COLLINS FOODS LIMITED

ANNUAL REPORT 2024

COLLINS FOODS LIMITED
ACN 151 420 781

AT COLLINS FOODS, RESTAURANTS ARE DONE BETTER. WE ARE AN ASX-LISTED ENTITY, PROUDLY EMPLOYING MORE THAN 20,000 TEAM MEMBERS WITHIN 381 KFC AND TACO BELL RESTAURANTS ACROSS AUSTRALIA AND EUROPE.

COVER IMAGE
Collins Foods opened the first battery-supported quick service restaurant in Europe this year.

CONTENTS

KEY DATES

End of financial year	Sunday 28 April 2024
Full year 2024 results announcement	Tuesday 25 June 2024
Record date for final dividend	Tuesday 9 July 2024
DRP election date	Wednesday 10 July 2024
Final dividend pricing period	Thursday 11 to Wednesday 24 July 2024
Final dividend payment	Tuesday 6 August 2024
DRP issue date	Tuesday 6 August 2024
Annual General Meeting	Friday 30 August 2024
End of half year 2025	Sunday 13 October 2024
Half year 2025 results announcement	Tuesday 3 December 2024
Record date for interim dividend	Monday 9 December 2024
DRP election date	Wednesday 11 December 2024
Interim dividend pricing period	Friday 13 to Monday 30 December 2024
Interim dividend payment	Monday 6 January 2025
DRP issue date	Monday 6 January 2025

OUR VALUES

Our Highlights

Collins Foods maintained its growth momentum delivering record revenue, positive same store sales and higher earnings.

REVENUE*

↑10.4%

to $1,488.9m
(FY23: $1,348.6m)

UNDERLYING EBITDA*

↑ 12.0%

to $229.8m
(FY23: $205.1m)

TOTAL FY24 FULLY FRANKED DIVIDEND

28.0 CPS

Final: 15.5 cps
Interim: 12.5 cps
(FY23: 27.0 cps)

NET OPERATING CASH FLOW

↑ $30.2m

to $176.4m

NET DEBT

↓ $46.7m

to $165.5m

STATUTORY NPAT**

↑ 501.9%

to $76.7m (FY23 $12.7m)

UNDERLYING NPAT*

↑ 15.6%

to $60.0m (FY23 $51.9m)

*Note this metric represents continuing operations, excluding Sizzler Asia.

** Movement in statutory NPAT $76.7m, vs. $12.7m FY23 includes impact of underlying performance, $20.2m profit on sale of Sizzler Asia FY24, impairment of Taco Bell FY23 $36.7m and resultant depreciation reduction FY24 ($3.3m).

OPERATED

381 restaurants

IN AUSTRALIA, THE NETHERLANDS AND GERMANY

(FY23: 364 restaurants)

LEADING THE WAY ON CLOSING THE GENDER PAY GAP

-2.7%

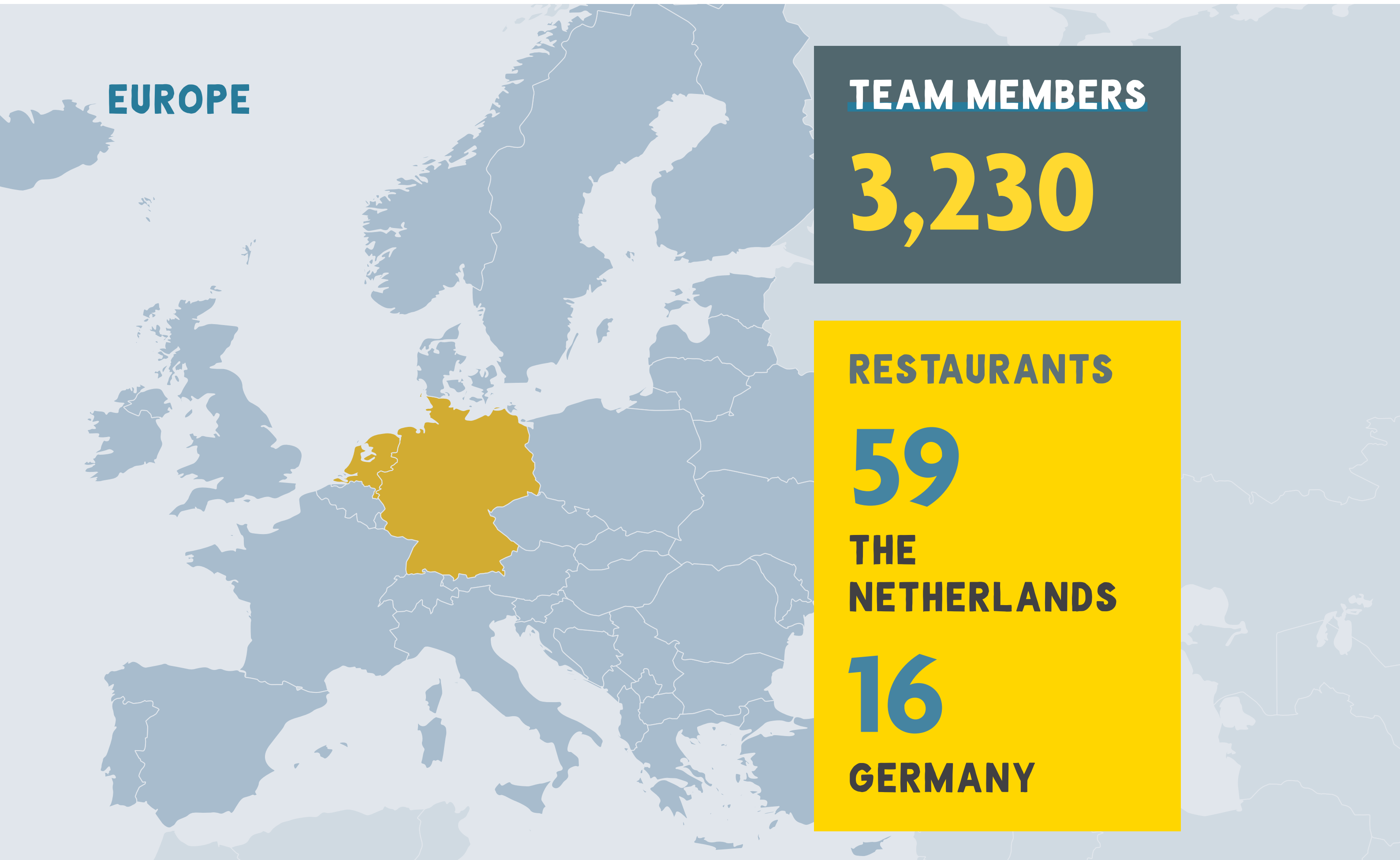
MEDIAN TOTAL REMUNERATION GENDER PAY GAP

OPENED THE

first battery-supported quick service restaurant

IN EUROPE

Our food and service bring people together and support social connection no matter a person's age, background or culture. Everyone is welcome at Collins Foods' restaurants.



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.

AUSTRALIA

TEAM MEMBERS

17,555

RESTAURANTS

279

KFC

27

TACO BELL

Our Positive Impact

We have organised our material topics into five categories.

CATEGORY	DESCRIPTION
OPERATIONS	How we embed ESG into our operations to deliver benefit and improved experiences for all
PEOPLE	How we ensure the health and safety of our people and provide supportive and rewarding employment
COMMUNITIES	How we ensure the health and safety of our customers and make a positive contribution to the communities within which we operate
PLANET	How we manage and minimise our impact on the environment
GOVERNANCE	How we conduct ourselves with ethics and integrity, manage risk and fulfil our obligations.

Read our 2024 Sustainability Report at sustainabilityreport.collinsfoods.com

Our Brands

KFC
AUSTRALIA

KFC
EUROPE

TACO
BELL

	KFC AUSTRALIA	KFC EUROPE	TACO BELL
RESTAURANTS	279	75	27
REVENUE	$1,121.0M	$313.5M	$54.4M
SAME STORE SALES GROWTH	UP 3.8%	UP 4.9%	UP 3.5%
EBITDA MARGIN (POST AASB 16)	19.8%	13.6%	(1.3)%

Chair's Message

Your company has performed well in FY24, delivering record revenue and higher earnings in an inflationary environment with softer consumer sentiment.

FY24 RESULTS

The group achieved a solid financial performance over the year, with strong growth in revenues flowing through to a double-digit increase in earnings, despite a challenging operating environment.

Revenue growth, including same store sales (**SSS**) growth, was achieved across all business segments during the year, an impressive outcome given the challenging consumer landscape.

In Australia, product innovation and our focus on affordability, saw KFC retain its leadership on key taste and value metrics, with the brand holding market share. Collins Foods' Australian footprint continues to grow with 9 new restaurants opened in FY24, bringing our network to 279.

We continue to grow the KFC brand in the Netherlands under our Corporate Franchise Agreement (**CFA**), with further gains in market share and brand metrics contributing to SSS growth. Our business in Germany also enjoyed SSS growth. We are growing our presence in Europe, expanding our network by 11 new restaurants over the year, ending the year at 75 restaurants.

In Taco Bell, our focus on improved product quality and more effective marketing is resonating with customers and delivering solid revenue and SSS growth. The brand's value proposition is well-suited to the current economic environment.

Strong digital adoption was another key driver of growth for all three business units, reflecting changing consumer preferences towards convenience. Digital channels represented approximately 30% of all KFC Australia and Taco Bell sales in FY24, and almost 60% of KFC sales in the Netherlands and Germany.

STRONG CASH GENERATION, DIVIDEND GROWTH

The Company remained highly cash generative in FY24 with $176.4 million in cash flow from operating activities after tax, supporting a reduction in net debt to $165.5 million, and facilitating re-investment in new restaurants, remodels and digital.

Strong cash generation also underpinned dividend growth. The Board was pleased to declare a fully franked final dividend of 15.5 cents per share, bringing the total FY24 dividend to 28.0 cents per share fully franked, up 1.0 cent on the prior year.

RESILIENT BRANDS WELL PLACED IN A VALUE-CENTRIC SECTOR

The weaker consumer environment in both Australia and Europe is expected to impact Group performance over the year ahead, placing pressure on margins. While we are seeing many commodity prices ease, nearing pre-inflation levels, labour and energy remain elevated for all three business units. We're continuing to leverage the deep operational expertise of our leadership team to support profitability, while prioritising consumer trust and the long-term health of our brands.

This approach has enabled us to successfully navigate challenging conditions over the past few years, and ensures we are best placed to take advantage of economic conditions when they improve.

Collins Foods operates world-class value brands within the highly resilient quick service restaurant (**QSR**) sector. Despite short-term headwinds, we're pushing ahead with our growth plans, investing further in footprint growth, network renovation, and product and digital innovation.

POSITIVE IMPACT STRATEGY

During the past year, we've significantly strengthened our Environmental, Social and Governance (**ESG**) credentials, completing our first double materiality assessment with an independent advisory firm, and outlining new targets as part of our 2030 Ambition Statement.

Our FY24 progress against our sustainability ambitions is detailed in Collins Foods' Sustainability Report, published separately (sustainabilityreport.collinsfoods.com). Our Sustainability Strategy focuses on five key pillars: Operations, People, Communities, Planet and Governance. Examples include environmentally conscious restaurant designs, new solar installations, battery-supported restaurants, and the introduction of higher chicken welfare products in both Europe and Australia. We are incredibly proud to be a major employer of young people and are leading the way in closing the gender pay gap, with a median total remuneration gender pay gap of -2.7% within our Australian workforce. We also continue to upskill our talent with 95% of restaurant management positions filled by internal candidates.

BOARD AND EXECUTIVE CHANGES

In September 2023, we welcomed UK-based Nigel Clark to the Collins Foods Board as a new independent, Non-executive Director. Nigel has more than two decades' legal and financial experience, spanning cross border finance, business restructuring, and mergers and acquisitions, complementing existing Board expertise and supporting our continued European expansion.

In line with long-term succession plans, Russell Tate retired from his independent Non-executive Director role in September 2023 after more than 12 years on the Board. On behalf of my fellow Directors, I thank Russell for his significant contribution to Collins Foods during a period of international expansion. Nicki Anderson has succeeded Russell as Chair of the People, Culture and Nominations Committee.

During the year, we also navigated leadership disruption with Managing Director and CEO Drew O'Malley being granted a leave of absence to support his family while his wife underwent treatment for a serious illness. Drew has subsequently decided to step down to focus on his young family.

The Board would also like to thank Non-executive Director Kevin Perkins for stepping up to lead the business as Interim Managing Director and CEO as we conduct a search for a permanent replacement. Kevin has provided stability and continuity to the business, leveraging his previous experience as CEO of Collins Foods.

THANK YOU

Collins Foods' solid performance during one of the most challenging consumer environments in many years would not have been possible without the hard work and dedication of our people. Our entire team of more than 20,000 employees continues to set new standards in QSR excellence. I'd also like to extend my gratitude to my fellow Directors for their valued input and oversight during the year.

Lastly, I would like to thank our loyal shareholders for your ongoing support. While short-term headwinds remain, Collins Foods has a proven track record in challenging macro environments, and we continue to focus on creating long-term shareholder value.

Robert Kaye
Independent
Non-executive Chair

Interim Managing Director & CEO's Report

Collins Foods delivered another solid performance over the past year, leveraging the inherent resilience of our world-class brands to drive growth despite the combined impacts of cost inflation and cost-of-living pressures.

We have a long-term mindset and remain focused on managing the controllables — improving accessibility to the brand, optimising operations, and continuing to raise the bar on customer expectations. This consistent approach to brand health has proven successful, enabling us to grow revenues and same store sales (**SSS**) for all three business units despite the softer retail environment.

KFC

In times of economic hardship, consumers turn to brands they know and trust. The KFC brand with its 50-year heritage in Australia is well-suited to this volatile consumer environment, and we continue to expand and modernise our network to capitalise on growing digital trends. Product innovation and brand-in-culture initiatives, such as the highly successful KFC weddings and Kentucky Fly Chicken campaigns, are also maintaining brand relevance.

The brand is gaining traction and market share in Europe with revenue and SSS growth, harnessing increased scale and a significant step-up in marketing effectiveness under our Netherlands Corporate Franchise Agreement (CFA).

TACO BELL

Improvements to product quality, marketing and greater availability through delivery aggregators has resulted in positive SSS and double-digit revenue growth. We continue to strengthen the foundations of the brand in Australia.

FINANCIAL PERFORMANCE

Collins Foods delivered record Group revenue of $1.49 billion in FY24, driven by growth across all business units and the addition of 17 net new restaurants. KFC Australia remains the primary contributor, accounting for three quarters of all revenue, while KFC Europe and Taco Bell continue to develop, with both recording double-digit revenue increases.

While we continue to prioritise long-term brand health, we remain focused on profitability. Margin support initiatives across labour, energy and supply chain offset cost inflation across the Group in FY24 with underlying Earnings Before Interest, Taxes, Depreciation and Amortisation (**EBITDA**) from continuing operations of $229.8 million — a 12.0% increase on the prior year.

Statutory Net Profit After Tax (**NPAT**) increased to $76.7 million, up from $12.7 million in FY23, reflecting profit from the Sizzler Asia sale as well the Taco Bell impairment in the prior year.

Strong net cash flow of $176.4 million, up $30.2 million on the prior year, further strengthened our balance sheet and supported re-investment in the business. Net debt reduced by more than $46 million to $165.5 million, and the net leverage ratio was reduced from 1.47 to 1.07 (pre-AASB 16) leaving capacity for investments in growth initiatives.

OPERATIONAL PERFORMANCE

KFC Australia

KFC remained the fastest growing QSR brand in Australia in 2023. Collins Foods was key to this expansion, opening 7 net new restaurants in FY24, bringing our footprint to 279. In a challenging operating environment, revenue from our KFC Australia operations increased 6.6% over the prior year to $1.12 billion, supported by SSS of +3.8% and continued growth through digital channels. Increased app adoption lifted digital to more than 30% of all sales in the second half of FY24 — a 6.3 percentage point increase over the same period last year.

Investment in technology, design and back-of-house initiatives further supported growth in these channels, increasing sales capacity and improving customer experience. More than 70 restaurants were remodelled during the year, further modernising our network and improving efficiency.

These operational improvements combined with additional scale and cost control improved EBITDA margins, up 57 basis points over the prior year to 19.8%, mitigating a higher cost environment and more subdued consumer sentiment.

The KFC brand continued to lead the market on critical brand, taste and value metrics and retained market share nationally. As a result, we are well placed for growth as economic conditions improve.

However, we are not resting on our laurels with enhancements to core products, such as the Original Crispy Burger, and ongoing product innovation through Limited Time Offers ensuring we remain top-of-mind and effectively re-engage light or lapsed users.

While Australia is one of the most penetrated KFC markets globally, with a KFC restaurant located within 3km for 71% of Australians, we see further opportunities for growth in this well-established market. We expect to open 9 new restaurants in FY25 — ahead of development agreement commitment of 7 per annum. We're also open to inorganic growth opportunities as they arise.

KFC Europe

In a tough economic environment, KFC Europe delivered another strong performance with revenue up 26.1% over the prior year to $313.5 million. SSS grew +4.9% — an impressive achievement given we were cycling two consecutive years of double-digit growth and more challenging operating conditions. SSS in the Netherlands increased +4.3% while Germany was up +6.4%, with growth driven by digital channels, value initiatives and product innovation.

Product innovation is key to broadening the appeal of this world-class brand with localised products, higher welfare chicken, and new veggie alternatives all driving engagement. Our focus on affordability is enabling us to introduce the brand to new audiences even as cost-of-living pressures impact the broader QSR sector. We're also seeing continued growth through in-store kiosks, with digital channels now representing 59.5% and 57.9% of sales in the Netherlands and Germany respectively.

More effective marketing and operational improvements under our Netherlands CFA elevated brand perceptions and mainstream relevance, underpinning market share gains. Brand metrics are now at record highs, with awareness up 7.8 percentage points over the prior year to 55% and consideration improving 0.7%. This is ahead of competitors.

While significant inflationary pressures, particularly in labour, remain across Europe, sales growth, operational initiatives and pricing mitigated higher costs with underlying EBITDA margin increasing slightly to 13.6%.

Collins Foods' European operations now stand at 75 restaurants, an increase of 11 on the same period last year. We continue to find innovative solutions to address development and energy-grid challenges in the Netherlands, including implementing the market's first battery-supported QSR restaurant and introducing smaller-format drive-thrus to unlock new trade zones.

We remain optimistic about Europe's growth potential, and are actively evaluating several inorganic opportunities.

The current conditions have not dampened our enthusiasm for growth. During the year ahead we will continue to improve accessibility to the KFC and Taco Bell brands, leveraging our value credentials and product innovation to drive revenue and SSS for all three business units.

Taco Bell

We are encouraged by Taco Bell's continued recovery over the past year with revenue increasing 11.7% to $54.4 million. Growth was achieved while operating a slightly smaller footprint than the prior year, reflecting improved product quality, the full-year impact of Uber Eats rollout, and increased investment in media and marketing.

SSS also improved, up +3.5%, as a result of more effective media campaigns focused on out-of-home digital marketing to maximise reach and greater availability through delivery aggregators. Digital channels accounted for just over 30% of all sales in the second half of FY24.

These targeted campaigns reinforced Taco Bell's value credentials and highlighted new products at key $5 and $10 price points, such as the Enchilada burrito and Lava Crunch burrito meal. Successful collaborations with well-known iconic brands, Arnott's and Vegemite, also increased awareness, engagement and consumer trial.

EBITDA profitability at restaurant level was $2.4 million, down $0.4 million from FY23 due to increased investment in marketing and customer experience initiatives. Underlying EBITDA was $(0.7) million.

Collins Foods' Taco Bell network spans 27 restaurants in suburban metro geographies across Queensland, Victoria and Western Australia. Development remains paused as we continue to optimise our current network, learning from our Victorian restaurants, which remain the strongest performers due to the quality of our locations.

Sizzler Asia

During the year, the Sizzler Asia business was sold for SGD $20.2 million under an agreement with a subsidiary of listed Thai company Minor International. The sale enabled us to effectively redeploy capital to reduce debt and support our growing European operations.

SUSTAINABILITY

Collins Foods embodies its 'restaurants done better' ethos, recognising the importance of operating in an ethical and sustainable manner for our long-term success. Over the past year, we've expanded our Environmental, Social and Governance (**ESG**) program to focus on initiatives under the five key pillars of Operations, People, Communities, Planet and Governance.

We're continuing to reduce our environmental footprint with more than half of our restaurant network generating solar power, environmentally conscious designs being implemented for new builds and remodels, and LED lighting now in all Australian restaurants. New energy initiatives in Europe, such as battery-supported restaurants, have reduced our energy consumption in the region by more than 3% across the network. We've also improved our waste management with all paper and cardboard being recycled while waste cooking oils are being used for biofuels in Australia and energy production in Europe.

On the social and governance front, we continue to put our people first with comprehensive safety training and a newly implemented wellbeing strategy. We're the first employer for many young people, and in FY24 we conducted 445 traineeships and made 813 internal promotions. Our supply chain is almost entirely locally sourced, with all KFC Australia chicken sourced from higher welfare suppliers.

OUTLOOK

Significant cost-of-living pressures and a higher cost environment are expected to remain for much of the year ahead, impacting sales growth, with ongoing margin pressure across the Group. Commodity inflation continues to trend downwards, however, labour and energy costs remain elevated globally. Initiatives are in place across operations, energy and supply chain to support margins, and we expect them to recover as trading conditions improve.

The current conditions have not dampened our enthusiasm for growth, and over the year ahead we will continue to improve accessibility to the KFC and Taco Bell brands, leveraging our value credentials and product innovation to drive revenue and SSS for all three business units. We remain open to inorganic opportunities to expand our network, lift revenue and profitability.

On behalf of the leadership team, I'd like to thank all Collins Foods team members for their significant contribution during a challenging year for the business. I'd also like to acknowledge Drew O'Malley, who has stepped down from the Managing Director and CEO role to support his family. Drew has been an incredible asset to Collins Foods over the past 7 years, and leaves the Company in a much stronger position. I wish him all the best for the future.

Thank you to shareholders for your ongoing support during the past year. While trading conditions are some of the most challenging we've seen in recent years, Collins Foods is well-positioned for long-term sustainable growth, operating resilient world-class brands within the value-centric QSR sector.

Kevin Perkins
Interim Managing Director & CEO

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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 28 April 2024.

