

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2024

At 31 December 2024 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 2023: \$2.9 million), however equity would decrease by \$2.1 million (Dec 2023: \$2.2 million). A one percentage point decrease in interest rates would increase the Group profit before income tax by approximately \$2.8 million (Dec 2023: \$2.9 million), however equity would increase by \$2.1 million (Dec 2023: \$2.2 million).

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

(f) Capital risk management

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

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

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

8. EQUITY AND RESERVES

Share capital

	31 Dec 2024 Number	31 Dec 2024 \$NZ000's	31 Dec 2023 Number	31 Dec 2023 \$NZ000's
Share capital	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 2023: 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 2024	31 Dec 2023
Foreign currency translation reserve	29,789	9,890

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2024

WORKING CAPITAL

9. INVENTORIES

\$NZ000's	31 Dec 2024	31 Dec 2023
Raw materials and consumables	19,022	19,761

Inventories recognised as an expense during the period ended 31 December 2024 amounted to \$405.8 million (Dec 2023: \$403.5 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.

10. TRADE AND OTHER RECEIVABLES

\$NZ000's	31 Dec 2024	31 Dec 2023
Trade receivables	11,608	12,135
Prepayments	10,296	8,232
Other receivables	4,500	3,372
	26,404	23,739

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

NZD	13,686	10,205
AUD	4,587	6,960
USD	8,131	6,574
	26,404	23,739

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

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

11. CASH AND CASH EQUIVALENTS

\$NZ000's	31 Dec 2024	31 Dec 2023
Cash on hand	728	691
Cash at bank	30,106	30,893
	30,834	31,584

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

NZD	9,820	8,494
AUD	6,153	8,147
USD	14,861	14,943
	30,834	31,584

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2024

Included in cash and cash equivalents are credit card receipts and delivery receipts that are in transit at balance date. The cash and cash equivalents disclosed above also include \$2.0 million held by the Accident Fund Insurance Company of America. These funds are subject to regulatory restrictions and are therefore not available for general use by the Group entities.

12. LAND HELD FOR DEVELOPMENT

\$NZ000's	31 Dec 2024	31 Dec 2023
Land held for development	8,461	12,431

As at 31 December 2024 there was \$8.5 million relating to land in New Zealand that has been purchased for use in developing new stores in the future (Dec 2023: \$12.4 million).

13. TRADE AND OTHER PAYABLES

\$NZ000's	31 Dec 2024	31 Dec 2023
Trade payables	59,081	55,236
Other payables and accruals	32,643	34,347
Employee benefits	30,531	31,438
Indirect and other taxes	12,683	10,318
	134,938	131,339

