



COLLINS FOODS LIMITED

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COLLINS FOODS LIMITED

ACN 151 420 781

INTERIM FINANCIAL REPORT

For the reporting period ended 16 October 2022

Authorised for release by the Board



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APPENDIX 4D

Half-year Financial Report for the Financial Half-year ended 16 October 2022

Reporting period: 24 weeks to 16 October 2022

Previous corresponding period: 24 weeks to 17 October 2021

RESULTS FOR ANNOUNCEMENT TO THE MARKET

REVENUE AND NET PROFIT

	Percentage Change	Period ended 16 Oct 2022	Period ended 17 Oct 2021
	%	\$000	\$000
Revenue from ordinary activities	Up 15.0%	614,295	534,246
Profit from ordinary activities after tax attributable to members	Down 58.2%	11,022	26,392
Net profit for the period attributable to members	Down 58.2%	11,022	26,392

BRIEF EXPLANATION OF THE FIGURES REPORTED ABOVE

This report is based on the consolidated interim financial statements which have been reviewed by the auditor. The review report, which was unqualified, is included within the Company's Interim Financial Report for the 24 weeks ending 16 October 2022 which accompanies this Appendix 4D.

For a brief explanation of the figures above please refer to the Results Announcement for the period ended 16 October 2022 and the Director's Report, which forms part of the Interim Financial Report.

DIVIDENDS

	Amount per Security	Franked amount per security
Interim dividend for reporting period:	12.0 cents	12.0 cents
• Payable 29 December 2022		
The record date for determining entitlements to the interim dividend:		
• 6 December 2022		
Interim dividend for previous corresponding period (17 October 2021)	12.0 cents	12.0 cents
• Paid 22 December 2021		
Final dividend at year end (1 May 2022)	15.0 cents	15.0 cents
• Paid 1 August 2022		

The interim fully franked dividend of 12.0 cents per share was declared by the Board of Directors on 29 November 2022. In accordance with accounting standards, as the dividend was not declared prior to the reporting period end, no provision has been taken up for this dividend in the financial statements for the reporting period ended 16 October 2022.

NET TANGIBLE ASSETS PER SECURITY

	Current Reporting Period	Previous Corresponding Period
Net tangible asset backing per ordinary security	\$(0.26)	\$(0.40)

DETAILS OF ASSOCIATES

Joint venture entities and the percentage holding thereof are as follows:

Entity	Percentage Holding
Sizzler China Pte Ltd	50%

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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 twenty-four week period ended 16 October 2022, which the Directors consider to be the first half (half-year) of the Group's financial year to 30 April 2023.

Directors

The following persons were Directors of the Company during the half-year or up to the date of this report:

Name	Date of appointment
Robert Kaye SC	7 October 2014
Drew O'Malley	29 June 2021
Mark Hawthorne	23 December 2021
Christine Holman	12 December 2019
Bronwyn Morris AM ⁽¹⁾	10 June 2011
Kevin Perkins	15 July 2011
Russell Tate	10 June 2011

(1) Bronwyn Morris AM resigned from the Board of Directors on 2 September 2022.

Operating and financial review

GROUP OVERVIEW

The Group's business is the operation, management and administration of restaurants, currently comprising three restaurant brands: KFC, Taco Bell and Sizzler. The KFC and Taco Bell brands are two of the world's largest restaurant chains and are owned globally by Yum!. In Australia, the Group is the largest franchisee of KFC restaurants.

At the end of the period, the Group operated 264 franchised KFC restaurants in Australia, 17 franchised KFC restaurants in Germany, 45 franchised restaurants in the Netherlands and 24 franchised Taco Bell restaurants in Australia, which all compete in the quick service restaurant market. The Group is also a franchisor of the Sizzler brand in South East Asia, with 69 franchised restaurants in Thailand and Japan.

REVENUE AND EXPENSES

Revenues for the half-year were \$614.3 million, up 15.0% to the previous corresponding period. Compared to the previous corresponding period, revenues in the domestic KFC restaurants segment were \$479.6 million, up 10.6%, revenues in the Europe KFC restaurants segment were \$111.8 million, up 32.0% and Taco Bell revenues were \$21.1 million, up 42.6%.