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
Nicki Anderson	13 January 2023
Nigel Clark	1 September 2023
Mark Hawthorne	23 December 2021
Christine Holman	12 December 2019
Kevin Perkins (1)	15 July 2011
Russell Tate (2)	10 June 2011
Drew O'Malley (3)	29 June 2021

(1) Kevin Perkins appointed Interim Managing Director and Chief Executive Officer effective 5 February 2024.
(2) Russell Tate retired from the Board of Directors on 1 September 2023.
(3) Drew O'Malley commenced leave of absence effective 5 February 2024. On 11 June 2024, formally announced intention to step down effective 1 July 2024.

Principal activities during the period

During the period, the principal activity of the Group was the operation, management and administration of restaurants in Australia and Europe. There were no significant changes in the nature of the Group's activities this financial year.

Operating and financial review

GROUP OVERVIEW

The Group's business is the management and operation of quick service restaurants, currently comprising the KFC and Taco Bell brands. Owned globally by Yum!, these brands are two of the world's largest restaurant chains. In Australia, Collins Foods is the largest franchisee of KFC restaurants.

At the end of the period, the Group operated 279 franchised KFC and 27 franchised Taco Bell restaurants in Australia, 59 franchised KFC restaurants in the Netherlands, and 16 franchised KFC restaurants in Germany.

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	2024 $m	2023 $m	Change $m
Total revenue from continuing operations	1,488.9	1,348.6	140.3
Earnings before interest, tax, depreciation, amortisation and impairment (EBITDA) from continuing operations	229.5	197.9	31.6
Earnings before interest and tax (EBIT) from continuing operations	119.8	47.1	72.7
Profit before related income tax expense from continuing operations	81.3	14.7	66.6
Income tax (expense) from continuing operations	(25.6)	(3.4)	(22.2)
Net profit attributable to members (NPAT) from continuing operations	55.6	11.3	44.3
Profit from discontinued operations	21.1	1.5	19.6
Net assets	426.4	384.5	41.9
Net operating cash flow	176.4	146.2	30.2

Statistical financial metrics	2024 Cents per share	2023 Cents per share	Change Cents per share
Basic earnings per share from continuing operations	47.4	9.6	37.8
Basic earnings per share from discontinued operations	17.9	1.3	16.6
Total basic earnings per share attributable to members of Collins Foods Limited	65.3	10.9	54.4
Total dividends paid/payable in relation to financial period [1]	28.0	27.0	1.0

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

The Group's revenue increased 10.4% over the prior reporting period to $1,488.9 million, driven by an expanded restaurant network and same store sales growth across all three business units.

While significant cost inflation remained across labour, energy and commodities, sales growth and operational initiatives delivered an annual EBITDA increase of 16.0% to $229.5 million. This was up $31.6 million on the prior reporting period.

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

	EBITDA $000	EBIT $000	NPAT $000
Refinancing costs	363	363	615
Reverse onerous lease provision - Taco Bell	(1,695)	(1,695)	(1,187)
Restaurant impairments - Taco Bell	24	2,398	1,679
Restaurant impairments - KFC Europe	–	1,702	1,702
Acquisition and operational integration costs	1,530	1,530	1,530
Total non-trading items - continuing operations	**222**	**4,298**	**4,339**

The consolidated NPAT effect of these non-trading items was $4.3 million. As a result, the Group delivered statutory NPAT from continuing operations of $55.6 million. If these non-trading items (outlined in the table above) were excluded, NPAT was $60.0 million on an underlying basis.

Underlying financial metrics, excluding non-trading items, are summarised as follows:

Underlying financial metrics from continuing operations	2024 $m	2023 $m	Change $m
Total revenue	1,488.9	1,348.6	140.3
Earnings before interest, tax, depreciation, amortisation (Underlying EBITDA)	229.8	205.1	24.7
Net profit attributable to members (Underlying NPAT)	60.0	51.9	8.1

Underlying financial metrics	2024 Cents per share	2023 Cents per share	Change Cents per share
Earnings per share (Underlying EPS) basic from continuing operations	51.0	44.3	6.7
Total Earnings per share (Underlying EPS) basic	51.5	45.5	6.0

Underlying EBITDA increased 12.0% over the prior reporting period to $229.8 million, as sales growth and cost efficiencies mitigated inflationary pressures.

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

Review of underlying operations

KFC AUSTRALIA

KFC Australia revenue increased 6.6% over the prior corresponding period to $1,121.0 million with growth driven by an expanded national footprint of 279 restaurants and positive same store sales of 3.8% for the year. Sales growth, combined with operational efficiency and disciplined cost control delivered improved profitability with underlying EBITDA increasing 9.8% over the prior year to $221.4 million, at an underlying margin of 19.8%.

Digital channels were a key contributor to growth, up 6.3 percentage points on the prior period to 30.6% of total sales in H2 FY24. Growth was driven by higher app adoption.

KFC Australia continued to scale and modernise with nine new builds, two closures as better locations became available, and more than 70 restaurants remodelled to unlock sales capacity, improve customer experience, and increase accessibility to the brand.

KFC EUROPE

KFC Europe contributed revenue of $313.5 million, up 26.1% on the prior reporting period, benefiting from the addition of eight acquired restaurants and three new builds. Same store sales for the region remained positive at 4.9%, despite cycling significant growth in both FY23 and FY22 as well as navigating a more challenging consumer environment. Growth was driven by digital channels, value initiatives, and product innovation.

Marketing and operational improvements under Collins Foods' Netherlands Corporate Franchise Agreement (CFA) continued to lift KFC brand perceptions, supporting market share gains. Brand metrics were at record highs with awareness up 7.8 percentage points over the prior year to 55.0% and consideration up 0.7%.

Underlying EBITDA increased 29.6% over the prior financial year to $42.5 million with margins stable at 13.6%, as sales growth and operational initiatives offset cost inflation across all inputs.

Collins Foods' European footprint totalled 75 restaurants at period end, comprising 59 in the Netherlands and 16 in Germany. Innovative format and energy solutions, such as smaller drive-thrus in less populated trade zones and the implementation of battery solutions for restaurants not able to source sufficient energy from the grid, enabled continued development in a challenging market.

TACO BELL

Taco Bell continued its recovery, delivering solid revenue growth and positive same store sales of 3.5%. Revenue increased 11.7% on the prior financial year to $54.4 million as improved product quality, value offerings, brand collaborations, and more effective marketing resonated with consumers.

Greater availability through Uber Eats also contributed to growth with digital accounting for 30.4% of sales in H2 FY24. Underlying EBITDA improved to $(0.7) million while profitability at a restaurant level was impacted by increased investment in media and marketing.

Collins Foods' Taco Bell network spans 27 restaurants in suburban metro geographies with 14 located in Queensland, nine in Victoria, and four in Western Australia.

SIZZLER

Sizzler franchise operations in Asia contributed $0.8 million in revenue before the business was sold for SGD$20.2 million to Minor International, generating profit of $21.1 million in FY24.

Strategy and future performance

GROUP

The Group's strategy remains focused on running high quality restaurants, expanding its restaurant footprint and prioritising long term brand health. In addition, the Group will continue to pursue selective KFC acquisition opportunities in existing markets and new geographies to assist in building scale and profitability. Organisational capability is continually being strengthened to support growth and meet stakeholder expectations, including the areas of risk, compliance and Environmental Social Governance (**ESG**).

KFC AUSTRALIA

KFC Australia will continue to deliver affordable, great tasting products and excellent experiences for its customers. Accessibility to the brand will continue to improve with ongoing investment in digital and delivery channels, complemented by further restaurant builds.

KFC EUROPE

In Europe, the focus is on expanding Collins Foods' network, growing market share, delivering organic growth and leveraging greater scale to lift profitability. Ongoing marketing and operational initiatives will continue to reduce the impact of inflationary pressures in a softer consumer environment.

TACO BELL

The Taco Bell brand will continue to deliver product innovation, value for consumers, and effective targeted marketing campaigns to lift awareness. Brand collaborations and greater availability through digital channels will continue to support consumer trial and engagement.

Key risks

The key risks faced by the Group that have the potential to affect the financial prospects of the Group, 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.
- **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 well-being of our key stakeholders.
- **people** – there is a risk that the Group is unable to maintain a culture that develops and attracts a sustainable workforce, and in compliance with employment laws. We address this risk through deploying contemporary people practices, reward and recognition programs, talent management strategies, employee value propositions and ongoing compliance monitoring of employment laws, including wage compliance.
- **supply chain disruption** – there is a risk that the Group's is unable to source key food, consumable products and energy 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 and leverage the relationships and buying power of our franchisor. In addition, we continue to innovate with alternative energy solutions.
- **cyber threats** – there is a risk of cyber events impacting the availability of core restaurant systems causing disruption to Group's operations and inability to service customers. As most key third-party applications are managed by Collins Food's franchisor, we leverage their cyber security frameworks and processes as well as our comprehensive business continuity plans.
- **information security** – there is a risk that confidential or sensitive information can be accessed and disclosed by unauthorised parties. We address this risk by increasing our external assurance activities and the implementation of a cyber security plan, including simulations.
- **regulatory changes** – there is a risk that the Group is unable to identify and address material regulatory changes that impact the business. We address this risk by monitoring regulatory changes and their impacts on the group and obtaining external advice where required.
- **growth** – there is a risk that the Group is unable to effectively identify, execute and deliver on its growth plans. We address this risk by hiring and retaining an experienced management team, establishing strategic and operational plans to support growth and executing those plans. We maintain a close working relationship with the franchisor, with key executives participating in relevant KFC advisory groups and committees.
- **competition** – the Group competes with other fast-food chains, which increases the likelihood of pricing pressures. Collins Foods constantly seeks to innovate and differentiate its offers and service delivery channels to stay ahead.
- **changing consumer preferences** – customer trends and preferences continue to evolve, including the need for more sustainable and ethically sourced ingredients. In addition, geopolitical events may impact consumer perception of our brands and products. Collins Foods addresses these changes by working with its franchisor and supply chain partners on brand positioning, in developing menu options and sourcing strategies that create more choice and cater to a wider range of lifestyle and dietary needs.
- **economic downturns** – Collins Foods, like any other QSR operator, is susceptible to economic downturns and recessions as there is an increased likelihood that consumers may cut back on spending at QSR restaurants. The Group addresses this risk by remaining vigilant in its procurement activities to minimise exposures to product cost increases and works with its franchisor to ensure its offering remains competitive.

In addition to relevant risk mitigation strategies and controls, Collins Foods has insurance coverage to reduce the residual risk of financial losses and to safeguard its assets.

The core purpose of the Group's Risk Management Framework is to enable a better understanding and management of risk, and to improve risk management practices.

Collins Foods is exposed to an element of climate related risks such as floods, drought, cyclones and bushfires. It continuously looks for opportunities to reduce the environmental impact of its operations and accordingly, releases an annual sustainability report describing the environmental, social and governance related initiatives and opportunities relevant to it.

The 2024 modern slavery statement for Collins Foods will be published in the second half of calendar year 2024.

Considering 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 30 April 2023	15.0	17,606	Franked	1 August 2023
Interim ordinary dividend for the financial period ended 15 October 2023	12.5	14,686	Franked	28 December 2023
Total	**27.5**	**32,292**		

In addition, since the end of the financial period, the Directors of the Company declared the payment of a fully franked final dividend of 15.5 cents per share ($18.2 million) to be paid on 6 August 2024 (refer to Note B4 of the Financial Report).

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

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

DIRECTOR	**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 retail, FMCG, property development, mining, engineering sectors and media. 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 Chair of Collins Foods, Robert is a Non-executive Director of Magontec Limited and FAR Limited. He was formerly Non-executive Chair of Spicers Limited and Non-executive Director of Electro Optic Systems Holdings Limited, UGL Limited, HT&E Limited and the Chair of the Macular Disease Foundation Australia.
Other current listed directorships	Magontec Limited (July 2013 – current) FAR Limited (30 June 2021 – current)
Former listed directorships in last 3 years	None other than Collins Foods Limited
Special accountabilities	Independent Non-executive Chair Audit and Risk Committee member People, Culture and Nominations Committee

DIRECTOR	**Drew O'Malley**
Experience and expertise	An accomplished executive with over 20 years' experience in the Quick Service Restaurants (QSR) industry, Drew joined Collins Foods after serving nearly two decades as an executive team member with AmRest, during which time it grew to become the largest independent restaurant company in Europe. In his time there, Drew served in various senior roles, including Chief Operating Officer, Chief Digital Officer, and Brand President KFC. Additionally, Drew served as President of the Central Europe Division, in which he was responsible for over 500 restaurants across 4 brands (KFC, Pizza Hut, Starbucks and Burger King) and seven countries. Prior to his current role as Managing Director and CEO, Drew served three years at Collins Foods as the Chief Operating Officer for Australia. He has also worked as a consultant with McKinsey & Company and holds an MBA from the University of Michigan Business School.
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	Managing Director and CEO

DIRECTOR	**Nicki Anderson** - B. Business (Marketing), MBA, FAICD
Experience and expertise	Nicki has over 25 years' experience working in Oceania, Asia, Europe and America and has hands on leadership experience in strategy, sales, marketing, customer experience and innovation within the food, beverage, consumer goods and agribusiness sectors. Her leadership roles include Vice President Innovation at Cadbury Schweppes Americas (Dr Pepper Snapple) based in New York, Marketing & Innovation Director for Coca Cola Amatil and McCain Foods and CEO for Powerforce, Demo Plus, Artel and Retail Facts. Nicki is currently a Non-executive Director & Chair of Remuneration & Nomination Committee for ASX listed GrainCorp and Craig Mostyn Group, Deputy Chair & Chair of Nomination Committee for Australian Made Campaign Limited, and Non-executive Director for both Fred Hollows Foundation and Prostate Cancer Foundation of Australia. She is former Chair & Member of the Monash University Advisory Board for the Marketing faculty. Nicki holds an Executive MBA from the University of NSW (AGSM), a Bachelor of Business (marketing major) from the University of Technology Sydney and is a Fellow of the Australian Institute of Company Directors.
Other current listed directorships	GrainCorp Limited (October 2021)
Former listed directorships in last 3 years	Toys 'R' Us Limited (25 October 2018 – 31 August 2022) Select Harvests Limited (21 January 2016 – 25 February 2022) Health & Plant Protein Group Limited (17 May 2021 – 4 August 2021)
Special accountabilities	Independent Non-executive Director People, Culture and Nominations Committee Chair

DIRECTOR	**Nigel Clark** - BSc, PGDipL, Solicitor (NSW) (Eng&Wales) Appointed 1 September 2023
Experience and expertise	A qualified lawyer in both Australia and the UK, Nigel spent more than 20 years advising on cross border finance, restructuring and mergers and acquisitions. He started his career as a solicitor in the City of London and was an associate and partner with Minter Ellison in Sydney, London, Beijing and Hong Kong. More recently, Nigel has built and led new professional services businesses. He co-founded and managed Peregrine Law in the UK, which was acquired by Nexa in January 2020, where he served as CEO until 2024 (he remains on the board as a non-exec shareholder director).
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	Independent Non-executive Director Audit and Risk Committee member

DIRECTOR	**Mark Hawthorne** - B. Financial Administration, CA, GAICD
Experience and expertise	Mark has extensive experience as an executive leading franchisee centric brands in different scenarios including start up, founder led, large multi-national, private equity ownership in different countries and cultures around the World. His more than 28 years' of retail and franchising experience has been gained as the CEO & Executive Director of Guzman y Gomez (GyG) from 2015 to 2020 and prior to that, leading McDonalds in various markets including the United Kingdom, New Zealand, the Middle East and Africa. Mark achieved his Chartered Accountant qualification in 1997 and is a Graduate of the Australian Institute of Company Directors' Company Directors Course.
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	Independent Non-executive Director Audit and Risk Committee member People, Culture and Nominations Committee member

DIRECTOR	**Christine Holman** - PGDipBA, MBA, GAICD
Experience and expertise	Christine is a professional company director and a Non-Executive Director of three ASX listed boards, AGL Ltd, Metcash Ltd and Collins Foods Ltd, The National Intermodal Corporation which is a Federal Government Business Enterprise (GBE) and one private company, Indara Pty Ltd. Christine also sits on the Boards of non-for-profit organisations, including The State Library of NSW Foundation and 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 and digital transformations. During her time in private investment management, Christine assisted management and the Board of investee companies on strategy development, mergers & acquisitions, leading due diligence teams, managing large complex commercial negotiations, and developing growth opportunities. Christine has an MBA and Post-Graduate Diploma in Management from Macquarie University and is a Graduate of the Australian Institute of Company Directors. Christine is a member of Chief Executive Women (CEW) and the International Women's Forum (IWF).
Other current listed directorships	AGL Limited (15 November 2022 - current) Metcash Limited (October 2020 – current)
Former listed directorships in last 3 years	CSR Limited (October 2016 – 16 November 2022) Blackmores Limited (March 2019 – July 2021)
Special accountabilities	Independent Non-executive Director Audit and Risk Committee Chair

DIRECTOR	Kevin Perkins - MBA
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 Chair of 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. Kevin was awarded a Master of Business Administration from California State University, Los Angeles.
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 Interim Managing Director and CEO People, Culture and Nominations Committee member

Company Secretaries

Christopher (Chris) J Bertuch - BEc, LLB, LLM

Chris was appointed interim Company Secretary on 12 October 2023 and Group General Counsel and Company Secretary (Interim) in March 2024. He has more than 30 years of experience in corporate and commercial law, corporate governance, risk management and dispute resolution, gained in various roles, including as Group General Counsel and Company Secretary at IAG Limited and CSR Limited, and as a partner in the law firm Gadens Lawyers in Sydney. Chris has completed the Advanced Management Program at Harvard Business School and holds degrees in law and economics.

Priyamvada (Pia) Rasal - LLB, B.Com, Chartered Secretary (CGI, UK), AGIA

Ms Priyamvada (Pia) Rasal has over 14 years' experience in company secretarial consultancies across multiple geographies (Melbourne, Perth, and Mumbai) in governance, corporate secretarial and legal roles. She has managed a portfolio of private companies, public companies, ASX listed entities and non-profit organisations as a Company Secretary. Ms Rasal is an Associate Member of the Chartered Governance Institute (UK) and the Governance Institute of Australia. Ms Rasal holds a bachelor's degree in law and commerce from India. Pia ceased to be Company Secretary on 19 June 2024.

Meetings of Directors

The numbers of meetings of the Company's Board of Directors and of each Board Committee held during the FY24 and FY23 years, and the number of meetings attended by each Director, were:

	Board				Audit and Risk Committee				People, Culture and Nominations Committee (2)			
	FY24 meetings (1)	Meetings attended	FY23 meetings (1)	Meetings attended	FY24 meetings (1)	Meetings attended	FY23 meetings (1)	Meetings attended	FY24 meetings (1)	Meetings attended	FY23 meetings (1)	Meetings attended
Robert Kaye SC	19	19	15	15	5	5	6	6	7	7	5	5
Nicki Anderson (3)	19	18	3	3	1	1	2	2	7	7	2	2
Nigel Clark (4)	10	9	–	–	3	3	–	–	–	–	–	–
Mark Hawthorne	19	19	15	15	5	4	6	6	7	7	5	5
Christine Holman (5)	19	19	15	14	5	5	6	5	3	3	5	5
Bronwyn Morris AM (6)	–	–	6	6	–	–	2	2	–	–	3	3
Kevin Perkins (7)	19	18	15	15	2	2	6	5	7	7	5	4
Russell Tate (8)	9	7	15	13	2	2	6	4	3	3	5	5
Drew O'Malley (9)	13	11	15	14	–	–	–	–	–	–	–	–

(1) FY24 and FY23 represents the number of meetings held during the time the Director held office or membership of a Committee during the period.
(2) Formerly Remuneration and Nomination Committee.
(3) Appointed as Independent Non-executive Director, member of the Audit and Risk Committee and People Culture and Nominations Committee effective 13 January 2023. As a result of changes to the composition of the Committees, appointed People, Culture and Nominations Committee Chair and ceased to be a member of the Audit and Risk Committee, effective 1 September 2023.
(4) Appointed as Independent Non-executive Director and member of the Audit and Risk Committee effective 1 September 2023.
(5) As a result of changes to the composition of the Committees, ceased to be a member of the People, Culture and Nominations Committee, effective 1 September 2023.
(6) Retired as Independent Non-executive Director effective 2 September 2022.
(7) Appointed Interim Managing Director and Chief Executive Officer effective 5 February 2023. From that date, maintained membership in the People, Culture and Nominations Committee. As a result of changes to the composition of the Committees, ceased to be a member of the Audit and Risk Committee, effective 1 September 2023.
(8) Retired as Independent Non-executive Director effective 1 September 2023.
(9) Commenced leave of absence effective 5 February 2024. Until that time, was not a member of the Audit and Risk Committee or the People, Culture and Nominations Committee. .

LETTER FROM THE CHAIR OF THE PEOPLE, CULTURE AND NOMINATIONS COMMITTEE

Dear Shareholders

It is with great pleasure that I present to you the Annual Report on Remuneration and Nomination for Collins Foods, a company where people are always at the heart of our business. With a workforce spanning over 20,000 people across Australia and Europe, our commitment to fostering a culture of inclusivity, growth, and excellence remains unwavering.

Leadership Capability

This year we have made some significant new Executive leadership appointments that further enhance our capability and ability to deliver on our strategic, growth and culture objectives and commitments to our shareholders. In FY24 Andrew Leyden joined us as our Group Chief Financial Officer and David Kelley joined as our Group Chief Risk Officer. Joanne Matthews has recently commenced as our Group Chief People and Culture Officer and Tracey Wood is due to commence soon as our Group Chief Legal Counsel and Company Secretary. Our renewed Group Executive leadership capability and experience positions us well as we look to future growth and performance.

FY24 Remuneration Framework

Our remuneration framework is based on market competitive fixed pay, a short term incentive (**STI**) and a long term incentive (**LTI**) that aligns pay with disciplined financial management, strengthening Collins Foods reputation, and delivering sustainable shareholder returns. The Board retains discretion on all STI and LTI outcomes.

The business landscape and our operating environment are evolving rapidly, and we continue to refine and enhance our remuneration framework to better reflect our performance targets and, importantly, to align with the expectations of you, our shareholders, and the communities in which we operate. I will provide further details of these enhancements when referencing the FY25 outlook.