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

NZD	74,668	74,859
AUD	22,204	23,507
USD	38,066	32,973
	134,938	131,339

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

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2024

LONG TERM ASSETS

14. PROPERTY, PLANT AND EQUIPMENT

\$NZ000's	Land	Leasehold improvements	Plant, equipment and fittings	Motor vehicles	Capital work in progress	Total
Cost						
Balance as at 31 December 2022	4,494	385,450	153,327	2,297	21,931	567,499
Additions	-	-	-	-	78,871	78,871
Transfers from work in progress	-	51,049	26,005	330	(77,384)	-
Disposals	-	(7,107)	(4,192)	(316)	(212)	(11,827)
Movement in exchange rates	13	391	50	1	5	460
Balance as at 31 December 2023	4,507	429,783	175,190	2,312	23,211	635,003
Additions	-	-	-	-	58,851	58,851
Transfers from work in progress	2,670	23,459	29,634	315	(56,078)	-
Disposals	-	(25,739)	(17,814)	(213)	(129)	(43,895)
Movement in exchange rates	105	18,427	7,268	81	675	26,556
Balance as at 31 December 2024	7,282	445,930	194,278	2,495	26,530	676,515
Accumulated depreciation						
Balance as at 31 December 2022	-	(161,905)	(81,383)	(1,564)	-	(244,852)
Charge	-	(28,551)	(17,786)	(380)	-	(46,717)
Disposals	-	4,511	2,258	281	-	7,050
Movement in exchange rates	-	15	32	(1)	-	46
Balance as at 31 December 2023	-	(185,930)	(96,879)	(1,664)	-	(284,473)
Charge	-	(31,578)	(18,255)	(285)	-	(50,118)
Disposals	-	21,505	16,760	211	-	38,476
Movement in exchange rates	-	(5,424)	(3,837)	(58)	-	(9,319)
Balance as at 31 December 2024	-	(201,427)	(102,211)	(1,796)	-	(305,434)
Impairment						
Balance as at 31 December 2022	-	(3,174)	(171)	-	-	(3,345)
Utilised/disposed	-	1,368	6	-	(56)	1,318
Impairment created	-	(5,701)	(1,085)	-	(75)	(6,861)
Movement in exchange rates	-	96	31	-	4	131
Balance as at 31 December 2023	-	(7,411)	(1,219)	-	(127)	(8,757)
Utilised/disposed	-	2,511	1,348	-	131	3,990
Impairment created	-	(7,209)	(176)	-	-	(7,385)
Movement in exchange rates	-	(590)	(49)	-	(4)	(643)
Balance as at 31 December 2024	-	(12,699)	(96)	-	-	(12,795)
Carrying amounts						
Balance as at 31 December 2022	4,494	220,371	71,773	733	21,931	319,302
Balance as at 31 December 2023	4,507	236,442	77,092	648	23,084	341,773
Balance as at 31 December 2024	7,282	231,804	91,971	699	26,530	358,286

Depreciation expense

\$NZ000's	31 Dec 2024	31 Dec 2023
Depreciation expense	50,118	46,717
Disposal of property, plant and equipment		
Net loss on disposal of property, plant and equipment (included in depreciation expense)	(1,364)	(909)
Net gain/(loss) on disposal of property, plant and equipment (included in other expenses)	743	(1,039)

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2024

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.

The estimated useful lives of property, plant and equipment are as follows:

Leasehold improvements 5 – 25 years

Plant and equipment 3 – 12.5 years

Motor vehicles 4 – 5 years

Furniture and fittings 3 – 10 years

Computer equipment 3 – 10 years

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

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

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2024

Significant judgements and estimates – store impairment testing

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

Impairment charge is recognised in other expenses in the consolidated statement of the comprehensive income.

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

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

Key assumptions in the determination of recoverable amount are:

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

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

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2024

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

Key assumptions	31 Dec 2024				31 Dec 2023			
	Percentage used %	Percentage used %	Percentage used %	Percentage used %	Percentage used %	Percentage used %	Percentage used %	Percentage used %
	NZ	Australia	Hawaii	California	NZ	Australia	Hawaii	California
Store sales growth	2.1 – 5.7	0.1 – 6.0	1.2 – 4.5	1.0 – 25.0	2.7 – 20.4	-4.0 – 14.8	-24.0 – 10.5	3.0 – 15.0
Store EBITDA margin	-4.6 – 8.6	-38.2 – 10.0	-5.4 – 7.2	-23.9 – 6.4	-18.6 – 9.6	-38.4 – 10.0	-12.0 – 8.8	-62.2 – 8.8
terminal year	1.0 – 8.6	-1.0 – 10.0	0.9 – 7.2	-14.4 – 6.4	-14.1 – 13.2	-15.1 – 12.1	0.9 – 9.3	-12.8 – 9.5
Terminal growth rate	2.1	2.5	2.1	2.1	2.1	2.5	2.3	2.3
Discount rate	7.2 – 10.6	7.0 – 7.2	8.2	6.6	8.5 – 9.4	7.3	9.1	7.5
Number of stores impaired	2	5	1	3	-	2	1	9
Impairment value \$NZ millions*	\$0.30	\$6.00	\$0.30	\$1.20	-	\$2.60	\$0.60	\$5.80

*Included in the net impairment value of \$7.8 million in 2024 is \$1.5 million relating to the impairment of intangible assets (Dec 2023: \$2.1 million).

Based on the calculations, an impairment of \$7.8 million was recognised during the financial year (Dec 2023: \$9.0 million) against property, plant and equipment and intangible assets in the consolidated statement of comprehensive income as part of other expenses. This comprised eleven stores with recoverable amounts lower than their respective carrying value of assets.

