2021

ANNUAL REPORT

COLLINS FOODS LIMITED ABN 13 151 420 781

COLLINS FOODS LIMITED

RESTAURANTS *done* BETTER.

We create

UNMATCHED EXPERIENCES

FOR OUR CUSTOMERS AND PEOPLE.

CONTENTS

KEY DATES

Full year 2021 results announcement Tuesday, 29 June 2021

Record date for final dividend Thursday, 8 July 2021

Final dividend payment Thursday, 22 July 2021

Annual General Meeting Friday, 27 August 2021

End of half year 2022 Sunday, 17 October 2021

Half year 2022 results announcement Tuesday, 30 November 2021

Record date for interim dividend Tuesday, 7 December 2021

Interim dividend payment Wednesday, 22 December 2021

OUR VISION, MISSION AND VALUES

Our Vision

THE WORLD'S TOP Restaurant OPERATOR.

WE CREATE UNMATCHED EXPERIENCES FOR OUR CUSTOMERS & PEOPLE.

Our Mission

RESTAURANTS done BETTER.

WE HAVE AN OBSESSION FOR RAISING THE BAR ON WHAT PEOPLE THINK A RESTAURANT EXPERIENCE SHOULD BE.

MORE HUMAN · MORE SUSTAINABLE · MORE DIGITAL · MORE FUN

WE WILL LEAD THE WAY.

OUR FINANCIAL PERFORMANCE

Revenue

12.4%
to $1.07b

(FY20: $948.1m)

Statutory NPAT
(post-AASB 16)

5.4%
to $32.9m

(FY20: $31.3m)

Underlying EBITDA
(Continuing operations, pre-AASB 16)

12.4%
to $136.3m

(FY20: $121.2m)

Underlying NPAT
(Continuing operations, pre-AASB 16)

18.3%
to $56.9m

(FY20: $48.1m)

Total FY21 Fully Franked Dividends

23.0CPS
(up 15%)

(FY20: 20.0cps)

Net Operating Cashflow
(post-AASB 16)

$148.0M

(FY20: $149.3m)

OUR YEAR IN REVIEW

We operate

319

RESTAURANTS

in Australia, Germany and the Netherlands, and are the franchisor of 64 in Japan and Thailand.

The Company employs over

15,000

PEOPLE

in Australia, Germany, and the Netherlands.

We are focused on operational excellence and the highest of health and safety standards for our customers and our people.

We're fanatical about

DRIVING PERFORMANCE

AND GETTING IT RIGHT EVERY TIME.

The Group has continued to generate strong earnings growth, a testament to great products, strong brands, and the commitment of our extraordinary team.

Our continued emphasis on operational execution, people development, and excellence in restaurant development will underpin our pursuit of sustainable growth.

In FY21 we built and opened

18 NEW RESTAURANTS

across the Group, 11 for KFC Australia, 4 for Taco Bell and 3 for KFC Europe.

OUR POSITIVE IMPACT

OUR PILLARS

Creating UNMATCHED PEOPLE EXPERIENCES	Making a POSITIVE IMPACT	Being BRILLIANT AT THE BASICS
People and communities	**Planet**	**Governance**

OUR PRIMARY GOALS

People and communities

Establish **Collins Foods Giving** as a best-in-class signature program by 2026 with

75%+ ENROLMENT

Planet

Reduce our carbon footprint by achieving a

25% REDUCTION

in **greenhouse gas emissions** by 2026

Increase **diversion of waste** from landfill by

25% by 2026

Governance

Commitment to **CONTINUOUS IMPROVEMENT** in **best-practice governance standards** in all our business activities

INITIATIVES & OPPORTUNITIES

People and communities

- Safety management system that underpins strong safety culture FY21: LTIFR 14.20
- Collins Foods Giving employee participation rate in FY21: 31%
- Collins Family Fund: new program launched in 2020
- Equitable employee profile: FY21: 50% female and 50% male workforce, no GPG*
- Employing young Australians: 518 traineeships with 285 completed in FY21
- Expansion of participation in food recovery programs to include KFC restaurants in Tasmania and Western Australia

** Gender Pay Gap*

Planet

- Renewable energy: 100+ additional solar panel systems over the next year
- Reducing Scope 1 greenhouse gases (GhG) despite increasing restaurants: FY21: 471 CO_2-e (tonnes)
- Reducing energy consumption of restaurant network: FY21: 1,177GJ*
- Reduce waste to landfill by diverting, reusing, recycling or upcycling waste. FY21: total waste 9,609 tonnes
- Opportunity: water management

** gigajoules*

Governance

- We expect our people and those who conduct business with us to act with integrity, ethically and with openness, honesty and fairness
- Food safety management system underpins strong food safety culture

OUR BRANDS

KFC AUSTRALIA

KFC Australia enjoyed a step change in sales thanks to excellent operational execution, high trust in the KFC brand, and growth in e-commerce sales and product innovation.

252
RESTAURANTS

$900.4M
REVENUE

12.9%
SAME STORE SALES GROWTH

22.2%
EBITDA MARGIN
(post-AASB 16)
(18.1% pre-AASB 16)

KFC EUROPE

KFC Europe was significantly impacted by COVID-19 restrictions and lockdowns. Operational focus remained high in both markets and the business is well-positioned to improve margins as restrictions are eased.

46
RESTAURANTS

$134.9M
REVENUE

-0.6%
SAME STORE SALES DECLINE

7.3%
EBITDA MARGIN
(post-AASB 16)
(-0.7% pre-AASB 16)

TACO BELL

Taco Bell firmly anchored itself in the Quick Service Restaurant segment, offering great value price points and focusing on driving awareness and trial.

16
RESTAURANTS

$28.0M
REVENUE

3.9%
SAME STORE SALES GROWTH*

0.7%
EBITDA MARGIN
(post-AASB 16)
(-5.7% pre-AASB 16)

** Seven restaurants that have been opened for a minimum of 18 months*

CHAIRMAN'S MESSAGE

FY21 marked an excellent year for Collins Foods, delivering another record result reflecting robust sales and earnings growth despite challenging global operating conditions.

Brand strength driving growth

During this challenging year, we saw customers focus on what they trust. The trust we have built in our restaurant operations by engaging with our stakeholders and staying true to our values has paid off.

Eleven new Australian KFC restaurants were opened during FY21 bringing the total number of KFC Australia restaurants we operate to 252. KFC Australia continued to perform ahead of expectations, delivering same store sales growth of 12.9%. The business capitalised on its brand strength, focusing on signature, core and value menu items and best-in-class guest experiences. Meanwhile, new digital and delivery initiatives catered to increased consumer demand for digitally-enabled channels and convenience. E-commerce now accounts for around 14% of total KFC Australia sales, reflecting the evolution of consumer dining preferences.

Results in Europe were impacted by COVID-19, where ongoing lockdowns and dining restrictions were far more significant than in Australia. The safety of our people and customers were our primary focus, given the health risk posed by the pandemic. Despite these challenges, Collins Foods leveraged the operating environment to progress its strategic initiatives in the Netherlands, signing a new Development Agreement and undertaking three franchisee acquisitions. We now operate 17 restaurants in Germany and 29 in the Netherlands.

Emerging brand Taco Bell showed strong sales growth of 57.4% during the year, driven by a larger footprint of 16 restaurants and differentiated value proposition. An additional nine to 12 new restaurants are planned for FY22. Alongside brand awareness and trial initiatives, Taco Bell is expected to benefit from increased consumer adoption of Mexican category products. With a marketing mix reinforcing value and our core operational strengths around convenience, we see a bright future for the brand.

Continued growth in dividend

Collins Foods delivered another record result in FY21, with revenue increasing 12.4% to $1,065.9 million. Growth was driven by strong same store sales growth and new restaurant openings.

An ongoing focus on front-of-house digitisation and back-of-house operational excellence has flowed through to underlying EBITDA of $136.3 million (continuing operations, pre-AASB 16), an increase of 12.4% on FY20, and underlying NPAT of $56.9 million, up 18.3% (continuing operations, pre-AASB 16).

Strong earnings and cash flow generation allowed further reduction in net debt and the net leverage ratio, leaving the balance sheet in a strong position to pursue future growth opportunities, and enabling growth in the final dividend.

The Board was pleased to declare a final FY21 fully franked dividend of 12.5 cents per share, with the total dividend for FY21 being 23.0 cents per share fully franked, up from 20.0 cents per share in FY20.

Positive Impact strategy

This year we are pleased to release our inaugural Positive Impact Report, which provides us with an Environment, Social and Governance (ESG) framework to report against. ESG practices have long been embedded in Collins Foods' operations and we are now focused on three key pillars — people and communities, planet, and governance. We remain committed to our Collins Foods Giving program, reducing our carbon footprint, diverting waste from landfill by 25% over the next five years, and maintaining best practice governance standards.

Positive outlook for continued growth

In FY22, Collins Foods is well-positioned to further grow its KFC Australia operations, and build market share for KFC in Europe and Taco Bell in Australia.

Our strong balance sheet provides the flexibility to take advantage of strategic organic and acquisition opportunities across the Group over the coming year.

For KFC Australia, digital and delivery initiatives will be key to improving customer experience alongside new back-of-house technology to drive efficiency. KFC Europe is poised for recovery as COVID-19 restrictions ease, and we are aiming to double our presence in this market by 2026. We will continue to scale the Taco Bell brand in Australia, supported by a clear restaurant rollout strategy and marketing support to drive awareness and trial.

Board changes

Less than a year after taking over as CEO, we were pleased to welcome Drew O'Malley to the Board as Managing Director. Drew has made a significant contribution to Collins Foods since he joined in 2017, particularly over the past year where he successfully steered the business through the COVID-19 pandemic. Drew's appointment further increases the Board's operational expertise and we look forward to leveraging his global Quick Service Restaurant (QSR) knowledge and experience.

As part of our Board succession plan, Newman Manion will retire as a Non-executive Director of the Company at the conclusion of this year's Annual General Meeting. Over the past 10 years, Newman has been a highly valued member of the Board, enabling Collins Foods to benefit from his significant experience in the food franchise industry, obtained over more than 38 years working in Yum! and the KFC brand globally. He retires with sincere thanks from the Board and we all wish him well in his future endeavours.

Thank you

On behalf of the Board, I would like to thank our 15,000+ employees for their hard work and dedication during a challenging year. Our FY21 financial results reflect the significant commitment of our people, who continued to provide our customers with a best-in-class experience despite operational volatility and the ongoing threat of COVID-19.

I would also like to take this opportunity to thank my fellow Directors for their valued input and oversight.

Finally, thank you to you, our loyal shareholders for your ongoing support over the past year.

We are confident in delivering on our sustainable growth strategy and are well-placed for the year ahead, underpinned by strong brands, new delivery and digital initiatives, and our ongoing operational excellence.

Robert Kaye
Independent Non-executive Chairman

MANAGING DIRECTOR & CEO'S REPORT

In my first full year as Managing Director & CEO, I am pleased to report Collins Foods has delivered a strong financial performance, despite the ongoing impacts of COVID-19. Our focus on people and operations was critical to this, as our teams did an exceptional job of keeping our restaurants operating at a world-class level.

In FY21, we leveraged our brand strength and strong operational foundations to drive same store sales growth and increase our restaurant footprint — building and opening 18 new restaurants across the Group.

We did this through continuously validating new concepts and innovation and then integrating them into our core operations so that we can bring scale to our brands. This ensures we remain a leader in the industry as we successfully navigate and harness accelerating industry trends.

KFC

KFC's trusted brand status in Australia, combined with new e-commerce initiatives, were key growth drivers for our KFC Australia business, delivering strong same store sales growth over FY21.

Europe was a different operating environment with COVID-19 lockdowns and restrictions in place for a large part of the year, which made trading difficult given our higher inline and food court mix in the region. However, weaker operating conditions created strategic acquisition opportunities, with the acquisition of eight net new restaurants, and the execution of a new Development Agreement in the Netherlands.

Taco Bell

After pausing new developments in the first half of FY21, we added four new restaurants in the second half of the year as part of our brand development strategy, bringing restaurant numbers to 16. New brand awareness campaigns focused on taste, value and convenience show positive brand adoption trends, supported by our differentiated offering within the Mexican Quick Service Restaurant (QSR) category.

Financial performance — another record year

FY21 delivered another year of strong revenue and earnings growth despite the ever-present challenges of COVID-19. Revenue increased 12.4% to $1,065.9 million with growth primarily driven by strong same stores sales growth and new restaurants in our core KFC Australia business.

Statutory EBITDA increased 5.2% to $184.2 million (continuing operations, post-AASB 16), and underlying EBITDA was up 12.4% to $136.3 million (continuing operations, pre-AASB 16).

Statutory NPAT increased 5.4% to $32.9 million (post-AASB 16); with underlying NPAT increasing 18.3% to $56.9 million (continuing operations, pre-AASB 16), reflecting flow through from revenue and strong operational execution.

Cash generation remained strong with net operating cash flow of $148.0 million[1], which was used to fund expansion, further reduce debt, and drive dividend growth. Net debt reduced by $25.8 million to $177.4 million, with the net leverage ratio falling from 1.69 to 1.33 (pre-AASB 16).

Operational performance

KFC AUSTRALIA

KFC Australia responded to uncertain macro conditions, by leveraging its brand strength and investing in digital and delivery initiatives. These innovations, combined with back-and front-of-house improvements, saw us grow our customer base, gain market share, and deliver a best-in-class customer experience.

Revenue increased 13.8% to $900.4 million, underpinned by strong same store sales growth of 12.9% and the addition of 11 new restaurants opened during the year. New store openings increased our footprint to 252 restaurants nationally.

Underlying EBITDA grew 21.6% to $161.4 million (pre-AASB 16), with EBITDA margin expanding to a record 17.9%, on the back of the strong revenue growth.

Investment in digital and delivery initiatives continued, with 202 restaurants now offering delivery with three aggregators. Digital menu boards are now in a third of our drive-thrus, while in-store kiosks are being trialled at 13 restaurants. Consumer demand for convenience is driving e-commerce sales, which now accounts for 14% of total sales.

KFC EUROPE

Europe was a challenging environment for foodservice with COVID-19 lockdowns and dining restrictions in place for most of the year. While revenue increased slightly to $134.9 million, up 0.6%, same store sales declined 0.6% and margins were impacted. Underlying EBITDA profitability was maintained at $1.1 million (pre-AASB 16), though EBITDA margin contracted to 0.8%.

Germany outperformed the Netherlands with same store sales growth of 4.2%, supported by effective marketing and relatively less restrictive trading conditions. Drive-thru results were strong in both countries, with same store sales growth of 12.6% and 9.5% in Germany and the Netherlands respectively, a positive indicator of underlying demand.

FY21 was also a year of strategic execution in the Netherlands. A new Development Agreement was signed with Yum! to 2025, which is structured to incentivise growth. In addition, we acquired three franchisees, adding eight net new restaurants to the network and an expanded geographic presence.

Despite the ongoing impacts of COVID-19, the European business is well-positioned to recover as restrictions ease. CEO Europe Hans Miete joined the business early in the year and has built a strong team.

1 FY21 statutory post-AASB 16. FY21 Statutory pre-AASB 16 Net Operating Cash Flow was $95.9 million.

TACO BELL

We continue to build support for the emerging Taco Bell brand with increased customer adoption through brand awareness and trial. Our marketing strategy reinforces the brand's differentiated QSR value proposition and we are now ramping up new restaurant openings.

Revenue grew 57.4% to $28.0 million with the contribution of four new restaurants opened in the second half of the year and the full year effect of restaurants opened in FY20. Same store sales increased 3.9%, measured on a subset of seven restaurants that have been trading for 18 months or longer.

The brand is profitable at the store level, with EBITDA of $1.4 million (pre-AASB 16) before general and administration costs and start-up costs. EBITDA remains in a slight loss-making position of $1.6 million (pre-AASB 16) but is expected to improve with scale.

Our clear brand and value proposition combined with consumer demand for Mexican category products provide us with confidence in the long-term prospects for the business.

SIZZLER ASIA

Sizzler Asia remained profitable despite royalty revenues being heavily impacted by COVID-19 lockdowns in Thailand and Japan. Revenue of $2.5 million was down 46.8% on FY20 and EBITDA was $1.6 million.

MAKING A POSITIVE IMPACT

I would like to echo the Chairman's enthusiasm for the inaugural release of our Positive Impact Report. At Collins Foods, we are passionate about our people, communities and environment and want to ensure we continue to operate in an ethical, sustainable and socially responsible manner.

The Positive Impact Report outlines our strategy to achieve 75%+ enrolment in Collins Food Giving program by 2026. In FY21, we had a 31% participation rate and raised $587,000 for employees' selected charities. Our other key commitment to our people is a strong safety culture, with the Lost Time Injury Frequency Rate (LTIFR) reducing to 14.20 during the year.

We are committed to reducing our carbon footprint by achieving a 25% reduction in greenhouse gas emissions and 25% increased diversion of waste from landfill by 2026. In FY21, our restaurants emitted 471 CO_2-e tonnes of scope 1 greenhouse gases, an improvement from 531 CO_2-e in FY20, and diverted an average of 18.9% of waste per restaurant*.

Just as we strive for operational excellence across the business, we are committed to continuous improvement in best practice governance standards. As always, we expect our people and those we conduct business with to act ethically and with integrity, openness, honesty and fairness.

Key priorities for FY22

In FY22, we will continue to pursue strategic organic and acquisition growth opportunities across the group. Our strong KFC Australia core business will continue to grow, and we will build and scale our Taco Bell and KFC Europe brands.

Our focus on technology deployment and world-class customer experience is expected to sustain positive same store sales growth and high margins in KFC Australia in the year ahead. Digital and delivery initiatives are key pillars of our growth strategy with further rollout of delivery, menu board and kiosk instalments planned, in addition to back-of-house investment in automation.

With COVID-19 restrictions easing in Europe, we see strong prospects for improved financial performance from the existing network. In the Netherlands, we continue to explore acquisition opportunities and are fully committed to rolling out new stores under our new Development Agreement. In Germany we will continue to engage customers with effective marketing and will remain selective in deployment of growth capital.

I would like to thank all our staff for their hard work and commitment throughout the year. The record results achieved in FY21 would not have been possible without the strong contribution from our employees, particularly given the COVID-19 hurdles our people have overcome during the year.

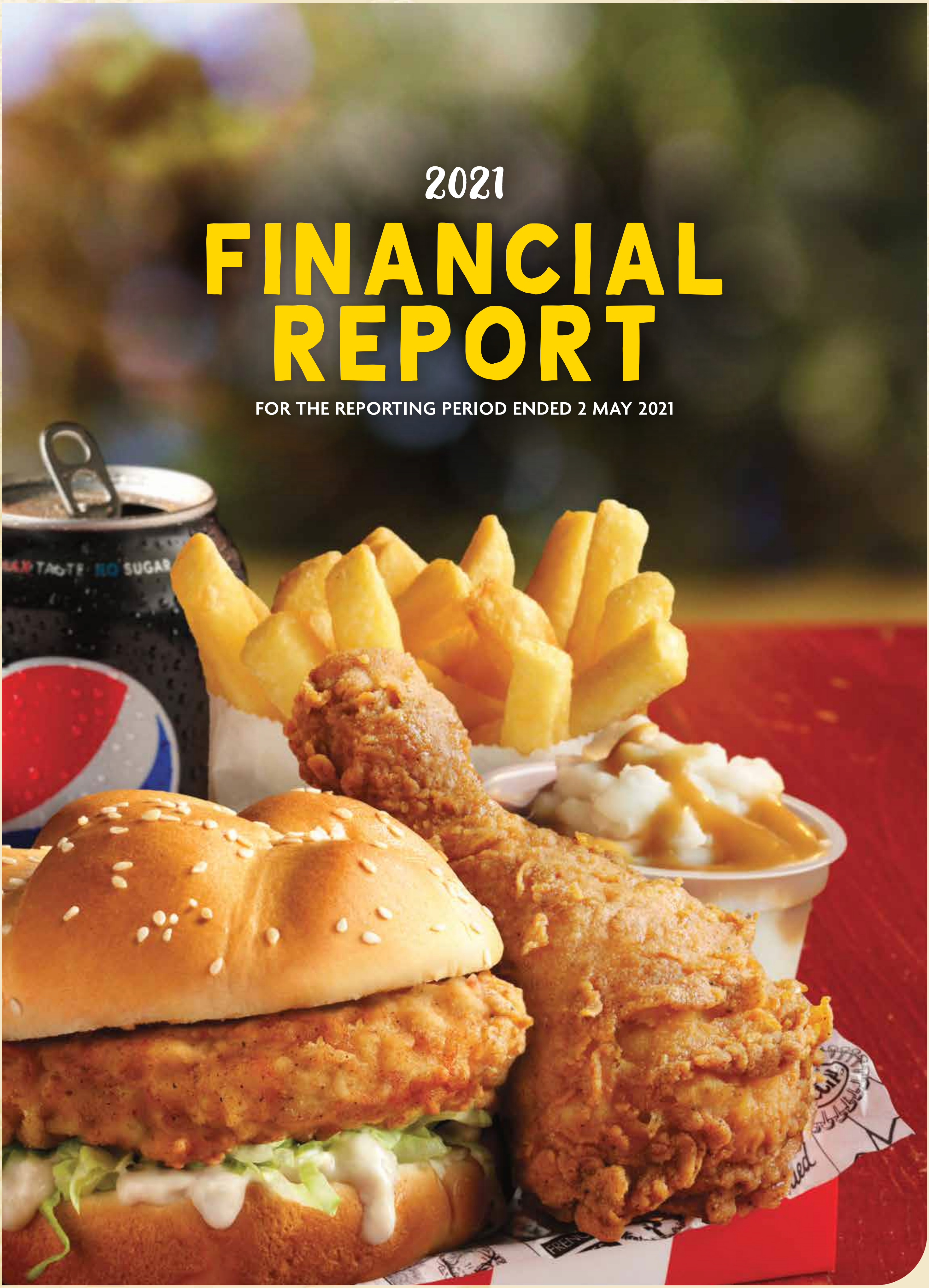
Lastly, I would like to thank you, our shareholders, for your support. Our strong KFC Australia business is complemented by long-term growth opportunities in KFC Europe and Taco Bell, and I look forward to delivering sustainable growth in the year ahead.

Drew O'Malley
Managing Director & CEO

** 230 KFC Australia and Taco Bell restaurants. Excludes food courts, restaurants serviced by the Sunshine Coast Council and Sizzler Australia.*

2021 FINANCIAL REPORT

FOR THE REPORTING PERIOD ENDED 2 MAY 2021



CONTENTS

DIRECTORS' REPORT

Your Directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Collins Foods Limited (the Company) and the entities it controlled at the end of, or during, the period ended 2 May 2021.

Directors

The names of the Directors of the Company during or since the end of the financial period are as follows:

Name	Date of appointment
Robert Kaye SC	7 October 2014
Christine Holman	12 December 2019
Newman Manion	10 June 2011
Bronwyn Morris AM	10 June 2011
Kevin Perkins	15 July 2011
Russell Tate	10 June 2011
Graham Maxwell(1)	25 March 2015

(1) Former Managing Director and Chief Executive Officer from 29 September 2014 to 1 July 2020.

Principal activities during the period

During the period, the principal activity of the Group was the operation, management and administration of restaurants in Australia, Europe and Asia, currently comprising three restaurant brands: KFC, Taco Bell and Sizzler in Asia (the Australian Sizzler restaurants ceased operation during the period). The KFC and Taco Bell brands are two of the world's largest restaurant chains and are owned globally by Yum!. In Australia, the Group operates as the largest franchisee of KFC restaurants and is one of two franchisees operating Taco Bell restaurants. The Group also operates KFC restaurants in the Netherlands and Germany.

Operating and financial review

GROUP OVERVIEW

The Group's business is the operation, management and administration of restaurants, currently comprising three restaurant brands: KFC, Taco Bell and Sizzler.

At the end of the period, the Group operated 251 franchised KFC restaurants in Australia, 17 franchised KFC restaurants in Germany, 29 franchised restaurants in the Netherlands and 16 franchised Taco Bell restaurants in Australia, which all compete in the quick service restaurant market. The Group owned and operated Sizzler restaurants in Australia, which competed in the casual dining restaurant market until their closure on 15 November 2020. The Group continues as franchisor of the Sizzler brand in South East Asia with 64 franchised restaurants in Thailand and Japan.

Coronavirus (COVID-19), was declared a world-wide pandemic by the World Health Organisation in March 2020. The number one priority for the Group has been and remains the health and wellbeing of our team members and customers. The Group has worked closely with the Government, health bodies and our franchisor, Yum! Brands, to implement all measures to safeguard our employees and customers at each and every stage. COVID-19 had a significant impact on the operations and the financial performance of the Group during the financial year. This is described in further detail in the Review of Underlying Operations on page 15.

Operating and financial review (continued)

GROUP FINANCIAL PERFORMANCE

Key statutory financial metrics in respect of the current financial period and the prior financial period are summarised in the following table:

Statutory financial metrics	2021 $m	2020 $m	Change $m
Total revenue from Continuing operations	**1,065.9**	948.1	117.8
Earnings before interest, tax, depreciation, amortisation and impairment (EBITDA) from Continuing operations	**184.2**	175.1	9.1
Earnings before interest and tax (EBIT) from Continuing operations	**90.6**	86.6	4.0
Profit/(loss) before related income tax expense	**61.2**	54.9	6.3
Income tax (expense) from Continuing operations	**(23.6)**	(22.7)	(.9)
Net profit attributable to members (NPAT)	**32.9**	31.3	1.7
Net assets	**362.9**	357.8	5.1
Net operating cash flow	**148.0**	149.3	(1.3)

Statutory financial metrics	2021 cents per share	2020 cents per share	Change cents per share
Basic earnings per share from continuing operations (cents)	**32.26**	27.61	4.65
Total basic earnings per share attributable to members of Collins Foods Limited	**28.26**	26.82	1.44
Total dividends paid/payable in relation to financial period *	**23.00**	20.00	3.00

* Dividends paid/payable is inclusive of dividends declared since the end of the relevant reporting period.

The Group's total revenue increased by 12.4% to $1,066 million mainly due to exceptional same store sales growth in KFC Australia of 12.9%.

Compared to the prior financial year, statutory EBITDA increased by $9.1 million, statutory EBIT by $3.9 million and statutory NPAT increased by $1.7 million.

EBITDA, EBIT, NPAT and EPS were impacted by the following non-trading items:

	EBITDA $'000	EBIT $'000	NPAT $'000
Taco Bell impairment costs	38	4,687	3,281
KFC Europe impairment costs	-	4,862	4,862
KFC Europe provision for store closures	669	669	669
Netherlands development agreement fee	1,282	1,282	1,282
Netherlands acquisition costs	1,401	1,401	1,401
Marketing expenditure redirected to digital technology	(1,432)	(1,432)	(1,002)
Total non trading items - continuing operations	**1,958**	**11,469**	**10,493**
Sizzler Australia closure costs	2,630	2,630	2,547
Total non trading items	**4,588**	**14,099**	**13,040**

The consolidated NPAT effect of these non-trading items was $13.0 million.

Operating and financial review (continued)

The statutory NPAT from continuing operations is $37.6 million which includes the impact of non-trading items of $10.5 million as shown in the table above. Excluding these non-trading items of $10.5 million, the Group achieved an underlying NPAT from continuing operations of $48.1 million.

Underlying financial metrics excluding non-trading items which occurred in the current period are as follows:

Underlying financial metrics from Continuing operations	2021 $m	2020 $m	Change
Total revenue	**1,065.9**	948.1	117.8
Earnings before interest, tax, depreciation, amortisation and impairment (Underlying EBITDA)	**186.1**	171.9	14.2
Net profit attributable to members (Underlying NPAT)	**48.1**	41.9	6.2
Underlying financial metrics	**2021 cents per share**	**2020 cents per share**	**Change**
Earnings per share (Underlying EPS) basic from Continuing operations	**41.26**	35.97	5.29
Total Earnings per share (Underlying EPS) basic	**39.40**	35.17	4.23

The improvement in the underlying financial metrics shown above is a reflection of the strong performance of KFC Australia which converted the same store sales growth of 12.9% at good margins.