The growth in total revenues, offset by inflationary pressures, resulted in an underlying EBITDA, post AASB 16, for the half-year of \$95.4 million, up 0.5% compared to the previous corresponding period.

NET PROFIT

The statutory profit from continuing operations was \$11.0 million for the half-year. This was a decrease of \$15.4 million on the previous corresponding period. Revenue growth of \$80.1 million was largely offset by inflationary pressures in energy, labour and food costs, in addition to \$11.9 million (post tax) of impairment recognised in the Taco Bell brand during the half-year. This represents basic earnings from operations per share of 9.42 cents compared to the previous corresponding period basic earnings per share of 22.62 cents.

CASH FLOW AND BALANCE SHEET

The net cash flow from operations reflected in the statutory Consolidated Statement of Cash Flows of \$69.1 million is \$3.2 million lower than the prior comparable period.

Cash flow from investing activities was a net outflow of \$36.7 million reflecting investment in the existing network and the building of new restaurants and one acquisition in Australia.

Statutory cash flow from financing activities was a net outflow of \$37.2 million representing inflows of \$5.4 million and outflows related to leases and the Group's dividend payment.

Overall cash and cash equivalents as at 16 October 2022 was \$93.4 million, representing a \$3.8 million decrease when compared to 1 May 2022.

Total indebtedness (net of capitalised borrowing costs) at 16 October 2022 was \$283.7 million, with undrawn facilities of \$77.9 million within the Bank Loan Facility and \$23.0 million under the Working Capital Facility Agreement. Net debt (excluding bank guarantee and net of cash and cash equivalents) was \$191.1 million.

Dividends

The Directors have declared a fully franked interim dividend of 12.0 cents per share payable on 29 December 2022.

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3.

Australian Securities and Investments Commission Order

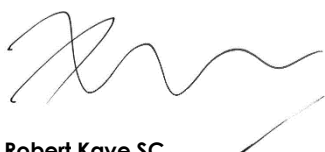
The Australian Securities and Investments Commission Order 11-0958 has granted the Company relief under section 340 of the Act which permits the Company to have a half-year that differs from that prescribed by the Act.

The first half of the year ending 30 April 2023 is the twenty-four week period ended 16 October 2022. The comparative half-year period is the period which commenced on 3 May 2021 and ended on 17 October 2021.

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 and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

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



Robert Kaye SC
Chair

Brisbane
29 November 2022



Auditor's Independence Declaration

As lead auditor for the review of Collins Foods Limited for the half-year from 2 May 2022 to 16 October 2022, 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 review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

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

A handwritten signature in black ink that reads 'Michael Crowe'.

Michael Crowe
Partner
PricewaterhouseCoopers

Brisbane
29 November 2022

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CONSOLIDATED INCOME STATEMENT

For the reporting period ended 16 October 2022

	Note	Period ended 16 Oct 2022	Period ended 17 Oct 2021
		\$000	\$000
Revenue	A2	614,295	534,246
Cost of sales		(294,545)	(252,697)
Gross profit		319,750	281,549
Selling, marketing and royalty expenses		(139,756)	(116,371)
Occupancy expenses		(51,255)	(34,973)
Restaurant related expenses		(49,806)	(40,990)
Administration expenses		(39,485)	(30,527)
Other expenses		(8,224)	(5,929)
Other income		800	305
Other gains/(losses) – net		(89)	(1,237)
Profit before finance income, finance costs and income tax (EBIT)		31,935	51,827
Finance income		207	–
Finance costs		(15,117)	(13,662)
Share of net profit/(loss) of joint ventures accounted for using the equity method		–	(14)
Profit from continuing operations before income tax		17,025	38,151
Income tax expense	E4	(6,003)	(11,759)
Net profit attributable to members of Collins Foods Limited		11,022	26,392

	Cents per share	Cents per share
Basic earnings from operations	9.42	22.62
Diluted earnings from operations	9.37	22.54