The Group also evaluated stores' assets which have been previously impaired to determine whether the conditions that gave rise to the initial impairments still existed at the balance date. A recalculation is performed to reassess the recoverable amount and determine if the headroom exists. For the stores that have demonstrated positive sustainable trading results, management may conclude there is sufficient evidence to support an impairment reversal. There was no impairment reversal recognised due to the improved performance for the year ended 31 December 2024 (Dec 2023: nil).

15. LEASES

Key estimates and judgements

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

These include:

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2024

Right of use assets (ROU assets)

\$NZ000's	31 Dec 2024	31 Dec 2023
Opening balance	587,649	607,765
Depreciation	(43,669)	(42,615)
Modifications to existing right of use assets	8,016	4,215
Additions	20,385	16,388
Foreign exchange movement	35,634	1,896
Closing balance	608,015	587,649

Additions relate to new leases entered into by the Group.

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

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

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

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

The Group has applied the recognition exemption allowed by the standard in respect of short-term and low value leases.

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2024

Lease liabilities

\$NZ000's	31 Dec 2024	31 Dec 2023
Opening balance	706,288	714,931
Cash flow payments	(68,165)	(65,381)
Interest	36,227	35,117
Modifications to existing lease liabilities	8,657	3,493
Additions	19,839	16,340
Foreign exchange movement	40,309	1,788
Closing balance	743,155	706,288
Current lease liabilities	34,509	31,984
Non-current lease liabilities	708,646	674,304
	743,155	706,288

The weighted average incremental borrowing rate applied to lease additions during the year was 7.1% (Dec 2023: 7.4%).

16. INTANGIBLE ASSETS

\$NZ000's	Goodwill	Franchise fees	Concept development costs	Acquired software costs	Total
Cost					
Balance as at 31 December 2022	286,411	101,785	801	12,372	401,369
Additions	-	813	-	749	1,562
Disposals	-	(372)	-	(1,427)	(1,799)
Movement in exchange rates	1,029	416	-	7	1,452
Balance as at 31 December 2023	287,440	102,642	801	11,701	402,584
Additions	-	583	-	5	588
Disposals	-	(3,904)	-	(6,532)	(10,436)
Movement in exchange rates	23,785	10,767	-	10	34,562
Balance as at 31 December 2024	311,225	110,088	801	5,184	427,298
Accumulated amortisation and impairment					
Balance as at 31 December 2022	(831)	(30,148)	(746)	(11,308)	(43,033)
Charge	-	(9,497)	-	(574)	(10,071)
Disposals	-	409	-	1,357	1,766
Impairment	-	(2,124)	-	-	(2,124)
Movement in exchange rates	-	95	-	(1)	94
Balance as at 31 December 2023	(831)	(41,265)	(746)	(10,526)	(53,368)
Charge	-	(9,223)	-	(478)	(9,701)
Disposals	-	3,198	-	6,532	9,730
Impairment	-	(460)	-	-	(460)
Movement in exchange rates	-	(4,610)	-	(6)	(4,616)
Balance as at 31 December 2024	(831)	(52,360)	(746)	(4,478)	(58,415)
Carrying amounts					
Balance as at 31 December 2022	285,580	71,637	55	1,064	358,336
Balance as at 31 December 2023	286,609	61,377	55	1,175	349,216
Balance as at 31 December 2024	310,394	57,728	55	706	368,883

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2024

Goodwill

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

Franchise fees

Franchise fees are costs incurred in obtaining franchise rights or licences to operate quick service and takeaway restaurant concepts. They include for example, the initial fee paid to a system franchisor when a new store is opened.

These are measured at cost less accumulated amortisation and accumulated impairment costs. Amortisation is on a straight line basis over the life of the applicable franchise or licence agreement.

Concept development costs

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

Acquired software costs

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

Amortisation

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

Impairment

Impairment charge is recognised in other expenses in the consolidated statement of comprehensive income.