Management consider that adjusting the results for non-trading items allows the Group to more effectively compare underlying performance against prior periods.

Review of underlying operations

KFC AUSTRALIA

The overall performance across the KFC business in Australia has been very positive. KFC Australia has successfully responded to COVID-19 challenges by continuing to focus on providing customers with great value, great tasting food and high levels of customer service in a contactless way where necessary.

This was achieved as well as growing its user base and re-engaging lapsed users by leveraging its digital capability such as 'click and collect' via the KFC App. In addition, introducing further new aggregators has extended delivery capability during the financial year. The Group currently has 178 restaurants supporting delivery with at least one of the three aggregators (Deliveroo, Doordash and Menulog).

As a result, revenue in KFC Australia was up 13.8% on the prior corresponding period to $900.4 million, driven by exceptional same store sales growth of 12.9% for the full year. KFC Australia underlying EBITDA grew by 17.6%, up from $168.7 million to $198.5 million, with an overall underlying EBITDA margin of 22.0%.

In order to support growth, $29 million was spent on new restaurants as well as on the remodelling and maintenance program. This remains an important driver of traffic to our restaurants, in addition to supporting KFC to meet its restaurant refurbishment obligations with Yum!.

KFC EUROPE

KFC Europe contributed revenue of $134.9 million and $12.0 million in underlying EBITDA. By the end of the period, 46 restaurants were in operation, with 29 restaurants in the Netherlands and 17 in Germany. Underlying EBITDA margin was 8.9%. Same store sales growth was -0.6%.

KFC Europe's priority remains providing customers with great value, great tasting food in a safe and fast way.

DIRECTORS' REPORT

Review of underlying operations (continued)

Both Germany and Netherlands were significantly impacted by COVID-19; to a much greater extent than seen in Australia. The restrictions were more severe and applied for longer, indeed an effective lockdown was in place for most of the second half of the financial year. During this period, drive-thru restaurants continued to perform well but inline and foodcourt restaurants experienced a big drop in transactions. There are a higher proportion of inline and foodcourt restaurants in the KFC Europe business than in the KFC Australia business.

The roll out of delivery was accelerated during the financial year such that 28 restaurants in both the Netherlands and Germany now have one or more aggregators.

Restrictions started to ease towards the end of the financial year and sales have subsequently responded well.

In order to support growth and meet restaurant refurbishment obligations with Yum!, $8.1 million was spent on new restaurants, remodels and maintenance during the year.

TACO BELL

At the end of the period, 16 Taco Bell restaurants were in operation with 12 located in Queensland and 4 located in Victoria. Taco Bell contributed revenue of $28.0m and $0.2 million in underlying EBITDA.

Taco Bell is still a relatively new brand in Australia and the focus remains on driving awareness of the brand and trial of the product. This is achieved by continuing to build new restaurants and enhance our marketing capabilities particularly in the digital space consistent with where many of the brands customers spend their time. More emphasis will be placed on great value core products such as tacos, burritos and crunchwraps in the coming year.

The launch of delivery was accelerated as a result of COVID-19 and is available in 13 of the 16 restaurants, through two aggregators (Menulog and Doordash), with all restaurants expected to offer delivery in time.

The brand continues to receive positive customer engagement and further restaurant openings are expected in the upcoming financial year as the Group continues to invest in the Taco Bell brand.

SIZZLER

Sizzler franchise operations in Asia contributed $2.5m in revenue. The operations were significantly impacted by dining restrictions as a result of COVID-19 resulting in a 46.8% decrease in revenue over the prior corresponding period.

Strategy and future performance

GROUP

The Group's strategy is to be renowned for running high quality restaurants, build new restaurants in all its markets and with all its brands, and improve the economics of the KFC Europe and Taco Bell businesses. In addition, the Group will continue to pursue KFC acquisition opportunities where available. Organisational capability is continually being strengthened to support this growth.

KFC AUSTRALIA

The plan for the KFC Australia business is to continue to optimise operational systems, expand the digital and delivery channels, elevate people capabilities, and deliver the targeted number of new builds.

KFC EUROPE

In Europe, the focus will be on driving sales growth and improve margins, particularly in the Netherlands, building new restaurants and elevating organisational capability.

TACO BELL

Taco Bell will continue to drive sales growth through building more restaurants and enhancing its marketing capabilities. The focus will remain on driving awareness and trial and improving the economic model.

Key risks

The Group's risk management program has been designed to establish a sound system of risk oversight, management and internal controls by having a framework in place to identify, assess, monitor and manage risk.

Since the start of the global COVID-19 crisis, Collins Foods further enhanced its procedures to ensure the health and safety of its employees and customers while at the same time implementing measures to maximise sales and tightly manage costs. We continue to monitor the impact of COVID-19 and business as usual activity on our risk profile.

The key risks faced by the Group that have the potential to affect the financial prospects of the Group, as disclosed above, and how the Group manages these risks, include:

- **food safety** - there is a risk that the health and safety of the public is compromised from food products. We address this risk through robust internal food safety and sanitation practices, audit programs, customer complaint processes, supplier partner selection protocols and communication policy and protocols. International and national regulatory bodies maintain that there is no evidence that COVID-19 is transmitted through food. Re-enforcing stringent food safety and hygiene practices during this time is the priority with the focus on illness exclusion policies, hand washing practices and hygiene and cleaning standards;

- **workplace health and safety** - there is a risk that the Group does not provide a safe working environment for its people, contractors and the community. We address this risk through robust internal work health and safety practices, the implementation of initiatives and education programs with a focus on preventative measures with enhanced dedicated support in high risk areas to ensure the wellbeing of our key stakeholders. Since March 2020, there has been an increased focus on health, hygiene and social distancing practices (front of and back of house) across all brands, with staff kept up to date on a regular basis;

- **culture and people** - there is a risk that the Group's culture and people are negatively impacted by new acquisitions and growth and/or are not aligned or sustainable to support strategic priorities. We address this risk through deploying contemporary people practices, reward and recognition programs, talent management strategies and designation of appropriate human resources. As part of the COVID-19 response, the Group significantly increased the frequency of communications with both restaurant employees and support centre employees. Feedback through employee surveys has confirmed that the vast majority of our employees feel supported and well informed during this unprecedented and challenging time;

- **brand growth and diversification (non-KFC)** - there is a risk that the Group does not successfully grow emerging brands and/or acquire and integrate new brands. We address this risk through having an experienced management team, robust project management processes involving trials and staged rollouts and regular strategic reviews and driving sales and financial performance in Taco Bell;

- **deterioration of KFC brand** - there is a risk that the global KFC brand and reputation is damaged impacting the brand's performance in Australian and European markets. We address this risk through maintaining a close working relationship with the franchisor, having our team members sit on relevant KFC advisory groups and committees and monitoring compliance obligations. Metrics around brand health as part of regular marketing tracking have continued to reflect KFC's position as a strong, trusted brand in the Australian market. Performance during the COVID-19 crisis has reflected this strength as external research indicated that consumers gravitate toward trusted, safe brands in a time of crisis, and KFC's trading performance since the onset of the crisis is testament to the brand reputation being well-regarded;

- **supply chain disruption** - there is a risk that the Group's inability to source key food and consumable products in an ethical manner, at the quality required, within the prescribed time frames. We address this risk through use of multiple suppliers where possible with a diverse geographic base with multiple distribution routes. During COVID-19, supply chain continuity has been maintained;

Key risks (continued)

- **systems integrity and cyber security** - there is a risk that key systems are not sufficiently stable, integrated and/or secure to support business operations and decision making. We address this risk through the increase of financial and human resources to the systems function and implementation of a systems and cyber security plan. The outbreak of COVID-19 and the resultant "work from home" mobilisation has increased this risk. We are managing this risk by increasing network monitoring, deploying multi-factor authentication and increasing communication to employees to reduce the impact of potential phishing attacks;

- **inability to identify and react to consumer and competitive behaviour** - during COVID-19, we have responded to all government-imposed restrictions and the resultant changes in customer behaviour. Collins Foods have concentrated efforts toward consumer shifts in behaviour during the COVID-19 crisis, including quick and well-executed launches of delivery models and an expansion of cooperation with delivery aggregators in all brands in Australia as well as KFC Europe; and

- **inability to adapt, innovate and change** - there is a risk that the Group's inability to adapt, innovate and manage change may negatively influence achievement of strategic and business priorities. We address this risk through having an experienced management team, robust fit for purpose project and change management practices involving pilots/trials and staged rollouts and regular strategic reviews. Since the COVID-19 crisis evolved, significant changes have been put in place across restaurants and moving the restaurant support centre to a fully functional work from home model within a short amount of time. Teams have shown incredible resourcefulness and commitment to finding solutions. Both KFC and Taco Bell have been able to rapidly respond to all government restrictions and provide great tasting, great value food to customers in a contactless way. Both brands have increased the level of digital communications with customers and the number of restaurants offering delivery.

Collins Foods works toward ensuring that risk management practices are embedded into all processes and operations. Collins Foods is exposed to an element of climate related risks such as floods, drought and bushfires. Collins Foods continuously seeks opportunities to reduce the environmental impact of its operations across all its restaurants, whether they are owned and operated in a franchisor or franchisee capacity. In 2021, Collins Foods will release its inaugural sustainability report describing the environmental, social and governance related initiatives and opportunities relevant to Collins Foods.

The first modern slavery statement for Collins Foods was published in calendar year 2020 and the second modern slavery statement will be published in the second half of calendar year 2021.

In light of its partnership with the franchisor of its KFC Australia restaurants, it is suggested that the Collins Foods modern slavery statement and sustainability report be read together with the KFC Australia modern slavery statement and Social Impact report both available via its website: www.kfc.com.au.

DIVIDENDS

Dividends paid to members during the financial period were as follows:

	Cents per share	Total amount $000	Franked/ Unfranked	Date of payment
Final ordinary dividend for the financial period ended 3 May 2020	10.50	12,241	Franked	24 July 2020
Interim ordinary dividend for the financial period ended 18 October 2020	10.50	12,241	Franked	18 December 2020
Total	**21.00**	**24,482**		

In addition to the above dividends, since the end of the financial period the Directors of the Company have declared the payment of a fully franked final dividend of 12.50 cents per ordinary share $14.6 million) to be paid on 22 July 2021 (refer to Note B4 of the Financial Report).

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

On 17 March 2021, Collins Foods Netherlands Limited entered into a Share Purchase Agreement for €2,250,000 to buy 1 KFC restaurant from Kia Ora Holding B.V. The deal settled on 1 June 2021.

The Group is not aware of any other matters or circumstances that have arisen since the end of the financial year which have significantly or may significantly affect the operations and results of the Group.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Group will continue to pursue the increase of profitability of its major business segments during the next financial period. Additional comments on expected results of operations of the Group are included in the operating and financial review section of this Report (refer above).

ENVIRONMENTAL REGULATIONS

The Group is subject to environmental regulation in respect of the operation of its restaurant sites. To the best of the Directors' knowledge, the Group complies with its obligations under environmental regulations and holds all licences required to undertake its business activities.

Information on directors

Robert Kaye SC LLB, LLM	
Experience and expertise	Robert Kaye SC is a barrister, mediator and professional Non executive Director. Recognised for his strategic and commercially focused advice, Robert has acted for various commercial enterprises - both public and private - across media, retail, FMCG, property development, mining and engineering sectors. Drawing on his experience as a senior member of the NSW Bar, including serving on the Professional Conduct Committee and Equal Opportunity Committee, Robert has a strong emphasis on Board governance and is well versed in Board processes. Robert has significant cross border experience, including corporate restructuring and M&A across North America, Europe, Asia, and the Australia and New Zealand region. In addition to his role as Non executive Chairman of Collins Foods, Robert is a Non executive Director of Magontec Limited. He was formerly Non executive Chairman of Spicers Limited and the Chairman of the Macular Disease Foundation Australia and Non executive Director of UGL Limited, HT&E Limited, Blue Sky Alternative Investments Limited.
Other current listed directorships	Magontec Limited (2013 - current)
Former listed directorships in last 3 years	Blue Sky Alternative Investments Limited (Dec 2018 - May 2019) HT&E Limited (Feb 2018 - Sep 2018) Spicers Limited (Sep 2012 - Sep 2017) UGL Limited (Aug 2015 - Jan 2017)
Special accountabilities	Independent Non executive Chair Audit and Risk Committee member Remuneration and Nomination Committee member
Relevant interests in share capital issued by the Company at the date of the report	52,872 shares

Information on directors (continued)

Christine Holman PGDipBA, MBA, GAICD	
Experience and expertise	Christine brings more than 20 years' of extensive commercial and Board experience across a variety of areas including mergers and acquisitions, finance, sales, technology, digital transformations, and marketing to Collins Foods. Currently, Christine serves on the Board of ASX companies: CSR Ltd, Blackmores Limited and Metcash Limited, and the Board of the Moorebank Intermodal Company (a Federal Government Business Enterprise - GBE) as a Non-executive Director and Chair of the Audit and Risk Committee. In line with her passion for cricket and preserving the heritage and history of the game and our nation, Christine sits on the Boards of the Bradman Foundation, the ICC T20 World Cup and the State Library of NSW Foundation. Christine also serves on the Board of the McGrath Foundation. In her previous executive capacity, as both CFO & Commercial Director of Telstra Broadcast Services, Christine brings a deep understanding of legacy and emerging technologies supported by strategies related to growing businesses and digital transformations. During her time in private investment management, Christine assisted management and the Board of investee companies on strategy and corporate development, mergers and acquisitions, financial restructures and turnarounds, leading due diligence teams, managing large complex commercial negotiations and developing growth opportunities. Christine holds a Masters in Business Administration and a Post Graduate Diploma in Management from Macquarie University and is a Graduate of the Australian Institute of Company Directors' Company Directors Course. Christine is member of the Chief Executive Women (CEW) and the International Women's Forum (IWF).
Other current listed directorships	CSR Limited (Oct 2016 - current) Blackmores Limited (Mar 2019 - current) Metcash Limited (Oct 2020 - current)
Former listed directorships in last 3 years	WiseTech Global Ltd (Dec 2018 - Oct 2019) HT&E Ltd (Nov 2015 - Dec 2018) Vocus Ltd (Aug 2017 - Nov 2017)
Special accountabilities	Independent Non-executive Director Audit and Risk Committee member Remuneration and Nomination Committee member
Relevant interests in share capital issued by the Company at the date of the report	14,000 shares

Information on directors (continued)

Newman Manion	
Experience and expertise	Newman has significant experience in the food franchise industry, obtained over a period of more than 38 years gained over various roles with Yum! (Franchisor of KFC) since 1982. Previously, Newman served as a Board member of KFC Japan (from 2005 to 2008), General Manager of KFC operations in Australia and New Zealand (from 1995 to 2004), Development Director of PepsiCo restaurants (including KFC) in Australia (from 1990 to 1995) and General Manager of KFC New Zealand (from 1988 to 1990). Newman was previously Vice President, Operations for Yum!'s Asian franchise business (from 2004 until 2010). Newman is currently also a Retail Consultant to Acre Food Group (since October 2020).
Other current listed directorships	None other than Collins Foods Limited
Former listed directorships in last 3 years	None other than Collins Foods Limited
Special accountabilities	Non-executive Director Audit and Risk Committee member Remuneration and Nomination Committee member
Relevant interests in share capital issued by the Company at the date of the report	21,820 shares

Bronwyn Morris AM B. Com, FCA, FAICD	
Experience and expertise	Bronwyn has extensive experience as a Non-executive Director and Chair. She is a Chartered Accountant and a former partner of KPMG. Bronwyn worked with the firm and its predecessor firms in Brisbane, London and the Gold Coast. Bronwyn has served on the Boards of a broad range of companies and brings strong financial and commercial experience acquired from her professional services background and various governance roles. She has a particular interest in risk management and compliance, including in regulated entities. Bronwyn has served as Chair of, or a member of, Audit and Risk Committees, Remuneration and Nominations Committees with respect to both her Board roles and other independent appointments. Bronwyn is a director of Dalrymple Bay Infrastructure Limited, Royal Automobile Club of Queensland Limited (previous President and Chair), its wholly-owned subsidiaries RACQ Insurance Limited and RACQ Bank, and Menzies Health Institute Queensland. She is Chair of Queensland Urban Utilities and the RACQ Foundation. Bronwyn is a member of Chief Executive Women (CEW).
Other current listed directorships	Dalrymple Bay Infrastructure Limited (Oct 2020 - current)
Former listed directorships in last 3 years	Watpac Limited (Feb 2015 - Sep 2018)

Information on directors (continued)

Special accountabilities	Independent Non-executive Director Audit and Risk Committee Chair Remuneration and Nomination Committee member
Relevant interests in share capital issued by the Company at the date of the report	16,456 shares

Kevin Perkins	
Experience and expertise	Kevin is a highly experienced executive in the Quick Service Restaurant (QSR) and casual dining segments of the Australian restaurant industry. He has had more than 40 years' experience with the Collins Foods Group, having overseen its growth both domestically and overseas over that time. Kevin is the Non-executive Chairman of Sizzler USA Acquisition, Inc. He holds 100% of the common stock in Sizzler USA Acquisition, Inc. Sizzler USA Acquisition, Inc operates or franchises Sizzler restaurants across the United States and Puerto Rico. The operations of Collins Foods and Sizzler USA Acquisition, Inc are separate.
Other current listed directorships	None other than Collins Foods Limited
Former listed directorships in last 3 years	None other than Collins Foods Limited
Special accountabilities	Non-executive Director Audit and Risk Committee member Remuneration and Nomination Committee member
Relevant interests in share capital issued by the Company at the date of the report	7,221,484 shares

Russell Tate B. Com (Econ.)	
Experience and expertise	Russell has more than 33 years' experience in senior executive and consulting roles in marketing and media. He was CEO of ASX listed STW Group Limited, Australia's largest marketing communications group from 1997 to 2006, Executive Chair from 2006 to 2008, and Deputy Chair (Non executive) from 2008 to 2011. He was Chair (Non executive) of Collins Foods Limited from its listing in 2011 until March 2015 and remained Executive Chair of ASX listed Macquarie Radio Network Limited (now Macquarie Media Limited) from 2009 until 2018 and Non-executive Chair until November 2019. He is also a Director of One Big Switch Pty Ltd (since 2012).
Other listed current directorships	None other than Collins Foods Limited
Former listed directorships in last 3 years	Macquarie Media Limited (2008 - Nov 2019: Executive Chair 2009 to 1 July 2018 & Non-executive Chair from 1 July 2018 to Nov 2019)

Information on directors (continued)

Special accountabilities	Independent Non-executive Director Audit and Risk Committee member Remuneration and Nomination Committee Chair
Relevant interests in share capital issued by the Company at the date of the report	21,820 shares

Graham Maxwell - Former Managing Director and Chief Executive Officer from September 2014 to 1 July 2020	
Experience and expertise	Graham is an experienced senior executive of corporate and franchise businesses, predominantly in fast moving consumer goods and fast foods, both in Australia and internationally. He is a commercially astute management professional with proven success in leveraging and growing businesses through their brands. Prior to his joining Collins Foods, Graham spent more than six years working for Yum! Brands Inc (Yum!) in a number of capacities. His last position with Yum! was as Managing Director for KFC Southern Africa.
Other current listed directorships	None other than Collins Foods Limited
Former listed directorships in last 3 years	None other than Collins Foods Limited
Special accountabilities	Former Managing Director and CEO
Relevant interests in share capital issued by the Company at the date of the report	100,000 shares and 142,241 performance rights

Company secretary

Frances Finucan LLB (Hons), BA (Modern Asian Studies), FGIA, MQLS, GAICD

The Company Secretary, Frances Finucan, was appointed to the role on 17 July 2013. Frances' experience in legal, commercial and corporate governance has been gained whilst working in legal, regulatory and company secretarial roles in Australia over 18 years.

MEETING OF DIRECTORS

The numbers of meetings of the Company's board of Directors and of each board committee held during the FY20 and FY21 years, and the numbers of meetings attended by each Director were:

	BOARD				AUDIT AND RISK COMMITTEE				REMUNERATION AND NOMINATION COMMITTEE			
	FY21 meetings[1]	Meetings attended	FY20 meetings[1]	Meetings attended	FY21 meetings[1]	Meetings attended	FY20 meetings[1]	Meetings attended	FY21 meetings[1]	Meetings attended	FY20 meetings[1]	Meetings attended
Robert Kaye SC	14	14	15	15	6	6	6	6	5	5	7	7
Christine Holman	14	14	9	8	6	6	2	2	5	5	3	3
Newman Manion[2]	14	14	15	14	6	6	*	*	5	5	*	*
Bronwyn Morris AM	14	14	15	14	6	6	6	6	5	5	7	7
Kevin Perkins	14	14	15	14	6	6	6	6	5	5	7	7
Russell Tate	14	13	15	14	6	6	6	6	5	5	7	7

(1) FY21 and FY20 meetings represents the number of meetings held during the time the Director held office or membership of a Committee during the period.

(2) Joined as member of Audit and Risk Committee and Remuneration and Nomination Committee from 21 April 2020.

* Not a member of the relevant Committee.

DIRECTORS' REPORT

COLLINS FOODS LIMITED

Dear Shareholders

Like most Australian companies, virtually every aspect of Collins Foods' operations in the 2021 financial year has been to some extent disrupted by the COVID-19 pandemic. Throughout the entire year we suffered from varying degrees of enforced restrictions on trading across all our brands and geographies, we were forced to shut down our Sizzler Australia division which was based entirely on in-house dining, and we needed to very quickly change our operating models and systems, and customer interfaces, across our entire network of KFC and Taco Bell restaurants which had previously relied heavily on in-store sales.

But notwithstanding these COVID-related disruptions and the great challenges created for our European operations and for our Taco Bell Australia division especially, the company achieved record earnings results for the 2021 financial year, thanks to a combination of an outstanding executive leadership team headed by CEO, Drew O'Malley, the quality and dedication of our management and staff at every level, and the strength of our KFC brand and the customer loyalty and trust it enjoys. The team's focus on people and operations, in particular its digital initiatives and rapid expansion of our delivery network in Australia provided the base for KFC Australia to be the standout performer across all divisions and take full advantage of the opportunities created by COVID. KFC Australia achieved revenue growth of 13.8% over prior year levels while still improving EBITDA margin.

The outstanding results achieved by KFC Australia and consequently for Collins Foods overall, meant that Short Term Incentive payments were triggered for all Australian based KMP's and over 100 of our management and support teams. Some vesting of performance rights held by KMP under their Long Term Incentive plans was also triggered for the 3 year performance period of financial years FY19, FY20 and FY21. Full details are contained in the Remuneration Report.

Our Sizzler brand was hardest hit by the COVID-19 pandemic and the company took the difficult decision to shut it down in November 2021. At that time, Sizzler employed 110 permanent and 492 casual staff. All were offered redundancy packages and access to outplacement support, and we were able to re-deploy 96 of them into our KFC and Taco Bell networks. Prior to the shut-down of Sizzler Australia, the company had received JobKeeper payments but took the decision to bear the costs of all wages paid and returned all of the $1.8m of JobKeeper payments received.

Collins Foods' executive team was significantly strengthened during FY2021 by the appointments of Hans Miete (CEO of KFC Europe) and Adam Thatcher (Chief Legal and Compliance Officer) and will be further strengthened in the current financial year when Helen Moore joins the team in June 2021 as Chief Operating Officer of KFC Australia.

For the 2022 financial year we have made some changes to the performance components of our Short Term and Long Term Incentive Plans by introducing an additional performance measure to each – in the case of the Short Term Plan that measure relates to defined environment, social and governance initiatives and for the Long Term Plan it is a Relative Total Shareholder Return. We have also revised value entitlements for certain KMP's in both plans, and the payout table for EBITDA entitlements - full details of changes are contained in the Remuneration Report.

Finally on behalf of the Board I would like to congratulate and thank everyone of our over 15,000 employees for their contribution to our 2021 financial results.

Yours sincerely

Russell Tate
Independent Non-executive Director
Chair of the Remuneration and Nomination Committee
Collins Foods Limited

Remuneration report

Persons covered by this Remuneration Report

This Remuneration Report covers the remuneration of Non-executive Directors, the Former Managing Director and CEO, current CEO and employees (**KMP Executives**) who have authority and accountability for planning, directing and controlling the activities of the consolidated entity (collectively, **KMP**). Further biographical information regarding KMP, is set out in either the "Director Information" section of the Director's Report or www.collinsfoods.com. The roles and individuals addressed in this report are set out below.

Name	Title and Role
Robert Kaye SC	Independent Non-executive Chair, Audit and Risk Committee member, Remuneration and Nomination Committee member
Christine Holman	Independent Non-executive Director, Audit and Risk Committee member, Remuneration and Nomination Committee member
Newman Manion	Non-executive Director, Audit and Risk Committee member and Remuneration and Nomination Committee member
Bronwyn Morris AM	Independent Non-executive Director, Audit and Risk Committee Chair, Remuneration and Nomination Committee member
Kevin Perkins	Non-executive Director, Audit and Risk Committee member, Remuneration and Nomination Committee member
Russell Tate	Independent Non-executive Director, Remuneration and Nomination Committee Chair, Audit and Risk Committee member
Drew O'Malley(1)	Chief Executive Officer (CEO)
Hans Miete(2)	CEO – Collins Foods Europe Ltd (CEO – CF Europe)
Nigel Williams	Group Chief Financial Officer (Group CFO)
Dawn Linaker	Chief People Officer (CPO)
Graham Maxwell(3)	Former Managing Director and CEO
Mark van't Loo(4)	Former CEO - Collins Foods Europe Ltd (CEO - CF Europe)

(1) Appointed as Chief Executive Officer - Collins Foods Limited effective 1 July 2020
(2) Appointed as Chief Executive Officer Europe effective 5 October 2020
(3) Managing Director and Chief Executive Officer from 29 September 2014 to 1 July 2020
(4) Chief Executive Officer Europe from 4 May 2020 until 18 September 2020

Overview of Remuneration Governance Framework and Strategy

The performance of the Group is contingent upon the calibre of its Directors and executives. The Remuneration and Nomination Committee is accountable for making recommendations to the Board on the Group's remuneration framework.

The framework has been developed to support the following key principles:

- a policy that enables the Company to attract and retain capable and experienced Directors and Executives who create value for shareholders;
- rewards the achievement of both annual and long-term performance objectives appropriate to the Company's circumstances and goals;
- transparency;
- demonstrates a clear relationship between performance and remuneration;
- motivates the KMP Executives to pursue sustainable growth and innovation aligned with shareholder's interests;

Remuneration report (continued)

- has a key focus on prevailing market conditions; and
- alignment of reward at all levels of staff, reflecting both equity of treatment and fairness to shareholders.

In carrying out its accountabilities, the Remuneration and Nomination Committee is authorised to obtain external professional advice as it determines necessary. As at the end of the reported period, the Remuneration and Nomination Committee was comprised of Non-executive Directors only, with a majority being independent. The role and accountabilities of the Committee are outlined in the Remuneration and Nomination Committee Charter, available on the Company's website together with other remuneration governance policies.

The Board has ultimate accountability for signing off on remuneration policies, practices and outcomes.

The Remuneration and Nomination Committee operated in accordance with the aims and aspirations of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (Principles and Recommendations) and seeks input regarding remuneration governance from a wide range of sources. These include shareholders, Remuneration and Nomination Committee members, stakeholder groups including proxy advisors, external remuneration consultants, other experts and professionals such as tax advisors and lawyers and Company management to understand roles and issues facing the Company.