FY24 Reward Outcome: Short Term Incentive (STI)

Pleasingly we have continued to deliver value for our customers, who are facing cost of living pressures, while maintaining an acceptable return for our shareholders and investing for the future. Against the backdrop of an increasingly uncertain retail environment and despite ongoing inflationary pressure on costs, Group underlying EBITDA (pre AASB16) for the 2024 financial year increased by 8.9% to $154.1m.

At the same time we have demonstrated progress on our strategic agenda by opening new stores in all geographies, modernising and "supercharging" a significant number of stores, divesting Sizzler Asia and also growing our footprint in Europe, with the purchase of eight restaurants in the Netherlands. We also made good progress against the execution of our Environmental, Social and Governance (ESG) framework, and plan to accelerate this agenda in FY25.

As a result of this positive outcome for the Group, the Board, in accordance with the FY24 STI Plan Rules, endorsed the payment of STI for Key Management Personnel (KMP), Senior Executives and Restaurant Support Centre employees across our Australian and European operations. As part of the decision, the Board considered the application of the ESG modifier and decided that, in recognition of the progress that has been made towards our FY26 ESG targets, it would not be applied in FY24.

FY24 Reward Outcome: Long Term Incentive (LTI)

Relative Total Shareholder Return (rTSR) was introduced in 2021 as a second performance measure for inclusion in the FY22 LTI grant. Relative TSR for this grant will be determined against the VWAP benchmark ten days either side of the release of the audited financial results on 25 June 2024. As a result, the vesting determination decision will occur post release of audited financial results, and therefore LTI performance outcomes relating to the FY22 Grant will be included in the FY25 Remuneration Report.

The subsequent delay to vesting determination due to rTSR measurement also applies to the FY23 Grant, which will result in performance outcomes for this grant being reported in the FY26 Remuneration Report.

FY25 Outlook – Our approach and framework

For FY24 our STI measure, was the delivery on Group EBITDA (pre AASB16) targets. This metric has served us well in the past, however we recognise the need to apply a more comprehensive approach to reflect the broader expectations of our shareholders and operating environments and the diverse facets of our operations. To that end, from FY25 the Group's incentive framework will be based on a Balanced Scorecard methodology, outlined below.

This new framework comprises four key components, which together are designed to align to the delivery of our organisational goals and values:

1. **Financial Performance:** We remain committed to driving sustainable growth and profitability. As such, Group Net Profit After Tax (NPAT) (post AASB16) will serve as a cornerstone metric within our Balanced Scorecard, reflecting our dedication to delivering sustainable returns to our shareholders. The financial performance metric for the Executives responsible for the delivery of our brands (Taco Bell in Australia and KFC in Australia and Europe) will include both Group NPAT and Brand EBIT. The incentive targets for all other Executives and plan participants will also include Group NPAT.
2. **Safety:** The well-being of our people is paramount and the Total Recordable Injury Frequency Rate is included as a target measure within the FY25 Balanced Scorecard, underscoring our unqualified commitment to fostering a safe and secure work environment.

3. **Customer Satisfaction:** At Collins Foods, customers are at the centre of our business and customer satisfaction is a crucial measure of delivering on customer expectations and our customer promise. Accordingly, we have incorporated a customer-centric metric within our scorecard to ensure that we continuously strive to delight our customers**.**

4. **Sustainability:** We at Collins Foods recognise and acknowledge society's increasing urgency to address climate change and environmental impacts and our responsibility to minimise our ecological footprint. Hence, we have placed a further emphasis on waste reduction initiatives, aligning our sustainability efforts with our business objectives.

The implementation of a Balanced Scorecard approach to our FY25 incentive framework reflects our commitment to promoting a culture of accountability, transparency, and performance excellence. In addition to the balanced scorecard, and replacing the current ESG modifier, will be a Risk Modifier to ensure demonstration of thought, work and action informed by what has happened in the past, why it happened and what steps have been taken to manage known exposures.

To further promote alignment with shareholders, from FY27 all Executives will have 50% of their STI paid in cash and 50% as deferred equity.

Following a review of the LTI measures, we have determined that the current metrics are appropriate and aligned with shareholders.

The Board also reviewed the fees payable to the Non-executive Directors having regard to benchmark data, market position and relative fees and following consideration no changes were made to the Chair, Non-executive Directors or any of the Board committee fees for the FY24 year.

In Summary

We believe that the remuneration outcomes for FY24 appropriately reflect the underlying performance and collective contribution of our hardworking teams and alignment with shareholders and our other stakeholders, as reflected in our financial results and other metrics.

By reviewing our remuneration framework and ensuring alignment with our organisational values and strategic imperatives, we are poised to navigate the complexities of the contemporary business landscape with confidence and conviction. Furthermore, our renewed Group Executive Team have enhanced our capabilities to deliver performance excellence.

In closing, I extend my sincere gratitude to our shareholders, employees, and stakeholders for their unwavering support and commitment to our shared vision. Our positive momentum will enable us to create value for shareholders and customers, consistent with our culture, the safety and well-being of our teams and doing the best for the communities we operate in and serve.

Yours Sincerely

Nicki Anderson
Independent Non-executive Director
Chair of the People, Culture and Nominations Committee
Collins Foods Limited

REMUNERATION REPORT

1: Persons covered by this Remuneration Report

This Remuneration Report covers the remuneration of Non-executive Directors, the Managing Director and Chief Executive Officer, and employees 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
Non-executive Directors	
Robert Kaye SC	Independent Non-executive Chair; Audit and Risk Committee member; People, Culture and Nominations Committee member
Nicki Anderson	Independent Non-executive Director; People, Culture and Nominations Committee Chair
Nigel Clark (1)	Independent Non-executive Director; Audit and Risk Committee member
Mark Hawthorne	Independent Non-executive Director; Audit and Risk Committee member; People, Culture and Nominations Committee member
Christine Holman	Independent Non-executive Director; Audit and Risk Committee Chair
Kevin Perkins (2)	Non-executive Director; People, Culture and Nominations Committee member; Interim Managing Director and Chief Executive Officer (Interim Managing Director & CEO)
Russell Tate (3)	Independent Non-executive Director; Audit and Risk Committee member; People, Culture and Nominations Committee Chair
KMP Executives	
Drew O'Malley (4)	Managing Director and Chief Executive Officer (Managing Director & CEO)
Hans Miete	Chief Executive Officer – Collins Foods Europe (CEO – CF Europe)
Andrew Leyden (5)	Group Chief Financial Officer (Group CFO)
Helen Moore	Chief Operating Officer – KFC Australia (COO – KFC Australia)
Former KMP Executives	
Nigel Williams	Former Group Chief Financial Officer (Group CFO) (resigned effective 14 July 2023)
Michael Dernier	Former Acting Group Chief Financial Officer (Group CFO) (appointed for the period 17 July to 9 October 2023)
Dawn Linaker	Former Chief People Officer (CPO) (resigned effective 17 November 2023)
David Timm (6)	Chief Marketing Officer (CMO)

(1) Appointed Independent Non-executive Director effective 1 September 2023.
(2) Commenced as Interim Managing Director & CEO effective 5 February 2024.
(3) Retired as Independent Non-executive Director effective 1 September 2023.
(4) Commenced leave of absence effective 5 February 2024. On 11 June 2024, formally announced intention to step down effective 1 July 2024.
(5) Commenced as Group Chief Financial Officer effective 9 October 2023.
(6) David Timm is no longer considered to be KMP, effective 1 May 2023. As a result of the diminished significance of the Taco Bell business due to the full impairment of the assets (completed in FY23), the impact of Taco Bell to the Group is less material. As such, David no longer has the authority and responsibility to plan, direct and control the marketing activities of a significant element of the Group.

2: FY24 Remuneration Framework overview

We recognise remuneration is an important method for reinforcing our corporate culture and promoting the right behaviours while also supporting the achievement of the organisation's strategic objectives.

Our Remuneration Framework has been developed to support the following key principles:

- enable the Company to attract and retain capable and experienced Directors and Executives who create value for shareholders;
- reward the achievement of both annual and long term performance objectives appropriate to the Company's circumstances and goals;
- provide transparency, and demonstrate a clear relationship between performance and remuneration;
- motivate Executives to pursue sustainable growth and innovation aligned with shareholder's interests;
- promote appropriate employee behaviour aligned to the Company's Code of Conduct and Workplace Health and Safety policies and risk management framework;
- ensure remuneration remains competitive and complies with applicable legal and regulatory requirements;
- ensure reward provisions are fair and equitable for individuals and our shareholders.

The People, Culture and Nominations Committee (PCNC) operated in accordance with the aims and aspirations of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (Principles and Recommendations) and sought input regarding remuneration governance from a wide range of sources. These included shareholders, PCNC 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.

A review of the Executive Remuneration Framework was undertaken in FY24 to ensure it continues to align with accepted market practices and legislative requirements. Details of this review and associated changes for FY25 are provided in Section 8 - Enhancing our Executive remuneration framework from FY24.

Executive Remuneration

REMUNERATION STRUCTURE AND LINK TO PERFORMANCE

The components of the Executive Remuneration Framework are reviewed annually. Their links to performance outcomes are outlined below:

Remuneration component	Purpose	Performance metrics FY24	Potential value
Total Fixed Remuneration (TFR) – comprised of Base Salary (includes Superannuation) and Other Benefits*	To attract and retain high quality talent and remunerate Executives for performing their ongoing work	• Not applicable	• Positioned to reflect the market rate and individual attributes
Short Term Incentives (STI)	Rewards for annual performance outcomes for agreed annual objectives	• EBITDA (pre AASB 16) performance against a pre-determined target level and award scale • Overriding hurdle of greater than 95% of target EBITDA to trigger any STI payment, with a reduced payout scale for between 95-100% of target EBITDA • EBITDA targets must be at least equal to prior period reported EBITDA • ESG initiatives (ESG) applied as a modifier to STI, where up to 15% of STI is at risk for non-achievement of ESG related activities	• All KMP Executives: 50% of Base Salary for target performance, with a maximum opportunity of up to 75% of Base Salary
Long Term Incentives (LTI)	Reward for contribution of shareholder value over the longer term	• Three year compound Earnings Per Share (EPS) growth performance • Three year Relative Total Shareholder Return (rTSR) against an ASX200 index • Weighting between the two hurdles is EPS 50% and rTSR 50%	• Managing Director & CEO: 50% of Base Salary for target performance, with a maximum opportunity of 100% of Base Salary • Other KMP Executives: 40% of Base Salary for target performance, with a maximum opportunity of up to 80% of Base Salary

* **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 and short term and long term incentive rewards.

FIXED REMUNERATION

TFR consists of salary, superannuation contributions and other benefits. Fringe benefits tax on these benefits, where required, is incorporated in TFR.

The Group aims to position KMP Executives generally between the median and third quartile of benchmarked companies' remuneration levels, 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.

All KMP Executives were 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. The metrics used to measure performance for the STIP are detailed below.

STIP metrics	Description
EBITDA	An overriding hurdle of 95% of EBITDA as measured against the Company Group level was required to trigger eligibility to participate in the STIP. EBITDA calculations for the purpose of calculating incentives payable under the STIP continue to be assessed on a pre AASB 16 basis.
Environmental Social Governance (ESG)	The ESG modifier of up to 15% of the STI opportunity, and at risk should satisfactory progress not be made towards our ESG Strategy, remained unchanged from FY23 for FY24.

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 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 had a deleterious effect on the Collins Foods 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 and regulatory notices of non-compliance.

Maximum opportunity: EBITDA result

The FY24 award scale based upon the actual EBITDA result achieved is set out below:

STANDARD % PAYOUT TABLE	
% EBITDA target achieved	% target bonus earned
95	—
96	10
97	25
98	40
99	55
100	100
101	105
102	110
103	115
104	120
105	125
106	130
107	135
108	140
109	145
110	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

Under the STIP rules, the total Group EBITDA target must be achieved for any KMP or division to qualify. Board has not exercised its discretion to adjust the FY24 remuneration outcomes.

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, or in cases of 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.

Long Term Incentive Performance metrics

LTIP terms	Description
Form of equity	Performance rights plan. 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 FY25 with a performance period including FY25, FY26 and FY27, the number of performance rights granted will be based upon a dollar value divided by the volume weighted average share price (VWAP) five trading days before and five trading days after the announcement of the Company's audited financial results. This VWAP basis of measurement is consistent with the prior year.
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 FY24 offers commenced 1 May 2023 and ends 3 May 2026 for the performance period of FY24, FY25 and FY26. The measurement period for FY25 offers commences on 29 April 2024 and ends 2 May 2027 for the performance period of FY25, FY26 and FY27.
Vesting conditions	The Board has discretion to set vesting conditions for each offer. Performance rights that do not vest will lapse.
Retesting	The plan rules do not contemplate retesting and therefore retesting is not a feature of the Company's current LTIP 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.

LTIP terms	Description
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.
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 the 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.

FY24 offer

In line with prior years, both Relative TSR and EPS growth were the metrics for the FY24 grant under the LTIP.

Compound EPS growth will be measured by calculating the compound growth in the Company's underlying 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 and will continue as a performance measure under the LTIP. The weighting for the EPS hurdle is 50% of the total award.

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 threshold and target EPS growth hurdles remain unchanged from FY23.

The following vesting scale applied to the performance rights offered in FY24. Refer to section 8 for changes to the LTIP effective from FY25.

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%

The rTSR hurdle is based on a VWAP benchmark of ten trading days either side of the 2023 results announcement on 27 June 2023. Measurement will be against the VWAP benchmark ten days either side of the end of the financial year for the period ended 30 April 2026. The Board has determined that the ASX 200 Index is sufficiently broad to measure relativity from the start of the performance period (1 May 2023). The weighting for the rTSR hurdle is 50% of the total award.

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
At or above the 75th percentile	100%
Between the 50th percentile and 75th percentile	3% for each 1% > 50%, < 75%
At the 50th percentile	25%
Below the 50th percentile	0%

REMUNERATION COMPOSITION

The Board continually reviews the remuneration mix for the Managing Director & CEO and other KMP Executives. The remuneration mix for FY24 is consistent with FY23.

The following table shows the range of remuneration mix that was offered for current KMP Executives during FY24, for maximum performance.

Mix of remuneration (excludes Other Benefits) [1]	Managing Director & CEO	Other KMP Executives
Base Salary	36%	39%
STI (at Maximum performance)	28%	29%
LTI (at Maximum performance)	36%	32%

(1) The mix of remuneration disclosed in the above table excludes the Interim Managing Director & CEO, who is ineligible to participate in the STIP or LTIP.

The Board considers that the remuneration mix for the Managing Director & CEO and other KMP Executives (Base Salary, STI and LTI) in FY24 resulted in appropriately weighted remuneration to:

- align executive remuneration practices with accepted market practices and current best practice;
- motivate executives to continuously grow shareholder value by aligning their interests with those of shareholders through equity ownership; and
- manage the risk of short-termism inherent in fixed remuneration and STIs by exposing a significant proportion of remuneration to the longer term consequences of decision making.

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 change + 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	[1] Dividends	Amount	%	Amount	%
FY24 [2]	$1,488.88	$55.64	$9.85	$1.16	$0.280	$1.44	17%	$(0.73)	(6%)
FY23 [2]	$1,348.61	$11.28	$8.69	$(1.46)	$0.270	$(1.19)	(12%)	$2.48	36%
FY22 [2]	$1,181.70	$54.08	$10.15	$(1.22)	$0.245	$(0.98)	(9%)	$3.22	42%
FY21 [3] [4]	$1,065.90	$32.61	$11.37	$4.43	$0.210	$4.64	67%	$6.61	124%
FY20 [5]	$981.73	$31.26	$6.94	$(0.65)	$0.200	$(0.45)	(6%)	$2.24	43%

(1) Dividends used are the cash amount (post franking).
(2) Excludes Sizzler Asia revenues and profit after tax.
(3) Excludes Sizzler Australia revenues and profit after tax.
(4) FY21 restated as a result of a change in accounting policy for the recognition of cloud computing arrangements.
(5) Includes the impact of AASB 16.

3: Statutory remuneration disclosures

KMP EXECUTIVE REMUNERATION

The following table outlines the remuneration received by KMP Executives of the Company during FY24 and FY23 prepared according to statutory disclosure requirements and applicable accounting standards.

KMP Executive remuneration for FY24 (with FY23 comparatives) is reported in four components being Base Salary (including superannuation), Other Benefits, awarded values of STI remuneration and awarded values of LTI remuneration.

						Short Term Incentive		Long Term Incentive [1]				
Name	Role	Year	Base Salary (incl. super-annuation)	Other benefits	Total fixed remun-eration	Amount	% of Total Reward	Amount	% of Total Reward	Total Reward [2]	Change in accrued leave [3]	Termination benefits
Drew O'Malley [4]	MD & CEO	2024	$959,676	$38,130	$997,806	–	0%	$410,458 [5]	29%	$1,408,264	$1,327	–
		2023	$918,825	$37,172	$955,997	–	0%	$(120,702)	(14%)	$835,295	$8,405	–
Kevin Perkins [6]	Interim MD & CEO	2024	$196,154	–	$196,154	–	0%	–	0%	$196,154	$14,523	–
		2023	–	–	–	–	0%	–	0%	–	–	–
Hans Miete [7]	CEO - CF Europe	2024	$488,794	$35,132	$523,926	270,076	28%	$162,522	17%	$956,524	$6,651	–
		2023	$425,504	$36,804	$462,308	$213,505	29%	$54,137	7%	$729,950	$17,489	–

Name	Role	Year	Base Salary (incl. super-annuation)	Other benefits	Total fixed remun-eration	Short Term Incentive Amount	Short Term Incentive % of Total Reward	Long Term Incentive [1] Amount	Long Term Incentive [1] % of Total Reward	Total Reward [2]	Change in accrued leave [3]	Termination benefits
Andrew Leyden [8]	Group CFO	2024	$362,500	$15,551	$378,051	$268,125	39%	$41,340	6%	$687,516	$21,920	–
		2023	–	–	–	–	0%	–	0%	–	–	–
Helen Moore	COO – KFC Aust	2024	$529,887	$27,884	$557,771	$291,665	29%	$163,323	16%	$1,012,759	$7,977	–
		2023	$507,375	$27,884	$535,259	–	0%	$65,763	11%	$601,022	($1,690)	–
Former KMP Executives												
Nigel Williams [9]	Former Group CFO	2024	$150,224	$8,566	$158,790	–	0%	–	0%	$158,790	($10,249)	$350,762
		2023	$611,148	$40,765	$651,913	–	0%	($21,682)	(3%)	$630,231	($18,723)	$175,381
Michael Dernier [10]	Former Acting Group CFO	2024	$70,838	–	$70,838	$38,077	34%	$3,525	3%	$112,440	–	–
		2023	–	–	–	–	0%	–	0%	–	–	–
Dawn Linaker [11]	Former CPO	2024	$279,346	$21,694	$301,040	–	0%	($134,892)	(81%)	$166,148	($9,362)	$506,184
		2023	$496,480	$38,573	$535,053	–	0%	($16,511)	(3%)	$518,542	($13,694)	–
David Timm [12]	CMO	2024	–	–	–	–	0%	–	0%	–	–	–
		2023	$436,517	–	$436,517	$119,324	19%	$59,403	10%	$615,244	($11,600)	–

(1) 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 measured in accordance with AASB 2 Share-based Payment. Where a market-based measure of performance is used such as rTSR, 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 number vested.
(2) Excludes change in accrued leave balance.
(3) The changes in accrued leave are measured in accordance with AASB 119 Employee Benefits.
(4) Commenced leave of absence effective 5 February 2024.
(5) Accrued as required under AASB 2 – *Share-based Payment*, in respect of unvested Performance Rights granted previously to Mr O'Malley under the Company's Executive and Employee Incentive Plan. These Performance Rights will lapse on the termination of Mr O'Malley's employment.
(6) Appointed Interim Managing Director & CEO effective 5 February 2024. Remuneration disclosed in this table relates to period as Interim Managing Director & CEO. For remuneration related to the period as Non-executive Director, refer to the table on page 20.
(7) FY24 salary converted at exchange rate of AUD $1: EURO €0.6065 (FY23: AUD $1: EURO €0.6516).
(8) Appointed Group Chief Financial Officer effective 9 October 2023.
(9) Resigned as Group Chief Financial Officer effective 14 July 2023. Termination benefits disclosed in the prior year were accrued obligations as at 30 April 2023.
(10) Appointed Acting Group Chief Financial Officer effective for the period 17 July to 9 October 2023. Remuneration disclosed is only for the period considered to be KMP.
(11) Resigned as Chief People Officer effective 17 November 2023.
(12) No longer considered KMP effective 1 May 2023. FY23 salary converted at exchange rate of AUD $1: GBP £0.5657.

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 FY24 (NON-STATUTORY DISCLOSURE)

The following table is provided to shareholders as an illustration of the actual remuneration that was received by KMP Executives during FY24. The amounts disclosed below will differ from the amounts in the above table, which are calculated in accordance with accounting standards, however, the Board has determined that it will provide relevant remuneration information for the KMP Executives.

Name	Role	Fixed remuneration [1]	Awarded STI [2]	Vested LTI [3]	Total value
Drew O'Malley	MD & CEO	$997,806	–	–	$997,806
Kevin Perkins [4]	Interim MD & CEO	$196,154	–	–	$196,154
Hans Miete	CEO - CF Europe	€317,740	€163,790	–	€481,530
Andrew Leyden	Group CFO	$378,051	$268,125	–	$646,176
Helen Moore	COO – KFC Aust.	$557,771	$291,665	–	$849,436
Former KMP Executives					
Michael Dernier [5]	Former Acting Group CFO	$70,838	$38,077	–	$108,915
Nigel Williams [6]	Former Group CFO	$684,934	–	–	$684,934
Dawn Linaker [7]	Former CPO	$807,224	–	–	$807,224

(1) Fixed remuneration includes base salaries received, payments made to superannuation funds, the taxable value of non-monetary benefits received and any once-off payments such as sign-on bonuses or termination benefits.
(2) The awarded STI benefits represent the bonuses that were awarded to each KMP in relation to FY24 and will be paid in July 2024.
(3) The Vested LTI represents the vesting of performance rights that were granted to the KMP in September 2021. As the vesting determination decision has not occurred prior to the release of the FY24 Remuneration Report, the outcomes relating to this Grant will be disclosed in the FY25 Remuneration Report.
(4) Appointed Interim Managing Director & CEO effective 5 February 2024. Remuneration disclosed in this table relates to period as Interim Managing Director & CEO. For remuneration related to the period as Non-executive Director, refer to the table on page 20.
(5) Appointed Acting Group Chief Financial Officer effective for the period 17 July to 9 October 2023. Remuneration disclosed is only for the period considered to be KMP.
(6) Resigned as Group Chief Financial Officer effective 14 July 2023.
(7) Resigned as Chief People Officer effective 17 November 2023.

