Chairman's Address ASM 2022

SLIDE: 1 *Chairman's Report*	When I addressed you last year, I outlined the impact of the COVID-19 epidemic on our business and how we had weathered the storm of compulsory store closures, increasingly difficult operating procedures, and economic uncertainty. We were of course hopeful that the world would return to some sort of normality for 2021, but with the outbreak of the Omicron variant, this proved not to be the case and we faced a reprise of the challenges of 2020. However, as we have noted in this year's annual report, operating with multiple brands in a variety of different markets has helped us diversify much of the risk and dilute the continuing impacts of the COVID pandemic. Thus, although the financial outcomes for the "second year of COVID" are below expectations, they are certainly satisfactory in these continued adverse circumstances.
SLIDE: 2 *Highlights FY 21*	These, then are some of the highlights for the last financial year: • We achieved our billion dollar sales target with total sales of $1,068.2 million, up 19.7% against the previous year, with full year positive same store sales growth across all four of our operating divisions. • We produced a reported net profit after tax of $51.9 million for the year, up $21.3 million or 69.3% on the last year, despite the ongoing adverse impact of COVID-19. • Our combined store EBITDA[1] (pre NZ IFRS 16) for the period was $172.7 million, up 18.3% on the previous year. • Total store numbers increased by 11 to 359 including the acquisition of five stores in Australia and two stores in California.

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

	• The Taco Bell brand, launched in New Zealand and Australia (New South Wales) in late 2019, continued to grow with 18 stores now successfully operating in these markets. • We paid a dividend of 32.0 cents per share on 22 April to all shareholders, fully imputed to NZ tax resident holders. COVID-19 continued to disrupt all of the company's operations, including another extended lockdown in New Zealand. However, all divisions have continued to trade through the crisis and consequently have achieved improved earnings on last year. The pandemic impacted our business in three ways: • Firstly it resulted in closures or partial closures of our stores through government or franchisor mandate. In some cases stores were closed completely; in others we saw a loss of access to channels such as dine-in. However, almost universally, delivery traffic increased strongly. • Secondly it impacted our supply chain, not only in terms of ingredient availability and cost, but also equipment items required for store builds; and • Thirdly it restricted operations, with staff illness. Whilst no stores were completely closed for lack of staffing, we had a number with limited trading hours and of course one cannot overstate the stress imposed on our people in trying to keep the business running in this environment.
SLIDE: 3 *Profit Reconciliation*	Despite these challenges we achieved a reported FY21 NPAT of $51.9 million, up 69.3% or $21.3 million on the prior year. Direct comparisons between the two years remains difficult. The reconciliation here shows the differing impacts of COVID-19, varying government subsidies, large "one off" costs and benefits and the $11.4 million PPP loan forgiveness in Hawaii for the current year.

	After adjusting for these, the underlying trading profit for the year is up $11.8 million (27%) on prior year.
SLIDE: 4 *Sales and EBITDA Breakdown*	Total brand sales for the Company were $1,068.2 million, up $175.8 million. This is primarily because of the inclusion of a full year's $156.5 million of sales in California versus the four months of initial ownership in 2020. All four divisions produced positive same store sales. Combined store EBITDA (pre-NZ IFRS 16 and Other Items) of $172.7 million was up $26.7 million or +18.3% on the prior year primarily driven by the full year performance of the California division. EBITDA margins (as a % of sales) reduced from 16.4% to 16.2% due to increased cost pressures, particularly in New Zealand and Australia. Restaurant Brands' store numbers at the end of the financial year totalled 359, comprising 137 in New Zealand, 73 in Hawaii, 79 stores in Australia and 70 stores in California.
SLIDE: 5 *Growth Opportunities*	Despite the COVID headwinds we have persisted with our organic growth strategies in all markets through both establishing new channels in existing stores (such as "Click and Collect") and driving strong same-store sales. In addition we continue to see significant opportunities to expand our networks in each division through either new store builds or acquisitions. New store builds in the KFC and Taco Bell brands remain a focus for the Australian and New Zealand markets with up to 60 Taco Bell stores planned for these two markets over the course of the next few years. Even with the COVID-19 outbreak, the transformation and rationalisation strategy for the Hawaiian store network is continuing, despite delays in both the local council approval process and the physical store construction. The roll out of new Pizza Hut delivery stores and the closure of some of the larger inefficient red roof restaurants is making our Hawaii Pizza Hut

	business one of the best performers in the system. The transformation of the larger Taco Bell stores also continues to produce excellent sales growth, with another two completed this year. We are particularly excited about our network development prospects in California. In our first full year of ownership we acquired two independent KFC franchisees and in the first quarter of this year built and opened three new stores. Despite the challenge of COVID, this market continues to present opportunities for considerable expansion. We note in passing that the state of California is the fifth largest economy in the world and we are very happy to be part of it. As we have said before, our ongoing investment in both new store builds and acquisitions will continue to be undertaken within a disciplined and structured framework. We will only embark upon those offering clear value creation for our shareholders.
SLIDE: 6 *Cash Flows*	Our capital expenditure requirements continue to increase as we build and refurbish stores and undertake further acquisitions. Operating cash flows (adjusted by $25 million for NZ IFRS 16) were up $12 million to $102 million, reflecting the strong trading performance. The inclusion of the full year of trading for the California business has also had a positive impact on operating cash flows. Normalised investing cash outflows (adjusted for the California and five store Australian acquisitions) were $82 million (versus $55 million last year) with three new KFC and ten new Taco Bell stores in New Zealand and Australia and significant KFC refurbishment expenditure in both those markets. In addition, there were major Taco Bell refurbishments in Hawaii.
SLIDE: 7 *Net Borrowings*	Our net bank borrowings have remained stable at $202 million, which is well within our $360 million facility level, and we continue to meet required banking covenants very comfortably.

	Given both the strength of our cash flows and the fact that there were currently no significant acquisitions under consideration, the board elected to distribute a $40 million dividend to shareholders, the first since the FY18 year. As a consequence you would have all received on 22 April a dividend payment of 32.0 cents per share. The dividend was paid as fully imputed to all New Zealand resident shareholders. This payment does not necessarily signal a return to a regular dividend because the company continues to look to utilise cash for continued expansion. However future dividends may be declared in the event that we accumulate cash for which there is no immediate reinvestment opportunity.
SLIDE: 8 *Directors*	I would once again like to take this opportunity to acknowledge the contribution made by my fellow directors over the past 12 months, particularly as we faced another year of COVID restrictions. Your board continues to work well together as we have endeavoured to deliver the necessary governance of the company and guidance to management in these uncertain times. As you have seen in the Notice of Meeting, six of our current directors are retiring and seeking reappointment at this meeting and the board supports the re-election of these directors.
SLIDE: 9 *Staff*	I also want to recognise Russel Creedy and his management team for their continued dedication and expertise in steering the company through another year of COVID. And I especially wish to thank the entire staff of Restaurant Brands for their hard work and loyalty to the company over the COVID crisis. In all our markets, staff have been called upon to keep serving our customers in often trying circumstances. It has been another challenging year that they have overcome with dedication and commitment. And finally, I would like to thank you, our loyal shareholders, for your continued support and interest in the company.

	2021 has been another tough year and, from what we've seen of the 2022 year so far, COVID is looking to be more and more a feature of our lives. We continue to build on the learnings of recent years on living with COVID and remain confident that our processes and people are sound and can deliver further shareholder value.