EXECUTIVE REMUNERATION

The following outlines the policy that applies to KMP Executives whose remuneration is structured taking into consideration the following factors:

- the Group's key principles governing the remuneration framework and application;
- the level and structure of remuneration elements offered to executives of other publicly listed Australian companies with similar financial and operational attributes;
- the position and accountabilities of each KMP Executive;
- market-based benchmarks reflecting the structure and level of reward and alignment to KMP performance;
- the need to strike an appropriate balance between short term and long term incentives;
- internal relativities and external market factors that require consideration having regard to individual contributions and shareholder expectations;
- that fixed remuneration policy guidelines be set with reference to relevant market practices;
- that remuneration should be reviewed annually and be made up of:
  - **Base Salary (BS)** being salary and superannuation;
  - **Other Benefits** being any cash benefits beyond Base Salary, allowances (such as car allowance), any applicable non-cash fringe benefits (such as the payment of health insurance premiums on behalf of the employee) and salary sacrifice arrangements, but excluding leave entitlements, short term and long term incentive rewards as below;
  - **Total Fixed Remuneration (TFR)** the sum total of Base Salary and Other Benefits;
  - **Short Term Incentive (STI)** which provides a cash reward for performance outcomes compared to agreed annual objectives;
  - **Long Term Incentive (LTI)** which provides an equity-based reward reflective of meeting shareholder aligned reward by way of compound earnings per share growth over a three year performance period (Compound EPS Growth). From FY22, growth in relative total shareholder returns (Relative TSR) over the same three year performance period will be introduced as a second performance metric. Annual awards under the LTI program are not linked to the annual incentive;

Remuneration report (continued)

  - **Total Reward (TR)** which represents the sum of the above elements consisting of Total Fixed Remuneration, an annual incentive (STI) and a long term incentive (LTI) having regard to market practice, internal relativity and key drivers of shareholder returns;

- TR should be structured with reference to market practice and the setting in which the Company operates in various regional and global markets, having regard to both short and longer term economic and performance factors;
- TR will be managed within a range that allows for the recognition of both company and individual performance while contributing to the organisation's ability to retain and attract individuals with appropriate skills and experience to meet the organisation's goals;
- exceptions will be managed separately to ensure that individuals with particular expertise are retained in, and where required, attracted to, the business;
- termination benefits will generally be limited to the default amount that may be provided for without shareholder approval, as allowed for under the Corporations Act, and will be specified in employment contracts.

Remuneration report (continued)

REMUNERATION POLICY AND LINK TO PERFORMANCE

The executive remuneration framework components and their links to performance outcomes are outlined below:

Remuneration component	Purpose	Performance metrics	Potential value	Considerations for FY 22
Total Fixed Remuneration	To provide competitive market salary including superannuation and Other Benefits	Nil	Positioned to reflect the market rate and individual attributes	Reviewed in line with market positioning (comparison undertaken by independent third party)
STI	Rewards for annual performance	• EBITDA (pre AASB16) performance against a pre-determined target level and award scale • improvement to Guest Experience Survey (GES) results against pre-determined target levels • weighting between the two metrics is 80% EBITDA performance and 20% GES	CEO: 50% of Base Salary for target performance, with a maximum opportunity up to 75% of Base Salary. Other KMP Executives: 40-50% of Base Salary for target performance, with a maximum opportunity up to 60-75% of Base Salary	Introduction of a third performance measure relating to ESG initiatives. Weighting for all KMP Executives: EBITDA 70%; GES 15%; ESG 15%. STI target eligibility no longer set at 95% of EBITDA target. EBITDA target must be at least equal to prior reported period actual EBITDA. Increase of potential value for CPO to 50% of Base Salary for target performance in line with Other KMP Executives. Achievement of the EBITDA target is an overriding hurdle to trigger any STI payments
LTI	Reward for contribution to creation of shareholder value over the longer term	Three year compound earnings per share growth performance	CEO: 50% of Base Salary for target performance, with a maximum opportunity of 100% of Base Salary. Other KMP Executives: 25% of Base Salary for target performance, with a maximum opportunity of up to 50% of Base Salary	Introduction of a second performance measure being Relative Total Shareholder Return (TSR) against an ASX200 index. TSR performance measure and current compound EPS growth measure to each determine 50% of LTIP benefit. Refer below to "Long Term Incentive Plan (LTIP)" "FY22 offers". No changes to entitlement levels for Group CEO. Entitlement levels for other KMP Executives increased to 40% of Base Salary for target performance, with a maximum opportunity of up to 80% of Base Salary

FIXED REMUNERATION

Total Fixed Remuneration consists of salary, superannuation contributions and Other Benefits. Fringe benefits tax on these benefits where required is incorporated in Total Fixed Remuneration.

Remuneration report (continued)

The Group aims to position KMP Executives generally in the third quartile of benchmarked companies' remuneration levels and above market average, with flexibility to take into account capability, experience, and current and future value to the organisation.

Fixed remuneration for KMP Executives is reviewed annually or on promotion and is benchmarked against market data for comparable roles in the market with entities of a similar size. There is no guaranteed increase to fixed remuneration included in any KMP Executive's contract.

VARIABLE REMUNERATION

SHORT TERM INCENTIVE PLAN (STIP)

Incentives under the Group's STIP are at risk components of remuneration provided in the form of cash.

The STIP entitles KMP Executives to earn an annual cash reward payment if predefined targets are achieved. The level of the incentive is set with reference to role accountabilities and Group performance.

The Group CEO was offered a target based STI opportunity equivalent to 50% of Base Salary for target performance, with a maximum opportunity of up to 75% of Base Salary. Other KMP Executives were offered a target based STI equivalent to between 40% and 50% of their Base Salary for target performance with a maximum opportunity of up to 60%-75% of the Base Salary.

SHORT TERM INCENTIVE PERFORMANCE METRICS

FY21 and FY22 STIP

For FY21, two measures were used to determine awards under the Company's Short Term Incentive Plan (STIP) - EBITDA (Earnings Before Interest Tax Depreciation and Amortisation) and GES (Guest Experience Survey). An overriding hurdle of greater than 95% of target EBITDA was required to trigger any STI payment. The Board has determined that from FY22, the 95% threshold for STI payments will be removed and STI payments will be triggered at EBITDA target level which must at least equal actual EBITDA achieved in the prior year.

EBITDA calculations for the purpose of calculating incentives payable under the STIP continue to be assessed on a pre-AASB16 basis. The GES measure was introduced as a secondary measure in FY19 reflecting the Group's core belief that continued improvement in customer experiences with our brands and our people will underpin our potential for future growth.

The Guest Experience Survey is the global KFC and Taco Bell measure of real customer experiences. It directly relates to the customer feedback targeting executional areas such as food quality, speed of service, hospitality, cleanliness and maintenance of facilities. The Guest Experience Survey program is the franchisor's global barometer of executional excellence and is administered by an independent third party provider on a month by month basis.

The two measures, EBITDA and GES, are calculated separately and have different targets, thresholds and award scales. The weighting between the two measures for FY21 was 80% EBITDA performance and 20% GES. From FY22, a third performance measure will be introduced to the STIP. It will reward executives for achievement of agreed ESG targets. The weighting between the three measures for FY22 will be 70% EBITDA performance, 15% GES and 15% ESG. Achievement of the EBITDA target is an overriding hurdle to trigger any STI payments.

Impact of non-financial performance

The Board has the discretion to withdraw in full or adjust downwards, STI and LTI outcomes, in the event of mismanagement and or failures in governance, risk management, regulatory compliance, conduct and behaviours that breach the Collins Foods Group Code of Conduct, which the Board deems may have a deleterious effect on Collins' brand, reputation, employees, customers and shareholder value. Examples of failures include but are not limited to wage non-compliance, employee visa non-compliance, qualified internal audit reports noting material control failures, food safety, employee and customer safety, taxation, regulatory notices of non-compliance etc.

Remuneration report (continued)

Maximum opportunity: EBITDA result
The FY21 award scale based upon the actual EBITDA result achieved is set out below:

STANDARD % PAYOUT TABLE	
% EBITDA target achieved	% target bonus earned
95	0
96	20
97	40
98	60
99	80
100	100
101	105
102	110
103	115
104	120
105	125
106	130
107	135
108	140
109	145
110	150

The FY22 award scale based upon the actual EBITDA result achieved will be set out below:

STANDARD % PAYOUT TABLE	
% EBITDA target achieved	% target bonus earned
100	100
101	108
102	115
103	123
104	128
105	133
106	138
107	143
108	145
109	148
110	150

Maximum opportunity: GES result
The FY21 award scale based upon the actual GES results achieved is set out below:

Remuneration report (continued)

STANDARD % PAYOUT TABLE	
% GES target achieved	% target bonus earned
95	0
96	20
97	40
98	60
99	80
100	100
101	110
102	120
103	130
104	140
105	150

Maximum opportunity: GES and ESG results
The FY22 award scale based upon the actual GES (15%) and ESG (15%) results achieved will be as set out below:

STANDARD % PAYOUT TABLE	
% GES/ESG target achieved	% target bonus earned
100	100
101	110
102	120
103	130
104	140
105	150

Delivery method for STI
Calculations are performed and payments made following the end of the measurement period and the external audit of the Group's annual audited financial report. Payments are made with PAYG deducted.

Board discretion
While the Board has discretion to adjust remuneration outcomes up or down to prevent any inappropriate award outcomes it chose not to exercise its discretion in respect of the 2021 financial year.

Forfeiture
STI is forfeited in the event of cessation of employment due to dismissal for cause, for reasons other than for cause and where the employee terminates their employment prior to the actual payment of the STI, fraud, defalcation or gross misconduct by the participant.

LONG TERM INCENTIVE PLAN (LTIP)

Currently, the LTIP is an annually offered at risk equity component of remuneration for KMP Executives and nominated senior Executives ensuring that their interests in enhancing the mid to longer term growth potential of the Company are aligned with the interests of shareholders.

Remuneration report (continued)

LONG TERM INCENTIVE PERFORMANCE METRICS

Form of equity
The LTIP is in the form of a performance rights plan. Rights awarded are subject to three year performance hurdles and service vesting conditions. The performance rights confer the right (following valid conversion) to the value of a share at the time, either settled in shares that may be issued or settled in the form of cash at the discretion of the Board (a feature intended to ensure appropriate outcomes in the case of separation). There is no entitlement to dividends during the measurement period.

LTI value
The Board retains discretion to determine the value of LTI to be offered each reporting period, subject to shareholder approval in relation to Directors.

For performance rights to be granted in FY22 with a performance period including FY22, FY23 and FY24, the number of performance rights granted will be based upon a dollar value divided by the VWAP five trading days before and five trading days after the announcement of the Company's FY21 audited financial results. This VWAP basis of measurement is consistent with prior year.

In years previous to that, the number of performance rights granted was based upon a dollar value divided by the VWAP for the five trading days prior to the date of offer which was typically after the AGM in August/September. However a decision was made to change this basis of measurement from FY21 following independent advice, consideration of prevailing market practice and closer alignment with release of the Group financial results.

Measurement Period
The measurement period will include three reporting periods unless otherwise determined by the Board. Measurement periods of three years combined with annual grants will produce overlapping cycles that will promote a focus on producing long term sustainable performance/value improvement and mitigates the risk of manipulation and short-termism.

The measurement period for FY21 offers commenced 4 May 2020 and ends 30 April 2023 for the performance period of FY21, FY22 and FY23. The measurement period for FY22 offers commences on 3 May 2021 and ends 28 April 2024 for the performance period of FY22, FY23 and FY24.

Vesting conditions
The Board has discretion to set vesting conditions for each offer. Performance rights that do not vest will lapse.

FY21 and FY22 offers
As reported in FY20, to more appropriately reflect market conditions and hurdles adopted by others in similar consumer businesses, an adjustment to the Stretch/ Maximum performance level was made for performance rights offered in FY21 onwards. This change was made after a review of market practices undertaken with the assistance of an independent remuneration consultant. The threshold and target EPS growth hurdles remain unchanged from FY20.

Remuneration report (continued)

The following vesting scale applied to the performance rights offered in FY21 and will apply to performance rights offered in FY22:

Performance Level	Annualised EPS growth (CAGR)	% of max/ stretch/ grant vesting
Stretch/Maximum	16.5%	100%
Between Target and Stretch	>11%, <16.5%	Pro-rata
Target	11%	50%
Between Threshold and Target	>5.5%, <11%	Pro-rata
Threshold	5.5%	25%
Below Threshold	<5.5%	0%

EPS will be measured by calculating the compound growth in the Company's underlying (pre AASB 16) basic EPS over the performance period. The underlying (pre AASB 16) basic EPS is disclosed in the Operating and Financial Review of the Directors Report within the Group's annual audited financial reports.

The Board retains a discretion to adjust the EPS performance condition to ensure that participants are not penalised nor provided with a windfall benefit arising from matters outside of management's control that affect EPS (for example, excluding one-off non-recurrent items or the impact of significant acquisitions or disposals).

The Board has determined that from FY22, a second performance condition of Relative Total Shareholder Return (TSR) will be introduced to the LTIP, based on a volume weighted average share price (VWAP) benchmark of ten trading days either side of our 2021 results announcement on 29 June 2021. Measurement will be against the VWAP benchmark ten days either side of the announcement of our financial results in late June 2024. The Board will determine an appropriate ASX 200 index which is sufficiently broad to measure relativity from the start of the performance period. Compound EPS growth will continue as a performance condition weighted equally with Relative TSR.

Relative TSR performance will be tested at the same time as Compound EPS Growth in accordance with the following vesting schedule:

Relative TSR of Collins Foods Limited	Proportion of performance rights to vest
Below the 50th percentile	0%
At the 50th percentile	25%
Between the 50th percentile and 75th percentile	3% for each 1% >50%, <75%
At or above the 75th percentile	100%

Retesting
The plan rules do not contemplate retesting and therefore retesting is not a feature of the Company's current LTI offers.

Amount payable for performance rights
No amount is payable for performance rights. The value of rights is included in assessments of remuneration benchmarking and policy positioning.

Conversion of vested performance rights
Under the plan rules, the conversion of performance rights to shares occurs automatically upon vesting conditions being declared by the Board as having been met, except where the Board exercises its discretion to settle in the form of cash. Vesting is determined following receipt of the audited accounts for the relevant performance periods.

No amount is payable by participants to exercise vested performance rights in respect of any grants.

Remuneration report (continued)

Disposal restrictions and other related matters
The Company may impose a mandatory holding lock on the shares or a participant may request they be subject to a voluntary holding lock.

Performance rights are not entitled to receive a dividend. Any shares issued or transferred to a participant upon vesting of performance rights are only entitled to dividends if they were issued on or before the relevant dividend record date.

Shares issued or transferred under the LTIP rank equally in all respects with other shares on issue.

In the event of a capital reconstruction of the Company (consolidation, subdivision, reduction, cancellation or return), the terms of any outstanding performance rights will be amended by the Board to the extent necessary to comply with the listing rules at the time of reconstruction.

Any bonus issue of securities by way of capitalisation of profits, reserves or share capital account will confer on each performance right, the right:

- to receive on exercise or vesting of those performance rights, not only an allotment of one share for each of the performance rights exercised or vested but also an allotment of the additional shares and/or other securities the employee would have received had the employee participated in that bonus issue as a holder of shares of a number equal to the shares that would have been allotted to the employee had they exercised those Incentives or the performance rights had vested immediately before the date of the bonus issue; and
- to have profits, reserves or share premium account, as the case may be, applied in paying up in full those additional shares and/or other securities.

Subject to a reconstruction or bonus issue, performance rights do not carry the right to participate in any new issue of securities including pro-rata issues.

Performance rights will not be quoted on ASX. The Company will apply for quotation of any shares issued under the LTIP.

Cessation of employment
In the event of cessation of employment within 12 months of the date of grant, unvested performance rights are forfeited. In the event of cessation of employment after 12 months but before the conclusion of the vesting period, unvested performance rights are considered forfeited, unless otherwise determined by the Board, in which case any service condition will be deemed to have been fulfilled as at the testing date and the performance rights remain subject to performance testing along with other participants. It is noted that the Board has discretion to allow "Good Leavers" to retain their participation in the LTIP beyond the date of cessation of employment when deemed appropriate to the circumstances.

Change of control of the Company
If in the opinion of the Board a change of control event has occurred, or is likely to occur, the Board may declare a performance right to be free of any vesting conditions and, if so, the Company must issue or transfer shares in accordance with the LTIP rules. In exercising its discretion, the Board will consider whether measurement of the vesting conditions (on a pro-rata basis) up to the date of the change of control event is appropriate in the circumstances.

MIX OF BASE SALARY AND INCENTIVES BASED REMUNERATION AND PROPORTIONALITY

The following table shows the anticipated range of remuneration mix that was offered for current KMP Executives during FY21, for target performance.

Mix of remuneration (excludes Other Benefits)	Group CEO	Other KMP Executives
Base Salary	50%	57-61%
STI (at Target performance)	25%	24-29%
LTI (at Target performance)	25%	14-15%

Remuneration report (continued)

The Board reviewed the remuneration mix of Other KMP Executives as part of the review of the STIP and LTIP. As a result, the mix of Base Salary, STI and LTI for FY22 will remain unchanged for the Group CEO but for Other KMP Executives the current LTIP vesting rates of 25% for Target and 50% for Stretch performance will increase to 40% for Target and 80% for Stretch performance[1]. Accordingly, the remuneration mix (in FY22) will be as outlined below:

Mix of remuneration (excludes Other Benefits)	Group CEO	Other KMP Executives
Base Salary	50%	53%
STI (at Target performance)	25%	26-27%
LTI (at Target performance)	25%	20-21%

(1) Not applied to newly appointed Chief Operating Officer – KFC Australia for FY22. The increase for LTIP Target and Stretch performance vesting rates will apply from FY23.

The Board considers that the adjustments to the remuneration mix for Other KMP Executives (Base Salary, STI and LTI) result in appropriately weighted remuneration and will continue to:

- aligns executive remuneration practices with accepted market practices and current best-practices;
- motivates executives to continuously grow shareholder value by aligning their interests with those of shareholders through equity ownership; and
- manages the risk of short-termism inherent in fixed remuneration and short-term incentives by exposing a significant proportion of remuneration to the longer term consequences of decision making, through the ownership position that is achieved when executives participate in equity plans.

Company performance

The Company's performance during the reported period and the previous four reporting periods in accordance with the requirements of the Corporations Act follow:

						Short term change in shareholder value over 1 year (SP increase + dividends)		Long term (cumulative) 3 years change in shareholder value	
FY end date	Revenue $m	Profit after tax $m	Share price	Change in share price	Dividends[1]	Amount	%	Amount	%
FY21	$1,065.90[2]	$32.95	$11.37	$4.43	$0.210	$4.64	67%	$6.61	124%
FY20	$981.73	$31.26[3]	$6.94	($0.65)	$0.200	($0.450)	-6%	$2.24	43%
FY19	$901.22	$39.11[4]	$7.59	$2.24	$0.180	$2.420	45%	$4.08	101%
FY18	$770.94	$32.49	$5.35	$0.10	$0.170	$0.270	5%	$3.37	138%
FY17	$633.56	$27.99	$5.25	$1.23	$0.160	$1.390	35%	$3.74	196%

(1) Dividends used are the cash amount (post franking).
(2) Excludes Sizzler Australia revenues
(3) Includes the impact of AASB16.
(4) Excludes the impact of AASB16.

Statutory Remuneration disclosures for FY21

KMP EXECUTIVE REMUNERATION

The following table outlines the remuneration received by KMP Executives of the Company during FY21 and FY20 prepared according to statutory disclosure requirements and applicable accounting standards.

KMP Executive remuneration for FY21 (with FY20 comparatives) is reported in four components being Base Salary (including superannuation), Other Benefits, awarded values of STI and awarded values of LTI remuneration.

DIRECTORS' REPORT

Remuneration report (continued)

						STI		LTI[2]				
Name	Role(s)	Year	Base Salary (incl super)	Other benefits	Total Fixed Remuneration	Amount	% of Total Reward	Amount	% of Total Reward	Total Reward[8]	Change in accrued leave[1]	Termination benefits
Drew O'Malley[3]	CEO	2021	$721,692	$46,902	$768,594	$460,996	31%	$239,378	16%	$1,468,968	$46,717	-
	COO Australia	2020	$564,654	$46,382	$611,036	$320,170	34%	$15	0%	$931,221	$2,349	-
Hans Miete[4] and [7]	CEO - CF Europe	2021	$227,322	$20,363	$247,685	$40,227	14%	-	-	$287,912	$13,059	-
		2020	-	-	-	-	-	-	-	-	-	-
Nigel Williams	Group CFO	2021	$567,695	$51,233	$618,928	$347,184	31%	$160,140	14%	$1,126,252	$17,084	-
	Group CFO	2020	$536,857	$48,655	$585,512	$227,092	28%	$17	0%	$812,621	$3,093	-
Dawn Linaker	CPO	2021	$432,398	$52,658	$485,056	$211,502	26%	$115,106	14%	$811,664	$4,136	-
	CPO	2020	$387,619	$45,971	$433,590	$129,341	23%	$11	0%	$562,942	($1,359)	-
Graham Maxwell[5]	Former Managing Director and CEO	2021	$147,250	$12,973	$160,223	-	-	$163,821	51%	$324,044	($116,787)	$27,115
	Former Managing Director and CEO	2020	$870,215	$80,541	$950,756	$352,526	27%	$58,876	4%	$1,362,158	$10,844	-
Mark van't Loo[6] and [7]	Former CEO - CF Europe	2021	$224,871	-	$224,871	-	-	-	-	$224,871	($21,713)	$432,705
	Former CEO - CF Europe	2020	$514,665	-	$514,665	-	-	$16	0%	$514,681	$240	-

(1) The change in accrued leave includes negative amounts during the prior corresponding period. The negative amounts reflect leave that has been taken or elapsed during the reporting period measured in accordance with AASB 119 Employee Benefits.

(2) The LTI value reported in this table is the amortised accounting charge of all grants that were not lapsed or vested at the start of the reporting period. Where a market based measure of performance is used such as TSR, no adjustments can be made to reflect actual LTI vesting. However, in relation to non-market conditions, such as EPS, adjustments must be made to ensure the accounting charge matches the vesting.

(3) Appointed as Chief Executive Officer - Collins Foods Limited effective 1 July 2020

(4) Appointed Chief Executive Officer - Collins Foods Europe effective 5 October 2020

(5) Former Managing Director and Chief Executive Officer from 29 September 2014 to 1 July 2020

(6) Former Chief Executive Officer Europe from 4 May 2020 until 18 September 2020

(7) FY21 salary converted at exchange rate of AUD $1: EURO €0.6215 (FY20: AUD $1: EURO €0.6088). Discretionary payment of €25,000 for outstanding performance in operating conditions rendering incentive targets unreachable.

(8) Excludes change in accrued leave balance.

Both target and awarded values of STI and LTI remuneration are outlined in the relevant sections of the Remuneration Report to assist shareholders to obtain a more complete understanding of remuneration as it relates to KMP Executives.

KMP EXECUTIVE REMUNERATION OPPORTUNITY FOR FY21 (NON-STATUTORY DISCLOSURE)

The following table is provided to shareholders as an illustration of the remuneration that was offered to KMP Executives for target performance during FY21. It should be noted that the table presents target incentive opportunities for achieving a challenging but achievable target level of performance. In the case of STI, the maximum incentive may be up to 50% higher (i.e. 75% of Base Salary). The maximum LTI is 100% of Base Salary for the CEO and 50% of Base Salary for KMP Executives.

				STI opportunity			LTI opportunity				
Name	Role (s)	Base Salary (incl super)[1]	Base Salary as % of Total Reward	Target % of Base Salary	Target STI amount	STI % of Total Reward	Target % of Base Salary	Target LTI amount	LTI as % Total Reward	Other Benefits	Total Reward
Drew O'Malley[2]	CEO	$754,000	48%	50%	$377,000	24%	50%	$377,000	24%	$46,902	$1,554,902
Hans Miete[3]	CEO - CF Europe	€265,000	57%	50%	€132,500	28%	25%	€66,250	14%	€1,555	€465,305
Nigel Williams	Group CFO	$567,850	54%	50%	$283,925	27%	25%	$141,963	14%	$51,233	$1,044,971
Dawn Linaker	CPO	$432,414	56%	40%	$172,966	23%	25%	$108,104	14%	$52,658	$766,142

(1) Base salary based on a 52 week period (FY20: 53 week period)

(2) Appointed as Chief Executive Officer effective 1 July 2020

(3) Appointed as Chief Executive Officer Europe effective 5 October 2020

Remuneration report (continued)

Performance outcomes for FY21 and FY20 including STI and LTI assessment

SHORT TERM INCENTIVES

The tables below set out details of STI and LTI performance outcomes for FY21 and FY20 when compared to target.

		FY21 Company level KPI Summary						Award outcomes FY21 paid FY22
Name	Role (s)	KPI Summary	Weighting	Average GES target	EBITDA Target	% of target achieved	Awarded	Total STI award (EBITDA and GES)
		EBITDA	80%		$129,505,000	103.7%	$357,396	
Drew O'Malley[1]	CEO	GES	20%	64.3%	-	107.0%	$103,600	$460,996
		EBITDA	80%		$3,416,000	-	-	
Hans Miete[2]	CEO - CF Europe	GES	20%	68.5%		115.3%		-
		EBITDA	80%		$129,505,000	103.7%	$269,161	
Nigel Williams	Group CFO	GES	20%	64.3%	-	107.0%	$78,023	$347,184
		EBITDA	80%		$129,505,000	103.7%	$163,971	
Dawn Linaker	CPO	GES	20%	64.3%	-	107.0%	$47,531	$211,502

(1) Appointed as Chief Executive Officer effective 1 July 2020.

(2) Appointed as Chief Executive Officer Europe effective 5 October 2020.

For the purposes of the STI awarded in FY21, pre AASB 16 underlying EBITDA was adjusted for non-trading items relating to KFC Europe provision for store closures, Digital menu board costs, Netherlands acquisition costs and Netherlands developments agreement fee, totalling $2.0m, to calculate the pre underlying AASB 16 EBITDA used to calculate STI performance outcomes.

		FY20 Company level KPI Summary						Award outcomes FY20 paid FY21
Name	Role (s)	KPI Summary	Weighting	Average GES target	EBITDA Target	% of target achieved	Awarded	Total STI award (EBITDA and GES)
		EBITDA	80%	-	$121,585,527	98.50%	$239,780	
Graham Maxwell	Former Managing Director and CEO	GES	20%	61%	-	103%	$112,746	$352,526
		EBITDA	80%	-	$10,118,260	-	-	
Mark van 't Loo	Former CEO - CF Europe	GES	20%	67%	-	100%	-	-
		EBITDA	80%	-	$121,585,527	98.50%	$154,463	
Nigel Williams	Group CFO	GES	20%	61%	-	103%	$72,629	$227,092
		EBITDA	80%	-	$111,467,268	102%	$244,051	
Drew O'Malley	COO Australia	GES	20%	60%	-	104%	$76,119	$320,170
		EBITDA	80%	-	$121,585,527	98.50%	$87,975	
Dawn Linaker	CPO	GES	20%	61%	-	103%	$41,366	$129,341

The Board is of the view that EBITDA is the primary driver of value creation for shareholders in the short term.

Remuneration report (continued)

LONG TERM INCENTIVES

During the 2019 financial year, grants under the long term incentive plan were made on 3 October 2018 and 16 October 2018 with a performance period of FY19, FY20 and FY21 (FY19 Grant). The performance period for the FY19 Grants commenced on 30 April 2018 and ended on 2 May 2021 (Vesting Rights). Vesting rights for FY19 Grants are determined by comparing underlying compound EPS growth over the FY19, FY20 and FY21 period to FY18 underlying EPS. It is the view of the Board that it is important for the Board to have the ability to make adjustments, where appropriate, to Statutory NPAT results to ensure the alignment between Company performance and KMP Executive reward and this is in the interests of all stakeholders including shareholders. For the Vesting Rights, the Non-executive Directors have given detailed consideration to the method by which vesting will be calculated.