	Shares	Shares
Weighted average basic ordinary shares outstanding	117,063,435	116,696,110
Weighted average diluted ordinary shares outstanding	117,604,922	117,101,802

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the reporting period ended 16 October 2022

	Period ended 16 Oct 2022	Period ended 17 Oct 2021
	\$000	\$000
Net profit attributable to members of Collins Foods Limited	11,022	26,392
Items that may be reclassified to profit or loss		
Other comprehensive income/(expense):		
Exchange difference upon translation of foreign operations	2,788	626
Cash flow hedges	2,124	956
Income tax relating to components of other comprehensive income	(637)	(287)
Other comprehensive income for the reporting period, net of tax	4,275	1,295
Total comprehensive income for the reporting period	15,297	27,687
Total comprehensive income for the reporting period is attributable to:		
Owners of the parent	15,297	27,687

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

CONSOLIDATED BALANCE SHEET

For the reporting period ended 16 October 2022

	Note	16 Oct 2022	1 May 2022
		\$000	\$000
Current assets			
Cash and cash equivalents		93,446	97,217
Receivables		6,852	4,200
Inventories		8,585	7,930
Derivative financial instruments		2,237	662
Other assets		4,809	3,845
Total current assets		115,929	113,854
Non-current assets			
Property, plant and equipment	E1	211,431	216,099
Intangible assets	E2	488,379	475,292
Right-of-use assets		436,039	432,468
Deferred tax assets		46,327	39,825
Investments accounted for using the equity method		2,397	2,397
Derivative financial instruments		3,506	2,784
Other assets		248	252
Total non-current assets		1,188,327	1,169,117
Total assets		1,304,256	1,282,971
Current liabilities			
Trade and other payables		102,645	116,473
Lease liabilities		39,519	37,766
Current tax liabilities		4,339	5,514
Provisions		9,571	6,736
Total current liabilities		156,074	166,489
Non-current liabilities			
Borrowings	C	283,727	270,994
Lease liabilities		458,785	439,623
Deferred tax liabilities		5,456	5,148
Provisions		4,509	7,190
Total non-current liabilities		752,477	722,955
Total liabilities		908,551	889,444
Net assets		395,705	393,527
Equity			
Contributed equity	D	296,535	291,394
Reserves		18,446	14,871
Retained earnings		80,724	87,262
Total equity		395,705	393,527

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the reporting period ended 16 October 2022

	Note	Period ended 16 Oct 2022	Period ended 17 Oct 2021
		\$000	\$000
Cash flows from operating activities			
Receipts from customers (inclusive of GST and VAT)		676,771	584,694
Payments to suppliers and employees (inclusive of GST and VAT)		(561,366)	(470,279)
Goods and services taxes (GST) and Value added taxes (VAT) paid		(30,013)	(24,570)
Interest received		207	–
Interest and other borrowing costs paid		(2,532)	(3,021)
Income tax paid		(13,952)	(14,523)
Net operating cash flows		69,115	72,301
Cash flows from investing activities			
Payment for acquisition of subsidiaries, net of cash acquired	A3	(4,601)	(13,074)
Payment for property, plant and equipment		(30,872)	(35,914)
Payment for intangible assets		(1,186)	(3,237)
Net investing cash flows		(36,659)	(52,225)
Cash flow from financing activities			
Proceeds from borrowings – bank loan facilities		5,436	14,071
Refinance fees paid		–	(1,139)
Payments for lease principal		(14,357)	(14,921)
Interest paid on leases		(12,017)	(9,958)
Dividends paid	B2	(16,270)	(14,587)
Net financing cash flows		(37,208)	(26,534)
Net decrease in cash and cash equivalents		(4,752)	(6,458)
Cash and cash equivalents at the beginning of the reporting period		97,217	95,717
Effects of exchange rate changes on cash and cash equivalents		981	786
Cash and cash equivalents at the end of the reporting period		93,446	90,045