4: Performance outcomes for FY24 and FY23 including STI and LTI assessment

SHORT TERM INCENTIVES

The tables below set out details of STI and LTI performance outcomes for FY24 and FY23 when compared to target.

		FY24 Company level KPI Summary					Award outcomes FY24 paid FY25
Name	Role	KPI summary	Average weighting	EBITDA target	% of target achieved	Awarded	Total STI award (EBITDA & ESG)
Drew O'Malley	MD & CEO	EBITDA	100%	–	0%	–	
		ESG (STI modifier) (1)	0%	–	0%	–	–
Hans Miete	CEO – CF Europe	EBITDA	100%	$149,973,000	110.0%	$270,076	
		ESG (STI modifier) (1)	0%	–	0%	–	$270,076
Andrew Leyden (2)	Group CFO	EBITDA	100%	$149,973,000	110.0%	$268,125	
		ESG (STI modifier) (1)	0%	–	0%	–	$268,125
Helen Moore	COO – KFC Aust	EBITDA	100%	$149,973,000	110.0%	$291,665	
		ESG (STI modifier) (1)	0%	–	0%	–	$291,665

(1) The Board has determined that in FY24, ESG will be used as a modifier, where up to 15% of STI will be at risk for non-achievement of ESG related activities. In FY24, the Board did not apply this modifier.
(2) FY24 STI Award for Group CFO reflects eligibility from 24 July 2023, as outlined in contract of employment.

For the purposes of the STI awarded in FY24, pre AASB 16 underlying EBITDA was adjusted for non-trading items relating to: debt refinancing costs, the reversal of Taco Bell store closure costs and Sizzler Asia closure costs totalling $1.5m, to $152.9m .

		FY23 Company level KPI Summary						Award outcomes FY23 paid FY24
Name	Role	KPI summary	Average weighting	Average GES/ ESG target	EBITDA target	% of target achieved	Awarded	Total STI award (EBITDA, GES & ESG)
Drew O'Malley	MD & CEO	EBITDA	85%	–	$152,353,000	90.3%	–	
		GES	15%	62.6%	–	101.6%	–	
		ESG (STI modifier) (1)				0%	–	–
Hans Miete	CEO - CF Europe	EBITDA	85%	–	$15,389,000	105.8%	–	
		GES	15%	70.5%	–	106.6%	–	
		DISCRETIONARY (2)				100.0%	$213,505	$213,505
Nigel Williams (4)	Group CFO	EBITDA	85%	–	$152,353,000	90.3%	–	
		GES	15%	62.6%	–	101.6%	–	
		ESG (STI modifier) (1)				0%	–	–
Dawn Linaker (5)	CPO	EBITDA	85%	–	$152,353,000	90.3%	–	
		GES	15%	62.6%	–	101.6%	–	
		ESG (STI modifier) (1)				0%	–	–
Helen Moore	COO – KFC Aust	EBITDA	85%	–	$172,896,000	92.3%	–	
		GES	15%	60.0%	–	102.5%	–	
		ESG (STI modifier) (1)				0%	–	–
David Timm (6)	CMO	EBITDA	85%	–	$14,390,000	59.1%	–	
		GES	15%	67.0%	–	108.8%	–	
		DISCRETIONARY (3)				60.0%	$119,324	$119,324

(1) The Board determined that in FY23, ESG will be used as a modifier, where up to 15% of STI was at risk for non-achievement of ESG related activities. In FY23, the Board did not use this modifier as the 100% hurdle relating to EBITDA was not achieved, therefore, no STI was payable.
(2) The Board determined that a discretionary bonus of 100% of STI opportunity was paid.
(3) The Board determined that a discretionary bonus of 60% of STI opportunity was paid.
(4) Resigned as Group CFO effective 14 July 2023.
(5) Resigned as CPO effective 17 November 2023.
(6) No longer considered KMP, effective 1 May 2023.

For the purposes of the STI awarded in FY23, pre AASB 16 underlying EBITDA was adjusted for non-trading items relating to: acquisition, integration and simplification of company structure costs relating to Europe, Taco Bell impairments and provision for store closure costs and capital costs incurred on digital menu boards totalling $7.9 million, to calculate the STI performance outcomes.

LONG TERM INCENTIVES

During the 2022 financial year, grants under the LTIP were made on 14 September 2021 with a performance period of FY22, FY23 and FY24 (FY22 Grant). The performance period for the FY22 Grant commenced on 3 May 2021 and ended on 28 April 2024 (Vesting Rights). A second performance condition of Relative TSR was included in the FY22 LTIP Grant. Measurement of rTSR for the FY22 Grant, will be against the VWAP benchmark ten days either side of the release of the audited financial results on 25 June 2024. As a result, the vesting determination decision will occur post release of audited financial results, and therefore LTI performance outcomes relating to the FY22 Grant will be included in the FY25 Remuneration Report. The subsequent delay to vesting determination due to rTSR measurement also applies to the FY23 Grant, which will result in performance outcomes for this grant being reported in the FY26 Remuneration Report.

In relation to the completion of the reporting period, previous grants of equity made under the LTIP during FY23 on 21 September 2022 with a performance period of FY23, FY24 and FY25 (FY23 Grant), these will be eligible for vesting during FY26 after the completion of FY25.

The table below outlines the FY22 performance rights that are subject to the vesting determination decision:

Name	Role	Tranche	Weighting	Number of eligible to vest in FY25 for FY24 completion	Grant date VWAP
Drew O'Malley	MD & CEO	EPSG	50%	37,003	$11.6049
		rTSR	50%	37,002	$11.6049
Hans Miete	CEO - CF Europe	EPSG	50%	14,404	$11.6049
		rTSR	50%	14,404	$11.6049
Helen Moore	COO – KFC Aust	EPSG	50%	13,535	$11.6049
		rTSR	50%	13,534	$11.6049
Former KMP Executives [(1)]					
Nigel Williams [(2)]	Former Group CFO	EPSG	50%	13,699	$11.6049
		rTSR	50%	13,699	$11.6049
David Timm [(3)]	CMO	EPSG	50%	4,454	$11.6049
		rTSR	50%	4,454	$11.6049

(1) Excludes former Chief People Officer (resigned effective 17 November 2023) as no performance rights were retained on-foot at date of resignation.
(2) Resigned effective 14 July 2023. Number of performance rights retained on-foot in consideration of remaining with the company until the release of the FY23 full year results.
(3) No longer considered KMP, effective 1 May 2023, however, included in above table as still has rights on-foot from when considered KMP.

The tables below set out the annualised compound EPS growth and Relative TSR hurdles applicable to the FY23 Grants:

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%

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

OTHER PERFORMANCE RIGHTS INFORMATION

The table below outlines the expiry dates of performance rights issued. Performance rights, the vesting of which are subject to EPS growth over defined reporting periods ending in 2022 and 2023, expire in July 2024 and 2025. Additionally, performance rights, the vesting of which are subject to EPS growth and Relative TSR hurdles over reporting periods ending in 2024, expire in July 2026.

Reporting period ended	Expiry date	Exercise price
28 April 2024	30 July 2026	Nil
30 April 2023	25 July 2025	Nil
1 May 2022	24 July 2024	Nil

There was one tranche of performance rights issued during the reporting period ended 28 April 2024. It should be noted that the fair value used for accounting purposes is 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.

The fair value at grant date for the EPS performance condition grants was determined using a Black-Scholes-Merton model incorporating the assumptions below:

	Grant date
Assumption	27 September 2023
Tranche	16
Fair value	$8.73
Share price at Grant Date	$9.51
Term (years)	3
Dividend Yield	3.00%
Risk free interest rate	3.98%

The fair value at grant date for the rTSR performance condition grants was determined using a Monte-Carlo simulation model incorporating the assumptions below:

	Grant date
Assumption	27 September 2023
Tranche	16
Fair value	$6.06
Expiry date	30 July 2026
Share price at Grant date	$9.51
Expected dividend yield	3.00%
Risk free interest rate	3.98%

The following outlines the vesting scales that are applicable to the performance rights issued to Executives during the current reported period and as part of remuneration for FY24:

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%

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

There was one tranche of performance rights issued during the reporting period ended 30 April 2023. It should be noted that the fair value used for accounting purposes is 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. The fair value at grant date for the EPS performance condition grants was determined using a Black-Scholes-Merton model incorporating the assumptions below:

	Grant date
Assumption	21 September 2022
Tranche	15
Fair value	$8.74
Share price at Grant date	$9.34
Term (years)	3
Dividend yield	2.31%
Risk free interest rate	3.33%

The fair value at grant date for the rTSR performance condition grants was determined using a Monte-Carlo simulation model incorporating the assumptions below:

Assumption	Grant date 21 September 2022
Tranche	15
Fair value	$5.39
Expiry date	25 July 2025
Share price at Grant date	$9.34
Expected dividend yield	2.31%
Risk free interest rate	3.33%

5: 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 FY24	Duration of contract	Period of notice [1]		Termination payments [2]
			From Company	From KMP	
Drew O'Malley [3]	Managing Director & CEO	Open ended	12 months	12 months	Up to 12 months
Kevin Perkins [4]	Interim Managing Director & CEO	6 months	4 weeks	4 weeks	Up to 12 months (pro-rata)
Hans Miete	CEO - CF Europe	Open ended	6 months	3 months	Up to 12 months
Andrew Leyden [5]	Group CFO	Open ended	6 months	6 months	Up to 12 months
Helen Moore	COO - KFC Australia	Open ended	6 months	6 months	Up to 12 months

(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 three years) unless shareholder approval is obtained.
(3) Commenced leave of absence effective 5 February 2024.
(4) Appointed Interim Managing Director & CEO effective 5 February 2024.
(5) Appointed Group CFO effective 9 October 2023.

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

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.

VESTING RIGHTS FOR THE FORMER GROUP CFO AND CPO AND OTHER PAYMENTS

Performance rights

The former CPO has not retained any performance rights granted in FY22, FY23 and FY 24 and consequently 113,940 performance rights were forfeited during FY24.

Other payments

The former Group CFO announced his resignation during FY23, effective 14 July 2023. The CPO resigned effective 17 November 2023. The Board agreed that the following payments would be paid to the former Group CFO and former CPO.

Name	Role	Year	Termination benefits
Nigel Williams [1]	Former Group CFO	2024	$526,143
Dawn Linaker [2]	Former CPO	2024	$506,184

(1) Total disclosed includes $175,381 disclosed for FY23 in the Statutory KMP Executive remuneration table and Other benefits such as health insurance payments and outplacement consultancy expenses.
(2) Includes other benefits, including legal fees.

The above amounts were paid during FY24.

6: Non-executive Director fee rates and fee limit

NON-EXECUTIVE 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 accountability 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.

The following table outlines the Non-executive Director fee rates that were applicable during the reported period:

Function	Role	Fee including superannuation from 1 May 2023
Main Board	Chair (inclusive of committee memberships)	$320,000
	Member	$127,400
Audit and Risk Committee	Committee Chair	$30,000
	Committee Members	$14,500
People, Culture and Nominations Committee	Committee Chair	$30,000
	Committee Members	$12,500

Remuneration received by Non-executive Directors in FY24 and FY23 is disclosed below:

Name	Role	Year	Board and Committee Fees	Super-annuation	Other benefits	Termination benefits	Total
Robert Kaye, SC	Independent, Non-executive Chair	2024	$292,925	$27,075	–	–	$320,000
	Independent, Non-executive Chair	2023	$294,973	$25,027	–	–	$320,000
Nicki Anderson (1)	Independent, Non-executive Director	2024	$140,973	$15,400	–	–	$156,373
	Independent, Non-executive Director	2023	$40,844	$4,289	–	–	$45,133
Nigel Clark (2)	Independent, Non-executive Director	2024	$91,788	$2,812	–	–	$94,600
	Independent, Non-executive Director	2023	–	–	–	–	–
Mark Hawthorne	Independent, Non-executive Director	2024	$139,253	$15,147	–	–	$154,400
	Independent, Non-executive Director	2023	$139,770	$14,630	–	–	$154,400
Christine Holman (3)	Independent, Non-executive Director	2024	$145,763	$15,986	–	–	$161,749
	Independent, Non-executive Director	2023	$150,435	$15,688	–	–	$166,123
Bronwyn Morris AM (4)	Independent, Non-executive Director	2024	–	–	–	–	–
	Independent, Non-executive Director	2023	$56,870	$2,884	–	–	$59,754
Kevin Perkins (5)	Non-executive Director	2024	$101,576	$11,003	–	–	$112,579
	Non-executive Director	2023	$139,770	$14,630	–	–	$154,400
Russell Tate (6)	Independent, Non-executive Director	2024	$58,559	–	–	–	$58,559
	Independent, Non-executive Director	2023	$171,900	–	–	–	$171,900

(1) Appointed as Independent Non-executive Director effective 13 January 2023. Transitioned to Chair of the People, Culture and Nominations Committee effective 1 September 2023.
(2) Appointed as Independent Non-executive Director effective 1 September 2023.
(3) Transitioned to Chair of the Audit and Risk Committee effective 12 July 2022.
(4) Retired as Non-executive Director effective 2 September 2022.
(5) Appointed Interim Managing Director & CEO effective 5 February 2024. Remuneration disclosed in this table relates to the period as Non-executive Director. Refer to the table on page 14 for remuneration related to the period as Interim Managing Director & CEO.
(6) Retired as Independent Non-executive Director effective 1 September 2023.

7: 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 2024	Granted as compensation	Performance Rights forfeited	Received on exercise of Performance Rights	Acquisition/ (Disposal)	Number held at close 2024
Drew O'Malley	Shares	74,148	–	–	–	1,906	76,054
	Performance Rights	252,089	108,108	(82,274)	–	–	277,923
Hans Miete	Shares	11,000	–	–	–	–	11,000
	Performance Rights	62,905	43,631	–	–	–	106,536
Andrew Leyden (1)	Shares	–	–	–	–	–	–
	Performance Rights	–	45,045	–	–	–	45,045
Helen Moore (2)	Shares	4,166	–	–	–	–	4,166
	Performance Rights	69,394	47,774	–	–	–	117,168
Former KMP Executives							
Nigel Williams (3)	Shares	57,890	–	–	–	(57,890)	–
	Performance Rights	123,065	–	(78,675)	–	–	44,390
Dawn Linaker (4)	Shares	63,229	–	–	–	(63,229)	–
	Performance Rights	93,712	43,819	(137,531)	–	–	–
David Timm (5)	Shares	–	–	–	–	–	–
	Performance Rights	41,416	–	–	–	(41,416)	–
	TOTAL	**853,014**	**288,377**	**(298,480)**	**–**	**(160,629)**	**682,282**

(1) Appointed as Group CFO effective 9 October 2023.
(2) During FY24, the Group performed a review of KMP disclosures and noted the omission of 3,750 shares relating to Helen Moore from the FY23 financial statements. The opening balance as at 1 May 2023 has been restated to reflect this ownership.
(3) Resigned as Group CFO effective 14 July 2023. Number of rights retained on-foot in consideration of remaining with the Company until the release of the FY23 full year results. The number of shares disclosed under Disposal represents the number held at resignation date.
(4) Resigned as CPO effective 17 November 2023. The number of shares disclosed under Disposal represents the number held at resignation date.
(5) No longer considered KMP, effective 1 May 2023. The number of rights disclosed under disposal represents the number held at date of KMP determination.

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 2024	Additions	Disposals	Other	Number held at close 2024
Robert Kaye, SC	Shares	67,903	–	–	–	67,903
Nicki Anderson	Shares	–	–	–	–	–
Nigel Clark (1)	Shares	–	–	–	–	–
Mark Hawthorne	Shares	18,000	–	–	–	18,000
Christine Holman	Shares	21,598	555	–	–	22,153
Kevin Perkins (2)	Shares	7,241,484	–	–	–	7,241,484
Russell Tate (3)	Shares	21,820	–	–	(21,820)	–
	TOTAL	**7,370,805**	**555**	**–**	**(21,820)**	**7,349,540**

(1) Appointed as Independent Non-executive Director effective 1 September 2023.
(2) Appointed Interim Managing Director & CEO effective 5 February 2024.
(3) Retired as Independent Non-executive Director effective 1 September 2023. The number disclosed under Other represents the number of shares held at retirement date.

2024 Equity Grants			
Name (1)	**Role(s)**	**FY in which Rights may vest**	**Maximum value yet to vest ($) (5)**
Drew O'Malley	Managing Director & CEO	2025	–
		2026	125,021
		2027	357,569
Hans Miete	CEO - CF Europe	2025	–
		2026	44,495
		2027	144,308
Andrew Leyden (2)	Group CFO	2025	–
		2026	–
		2027	148,986
Helen Moore	COO – KFC Australia	2025	–
		2026	55,232
		2027	158,014

2024 Equity Grants Name [1]	Role(s)	FY in which Rights may vest	Maximum value yet to vest ($) [5]
Former KMP Executives			
Nigel Williams [3]	Former Group CFO	2025	–
		2026	15,264
David Timm [4]	CMO	2025	–
		2026	29,203

(1) Excludes Interim Managing Director & CEO who is not eligible to receive performance rights under the LTIP.
(2) Appointed as Group CFO effective 9 October 2023.
(3) Resigned as Group CFO effective 14 July 2023. Number of rights retained on-foot in consideration of remaining with the Company until the release of the FY23 full year results.
(4) No longer considered KMP, effective 1 May 2023, however, included in above table as still has rights on-foot from when considered KMP.
(5) 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.

8: Enhancing our Executive Remuneration Framework from FY25

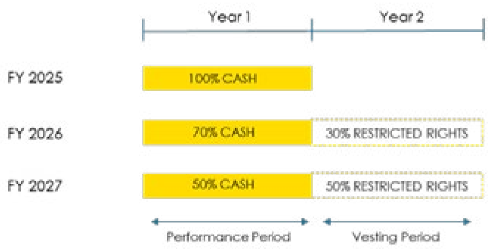
During FY24 the Board undertook an independent review of the Executive Remuneration Framework with the objectives of:

- ensuring stronger alignment between shareholder outcomes and Executive remuneration outcomes;
- creating greater transparency around the process, including how we make remuneration decisions; and
- introducing clear balanced scorecard measures relating to our key drivers of sustainable shareholder value: financial performance; safety; sustainability; and customer satisfaction.

As part of the review, the Board has determined that the current LTIP metrics, EPS Growth and rTSR, will remain for the FY25 performance year. However, a number of changes to the underlying Equity Plan will take effect from FY25 to align with industry best practice and legislation. The changes are summarised below. More detail will be provided in our FY25 remuneration report. The Board retains ultimate discretion over all elements of STI and LTI.

FY25 STIP CHANGES

The following changes to the Executive STIP will take effect from the FY25 performance year.

Key change	Key terms of change	Rationale
Performance metrics	• Introduction of a Balanced Scorecard that will measure Key Performance Indicators (KPI) across four categories aligned to organisational goals and values: **CATEGORY** / **WEIGHTING** / **MEASURE/ KPI** **Financial** / 60% / Statutory Net Profit After Tax (NPAT) **Safety** / 15% / Total Reportable Injury Frequency Rate (TRIFR) **Customer** / 15% / Customer Satisfaction **Sustainability** / 10% / Waste Reduction	• This Scorecard reflects our unwavering commitment to fostering and promoting a culture of accountability, transparency, and performance excellence. • We remain committed to driving sustainable growth and profitability. • Our safety focus supports our unqualified commitment to fostering a safe and secure work environment for all. • We have an unwavering focus on delivering on customer expectations and our customer promise. • Aligns our sustainability efforts with our business objectives.
Financial metric and gate opener	• The Group financial metric will transition to Group Statutory Net Profit After Tax (NPAT) (post AASB16) with the Brand financial metric transitioning to Earnings Before Interest and Tax (EBIT). • Group financial performance will remain as the gate for STI, with 95% Group NPAT achievement required for STI payments to be triggered. Individual performance will also be included as a gate to STI awards, consistent with prior years, requiring individuals to achieve 'on target' performance outcomes.	• The transition to NPAT is aligned with our focus on profitability with the profits flowing to enable organisational growth, as well as growth to shareholders through dividends and long term share price growth. The shift to EBIT for Brand financial metrics provides greater transparency in the calculation of awards.
Risk modifier	• A risk modifier is similar to the ESG modifier used in prior years. The risk modifier provides discretion for total STI outcomes for individuals to be reduced by up to 10%.	• Introduced to reflect the maturity of our organisation, and in recognition of the presence of safety and sustainability in the overarching scorecard.
Short Term Incentive (STI) Deferral	• STI Deferral will be introduced for all Executives. A portion of the STI Award will be settled as cash, with the remaining deferred for one year as Restricted Rights. The Rights are fully vested at grant, and subject to exercise restrictions until the end of the following financial year, with a term of 15 years before expiry. • Deferral will commence for existing Executives from FY26 on a transitional basis, as outlined in the table below: 	• To align with market practice, ensuring that short term decision making aligns with the best interests of the organisation and its shareholders.

EQUITY PLAN CHANGES

The following changes to the Equity Plan will take effect from the FY25 performance year:

Key change	Key terms of change	Rationale
Instrument	• The plan will allow for the use of Rights and Share Appreciation Rights (SARs), which are cashless exercise Options. • The instrument will be indeterminate, requiring that the benefit be paid in cash or shares at the discretion of the Board.	• To align with market best practice and competitiveness
Types of Rights	• The Equity Plan will allow for three classes of Rights: ◦ **Performance Rights** – vest based on assessment of performance conditions, as well as a period of service which may differ from the performance period. This form of Right will be used for the LTIP. ◦ **Restricted Rights** – fully vested at grant with no risk of forfeiture, subject to exercise restrictions. This form of Right will be used for the STI Deferral as part of the STIP. ◦ **Service Rights** – vest based on the fulfilment of service conditions only.	• To align with market best practice and competitiveness
Exercising of Rights and Exercise Restrictions	• Rights will be subject to manual exercise ("Exercise Notice"). • Rights will have a minimum Exercise Restriction of 180 days.	• To align with market best practice and competitiveness
Term (from grant to automatic expiry)	• Equity Plan will include a default term of 15 years for Rights, allowing flexibility for participants regarding when to exercise. Rights and SARs that have not been exercised by the end of the Term will lapse automatically.	• To align with market best practice and competitiveness

9: Governance and related policies

THE ROLE OF THE PEOPLE AND CULTURE NOMINATIONS COMMITTEE

The performance of the Group is contingent upon the calibre of its Directors and Executives. The People, Culture and Nominations Committee (PCNC) is accountable for making recommendations to the Board on the Group's remuneration framework.