The adjustments proposed for the FY21 year are:

	$'000,000	Comment
NPAT Pre AASB 16	$45.6	
Adjustments:		
Acquisition Costs	$1.4	(Note (a) below)
Sizzler Aust. Brand Closure	$2.5	(Note (b) below)
Digital Menu Boards	($1.0)	(Note (c) below)
Adjusted NPAT Result for LTI	$48.5	

Note (a) Legal and accounting advisory costs incurred in respect of acquiring nine restaurants in the Netherlands. Due to timing of completion of acquisitions, only a small immaterial amount of NPAT from these acquisitions can be attributed to FY21.

Note (b) Sizzler Australia closure costs.

Note (c) Franchisor allowed external Digital Menu Boards (DMB) to be funded from within marketing contribution. As the DMB are capital, this provides a profit and loss benefit which is not a result of management action.

Allowing for these adjustments, an EPS CAGR of 8.8% was achieved, resulting in 40% of the maximum long term incentives eligible to vest following the reporting period being completed, becoming vested.

In exercising discretion, the Board considered adjustments to ensure that participants are not penalised, nor provided with a windfall benefit arising from matters outside executives' control which affect EPS (for example, one-off non-recurrent items or the impact of significant acquisitions or disposals).

In relation to the completion of the reporting period, previous grants of equity made under the LTI plan during FY20 on 16 September 2019 with a performance period of FY20, FY21 and FY22 (FY20 Grant), will be eligible for vesting during FY23 after the completion of FY22.

Name	Role(s)	Tranche	Weighting	Number of eligible to vest in FY22 for FY21 completion	% grant vested	Number vested	Grant date VWAP	$ Value of LTI that vested (as per grant date VWAP)
Drew O'Malley	CEO	EPSG	100%	37,219	40%	14,887	$5.642187	$83,995
Nigel Williams	Group CFO	EPSG	100%	42,796	40%	17,118	$5.642187	$96,583
Dawn Linaker	CPO	EPSG	100%	29,065	40%	11,626	$5.642187	$65,596
Graham Maxwell	Former Managing Director and CEO	EPSG	100%	105,150	40%	42,060	$5.642187	$237,310

Remuneration report (continued)

The table below sets out the annualised compound EPS growth hurdles applicable to the FY20 Grants:

Performance level	Annualised EPS growth (CAGR)	% of max/ stretch/grant vesting
Stretch/Maximum	22%	100%
Between target and stretch	>11%, <22%	Pro-rata
Target	11%	50%
Below threshold and target	>5.5%, <11%	Pro-rata
Threshold	5.5%	25%
Below Threshold	<5.5%	0%

VESTING RIGHTS FOR RETIRED MANAGING DIRECTOR AND CEO

At the 2019 AGM, shareholders approved the granting of performance rights to the then Managing Director and CEO , Graham Maxwell, who had given 12 months' notice of his intention to retire effective 1 July 2020. At the time, the Board had reserved its rights in relation to how these performance rights would be treated post Mr Maxwell's employment in light of the fact that he would be working out the entire 12 months of his notice period. The Board considered Mr Maxwell to be an extremely "good leaver" having continued to demonstrate the highest levels of engagement and leadership through the entire 12 months of his notice period and at the same time being of great assistance in the transitioning of his successor, Drew O'Malley, into the CEO role. Noting also that Mr Maxwell would not be eligible for any termination payment beyond accrued leave, the Board decided that he would retain a pro-rata portion of the currently unvested performance rights he was previously granted. Those grants that remained on issue were:

- 137,931 performance rights granted in FY18 for the performance period of FY18, FY19 and FY20. The threshold performance level for these rights was not achieved over the performance period and the rights have expired;
- 146,042 performance rights granted in FY19 for the performance period of FY19, FY20 and FY21. These rights are eligible for vesting in FY22 and Graham, having served as Managing Director and CEO for 26 months of the 36 months (72%) of the FY19-FY21 performance period retained rights to 72%, or 105,150, performance rights (vesting above);
- 95,105 performance rights granted in FY20 for the performance period of FY20, FY21 and FY22. These rights are eligible for vesting in FY23 and Graham, having served as Managing Director and CEO for 14 of the 36 months (39%) of the FY20 - FY22 performance period retains rights to 39%, or 37,091, performance rights.

There is no acceleration to vesting of any of these rights. That is, in line with the position for all other holders of the above performance rights, vesting would not occur until the performance period had been completed, and only if vesting rights have been triggered. The Board also considered that in line with all other performance rights holders, a voluntary lock would not be applied to any shares issued if any performance rights were to vest in the future. Accordingly, in line with the vesting determination decision outlined for the Vesting Rights above, 42,060 Vesting Rights held by Graham Maxwell will convert to fully paid ordinary shares.

OTHER PERFORMANCE RIGHTS INFORMATION

All performance rights, the vesting of which is subject to EPS growth over defined reporting periods ending in 2018 through to 2021, expire in July 2020 through to July 2023 as set out in the table below:

Reporting period ended	Expiry date	Exercise price
2 May 2021	27 July 2023	Nil
3 May 2020	26 July 2022	Nil
28 April 2019	20 July 2021	Nil
29 April 2018	24 July 2020	Nil

Remuneration report (continued)

There was one tranche of performance rights issued during the reporting period ended 2 May 2021. It should be noted that the fair value used for accounting purposes was not used to determine LTI allocations which adopt a volume weighted average price of the Company's shares as described in the LTI summary above.

Tranche	Issue date	Fair value	Share price of issuance at grant date	Term	Dividend yield	Risk free interest rate
13	16 October 2020	$10.20	$10.78	3	1.86%	0.14%

The following outlines the vesting scale that was applicable to the performance rights issued to executives during the current reported period and as part of remuneration for FY22:

Performance Level	Annualised EPS growth (CAGR)	% of max/ stretch/grant vesting
Stretch/Maximum	16.5%	100%
Between Target and Stretch	>11%, <16.5%	Pro-rata
Target	11%	50%
Between Threshold and Target	>5.5%, <11%	Pro-rata
Threshold	5.5%	25%
Below Threshold	<5.5%	0%

There were two tranches of performance rights issued during the reporting period ended 3 May 2020. The fair value at issuance date was determined using a discounted cash flow model incorporating the assumptions below.

Tranche	Issue date	Fair value	Share price of issuance	Term	Dividend yield	Risk free interest rate
11	2 October 2019	$8.65	$9.32	3	2.44%	0.74%
12	02 October 2019	$8.65	$9.32	3	2.44%	0.74%

Remuneration report (continued)

Employment terms for KMP Executives

SERVICE AGREEMENTS

A summary of contract terms in relation to KMP Executives is presented below:

Name	Position held at close of FY21	Duration of contract	Period of Notice[1] From Company	From KMP	Termination Payments
Drew O'Malley[3]	CEO	Open ended	12 months	12 months	Up to 12 months[2]
Hans Miete	CEO - CF Europe	Open ended	6 months	3 months	6 months[4]
Nigel Williams	Group CFO	Open ended	6 months	6 months	Up to 12 months[2]
Dawn Linaker	CPO	Open ended	6 months	6 months	Up to 12 months[2]

(1) Provision is also made for the Group to be able to terminate these agreements on three months' notice in certain circumstances of serious ill health or incapacity of the KMP Executive.

(2) Under the Corporations Act, the Termination Benefit Limit is 12 months average Salary (last 3 years) unless shareholder approval is obtained.

(3) Appointed Chief Executive Officer effective 1 July 2020. Upon appointment as CEO, notice period changes to 12 months' notice from either party, from 3 months from both Company and KMP.

(4) Appointed Chief Executive Officer Europe effective 5 October 2020. Termination payment per contract.

The treatment of incentives in the case of termination is addressed in separate sections of this report that give details of incentive design.

With regards to Mr O'Malley, Mr Williams and Mr Miete, there is a restraint of trade period of 12 months. On appointment to the Board, all Non-executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation relevant to the office of the director. Non-executive Directors are not eligible to receive termination payments under the terms of the appointments.

Non-executive Director fee rates and fee limit

NON-EXECTIVE DIRECTOR REMUNERATION

The remuneration for Non-executive Directors is set taking into consideration factors including:

- the level of fees paid to Board members of other publicly listed Australian companies of similar size;
- operational and regulatory complexity; and
- the accountabilities and workload requirements of each Board member.

Non-executive Directors' remuneration comprises the following components:

- board and committee fees; and
- superannuation (compulsory contributions).

Board fees are structured by having regard to the accountabilities of each role fulfilled by a Director within the Board. The Company's constitution allows for additional payments to be made to Directors where extra or special services are provided.

Non-executive Director fees are managed within the current annual fees limit of $1,200,000 which was approved by shareholders at the 2019 Annual General Meeting.

Remuneration report (continued)

During the period a review of fees was undertaken by the Board, with the assistance of an independent remuneration consultant with a change in rates recommended. In consideration of the timing of the review being part way through FY21, the Board considered it appropriate that the change occur in two stages with half of the rate change applicable from 1 October 2020 and the second half of the rate change applicable from the commencement of FY22. The following table outlines the Non-executive Director fee rates that were applicable during the reported period:

Function	Role	Fee including super until 30 September 2020(1)
Main Board	Chair (inclusive of committee memberships)	$220,500
	Member	$105,000
Audit and Risk Committee; Remuneration and Nomination Committee	Committee Chairs	$20,000
	Committee Members	$10,000

Function	Role	Fee including super from 1 October 2020(1)
Main Board	Chair (inclusive of committee memberships)	$270,250
	Member	$116,200
Audit and Risk Committee	Committee Chair	$25,000
	Committee Members	$12,250
Remuneration and Nomination Committee	Committee Chair	$25,000
	Committee Members	$11,250

(1) Fee is based on a 52 week period (FY2020: 53 weeks).

As indicated above, the second half of the rate change was to become applicable from the commencement of FY22. The fees to be applied from FY22 onwards are as disclosed below:

Function	Role	Fee including super from 3 May 2021
Main Board	Chair (inclusive of committee memberships)	$320,000
	Member	$127,400
Audit and Risk Committee	Committee Chair	$30,000
	Committee Members	$14,500
Remuneration and Nomination Committee	Committee Chair	$30,000
	Committee Members	$12,500

Remuneration report (continued)

Remuneration received by Non-executive Directors in FY21 and FY20 is disclosed below:

Name	Role(s)	Year	Board and Committee fees	Superannuation	Other benefits	Termination benefits	Total
	Independent, Non-executive Chairman	2021	$249,749	-	-	-	$249,749
Robert Kaye SC	Independent, Non-executive Chairman	2020	$224,750	-	-	-	$224,750
	Independent Non-executive Director	2021	$122,011	$11,630	-	-	$133,641
Christine Holman	Independent Non-executive Director[(1)]	2020	$45,196	$4,255	-	-	$49,451
	Non-executive Director	2021	$122,004	$11,638	-	-	$133,642
Newman Manion	Executive Director, Non-Executive Director[(2)]	2020	$315,772[(3)]	$8,872	-	-	$324,644
	Independent Non-executive Director	2021	$132,656	$12,602	-	-	$145,258
Bronwyn Morris AM	Independent Non-executive Director	2020	$125,658	$11,937	-	-	$137,595
	Non-executive Director	2021	$122,047	$11,594	-	-	$133,641
Kevin Perkins	Non-executive Director	2020	$116,350	$11,053	-	-	$127,403
	Independent Non-executive Director	2021	$145,847	-	-	-	$145,847
Russell Tate	Independent Non-executive Director	2020	$137,596	-	-	-	$137,596

(1) Appointed effective 12 December 2019.

(2) Transitioned to the role of Executive Director effective 14 June 2019. Returned to Non-executive Director role effective 21 April 2020.

(3) Includes consulting fees of $216,910 converted at exchange rate of AUD $1: EURO €0.6088.

Remuneration report (continued)

Changes in KMP held equity

The following table outlines the changes in the amount of equity held by KMP Executives over the reporting period:

Name	Security	Number held at open 2021	Granted as compensation	Performance Rights forfeited	Acquisition	Number held at close 2021
Drew O' Malley[1]	Shares	-	-		20,000	20,000
	Performance Rights	104,057	82,274	(36,206)	-	150,125
Hans Miete[2]	Shares	-	-	-	-	-
	Performance Rights	-	-	-	-	-
Nigel Williams	Shares	20,283	-	-	2,000	22,283
	Performance Rights	108,739	30,981	(35,311)	-	104,409
Dawn Linaker	Shares	15,017	-	-	-	15,017
	Performance Rights	77,995	23,591	(27,122)	-	74,464
Total		**326,091**	**136,846**	**(98,639)**	**22,000**	**386,298**

(1) Appointed as Chief Executive Officer effective 1 July 2020.

(2) Appointed as Chief Executive Officer Europe effective 5 October 2020

The following table outlines the changes in the amount of equity held directly or indirectly by Non-executive Directors over the reporting period:

Name	Security	Number held at open 2021	Additions	Disposals	Number held at close 2021
Robert Kaye, SC	Shares	31,605	21,267	-	52,872
Christine Holman	Shares	-	14,000	-	14,000
Newman Manion	Shares	21,820	-	-	21,820
Bronwyn Morris AM	Shares	13,456	3,000	-	16,456
Kevin Perkins	Shares	7,621,484	-	(400,000)	7,221,484
Russell Tate	Shares	21,820	-	-	21,820
Total		**7,710,185**	**38,267**	**(400,000)**	**7,348,452**

Remuneration report (continued)

The maximum value of performance rights yet to vest has been determined as the amount of the grant date fair value of the performance rights that is yet to be expensed:

2021 equity grants		FY in which rights may vest	Maximum value yet to vest
Name	Role		($)
Drew O'Malley[1]	CEO	2022	-
		2023	32,350
		2024	272,634
Hans Miete[2]	CEO - CF Europe	2022	-
		2023	-
		2024	-
Nigel Williams	Group CFO	2022	-
		2023	32,350
		2024	102,663
Dawn Linaker	CPO	2022	-
		2023	23,031
		2024	78,174

(1) Appointed as Chief Executive Officer effective 1 July 2020.

(2) Appointed as Chief Executive Officer Europe effective 5 October 2020

Group Securities Trading Policy

The Group Securities Trading Policy is available on the Company's website. It contains the standard references to insider trading restrictions that are a legal requirement under the Corporations Act, as well as conditions associated with good corporate governance. The Group Securities Trading Policy follows the recommendations set out in ASX Guidance Note 27, "Trading Policies". The policy specifies "trading windows" during which Directors and restricted employees of the Company may trade in the securities of the Company. It requires Directors and restricted employees to obtain prior written clearance for any trading in the Company's securities and prohibits trading at all other times unless an exception is granted following an assessment of the circumstances (for example financial hardship). Trading windows remain open for 30 days. The first day of the trading window is the trading day after each of the following events:

- announcement to ASX of the Company's full or half-year results;
- Annual General Meeting; or
- release of a disclosure document offering equity securities in the Company.

The Board may suspend all dealings in the Company's securities at any time, should it be appropriate.

Securities Holding Policy

The Board currently sees a securities holding policy as unnecessary since executives receive a significant component of remuneration in the form of equity. All of the Directors hold equity in the Company voluntarily. The Company's constitution states that Directors are not required to be a shareholder in order to be appointed as a director. The Board continues to encourage executives to hold vested LTIs post vesting, to support ongoing alignment.

Remuneration consultant engagement policy

The Company has adopted a remuneration consultant (RC) engagement policy which is intended to manage the interactions between the Company and RCs. This is to support the independence of the Remuneration and Nomination Committee and provide clarity regarding the extent of any interactions between management and the RC. This policy enables the Board to state with confidence whether the advice received has been independent, and why that view is held. The Policy states that RCs are to be approved and engaged by the Board before any advice is received, and that such advice may only be provided to an independent Non-executive Director. Any interactions between management and the RC must be approved and overseen by the Remuneration and Nomination Committee.

Remuneration report (continued)

Other remuneration related matters

There were no loans to Directors or other KMP at any time during the reporting period, and no relevant material transactions involving KMP other than compensation and transactions concerning shares and performance rights as discussed in this report.

Most recent AGM – Remuneration Report comments and voting

At the most recent AGM in 2020: 98.29% of votes cast at the meeting in favour of the adoption of the Remuneration Report.

External remuneration consultant advice

During the reporting period, the Board approved and engaged an external remuneration consultant to provide KMP remuneration recommendations and advice. The consultants and the amount payable for the information and work that led to their recommendations are listed below:

Egan & Associates	
Review of and advice on remuneration practices evident in the market for key management personnel and non-executive directors	$16,000 (ex GST and administration fees)

So as to ensure that KMP remuneration recommendations were free from undue influence from the KMP to whom they relate, the Company established policies and procedures governing engagements with external remuneration consultants. The key aspects include:

- as legally required, KMP remuneration recommendations may only be received from consultants who have been approved by the Board. Before such approval is given and before each engagement the Board ensures that the consultant is independent of KMP;
- as required by law, KMP remuneration recommendations are only received by non-executive directors, mainly, the Chair of the Remuneration and Nomination Committee;
- the policy seeks to ensure that the Board controls any engagement by management of Board approved remuneration consultants to provide advice other than KMP remuneration recommendations and any interactions between management and external remuneration consultants when undertaking work leading to KMP remuneration recommendations.

The Board is satisfied that the KMP remuneration recommendations received were free from undue influence from KMP to whom the recommendations related. The reasons the Board is satisfied include that it is confident that the policy for engaging external remuneration consultants is being adhered to and operating as intended. The Board has been closely involved in all dealings with the external remuneration consultants and each KMP remuneration recommendation received during the reporting period was accompanied by a legal declaration from the consultant to the effect that their advice was provided free from undue influence from the KMP to whom the recommendations related.

Indemnification and insurance of officers

The Company's Constitution provides that it must in the case of a person who is or has been a Director or Secretary of the Group and may in the case of an officer of the Company, indemnify them against liabilities incurred (whilst acting as such officers) and the legal costs of that person to the extent permitted by law. During the period, the Company has entered into a Deed of Indemnity, Insurance and Access with each of the Company's Directors, executives and Company Secretary.

No Director or officer of the Company has received benefits under an indemnity from the Company during or since the end of the period.

The Company has paid a premium for insurance for officers of the Group. The cover provided by the insurance contract is customary for this type of insurance policy. Details of the nature of the liabilities covered or the amount of the premium paid in respect of this insurance contract are not disclosed as such disclosure is prohibited under the insurance contract.

Proceedings on behalf of the company

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Non-audit services

During the period, the Company's Auditor (PricewaterhouseCoopers) performed other services in addition to its audit responsibilities. Whilst their main role is to provide audit services to the Company, the Company does employ their specialist advice where appropriate.

The board of Directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk committee to ensure they do not impact the impartiality and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence, including not reviewing or auditing the auditor's own work, not acting in a management or a decision making capacity for the Company, not acting as advocate for the Company, or not jointly sharing economic risk or rewards.

Non-audit services (continued)

During the period the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Whole Dollars	
	2021 $	2020 $
AUDIT AND OTHER ASSURANCE SERVICES		
Audit services:		
PricewaterhouseCoopers Australian Firm		
Audit and review of financial reports and other audit work under the Corporations Act 2001	**579,747**	518,434
Audit and review of financial reports and other audit work for foreign subsidiary	**42,432**	40,800
Network firm of PricewaterhouseCoopers		
Audit and review of financial reports and other audit work for foreign subsidiary	**506,824**	541,638
	1,129,003	**1,100,872**
Other assurance services:		
PricewaterhouseCoopers Australian firm		
Store sales certificates	**29,478**	12,240
Agreed upon procedures for covenant calculations	**7,650**	23,460
Network firm of PricewaterhouseCoopers		
Government subsidy audit	**129,620**	-
	166,748	**35,700**
Total remuneration for assurance services	**1,295,751**	**1,136,572**
TAXATION SERVICES		
PricewaterhouseCoopers Australian firm		
Tax compliance services, including review of tax returns and allowance claims	**58,160**	57,000
International tax consulting	**-**	6,324
Network firm of PricewaterhouseCoopers		
Tax compliance services, including review of company tax returns	**56,675**	5,665
Total remuneration for taxation services	**114,835**	**68,989**
OTHER SERVICES		
PricewaterhouseCoopers Australian firm		
Acquisition related due diligence	**276,787**	-
Total remuneration for other services	**276,787**	**-**
TOTAL REMUNERATION FOR SERVICES	**1,687,373**	**1,205,561**

It is the Group's policy to employ PricewaterhouseCoopers on assignments additional to their statutory audit duties where PricewaterhouseCoopers' expertise and experience with the Group are important. These assignments are principally tax advice, due diligence reporting on acquisitions and capital raisings, or where PricewaterhouseCoopers is awarded assignments on a competitive basis. It is the Company's policy to seek competitive tenders for all major consulting projects.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 50.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

AUDITOR

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*. This report is made in accordance with a resolution of Directors.

Robert Kaye SC
Chairman

Brisbane
29 June 2021

pwc

Auditor's Independence Declaration

As lead auditor for the audit of Collins Foods Limited for the period 4 May 2020 to 2 May 2021, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Collins Foods Limited and the entities it controlled during the period.

Michael Crowe

Michael Crowe
Partner
PricewaterhouseCoopers

Brisbane
29 June 2021

PricewaterhouseCoopers, ABN 52 780 433 757
480 Queen Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001
T: +61 7 3257 5000, F: +61 7 3257 5999, www.pwc.com.au

CONSOLIDATED INCOME STATEMENT

For the reporting period ended 2 May 2021

	Notes	2021[(1)] $'000	Restated 2020[(1)(2)] $'000
Revenue	A3	**1,065,905**	948,088
Cost of sales		**(505,996)**	(447,896)
Gross profit		**559,909**	**500,192**
Selling, marketing and royalty expenses		**(228,164)**	(201,609)
Occupancy expenses		**(77,158)**	(72,931)
Restaurant related expenses		**(90,083)**	(82,058)
Administrative expenses		**(63,339)**	(53,228)
Other expenses		**(11,306)**	(7,656)
Other income		**727**	3,935
Profit from continuing operations before finance income, finance costs and income tax (EBIT)		**90,586**	**86,645**
Finance income	A4	**-**	271
Finance costs	A4	**(29,391)**	(32,209)
Share of net profit of associates and joint ventures accounted for using the equity method	E1	**50**	200
Profit from continuing operations before income tax		**61,245**	**54,907**
Income tax expense	G10	**(23,633)**	(22,716)
Profit from continuing operations		**37,612**	**32,191**
Loss from discontinued operation (attributable to equity holders of the Company)	F2	**(4,663)**	(928)
Net profit attributable to members of Collins Foods Limited		**32,949**	**31,263**

(1) The current reporting period is a 52-week period. The prior reporting period is a 53-week period.
(2) Comparative figures have been restated to present the impacts of the current period discontinued operations (as outlined in Note F).

Earnings per share attributable to members of Collins Foods Limited		Cents per share	Cents per share
Basic earnings per share from continuing operations (cents)	G2	**32.26**	27.61
Basic earnings per share from discontinued operations (cents)	G2	**(4.00)**	(0.79)
Diluted earnings per share from continuing operations (cents)	G2	**32.11**	27.42
Diluted earnings per share from discontinued operations (cents)	G2	**(3.98)**	(0.79)

		Shares	Shares
Weighted average basic ordinary shares outstanding	G2	**116,581,244**	116,569,052
Weighted average diluted ordinary shares outstanding	G2	**117,141,933**	117,407,285

The above Consolidated Income Statement should be read in conjunction with the accompanying Notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the reporting period ended 2 May 2021

	Notes	2021 $'000	2020 $'000
Net profit attributable to members of Collins Foods Limited		**32,949**	31,263
Items that may be reclassified to profit or loss			
Other comprehensive income / (expense):			
Exchange differences on translation of foreign operations	G9	**(5,891)**	4,963
Cash flow hedges	G9	**1,940**	(1,327)
Income tax relating to components of other comprehensive income	G10	**(582)**	398
Other comprehensive income/(expense) for the period, net of tax		**(4,533)**	**4,034**
Total comprehensive income for the reporting period		**28,416**	**35,297**
Total comprehensive income for the period is attributable to:			
Owners of the parent		**28,416**	35,297

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying Notes.

CONSOLIDATED BALANCE SHEET

As at 2 May 2021

	Notes	2021 $'000	2020 $'000
ASSETS			
Current assets			
Cash and cash equivalents	B1	**95,717**	116,297
Receivables	G3	**2,786**	3,071
Inventories		**7,171**	6,846
Other assets		**5,162**	2,986
Total current assets		**110,836**	**129,200**
Non-current assets			
Property, plant and equipment	G4	**188,919**	187,469
Intangible assets	G5	**451,063**	457,389
Right-of-use assets	G6	**359,100**	369,404
Deferred tax assets	G10	**41,129**	36,535
Investments accounted for using the equity method		**2,402**	2,353
Other assets		**356**	378
Total non-current assets		**1,042,969**	**1,053,528**
Total assets		**1,153,805**	**1,182,728**
LIABILITIES			
Current liabilities			
Trade and other payables	G7	**96,895**	88,099
Lease liabilities	G6	**31,654**	28,890
Current tax liabilities		**7,084**	6,994
Derivative financial instruments	C3	**1,536**	2,641
Provisions	G8	**6,231**	6,449
Total current liabilities		**143,400**	**133,073**
Non-current liabilities			
Borrowings	B2	**271,490**	317,252
Lease liabilities	G6	**363,601**	360,970
Deferred tax liabilities	G10	**4,580**	5,626
Derivative financial instruments	C3	**819**	1,803
Provisions	G8	**6,976**	6,200
Total non-current liabilities		**647,466**	**691,851**
Total liabilities		**790,866**	**824,924**
Net assets		**362,939**	**357,804**
EQUITY			
Contributed equity	D3	**290,788**	290,788
Reserves	G9	**10,756**	14,088
Retained earnings		**61,395**	52,928
Total equity		**362,939**	**357,804**

The above Consolidated Balance Sheet should be read in conjunction with the accompanying Notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the reporting period ended 2 May 2021

	Notes[1]	2021 $'000	2020 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**1,174,773**	1,078,142
Payments to suppliers and employees (inclusive of GST)		**(933,159)**	(846,000)
Goods and services taxes (GST) paid		**(58,061)**	(51,912)
Interest received		**1**	312
Interest and other borrowing costs paid		**(8,337)**	(10,414)
Income tax paid		**(27,179)**	(20,809)
Net operating cash flows	**B1**	**148,038**	**149,319**
Cash flows from investing activities			
Payment for acquisition of subsidiary, net of cash acquired	A2	**(3,943)**	-
Payments for property, plant and equipment		**(41,883)**	(53,981)
Proceeds from sale of property, plant and equipment		**267**	479
Payments for intangible assets		**(5,359)**	(3,833)
Net investing cash flows		**(50,918)**	**(57,335)**
Cash flows from financing activities			
Refinance fees paid		**-**	(1,104)
Proceeds from borrowings - bank loan facilities	B2	**4,673**	21,219
Repayment of borrowings and other obligations		**(42,000)**	-
Payments for lease principal	G6	**(31,222)**	(32,031)
Interest paid on leases	G6	**(19,449)**	(20,872)
Dividends paid	B4	**(24,482)**	(23,316)
Net financing cash flows		**(112,480)**	**(56,104)**
Net (decrease) increase in cash and cash equivalents		**(15,360)**	35,880
Cash and cash equivalents at the beginning of the reporting period		**116,297**	79,791
Effects of exchange rate changes on cash and cash equivalents		**(5,220)**	626
Cash and cash equivalents at end of reporting period	**B1**	**95,717**	**116,297**

[1] Cash flows from the discontinued Sizzler Australia business are included above- refer to note F for separate breakdown of cash flows relating to the discontinued operation.