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 16 October 2022

	Note	Contributed equity	Reserves	Retained earnings	Total equity
16 Oct 2022		\$000	\$000	\$000	\$000
Balance as at 1 May 2022		291,394	14,871	87,262	393,527
Profit for the reporting period		–	–	11,022	11,022
Other comprehensive income		–	4,275	–	4,275
Total comprehensive income for the reporting period		–	4,275	11,022	15,297
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	D	1,290	–	–	1,290
Share-based payments		–	151	–	151
Issue of shares as consideration for acquisition, net of transaction costs and tax	A3	3,000	–	–	3,000
Performance rights vested	D	851	(851)	–	–
Dividends provided for or paid	B2	–	–	(17,560)	(17,560)
Balance as at 16 October 2022		296,535	18,446	80,724	395,705
17 Oct 2021		\$000	\$000	\$000	\$000
Balance as at 2 May 2021		290,788	10,756	61,054	362,598
Profit for the reporting period		–	–	26,392	26,392
Other comprehensive income		–	1,295	–	1,295
Total comprehensive income for the reporting period		–	1,295	26,392	27,687
Transactions with owners in their capacity as owners:					
Share based payments		–	452	–	452
Performance rights vested	D	602	(602)	–	–
Dividends provided for or paid	B2	–	–	(14,587)	(14,587)
Balance as at 17 October 2021		291,390	11,901	72,859	376,150

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 judgments made.

A1/ Segment information

A2/ Revenue

A3/ Business combinations

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).

DESCRIPTION OF SEGMENTS

Management has determined the operating segments based on the reports reviewed by the Managing Director & CEO that are used to make strategic decisions. Hence three reportable segments have been identified: KFC Restaurants Australia, KFC Restaurants Europe, and Taco Bell Restaurants, all competing in the quick service restaurant market.

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

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 Restaurants Australia	KFC Restaurants Europe	Taco Bell Australia	Other ⁽³⁾	Total
Period ended 16 Oct 2022	\$000	\$000	\$000	\$000	\$000
Total segment revenue	479,577	111,819	21,088	1,811	614,295
Underlying EBITDA ⁽¹⁾	94,952	13,230	(759)	(12,043)	95,380
Number of restaurants ⁽²⁾	264	62	24	–	350
Period ended 17 Oct 2021	\$000	\$000	\$000	\$000	\$000
Total segment revenue	433,729	84,750	14,832	935	534,246
Underlying EBITDA ⁽¹⁾	94,314	12,458	10	(11,925)	94,857
Number of restaurants ⁽²⁾	254	51	17	–	322

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

(2) Number of restaurants relates to Group owned restaurants.

(3) Other includes: Shared Services and Sizzler Asia restaurants.

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, franchise fees and royalties received from Sizzler Asia restaurants and service fees relating to the Corporate Franchise Agreement in Europe.

A1/ Segment information continued

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 driven by the central treasury function, which manages the cash position of the Group.

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

	Period ended 16 Oct 2022	Period ended 17 Oct 2021
	\$000	\$000
Underlying EBITDA	95,380	94,857
Finance costs – net	(14,911)	(13,662)
Depreciation	(42,713)	(38,427)
Amortisation	(1,891)	(2,241)
Impairment on property, plant and equipment	(7,442)	–
Impairment on intangible assets	(347)	–
Impairment on right-of-use assets	(9,008)	–
Share of net profit of joint ventures accounted for using the equity method	–	(14)
Acquisition and operational integration costs	(1,900)	(1,134)
Restaurant closure costs	–	(283)
Fair value loss on debt modification	–	(945)
Other non-trading items	(143)	–
Profit from operations before income tax	17,025	38,151

A2/ 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.

	Note	(1) KFC Restaurants Australia \$000	KFC Restaurants Europe \$000	Taco Bell Australia \$000	Other \$000	Total \$000
Revenue type						
Period ended 16 Oct 2022						
Sale of goods		479,577	107,364	21,088	–	608,029
Franchise revenue		–	–	–	1,811	1,811
Corporate Franchise Agreement revenue		–	4,455	–	–	4,455
Total revenue	A1	479,577	111,819	21,088	1,811	614,295
Period ended 17 Oct 2021						
Sale of goods		433,729	84,750	14,832	–	533,311
Franchise revenue		–	–	–	935	935
Total revenue	A1	433,729	84,750	14,832	935	534,246
Timing of revenue recognition						
Period ended 16 Oct 2022						
At a point in time		479,577	110,422	21,088	1,787	612,874
Over time		–	1,397	–	24	1,421
Total revenue	A1	479,577	111,819	21,088	1,811	614,295
Period ended 17 Oct 2021						
At a point in time		433,729	84,750	14,832	915	534,226
Over time		–	–	–	20	20
Total revenue	A1	433,729	84,750	14,832	935	534,246