\$NZ000's	31 Dec 2024	31 Dec 2023
Amortisation of intangible assets	9,701	10,071

Significant judgements and estimates – impairment testing

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

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2024

Allocation of goodwill by CGU:

\$NZ000's	31 Dec 2024	31 Dec 2023
KFC Australia	117,554	114,434
KFC New Zealand	6,599	6,599
Pizza Hut New Zealand	7,434	7,434
Pizza Hut and Taco Bell Hawaii	144,836	128,097
KFC and Taco Bell California	33,971	30,045
Total goodwill	310,394	286,609

In 2024 the recoverable amount of each CGU was based on fair value less costs of disposal approach. Fair value less costs of disposal was determined by discounting the future net cash flows generated from the continuing use of the CGU, less disposal cost of 2% of the recoverable amount. The cash flow inputs are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk. Cash flows were projected based on the 2025–2028 financial plan as approved by the Board of Directors.

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

Brand	31 Dec 2024	31 Dec 2024	31 Dec 2024	31 Dec 2023	31 Dec 2023	31 Dec 2023
	Store sales growth 2025-2028 %	Store EBITDA margin 2025-2028 %	Discount rate %	Store sales growth 2024-2026 %	Store EBITDA margin 2024-2027 %	Discount rate %
KFC Australia	6.8 - 11.7	14.8 - 15.4	7.1	8.6 - 9.4	14.8 - 15.9	7.3
KFC New Zealand	3.8 - 6.5	17.8 - 20.1	7.7	6.2 - 7.1	17.5 - 20.7	9.0
Pizza Hut New Zealand	4.0 - 8.5	5.4	10.6	3.8 - 6.9	5.1	11.3
Pizza Hut and Taco Bell Hawaii	4.1 - 6.1	17.8 - 19.0	8.2	3.7 - 6.0	16.9 - 17.7	9.1
KFC and Taco Bell California	1.7 - 8.3	6.7 - 10.3	6.6	1.8 - 10.1	6.0 - 11.0	7.5

The terminal growth rate is calculated on a CGU basis, based on the 2028 year and assumes a continuous sales growth equal to the minimum of projected inflation estimates of 2.1% to 2.5% (Dec 2023: 2.1% to 2.5%).

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

- Store Sales growth – Average annual growth rate over the four-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.
- Store EBITDA margin 2025–2028. Based on past performance and management's expectations for the future. Store EBITDA growth has been disclosed as a key assumption as a number of costs are variable and link directly to revenue levels, such as the cost of labour, and food costs. Other fixed costs of the CGUs, which do not vary significantly with revenue changes, are forecast based on the current structure of the business, adjusting for inflationary increases.
- Terminal growth rate – This is the growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with expected long-term inflation for each territory in which the CGU operates.
- 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 following CGUs any reasonably possible change in the key assumptions used in the calculations would not cause the carrying amount to exceed its recoverable amount:

- New Zealand KFC
- New Zealand Pizza Hut

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2024

- Hawaii Taco Bell and Pizza Hut
- Australia KFC

No impairment was recognised in this financial year for the California CGU goodwill, however, a decrease to 3.7%-7.3% for the Store EBITDA margin percentage assumption would result in the carrying amount being equal to the recoverable amount (breakeven point).

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2024

OTHER NOTES

17. TAXATION

Current and deferred taxes 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 tax is recognised in respect of temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance date and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled. Deferred income tax assets are only recognised to the extent that it is probable that future taxable amounts will be available against which to utilise those temporary differences.

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

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

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

Taxation – consolidated statement of comprehensive income

The taxation expense is analysed as follows:

\$NZ000's	Note	31 Dec 2024		31 Dec 2023
Total profit before taxation for the period	1	36,833		22,419
Taxation expense	1	(10,305)		(6,156)
Net profit after income tax		26,528		16,263
Taxation expense using the Company's domestic tax rate	(28.0%)	(10,313)	(28.0%)	(6,277)
Other	3.0%	1,103	(2.6%)	(585)
Adjustments due to different jurisdictions	(3.0%)	(1,095)	3.1%	706
Taxation expense	(28.0%)	(10,305)	(27.5%)	(6,156)
Taxation expense comprises:				
Current tax expense		(17,600)		(16,676)
Deferred tax expense		7,295		10,520
		(10,305)		(6,156)