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying Notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the reporting period ended 2 May 2021

2021	Notes	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total equity $'000
Balance as at 3 May 2020		290,788	14,088	52,928	357,804
Profit for the reporting period		-	-	32,949	32,949
Other comprehensive income		-	(4,533)	-	(4,533)
Total comprehensive income for the reporting period		**-**	**(4,533)**	**32,949**	**28,416**
Transactions with owners in their capacity as owners:					
Share based payments		-	1,201	-	1,201
Dividends provided for or paid	B4	-	-	(24,482)	(24,482)
Performance rights vested		-	-	-	-
End of the reporting period		**290,788**	**10,756**	**61,395**	**362,939**

2020	Notes	$'000	$'000	$'000	$'000
Balance as at 28 April 2019 as originally presented		290,495	10,771	49,365	350,631
Change in accounting policy (AASB 16)		-	-	(4,384)	(4,384)
Restated total equity at 29 April 2019		290,495	10,771	44,981	346,247
Profit for the reporting period		-	-	31,263	31,263
Other comprehensive income		-	4,034	-	4,034
Total comprehensive income for the reporting period		**-**	**4,034**	**31,263**	**35,297**
Transactions with owners in their capacity as owners:					
Share based payments		-	(424)	-	(424)
Dividends provided for or paid	B4	-	-	(23,316)	(23,316)
Performance rights vested		293	(293)	-	-
End of the reporting period		**290,788**	**14,088**	**52,928**	**357,804**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying Notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A/ FINANCIAL OVERVIEW

This section provides information that is most relevant to explaining the Group's performance during the reporting period, and where relevant, the accounting policies that have been applied and significant estimates and judgements made.

Note the current reporting period is a 52-week period. The prior reporting period is a 53-week period. Comparative figures have been restated to present the impacts of the current period discontinued operations (as outlined in Note F).

A1/ Segment information

A2/ Business combination

A3/ Revenue

A4/ Material profit or loss items from continuing operations

A1/ Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the CEO.

DESCRIPTION OF SEGMENTS

Management has determined the operating segments based on the reports reviewed by the CEO that are used to make strategic decisions. In the 2021 reporting period, the decision was made to report Taco Bell Restaurants as a separate reportable segment as a result of the increase in relative size of its operations during the year. Hence three reportable segments have been identified: KFC Restaurants Australia, KFC Restaurants Europe and Taco Bell Restaurants, all competing in the quick service restaurant market.

Other includes Shared Services which performs a number of administrative and management functions for the Group's restaurants, as well as the operating segment of Sizzler Asia Restaurants. This segment is not separately reportable due to its relative size in both the current and prior reporting periods.

A1/ Segment information (continued)

SEGMENT INFORMATION PROVIDED TO THE CEO

The following is an analysis of the revenue and results by reportable operating segment for the periods under review:

2021	KFC Restaurants Australia $'000	KFC Restaurants Europe $'000	Taco Bell Restaurants $'000	Other [1] $'000	Total $'000
Total segment revenue	**900,411**	**134,907**	**28,039**	**2,548**	**1,065,905**
Underlying EBITDA [2]	**198,531**	**11,955**	**233**	**(24,589)**	**186,130**
Depreciation, amortisation and impairment [3]	**58,718**	**22,226**	**9,348**	**3,295**	**93,587**
Finance costs - net	**-**	**527**	**-**	**28,864**	**29,391**
Income tax expense	**-**	**-**	**-**	**23,633**	**23,633**

2020 Restated [4]	$'000	$'000	$'000	$'000	$'000
Total segment revenue	791,496	134,112	17,813	4,667	948,088
Underlying EBITDA [2]	168,751	19,406	(1,491)	(14,768)	171,898
Depreciation, amortisation and impairment [3]	55,694	26,710	2,640	3,444	88,488
Finance costs - net	-	209	-	31,729	31,938
Income tax expense	-	-	-	22,716	22,716

(1) Other includes: Shared Services and Sizzler Asia Restaurants.

(2) Refer below for a description and reconciliation of Underlying EBITDA

(3) Refer below for a reconciliation of total depreciation, amortisation, and impairment of the Group. Refer to note G4 and G5 for information on impairment per asset class, per segment for the reporting period.

(4) Comparative figures have been restated to exclude Sizzler Australia which was discontinued during the 2021 reporting period. Additionally, a decision was made during the current reporting period to include the impact of AASB 16 Leases in the measurement of Underlying EBITDA. The 2020 Underlying EBITDA has been restated accordingly for comparability purposes.

LOCATION OF REVENUE AND NON-CURRENT ASSETS

2021	Australia $'000	Europe $'000	Asia $'000	Total $'000
Revenue	928,450	134,907	2,548	1,065,905
Non-current assets (property, plant and equipment, intangibles, and right-of-use assets)	815,705	173,710	9,666	999,082

2020 Restated [5]	Australia $'000	Europe $'000	Asia $'000	Total $'000
Revenue	**809,310**	**134,112**	**4,666**	**948,088**
Non-current assets (property, plant and equipment, intangibles, and right-of-use assets)	**808,141**	**193,417**	**12,704**	**1,014,262**

(5) Revenue comparative figures have been restated to exclude Sizzler Australia which was discontinued during the 2021 reporting period.

A1/ Segment information (continued)

OTHER SEGMENT INFORMATION

SEGMENT REVENUE FROM CONTINUING OPERATIONS

There are no sales between segments. The revenue from external parties reported to the Board is measured in a manner consistent with that in the Consolidated Income Statement.

Revenue from external customers is derived from the sale of food and beverage in KFC and Taco Bell Restaurants, and franchise fees and royalties from Sizzler Asia Restaurants.

UNDERLYING EBITDA FROM CONTINUING OPERATIONS

The Board assesses the performance of the operating segments based on a measure of Underlying EBITDA. This measurement basis excludes the effects of costs associated with acquisitions (refer to Note A2). It also excludes impairment of property, plant, equipment, franchise rights, brand assets, goodwill and leases to the extent they are isolated non-recurring events plus any other non-recurring items. Net finance costs (including the impact of derivative financial instruments) are not allocated to segments as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

In the 2021 reporting period, the decision was made to include the impact of AASB 16 Leases in the measurement of Underlying EBITDA. The 2020 Underlying EBITDA has been restated accordingly for comparability purposes.

A reconciliation of Underlying EBITDA to profit from continuing operations before income tax is provided as follows:

	2021 $'000	2020 $'000
Underlying EBITDA	**186,130**	171,898
Finance costs	**(29,391)**	(31,938)
Cost of acquisitions expensed	**(1,400)**	-
Depreciation	**(80,489)**	(75,063)
Amortisation	**(3,587)**	(3,425)
Impairment of property, plant and equipment	**(4,476)**	(5,204)
Impairment of intangible assets	**(232)**	(270)
Impairment of right-of-use assets	**(4,803)**	(4,526)
Share of net profit of joint venture accounted for using the equity method	**50**	200
Net income from insurance claim - material damage	**-**	1,604
Fair value gain on debt modification	**-**	770
Other non-trading income	**-**	861
Other one-off costs	**(557)**	-
Profit before income tax from continuing operations	**61,245**	**54,907**

A1/ Segment information (continued)

DEPRECIATION, AMORTISATION AND IMPAIRMENT FROM CONTINUING OPERATIONS

The results regularly reviewed by the Board include the depreciation, amortisation and impairment expenses of Property, Plant and Equipment and Intangible Assets.

A reconciliation of depreciation, amortisation and impairment to total depreciation, amortisation and impairment of the Group is provided as follows:

	Notes	2021 $'000	2020 $'000
Depreciation, amortisation and impairment [1]		**47,669**	45,514
Depreciation of right-of-use assets [1]		**41,115**	38,448
Impairment of right-of-use assets		**4,803**	4,526
Total depreciation, amortisation, and impairment	**A4**	**93,587**	**88,488**

(1) Excludes depreciation of property, plant and equipment of $352,000 (2020:$418,000) and depreciation and impairment of right-of-use assets of $548,000 (2020:$1,228,000) relating to Sizzler Australia, which was discontinued during the 2021 reporting period.

A2/ Business combination

CURRENT PERIOD

KFC RESTAURANTS (EUROPE) - SUMMARY OF ACQUISITION

On 1 February 2021, Collins Foods Netherlands Limited, a wholly owned subsidiary of Collins Foods Limited, entered into a Share Purchase Agreement to acquire the following 3 KFC restaurants from MAAS Holding B.V. located in the Netherlands, Europe:

MAAS KFC Amersfoort B.V.
MAAS KFC Utrecht B.V.
MAAS KFC Veenendaal B.V.

The primary reason for the acquisition was to expand the Group's European operations in the quick service restaurant market.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	$'000
Purchase consideration:	
Cash paid	4,378

The provisional fair values of the assets and liabilities of the business acquired as at the date of acquisition are as follows:

	Fair value $'000
Cash	435
Trade receivables	613
Inventories	50
Property, plant and equipment	971
Trade and other payables	(1,493)
Net identifiable assets acquired	**576**
Goodwill	3,802
Net assets acquired	**4,378**

The goodwill is attributable to the workforce, synergies with other restaurants and access to an established market with opportunities for future expansion.

Acquisition-related costs

The acquisition related costs have been recognised in the Group's Consolidated Income Statement (other expenses) and in operating cash flows in the Consolidated Statement of Cash Flows (payments to suppliers and employees).

A2/ Business combination (continued)

Purchase consideration - cash flow	As at acquisition date $'000
Cash consideration	4,378
Less balances acquired	(435)
Outflow of cash - investing activities	**3,943**

The acquired business contributed revenues of $1.9 million and Underlying EBITDA of $0.1 million to the Group for the period the stores were owned, up to 2 May 2021.

If the acquisition had occurred on 3 May 2020, the contribution to the consolidated revenue and consolidated Underlying EBITDA for the reporting period ended 2 May 2021 would have been $7.5 million and $0.5 million respectively.

Pre COVID-19, Underlying EBITDA for the acquired business for the 12 month period ending 31 December 2019 was $1.0 million.

PRIOR PERIOD

In the 2020 reporting period, there were no business combinations or adjustments to prior period business combinations.

ACCOUNTING POLICY

The acquisition method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued, or liabilities incurred or assumed at the date of exchange. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless other valuation methods provide a more reliable measure of fair value. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. Transaction costs arising on the issue of equity instruments are recognised directly in equity. Transaction costs arising from business combinations are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Consolidated Income Statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A3/ Revenue

Revenue is recognised when performance obligations under relevant customer contracts are completed. Performance obligations may be completed at a point in time or over time.

In the following table revenue is disaggregated by type and by timing of revenue recognition.

No single customer amounts to 10% or more of the consolidated entity's total external revenue.

REVENUE TYPE

2021	KFC Restaurants Australia $'000	KFC Restaurants Europe $'000	Taco Bell Restaurants $'000	Other $'000	Total $'000
Sale of goods	**900,411**	**134,907**	**28,039**	**-**	**1,063,357**
Franchise revenue	**-**	**-**	**-**	**2,548**	**2,548**
	900,411	**134,907**	**28,039**	**2,548**	**1,065,905**

2020 Restated (1)	$'000	$'000	$'000	$'000	$'000
Sale of goods	791,496	134,112	17,813	-	943,421
Franchise revenue	-	-	-	4,667	4,667
	791,496	**134,112**	**17,813**	**4,667**	**948,088**

TIMING OF REVENUE RECOGNITION

2021	KFC Restaurants Australia $'000	KFC Restaurants Europe $'000	Taco Bell Restaurants $'000	Other $'000	Total $'000
At a point in time	**900,411**	**134,907**	**28,039**	**2,453**	**1,065,810**
Over time	**-**	**-**	**-**	**95**	**95**
	900,411	**134,907**	**28,039**	**2,548**	**1,065,905**

2020 Restated (1)	$'000	$'000	$'000	$'000	$'000
At a point in time	791,496	134,112	17,813	4,552	947,973
Over time	-	-	-	115	115
	791,496	**134,112**	**17,813**	**4,667**	**948,088**

(1) Comparative figures have been restated to separately disclose Taco Bell which is now its own reportable segment, and exclude Sizzler Australia which was discontinued during the 2021 reporting period.

ACCOUNTING POLICY

Sale of Goods

The Group operates a number of quick service and casual dining restaurants. The revenue from the sale of food and beverages from these restaurants is recognised when the Group sells a product to the customer. Payment of the transaction price is due immediately when the customer purchases the food and beverages.

A3/ Revenue (continued)

Sale of Goods - Customer Loyalty Program

The Taco Bell brand within the Group operates a loyalty program where retail customers accumulate points for purchases made, which entitle them to discounts on future purchases. Revenue from the award points is recognised when the points are redeemed or when they expire 12 months after the initial sale.

A contract liability is recognised until the points are redeemed or expire.

Critical judgements in allocating the transaction price

The points provide a material right to customers that they would not receive without entering into a contract. Therefore, the promise to provide points to the customer is a separate performance obligation. The transaction price is allocated to the product and the points on a relative stand-alone selling price basis. Management estimates the stand-alone selling price per point on the basis of the discount granted when the points are redeemed and on the likelihood of redemption, which is based on industry knowledge given there is insufficient historical experience to draw upon at this stage of the brand in Australia.

Franchise Revenue

The Sizzler segment of the Group is the franchisor of the Sizzler brand in Asia. Franchise agreements are entered into where the Group allocates the right to external parties to use the Sizzler name and associated intellectual property. These contracts run for a 20-year period, with a right to renewal for an additional 20 years.

Franchise agreements entitle the Group to two streams of revenue:

- **franchise fees**: revenue relating to franchise fees is recognised over time. The transaction price allocated to these services is recognised as a contract liability at the time of the commencement of the contract and is released on a straight-line basis over the period of the contract; and
- **sales-based royalties**: revenue relating to sales-based royalties is recognised as the subsequent sale occurs.

Accounting for Costs to Fulfil a Contract

Costs that relate directly to a contract with customers, generate resources used in satisfying the contract and are expected to be recovered are capitalised as costs to fulfil a contract. The asset is amortised at a pattern consistent with the recognition of the associated revenue.

Other Income

Interest income is recognised on a time proportion basis using the effective interest method and traineeship income is recognised as revenue when the right to receive payment has been established.

Financing Components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A4/ Material profit or loss items from continuing operations

The Group has identified a number of items which are material due to the significance of their nature and/or amount. These are listed separately here to provide a better understanding of the financial performance of the Group.

	Notes	2021 $'000	2020 $'000
Depreciation, amortisation and impairment			
Depreciation			
Property, plant and equipment		**39,374**	36,615
Right-of-use assets		**41,115**	38,448
Total depreciation		**80,489**	**75,063**
Amortisation			
Intangible assets		**3,587**	3,425
Total amortisation		**3,587**	**3,425**
Impairment			
Property, plant and equipment		**4,476**	5,204
Intangible assets		**232**	270
Right-of-use assets		**4,803**	4,526
Total impairment	**G5**	**9,511**	**10,000**
Total depreciation, amortisation and impairment		**93,587**	**88,488**
Finance income and costs			
Finance income		**-**	(271)
Finance costs		**29,391**	32,209
Net finance costs		**29,391**	**31,938**
Employee benefits expense			
Wages and salaries		**269,973**	242,832
Defined contribution superannuation expense		**22,975**	20,632
Employee entitlements		**14,638**	14,248
Total employee benefits expense		**307,586**	**277,712**
Inventories recognised as an expense		**342,796**	306,553
Net (income)/expense on insurance claim: material damage		**-**	(1,604)
Fair value gain on debt modification		**-**	(770)
Performance rights		**1,201**	(424)
Costs of acquisitions expensed		**1,400**	-
Net (recognition)/derecognition of tax losses and change in tax rates		**(459)**	2,286
Net loss on disposal of property, plant and equipment		**362**	168

B/ Cash Management

Collins Foods Limited has a focus on maintaining a strong balance sheet with the strategy incorporating the Group's expenditure, growth and acquisition requirements, and the desire to return dividends to shareholders.

B1/ Cash and cash equivalents

B2/ Borrowings

B3/ Ratios

B4/ Dividends

B1/ Cash and cash equivalents

	2021 $'000	2020 $'000
Cash at bank and in hand [(1)]	**95,717**	116,297

(1) Included in cash at bank is an amount of $2.0 million (2020: $2.0 million) that is held under lien by the bank as security for Europe lease agreements and are therefore not available to use by the Group.

Reconciliation of profit after income tax to net cash inflow from operating activities

	Notes	2021 $'000	2020 $'000
Profit for the period		**32,949**	31,263
Adjustments for non-cash income and expense items:			
Depreciation, amortisation and impairment (excluding the impact of AASB 16) [(1)]	A1	**48,021**	45,932
Depreciation and impairment of right-of-use assets [(1)]	A1	**46,466**	44,202
Franchise rights written off	G5	**1,327**	409
(Gain) / loss on disposal of property, plant and equipment		**465**	774
(Gain) / loss on disposal of right-of-use assets		**(193)**	39
Fair value (gain) / loss on debt modification	A4	**-**	(770)
Amortisation of borrowing costs		**587**	641
Non-cash employee benefits expense share based payments expense		**1,201**	(424)
Interest paid on leases classified as financing cash flows		**20,850**	20,872
Provision for inventory write offs		**-**	(30)
Provision for make good obligations		**(381)**	224
Provision for employee entitlements		**278**	590
Changes in assets and liabilities:			
Receivables		**(98)**	112
Inventory		**(273)**	(494)
Prepayments and other assets		**(655)**	(1,318)
Share of profits of joint venture		**(50)**	(200)
Trade payables and accruals		**4,093**	5,937
Income tax payable		**95**	2,593
Deferred tax balances		**(5,169)**	(1,667)
Goods and services tax payable		**(1,787)**	594
Fringe benefits tax payable		**312**	40
Net operating cash flows		**148,038**	**149,319**

(1) Includes depreciation of property, plant and equipment of $352,000 (2020:$418,000) and depreciation and impairment of right-of-use assets of $548,000 (2020:$1,228,000) relating to Sizzler Australia, which was discontinued during the 2021 reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

B1/ Cash and cash equivalents (continued)

ACCOUNTING POLICY

For the purposes of the Consolidated Statement of Cash Flows, cash includes cash on hand, at call deposits with banks or financial institutions, and other short-term, highly liquid investments in money market instruments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

B2/ Borrowings

AVAILABLE FINANCING FACILITIES

	2021		2020	
	Working Capital Facility $'000	Bank Loan Facility $'000	Working Capital Facility $'000	Bank Loan Facility $'000
Used [1]	**10,190**	**263,794**	10,859	309,304
Unused	**25,386**	**90,240**	26,116	54,521
Total	**35,576**	**354,034**	**36,975**	**363,825**

(1) $845,000 (2020: $674,000) of the working capital facility has been used for bank guarantees rather than drawn down cash funding.

A subsidiary of the Company, CFG Finance Pty Limited, is the primary borrower under a Syndicated Facility Agreement (Syndicated Facility) and a Working Capital Facility Agreement (Working Capital Facility). On 26 September 2019, the Group entered into a new Syndicated Facility Agreement for $265 million and €80 million, including working capital facilities. The new term of the facility is a blend of maturities with $180 million and €50 million expiring on 31 October 2022 and the remaining $85 million and €30 million expiring on 31 October 2024.

Facilities

The Syndicated Facility and Working Capital Facility are subject to certain financial covenants and restrictions such as net leverage ratios, interest coverage ratios and others which management believe are customary for these types of loans. During the reporting period ended 2 May 2021, the Group maintained compliance with the financial covenants and restrictions of these facilities. The Company and its subsidiaries (other than subsidiaries outside of the Closed Group) were registered guarantors of all the obligations in respect of these loan facilities.

Borrowings Reconciliation

This section sets out the movements in borrowings for each of the periods presented.

	2021 $'000	2020 $'000
Beginning of the reporting period	**319,489**	292,261
Cash flows	**(37,327)**	21,219
Foreign exchange adjustments	**(9,022)**	6,009
End of the reporting period	**273,140**	**319,489**

For further information on the Group's borrowings refer to notes C1 and C2.

B2/ Borrowings (continued)

ACCOUNTING POLICY

Bank loans are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Consolidated Income Statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not transaction costs relating to the actual draw-down of the facility, are capitalised and amortised on a straight-line basis over the term of the facility.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

B3/ Ratios

CAPITAL MANAGEMENT

The Group manages its capital by maintaining a strong capital base. The Group assesses its capital base by reference to its gearing ratio, which it defines as net debt divided by total capital. Net debt is calculated as borrowings (excluding capitalised fees and lease liabilities) less cash and cash equivalents. Total capital is calculated as total equity as shown in the balance sheet plus net debt. At balance date, the gearing ratio was 33% (2020: 36%).

NET DEBT

	Notes	2021 $'000	2020 $'000
General cash at bank and on hand		**95,717**	116,297
Borrowings		**(273,140)**	(319,489)
Net debt		**(177,423)**	**(203,192)**

NET LEVERAGE

	2021 $'000	2020 $'000
Net debt	**(177,423)**	(203,192)
EBITDA per Syndicated Facility Agreement	**133,172**	120,562
Net leverage	**1.33**	**1.69**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

B4/ Dividends

DIVIDENDS

	2021 $'000	2020 $'000
Dividends paid of $0.21 (2020: $0.20) per fully paid share	**24,482**	23,316

FRANKING CREDITS

	2021 $'000	2020 $'000
Franking credits available for subsequent reporting periods based on a tax rate of 30.0% (2020: 30.0%)	122,971	105,751

The above amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for:

- franking credits that will arise from the payment of income tax payable as at the end of the reporting period;
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- franking credits that may be prevented from being distributed in the subsequent reporting period.

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits of subsidiaries were paid as dividends.

Since the end of the reporting period, the Directors of the Company have declared the payment of a fully franked final dividend of 12.50 cents per ordinary share (2020: 10.5 cents) to be paid on 22 July 2021. The aggregate amount of the dividend to be paid on that date, but not recognised as a liability at the end of the reporting period is $14,572,656 (2020: $12,241,031).

ACCOUNTING POLICY

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at balance date.

C/ Financial Risk Management

This section provides information relating to the Group's exposure to financial risks, how they affect the financial position and performance, and how the risks are managed.

C1/ Financial risk management

The Board of Directors has delegated specific authorities to the central finance department in relation to financial risk management. The finance department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board has provided written policies covering the management of interest rate risk and the use of derivative financial instruments. All significant decisions relating to financial risk management require specific approval by the Board of Directors.

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest risk and price risk), credit risk and liquidity risk. In addition, the Group manages its capital base. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group's activities expose it primarily to the financial risk of changes in interest rates and it utilises Swap Contracts to manage its interest rate risk exposure. The use of financial instruments is governed by the Group's policies approved by the Board of Directors and are not entered into for speculative purposes.

MARKET RISK

Foreign Currency Risk

During 2021 and 2020, the financial instruments of the Group and the parent entity were denominated in Australian dollars apart from certain bank accounts, trade receivables and trade payables in respect of the Group's Asian operations and European operations which were denominated in foreign currencies at the Group level. In respect of its European operations the Group aims to reduce balance sheet translation exposure by borrowing in the currency of its assets (Euro €) as far as practical (disclosed in Note B2). Management has decided not to hedge the foreign currency risk exposure for Asia. The Group's exposure to foreign currency risk is disclosed in the tables below.

Hedge of net investment in foreign entity

As at 25 August 2017, €48.3 million of the Euro denominated loan of €48.5 million was designated as the hedging instrument of a net investment hedge for the foreign currency risk exposure of €48.3 million of the Euro equity invested in Collins Foods Europe Limited (and subsidiaries). As at inception, this hedge was considered to be completely effective.

Cash flow and Interest Rate Risk

The Group's main interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk while borrowings issued at fixed rates expose the Group to fair value interest rate risk.

It is the policy of the Group to protect a designated portion of the loans from exposure to increasing interest rates. Accordingly, the Group has entered into interest rate swap contracts (Swap Contracts) under which it is obliged to receive interest at variable rates and to pay interest at fixed rates.

Information about the Group's variable rate borrowings, outstanding Swap Contracts and an analysis of maturities at the reporting date is disclosed in Notes C1 and C3.

Price Risk

The Group manages commodity price risk by forward contracting prices on key commodities and by being actively involved in relevant supply co-operatives.

C1/ Financial risk management (continued)

CREDIT RISK

Credit risk arises from cash and cash equivalents, derivative financial instruments, deposits with banks, other trade receivables and receivables from related parties. The Group has adopted a policy of only dealing with creditworthy counterparties and in the situation of no independent rating being available, will assess the credit quality of the customer taking into account its financial position, past experience and other factors.

Trade receivables consist of a small number of customers and ongoing review of outstanding balances is conducted on a periodic basis. The balance outstanding (disclosed in Note G3) is not past due, nor impaired (2020: nil past due). The credit risk on liquid funds and derivative financial instruments is limited as the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Related party transactions are conducted on commercial terms and conditions. Recoverability of these transactions are assessed on an ongoing basis.

Credit risk further arises in relation to financial guarantees given to certain parties (refer to Notes B2 and H1 for details).

LIQUIDITY RISK

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve banking facilities by continuously monitoring forecast and actual cash flows. This approach enables the Group to manage short, medium and long term funding and liquidity management as reported in Note B2. Non-interest bearing liabilities are due within six months. For maturities of interest bearing liabilities and Swap Contracts of the Group, refer to Notes C1 and C3.

Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- all non-derivative financial liabilities; and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. For Swap Contracts the cash flows have been estimated using forward interest rates applicable at the end of each reporting period.

C1/ Financial risk management (continued)

2021	Note	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Total contractual cash flows $'000	Carrying amount (assets)/ liabilities $'000
Non-derivatives						
Trade payables	G7	**96,895**	**-**	**-**	**96,895**	**96,895**
Borrowings (excluding finance leases)	B2	**5,973**	**206,170**	**64,145**	**276,288**	**271,490**
Total non-derivatives		**102,868**	**206,170**	**64,145**	**373,183**	**368,385**
Derivatives						
Net settled (Swap Contracts)	C3	**1,541**	**822**	**-**	**2,363**	**2,355**

2020	Note	$'000	$'000	$'000	$'000	$'000
Non-derivatives						
Trade payables	G7	88,099	-	-	88,099	88,099
Borrowings (excluding finance leases)	B2	11,184	12,879	319,746	343,809	317,252
Total non-derivatives		**99,283**	**12,879**	**319,746**	**431,908**	**405,351**
Derivatives						
Net settled (Swap Contracts)	C3	2,674	1,240	623	4,537	4,444

INTEREST RATE RISK AND FOREIGN CURRENCY RISK

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk and foreign currency risk only, as the Group is not exposed to other market risks:

		Interest rate risk				Foreign currency risk			
		-1%		+1%		-1%		+1%	
2021	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial assets	**98,503**	**(670)**	**-**	**670**	**-**	**283**	**-**	**(283)**	**-**
Financial liabilities	**377,824**	**671**	**(1,846)**	**(671)**	**1,846**	**(325)**	**958**	**325**	**(958)**
Total increase/ (decrease)		**1**	**(1,846)**	**(1)**	**1,846**	**(42)**	**958**	**42**	**(958)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

C1/ Financial risk management (continued)

2020	Carrying amount $'000	Interest rate risk -1% Profit $'000	Interest rate risk -1% Equity $'000	Interest rate risk +1% Profit $'000	Interest rate risk +1% Equity $'000	Foreign currency risk -10% Profit $'000	Foreign currency risk -10% Equity $'000	Foreign currency risk +10% Profit $'000	Foreign currency risk +10% Equity $'000
Financial assets	119,368	(814)	-	814	-	403	-	(403)	-
Financial liabilities	416,789	989	(3,020)	(989)	3,020	(239)	993	239	(993)
Total increase/ (decrease)		**175**	**(3,020)**	**(175)**	**3,020**	**164**	**993**	**(164)**	**(993)**

Interest Rate Risk Exposures - Non-Current Liabilities

The following table summarises interest rate risk for the Group, together with effective interest rates as at the end of the reporting period.