In carrying out its accountabilities, the PCNC is authorised to obtain external professional advice as it determines necessary. As at the end of the reporting period, the PCNC was comprised of Non-executive Directors only, with a majority being independent. The role and accountabilities of the committee are outlined in the PCNC 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 PCNC operates 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, PCNC 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.

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 PCNC 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 PCNC.

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 2023: 99.60% of votes cast at the meeting were in favour of the adoption of the Remuneration Report.

External Remuneration Consultant advice

Where appropriate the Board and the PCNC consult external RCs. When such external RCs are selected, the Board considers potential conflicts of interest. RCs' terms of engagement regulate their access to, and (where required) set out their independence from, members of Collins Foods management. The requirement for external RC services is assessed in the context of matters the PCNC needs to address. External advice is used as a guide, and does not serve as a substitute for Directors' thorough consideration of relevant matters.

No remuneration recommendations as defined in section 9B of the Corporations Act 2001 were obtained from external RCs during the FY2024.

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 and Risk Committee (ARC), 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 ARC 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.

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:

	2024 Whole dollars $	2023 Whole dollars $
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	639,111	616,311
Audit and review of financial reports and other audit work for foreign subsidiary	–	48,073
Network firms of PricewaterhouseCoopers Australia:		
Audit and review of financial reports and other audit work for foreign subsidiary	687,541	517,928
	1,326,652	**1,182,312**
OTHER ASSURANCE SERVICES:		
PricewaterhouseCoopers Australian firm:		
Restaurant sales certificates	5,400	5,400
Agreed upon procedures for covenant calculations	8,100	8,100
ESG assurance	94,600	35,000
	108,100	**48,500**
Total remuneration for audit and other assurance services	**1,434,752**	**1,230,812**
TOTAL REMUNERATION FOR SERVICES	**1,434,752**	**1,230,812**

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 27.

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 that 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
Chair

Brisbane
25 June 2024

Auditor's Independence Declaration

As lead auditor for the audit of Collins Foods Limited for the period 1 May 2023 to 28 April 2024, 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
Partner
PricewaterhouseCoopers

Brisbane
25 June 2024

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CONSOLIDATED INCOME STATEMENT

For the reporting period ended 28 April 2024

	Notes	2024 $000	2023 $000
Revenue	A3	1,488,884	1,348,614
Cost of sales		(737,936)	(672,345)
Gross profit		**750,948**	**676,269**
Selling, marketing and royalty expenses		(327,809)	(297,738)
Occupancy expenses		(85,009)	(126,282)
Restaurant related expenses		(117,482)	(112,982)
Administrative expenses		(89,742)	(78,131)
Other expenses		(16,486)	(18,884)
Other income		5,329	5,878
Other gains/(losses) – net	G2	22	(1,050)
Profit from continuing operations before finance income, finance costs and income tax (EBIT)		**119,771**	**47,080**
Finance income	A4	2,400	1,022
Finance costs	A4	(40,918)	(33,429)
Share of net loss of associates and joint ventures accounted for using the equity method	E1	–	(5)
Profit from continuing operations before income tax		**81,253**	**14,668**
Income tax expense	G12	(25,616)	(3,390)
Profit from continuing operations		**55,637**	**11,278**
Profit from discontinued operation (attributable to equity holders of the Company)	F1(a)	21,084	1,468
Net profit attributable to members of Collins Foods Limited		**76,721**	**12,746**

	Notes	2024 cents per share	2023 cents per share
Basic earnings per share from continuing operations (cents)	G3	47.4	9.6
Basic earnings per share from discontinued operations (cents)	G3	17.9	1.3
Diluted earnings per share from continuing operations (cents)	G3	46.9	9.6
Diluted earnings per share from discontinued operations (cents)	G3	17.8	1.2

	Notes	2024 Shares	2023 Shares
Weighted average basic ordinary shares outstanding	G3	117,490,108	117,177,086
Weighted average diluted ordinary shares outstanding	G3	118,722,617	117,904,019

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the reporting period ended 28 April 2024

	Notes	2024 $000	2023 $000
Net profit attributable to members of Collins Foods Limited		**76,721**	**12,746**
Items that may be reclassified to profit or loss			
Other comprehensive income/(expense):			
Exchange differences on translation of foreign operations	G11	(552)	2,172
Exchange differences on translation of discontinued operations	F1(a)	(5,778)	971
Cash flow hedges	G11	(1,510)	1,474
Income tax relating to components of other comprehensive income	G12	453	(442)
Other comprehensive income/(expense) for the period, net of tax		**(7,387)**	**4,175**
Total comprehensive income for the reporting period		**69,334**	**16,921**
Total comprehensive income for the period is attributable to:			
Owners of the parent		**69,334**	**16,921**

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

CONSOLIDATED BALANCE SHEET

As at 28 April 2024

	Notes	2024 $000	2023 $000
ASSETS			
Current assets:			
Cash and cash equivalents	B1	83,822	80,236
Receivables	G4	8,205	20,099
Inventories		9,464	8,320
Derivative financial instruments	C3	3,025	3,367
Current tax assets		–	3,562
Other assets		5,080	2,479
Assets classified as held for sale	F2	–	12,242
Total current assets		**109,596**	**130,305**
Non-current assets:			
Property, plant and equipment	G5	255,302	224,520
Intangible assets	G6	502,832	492,292
Right-of-use assets	G8	489,098	465,818
Deferred tax assets	G12	60,201	55,658
Derivative financial instruments	C3	687	1,779
Other financial assets		291	–
Other assets		219	–
Total non-current assets		**1,308,630**	**1,240,067**
Total assets		**1,418,226**	**1,370,372**
LIABILITIES			
Current liabilities:			
Trade and other payables	G9	129,204	116,515
Lease liabilities	G8	47,844	44,639
Current tax liabilities		7,482	2,013
Provisions	G10	15,195	13,959
Liabilities directly associated with assets classified as held for sale	F2	–	2,032
Total current liabilities		**199,725**	**179,158**
Non-current liabilities:			
Borrowings	C2	248,847	291,857
Lease liabilities	G8	537,851	506,872
Deferred tax liabilities	G12	–	123
Provisions	G10	5,360	7,864
Total non-current liabilities		**792,058**	**806,716**
Total liabilities		**991,783**	**985,874**
NET ASSETS		**426,443**	**384,498**
EQUITY			
Contributed equity	D3	300,157	297,372
Reserves	G11	13,472	18,741
Retained earnings		112,814	68,385
TOTAL EQUITY		**426,443**	**384,498**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the reporting period ended 28 April 2024

	Notes	2024 $000	2023 $000
Cash flows from operating activities			
Receipts from customers (inclusive of GST and VAT)		1,639,759	1,474,617
Payments to suppliers and employees (inclusive of GST and VAT)		(1,332,378)	(1,201,214)
Goods and services taxes (GST) and Value added taxes (VAT) paid		(73,963)	(65,177)
Interest received		2,400	910
Interest and other borrowing costs paid	B1	(10,037)	(7,272)
Interest paid on leases	B1	(28,888)	(25,376)
Income tax paid		(20,505)	(30,272)
Net operating cash flows	**B1**	**176,388**	**146,216**
Cash flows from investing activities			
Payment for acquisition of subsidiary, net of cash acquired		–	(4,601)
Proceeds from sale of subsidiary, net of cash disposed and operating cash		23,061	–
Proceeds received from wind-up of Joint Venture		2,742	–
Proceeds on acquisition, working capital adjustment received		3,390	–
Deposit for acquisition of subsidiary		–	(13,316)
Payments for property, plant and equipment		(77,291)	(65,766)
Payments for intangible assets		(5,455)	(9,860)
Net investing cash flows		**(53,553)**	**(93,543)**
Cash flows from financing activities			
Refinance fees paid	B1	(1,278)	–
Proceeds from borrowings - bank loan facilities	B1	–	28,296
Repayment of borrowings and other obligations	B1	(41,012)	(25,000)
Payments for lease principal	B1	(46,611)	(39,863)
Dividends paid	B1	(30,001)	(29,377)
Net financing cash flows		**(118,902)**	**(65,944)**
Net increase / (decrease) in cash and cash equivalents		**3,933**	**(13,271)**
Cash and cash equivalents at the beginning of the reporting period		80,236	97,217
Effects of exchange rate changes on cash and cash equivalents		(347)	(3,710)
Cash and cash equivalents at end of reporting period	**B1**	**83,822**	**80,236**

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 28 April 2024

	Notes	Contributed equity	Reserves	Retained earnings	Total equity
2024		**$000**	**$000**	**$000**	**$000**
Balance as at 30 April 2023		**297,372**	**18,741**	**68,385**	**384,498**
Profit for the reporting period		–	–	76,721	76,721
Other comprehensive expense		–	(7,387)	–	(7,387)
Total comprehensive income /(expense) for the reporting period		**–**	**(7,387)**	**76,721**	**69,334**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	D3	2,291	–	–	2,291
Share based payments	G11	–	2,612	–	2,612
Dividends provided for or paid	B4	–	–	(32,292)	(32,292)
Performance rights vested	G11	494	(494)	–	–
End of the reporting period		**300,157**	**13,472**	**112,814**	**426,443**
2023		**$000**	**$000**	**$000**	**$000**
Balance as at 1 May 2022		**291,394**	**14,871**	**87,262**	**393,527**
Profit for the reporting period		–	–	12,746	12,746
Other comprehensive income		–	4,175	–	4,175
Total comprehensive income for the reporting period		**–**	**4,175**	**12,746**	**16,921**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	D3	2,246	–	–	2,246
Share based payments	G11	–	427	–	427
Issue of shares as consideration for acquisition	D3	3,000	–	–	3,000
Dividends provided for or paid	B4	–	–	(31,623)	(31,623)
Performance rights vested	G11	732	(732)	–	–
End of the reporting period		**297,372**	**18,741**	**68,385**	**384,498**

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.

A1: Segment Information

A2: Business combinations

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 Managing Director & Chief Executive Officer (Managing Director & CEO). As a result of the leave of absence of the Managing Director & CEO, the chief operating decision maker has been identified as the Chief Executive Officer and Managing Director (Interim).

DESCRIPTION OF SEGMENTS

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions. 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 represents Shared Services, which performs administrative and management functions for the Group's restaurants. This segment is not separately reportable due to its relative size in both the current and prior reporting periods. Until the sale, Sizzler Asia Restaurants operating segment was also included in Other, however, has been removed to present the current operations in the segment disclosure.

SEGMENT INFORMATION PROVIDED TO THE MANAGING DIRECTOR & CEO

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

	KFC Australia	KFC Europe	Taco Bell	Other (2)	Total
2024	**$000**	**$000**	**$000**	**$000**	**$000**
Total segment revenue	1,121,034	313,474	54,376	–	1,488,884
Underlying EBITDA (1)	221,411	42,525	(733)	(33,453)	229,750
Depreciation and amortisation	71,711	30,376	435	3,158	105,680
Impairment	–	1,702	2,374	–	4,076
Finance costs - net	22,350	8,440	1,735	5,993	38,518
Income tax expense	–	–	–	25,616	25,616
2023	**$000**	**$000**	**$000**	**$000**	**$000**
Total segment revenue	1,051,272	248,676	48,666	–	1,348,614
Underlying EBITDA (1)	201,623	32,819	(1,546)	(27,789)	205,107
Depreciation and amortisation	65,567	23,650	5,098	2,888	97,203
Impairment	–	4,592	49,054	–	53,646
Finance costs - net	19,944	5,481	1,502	5,480	32,407
Income tax expense	–	–	–	3,390	3,390

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

(2) Other represents Shared Services. The Sizzler Asia business was classified as held for sale at 30 April 2023, however was included in the Other segment information in the prior year as the operating results were reviewed by the Managing Director & CEO for the financial period to 30 April 2023. As the business was sold during FY24, the comparative segment results have been restated to present the impacts of the current period discontinued operations. Refer to Note F1(a).

A1: Segment Information continued

LOCATION OF REVENUE AND NON-CURRENT ASSETS

2024	Australia $000	Europe $000	Total $000
Revenue	1,175,410	313,474	1,488,884
Non-current assets (property, plant and equipment, intangibles, and right-of-use assets)	938,634	308,598	1,247,232
2023	**$000**	**$000**	**$000**
Revenue [(1)]	1,099,938	248,676	1,348,614
Non-current assets (property, plant and equipment, intangibles, and right-of-use assets)	900,836	281,794	1,182,630

(1) The Sizzler Asia business was sold during FY24 and the comparative segment results have been restated to present the impacts of the current period discontinued operations. Refer to Note F1(a).

OTHER SEGMENT INFORMATION

Segment revenue

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 related services in KFC and Taco Bell restaurants, both in Australia and Europe, as well as revenue from the Corporate Franchise Agreement (CFA) in the Netherlands.

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. 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 managed by a central treasury function.

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

	2024 $000	[(1)] 2023 $000
Underlying EBITDA	229,750	205,107
Finance costs	(38,518)	(32,407)
Acquisition and operational integration costs expensed	(1,531)	(3,495)
Depreciation	(101,917)	(94,062)
Amortisation	(3,763)	(3,141)
Impairment of property, plant and equipment	(773)	(21,534)
Impairment of intangible assets	(201)	(1,060)
Impairment of right-of-use assets	(3,102)	(31,052)
Fair value gain on debt modification	(363)	–
Reversal / (Provision) for onerous contract and store closure costs	1,694	(2,395)
Other non-trading items	(23)	(1,293)
Profit before income tax from continuing operations	**81,253**	**14,668**

(1) The Sizzler Asia business was sold during FY24 and the comparative segment results have been restated to present the impacts of the current period discontinued operations. Refer to Note F1(a).

A2: Business combinations

CURRENT PERIOD

Summary of acquisition (Sambo)

On 2 May 2023, Collins Foods Netherlands Operations B.V., a wholly owned subsidiary of Collins Foods Limited, completed the acquisition of eight KFC Restaurants from R. Sambo Holding B.V. via a Share Purchase Agreement for consideration of €9.29 million ($15.46 million).

The primary reason for the acquisition was to deliver additional scale in the Netherlands in alignment with the Group's growth strategy.

A2: Business combinations continued

Details of the purchase consideration is as follows:

	$000
Cash paid	12,993
Contingent consideration	2,467
Total purchase consideration	**15,460**

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

	Provisional fair value at 15 October 2023	Purchase Price Adjustment	Revised fair value at 28 April 2024
Cash and cash equivalents	1,462	–	1,462
Receivables	4,707	–	4,707
Inventories	150	–	150
Property, plant and equipment	5,627	–	5,627
Intangible assets	719	–	719
Right-of-use asset	7,519	–	7,519
Other assets	444	–	444
Trade and other payables	(8,386)	–	(8,386)
Provisions	–	(2,316)	(2,316)
Lease liability	(9,190)	–	(9,190)
Net identifiable assets acquired	**3,052**	**(2,316)**	**736**
Goodwill	12,408	2,316	14,724
Net assets acquired	**15,460**	**–**	**15,460**

The goodwill is attributable to the workforce 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). Refer to Note A1 for further details on acquisition related costs.

Purchase consideration – cash flow

	As at acquisition date $000
Cash consideration	12,993
Less: balances acquired	(1,462)
Outflow of cash - investing activities	**11,531**

Contingent consideration

The contingent consideration arrangement requires the Group to pay R Sambo Holding B.V. the excess of 5.5 times the adjusted EBITDA for 2023 of the eight restaurants acquired (1 January to 31 December 2023) (the first contingent consideration payment) and 5.5 times the adjusted EBITDA for 2024 of the eight restaurants acquired (1 January to 31 December 2024) (the second contingent consideration payment), providing that the second contingent consideration payment shall not be less than €1.6 million ($2.7 million). The maximum contingent consideration across both payments shall not exceed €4.6 million ($7.7 million).

The fair value of the contingent consideration arrangement of €1.5 million ($2.5 million) was estimated calculating the present value of the future expected cash flows of the eight restaurants acquired over the life of the contingent consideration periods. The estimates are based on a discount rate of 3.7% for the first contingent consideration payment and 4.67% for the second contingent consideration payment. As the required EBITDA targets are not expected to be met during the contingent consideration periods, the estimate is based on the minimum payment due of €1.6 million ($2.7 million).

The EBITDA target for the first contingent consideration period was not achieved and there was nil payment to the seller. As at 28 April 2024 there were no adjustments in the estimated range of the second EBITDA target, therefore no changes to the contingent consideration liability calculated on acquisition date. The liability is presented within Trade and other payables in the Group's Consolidated Balance Sheet.

The fair value of assets acquired and liabilities assumed may be amended during the measurement period, however, management did not identify any changes from the provisional amounts recognised during the reporting period to 28 April 2024.

The acquired business contributed revenues of $27.6 million and Underlying EBITDA of $2.8 million for the period the restaurant was owned, up to 28 April 2024.

A2: Business combinations continued

If the acquisition had occurred on 1 May 2023, the consolidated revenue from continuing operations and consolidated Underlying EBITDA for the reporting period ending 28 April 2024 would have been $1,489.0 million and $229.8 million respectively.

PRIOR PERIOD

On 3 May 2022, Collins Restaurants South Pty Ltd., a wholly owned subsidiary of Collins Foods Limited, acquired the KFC Griffith Restaurant. Details of this business combination was disclosed in Note A2 of the Group's annual financial statements for the year ended 30 April 2023. No changes to the provisional acquisition accounting disclosed have occurred since that time.

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.

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	KFC Australia $000	KFC Europe $000	Taco Bell Australia $000	Total $000
2024				
Sale of goods	1,121,034	309,565	54,376	1,484,975
CFA revenue	–	3,909	–	3,909
Total revenue	**1,121,034**	**313,474**	**54,376**	**1,488,884**
2023				
Sale of goods	1,051,272	245,062	48,666	1,345,000
CFA revenue	–	3,614	–	3,614
Total revenue	**1,051,272**	**248,676**	**48,666**	**1,348,614**

Timing of revenue recognition	KFC Australia $000	KFC Europe $000	Taco Bell Australia $000	Total $000
2024				
At a point in time	1,121,034	309,603	54,376	1,485,013
Over time	–	3,871	–	3,871
Total revenue	**1,121,034**	**313,474**	**54,376**	**1,488,884**
2023				
At a point in time	1,051,272	245,062	48,666	1,345,000
Over time	–	3,614	–	3,614
Total revenue	**1,051,272**	**248,676**	**48,666**	**1,348,614**

A3: Revenue continued

ACCOUNTING POLICY

Sale of goods

The Group operates 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.

Sale of goods – customer loyalty program

The Taco Bell brand 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 was 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.

The Group sold the Sizzler Asia business during the current financial year. Refer to Note F.

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.

CFA revenue

CFA revenue entitles the Group to one stream of revenue:

- **management service fee revenue:** revenue relating to the satisfaction of a single performance obligation: managing and growing the KFC brand in the Netherlands. The revenue is recognised over time as the respective services are delivered.

In satisfying the above performance obligation, the following funds are received by the Group in their capacity as agent:

- **marketing fees:** funds received for advertising contributions received for the marketing of the business in the Netherlands;
- **supply chain fees:** funds received for the management of the Netherlands Supply Chain services;
- **digital and eCommerce fees:** for the management of the Digital and eCommerce services; and
- **learning zone fee:** received for the provision of Learning and Development services.

All CFA revenue arises in Europe.

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.

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	2024 $000	(1) 2023 $000
Depreciation, amortisation and impairment			
Depreciation:			
Property, plant and equipment	G5	49,917	45,185
Right-of-use assets	G8	52,000	48,877
Total depreciation		**101,917**	**94,062**
Amortisation			
Intangible assets	G6	3,763	3,141
Total amortisation		**3,763**	**3,141**
Impairment			
Property, plant and equipment	G5	773	21,534
Intangible assets	G6	201	1,060
Right-of-use assets	G8	3,102	31,052
Total impairment	G7	**4,076**	**53,646**
Total depreciation, amortisation and impairment		**109,756**	**150,849**
Employee benefits expense:			
Wages and salaries		374,828	336,596
Defined contribution superannuation expense		38,318	32,151
Employee entitlements		23,026	21,885
Total employee benefits expense		**436,172**	**390,632**
Finance income		(2,400)	(1,022)
Finance costs		40,918	33,429
Inventories recognised as an expense		484,485	447,825
Fair value loss on debt modification		363	–
Performance rights		2,612	427
Acquisition and operational integration costs expensed		1,531	3,495
Net loss on disposal of property, plant and equipment		112	33
Net (gain) / loss on disposal of leases		(269)	891

(1) Comparative figures have been restated to present the impacts of the current period discontinued operations. Refer to Note F1(a)

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

	2024 $000	2023 $000
Cash at bank and on hand [1]	83,822	80,236

(1) Included in cash at bank is an amount of $4.9 million (2023: $5.3 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. The amount is denominated in Euro at an amount of €3.0 million (2023: €3.2 million).

RECONCILIATION OF PROFIT FROM OPERATIONS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Notes	2024 $000	[1] 2023 $000
Profit for the period		**55,637**	**12,746**
Adjustments for non-cash income and expense items:			
Depreciation, amortisation and impairment (excluding right-of-use assets)	A4	54,654	71,871
Depreciation and impairment of right-of-use assets	A4	55,102	79,929
Loss on disposal of property, plant and equipment	A4	112	33
(Gain) / loss on disposal of leases	A4	(269)	891
(Gain) / loss on foreign exchange	G2	63	126
Fair value loss on debt modification	A4	363	–
Amortisation of borrowing costs		1,054	489
Non-cash employee benefits expense share based payments expense	G11	2,612	427
Provision for make good obligations		–	(464)
Provision for employee entitlements		(398)	1,322
Changes in assets and liabilities:			
Receivables		(1,077)	(2,917)
Inventories		(360)	(639)
Prepayments and other assets		(2,402)	(1,794)
Share of profits of joint venture		–	5
Trade payables and accruals		6,571	11,946
Income tax payable		12,564	(7,062)
Deferred tax balances		(4,482)	(18,618)
Goods and services tax payable		(2,901)	(2,120)
Fringe benefits tax payable		(455)	45
Net operating cash flows		**176,388**	**146,216**

(1) 2023 comparative figures includes cash flows from Sizzler Asia. Refer to Note F1(a).