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2024

OECD Pillar Two model rules

The Group is within the scope of the OECD Pillar Two model rules, also referred to as GloBE (Global anti-Base Erosion). As of 31 December 2024 the Pillar Two legislation was enacted in New Zealand, the jurisdiction in which Restaurant Brands New Zealand Limited is incorporated. The rules will come into effect in New Zealand from 1 January 2025. The Group applies the NZ IAS 12 exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. Under the legislation, the Group is liable to pay a top-up tax for the difference between the GloBE effective tax rate for each jurisdiction and the 15% minimum rate. Pillar Two is effective in Australia from 1 January 2024 and although the legislation has not yet been enacted in the USA, the Group has effective tax rates that exceed 15% in all jurisdictions in which it operates. Based on the status of the implementation process and the effective tax rate above 15% the rules are not expected to have a material impact.

Imputation credits

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

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

The current and deferred tax rates for the period were calculated using rates of 28% for New Zealand, 30% for Australia, 28% for California, and 26% for Hawaii (Dec 2023: 28% New Zealand, 30% Australia, 28% for California and 26% for Hawaii).

\$NZ000's	31 Dec 2024	31 Dec 2023
Imputation credits available for subsequent reporting periods	42,791	35,801

Taxation – consolidated statement of financial position

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

\$NZ000's	Assets		Liabilities		Net	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Property, plant and equipment	17,529	15,646	(4,037)	(4,456)	13,492	11,190
Inventory	75	51	-	-	75	51
Trade and other receivables	-	-	(391)	(394)	(391)	(394)
Provisions	6,883	6,365	348	109	7,231	6,474
Intangible assets	76	-	(2,347)	(3,244)	(2,271)	(3,244)
ROU assets and lease liabilities	209,367	203,693	(171,833)	(170,275)	37,534	33,418
Other	7,707	6,692	-	-	7,707	6,692
	241,637	232,447	(178,260)	(178,260)	63,377	54,187

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2024

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

\$NZ000's	Balance 31 Dec 2023	Recognised in consolidated statement of comprehensive income	Foreign currency translation	Balance 31 Dec 2024
Property, plant and equipment	11,190	2,588	(286)	13,492
Inventory	51	24	-	75
Trade and other receivables	(394)	14	(11)	(391)
Provisions	6,474	587	170	7,231
Intangible assets	(3,244)	1,175	(202)	(2,271)
Other	6,692	132	883	7,707
Lease liabilities	203,693	(5,408)	11,082	209,367
ROU assets	(170,275)	8,183	(9,741)	(171,833)
	54,187	7,295	1,895	63,377

18. PROVISIONS

\$NZ000's	Employee entitlements	Make good provisions	Total
Balance at 31 December 2023	2,380	4,663	7,043
Created during the period	256	600	856
Used during the period	(80)	(45)	(125)
Foreign exchange movements	48	76	124
Balance at 31 December 2024	2,604	5,294	7,898

31 December 2024

Current	1,871	-	1,871
Non-current	733	5,294	6,027
Total	2,604	5,294	7,898

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

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2024

19. DEFERRED INCOME

\$NZ000's

Balance at 31 December 2023	1,745
Created during the period	2,987
Realised during the period	(3,738)
Foreign exchange movement	88
Balance at 31 December 2024	1,082

31 December 2024

Current	894
Non-current	188
Total	1,082

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 contracts.

20. 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 key management or entities related to them

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 (Dec 2023: \$0.04 million).

Key management and director compensation

Key management personnel comprises the Chief Executive Officer and his direct reports, including the Chief Financial Officer, the four divisional Presidents, Chief Human Resources Officer, Chief Legal & Compliance Officer, and Chief Development Officer.

\$NZ000's	31 Dec 2024	31 Dec 2023
Key management - total benefits	5,746	6,074
Key management - short term incentive benefit	658	-
Directors' fees	510	510

Key management – total benefits of \$5.7 million (Dec 2023: \$6.1 million) relate to salaries and short-term employee benefits recognised during the year.

The short term incentive disclosed above of \$0.7 million (Dec 2023: nil) was unpaid as at year end 31 December 2024 and is included in other payables.