	Notes	Floating interest rate $'000	Fixed interest maturing in: 5 years or less $'000	Non-interest bearing $'000	Total $000	Weighted average effective rate %
2021						
Trade and other payables	G7	**-**	**-**	**96,895**	**96,895**	**-**
Borrowings - unhedged	B2	**95,794**	**-**	**-**	**95,794**	**1.3**
Borrowings - hedged (1)	B2	**-**	**168,000**	**-**	**168,000**	**1.0**
		95,794	**168,000**	**96,895**	**360,689**	

	Notes	$'000	$'000	$'000	$000	%
2020						
Trade and other payables	G7	-	-	88,099	88,099	-
Borrowings - unhedged	B2	141,304	-	-	141,304	2.4
Borrowings - hedged (1)	B2	-	168,000	-	168,000	1.0
		141,304	**168,000**	**88,099**	**397,403**	

(1) Refer Note C3 for details of derivative financial instruments

Interest Rate Risk Exposures - Current Asset Receivables

The Group's exposure to interest rate risk and the average interest rate by maturity period is set out in the following table:

	2021 $'000	2020 $'000
Trade and other receivables (non-interest bearing)	**2,786**	3,071

CREDIT RISK

There is no concentration of credit risk with respect to external current and non-current receivables.

C2/ Recognised fair value measurements

FAIR VALUE HIERARCHY

Judgements and estimates are made in determining the fair values of assets and liabilities that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified such assets and liabilities into the three levels prescribed under the accounting standards.

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into Levels 1 to 3, based on the degree to which the fair value is observable. The different levels have been identified as follows:

- **Level 1**: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2**: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- **Level 3**: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximate their fair values.

As at 2 May 2021, the Group has derivative financial instruments which are classified as Level 2 financial instruments. There are no Level 1 or Level 3 financial instruments. As at 3 May 2020, the Group had Level 2 financial instruments. There were no Level 1 or Level 3 financial instruments.

LEVEL 2 FINANCIAL INSTRUMENTS

The fair values of derivative instruments are determined as the estimated amount that the Group and the Company would receive or pay to terminate the interest rate swap at the end of the reporting period, taking into account the current interest rate.

VALUATION PROCESS

The finance department of the Group engages a third party expert valuation firm to value the derivative financial instruments that are required to be measured, recognised and disclosed in the financial statements, at fair value. This includes Level 2 fair values. The finance department reports directly to the Group CFO and the Audit and Risk Committee (ARC). Discussions of valuation processes and results are held between the Group CFO, ARC and the finance department at least once every six months, in line with the Group's half-year reporting periods.

The main Level 2 inputs used by the Group are derived and evaluated as follows:

- discount rates for financial assets and financial liabilities are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.

Changes in Level 2 and Level 3 fair values are analysed at the end of each reporting period during the half-year valuation discussion between the Group CFO, ARC and finance department. As part of this discussion the finance department presents a report that explains the reason for the fair value movements.

DISCLOSED FAIR VALUES

The Group also has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in the notes to the financial statements.

RECEIVABLES

Due to the short term nature of the current receivables, their carrying amount is assumed to be the same as their fair value. For the majority of non-current receivables, the fair values are not materially different to their carrying amounts, since the interest on those receivables is close to current market rates.

TRADE AND OTHER PAYABLES

Due to the short term nature of the trade and other payables, their carrying amount is assumed to be the same as their fair value.

C2/ Recognised fair value measurements (continued)

BORROWINGS

The fair value of borrowings is as follows:

	2021			2020		
	Carrying value $'000	Fair value $'000	Discount rate %	Carrying amount $'000	Fair value $000	Discount rate %
Bank Loan (net of borrowing costs)	271,490	250,670	4.1	317,252	276,473	6.9

The fair value of non-current borrowings is based on discounted cash flows using the rate disclosed in the table above. They are classified as Level 3 values in the fair value hierarchy due to the use of unobservable inputs, including the credit risk of the Group.

ACCOUNTING POLICY

FINANCIAL ASSETS

Classification and Measurement

The Group classifies its financial assets into the following categories: those to be measured subsequently at fair value (either through other comprehensive income or through the income statement) and those to be held at amortised cost. Further detail on each classification is outlined below.

Classification depends on the business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of financial assets at initial recognition. The Group's policy with regard to financial risk management is set out in Note C1. Generally, the Group does not acquire financial assets for the purpose of selling in the short term. The Group's business model is primarily that of 'hold to collect' (where assets are held in order to collect contractual cash flows). When the Group enters into derivative contracts, these transactions are designed to reduce exposures relating to assets and liabilities, firm commitments or anticipated transactions.

(A) Financial Assets Held at Amortised Cost

This classification applies to debt instruments which are held under a hold to collect business model and which have cash flows that meet the 'Solely payments of principal and interest' (SPPI) criteria.

At initial recognition, trade receivables that do not have a significant financing component, are recognised at their transaction price. Other financial assets are initially recognised at fair value plus related transaction costs; they are subsequently measured at amortised cost using the effective interest method. Any gain or loss on de-recognition or modification of a financial asset held at amortised cost is recognised in the income statement.

(B) Financial Assets Held at Fair Value Through Other Comprehensive Income (FVOCI)

This classification applies to the following financial assets:

- Debt instruments that are held under a business model where they are held for the collection of contractual cash flows and also for sale ('Collect and sell') and which have cash flows that meet the SPPI criteria.

All movements in the fair value of these financial assets are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue (including transaction costs by applying the effective interest method), gains or losses arising on derecognition and foreign exchange gains and losses which are recognised in the income statement. When the financial asset is derecognised, the cumulative fair value gain or loss previously recognised in other comprehensive income is reclassified to the income statement.

- Equity investments where the Group has irrevocably elected to present fair value gains and losses on revaluation in other comprehensive income. The election can be made for each individual investment however it is not applicable to equity investments held for trading.

C2/ Recognised fair value measurements (continued)

Fair value gains or losses on revaluation of such equity investments, including any foreign exchange component, are recognised in other comprehensive income. When the equity investment is derecognised, there is no reclassification of fair value gains or losses previously recognised in other comprehensive income to the income statement. Dividends are recognised in the income statement when the right to receive payment is established.

(C) Financial Assets Held at Fair Value Through Profit or Loss (FVPL)

This classification applies to the following financial assets, and in all cases, transactions costs are immediately expensed to the income statement:

- Debt instruments that do not meet the criteria of amortised cost or fair value through other comprehensive income.

Subsequent fair value gains or losses are taken to the income statement.

- Equity Investments which are held for trading or where the FVOCI election has not been applied.

All fair value gains or losses and related dividend income are recognised in the income statement.

- Derivatives which are not designated as a hedging instrument.

All subsequent fair value gains or losses are recognised in the income statement.

Impairment of Financial Assets

A forward looking expected credit loss (ECL) review is required for; debt instruments measured at amortised cost or held at fair value through other comprehensive income; loan commitments and financial guarantees not measured at fair value through profit or loss; lease receivables and trade receivables that give rise to an unconditional right to consideration.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

C3/ Derivative financial instruments

	2021 $'000	2020 $'000
Current liabilities		
Interest rate swap contracts - cash flow hedges	**1,536**	2,641
Non-current liabilities		
Interest rate swap contracts - cash flow hedges	**819**	1,803

INSTRUMENTS USED BY THE GROUP

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest rates in accordance with the Group's financial risk management policies.

INTEREST RATE SWAP CONTRACTS - CASH FLOW HEDGES

During the reporting period ended 2 May 2021, the following Swap Contracts commenced to hedge a designated portion of the interest rate exposure of the facility:

- $75.0 million commenced on 31 October 2020, with a maturity date of 31 October 2022; and
- $65.0 million commenced on 31 October 2020, with a maturity date of 31 October 2022.

Swap Contracts currently in place cover approximately 100% (2020: 80%) of the Australian dollar denominated loan principal outstanding and are timed to expire as each loan repayment falls due. The variable rates are BBSY which at balance date was 0.06% (2020: 0.29%). The notional principal amounts, periods of expiry and fixed interest rates applicable to the Swap Contracts are as follows:

	2021		2020	
	$'000	Weighted average fixed interest rate %	$'000	Weighted average fixed interest rate %
Less than 1 year	**-**	**-**	140,000	2.4
1-2 years	**168,000**	**1.0**	-	-
2-3 years	**-**	**-**	168,000	1.0
	168,000		**308,000**	

The Swap Contracts require settlement of net interest receivable or payable each month. The settlement dates coincide with the dates on which interest is payable on the underlying debt. The Swap Contracts are settled on a net basis. The derivative financial instruments were designated as cash flow hedges at inception.

CREDIT RISK EXPOSURES

At 2 May 2021, the Swap Contracts gave rise to payables for unrealised losses on derivative instruments of $2.35 million (2020: $4.4 million) for the Group. Management has undertaken these contracts with the Australia and New Zealand Banking Group Limited and National Australia Bank Limited which are AA rated financial institutions.

C3/ Derivative financial instruments (continued)

ACCOUNTING POLICY

The Group enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including interest rate swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

HEDGE ACCOUNTING

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations as appropriate. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the hedge effectiveness requirements prescribed in AASB 9.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

CASH FLOW HEDGES

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria. This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

HEDGES OF NET INVESTMENTS IN FOREIGN OPERATIONS

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated under the heading of foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

D/ Reward and Recognition

These programs also result in changes to the Group's contributed equity.

D1/ Key management personnel

D2/ Share based payments

D3/ Contributed equity

D1/ Key management personnel

KMP COMPENSATION

	Whole Dollars	
	2021 $	2020 $
Short term employee benefits	**4,417,193**	4,969,845
Long term employee benefits[1]	**(100,324)**	17,664
Post employment benefits	**132,673**	153,778
Long term incentives	**678,445**	58,935
Termination benefit	**459,821**	-
Total KMP compensation	**5,587,808**	**5,200,222**

(1) Long term employee benefits are negative in the current period due to reversal of Graham Maxwell's Long Service Leave accrual following his retirement on 1 July 2020.

Detailed remuneration disclosures are provided in the Remuneration Report included in the Directors' Report.

D2/ Share based payments

LONG TERM INCENTIVE PLAN - PERFORMANCE RIGHTS

The Company has a Long Term Incentive Plan (LTIP) designed to provide long term incentives for certain employees, including executive directors. Under the plan, participants are granted performance rights over shares. The number of performance rights is calculated by dividing the dollar value of the participant's long term incentive by the ASX volume weighted average price of the shares for the five trading days prior and five trading days after the release of audited financial results.

Unless otherwise determined by the Board in its discretion, performance rights are issued for nil consideration. The amount of performance rights that will vest depends upon the achievement of certain vesting conditions, including the satisfaction of a minimum 12 month term of employment and the achievement of earnings per share (EPS) growth targets by the Company. In the event of cessation of employment within 12 months of the date of grant, unvested rights are forfeited. In the event of cessation of employment after 12 months but before the conclusion of the vesting period, unvested rights are considered forfeited, unless otherwise determined by the Board, in which case any service condition will be deemed to have been fulfilled as at the testing date and subject to performance testing along with other participants. It is noted that the Board has discretion to allow "Good Leavers" to retain their Participation in the LTI plan beyond the date of cessation of employment when deemed appropriate to the circumstances. The EPS growth targets must be achieved over a three year performance period. Performance rights will automatically vest on the business day after the Board determines the vesting conditions have all been satisfied (Vesting Determination Date).

The performance rights will automatically exercise on the Vesting Determination Date unless that date occurs outside a trading window permitted under the Company's Securities Trading Policy, in which case the performance rights will exercise upon the first day of the next trading window. Upon exercise of the performance rights, the Company must issue or procure the transfer of one share for each performance right, or alternatively may in its discretion elect to pay the cash equivalent value to the participant.

D2/ Share based payments (continued)

Performance rights will lapse on the first to occur of:

- the expiry date;
- the vesting conditions not being satisfied by the Vesting Determination Date;
- unless the Board otherwise determines, by the cessation of the employment of the employee to whom the offer of performance rights was made. The Board determination will depend upon the reason for employment ceasing (resignation, dismissal for cause, death or illness).

Performance rights when issued under the LTIP are not entitled to receive a dividend and carry no voting rights.

Set out below are summaries of performance rights issued under the LTIP:

	2021	2020
Balance at the beginning of the reporting period	**926,998**	830,290
Vested and exercised	**-**	(69,589)
Issued during the reporting period	**204,207**	267,536
Lapsed during the reporting period	**(477,950)**	(101,239)
Balance at the end of the reporting period	**653,255**	**926,998**

During the 2018 financial year, grants under the long term incentive plan were made with a performance period of FY18, FY19 and FY20 (FY18 Grant). Based upon the EPS growth achieved over the three year performance period (FY18-FY20), no vesting was achieved for FY18 Grants for the performance rights with a performance period commencing 1 May 2017 and ended on 3 May 2020 (Vesting Rights). An additional 164,623 performance rights were forfeited during the 2021 financial year in relation to FY19 and FY20 Grants, following the retirement and departure of Graham Maxwell and Mark van 't Loo respectively.

All performance rights issued during the reporting period ended 2 May 2021 have an expiry date of 27 July 2023 and were issued with an exercise price of nil. All performance rights issued during the reporting period ended 3 May 2020 have an expiry date of 26 July 2022 and were issued with an exercise price of nil.

FAIR VALUE OF PERFORMANCE RIGHTS ISSUED

There were two tranches of performance rights issued on the same date during the reporting period ended 2 May 2021:

- The assessed fair value of performance rights issued on 16 October 2020 was an average of $10.18. The fair value at issuance date was determined using a discounted cash flow model incorporating the share price at issuance date of $10.78, the term of the right, the expected dividend yield of 1.86% and the risk free interest rate for the term of the rights of 0.14%.

There were two tranches of performance rights issued on the same date during the reporting period ended 3 May 2020:

- The assessed fair value of performance rights issued on 16 September 2019 was an average of $8.65. The fair value at issuance date was determined using a discounted cash flow model incorporating the share price at issuance date of $9.32, the term of the right, the expected dividend yield of 2.44% and the risk free interest rate for the term of the rights of 0.74%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

D2/ Share based payments (continued)

ACCOUNTING POLICY

Equity settled share based payments are measured at the fair value of the equity instrument at the date of grant. The fair value of performance rights granted is recognised as an employee benefit expense with a corresponding increase in equity. The determination of fair value includes consideration of any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions are included in assumptions about the number of performance rights that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of performance rights that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit and loss, with a corresponding adjustment to equity.

D3/ Contributed equity

EQUITY OF PARENT COMPANY

		Parent Entity		
	Date	Number of ordinary shares - fully paid	Share capital $000	Total equity $000
Balance	**3 May 2020**	**116,581,244**	**290,788**	**290,788**
Balance	**2 May 2021**	**116,581,244**	**290,788**	**290,788**

ORDINARY SHARES

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote. Upon a poll each share is entitled to one vote. Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

ACCOUNTING POLICY

Debt and equity instruments are classified as either liabilities or equity in accordance with the substance of the contractual arrangement. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

E/ Related Parties

This section provides information relating to the Group's related parties and the extent of related party transactions within the Group and the impact they had on the Group's financial performance and position.

E1/ Investments accounted for using the equity method

E2/ Related party transactions

E1/ Investments accounted for using the equity method

INTERESTS IN INDIVIDUALLY IMMATERIAL JOINT VENTURES

Name of entity	Place of incorporation	Acronym	% of ownership interest	
			2021 %	2020 %
Sizzler China Pte Ltd	Singapore	SCP	**50**	50

Summarised Financial Information of Joint Ventures

	2021 $'000	2020 $'000
Aggregate carrying amount of individually immaterial joint ventures	**2,301**	2,731
Aggregate amounts of the Group's share of:		
Profit from continuing operations	**50**	200
Total comprehensive income	**50**	**200**

ACCOUNTING POLICY

Under AASB 11 *Joint Arrangements*, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has two joint ventures. Investments in joint ventures are accounted for using the equity method of accounting, after initially being recognised at cost in the Consolidated Balance Sheet.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity accounted investment equals or exceeds its interest in the entity, including any other unsecured long term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

E2/ Related party transactions

PARENT ENTITY

The parent entity and ultimate parent entity within the Group is Collins Foods Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

E2/ Related party transactions (continued)

KEY MANAGEMENT PERSONNEL

Disclosures relating to the compensation of KMP are included in Note D1 and in the Remuneration Report included in the Directors' Report.

SUBSIDIARIES

The ownership interests in subsidiaries are set out in Note H1. Transactions between entities within the Group during the reporting period consisted of loans advanced and repaid, interest charged and received, operating expenses paid, non-current assets purchased and sold, and tax losses transferred. These transactions were undertaken on commercial terms and conditions.

OUTSTANDING BALANCES ARISING FROM SALES/PURCHASES OF GOODS AND SERVICES

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	2021 $	2020 $
Current receivables		
Key management personnel	-	47,911

TRANSACTIONS WITH RELATED PARTIES

All transactions with related parties are conducted on commercial terms and conditions.

Outstanding balances other than loans to key management personnel are unsecured and are repayable in cash.

F/ Discontinued operation

F1/ SIZZLER AUSTRALIA

On 2 October 2020, the Group announced its intention to permanently close its remaining nine Sizzler restaurants in Australia. The restaurants were formally closed on 15 November 2020.

F2/ FINANCIAL PERFORMANCE AND CASH FLOW INFORMATION

The financial performance and cash flow information presented are for the period ended 2 May 2021 and the period ended 3 May 2020.

	2021 $'000	2020 $'000
Revenue	**9,573**	33,645
Cost of Sales	**(6,354)**	(17,318)
Gross profit	**3,219**	**16,327**
Other Expenses	**(2,395)**	(608)
Marketing and royalty expenses	**(3,344)**	(6,941)
Occupancy expenses	**(928)**	(3,518)
Administration expenses	**(532)**	(2,093)
Restaurant related expenses	**(1,809)**	(4,401)
Other income	**39**	20
Loss from discontinued operations before finance income, finance costs and income tax (EBIT)	**(5,750)**	(1,214)
Finance costs	**(7)**	(43)
Loss before Income tax	**(5,757)**	**(1,257)**

F/ Discontinued operation (continued)

	2021 $'000	2020 $'000
Income tax benefit	**1,094**	329
Loss of discontinued operations	**(4,663)**	**(928)**

Expenses include closure costs of $2,630,000 in the 2021 reporting period (2020: $Nil).

	2021 $'000	2020 $'000
Net cash inflow/(outflow) from operating activities	**(3,374)**	99
Net cash inflow/(outflow) from investing activities	**266**	3
Net cash inflow/(outflow) from financing activities	**-**	-
Net (decrease)/increase in cash generated by the discontinued operations	**(3,108)**	**102**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

G/ Other Items

G1/ Commitments for expenditure

CAPITAL COMMITMENTS

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	2021 $'000	2020 $'000
Right-of-use assets [(1)]	**29,908**	15,284
Property, plant and equipment	**2,637**	1,235
Land and buildings	**4,300**	-
Total commitments	**36,845**	**16,519**

(1) This represents any agreements for leases the Group has signed before year end, that have not yet proceeded to an executed lease agreement. This is the value repayable over the primary term of the lease. As there is not yet a commencement date, the values have not been discounted to present value.

G2/ Earnings per share

	2021	2020
Earnings used in the calculation of basic and diluted earnings per share from continuing operations ($000)	**37,612**	32,191
Net profit/(loss) from discontinued operation ($000)	**(4,663)**	(928)
Weighted average basic ordinary shares outstanding	**116,581,244**	116,569,052
Weighted average diluted ordinary shares outstanding	**117,141,933**	117,407,285
Basic earnings per share		
Basic earnings per share from continuing operations (cents)	**32.26**	27.61
Basic earnings per share from discontinued operations (cents)	**(4.00)**	(0.79)
Total basic earnings per share attributable to members of Collins Foods Limited	**28.26**	**26.82**
Diluted earnings per share		
Diluted earnings per share from continuing operations (cents)	**32.11**	27.42
Diluted earnings per share from discontinued operations (cents)	**(3.98)**	(0.79)
Total diluted earnings per share attributable to members of Collins Foods Limited	**28.13**	**26.63**

G2/ Earnings per share (continued)

Weighted Average Number of Share Used As The Denominator

	2021 Shares	2020 Shares
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**116,581,244**	116,569,052
Adjustments for calculation of diluted earnings per share:		
Performance rights	**560,689**	838,233
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	**117,141,933**	**117,407,285**

ACCOUNTING POLICY

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period. Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

G3/ Receivables

Current Assets - Receivables

	2021 $'000	2020 $'000
Trade receivables	**2,786**	3,070
Other receivables	**-**	1
	2,786	**3,071**

ACCOUNTING POLICY

Trade receivables are amounts due for goods or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

IMPAIRMENT OF TRADE RECEIVABLES

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of receivables over a period of 36 months before 2 May 2021 or 3 May 2020 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

G4/ Property, plant and equipment

	Land & Buildings $'000	Leasehold improvements $'000	Plant and equipment $'000	Construction in progress $'000	Total $'000
At 4 May 2020					
Cost or fair value	**13,774**	**256,296**	**143,273**	**7,078**	**420,421**
Accumulated depreciation	**(606)**	**(142,272)**	**(90,074)**	**-**	**(232,952)**
Net book amount at 4 May 2020	**13,168**	**114,024**	**53,199**	**7,078**	**187,469**
Additions	**-**	**10,835**	**10,681**	**25,383**	**46,899**
Acquisitions through controlled entity purchased	**-**	**18**	**953**	**-**	**971**
Transfers	**-**	**8,089**	**14,494**	**(22,087)**	**496**
Depreciation charge [1]	**(362)**	**(21,172)**	**(18,192)**	**-**	**(39,726)**
Impairment charge [2]	**-**	**(3,322)**	**(1,154)**	**-**	**(4,476)**
Disposals	**-**	**(23)**	**(251)**	**36**	**(238)**
Exchange differences	**-**	**(1,871)**	**(178)**	**(427)**	**(2,476)**
Net book amount at 2 May 2021	**12,806**	**106,578**	**59,552**	**9,983**	**188,919**
At 2 May 2021					
Cost or fair value	**13,774**	**264,633**	**163,545**	**9,983**	**451,935**
Accumulated depreciation	**(968)**	**(158,055)**	**(103,993)**	**-**	**(263,016)**
Net book amount at 2 May 2021	**12,806**	**106,578**	**59,552**	**9,983**	**188,919**

	Land & Buildings $'000	Leasehold improvements $'000	Plant and equipment $'000	Construction in progress $'000	Total $'000
At 29 April 2019					
Cost or fair value	14,024	226,644	130,336	7,228	378,232
Accumulated depreciation	(259)	(120,680)	(80,589)	-	(201,528)
Net book amount at 29 April 2019	**13,765**	**105,964**	**49,747**	**7,228**	**176,704**
Additions	-	2,764	3,253	45,707	51,724
Transfers	-	29,247	15,871	(45,328)	(210)
Depreciation charge [1]	(366)	(21,340)	(15,327)	-	(37,033)
Impairment charge [2]	-	(4,143)	(1,061)	-	(5,204)
Disposals	(231)	(181)	(197)	(623)	(1,232)
Exchange differences	-	1,713	913	94	2,720
Net book amount at 3 May 2020	**13,168**	**114,024**	**53,199**	**7,078**	**187,469**
At 3 May 2020					
Cost or fair value	13,774	256,296	143,273	7,078	420,421
Accumulated depreciation	(606)	(142,272)	(90,074)	-	(232,952)
Net book amount at 3 May 2020	**13,168**	**114,024**	**53,199**	**7,078**	**187,469**

(1) Includes depreciation charge of $352,000 (2020: $418,000) relating to Sizzler Australia, which was discontinued during the current reporting period.

(2) Included in Note G5 is the breakdown of impairments.

G4/ Property, plant and equipment (continued)

ACCOUNTING POLICY

All property, plant and equipment is recorded at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Property, plant and equipment, excluding freehold land, is depreciated at rates based upon the expected useful economic life as follows:

Asset classes	Method	Average Life
Buildings	Straight Line	20 years
Leasehold improvements:		
Buildings	Straight Line	20 years or term of the lease(1)
Other leasehold improvements	Straight Line	Primary term of lease(2)
Plant and equipment	Straight Line	8 years
Motor vehicles	Straight Line	4 years

(1) Estimated useful life is the shorter of 20 years or the full term of the lease including renewal periods that are intended to be exercised.

(2) If primary term of the lease differs significantly from the estimated useful life of the asset, judgement is applied to the estimated useful life and an individual rate is applied.

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The Group reviews annually whether the triggers indicating a risk of impairment exist. The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (refer Note G5).

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gain or loss on disposal of all non-current assets is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds on disposal and is included in the Consolidated Income Statement of the Group in the reporting period of disposal.

IMPAIRMENT OF ASSETS

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the Consolidated Income Statement for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the Consolidated Income Statement.

G5/ Intangible assets

	Goodwill $'000	Franchise rights $'000	Brand names $'000	Software $'000	Total $'000
At 4 May 2020					
Cost	**459,231**	**17,819**	**33,585**	**8,157**	**518,792**
Accumulated amortisation	**(28,070)**	**(7,017)**	**(22,335)**	**(3,981)**	**(61,403)**
Net book amount at 4 May 2020	**431,161**	**10,802**	**11,250**	**4,176**	**457,389**
Additions	**-**	**3,379**	**-**	**2,974**	**6,353**
Acquisitions through controlled entity purchased	**3,802**	**-**	**-**	**-**	**3,802**
Transfers	**-**	**-**	**-**	**(495)**	**(495)**
Amortisation	**-**	**(1,029)**	**(881)**	**(1,677)**	**(3,587)**
Impairment charge	**-**	**(175)**	**-**	**(57)**	**(232)**
Disposals	**-**	**(1,327)**	**-**	**-**	**(1,327)**
Exchange differences	**(8,397)**	**(293)**	**(1,904)**	**(246)**	**(10,840)**
Net book amount at 2 May 2021	**426,566**	**11,357**	**8,465**	**4,675**	**451,063**
At 2 May 2021					
Cost	**454,636**	**19,577**	**29,648**	**10,185**	**514,046**
Accumulated amortisation	**(28,070)**	**(8,220)**	**(21,183)**	**(5,510)**	**(62,983)**
Net book amount at 2 May 2021	**426,566**	**11,357**	**8,465**	**4,675**	**451,063**

	Goodwill $'000	Franchise rights $'000	Brand names $'000	Software $'000	Total $'000
At 29 April 2019					
Cost	452,455	16,425	29,058	6,047	503,985
Accumulated amortisation	(28,070)	(5,638)	(17,905)	(2,857)	(54,470)
Net book amount at 29 April 2019	**424,385**	**10,787**	**11,153**	**3,190**	**449,515**
Additions	-	1,757	-	2,078	3,835
Transfers	-	77	-	133	210
Amortisation	-	(1,315)	(955)	(1,155)	(3,425)
Impairment charge	-	(270)	-	-	(270)
Disposals	-	(409)	-	(21)	(430)
Exchange differences	6,776	175	1,052	(49)	7,954
Net book amount at 3 May 2020	**431,161**	**10,802**	**11,250**	**4,176**	**457,389**
At 3 May 2020					
Cost	459,231	17,819	33,585	8,157	518,792
Accumulated amortisation	(28,070)	(7,017)	(22,335)	(3,981)	(61,403)
Net book amount at 3 May 2020	**431,161**	**10,802**	**11,250**	**4,176**	**457,389**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

G5/ Intangible assets (continued)

IMPAIRMENT TEST FOR GOODWILL

ALLOCATION OF GOODWILL

	Carrying value	
	2021 $'000	**2020 $'000**
KFC Restaurants Australia	**327,005**	327,005
KFC Restaurants Europe	**98,364**	102,707
Sizzler Asia	**1,197**	1,449
	426,566	**431,161**

Goodwill is tested for impairment at a cash generating unit level. The recoverable amount of a cash generating unit is determined based on value-in-use calculations. Management recognises that there are various reasons that the estimates used in the assumptions may vary. For the KFC and Sizzler Asia cash generating units, there are no reasonable and likely changes in assumptions which would result in an impairment.

During the reporting period ended 2 May 2021, the above cash generating units and the individual restaurant assets were tested for impairment in accordance with AASB 136. In the event that the carrying value of these assets was higher than the recoverable amount (measured as the higher of fair value less costs to sell and value in use) an impairment charge was recognised in the Consolidated Income Statement as set out in the table below.