B1: Cash and cash equivalents continued

RECONCILIATION OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	LIABILITIES		EQUITY	
	Borrowings	Lease liabilities	Retained earnings	Total $000
2024	**$000**	**$000**	**$000**	**$000**
At 01 May 2023	**291,857**	**551,511**	**68,385**	
Changes from financing cash flows				
Proceeds from borrowings – bank loan facilities	–	–	–	–
Repayment of borrowings and other obligations	(41,012)	–	–	(41,012)
Refinance fees paid	(1,278)	–	–	(1,278)
Payments for lease principal	–	(46,611)	–	(46,611)
Dividends paid	–	–	(30,001)	(30,001)
Total changes from financing cash flows	**(42,290)**	**(46,611)**	**(30,001)**	**(118,902)**
Other changes				
Lease additions and modifications	–	82,019	–	82,019
Lease disposals	–	(48)	–	(48)
Interest expense	10,037	28,888	–	38,925
Interest paid (operating cash flow)	(10,037)	–	–	(10,037)
Interest paid on leases (operating cash flow)	–	(28,888)	–	(28,888)
Foreign exchange adjustments	(1,774)	(1,176)	–	(2,950)
Dividend reinvestment impact on retained earnings	–	–	(2,291)	(2,291)
Profit for the reporting period	–	–	76,721	76,721
Amortisation of loan establishment fees	1,054	–	–	1,054
At 28 April 2024	**248,847**	**585,695**	**112,814**	
2023	**$000**	**$000**	**$000**	**$000**
At 02 May 2022	**270,994**	**477,389**	**87,262**	
Changes from financing cash flows				
Proceeds from borrowings – bank loan facilities	28,296	–	–	28,296
Repayment of borrowings and other obligations	(25,000)	–	–	(25,000)
Payments for lease principal	–	(39,863)	–	(39,863)
Dividends paid	–	–	(29,377)	(29,377)
Total changes from financing cash flows	**3,296**	**(39,863)**	**(29,377)**	**(65,944)**
Other changes				
Lease additions and modifications	–	102,841	–	102,841
Lease disposals	–	(24)	–	(24)
Interest expense	7,272	25,376	–	32,648
Interest paid (operating cash flow)	(7,272)	–	–	(7,272)
Interest paid on leases (operating cash flow)	–	(25,376)	–	(25,376)
Foreign exchange adjustments	17,078	11,168	–	28,246
Dividend reinvestment impact on retained earnings	–	–	(2,246)	(2,246)
Profit for the reporting period	–	–	12,746	12,746
Amortisation of loan establishment fees	489	–	–	489
At 30 April 2023	**291,857**	**551,511**	**68,385**	

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

	2024		2023	
	Working Capital Facility	Bank Loan Facility	Working Capital Facility	Bank Loan Facility
	$000	$000	$000	$000
Used [1]	17,097	236,982	13,328	279,947
Unused	9,307	154,475	23,317	83,142
Total	**26,404**	**391,457**	**36,645**	**363,089**

(1) $4,794,000 (2023: $845,000) of the working capital facility has been used for bank guarantees rather than drawn down cash funding. In addition, an amount of $438,000 (2023: $573,000) relating to capitalised fees is not included in the above figures, but included in the total Borrowings amount on the Balance Sheet.

A subsidiary of the Company, CFG Finance Pty Limited, is the primary borrower under a Syndicated Facility Agreement. The Syndicated Facility Agreement includes bank loan facilities (Syndicated Facility) and a Working Capital Facility Agreement (Working Capital Facility). On 12 October 2023, the Group entered into a new Syndicated Facility Agreement for a total of $180 million and €145 million, which includes both the bank loan facilities and working capital facilities. The term of the facility is a blend of maturities with $110 million and €90 million maturing on 31 October 2026 and the remaining $70 million and €55 million expiring on 31 October 2028.

FACILITIES

The Syndicated Facility and Working Capital Facility are subject to certain financial covenants and restrictions such as net leverage ratios, interest cover ratios and others which management believe are customary for these types of loans. There have been no changes to the covenants as a result of entering into the new Syndicated Facility Agreement. During the reporting period ended 28 April 2024, the Group maintained compliance with the financial covenants and restrictions of these facilities. The Company and its Australian subsidiaries (other than subsidiaries outside of the Closed Group) and the European subsidiaries were registered guarantors of all the obligations in respect of these loan facilities.

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

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 leverage ratio, which it defines as net debt divided by total capital. Net debt is calculated as borrowings (excluding capitalised fees) 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 net leverage was 7% (2023: 47%).

Net debt	2024 $000	2023 $000
Cash at bank and on hand	83,822	80,236
Borrowings	(248,847)	(291,857)
Capitalised fees	(438)	(573)
Net debt	**(165,463)**	**(212,194)**

Net leverage	2024 $000	2023 $000
Net debt	(165,463)	(212,194)
EBITDA per Syndicated Facility Agreement [1]	154,765	144,379
Net leverage	**1.07**	**1.47**

(1) EBITDA is stated on a pre AASB 16 basis, consistent with the measurement criteria in the Syndicated Facility Agreement.

B4: Dividends

Dividends	2024 $000	2023 $000
Dividends paid of $0.28 (2023: $0.27) per fully paid share	(1) 32,292	(1) 31,623

(1) Includes $2,291,000 (2023: $2,246,493) relating to the Dividend Reinvestment Plan.

Franking credits	2024 $000	2023 $000
Franking credits available for subsequent reporting periods based on a tax rate of 30.0% (2023: 30.0%)	152,274	146,478

The above amount represents 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.

During FY23, the Group introduced a Dividend Reinvestment Plan (DRP), allowing shareholders with a registered address in Australia and New Zealand to reinvest all or part of their dividends into additional fully paid Collins Foods Limited shares.

In FY24, 213,168 shares were issued to eligible shareholders (2023: 256,807) with a value of $2,291,000 (2023: $2,246,493). Refer to Note D3.

Since the end of the reporting period, the Directors of the Company have declared the payment of a fully franked final dividend of 15.5 cents per ordinary share (2023: 15.0 cents) to be paid on 6 August 2024. 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 $18,225,022 (2023: $17,598,386).

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 function 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 2024 and 2023, the financial instruments of the Group and the parent entity were denominated in Australian dollars apart from certain bank accounts, trade receivables, trade payables and borrowings in respect of the Group's Asian 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).

Until the sale of the Sizzler Asia Group, management elected 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 investment

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). Due to a restructure of the European operations during FY23, the European investment is now subscribed in Collins Foods Holding Europe Holdings B.V. (and subsidiaries). As at inception in 2017, this hedge was considered to be completely effective and there has been no change to this designation as a result of the restructuring of operations. During FY24, €8.5 million of the Euro denominated loan was repaid, resulting in a reduction of the hedging instrument and hedged foreign currency exposure to €40.0 million. The hedge remains 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.

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 G4) is not past due, nor impaired (2023: 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.

C1: Financial risk management continued

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. Despite Swap Contracts being in a receivable position for the current reporting period, they have been included below for comparability to the prior year reporting period.

2024	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	G9	129,204	–	–	129,204	129,204
Borrowings (excluding finance leases)	B3	10,270	8,677	257,589	276,536	248,847
Total non-derivatives		**139,474**	**8,677**	**257,589**	**405,740**	**378,051**
Derivatives						
Net settled (Swap Contracts)	C3	(3,228)	(436)	(135)	(3,799)	(3,712)
2023	**Note**	**$000**	**$000**	**$000**	**$000**	**$000**
Non-derivatives						
Trade payables	G9	116,515	–	–	116,515	116,515
Borrowings (excluding finance leases)	B3	13,201	222,199	82,723	318,123	291,857
Total non-derivatives		**129,716**	**222,199**	**82,723**	**434,638**	**408,372**
Derivatives						
Net settled (Swap Contracts)	C3	(3,428)	(1,710)	(158)	(5,296)	(5,146)

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			
	Carrying amount	-1%		+1%		-1%		+1%	
		Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
2024	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Financial assets	96,030	(587)	(1,932)	587	1,932	236	–	(236)	–
Financial liabilities	385,533	225	–	(225)	–	(441)	1,470	441	(1,470)
Total increase/(decrease)		**(362)**	**(1,932)**	**362**	**1,932**	**(205)**	**1,470**	**205**	**(1,470)**
2023	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Financial assets	105,481	(562)	(2,675)	562	2,675	555	–	(555)	–
Financial liabilities	410,386	514	–	(514)	–	(387)	1,649	387	(1,649)
Total increase/(decrease)		**(48)**	**(2,675)**	**48**	**2,675**	**168**	**1,649**	**(168)**	**(1,649)**

C1: Financial risk management continued

Interest rate risk exposures – liabilities

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

2024	Notes	Floating interest rate $000	Fixed interest maturing in: <1 - 3 years $000	Non-interest bearing $000	Total $000	Weighted average effective rate %
Trade and other payables	G9	–	–	129,204	129,204	–
Borrowings - unhedged	B2	32,152	–	–	32,152	5.4%
Borrowings - hedged (1)	B2	–	204,829	–	204,829	1.9%
Borrowings - working capital	B2	–	12,303	–	12,303	5.5%
		32,152	**217,132**	**129,204**	**378,488**	
2023	**Notes**	**$000**	**$000**	**$000**	**$000**	**%**
Trade and other payables	G9	–	–	116,515	116,515	–
Borrowings - unhedged	B2	73,435	–	–	73,435	4.5%
Borrowings - hedged (1)	B2	–	206,511	–	206,511	1.9%
Borrowings - working capital	B2	–	12,484	–	12,484	4.2%
		73,435	**218,995**	**116,515**	**408,945**	

(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:

	Note	2024 $000	2023 $000
Trade and other receivables (non-interest bearing)	G4	8,205	20,099

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 28 April 2024, 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 30 April 2023, the Group had derivative financial instruments which were classified as Level 2 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.

C2: Recognised fair value measurements continued

VALUATION PROCESSES

The finance function 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 function reports directly to the Group CFO and the Audit and Risk Committee. Discussions of valuation processes and results are held between the Group CFO, Audit and Risk Committee, 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 (if any) fair values are analysed at the end of each reporting period during the half-yearly valuation discussion between the Group CFO, Audit and Risk Committee, 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.

Borrowings

The fair value of borrowings is as follows:

			2024			2023
	Carrying amount	Fair value	Discount rate	Carrying amount	Fair value	Discount rate
	$000	$000	%	$000	$000	%
Bank Loan (net of borrowing costs)	248,847	234,209	5.1%	291,857	285,608	4.5%

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 2 values in the fair value hierarchy due to the use of observable inputs, including the credit risk of the Group.

For further details on Borrowings, refer to Note B2.

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 derecognition or modification of a financial asset held at amortised cost is recognised in the income statement.

C2: Recognised fair value measurements continued

(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.

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; and
- lease receivables and trade receivables that give rise to an unconditional right to consideration.

C3: Derivative financial instruments

	2024 $000	2023 $000
Current assets		
Interest rate swap contracts - cash flow hedges	3,025	3,367
Non-current assets		
Interest rate swap contracts - cash flow hedges	687	1,779

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

The Swap Contracts entered into in the prior reporting period remain active as at 28 April 2024.

An additional four swap contracts were entered into during the 2024 reporting period for a total of $100.0 million and €80.0 million, however are not due to commence until November 2024, March and May 2025. $50.0 million will expire on 4 March and 4 September 2025 and €40.0 million will expire on 5 May and 4 November 2025 respectively.

Swap Contracts currently in place cover 100% (2023: 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 4.34% (2023: 3.68%). The notional principal amounts, periods of expiry and fixed interest rates applicable to the Swap Contracts are as follows:

C3: Derivative financial instruments continued

	2024		2023	
		Weighted average fixed interest rate		Weighted average fixed interest rate
	$000	%	$000	%
Less than 1 year	164,403	1.8%	–	–
1 - 2 years	–	–	165,712	1.8%
2 – 3 years	40,427	2.5%	–	–
3 – 4 years	–	–	40,799	2.5%
	204,830		**206,511**	

The Swap Contracts require settlement of net interest receivable or payable each month. 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 28 April 2024, the Swap Contracts gave rise to receivables for unrealised gains on derivative instruments of $3.71 million (2023: $5.15 million) for the Group. Management has undertaken these contracts with the Australia and New Zealand Banking Group Limited, Westpac Banking Corporation and Rabobank, all of which are AA rated financial institutions.

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 Financial Instruments.

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.

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

	2024 Whole Dollars $	2023 Whole Dollars $
Short term employee benefits	4,946,955	4,748,398
Long term employee benefits	–	–
Post-employment benefits	196,413	216,021
Share based payments	646,276	20,408
Termination benefit	856,946	146,659
Total KMP compensation	**6,646,590**	**5,131,486**

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

D2: Share based payments

LONG TERM INCENTIVE PLAN (LTIP) – PERFORMANCE RIGHTS

The Company has a 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 the 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 achieving performance targets. In FY22, the Board introduced a second performance target with 50% of the grant having a Compound earnings per share (EPS) growth target and the remaining 50% having a relative total shareholder return (rTSR) target. 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 and rTSR 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.

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.

D2: Share based payments continued

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

Performance rights	2024	2023
Balance at the beginning of the reporting period	890,255	637,285
Vested and exercised	–	(85,564)
Issued during the reporting period	458,617	424,650
Lapsed during the reporting period	(356,350)	(86,116)
Balance at the end of the reporting period	**992,522**	**890,255**

During the 2021 financial year, grants under the LTIP were made with a performance period of FY21, FY22 and FY23 (FY21 Grant). Based upon the EPS growth achieved over the three year performance period (FY21-FY23), no vesting was achieved for the FY21 grants of performance rights and 176,769 performance rights were forfeited.

All performance rights issued during the reporting period ended 28 April 2024 have an expiry date of 30 July 2026 and were issued with an exercise price of nil. All performance rights issued during the reporting period ended 30 April 2023 have an expiry date of 25 July 2025 and were issued with an exercise price of nil.

FAIR VALUE OF PERFORMANCE RIGHTS ISSUED

There was one tranche of performance rights issued during the reporting period ended 28 April 2024:

- The assessed fair value of performance rights with an EPS growth target issued on 27 September 2023 was $8.73.
  The fair value at grant date was determined using a Black-Scholes-Merton model incorporating the share price at grant date of $9.51, the term of the right, the expected dividend yield of 3.00% and the risk free interest rate for the term of the rights of 3.98%.
- The assessed fair value at grant date of performance rights with an rTSR target was determined using a Monte Carlo simulation model that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the option and the correlations and volatilities of the peer group companies.

The model inputs for performance rights granted with an rTSR target during the reporting period ended 28 April 2024 included:

Assumption	27 September 2023
Fair value	$6.06
Expiry date	30 July 2026
Share price at Grant date	$9.51
Term (years)	3.0
Expected dividend yield	3.00%
Risk free interest rate	3.98%

There was one tranche of performance rights issued during the reporting period ended 30 April 2023:

- The assessed fair value of performance rights with an EPS growth target issued on 21 September 2022 was $8.74.
  The fair value at grant date was determined using a Black-Scholes-Merton model incorporating the share price at grant date of $9.34, the term of the right, the expected dividend yield of 2.31% and the risk free interest rate for the term of the rights of 3.33%.
- The assessed fair value at grant date of performance rights with an rTSR target was determined using a Monte Carlo simulation model that takes into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the option and the correlations and volatilities of the peer group companies.

The model inputs for performance rights granted with as rTSR target during the reporting period ended 30 April 2023 included:

Assumption	21 September 2022
Fair value	$5.39
Expiry date	25 July 2025
Share price at Grant date	$9.34
Term (years)	3.0
Expected dividend yield	2.31%
Risk free interest rate	3.33%

D2: Share based payments continued

OWNERSHIP SHARE PLAN – PERFORMANCE RIGHTS

During FY23, the Group established an Ownership Share Plan (OSP) designed to maintain and enhance a performance centred environment for eligible Restaurant General Managers (RGMs), Area Coaches (ACs) and Restaurant Support Centre (RSC) employees. The OSP aims to reflect current market conditions and to ensure remuneration practices remain competitive. Under the plan, participants are granted performance rights over shares. The number of performance rights is calculated by dividing the dollar value of the employee's grant by the ASX volume weighted average price of the shares for the five trading days prior and five days after the release of the audited financial results. Each annual grant spans a five year period and will vest in 5 separate tranches, each with a distinct service period. Employees who are participants of any other Group Share Scheme (e.g. LTIP) are ineligible to participate in the OSP.

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 satisfaction of a service condition, with one-fifth (20%) of each employee's entitlement vesting annually, providing that employee remains employed by the Group. There are no performance conditions attached the rights granted under the OSP.

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

Performance rights	2024	2023
Balance at the beginning of the reporting period	239,535	–
Vested and exercised	(45,045)	–
Issued during the reporting period	75,721	239,535
Lapsed during the reporting period	(30,224)	–
Balance at the end of the reporting period	**239,987**	**239,535**

FAIR VALUE OF PERFORMANCE RIGHTS ISSUED UNDER THE OSP

There was one tranche of performance rights issued during the reporting period ended 28 April 2024. The assessed fair values of performance rights issued under the OSP on 20 September 2023 ranged from $8.36 to $9.30. The fair value at grant date was determined using a discounted cash flow model incorporating the share price at grant date of $9.56, the term of the right, the expected dividend yield of 2.82% and the risk-free interest rate for the term of the rights ranging from 3.94% to 3.98%.

There was one tranche of performance rights issued during the reporting period ended 30 April 2023. The assessed fair values of performance rights issued under the OSP on 27 April 2023 ranged from $7.70 to $8.43. The fair value at grant date was determined using a discounted cash flow model incorporating the share price at grant date of $8.70, the term of the right, the expected dividend yield of 3.1% and the risk-free interest rate for the term of the rights ranging from 3.01% to 3.05%.

EXPENSES ARISING FROM SHARE BASED PAYMENT TRANSACTIONS

Total expenses arising from share based payment transactions (LTIP and OSP) recognised during the period as part of employee benefit expense were $2,498,211 (2023: $434,007).

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

	28 April 2024		30 April 2023	
	Shares	Share capital $000	Shares	Share capital $000
Issues of ordinary shares during the financial year:				
Balance at beginning of the period	117,322,572	297,372	116,696,110	291,394
Acquisition – Share component	–	–	284,091	3,000
Dividend reinvestment plan	213,168	2,291	256,807	2,246
Senior executive performance rights plan	–	–	85,564	732
Employee ownership share plan	45,045	494	–	–
Balance at the end of the period	**117,580,785**	**300,157**	**117,322,572**	**297,372**

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

			% of ownership interest	
Name of entity	**Place of incorporation**	**Acronym**	**2024**	**2023**
Sizzler China Pte Ltd	Singapore	SCP	–	50

Summarised financial information of joint ventures

	[1] 2024 $000	[1] 2023 $000
Aggregate carrying amount of individually immaterial joint ventures	–	–
Aggregate amounts of the Group's share of:		
Loss from operations	–	(5)
Total comprehensive income	**–**	**(5)**

(1) The Sizzler China Pte Ltd Joint Venture was held by the Sizzler Asia business. This was sold during the reporting period ended 28 April 2024. Refer to Note F.

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 one joint venture. 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.

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.

E2: Related party transactions continued

OUTSTANDING BALANCES ARISING FROM SALES AND PURCHASES OF GOODS AND SERVICES

There were no outstanding balances (2023: nil) with related parties at the end of the reporting period.

TRANSACTIONS WITH RELATED PARTIES

There were no transactions with related parties during the reporting period ending 28 April 2024. Any outstanding balances other than loans to key management personnel are unsecured and are repayable in cash. There were no outstanding balances from other transactions (2023: nil) with related parties at the end of the reporting period.

F: DISCONTINUED OPERATIONS

F1: Description

F1(a): Financial performance and cash flow information

F1(b): Details of the sale of the subsidiary

F2: Assets and liabilities of disposal group classified as held for sale

F1: Description

On 30 April 2023, the Group signed a Letter of Intent to sell the 100% owned subsidiary SingCo Trading Pte. Ltd Group (SingCo) for SGD20.2 million. The associated SingCo assets and liabilities were consequently presented as held for sale in the 2023 financial statements.

The subsidiary was sold on 11 July 2023 and is reported in the current period as a discontinued operation. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

F1(a): Financial performance and cash flow information

The financial performance and cash flow information presented are for the period ended 11 July 2023 (date of disposal) and 30 April 2023.

	11 July 2023 $000	30 April 2023 $000
Revenue	821	4,113
Cost of Sales	–	–
Gross profit	**821**	**4,113**
Other Expenses	–	(13)
Administration expenses	(150)	(2,123)
Other income	290	–
Profit/(loss) from discontinued operations before income tax (EBIT)	**961**	**1,977**
Income tax expense	(135)	(509)
Gain on sale of the subsidiary after income tax	20,258	–
Profit from discontinued operations	**21,084**	**1,468**
Exchange differences on translation of discontinued operations	5,778	(971)
Other comprehensive income from discontinued operations	**5,778**	**(971)**

	11 July 2023 $000	30 April 2023 $000
Net cash inflow/(outflow) from operating activities	(445)	2,188
Net cash inflow from investing activities (July 2023 includes an inflow of $22,757,632 from the sale of the subsidiary, net of cash disposed)	25,499	–
Net cash inflow/(outflow) from financing activities	(4,415)	–
Net increase in cash generated by the discontinued operations	**20,639**	**2,188**

F1(b): Details of the sale of the subsidiary

The details of the consideration received from the sale of the subsidiary are set out below.