Total CEO remuneration

\$NZ000's	Salary	Short term incentive	Long term incentive	Total remuneration
31 December 2024	838	253	-	1,091
31 December 2023	843	636	-	1,479

In addition to the amounts disclosed above for 2023, there was a one-time compensation benefit awarded to the former CEO, Russel Creedy, due to his retirement in March 2023. The total amount of the one-time award was \$1.3 million and was paid upon his retirement on 31 March 2023. The amount recognised in 2023 was \$0.6 million.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2024

Incentive schemes

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

In 2024, no long term incentive scheme has been agreed (Dec 2023: nil).

21. COMMITMENTS

Capital commitments

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

\$NZ000's	31 Dec 2024	31 Dec 2023
Store development	10,137	22,447
Point of sale system	818	5,569
	10,955	28,016

22. CONTINGENT LIABILITIES

In December 2023, Gordon Legal and Shine Lawyers filed two class actions in the Federal Court of Australia on behalf of certain KFC employees naming the franchisor, QSR Pty Limited (the Group's Australian operating subsidiary) and 88 other franchisees as respondents. The two class actions were subsequently combined into a single proceeding. It is expected that mediation proceedings will commence in relation to the claim in 2025 with an initial trial process to follow in the event that the parties fail to reach an agreement to resolve the matter during mediation. As at balance date, there was no material impact to the consolidated financial statements, however the Group will continue to assess the claim and will update the market in the event that the claim is expected to have a material impact on the Group.

23. SUBSEQUENT EVENTS

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

24. FEES PAID TO AUDITOR

\$NZ000's	31 Dec 2024	31 Dec 2023
Audit and review of consolidated financial statements		
Audit and review of consolidated financial statements - PwC	1,201	1,180
Other assurance services and other agreed-upon procedures engagements - performed by PwC		
Agreed specified procedures on landlord certificates	7	6
Yum! Advertising co-operative report assurance services	14	12
Greenhouse gas emissions assurance services	93	89
Greenhouse gas emissions assurance readiness assessment	-	16
Total other assurance services and other agreed-upon procedures engagements	114	123
Other services - performed by PwC		
Whistleblower services	12	-
Total other services	12	-
Total fees paid to auditor	1,327	1,303

Included in the 2024 audit fee costs are out of pocket expenses of \$0.03 million (Dec 2023: \$0.03 million) relating to visits to overseas divisions.

25. DONATIONS

\$NZ000's	31 Dec 2024	31 Dec 2023
Donations	99	116

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2024

The Group did not make any donations to political parties.

26. DEED OF CROSS GUARANTEE

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

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

Set out below is the consolidated information for the year ended 31 December 2024 of the closed group consisting of Restaurant Brands New Zealand Limited, QSR, Restaurant Brands Australia Holdings Pty Limited and Restaurant Brands Australia Pty Limited.

\$NZ000's	31 Dec 2024	31 Dec 2023
Financial information in relation to:		
(i) Statement of comprehensive income		
Revenue	309,930	310,050
Earnings before interest and taxation	2,484	6,917
Finance expense	(16,491)	(16,223)
Loss before taxation	(14,007)	(9,306)
Taxation expense	4,365	2,083
Loss after taxation	(9,642)	(7,223)
Items that may be reclassified subsequently to the statement of comprehensive income:		
Exchange differences on translating foreign operations	2,537	366
Other comprehensive income	2,537	366
Total comprehensive loss	(7,105)	(6,857)
(ii) Summary of movements in retained earnings		
Retained earnings at the beginning of the year	102,619	109,476
Total comprehensive loss	(7,105)	(6,857)
Retained earnings at the end of the year	95,514	102,619
(iii) Statement of financial position		
Non-current assets		
Property, plant and equipment	89,845	94,703
Right of use assets	147,332	152,064
Intangible assets	122,933	120,780
Deferred tax assets	19,590	14,234
Investment in subsidiaries	239,353	239,353
Total non-current assets	619,053	621,134
Current assets		
Inventories	2,051	1,877
Trade and other receivables	5,453	7,610
Income tax receivable	908	2,223
Cash and cash equivalents	4,790	6,626
Total current assets	13,202	18,336