	KFC Restaurants Australia		KFC Restaurants Europe		Taco Bell		Total	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**	**2021 $'000**	**2020 $'000**	**2021 $'000**	**2020 $'000**
Leasehold improvements	**-**	-	**1,224**	4,143	**2,098**	-	**3,322**	4,143
Plant and equipment	**-**	-	**1,154**	1,061	**-**	-	**1,154**	1,061
Franchise rights	**-**	-	**82**	270	**93**	-	**175**	270
Software	**-**	-	**57**	-	**-**	-	**57**	-
Right-of-use assets	**-**	-	**2,346**	4,526	**2,457**	-	**4,803**	4,526
Total	**-**	**-**	**4,863**	**10,000**	**4,648**	**-**	**9,511**	**10,000**

G5/ Intangible assets (continued)

KEY ASSUMPTIONS USED FOR VALUE-IN-USE CALCULATIONS

	KFC Australia		KFC Europe		Taco Bell	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
Post-tax discount rate segment	**7.5%**	10.3%	**7.1%**	6.9%	**8.0%**	10.3%
Post-tax discount rate store	**Store specific**	10.3%	**Store specific**	6.9%	**Store specific**	10.3%
Growth rates						
- Revenue for Yr 1 - Yr 5[1]	**3.7%***	2.5%	**4.8%***	2.5%	**9.3%***	4.2%*
- Revenue for Yr 6 - Yr 20	**2.5%**	2.5%	**1.5%**	2.5%	**2.5%**	2.5%
- Annual growth for terminal value	**2.5%**	1.5%	**1.5%**	1.5%	**2.5%**	1.5%

[1] The Revenue Growth rates applied from Yr 1- Yr 5 relate specifically to restaurant assets where detailed impairment models were prepared.
* Store specific plans with average annual growth rate

KFC AUSTRALIA RESTAURANTS

Value in use recoverable amount valuations were performed at the cash generating unit level and at the individual store level for the purpose of testing goodwill and store specific assets, respectively. Store assets include Property, Plant & Equipment and Right of Use assets. Accordingly, detailed impairment models were prepared for the cash generating unit and for some of the KFC Australia stores where indicators of impairment were identified. The impairment test did not result in any impairments for the KFC Australia restaurants.

The impairment models have been prepared as follows:

● The cash flow estimate for the cash generating unit has been prepared based on a period of five years.

● The cash flows estimates for the individual restaurant assets have been estimated after applying growth rates from the commencement date of FY 2022 through to the end of 2041. The value in use calculations were based on a 20 year-period due to the analysis required to conform with the AASB 16 Leasing standard.

● The annual growth rates applied average 2.5% (2020: 2.5%). The year one projections have been aligned to the division's specific cash flows reflected in the 2022 budget.

Management believe that these growth percentages are reasonable considering the growth that has been seen in this operating segment during the 2021, prior to COVID-19, in prior reporting periods, and in the weeks since year-end.

● Cost of sales percentage is estimated to remain reasonably consistent over the cash flow period. Cost of labour percentage is estimated to steadily decrease with the increase in sales volumes.

● An indefinite terminal cash flow calculation has been applied for cash flows beyond 2026 and 2041, for the cash generating unit and the store assets, respectively. These projections used those years' cash flows as a base. The growth rate of 2.5% (2020: 1.5%) has been used in determining the terminal value, which does not exceed the long-term average growth rate for the industry segment in which the restaurants operate.

● A post-tax discount rate of 7.5% has been calculated for the KFC Australia segment (2020: 10.3% post tax). The reduction in the post-tax discount rate applied to store assets in the current year is the result of the discount rates applied to each individual store being adjusted by the incremental borrowing rate (IBR) applied to each AASB 16 lease. This has resulted in post-tax discount rates in the range of 5.5 - 8.5% for the individual stores assessed for impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

G5/ Intangible assets (continued)

Significant estimate: Impact of possible changes in key assumptions

Management recognises that a significant change in one of the assumptions applied to the discount rates or growth rates could result in a material impairment of some of the Group's KFC Australia store assets.

However, management has considered the likelihood of these possible changes and believe that strong revenue growth achieved in the operating segment historically, during the current financial year and in the weeks since year-end, supports the growth percentages applied in the cash flows and that the discount rates applied are appropriate having been assessed against current market factors.

G5/ Intangible assets (continued)

KFC EUROPE RESTAURANTS

Value in use recoverable amount valuations were performed at the cash generating unit level and at the individual store level for the purpose of testing goodwill and store specific assets, respectively. Store assets include Property, Plant & Equipment and Right of Use assets. Management determined that the impacts of the COVID-19 pandemic in Europe resulted in an impairment indicator across all the KFC Europe stores. Accordingly, detailed impairment models were prepared for the cash generating unit and for each of the KFC Europe stores, resulting in the full impairment of 4 stores, totalling $4.9m, of which 3 stores had previously been partially impaired.

The impairment models have been prepared as follows:

● The cash flow estimate for the cash generating unit has been prepared based on a period of five years.

● The cash flows estimates for the individual restaurant assets have been estimated after applying growth rates from the commencement date of FY 2022 through to the end of 2041. The value in use calculations were based on a 20 year-period due to the analysis required to conform with the AASB 16 Leasing standard.

● The year one projections have been aligned to the division's specific cash flows reflected in the 2022 budget. In addition, the annual growth rates applied in the first 5 years are reflective of store specific plans which assume a steady recovery in sales volumes to pre-COVID-19 levels, resulting in certain restaurants having additional growth expectations (the average annual revenue growth is 4.8% in the first five years) due to a number of transactions driving initiatives that have been launched across these restaurants. Management believe that these growth percentages are reasonable considering the growth that has been seen in this operating segment, prior to COVID-19 and in the weeks since year-end, together with initiatives intended to improve operating margins.

● Cost of sales percentage is estimated to remain reasonably consistent over the cash flow period. Cost of labour percentage is estimated to steadily decrease with the increase in sales volumes.

● Annual growth rates of 1.5% have been applied from year 6 onwards (2020: 2.5% applied across to the 20-year cash flow period).

● An indefinite terminal cash flow calculation has been applied for cash flows beyond 2026 and 2041, for the cash generating unit and the store assets, respectively. These projections used those years' cash flows as a base. The growth rate of 1.5% (2020: 1.5%) has been used in determining the terminal value, which does not exceed the long-term average growth rate for the industry segment in which the restaurants operate.

● A post-tax discount rate of 7.1% has been calculated for the KFC Europe segment (2020: 6.9% post tax). The reduction in the post-tax discount rate applied to store assets in the current year is the result of the discount rates applied to each individual store being adjusted by the IBR applied to each AASB 16 lease. This has resulted in post-tax discount rates in the range of 5.5 - 7.8% for the individual stores assessed for impairment.

Significant estimate: Impact of possible changes in key assumptions

Management recognises that a change in one of the assumptions applied to the discount rates or growth rates could result in further impairment of the Group's KFC Europe store assets.

However, management has considered the likelihood of these possible changes and believe that strong revenue growth achieved in this operating segment historically and prior to COVID-19 supports the growth percentages applied in the cash flows and that the discount rates applied are appropriate having assessed against current market factors.

G5/ Intangible assets (continued)

TACO BELL

Value in use recoverable amount valuations were not performed at the Taco Bell cash generating unit level as there is no goodwill or other indefinite life intangible assets for Taco Bell. However, each of the individual stores represents a cash generating unit for the purpose of testing Property, Plant & Equipment, Right of Use assets and other store specific assets. Accordingly, impairment models were prepared for all Taco Bell stores where indicators of impairment were identified.

Management identified indicators of impairment amongst the Taco Bell stores network due to their financial performance compared to the individual store forecasts. Detailed impairment models were prepared, resulting in the full impairment of 2 stores, totalling $4.6m.

The store specific impairment models have been prepared as follows:

- The cash flows estimates for the individual restaurant assets have been estimated after applying growth rates from the commencement date of FY 2022 through to the end of 2041. The value in use calculations were based on a 20 year-period due to the analysis required to conform with the AASB 16 Leasing standard.

- The year one projections have been aligned to the division's specific cash flows reflected in the 2022 budget. Management believes that these growth percentages are reasonable considering the growth that has been seen in existing restaurants since opening and the overall growth of QSR sector and the Mexican category.

- The annual growth rates applied in the first 5 years are reflective of significant growth expected for the Taco brand in Australia, with the opening of new stores and marketing-focused campaigns. 5-year store specific plans have been developed for the Taco Bell restaurants based on the underlying drivers of expected sales in each market and location, resulting in most stores having high average growth expectations during this period (the average annual revenue growth is 9.3% in the first five years).

- Cost of sales percentage is estimated to remain reasonably consistent over the cash flow period. Cost of labour percentage is estimated to steadily decrease with the increase in sales volumes.

- Annual growth rates of 2.5% have been applied from year 6 onwards (2020: store specific plans plus 2.5% growth rates from year 6 onwards).

- An indefinite terminal cash flow calculation has been applied for cash flows beyond 2041, using that year's cash flow as a base. The growth rate of 2.5% (2020: 1.5%) has been used in determining the terminal value, which does not exceed the long-term average growth rate for the industry segment in which the restaurants operate.

- A post-tax discount rate of 8.0% has been calculated for the Taco Bell segment (2020: 10.3% post tax). The reduction in the post-tax discount rate in the current year is the result of the discount rates applied to each individual store being adjusted by the IBR applied to each AASB 16 lease. This has resulted in post-tax discount rates in the range of 6.3 - 9.3% for the individual stores assessed for impairment.

Significant estimate: Impact of possible changes in key assumptions

The business is still in the growth phase, with a further 9-12 stores planned to open in FY 2022 and a significant investment in marketing campaigns to increase brand awareness. Therefore, the revenue growth rates for Years 1 - 5 are the most significant assumptions underpinning the Taco Bell impairment analysis.

Management recognises that a change in this assumption could result in further impairment of the Group's Taco Bell store assets.

However, management has considered the likelihood of the assumed growth rates and believe that the strong revenue growth is achievable based on the current strategy for the Taco Bell business, which includes the increase in marketing efforts and continued introduction of new stores.

G5/ Intangible assets (continued)

SIZZLER ASIA

The cash flows for the Sizzler Asia cash generating unit have been estimated after applying growth rates from the commencement of 2022 through to the end of the 2026 reporting period which average 3.0% (2020: 3.0%). The year one projections have been aligned to the cash flows reflected in the 2022 budget. The growth rate of 3.0% (2020: 3.0%) has been used in determining the terminal rate, which does not exceed the long-term average growth rate for the casual dining industry segment. An indefinite terminal cash flow calculation has been applied for cash flows beyond 2026, using that year's cash flow as a base.

A pre-tax discount rate of 14.0% (2020: 14.0%) has been applied to the cash flows.

Management believe that these growth percentages are reasonable considering the growth that has been seen in this cash generating unit during the 2021, prior to COVID-19 and prior reporting periods.

ACCOUNTING POLICY

GOODWILL

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Goodwill is allocated to cash generating units for the purpose of impairment testing.

The Group determines whether goodwill with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units to which the goodwill with indefinite useful lives relate.

FRANCHISE RIGHTS

Costs associated with franchise licences which provide a benefit for more than one reporting period are amortised over the remaining term of the franchise licence. Capitalised costs associated with renewal options for franchise licences are amortised over the renewal option period. The unamortised balance is reviewed each balance date and charged to the Consolidated Income Statement to the extent that future benefits are no longer probable.

SOFTWARE

Software consists of both externally acquired software programmes and capitalised development costs of internally generated software. The Group amortises software using a straight-line method over 3-8 years. Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the criteria within AASB 138 is met. Directly attributable costs that are capitalised as part of the software include employee costs, installation costs and associated expenditure. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

OTHER INTANGIBLES – SIZZLER BRAND

Sizzler brand intangibles which are owned and registered by the Group are considered to have a useful life of 20 years and are amortised accordingly. This brand is continued to be used by Sizzler Asia. These intangibles will be tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Sizzler brand intangibles are carried at amortised cost less impairment losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

G6/ Leases

This note provides information for leases where the Group is a lessee.

AMOUNTS RECOGNISED IN THE BALANCE SHEET

The balance sheet shows the following amounts relating to leases:

	2021 $'000	2020 $'000
Right-of-use assets		
Property	**358,388**	368,167
Motor vehicles	**712**	1,237
	359,100	**369,404**

Lease liabilities		
Current	**31,654**	28,890
Non-current	**363,601**	360,970
	395,255	**389,860**

Additions to the right-of-use assets during the 2021 financial period were $40,037,000 (2020: $55,746,000).

AMOUNTS RECOGNISED IN THE INCOME STATEMENT

The income statement shows the following amounts relating to leases:

	Notes	2021 $'000	2020 $'000
Depreciation charge of right-of-use assets			
Property		**40,415**	37,761
Motor vehicles		**700**	687
		41,115	**38,448**
Impairment charge of right-of-use assets			
Properties		**4,803**	4,526
		4,803	**4,526**

Interest expense (included in finance costs) [(1)]		**20,614**	21,155
Expense relating to short-term leases (included in selling marketing and royalty, occupancy, and administrative expenses)		**519**	2,764
Expense relating to variable lease payments not included in lease liabilities (included in occupancy expenses)		**2,649**	2,490

(1) Finance costs of $7,000 (2020:$43,000) in relation to Sizzler Australia have been excluded.

G6/ Leases (continued)

Lease Liabilities Reconciliation

This section sets out the movements in lease liabilities for each of the periods presented.

	2021 $'000	2020 $'000
Beginning of the reporting period	**389,860**	364,654
Lease additions and modifications	**40,308**	54,042
Interest for the period	**20,621**	21,198
Disposals	**(238)**	(867)
Cash flows	**(50,671)**	(52,903)
Foreign exchange adjustments	**(4,624)**	3,736
End of the reporting period	**395,256**	**389,860**

THE GROUP'S LEASING ACTIVITIES AND HOW THESE ARE ACCOUNTED FOR

The Group leases various restaurant sites, offices, and motor vehicles. Rental contracts, particularly for restaurants, are typically made for fixed periods of 5 to 20 years, but may have extension options as described further below.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

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 other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Until the 2020 financial period, leases of property, plant and equipment were classified as either finance leases or operating leases. From 29 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

G6/ Leases (continued)

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

In the current reporting period, the weighted average lessee's incremental borrowing rate applied to the Europe lease liabilities was 7.45%, the increase due to Covid stress on the market (2020: 5.45%). The rate applied to the Australian lease liabilities was 2.19% (2020: 2.57%).

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- make good obligation costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. 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.

VARIABLE LEASE PAYMENTS

Some property leases contain variable payment terms that are linked to sales generated from a store. For individual stores, up to 80% of lease payments are on the basis of variable payment terms with a wide range of sales percentages applied. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

EXTENSION AND TERMINATION OPTIONS

Extension and termination options are included in a number of leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of restaurant sites, the following factors are normally the most relevant:

- If there are significant penalty payments to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in offices and motor vehicles leases have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption.

G6/ Leases (continued)

More than 90% of the Group's leases are of stores or restaurant sites. These leases range in primary terms of 5 - 20 years, with multiple 5 - 10 year options available, anywhere up to a total available lease term of 50 years. The Group has applied the below lease term assumptions to the store and restaurant lease portfolios of each segment, as it is considered representative of the Group's reasonably certain position. Specific leases are considered on a case-by-case basis when additional knowledge is available that would result in a different lease term to these assumptions.

Segment	Lease Term Assumption
KFC Australia	Primary term of the lease, plus options, to an upper limit of 20 years.
KFC Europe	Primary term of the lease, plus next option term where renewal process has commenced.
Taco Bell	Primary term of the lease, plus next option term where renewal process has commenced.
Other	Primary term of the lease, plus next option term where renewal process has commenced.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

MATURITIES OF LEASE LIABILITIES

The table below shows the Group's lease liabilities in relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows.

2021	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amount $'000
Lease liabilities	52,908	49,052	135,644	326,618	564,222	395,256

2020	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying amount $'000
Lease liabilities	48,762	48,962	131,599	323,705	553,028	389,860

G7/ Trade and other payables

	2021 $'000	2020 $'000
Current liabilities		
Trade payables and accruals - unsecured	**79,255**	70,069
Other payables	**17,640**	18,030
Total payables	**96,895**	**88,099**

ACCOUNTING POLICY

These amounts represent liabilities for goods and services provided prior to the end of the reporting period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

G8/ Provisions

	2021			2020		
	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
Employee entitlements	**5,838**	**4,292**	**10,130**	6,009	3,682	9,691
Make good provision	**202**	**2,684**	**2,886**	321	2,518	2,839
Other provisions	**191**	**-**	**191**	119	-	119
Total provisions	**6,231**	**6,976**	**13,207**	**6,449**	**6,200**	**12,649**

ACCOUNTING POLICY

Employee Entitlements

Provision has been made in the accounts for benefits accruing to employees up to balance date, such as long service leave and incentives. The current portion of this liability includes the unconditional entitlements to long service leave where employees have completed the required period of service. The provisions are measured at their nominal amounts using the remuneration rates expected to apply at the time of settlement.

Long service leave provisions relating to employees who have not yet completed the required period of service are classified as non-current. All other employee provisions are classified as a current liability.

All on-costs, including superannuation, payroll tax and workers' compensation premiums are included in the determination of provisions.

Make Good Provision

Provisions for legal claims and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

The Group is required to restore the leased premises of certain retail stores to their original condition upon exit. However, as leases are traditionally renewed, the Group only recognises a provision for those restaurants where make good costs will result in a probable outflow of funds. An annual review of leased sites is conducted to determine the present value of the estimated expenditure required to remove any leasehold improvements and decommission the restaurant.

Onerous Contracts

Each reporting period, the Group assesses whether any of their contracts are considered to be onerous. The present obligations arising under any onerous contracts identified are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

G9/ Reserves

	2021 $'000	2020 $'000
Hedging - cash flow hedges	**(1,565)**	(2,923)
Share-based payments	**1,493**	292
Foreign currency translation	**10,828**	16,719
	10,756	**14,088**

	Notes	2021 $'000	2020 $'000
Movements:			
Cash flow hedges			
Opening balance		**(2,923)**	(1,994)
Revaluation - gross		**2,089**	(1,531)
Deferred tax	G10	**(627)**	459
Transfer to net profit - gross		**(149)**	204
Deferred tax	G10	**45**	(61)
Closing Balance		**(1,565)**	**(2,923)**
Share-based payments			
Opening balance		**292**	1,009
Valuation of performance rights		**1,201**	(424)
Performance rights vested		**-**	(293)
Closing Balance		**1,493**	**292**
Foreign currency translation			
Opening balance		**16,719**	11,756
Exchange fluctuations arising on net investment in hedge		**6,756**	(5,602)
Exchange fluctuations arising on net assets of foreign operations		**(12,647)**	10,565
Closing Balance		**10,828**	**16,719**

NATURE AND PURPOSE OF RESERVES

Hedging Reserve - Cash Flow Hedges

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised in other comprehensive income. Amounts are recognised in profit and loss when the associated hedged transaction affects profit and loss.

Share Based Payments Reserve - Performance Rights

The share based payments reserve is used to recognise the issuance date fair value of performance rights issued to employees under the Long Term Incentive Plan but not yet vested.

Foreign Currency Translation Reserve

Exchange differences arising on translation and of a hedge of the net investment in foreign operations are recognised in other comprehensive income and accumulated in a separate reserve within equity. Refer to note C3 for details on the Group's accounting policy for hedge accounting.

G10/ Tax

INCOME TAX EXPENSE

	2021 $'000	2020 $'000
Income tax expense		
Current tax	**29,332**	20,825
Deferred tax	**(6,234)**	1,469
(Over) / under provided in prior reporting periods	**(559)**	93
	22,539	**22,387**
Income tax expense is attributable to:		
Profit from continuing operations	**23,633**	22,716
Loss from discontinued operation	**(1,094)**	(329)
Aggregate income tax expense	**22,539**	**22,387**
Deferred income tax expense / (benefit) included in income tax expense comprises:		
Decrease / (increase) in deferred tax assets	**17**	13,295
(Decrease) / increase in deferred tax liabilities	**(6,251)**	(11,826)
	(6,234)	**1,469**

Numerical reconciliation of income tax expense / (benefit) to prima facie tax payable	2021 $'000	2020 $'000
Profit from continuing operations before income tax expense	**61,245**	54,907
Loss from discontinued operation before income tax expense	**(5,757)**	(1,257)
	55,488	53,650
Tax at the Australian tax rate of 30.0% (2020: 30.0%)	**16,646**	16,095
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Other non-deductible expenses	**2,770**	2,285
Difference in foreign taxation rates	**1,635**	(58)
Provision transfers	**-**	19
Non-assessable income received	**100**	(81)
Changes in tax laws and / or tax rates	**(1,335)**	(190)
Derecognition of previously recognised carried forward tax losses	**876**	2,662
Current year tax losses for which no deferred income tax was recognised	**2,406**	1,562
	23,098	**22,294**
Amounts (over) / under provided in prior reporting periods	**(559)**	93
Income tax expense	**22,539**	**22,387**

	Notes	2021 $'000	2020 $'000
Tax expense relating to items of other comprehensive income			
Cash flow hedges	G9	**(582)**	398

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

G10/ Tax (continued)

	2021 $'000	2020 $'000
Tax losses		
Unused revenue tax losses for which no deferred tax asset has been recognised	**50,603**	33,241
Unused capital tax losses for which no deferred tax asset has been recognised	**66,083**	65,961
Potential tax benefit @ 30.0%	**35,006**	29,760

DEFERRED TAX BALANCES

Deferred tax assets (DTA)	2021 $'000	2020 $'000
The balance comprises temporary differences attributable to:		
Depreciation	**28,464**	27,087
Employee benefits	**5,137**	5,001
Provisions	**4,838**	4,994
Lease liabilities	**110,007**	110,153
Carried forward revenue losses	**1,371**	2,468
Capitalised costs	**259**	357
Cash flow hedges	**706**	1,333
	150,782	**151,393**
Set-off of deferred tax liabilities pursuant to set-off provisions	**(109,653)**	(114,858)
Net deferred tax assets	**41,129**	**36,535**

All movements in the DTA were recognised in the Consolidated Income Statement and the Consolidated Statement of Comprehensive Income.

Deferred tax liabilities (DTL)	2021 $'000	2020 $'000
The balance comprises temporary differences attributable to:		
Right-of-use assets	**103,764**	107,775
Inventories	**923**	867
Intangibles	**9,844**	11,119
Financial assets at fair value through profit or loss	**336**	391
Other	**(634)**	332
	114,233	**120,484**
Set-off of deferred tax liabilities pursuant to set-off provisions	**(109,653)**	(114,858)
Net deferred tax liabilities	**4,580**	**5,626**

All movements in the DTL were recognised in the Consolidated Income Statement and the Consolidated Statement of Comprehensive Income.

G10/ Tax (continued)

ACCOUNTING POLICY

Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted in the respective jurisdiction.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends to settle on a net basis.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax Consolidation

The Company, as the head entity in the tax consolidated group and its wholly-owned Australian controlled entities continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, the Company also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group. Assets or liabilities arising under the tax funding agreement with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

The entities in the Tax Consolidated Group entered into a tax sharing agreement which, in the opinion of the directors, limits the joint and several liability of the wholly-owned entities within the Tax Consolidated Group in the case of a default by the Company.

The entities in the Tax Consolidated Group have also entered into a Tax Funding Agreement under which the wholly-owned entities of that group fully compensate the Company for any current tax payable assumed and are compensated by the Company for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to the Company under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

G11/ Auditor's remuneration

During the reporting period the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Whole Dollars	
	2021 $	2020 $
AUDIT AND OTHER ASSURANCE SERVICES		
Audit services:		
PricewaterhouseCoopers Australian Firm		
Audit and review of financial reports and other audit work under the Corporations Act 2001	**579,747**	518,434
Audit and review of financial reports and other audit work for foreign subsidiary	**42,432**	40,800
Network firm of PricewaterhouseCoopers		
Audit and review of financial reports and other audit work for foreign subsidiary	**506,824**	541,638
	1,129,003	**1,100,872**
Other assurance services:		
PricewaterhouseCoopers Australian firm		
Store sales certificates	**29,478**	12,240
Agreed upon procedures for covenant calculations	**7,650**	23,460
Network firm of PricewaterhouseCoopers		
Government subsidy audit	**129,620**	-
	166,748	**35,700**
Total remuneration for assurance services	**1,295,751**	**1,136,572**
TAXATION SERVICES		
PricewaterhouseCoopers Australian firm		
Tax compliance services, including review of tax returns and allowance claims	**58,160**	57,000
International tax consulting	**-**	6,324
Network firm of PricewaterhouseCoopers		
Tax compliance services, including review of company tax returns	**56,675**	5,665
Total remuneration for taxation services	**114,835**	**68,989**
OTHER SERVICES		
PricewaterhouseCoopers Australian firm		
Acquisition related due diligence	**276,787**	-
Total remuneration for other services	**276,787**	**-**
TOTAL REMUNERATION FOR SERVICES	**1,687,373**	**1,205,561**

It is the Group's policy to employ PricewaterhouseCoopers on assignments additional to their statutory audit duties where PricewaterhouseCoopers's expertise and experience with the Group are important. These assignments are principally tax advice, due diligence reporting on acquisitions and capital raising, or where PricewaterhouseCoopers is awarded assignments on a competitive basis. It is the Company's policy to seek competitive tenders for all major consulting projects.

G12/ Contingencies

The parent entity and certain controlled entities, indicated in note H1, have entered into a Deed of Cross Guarantee (Amended and Restated) under which the parent entity has guaranteed any deficiencies of funds on winding up of the controlled entities which are party to the Deed. At the date of this statement there are reasonable grounds to believe that the Company will be able to meet any obligations or liabilities to which it is, or may become, subject by virtue of the Deed.

As described in note B2, CFG Finance Pty. Limited (a subsidiary) and several other related entities entered into Syndicated and Working Capital credit facilities. As a consequence of this, the Company and its subsidiaries (other than subsidiaries outside the Closed Group) became registered guarantors of all the obligations in respect of these loan facilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

H/ Group Structure

H1/ Subsidiaries and Deed of Cross Guarantee (Amended and Restated)

H2/ Parent entity financial information

H1/ Subsidiaries and Deed of Cross Guarantee (Amended and Restated)

The Consolidated Financial Statements at 2 May 2021 include the following subsidiaries. The reporting period end of all subsidiaries is the same as that of the parent entity [(a)].