	11 July 2023 $000	30 April 2023 $000
Consideration received		
Cash	23,506	–
Total disposal consideration received	**23,506**	**–**
Carrying amount of net assets sold	(8,791)	–
Gain on sale before income tax and reclassification of foreign currency translation reserve	14,715	–
Reclassification of foreign currency translation reserve	5,543	–
Income tax expense on gain	–	–
Gain on sale after income tax	**20,258**	**–**

F1(b): Details of the sale of the subsidiary continued

The carrying amounts of the assets and liabilities as at the date of sale (11 July 2023) were:

	11 July 2023 $000
Cash and cash equivalents	748
Trade and other receivables	515
Other assets	112
Intangible assets (1)	9,402
Total assets	**10,777**
Trade and other payables	626
Deferred tax liabilities	1,360
Total liabilities	**1,986**
Net Assets	**8,791**

(1) Includes recognised Goodwill of $1,405,000.

F2: Assets and liabilities of disposal group classified as held for sale

The following assets and liabilities were classified as held for sale in relation to the discontinued operations at 28 April 2024.

	28 April 2024 $000	30 April 2023 $000
Assets classified as held for sale		
Receivables	–	334
Other assets	–	113
Intangible assets (1)	–	9,402
Investments accounted for using the equity method	–	2,393
Total assets of disposal group	**–**	**12,242**
Liabilities directly associated with assets classified as held for sale		
Trade and other payables	–	672
Deferred tax liabilities	–	1,360
Total liabilities of disposal group held for sale	**–**	**2,032**

(1) Includes recognised Goodwill of $1,405,000.

ACCOUNTING POLICY

Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

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:

	2024 $000	2023 $000
Right-of-use assets [1]	45,427	24,843
Property, plant and equipment	4,876	3,234
Land and buildings	9,556	5,042
Total commitments	**59,859**	**33,119**

(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: Other gains/(losses) - net

	2024 $000	2023 $000
Net foreign exchange gain / (loss)	(63)	(126)
Net loss on disposal of property, plant and equipment	(112)	(33)
Net gain / (loss) on disposal of leases	269	(891)
Fair value gain on financial assets	291	–
Fair value loss on debt modification	(363)	–
Other gains / (losses) – net	**22**	**(1,050)**

G3: Earnings per share

	2024	2023
	$000	$000
Earnings used in the calculation of basic and diluted earnings per share from continuing operations	55,637	11,278
Net profit from discontinued operation	21,084	1,468
	Shares	Shares
Weighted average basic ordinary shares outstanding	117,490,108	117,177,086
Weighted average diluted ordinary shares outstanding	118,722,617	117,904,019
	Cents	Cents
Basic earnings per share		
Basic earnings per share from continuing operations	47.4	9.6
Basic earnings per share from discontinued operations	17.9	1.3
Total basic earnings per share attributable to members of Collins Foods Limited	**65.3**	**10.9**

	2024	2023
	Cents	Cents
Diluted earnings per share		
Diluted earnings per share from continuing operations	46.9	9.6
Diluted earnings per share from discontinued operations	17.8	1.2
Total diluted earnings per share attributable to members of Collins Foods Limited	**64.7**	**10.8**

G3: Earnings per share continued

Weighted average number of shares used as the denominator

	2024 Shares	2023 Shares
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	117,490,108	117,177,086
Adjustments for calculation of diluted earnings per share:		
Performance rights	1,232,509	726,933
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	**118,722,617**	**117,904,019**

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.

G4: Receivables

CURRENT ASSETS – RECEIVABLES

	2024 $000	(1) 2023 $000
Trade receivables	8,205	20,099
	8,205	**20,099**

(1) Includes $13.3 million receivable in relation to the deposit paid for the acquisition from R. Sambo Holdings B.V.

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 28 April 2024 or 30 April 2023 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.

G5: Property, plant and equipment

	Land & Buildings $000	Leasehold improvements $000	Plant and equipment $000	Construction in progress $000	Total $000
At 1 May 2023					
Cost	26,639	334,424	220,056	10,688	591,807
Accumulated depreciation & impairments	(1,708)	(215,802)	(149,777)	–	(367,287)
Net book amount at 1 May 2023	**24,931**	**118,622**	**70,279**	**10,688**	**224,520**
Additions	–	–	–	77,420	77,420
Acquisitions through controlled entity purchased	–	3,133	2,494	–	5,627
Transfers	3,203	38,436	29,893	(71,867)	(335)
Depreciation charge	(594)	(24,905)	(24,418)	–	(49,917)
Impairment charge [(1)]	–	(235)	(538)	–	(773)
Disposals	–	(9)	(84)	(317)	(410)
Exchange differences	–	(555)	(365)	90	(830)
Net book amount at 28 April 2024	**27,540**	**134,487**	**77,261**	**16,014**	**255,302**
At 28 April 2024					
Cost	29,843	373,010	249,330	16,014	668,197
Accumulated depreciation & impairments	(2,303)	(238,523)	(172,069)	–	(412,895)
Net book amount at 28 April 2024	**27,540**	**134,487**	**77,261**	**16,014**	**255,302**
	$000	$000	$000	$000	$000
At 2 May 2022					
Cost	22,201	293,736	182,607	15,234	513,778
Accumulated depreciation & impairments	(1,238)	(177,018)	(119,423)	–	(297,679)
Net book amount at 2 May 2022	**20,963**	**116,718**	**63,184**	**15,234**	**216,099**
Additions	–	2,621	286	67,299	70,206
Acquisitions through controlled entity purchased	–	132	134	–	266
Transfers	4,439	32,396	34,370	(70,895)	310
Depreciation charge	(471)	(23,544)	(21,170)	–	(45,185)
Impairment charge [(1)]	–	(13,222)	(8,312)	–	(21,534)
Disposals	–	(60)	(32)	(1,149)	(1,241)
Exchange differences	–	3,581	1,819	199	5,599
Net book amount at 30 April 2023	**24,931**	**118,622**	**70,279**	**10,688**	**224,520**
At 30 April 2023					
Cost	26,639	334,424	220,056	10,688	591,807
Accumulated depreciation & impairments	(1,708)	(215,802)	(149,777)	–	(367,287)
Net book amount at 30 April 2023	**24,931**	**118,622**	**70,279**	**10,688**	**224,520**

(1) Included in Note G7 is the breakdown of impairment charge.

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.

G5: Property, plant and equipment continued

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 G7).

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.

G6: Intangible assets

	Goodwill $000	Franchise rights $000	Brand names $000	Software $000	Other $000	Total $000
At 1 May 2023						
Cost	499,132	23,916	11,261	13,937	5,302	553,548
Accumulated amortisation & impairments	(28,070)	(11,816)	(11,261)	(10,031)	(78)	(61,256)
Net book amount at 1 May 2023	**471,062**	**12,100**	**–**	**3,906**	**5,224**	**492,292**
Additions	–	2,696	–	540	–	3,236
Acquisitions through controlled entity purchased	14,724	719	–	–	–	15,443
Transfers	–	–	–	335	–	335
Amortisation charge	–	(1,814)	–	(1,709)	(240)	(3,763)
Impairment charge (1)	–	(198)	–	(3)	–	(201)
Disposals	–	(2)	–	(58)	(2,317)	(2,377)
Exchange differences	(2,046)	(36)	–	(11)	(40)	(2,133)
Net book amount at 28 April 2024	**483,740**	**13,465**	**–**	**3,000**	**2,627**	**502,832**
At 28 April 2024						
Cost	511,810	26,772	–	14,650	2,902	556,134
Accumulated amortisation & impairments	(28,070)	(13,307)	–	(11,650)	(275)	(53,302)
Net book amount at 28 April 2024	**483,740**	**13,465**	**–**	**3,000**	**2,627**	**502,832**

	$000	$000	$000	$000	$000	$000
At 2 May 2022						
Cost	478,093	21,154	31,105	13,142	–	543,494
Accumulated amortisation & impairments	(28,070)	(9,389)	(22,793)	(7,950)	–	(68,202)
Net book amount at 2 May 2022	**450,023**	**11,765**	**8,312**	**5,192**	**–**	**475,292**
Additions	–	2,552	–	586	5,302	8,440
Acquisitions through controlled entity purchased	7,317	–	–	9	–	7,326
Transfers	–	–	–	(310)	–	(310)
Amortisation charge	–	(1,386)	(950)	(1,678)	(78)	(4,092)
Impairment charge (1)	–	(1,034)	–	(26)	–	(1,060)
Transfers to assets held for sale (2)	(1,405)	–	(7,997)	–	–	(9,402)
Exchange differences	15,127	203	635	133	–	16,098
Net book amount at 30 April 2023	**471,062**	**12,100**	**–**	**3,906**	**5,224**	**492,292**
At 30 April 2023						
Cost	499,132	23,916	11,261	13,937	5,302	553,548
Accumulated amortisation & impairments	(28,070)	(11,816)	(11,261)	(10,031)	(78)	(61,256)
Net book amount at 30 April 2023	**471,062**	**12,100**	**–**	**3,906**	**5,224**	**492,292**

(1) Included in Note G7 is the breakdown of impairments.
(2) Relates to the intangible assets of the Sizzler Asia business which was classified as held for sale at 30 April 2023.

G7: Impairment of assets

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.

IMPAIRMENT TEST FOR GOODWILL

Allocation of goodwill

	Carrying value	
	2024 $000	2023 $000
KFC Restaurants Australia	334,323	334,323
KFC Restaurants Europe	149,417	136,739
	483,740	**471,062**

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 Restaurants Australia and KFC Restaurants Europe cash generating units, there are no reasonable and likely changes in assumptions which would result in an impairment to goodwill.

During the reporting period ended 28 April 2024, the KFC Australia and KFC Europe restaurants, where indicators of impairment were identified, were tested for impairment in accordance with AASB 136 Impairment of Assets. 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 or value in use) an impairment charge was recognised in the Consolidated Income Statement as set out in the table below.

	KFC Australia restaurants		KFC Europe restaurants		Taco Bell restaurants		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
Leasehold improvements	–	–	457	948	(222)	12,274	235	13,222
Plant and equipment	–	–	143	363	395	7,949	538	8,312
Franchise rights	–	–	–	–	198	1,034	198	1,034
Software	–	–	3	–	–	26	3	26
Right-of-use assets	–	–	1,099	3,281	2,003	27,771	3,102	31,052
Total	**–**	**–**	**1,702**	**4,592**	**2,374**	**49,054**	**4,076**	**53,646**

KEY ASSUMPTIONS USED FOR VALUE-IN-USE CALCULATIONS

	KFC Australia		KFC Europe		Taco Bell	
	2024	2023	2024	2023	2024	2023
Post-tax discount rate segment	8.0%	7.4%	8.0%	7.4%	(1) N/A	(1) N/A
Post-tax discount rate restaurant	Restaurant specific	Restaurant specific	Restaurant specific	Restaurant specific	(1) N/A	Restaurant specific
Growth rates:						
Revenue for Yr 1 - Yr 5 (2)	*4.6%	*4.6%	*4.1%	*3.8%	(1) N/A	*1.2%
Revenue for Yr 6 - Yr 20	2.5%	2.5%	2.2%	1.5%	(1) N/A	2.5%
Annual growth for terminal value	2.5%	2.5%	**2.2%	1.5%	(1) N/A	2.5%

(1) Model was prepared for Taco Bell Underwood impairment which was recognised at 30 April 2023 and fully realised during the reporting period to 28 April 2024.
(2) The Revenue Growth rates applied from Yr 1 - Yr 5 relate specifically to restaurant assets where detailed impairment models were prepared.
* Restaurant specific plans with average annual growth rate.
** In-line with updated long term GDP growth and inflation forecasts for this segment.

Value in use recoverable amount valuations were performed at the cash generating unit level and at the individual restaurant level for the purpose of testing goodwill and restaurant specific assets. Restaurant assets include Property, Plant & Equipment and Right-of-use assets. Detailed impairment models were prepared for the cash generating unit and for some of the KFC Australia and KFC Europe restaurants where indicators of impairment were identified. These impairment tests resulted in the impairment of one KFC Europe restaurant, whereas no impairments were determined for KFC Australia restaurants.

G7: Impairment of assets continued

KFC Australia restaurants

The impairment models have been prepared as follows:

- The cash flow estimates for the cash generating unit have been prepared based on a period of five years.
- The annual growth rates applied in the first five years average 4.6% (2023: 4.6%) for the restaurants modelled. The year one projections have been aligned to the division's specific cash flows reflected in the 2025 budget.
- Annual growth rates of 2.5% (2023: 2.5%) have been applied from year six onward, which does not exceed the long term average growth for the industry segment in which the restaurants operate.

Management believes that these growth percentages are reasonable considering the growth rates in this operating segment during 2024, in prior reporting periods and 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 expected increase in sales volume.
- A post-tax discount rate of 8.0% has been calculated for the KFC Australia segment (2023: 7.4% post tax). The change in the post-tax discount rate applied to certain restaurant assets is the result of the discount rates applied to each individual restaurant 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 7.5 – 8.0% for the individual restaurants assessed for impairment (2023: range 6.3 – 8.5%).

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 the impairment of some of the Group's KFC Australia restaurant assets.

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

Management do not consider that a reasonable change in any of the key assumptions would cause their carrying values to significantly exceed their recoverable amounts.

KFC Europe restaurants

The impairment models have been prepared as follows:

- The cash flow estimates for the cash generating unit have been prepared based on a period of five years.
- The annual growth rates applied in the first five years average 4.1% (2023: 3.8%). for the restaurants modelled. The year one projections have been aligned to the division's specific cash flows reflected in the 2025 budget.
- Both cost of sales and cost of labour percentages are estimated to remain consistent over the cash flow period.
- Annual growth rates of 2.2% have been applied from year six onward (2023: 1.5%).

Management believes that these growth percentages are reasonable considering the growth rates in this operating segment during 2024, in prior reporting periods and since year-end.

- A post-tax discount rate of 8.0% has been calculated for the KFC Europe segment (2023: 7.4% post tax). Restaurant specific discount rates have been applied to restaurant assets to account for the different post-tax discount rates applied to each individual restaurant after being adjusted by the IBR applied to each AASB 16 lease. This has resulted in post-tax discount rates in the range of 7.0 - 8.8% for the individual restaurants assessed for impairment (2023: range 5.5 - 7.5%).

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 the impairment of some of the Group's KFC Europe restaurant assets.

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

Management do not consider that a reasonable change in any of the key assumptions would cause their carrying values to significantly exceed their recoverable amounts.

Taco Bell

As disclosed in the 2023 Annual Report, Taco Bell restaurants were impaired at 30 April 2023, with the remaining net book value of restaurant assets, after a $49.1 million impairment charge, being nil. However, as Taco Bell Underwood was due to open in July 2023 and the lease contract was committed but had not commenced , an onerous lease provision of $1.9 million was recognised, due to the revised outlook for this restaurant.

G7: Impairment of assets continued

As a right-of-use asset and lease liability were recognised on the opening of this restaurant, the onerous lease provision was reversed. On recognition, the right-of-use asset was fully impaired, along with other incremental construction costs and franchise rights, fully impairing the restaurant assets in-line with the remainder of the Taco Bell network.

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 deferred and 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 Intangible Assets 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.

G8: 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:

	2024 $000	2023 $000
Right-of-use assets		
Property	486,456	463,420
Motor vehicles	2,642	2,398
	489,098	**465,818**
Lease liabilities		
Current	47,844	44,639
Non-current	537,851	506,872
	585,695	**551,511**

Additions to the right-of-use assets during the 2024 financial period were $36,843,729 (2023: $56,348,030).

AMOUNTS RECOGNISED IN THE INCOME STATEMENT

The income statement shows the following amounts relating to leases:

	2024 $000	2023 $000
Depreciation charge of right-of-use assets		
Property	50,651	47,685
Motor vehicles	1,349	1,192
	52,000	**48,877**
Impairment charge of right-of-use assets		
Properties	3,102	31,052
	3,102	**31,052**

G8: Leases continued

	2024 $000	2023 $000
Interest expense (included in finance costs)	28,888	25,376
Expense relating to short-term leases (included in selling marketing and royalty, occupancy, and administrative expenses)	648	778
Expense relating to variable lease payments not included in lease liabilities (included in occupancy expenses)	3,425	3,437

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.

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, e.g. term, country, currency and security.

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 lease liabilities was 5.34% (2023: 5.17%).

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.

G8: Leases continued

VARIABLE LEASE PAYMENTS

Some property leases contain variable payment terms that are linked to sales generated from a restaurant. For individual restaurants, 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 restaurants. 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.

More than 90% of the Group's leases are of restaurants 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 restaurant 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.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount
2024	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Lease liabilities	80,775	81,213	207,211	467,714	**836,913**	**585,695**
2023	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Lease liabilities	71,172	68,920	185,812	440,220	**766,124**	**551,511**

G9: Trade and other payables

	2024 $000	2023 $000
Current liabilities		
Trade payables and accruals - unsecured	111,275	99,575
Other payables - unsecured	17,929	16,940
Total payables	**129,204**	**116,515**

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.

G10: Provisions

			2024			2023
	Current	Non-current	Total	Current	Non-current	Total
	$000	$000	$000	$000	$000	$000
Employee benefits	8,323	2,773	11,096	9,123	2,372	11,495
Make good provision	977	2,587	3,564	667	3,846	4,513
Other provisions	5,895	–	5,895	4,169	1,646	5,815
Total provisions	**15,195**	**5,360**	**20,555**	**13,959**	**7,864**	**21,823**

ACCOUNTING POLICY

Employee benefits

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 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 restaurants 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.

Other provisions

The Group continues to review historical employment and wage data for the seven year period from 1 May 2017 to 28 April 2024 to determine whether and in what circumstances employees may have been entitled to receive allowances or other entitlements during this period which have not been paid. As at 28 April 2024, an increase in the provision to $2.7 million (2023: $1.7 million) has been made to recognise potential additional amounts that may have been unpaid during this period. This provision is the current best estimate of the expenditure that may be required to settle any obligation to meet any unpaid entitlements. The final amount of any such obligation, if any, is uncertain and will depend on, among other things, the availability and reliability of historical employment and wage data; the proper interpretation of then applicable industrial instruments; the obligation, if any, to compensate any employees; the number of employees, if any, entitled to compensation; and the amount and/or manner of calculation of compensation (if any) payable to any affected employees.

In addition, during FY24, the Group obtained a license to self-insure for workers' compensation claims. Provisions are based on independent actuarial valuations and determined on a discounted basis. The provision of $2.2 million (2023: nil) includes reported claims and an estimate of claims incurred but not yet reported.

Accounting estimates and judgements have been made in calculating these additional amounts. Any revisions of the estimates will be recognised in the period during which they are identified.

G10: Provisions continued

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.

G11: Reserves

	2024 $000	2023 $000
Hedging - cash flow hedges	2,442	3,499
Share based payments	3,900	1,782
Foreign currency translation	7,130	13,460
	13,472	**18,741**

	Notes	2024 $000	2023 $000
MOVEMENTS:			
Cash flow hedges:			
Opening balance		3,499	2,467
Revaluation – gross		(1,434)	1,700
Deferred tax	G12	430	(510)
Transfer to net profit - gross		(76)	(226)
Deferred tax	G12	23	68
Closing balance		**2,442**	**3,499**
Share based payments:			
Opening balance		1,782	2,087
Valuation of performance rights		2,612	427
Performance rights vested		(494)	(732)
Closing balance		**3,900**	**1,782**
Foreign currency translation:			
Opening balance		13,460	10,317
Exchange fluctuations arising on net investment in hedge		(21,106)	12,328
Exchange fluctuations arising on net assets of foreign operations		14,776	(9,185)
Closing balance		**7,130**	**13,460**

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 LTIP and Ownership Share Plan that have 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.

G12: Tax

INCOME TAX EXPENSE

	Notes	2024 $000	2023 $000
Income tax expense			
Current tax		29,639	13,154
Deferred tax		(4,421)	(10,935)
Under / (Over) provided in prior reporting periods		533	1,680
		25,751	**3,899**
Income tax expense is attributable to:			
Profit from continuing operations		25,616	3,390
Profit from discontinued operations	F1(a)	135	509
Aggregate income tax expense		**25,751**	**3,899**
Deferred income tax expense/(benefit) included in income tax expense comprises:			
Increase in deferred tax assets		(4,544)	(15,957)
Decrease in deferred tax liabilities		123	5,022
		(4,421)	**(10,935)**

Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable	Notes	2024 $000	2023 $000
Profit from continuing operations before income tax expense		81,253	14,668
Profit from discontinued operation before income tax expense	F1(a)	21,219	1,977
		102,472	**16,645**
Tax at the Australian tax rate of 30.0% (2023: 30.0%)		30,741	4,994
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:			
Other non-deductible expenses		1,352	2,113
Difference in foreign taxation rates		67	365
Non-assessable income received		(6,077)	(679)
Changes in tax laws and / or tax rates		–	2,909
Carried forward losses brought to account		–	(7,550)
Recognition of previously unrecognised deductible temporary differences		(1,851)	–
Current year tax losses for which no deferred income tax was recognised		986	67
		25,218	**2,219**
Amounts under / (over) provided in prior reporting periods		533	1,680
Income tax expense		**25,751**	**3,899**

	Notes	2024 $000	2023 $000
Tax expense relating to items of other comprehensive income			
Cash flow hedges	G11	**453**	(442)

	2024 $000	2023 $000
Tax losses		
Unused revenue tax losses for which no deferred tax asset has been recognised	4,152	9,051
Unused capital tax losses for which no deferred tax asset has been recognised	64,505	64,505
Total unused tax losses for which no deferred tax asset has been recognised	**68,657**	**73,556**

G12: Tax continued

DEFERRED TAX BALANCES

Deferred tax assets (DTA)	2024 $000	2023 $000
The balance comprises temporary differences attributable to:		
Depreciation	27,845	27,681
Employee benefits	1,220	2,223
Provisions	9,488	8,309
Lease liabilities	170,589	160,433
Carried forward revenue losses	15,032	12,564
Capitalised costs	353	256
Cash flow hedges	76	56
Other	197	–
	224,800	**211,522**
Set-off of deferred tax liabilities pursuant to set-off provisions	(164,599)	(155,864)
Net deferred tax assets	**60,201**	**55,658**

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

Deferred tax liabilities (DTL)	2024 $000	2023 $000
The balance comprises temporary differences attributable to:		
Right-of-use assets	143,628	136,950
Inventories	994	970
Intangibles	18,856	16,456
Financial assets at fair value through profit or loss	149	250
Prepayments	2	12
Cash flow hedges	970	1,348
Other	–	1
	164,599	**155,987**
Set-off of deferred tax liabilities pursuant to set-off provisions	(164,599)	(155,864)
Net deferred tax liabilities	**–**	**123**

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

ACCOUNTING POLICY

Income tax

The income tax expense on 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.