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2024

\$NZ000's	31 Dec 2024	31 Dec 2023
Total assets	632,255	639,470
Equity attributable to shareholders		
Share capital	154,565	154,565
Reserves	81	(2,456)
Retained earnings	(59,132)	(49,490)
Total equity attributable to shareholders	95,514	102,619
Non-current liabilities		
Provisions	3,240	3,054
Lease liabilities	167,925	168,679
Loans	94,280	95,546
Total non-current liabilities	265,445	267,279
Current liabilities		
Trade and other payables	23,901	25,265
Provisions	1,541	1,377
Lease liabilities	11,065	10,835
Amounts payable to subsidiaries	234,789	232,095
Total current liabilities	271,296	269,572
Total liabilities	536,741	536,851
Total equity and liabilities	632,255	639,470

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Restaurant Brands New Zealand Limited



OUR OPINION

In our opinion, the accompanying consolidated financial statements (the 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 2024, its financial performance, and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards Accounting Standards (IFRS Accounting Standards).

What we have audited

The Group's financial statements comprise:

- the consolidated statement of financial position as at 31 December 2024;
- 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, comprising material accounting policy information and other explanatory information.

BASIS FOR OPINION

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

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

Independence

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

In our capacity as auditor and assurance practitioner, our firm provides other assurance services and agreed-upon procedures. Our firm also provides another service relating to the provision of a whistleblower line. The firm has no other relationship with, or interests in, the Group.

Key audit matters

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



Description of the key audit matter

Goodwill impairment assessment - KFC and Taco Bell California

Goodwill recognised in relation to the KFC and Taco Bell California cash-generating unit (CGU) amounted to \$34.0 million as at 31 December 2024 (2023: \$30.0 million). During the year, this CGU incurred a net loss after tax of \$24.7 million (refer to note 1 of the consolidated financial statements).

Our audit focused on this CGU as its financial performance has continued to be adversely impacted by cost pressures combined with the inherent judgement involved in estimating future business performance.

Management performed an annual impairment assessment to determine the recoverable amount using a discounted cash flow model under a Fair Value Less Cost of Disposal (FVLCO) approach. This was based on the 4-year financial plan approved by the Board of Directors. The output was compared to the carrying amount of the associated net assets, including goodwill held by the KFC and Taco Bell California CGU.

The recoverable amount (based on the FVLCO model) was higher than the carrying value and as a result, no impairment expense was recognised. However, management identified a certain scenario where a reasonably possible change in the store EBITDA margin would result in the carrying amount being equal to its recoverable amount.

Refer to note 16 of the consolidated financial statements.

How our audit addressed the key audit matter

Our procedures in relation to management's assessment of goodwill impairment for the KFC and Taco Bell California CGU, included the following:

- updating our understanding of the business process applied by management in performing the impairment test;
- reviewing prior year actual store sales and profitability against the original budgeted performance to assess management's ability to accurately forecast;
- agreeing forecast future performance included in the FVLCO impairment assessment to the 4-year financial plan approved by the Board of Directors;
- challenging key estimates and assumptions used in the FVLCO model in relation to: store sales growth, store EBITDA margin, terminal growth rate and discount rate and assessing whether these are reasonable with reference to management initiatives and strategies, recent monthly financial performance and the risks for the CGU;
- evaluating whether corporate costs had been allocated appropriately and included in the cash flows for the CGU;
- engaging our auditor's valuation expert to assess the reasonableness of the terminal growth rate and discount rate;
- reviewing industry trends and external market forecasts for the industry to determine the reasonableness of management's forecast;
- testing the calculations and mathematical accuracy of the FVLCO model, including the inputs and compared the recoverable amount to the carrying value of the CGU's assets;
- evaluating management's sensitivity analysis to ascertain the impact of reasonably possible changes in key assumptions;
- performing sensitivity analysis and stress testing based on changes in certain assumptions to evaluate whether there was an impairment; and
- assessing the adequacy of disclosures in the consolidated financial statements.



Description of the key audit matter

Impairment assessment of store property, plant and equipment, intangible assets and right of use assets

For the year ended 31 December 2024, the Group recognised impairment of \$7.8 million (2023: \$9.0 million) in relation to CGUs in the New Zealand, Australia, Hawaii and California regions (refer to note 2 of the consolidated financial statements). For the purposes of store property, plant, and equipment, intangible assets and right of use asset impairment testing, each individual store is considered to be a separate CGU.