Name of entity	Notes	Place of business/ country of incorporation	Acronym	% of shares held	
				2021 %	2020 %
CFG Finance Pty Limited	(b)	Australia	CFGF	**100**	100
Collins Foods Holding Pty. Limited	(b)	Australia	CFH	**100**	100
Collins Foods Finance Pty. Limited	(b)	Australia	CFF	**100**	100
Collins Foods Group Pty. Ltd.	(b)	Australia	CFG	**100**	100
Collins Restaurants Queensland Pty. Ltd.	(b)	Australia	CRQ	**100**	100
Collins Restaurants NSW Pty. Ltd.	(b)	Australia	CRN	**100**	100
Collins Restaurants West Pty. Ltd.	(b)	Australia	CRW	**100**	100
Fiscal Nominees Company Pty. Ltd.	(b)	Australia	FNC	**100**	100
Sizzler Restaurants Group Pty. Ltd.	(b)	Australia	SRG	**100**	100
Collins Restaurants Management Pty. Ltd.	(b)	Australia	CRM	**100**	100
Collins Restaurants South Pty. Ltd.	(b)	Australia	CRS	**100**	100
Collins Foods Subsidiary Pty Ltd	(b)	Australia	CFS	**100**	100
Snag Stand Leasing Pty Ltd	(b)	Australia	SSL	**100**	100
Snag Stand Corporate Pty Limited	(b)	Australia	SSC	**100**	100
Snag Stand Franchising Pty Ltd	(b)	Australia	SSF	**100**	100
Snag Stand International Pty Ltd	(b)	Australia	SSI	**100**	100
Snag Holdings Pty Ltd	(b)	Australia	SNG	**100**	100
Collins Property Development Pty. Ltd	(b)	Australia	CPD	**100**	100
Club Sizzler Pty. Ltd.	(b)	Australia	CSP	**100**	100
Collins Foods Australia Pty. Ltd.	(b)	Australia	CFA	**100**	100
Collins Finance and Management Pty. Ltd.	(b)	Australia	CFM	**100**	100
SingCo Trading Pte Ltd	(c)	Singapore	SingCo	**100**	100
Sizzler International Marks LLC	(c)	Delaware, USA	SIM	**100**	100
Sizzler Asia Holdings LLC	(c)	Delaware, USA	SAH	**100**	100
Sizzler South East Asia LLC	(c) (d)	Delaware, USA	SSEA	**100**	100
Sizzler New Zealand LLC	(c) (d)	Delaware, USA	SNZ	**100**	100
Sizzler Restaurant Services LLC	(c) (d)	Delaware, USA	SRS	**100**	100
Collins Foods Europe Limited	(c)	United Kingdom	CFEL	**100**	100
Collins Foods Europe Services Limited	(c)	United Kingdom	CFESL	**100**	100
Collins Foods Europe Finco Limited	(c)	United Kingdom	CFEFL	**100**	100
Collins Foods Germany Limited	(c)	United Kingdom	CFGL	**100**	100

H1/ Subsidiaries and Deed of Cross Guarantee (Amended and Restated) (continued)

Name of entity	Notes	Place of business/ country of incorporation	Acronym	% of shares held 2021 %	2020 %
Collins Foods Netherlands Limited	(c)	United Kingdom	CFNL	**100**	100
MAAS KFC Amersfoort B.V.	(c) (e)	Netherlands	AMF	**100**	-
MAAS KFC Utrecht B.V.	(c) (e)	Netherlands	UTR	**100**	-
MAAS KFC Veenendaal B.V.	(c) (e)	Netherlands	VDL	**100**	-

(a) Collins Foods Limited is incorporated and domiciled in Australia. The Registered office is located at Level 3, KSD1, 485 Kingsford Smith Drive, Hamilton Queensland 4007.

(b) These companies have entered into a Deed of Cross Guarantee (Amended and Restated), dated 27 April 2017, with Collins Foods Limited which provides that all parties to the deed will guarantee to each creditor payment in full of any debt of each company participating in the deed on winding up of that company. As a result of the new ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 (ASIC Instrument 2016/785) which has replaced ASIC Class Order CO 98/1418, these companies are relieved from the requirement to prepare financial statements.

(c) These companies are not Australian registered companies and are not covered by the ASIC Instrument 2016/785.

(d) Originally incorporated in Nevada, upon conversion to a Limited Liability Company (LLC) became registered in Delaware.

(e) On 1 February 2021 Collins Foods Netherlands Limited acquired 3 KFC restaurants from MAAS Holdings B.V. located in the Netherlands, Europe.

The Consolidated Income Statement, Consolidated Statement of Comprehensive Income and Summary of Movements in Consolidated Retained Earnings of the entities in the ASIC Instrument 2016/785 'Closed Group' are as follows.

As there are no other parties to the Deed of Cross Guarantee (Amended and Restated), that are controlled by Collins Foods Limited, the below also represents the 'Extended Closed Group'.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

H1/ Subsidiaries and Deed of Cross Guarantee (Amended and Restated) (continued)

	Closed Group	
	2021 $'000	2020 Restated* $'000
CONSOLIDATED INCOME STATEMENT		
Sales revenue	**928,450**	809,310
Cost of sales	**(439,267)**	(382,443)
Gross profit	**489,183**	**426,867**
Selling, marketing and royalty expenses	**(199,925)**	(175,362)
Occupancy expenses	**(59,938)**	(52,466)
Restaurant related expenses	**(70,393)**	(64,443)
Administration expenses	**(50,428)**	(40,430)
Other expenses	**(6,776)**	(6,217)
Other income	**468**	4,188
Finance income	**-**	272
Finance costs	**(26,084)**	(28,995)
Profit from continuing operations before income tax	**76,107**	**63,414**
Income tax expense	**(23,544)**	(19,746)
Profit from continuing operations	**52,563**	**43,668**
Loss from discontinued operation	**(4,663)**	(928)
Net profit attributable to the Closed Group	**47,900**	**42,740**

* Comparative figures have been restated to present the impacts of the current period discontinued operations.

	Closed Group	
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		
Profit from continuing operations	**47,900**	42,740
Other comprehensive income:		
Cash flow hedges	**1,940**	(1,327)
Income tax relating to components of other comprehensive income	**(582)**	398
Other comprehensive income for the period, net of tax	**1,358**	(929)
Total comprehensive income for the period	**49,258**	**41,811**
Total comprehensive income for the reporting period is attributable to:		
Owners of the parent	**49,258**	41,811

H1/ Subsidiaries and Deed of Cross Guarantee (Amended and Restated) (continued)

	Closed Group	
	2021 $'000	2020 $'000
SUMMARY OF MOVEMENTS IN CONSOLIDATED RETAINED EARNINGS		
Retained earnings at the beginning of the reporting period	**70,931**	51,637
Change in accounting policy – adoption of AASB 16	**-**	(130)
Profit for the period	**47,900**	42,740
Dividends provided for or paid	**(16,444)**	(23,316)
Retained earnings at the end of the reporting period	**102,387**	**70,931**

The Consolidated Balance Sheet of all entities in the ASIC Instrument 2016/785 'Closed Group' as at the end of the reporting period is as follows:

	Closed Group	
	2021 $'000	2020 $'000
Current assets		
Cash and cash equivalents	**68,684**	78,305
Receivables	**9,141**	745
Inventories	**6,082**	5,792
Other assets	**2,159**	1,288
Total current assets	**86,066**	**86,130**
Non-current assets		
Property, plant and equipment	**155,043**	150,452
Intangible assets	**340,818**	339,476
Right-of-use assets	**319,196**	318,215
Deferred tax assets	**41,130**	36,453
Other financial assets	**134,244**	134,244
Total non-current assets	**990,431**	**978,840**
TOTAL ASSETS	**1,076,497**	**1,064,970**
Current liabilities		
Trade and other payables	**81,866**	74,442
Lease liabilities	**20,846**	20,396
Current tax liabilities	**7,077**	6,994
Derivative financial instruments	**1,536**	2,641
Provisions	**6,141**	6,409
Total current liabilities	**117,466**	**110,882**

H1/ Subsidiaries and Deed of Cross Guarantee (Amended and Restated) (continued)

	Closed Group	
	2021 $'000	2020 $'000
Non-current liabilities		
Borrowings	**241,895**	290,092
Lease liabilities	**321,509**	308,958
Derivative financial instruments	**819**	1,803
Provisions	**6,139**	5,366
Total non-current liabilities	**570,362**	**606,219**
TOTAL LIABILITIES	**687,828**	**717,101**
NET ASSETS	**388,669**	**347,869**
Equity		
Contributed equity	**290,788**	290,788
Reserves	**(4,507)**	(13,850)
Retained earnings	**102,388**	70,931
TOTAL EQUITY	**388,669**	**347,869**

H2/ Parent entity financial information

SUMMARY FINANCIAL INFORMATION

The individual financial statements for the parent entity, show the following aggregate amounts:

	2021 $'000	2020 $'000
Balance sheet		
Current assets	**487,484**	440,023
Non-current assets	**208**	305
Total assets	**487,692**	440,328
Current liabilities	**139,682**	104,171
Non-current liabilities	**23**	45
Total liabilities	**139,705**	104,216
Net assets	**347,987**	**336,112**
Shareholders' equity		
Issued capital [1]	**337,119**	337,119
Reserves	**1,493**	292
Retained earnings	**9,375**	(1,299)
	347,987	**336,112**
Profit or loss for the period	**35,156**	**21,248**
Total comprehensive income	**35,156**	**21,248**

(1) Represents share capital of the parent entity. This differs from the share capital of the Group due to the capital reconstruction of the Group treated as a reverse acquisition in the 2012 reporting period.

GUARANTEES ENTERED INTO BY THE PARENT ENTITY

The parent entity has provided unsecured financial guarantees in respect of bank loan facilities amounting to $270 million and €60 million as stated in note B2. There are cross guarantees given by the parent entity as described in note H1. All controlled entities will together be capable of meeting their obligations as and when they fall due by virtue to the Deed of Cross Guarantee (Amended and Restated) dated 27 April 2017. The parent entity has guaranteed to financially support a number of its international subsidiaries until July 2021. No liability was recognised by the parent entity in relation to these guarantees, as their fair value is considered immaterial.

CONTINGENT LIABILITIES OF THE PARENT ENTITY

Except as described above in relation to guarantees, the parent entity did not have any contingent liabilities as at 2 May 2021 (2020: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

I/ Basis of Preparation and Other Accounting Policies

I1/ Basis of preparation

I2/ Changes in accounting policies

I3/ Other accounting policies

I1/ Basis of preparation

COMPLIANCE

These financial statements have been prepared as a general purpose financial report in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*. Collins Foods Limited is a for-profit entity for the purpose of preparing the financial statements.

The consolidated financial statements of the Group comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

MEASUREMENT

Collins Foods Limited is a for profit entity for the purpose of preparing the Consolidated Financial Statements. The financial statements have also been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments).

GOING CONCERN

The financial report has been prepared on a going concern basis. The Directors are of the opinion that the Group will be able to continue to operate as a going concern having regard to available non-current debt facilities and the Group's internally generated cash resources.

In the current reporting period, the Group has a net current liability position of $32.56 million. The predominant reason for this net current liability position is the introduction of AASB 16 Leases in the prior reporting period, with lease payments due in the next financial year now recognised as current liabilities. The Group does not deem this to be a risk to its' going concern, as without the introduction of AASB 16 the Group would be in a net current liability position of $0.91 million with undrawn bank loan facilities of $90.24 million and undrawn working capital facilities of $25.39 million due for repayment by 31 October 2022. The Group's loan covenants are based on results excluding the impact of AASB 16. The current covenant ratios have significant headroom at current performance and there are sufficient undrawn facilities available, both within the Working Capital Facility and Bank Loan Facility, should the Group require access to additional funds, all repayable beyond 12 months (refer to note B2).

CONSOLIDATION

The Consolidated Financial Statements include the financial statements of the parent entity, Collins Foods Limited (the Company) and its subsidiaries (together referred to as the Group) (see Note H1 on subsidiaries). All transactions and balances between companies in the Group are eliminated on consolidation. Subsidiaries are all those entities over which the Company has the power to govern the financial and operating results and policies and often accompanies a shareholding of more than one-half of the voting rights. The results of subsidiaries acquired or disposed of during the reporting period are included in the Consolidated Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

REPORTING PERIOD

The Group utilises a fifty-two, fifty-three week reporting period ending on the Sunday nearest to 30 April. The 2021 reporting period comprised the fifty-two weeks which ended on 2 May 2021 (2020 was a fifty-three week reporting period which ended on 3 May 2020).

I1/ Basis of preparation (continued)

FOREIGN CURRENCIES

Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Consolidated Financial Statements are presented in Australian dollars, which is the functional and presentation currency of the Company.

Transactions in foreign currencies are converted at the exchange rates in effect at the dates of each transaction. Amounts payable to or by the Group in foreign currencies have been translated into Australian currency at the exchange rates ruling on balance date. Gains and losses arising from fluctuations in exchange rates on monetary assets and liabilities are included in the Consolidated Income Statement in the period in which the exchange rates change, except when deferred in equity as qualifying cash flow hedges.

The foreign currency results and financial position of foreign operations are translated into Australian dollars as follows:

- assets and liabilities at the exchange rate at the end of the reporting period;
- income and expenses at the average exchange rates for the reporting period; with
- all resulting exchange differences recognised in other comprehensive income and accumulated in equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rate at the end of the reporting period.

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are included in the following Notes:

- Note A2 Business combination;
- Note G4 Property, plant and equipment;
- Note G5 Intangible assets;
- Note G6 Leases; and
- Note G8 Provisions.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

COMPARATIVES AND RESTATEMENTS OF PRIOR YEAR BALANCES

Comparatives have been restated where appropriate to exclude the discontinued operations of Sizzler Australia for comparability purposes.

NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

The Group has not applied any new standards or amendments for the first time for their annual reporting period commencing 4 May 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

I1/ Basis of preparation (continued)

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Certain new accounting standards and interpretations have been published that are not mandatory for 2 May 2021 reporting periods and have not been early adopted by the Group. The Group's assessment of these new standards and interpretations is that the impact to the Group is immaterial. At this stage the Group does not intend to adopt any of the standards before the effective dates.

With reference to the final agenda decision issued by the IFRS Interpretations Committee (IFRIC) in April 2021 on Cloud computing arrangements, management have completed a preliminary assessment and does not consider these to be material to the Group. A detailed assessment will be completed in the next 6 months.

I2/ Changes in accounting policies

The accounting policies adopted in this report have been consistently applied to each entity in the Group and are consistent with those of the prior reporting period.

I3/ Other accounting policies

GOODS AND SERVICES TAX

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST payable to the taxation authority is included as part of trade and other payables (see Note G7).

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

COST OF SALES

For the purposes of the Consolidated Income Statement, cost of sales includes the carrying amount of inventories sold during the reporting period and an estimated allocation of labour incurred in relation to preparing those inventories for sale.

OCCUPANCY EXPENSES

Occupancy expenses include: fixed rentals, contingent rentals, land tax, outgoings and depreciation relating to buildings and leasehold improvements.

RESTAURANT RELATED EXPENSES

Restaurant related expenses include: utilities, maintenance, labour and on-costs (except those allocated to cost of sales), cleaning costs, depreciation of plant and equipment (owned and leased) located in restaurants and amortisation of franchise rights.

INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Cost is assigned on a first-in first-out basis and includes expenditure incurred in acquiring the stock and bringing it to the existing condition and location.

GOVERNMENT GRANTS

Grants from Australian and overseas governments are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. The grant is recognised under the profit or loss by deducting the value from the related expense the grant was received for.

Previously the Group recognised traineeship grants as other income. However management now consider that grants are more appropriately accounted for as a reduction of the related expense and have been treated accordingly in the financial statements.

I3/ Other accounting policies (continued)

Government grants were received by the Group in the current year for traineeships and support in relation to the impacts of COVID-19, the latter being from both Australian and overseas governments, amounting to $6.3 million. Of the $6.3 million, $4.2 million was received in Australia by Sizzler Australia, with the total amount being passed on to employees. $2.4 million was a direct pass through to employees (top up to the minimum fortnightly wage of $1,500), with balance of $1.8 million covering wages for hours worked by employees. In March 2021, the Group repaid the $1.8 million of JobKeeeper to the Australian Government. Net grant receipts of $4.5 million have been offset against the expense to which they relate under the profit or loss.

J/ Events occurring after the reporting period

J1/ Subsequent Events

J1/ Subsequent Events

On 17 March 2021, Collins Foods Netherlands Limited entered into a Share Purchase Agreement for €2,250,000 to buy 1 KFC restaurant from Kia Ora Holding B.V. The deal settled on 1 June 2021.

The Group is not aware of any other matters or circumstances that have arisen since the end of the financial year which have significantly or may significantly affect the operations and results of the Group.

DIRECTORS' DECLARATION

In the Directors' opinion:

- the financial statements and notes set out on pages 51 to 118 are in accordance with the *Corporations Act 2001*, including:
  - complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
  - giving a true and fair view of the consolidated entity's financial position as at 2 May 2021 and of its performance for the financial period ended on that date, and
- there are reasonable grounds to believe that Collins Foods Limited will be able to pay its debts as and when they become due and payable; and
- at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in Note H1 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee (Amended and Restated) described in Note H1.

Note I1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.

This report is made in accordance with a resolution of the Directors.

Robert Kaye SC
Chairman

Brisbane
29 June 2021

Independent auditor's report

To the members of Collins Foods Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Collins Foods Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 2 May 2021 and of its financial performance for the period from 4 May 2020 to 2 May 2021 (the reporting period) then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated balance sheet as at 2 May 2021
- the consolidated statement of changes in equity for the reporting period then ended
- the consolidated statement of cash flows for the reporting period then ended
- the consolidated income statement for the reporting period then ended
- the consolidated statement of comprehensive income for the reporting period then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* 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

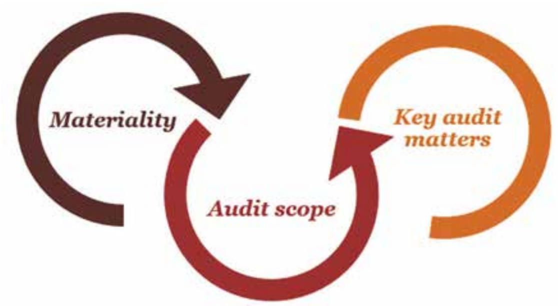
We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, ABN 52 780 433 757
480 Queen Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001
T: +61 7 3257 5000, F: +61 7 3257 5999, www.pwc.com.au

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality	*Audit scope*	*Key audit matters*
• For the purpose of our audit we used overall Group materiality of $3.5 million, which represents approximately 5% of the Group's profit before tax from continuing operations adjusted for the impairment charge recognised in the reporting period. • We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. • We chose Group profit before tax from continuing operations because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. We adjusted it for impairment as it is an unusual or infrequently occurring item impacting profit and loss. • We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.	• Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. • In establishing the overall approach to the Group audit, we determined the type of audit work that needed to be performed. Full scope audit procedures were performed over the Australian, Asian and the European operations, assisted by local team auditors in the Netherlands. Site visits were conducted at selected KFC and Taco Bell Restaurants in Queensland.	• Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee: – Assessment of the carrying value of goodwill – Carrying value of non-current assets – Accounting for AASB16 *Leases* • These are further described in the *Key audit matters* section of our report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

pwc

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter	*How our audit addressed the key audit matter*
Assessment of the carrying value of goodwill *Goodwill $426.6m (Refer to note G5)* Collins Foods Limited recognised goodwill of $426.6 million as at 2 May 2021, allocated to KFC Restaurants Australia ($327.0m), KFC Restaurants Europe ($98.4m) and Sizzler Asia ($1.2m). As required by Australian Accounting Standards, as at 2 May 2021, the Group performed an impairment assessment over the goodwill balance by estimating the value in use for each cash generating unit (CGU) using a discounted cash flow model. Refer to Note G5 for details of the impairment tests and assumptions. No impairment charge was recorded by the Group in respect of Goodwill in the current reporting period. We considered this a key audit matter given the significant level of judgements and estimates involved in determining the value in use calculation for each CGU as well as the financial significance of the asset balances on the Group's Balance sheet.	Our procedures relating to impairment assessment of goodwill included, amongst others: • Assessing the appropriateness of the Group's determination of CGUs, including the allocation of assets to CGUs. • Testing the mathematical accuracy of the models. • Comparing the cash flow forecasts for FY2022 in the models to the Board approved budget. • Comparing the FY2021 reporting period and FY2022 reporting period to date actual results with corresponding reporting period forecasts to assess the historical accuracy of the Group's forecasting processes. • Evaluating the appropriateness of the discount rate, short term and long term growth rate assumptions in the models with the support of PwC valuation specialists by comparing them to historical company data and market observable inputs. • Evaluated the reasonableness of the disclosures made in Note G5 to the financial report, in light of the requirements of Australian Accounting Standards.
Carrying value of non-current assets *Property plant & Equipment $188.9m (Refer to note G4), Franchise Rights $11.4m (Refer to note G5), and Right of Use assets $359.1m (Refer to note G6)* The Group assesses impairment of store assets on a restaurant-by-restaurant basis, by preparing models with estimates of future cash flows discounted to their present value. Following the Group's assessment, a pre-tax impairment of $9.5m was recorded (mainly comprising $4.5m for Property Plant & Equipment, $0.2m for Franchise Rights and $4.8m for Right of Use Assets). We considered this a key audit matter given the significant level of judgements and estimates involved in determining the value in use calculation for each restaurant with indicators of impairment as well as the financial significance of the asset balances on the Group's Balance sheet.	We performed the following audit procedures in relation to the Group's review of each restaurant, amongst others: • Testing the mathematical accuracy of the underlying calculations in the discounted cash flow valuation models. • Comparing the cash flow forecasts for FY2022 in the calculations to the Board approved budget. • Comparing the FY2021 reporting period and FY2022 reporting period to date actual results with corresponding reporting period forecasts to assess the historical accuracy of the Group's forecasting processes. • Evaluating the appropriateness of the discount rate, short term and long term growth rate assumptions in the models with the support of PwC valuation specialists by comparing them to historical company data and market observable inputs. • Evaluated the reasonableness of the disclosures made in Note G4, G5 and G6 to the financial report, in light of the requirements of Australian Accounting Standards.

Accounting for AASB 16 Leases *Right of Use assets $359.1m, Lease Liabilities $395.3m* *(Refer to note G6)* The Group adopted Australian Accounting Standard AASB 16 *Leases* (AASB 16) in the prior period. As a result, Right of Use assets and Lease Liabilities are recognised in the balance sheet. This was considered key audit matter due to the: • Financial significance of the balances included in the financial report • The critical judgements used in determining the lease term assumptions in the lease calculations • The significant amount of audit effort in auditing the balances.	We performed the following audit procedures, amongst others: • Assessed whether the Group's accounting policies are in accordance with the requirements of AASB 16. • Evaluated the adequacy of the disclosures made in Note G6 in light of the requirements of Australian Accounting Standards. For a sample of lease agreements, we: • Evaluated the lease calculations against the terms of the lease agreement and the requirements of Australian Accounting Standard • Tested the mathematical accuracy of the lease calculations • Assessed the evidence for critical judgements made, including historical practices of the Group around lease term option renewals.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the reporting period ended 2 May 2021, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the Directors Report, Shareholder Information and Corporate Directory. We expect the remaining other information to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report 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 report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

pwc

In preparing the financial report, the directors are responsible for assessing the ability of the Group 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 report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards 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 the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 25 to 46 of the directors' report for the reporting period ended 2 May 2021.

In our opinion, the remuneration report of Collins Foods Limited for the period 4 May 2020 to 2 May 2021 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers

Michael Crowe

Michael Crowe
Partner

Brisbane
29 June 2021

SHAREHOLDER INFORMATION

Shareholder information that has not been stated elsewhere in the Annual Report is set out below. The shareholder information set out below was applicable as at the close of trading on 18 June 2021.

Distribution of equity securities

Analysis of the number of equity security holders by size of holding and the total percentage of securities in that class held by the holders in each category:

Holding	Number of shareholders of ordinary shares	Percentage of total ordinary shares on issue %	Number of holders of performance rights	Percentage of total performance rights on issue %
1 - 1000	**4,780**	**1.79**	**1**	**.15**
1,001 - 5,000	**3,319**	**6.78**	**7**	**2.48**
5,001 - 10,000	**634**	**3.94**	**13**	**10.96**
10,001 - 100,000	**403**	**7.87**	**3**	**25.68**
100,001 and over	**45**	**79.62**	**3**	**60.73**
TOTAL	**9,181**	**100.00**	**27**	**100.00**

TOTAL ORDINARY SHARES ON ISSUE	**116,581,244**
TOTAL UNQUOTED PERFORMANCE RIGHTS ON ISSUE (1)	**648,598**

(1) Total performance rights on issue differs from note D2 due to the forfeit of rights by eligible holders after year end.

There were 249 holders of less than a marketable parcel of ordinary shares.

Equity security holders

The names of the 20 largest holders of the only class of quoted equity securities are listed below:

	ORDINARY SHARES	
Name	Number held	Percentage of issued shares %
HSBC Custody Nominees (Australia) Limited	**22,338,735**	**19.16**
J P Morgan Nominees Australia Pty Limited	**22,287,941**	**19.12**
Citicorp Nominees Pty Limited	**13,042,260**	**11.19**
National Nominees Limited	**11,855,135**	**10.17**
Mr Kevin Perkins	**6,850,574**	**5.88**
BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	**4,623,173**	**3.97**
BNP Paribas Noms Pty Ltd <DRP>	**3,011,241**	**2.58**
HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	**1,123,825**	**0.96**
Chrikim Pty Ltd <Geoffrey Wright Income A/C>	**732,610**	**0.63**
Mrs Heather Lynnette Grace	**429,801**	**0.37**

SHAREHOLDER INFORMATION

Equity security holders (continued)

	ORDINARY SHARES	
Name	Number held	Percentage of issued shares %
Chrikim Pty Ltd <Geoffrey Wright Income A/C>	**369,421**	**0.32**
Perkins Family Investment Corporation Pty Ltd	**327,273**	**0.28**
BNP Paribas Nominees Pty Ltd HUB24 Custodial Serv Ltd DRP	**323,981**	**0.28**
BNP Paribas Nominees Pty Ltd Six Sis Ltd <DRP A/C>	**319,313**	**0.27**
Michael Kemp Pty Ltd <Michael Kemp A/C>	**300,910**	**0.26**
AMP Life Limited	**280,913**	**0.24**
Ms Deborah Lee Chow + Mr Edward Chow <Chow Family S/F A/C>	**272,703**	**0.23**
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	**270,008**	**0.23**
Michele Taylor Pty Ltd <Super Fund A/C>	**261,819**	**0.22**
Adrian Mark Argent	**260,000**	**0.22**
TOTAL	**89,281,636**	**76.58**

Substantial holders

Substantial holders (including associate holdings) in the Company, based on the most recent substantial holder notices lodged with the Company and ASX, are set out below:

	ORDINARY SHARES	
	Number held	Percentage %
Kevin Perkins	**7,221,484**	**6.54**
Challenger Limited	**7,517,257**	**6.45**
Milford Asset Management Limited	**6,107,950**	**5.24**

Restricted Securities and share buy-backs

A voluntary holding lock will be applied to 23,591 fully paid ordinary shares for a period of 12 months, 29,065 fully ordinary shares for a period of 24 months, 21,808 fully paid ordinary shares for a period of 36 months and 24,221 fully paid ordinary shares for a period of 48 months, if they are issued, upon the vesting of 98,685 performance rights in accordance with the rules of the LTIP.

The Company is not currently conducting an on-market share buy-back.

Voting rights

FULLY PAID ORDINARY SHARES

On a show of hands every member present at a meeting in person or by proxy shall have one vote. Upon a poll, each share shall have one vote.

Voting rights (continued)

PERFORMANCE RIGHTS

The performance rights do not have any voting rights. The fully paid ordinary shares to be allotted on the exercise of the performance rights will have the voting rights noted above for fully paid ordinary shares.

CORPORATE DIRECTORY

Directors	Robert Kaye SC *Chairman*
	Drew O'Malley *Managing Director & CEO*
	Christine Holman
	Newman Manion
	Bronwyn Morris AM
	Kevin Perkins
	Russell Tate
Company Secretary	Frances Finucan
Principal registered office in Australia	Level 3, KSD1, 485 Kingsford Smith Drive Hamilton QLD 4007 +61 7 3352 080
Share and debenture register	Computershare Investor Services Pty Ltd Level 1, 200 Mary Street Brisbane QLD 4000 Telephone number: 1300 850 505 Outside Australia: +61 3 9415 4000
Auditor	PricewaterhouseCoopers 480 Queen Street Brisbane QLD 4000
Stock exchange listings	Collins Foods Limited shares are listed on the Australian Securities Exchange. (ASX: CKF)
Website address	www.collinsfoods.com

The Collins Foods Corporate Governance Statement is located in the Corporate Governance section on the Company's website.

RECYCLED RESPONSIBLE FORESTRY PRACTICES ISO14001 EMS PROCESS CHLORINE FREE

ecoStar+ is an environmentally responsible paper made Carbon Neutral and the fibre source is FSC (CoC) Recycled certified. ecoStar+ is manufactured from 100% post consumer recycled paper in a process chlorine free environment under the ISO 14001 environmental management system.

COLLINS FOODS LIMITED