G12: Tax continued

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.

G13: 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:

	2024 Whole dollars $	2023 Whole dollars $
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	639,111	616,311
Audit and review of financial reports and other audit work for foreign subsidiary	–	48,073
Network firms of PricewaterhouseCoopers Australia:		
Audit and review of financial reports and other audit work for foreign subsidiary	687,541	517,928
	1,326,652	**1,182,312**
OTHER ASSURANCE SERVICES:		
PricewaterhouseCoopers Australian firm:		
Restaurant sales certificates	5,400	5,400
Agreed upon procedures for covenant calculations	8,100	8,100
ESG assurance	94,600	35,000
	108,100	**48,500**
Total remuneration for audit and other assurance services	**1,434,752**	**1,230,812**
TOTAL REMUNERATION FOR SERVICES	**1,434,752**	**1,230,812**

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.

G14: 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 wholly owned subsidiary) and several other related entities have entered into Syndicated and Working Capital credit facilities. As a consequence of this, the Company and its subsidiaries became registered guarantors of all the obligations in respect of these loan facilities.

G14: Contingencies continued

REST BREAK CLASS ACTION

Certain members of the Collins Foods Group are Respondents (the Collins Group respondents) to two class action proceedings commenced in the Victorian registry of the Federal Court of Australia, namely:

1. Singh & Ors v Kentucky Fried Chicken Pty Ltd & Ors (Proceeding VID887 of 2023); and
2. *Westgarth & Ors v Kentucky Fried Chicken Pty Ltd & Ors* (Proceeding VID1061 of 2023).

On 30 April 2024, the Court ordered that these two proceedings be consolidated into a single consolidated proceeding be known as Roshanpal Singh & Ors v Kentucky Fried Chicken Pty Ltd (ACN 000 587 780) & Ors under Court file VID887/2023 (Consolidated proceeding). The Consolidated proceeding is brought by 11 named applicants on their own behalf and on behalf of all persons (the Class) who were:

- employed by any of the 89 respondents (including the Collins Group respondents) and who worked at a KFC restaurant in a period commencing in October 2017 or December 2017; and
- who, during their employment, did not receive one or more 10-minute rest breaks or rest pauses (as the case may be) (Rest Break) to which they were entitled under then prevailing industrial agreements and awards (the Industrial Instruments).

The Consolidated proceeding seeks on behalf of the Applicants and the Class declarations that the Respondents breached applicable Industrial Instruments and recovery of pecuniary penalties and compensation under the Fair Work Act for loss and damage caused by any requirement to work during periods when they were entitled to a Rest Break, and interest (the Claims). The amount of the loss and damage sought in the Claims is: the monetary amounts they ought to have been paid (corresponding to the time that ought to have been given for the missed Rest Breaks): and any consequent loss of amenity (which is unquantified).

The Consolidated Proceeding and the Claims are complex and at an early stage, with the respondents yet to file defences. It is not yet possible to reliably estimate the liability, if any, of respondents , including the Collins Group respondents. Any such liability will depend on, among other things:

- the Court's (or other) determination of: the criteria to be applied to determine an employee's eligibility to be included in the Class (eligible Class members) (and therefore the total potential number of Class members who may claim against the Collins Group respondents); the circumstances under which an employee is entitled to a Rest Break under the applicable Industrial Instrument(s); the actions of the Collins Group respondents required to meet any obligation under an applicable Industrial Instrument to provide a Rest Break: the circumstances under which a Collins Group respondent shall be deemed to have failed to meet such obligations; the amount and/or manner of calculation of compensation (if any) payable to eligible Class members who establish a Claim; and the manner of establishing any such entitlement.
- the number, if any, of Rest Breaks due and not taken by eligible Class members while employed by one or more of the Collins Group respondents in the six-year period commencing in October 2017;
- the number, if any, of eligible Class members who were employed by one or more of the Collins Group respondents and who choose to opt-out of the Consolidated proceeding or are unable or unwilling to establish a Claim.

The Collins Group has in place insurances that may provide coverage for some or all the Claims. The Company has notified its insurers, and they will advise the availability of any coverage in respect of the Consolidated proceeding and/or the Claims as further details of the Claims are provided.

H: GROUP STRUCTURE

H1: Subsidiaries and Deed of Cross Guarantee

H2: Parent entity financial information

H1: Subsidiaries and Deed of Cross Guarantee

The Consolidated Financial Statements at 28 April 2024 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	Percentage of shares held	
				2024 %	2023 %
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
Collins SRG 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 SRG 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) (e)	Singapore	SingCo	—	100
Sizzler International Marks LLC	(c) (e)	Delaware, USA	SIM	—	100
Sizzler Asia Holdings LLC	(c) (e)	Delaware, USA	SAH	—	100
Sizzler South East Asia LLC	(c) (d) (e)	Delaware, USA	SSEA	—	100
Sizzler New Zealand LLC	(c) (d) (e)	Delaware, USA	SNZ	—	100
Sizzler Restaurant Services LLC	(c) (d) (e)	Delaware, USA	SRS	—	100
Collins Foods Europe Limited	(c) (f)	United Kingdom	CFEL	100	100
Collins Foods Europe Services Limited	(c) (g)	United Kingdom	CFESL	—	100
Collins Foods Europe Finco Limited	(c) (g)	United Kingdom	CFEFL	—	100
Collins Foods Germany Limited	(c) (g)	United Kingdom	CFGL	—	100
Collins Foods Netherlands Limited	(c) (g)	United Kingdom	CFNL	—	100
Collins Foods Holdings Europe B.V.	(c)	Netherlands	CFEH	100	100
Collins Foods Netherlands Operations B.V.	(c)	Netherlands	CFNO	100	100
Collins Foods Netherlands Management B.V.	(c)	Netherlands	CFNM	100	100
Collins Foods Germany GmbH	(c)	Germany	GmbH	100	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) Entities disposed of during the 2024 reporting period.

(f) Entity in the process of being liquidated as a result of the restructure of European operations.

(g) Entities liquidated during the 2024 reporting period as a result of the restructure of European operations.

H1: Subsidiaries and Deed of Cross Guarantee continued

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'.

	Closed Group	
	2024 $000	2023 $000
CONSOLIDATED INCOME STATEMENT		
Sales revenue	1,175,410	1,099,938
Cost of sales	(577,578)	(544,082)
Gross profit	**597,832**	**555,856**
Selling, marketing and royalty expenses	(267,300)	(254,879)
Occupancy expenses	(61,124)	(103,198)
Restaurant related expenses	(82,834)	(83,300)
Administration expenses	(64,669)	(56,611)
Other expenses	(11,580)	(11,261)
Other income	9,170	99,476
Finance costs – net	(30,078)	(26,926)
Other gains/(losses) – net	20,094	(1,023)
Profit from operations before income tax	**109,511**	**118,134**
Income tax expense	(26,302)	(6,078)
Profit from operations	**83,209**	**112,056**
Net profit attributable to the Closed Group	**83,209**	**112,056**

	Closed Group	
	2024 $000	2023 $000
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		
Profit from continuing operations	83,209	112,056
Other comprehensive income:		
Cash flow hedges	(1,328)	783
Income tax relating to components of other comprehensive income	398	(235)
Other comprehensive income for the period, net of tax	**(930)**	**548**
Total comprehensive income for the period	**82,279**	**112,604**
Total comprehensive income for the reporting period is attributable to:		
Owners of the parent	**82,279**	**112,604**

	Closed Group	
	2024 $000	2023 $000
SUMMARY OF MOVEMENTS IN CONSOLIDATED RETAINED EARNINGS		
Retained earnings at the beginning of the reporting period	**208,325**	**127,892**
Profit for the period	83,209	112,056
Dividends provided for or paid	(32,292)	(31,623)
Retained earnings at the end of the reporting period	**259,242**	**208,325**

H1: Subsidiaries and Deed of Cross Guarantee continued

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	
	2024 $000	2023 $000
Current assets		
Cash and cash equivalents	64,328	48,845
Receivables	4,585	2,742
Inventories	7,636	6,718
Derivative financial instruments	2,640	2,936
Current tax asset	–	3,562
Other assets	2,729	1,598
Total current assets	**81,918**	**66,401**
Non-current assets		
Property, plant and equipment	197,128	173,418
Intangible assets	347,566	347,628
Right-of-use assets	393,940	379,792
Deferred tax assets	58,689	55,658
Derivative financial instruments	592	1,558
Other financial assets	99,381	108,852
Total non-current assets	**1,097,296**	**1,066,906**
TOTAL ASSETS	**1,179,214**	**1,133,307**
Current liabilities		
Trade and other payables	93,185	90,751
Lease liabilities	29,405	28,269
Current tax liabilities	5,186	87
Provisions	14,731	13,681
Total current liabilities	**142,507**	**132,788**
Non-current liabilities		
Borrowings	155,120	194,893
Lease liabilities	445,489	422,439
Provisions	4,056	6,232
Total non-current liabilities	**604,665**	**623,564**
TOTAL LIABILITIES	**747,172**	**756,352**
NET ASSETS	**432,042**	**376,955**
Equity		
Contributed equity	300,157	297,372
Reserves	(127,357)	(128,742)
Retained earnings	259,242	208,325
TOTAL EQUITY	**432,042**	**376,955**

H2: Parent entity financial information

SUMMARY FINANCIAL INFORMATION

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

	2024 $000	2023 $000
Balance sheet		
Current assets	527,178	491,548
Non-current assets	123	–
Total assets	**527,301**	**491,548**
Current liabilities	149,480	121,482
Non-current liabilities	30	364
Total liabilities	**149,510**	**121,846**
Net assets	**377,791**	**369,702**
Shareholders' equity		
Issued capital (1)	346,488	343,703
Reserves	3,900	1,782
Retained earnings	27,403	24,217
	377,791	**369,702**
Profit or loss for the period	**35,477**	**28,423**
Total comprehensive income	**35,477**	**28,423**

(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 $180 million and €145 million as stated in Note B2. In addition, 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 2025. 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 28 April 2024 (2023: nil).

I: BASIS OF PREPARATION AND 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 consolidated 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 $90.1 million. The predominant reason for this net current liability position is the application of AASB16, with lease payments due in the next financial year recognised as current liabilities. Excluding lease liabilities there would be a net current liability position of $42.3 million, resulting from a reduction in trade and other receivables and an increase in trade and other payables. The Group has undrawn bank loan facilities of $154.5 million and undrawn working capital facilities of $9.3 million, thus do not consider this to be a risk to its' going concern basis. The Group's loan covenants are based on results excluding the impact of AASB16. 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 2024 reporting period comprised the fifty-two weeks which ended on 28 April 2024 (2023: a fifty-two week reporting period which ended on 30 April 2023).

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.

I1: Basis of preparation continued

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 combinations;
- Note G5: Property, plant and equipment;
- Note G6: Intangible assets;
- Note G7: Impairment of assets;
- Note G8: Leases; and
- Note G10: 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 that Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

COMPARATIVES AND RESTATEMENTS OF PRIOR YEAR BALANCES

Comparatives may have been reclassified where appropriate to enhance comparability.

NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

Other than disclosed below, the Group has not applied any new standards or amendments for the first time for the period commencing 1 May 2023:

AASB 2023-2 Amendments to Australian Accounting Standards – International Tax Reform – Pillar Two Model Rules

In June 2023, the AASB issued AASB 2023-2 which makes amendments to AASB 112 Income Taxes. The amendments introduce a mandatory temporary exception to accounting for deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD). The Group has applied this exception in preparing its Financial Report.

The Pillar Two model rules are part of the OECD's framework designed to address the tax challenges arising from the digitisation of the economy. The Pillar Two model rules:

- aim to ensure that large multinational groups pay a minimum amount of tax on income arising in each jurisdiction in which they operate; and
- achieve that aim by applying a system of top-up taxes that result in the total amount of taxes payable on Global Anti-Base Erosion Rules (GloBE) income in each jurisdiction representing the minimum rate of 15%.

The Group falls within the scope of the Pillar Two top-up tax legislated in the Netherlands and Germany for income years beginning on or after 1 January 2024. Substantive enactment of Pillar Two laws has not yet occurred in Australia. The first period for which a Pillar Two return will be required is the income year ending 30 April 2025.

The Group has initiated a project to manage the impact of the Pillar Two rules globally and ensure the Parent Entity and its subsidiaries can meet their Pillar Two compliance obligations. Based on analysis performed, the Group does not expect any potential exposure to Pillar Two top-up taxes in the Netherlands or Germany. The impact on future financial performance will continue to be assessed as the Group progresses its Pillar Two implementation.

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 28 April 2024 reporting periods and have not been early adopted by the group. The Group's assessment of the impact 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 new standards before the effective dates.

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 G9).

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.

OTHER INCOME

Interest income is recognised on a time proportion basis using the effective interest method.

Also included in other income is development agreement income, which is related to achieving targets included in development agreements. This is recognised at a point in time when the targets are achieved.

Other items of miscellaneous income are also included in this amount.

I3: Other accounting policies continued

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.

Traineeship grants are accounted for as a reduction of the related expense.

Government grants were received by the Group in the current year for traineeships, amounting to $1.7 million (2023: $6.1 million).

BUSINESS COMBINATIONS UNDER COMMON CONTROL

When an entity within the Group acquires an entity under common control, the acquiring entity consolidates the carrying values of the acquired entity's asset and liabilities from the date of acquisition. The consolidated financial statements of the Group include the income and expenditures from the date of acquisition. Any difference between the fair value of the consideration paid/transferred by the acquirer and the net assets / (liabilities) of the acquired are taken to the common control reserve in the equity section of the balance sheet.

J: SUBSEQUENT EVENTS

J1: Subsequent events

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

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

DIRECTORS' DECLARATION

In the Directors' opinion:

- the financial statements and notes set out on pages 28 to 80 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 28 April 2024 and of its performance for the period ended on that date;
- 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.
- 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 Managing Director & Chief Executive Officer and the Group 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 Directors.

Robert Kaye SC
Chair

Brisbane
25 June 2024

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 28 April 2024 and of its financial performance for the period 1 May 2023 to 28 April 2024

(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 28 April 2024
- the consolidated income statement for the period 1 May 2023 to 28 April 2024
- the consolidated statement of comprehensive income for the period 1 May 2023 to 28 April 2024
- the consolidated statement of changes in equity for the period 1 May 2023 to 28 April 2024
- the consolidated statement of cash flows for the period 1 May 2023 to 28 April 2024
- the notes to the consolidated financial statements, including material accounting policy information 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.

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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.

Audit scope	*Key audit matters*
• 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 by us, as the Group engagement team, and by component auditors in the Netherlands operating under our instruction. • We structured our audit as follows: - We performed audit procedures over the Australian, Netherlands and German operations, in addition to auditing the consolidation of the Group's reporting units into the Group's financial report. - Component auditors in the Netherlands performed audit procedures over the Group's Netherlands operations. • For the work performed by component auditors in the Netherlands, we determined the level of involvement we needed to have in the audit work at this location to be satisfied that sufficient audit evidence had been obtained as a basis for our opinion on the Group financial report as a whole. This included active dialogue throughout the year through discussions, issuing written instructions, receiving formal interoffice reporting, as well as attending meetings with local management.	• Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee: - Carrying Value of Store Assets - Accounting for Leases • These are further described in the *Key audit matters* section of our report.

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***
Carrying value of store assets *Impairment of Assets (Refer to note G7)* *Property, Plant & Equipment $255.3m (Refer to note G5), Franchise Rights $13.5m (Refer to note G6), and Right of Use assets $489.1m (Refer to note G8)* The Group assesses impairment of store assets on a restaurant-by-restaurant basis for each segment. An impairment indicators analysis is performed, and where impairment indicators are present, value in use impairment models are then prepared to determine whether the carrying amount is supported. Following the Group's assessment, a pre-tax impairment charge of $1.7m was recorded in relation to KFC Europe stores and $2.4m in relation to Taco Bell stores. We considered this a key audit matter given the financial significance of the store asset balances in the Group's balance sheet and the significant level of judgement and estimation involved in determining the value in use for each restaurant with indicators of impairment.	We performed the following audit procedures in relation to the Group's review of each restaurant, amongst others: • Evaluated the reasonableness of management's impairment indicator assessment. For each restaurant that presented an indicator of impairment, we: • Developed an understanding of the process undertaken by the Group in the preparation of the discounted cash flow models used to assess the recoverable amount of the store assets (the "impairment models"). • Tested the mathematical accuracy of the underlying calculations in the impairment models. • Compared the FY2024 actual results with prior corresponding reporting period forecasts to assess the historical accuracy of the Group's forecasting processes. • Assessed the reasonableness of growth rates used for Year 1 to Year 5 with reference to historical results, and specific store action plans and initiatives as required. • Evaluated the appropriateness of the discount rate and long-term growth rate assumptions in the impairment models, with the support of PwC valuation specialists, by comparing them to market observable inputs. • Assessed the sensitivity to changes in key assumptions that would be required for assets to be impaired and considered the likelihood of such movements in those key assumptions arising. • Evaluated the adequacy of the disclosures made in note G7 of the financial report in light of the requirements of Australian Accounting Standards.

Key audit matter	*How our audit addressed the key audit matter*
Accounting for Leases *Right-of-use assets $489.1 million, Lease liabilities $585.7 million (Refer to note G8)* The Group applies Australian Accounting Standard AASB 16 *Leases* in accounting for the Group's portfolio of restaurant leases. As a result, Right-of-use assets and Lease liabilities are recognised in the balance sheet. We considered this a key audit matter given the financial significance of the related balances in the Group's balance sheet and the critical judgements used in determining the lease term assumptions in the lease calculations, as well as the significant amount of audit effort in auditing the balances.	We performed the following audit procedures in relation to the accounting for leases: • Assessed whether the Group's accounting policies are in accordance with the requirements of Australian Accounting Standards. • Evaluated the judgements applied by the Group in determining the probability of exercising extension options for each of the Group's operating segments. • Evaluated the adequacy of the disclosures made in note G8 of the financial report in light of the requirements of Australian Accounting Standards. For a sample of lease agreements, we: • Evaluated the lease calculation against the terms of the lease agreement and the requirements of Australian Accounting Standards. • Tested the mathematical accuracy of the lease calculations. • Evaluated the appropriateness of the lease term applied and the Group's assumptions relating to the exercise of option periods.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the period 1 May 2023 to 28 April 2024, but does not include the financial report and our auditor's report thereon.

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 through our opinion on the financial report. We have issued a separate opinion on the remuneration report.

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.

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.

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 the directors' report for the period 1 May 2023 to 28 April 2024.

In our opinion, the remuneration report of Collins Foods Limited for the period 1 May 2023 to 28 April 2024 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
25 June 2024


TACO BELL

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 17 June 2024.

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 performance rights on issue %	Number of holders of ownership share plan rights	Percentage of ownership share plan rights on issue %
1 - 1000	5,947	1.97	–	—	427	93.67
1,001 - 5,000	3,587	7.21	10	3.21	13	6.33
5,001 - 10,000	649	3.97	15	10.02	–	—
10,001 - 100,000	396	7.86	6	36.22	–	—
100,001 and over	43	78.99	3	50.54	–	—
TOTAL	**10,622**	**100.00**	**34**	**100.00**	**440**	**100.00**

TOTAL ORDINARY SHARES ON ISSUE	117,580,785
TOTAL UNQUOTED PERFORMANCE RIGHTS ON ISSUE	992,522
TOTAL UNQUOTED OWNERSHIP SHARE PLAN RIGHTS ON ISSUE	239,987

There were 609 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	32,643,821	27.76
CITICORP NOMINEES PTY LIMITED	18,388,127	15.64
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	18,344,901	15.60
MR KEVIN WILLIAM JOSEPH PERKINS	6,850,574	5.83
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING A/C>	3,191,885	2.71
NATIONAL NOMINEES LIMITED	2,043,468	1.74
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	1,350,900	1.15
BNP PARIBAS NOMS PTY LTD	911,579	0.78
BNP PARIBAS NOMINEES PTY LTD <HUB24 CUSTODIAL SERV LTD>	901,579	0.77
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	777,000	0.66
CHRIKIM PTY LTD <GEOFFREY WRIGHT INCOME A/C>	776,585	0.66
BNP PARIBAS NOMS PTY LTD <GLOBAL MARKETS>	605,355	0.51
MRS HEATHER LYNNETTE GRACE	417,801	0.36
ANACACIA PTY LTD <WATTLE FUND A/C>	388,093	0.33
CHRIKIM PTY LTD <GEOFFREY WRIGHT INCOME A/C>	369,421	0.31
PERKINS FAMILY INVESTMENT CORPORATION PTY LTD	327,273	0.28
MICHAEL KEMP PTY LTD <MICHAEL KEMP A/C>	300,910	0.26
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	282,952	0.24
MS DEBORAH LEE CHOW + MR EDWARD CHOW <CHOW FAMILY S/F A/C>	272,703	0.23
MICHELE TAYLOR PTY LTD <SUPER FUND A/C>	266,319	0.23
TOTAL	**89,411,246**	**76.05**

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 %
The Vanguard Group Inc.	5,884,191	5.01
Yarra Capital Management Limited	7,200,999	6.13
Kevin Perkins	7,241,484	6.16
Challenger Limited	9,065,756	7.71

Restricted Securities and share buy-backs

A voluntary holding lock will be applied to:

- 8,340 fully paid ordinary shares for a period of 12 months, if they are issued, upon the vesting of 8,340 performance rights in accordance with the rules of the LTIP; and
- 32,508 fully paid ordinary shares for a period of 24 months, if they are issued, upon the vesting of 32,508 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.

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, Chair Drew O'Malley, Managing Director & CEO Kevin Perkins, Interim Managing Director & CEO Nicki Anderson Nigel Clark Mark Hawthorne Christine Holman
Company Secretary	Chris Bertuch (Interim)
Principal registered office in Australia	Level 3, KSD1, 485 Kingsford Smith Drive Hamilton QLD 4007 Telephone: +61 7 3352 0800
Share and debenture register	Computershare Investor Services Pty Ltd Level 1, 200 Mary Street Brisbane QLD 4000 Telephone: 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
Website address	www.collinsfoods.com

The Collins Foods Corporate Governance Statement is located at www.collinsfoods.com/investors/corporate-governance/


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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.