An assessment was performed by management to identify stores with impairment indicators. This included those that have experienced continued losses. For these stores, management performed Value In Use (VIU) and/or FVLCOB calculations to assess whether the associated carrying amounts of property, plant and equipment, intangible assets and right of use assets were recoverable.

Key assumptions used in management's discounted cash flow model are store sales growth, store EBITDA margin, store EBITDA margin terminal year, terminal growth rate and discount rate.

This is a key focus of our audit due to the value of property, plant and equipment, intangible assets and right of use assets held by the Group.

Refer to notes 14 and 16 of the consolidated financial statements.

How our audit addressed the key audit matter

Our audit procedures included:

- considering whether the group of assets identified by management as a CGU is appropriate and recalculating the carrying value of each CGU;
- updating our understanding of the process applied by management in identifying stores with potential for impairment and the resulting impairment assessments;
- in addition to stores identified by management, we developed independent risk assessment criteria to identify stores with a greater risk of impairment such as larger asset carrying value stores experiencing sustained losses and compared to those identified by management for impairment testing;
- for a sample of stores identified above, we tested the mathematical accuracy of the VIU and/or FVLCOB impairment models prepared by management and challenged key assumptions used: store sales growth, store EBITDA margin and store EBITDA margin terminal year, by assessing whether management's assumptions were reasonable against historical performance and whether they take account of ongoing uncertainty from economic challenges. This includes considering the potential for future store closures and the impact of closures on remaining lease terms in respect of right of use assets recognised;
- engaging our own auditor's valuation expert to assess the reasonableness of the terminal growth rates and discount rates;
- evaluating the feasibility of management's plans to improve store profitability;
- evaluating management's sensitivity analysis to ascertain the impact of reasonably possible changes in key assumptions on the recoverable amount; and
- assessing the adequacy of disclosures in the consolidated financial statements.



Description of the key audit matter

Revenue recognition

The Group's revenue totalled \$1.5 billion (2023: \$1.4 billion) for the year ended 31 December 2024. The Group primarily earns revenue from store sales, which accounts for approximately 95% of total revenue, while other revenue includes sale of goods and services to independent franchisees.

Refer to notes 1 and 2 of the consolidated financial statements.

Given the volume of transactions and significance of revenue recognised across four regions, this required significant auditor attention and was considered to be a key audit matter.

How our audit addressed the key audit matter

Our audit approach to test revenue is a combination of controls and substantive testing and included the following procedures:

- updating our understanding of the systems, processes and controls in place underpinning the accounting and recognition of revenue in each region;
- testing, on a sample basis, management's controls over the reconciliations of the point-of-sale-systems, general ledger and bank statements;
- verifying the completeness of revenue recognised, on a sample basis, by agreeing daily cash received to the general ledger;
- for store sales revenue, evaluating the flow of revenue journals to validate that revenue transactions are settled in cash. For those not settled in cash, agreeing accounting entries to supporting documents, on a sample basis;
- for a sample of other revenue transactions, examining invoices issued to independent franchisees and cash remittances, where paid;
- performing analytics on franchise fees and royalties to verify completeness of other revenue transactions;
- testing bank and bank clearing account reconciliations at year end by agreeing material reconciling items to supporting documents; and
- assessing the adequacy of disclosures in the consolidated financial statements.



OUR AUDIT APPROACH

Overview



Overall group materiality: \$7.4 million, which represents approximately 0.5% of total revenue.

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

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

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

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

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

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



How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

We performed full scope audits for all of the Group's principal business units in New Zealand, Australia, Hawaii and California.

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

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The other information we obtained prior to the date of this auditor's report comprised the Historical Summary, Group Pro Forma Profit Statement, Non-GAAP Financial Measures and the Directors' Report. The remaining other information comprising the Annual Report 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 and will 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 Accounting Standards, 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/standards/assurance-standards/auditors-responsibilities/audit-report-1-1/>

This description forms part of our auditor's report.

WHO WE REPORT TO

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

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

For and on behalf of:

A handwritten signature in black ink, appearing to read 'Karen Shires', is written over a faint, larger version of the PwC logo.

PricewaterhouseCoopers
27 February 2025

Auckland