



COLLINS FOODS LIMITED

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ACN 151 420 781

TAX TRANSPARENCY REPORT

For the reporting period ended 30 April 2024



ABOUT US

Collins Foods Limited (the Company) is an Australian listed public company (ASX: CKF) and the ultimate parent of the Collins Foods Group (Collins Foods). Collins Foods is committed to providing transparency over its tax affairs to demonstrate its commitment to complying with all tax laws in the countries in which it operates.

This report follows the guidelines in the Australian Board of Taxation's Tax Transparency Code and the information contained herein has been sourced from financial records and audited financial statements (**Financial Report**) for the period ended 30 April 2024 (**FY24**). The Financial Report is prepared in accordance with Australian Accounting Standards and therefore complies with International Financial Reporting Standards (IFRS).

Collins Foods' business is the operation, management and administration of restaurants, comprising three restaurant brands: KFC, Taco Bell and Sizzler. For further information, please visit www.collinsfoods.com.

TAX POLICY, STRATEGY AND GOVERNANCE

Collins Foods understands that tax risk management is a key part of good corporate governance and is committed to ensuring full compliance with its statutory taxation obligations in all countries in which it operates.

Collins Foods maintains documented frameworks, policies and procedures in relation to tax risk management. The Board delegates oversight of tax risk management to the Audit and Risk Committee. Collins Foods' procedures include regular reporting by management to the Audit and Risk Committee which in turn updates the Board. The Financial Report, including tax calculations and disclosures, are subject to external audit. Corporate income tax filings in all jurisdictions are either prepared or reviewed by external tax advisors and advice is sought for all material tax matters.

Collins Foods has no appetite to non-compliance with tax laws and regulations. For Collins Foods this means:

- Taxes will be managed with the objective that all tax liabilities properly due under the law in all jurisdictions are correctly recorded, accounted for and paid on time.
- Relationships with tax authorities will be transparent and pro-actively managed.
- Collins respects the spirit of the applicable tax laws in the jurisdictions it operates in. Collins will not adopt any aggressive tax planning strategies, and all transactions entered, and structures adopted, will have commercial substance.
- Collins will aim for a high level of comfort and certainty on material tax positions, including, where appropriate, via engagement with revenue authorities.
- If tax risks do occur, they will always be actioned, and any weaknesses identified will be rectified.

TOTAL TAX CONTRIBUTIONS

Tax disclosures in this report are sourced from the Financial Report. Due to the application of accounting standards, differences may exist between income tax expense calculated in the Financial Report and the total cash taxes paid in a relevant jurisdiction during the same income year. These differences arise from various factors including the availability of current or prior period tax losses, and the timing of tax instalments and payments.

The amounts below exclude other indirect taxes paid by Collins Foods or collected and passed on to the ATO and other local authorities responsible for the collection of taxes, such as fringe benefits tax, payroll tax, PAYG withholding and stamp duty.

	Group	Australia
	\$000	\$000
Corporate income tax	20,505	20,156
GST/VAT paid	73,963	70,548
Total	94,468	94,323

EFFECTIVE TAX RATE

The effective tax rate (being accounting income tax expense expressed as a percentage of the profit before tax) differs from the actual income tax payable in an income year due to timing differences (where the timing of income and expense recognition differs for accounting and tax purposes).

	Group	Australia
	\$000	\$000
Accounting profit	102,472	109,511
Current tax expense	29,639	28,800
Deferred tax expense	(4,421)	(3,031)
(Over)/Under provided in prior reporting periods	533	533
Income tax expense as per financial statements	25,751	26,302
Effective tax rate – Total tax	25%	24%*

* During FY24, Collins Foods received a final distribution from its Sizzler Asia business and sold 100% of the shares in the holding company of the business to a third party. Under Australian income tax legislation, the distribution is non-assessable non-exempt income, and the capital gain is reduced to nil. Accordingly, the effective tax rate for Australia was below the statutory 30% tax rate. However, when the distribution and gain on disposal are excluded, the effective tax rate of the Australian operations was 31%.

RECONCILIATION OF ACCOUNTING PROFIT TO INCOME TAX PAYABLE

Due to the materiality of the Australian contribution to Group profit in FY24, the below reconciliation of accounting profit to income tax payable starts with Australian profit.

	\$000
Australia - Closed group profit (Note H1 to Financial Report)	109,511
Non-assessable distribution	(8,437)
Australian profit before income tax	101,074
Prima facie tax at 30%	30,322
Non-deductible expenditure	(4,020)
Income tax expense	26,302
Effect of temporary differences:	
Movement in employee provisions	1,033
Movement in accruals	(1,359)
Movements in fixed assets	12,044
Movements in intangibles	(182)
Deductions related to leases	(8,342)
Other	405
Income tax payable for current year	29,860
Less: Instalments paid	24,284
Less: Losses brought forward claimed	391
Current tax payable – Australia	5,186
Current tax payable – Rest of world	2,296
Tax payable per financial statements	7,482

INTERNATIONAL RELATED PARTY DEALINGS

In FY24, Collins Foods operated in Australia, Asia, Germany, and the Netherlands. International related party dealings were minimal; however, they were conducted in accordance with Australian transfer pricing laws utilising arm's length methodologies prescribed by the Organisation of Economic Cooperation and Development.

The main dealings between Collins Foods' Australian operations and European operations were:

- providing administrative support and shareholder related activities; and
- recharges of costs.

The main dealings between Collins Foods' Australian operations and Asian operations were:

- providing administrative support and shareholder related activities.
- providing sales and marketing services and technical support.