(1) Includes Uber Eats Delivery fee revenue of \$4.4 million (FY2022: nil)

A3/ Business combinations

(A) CURRENT PERIOD

KFC RESTAURANTS (AUSTRALIA) – SUMMARY OF ACQUISITION (GRIFFITH)

On 3 May 2022, Collins Restaurants South Pty Ltd, a wholly owned subsidiary of Collins Foods Limited, entered into a Business Sale Agreement to acquire the KFC Griffith restaurant from Shayden Nominees Pty Ltd as Trustee for the C&M Income Trust. The Group paid \$7.6 million for the acquisition.

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

Details of the purchase consideration is as follows:

	\$'000
Cash paid	4,604
Ordinary shares issued	3,000
Total purchase consideration	7,604

The fair value of the 284,091 ordinary shares issued as part of the considerations paid for KFC Griffith (\$3.0 million) was based on the Volume Weighted Average Price (VWAP) of Collins Foods Limited (ASX Ticker: CKF) for the 10 trading days immediately prior to the date of the Agreement.

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

	Fair Value \$'000
Cash and cash equivalents	3
Receivables	1
Inventories	27
Property, plant and equipment	275
Right-of-use asset	3,138
Deferred tax asset	17
Lease liability	(3,138)
Provisions	(36)
Net identifiable assets acquired	287
Goodwill	7,317
Net assets acquired	7,604

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	4,604
Less: balances acquired	(3)
Outflow of cash - investing activities	4,601

The fair value of assets acquired and liabilities assumed may be amended during the measurement period, however, management do not expect material differences from the amounts recognised in the half year to 16 October 2022.

The acquired business contributed revenues of \$1.9 million and Underlying EBITDA of \$0.3 million for the period the restaurant was owned, up to 16 October 2022.

If the acquisition had occurred on 2 May 2022, the consolidated revenue and consolidated Underlying EBITDA for the reporting period ending 16 October 2022 would have been \$614.8 million and \$95.6 million respectively.

A3/ Business combinations continued

(B) PRIOR PERIOD

On 1 June 2021, Collins Foods Netherlands Limited, a wholly owned subsidiary of Collins Foods Limited, acquired 100% of the share capital of KFC Taupo Lelystad. Details of this business combination were disclosed in note A2 of the Group's annual financial statements for the year ended 1 May 2022.

On 1 July 2021, Collins Foods Netherlands Limited, a wholly owned subsidiary of Collins Foods Limited, acquired five KFC restaurants located in the Netherlands. Details of this business combination were disclosed in note A2 of the Group's annual financial statements for the year ended 1 May 2022.

On 31 December 2021, Collins Foods Netherlands Management B.V., a wholly owned subsidiary of Collins Foods Limited, entered into a Framework Agreement to acquire the business assets and assumed liabilities from KFC Europe SARL. Details of this business combination were disclosed in note A2 of the Group's annual financial statements for the year ended 1 May 2022.

On 1 February 2022, Collins Foods Operations B.V., a wholly owned subsidiary of Collins Foods Limited, acquired nine KFC restaurants in the Netherlands. Details of this business combination were disclosed in note A2 of the Group's annual financial statements for the year ended 1 May 2022.

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/ Borrowings

B2/ Dividends

B1/ Borrowings

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 (Revolving Bank Loans) and a Working Capital Facility Agreement (Working Capital Facility). On 14 September 2021, the Group entered into a Syndicated Facility Agreement for a total of \$200 million and €120 million, which includes both the bank loan facilities and working capital facilities. The term of the facility is a blend of maturities with \$120 million and €75 million maturing on 31 October 2024 and the remaining \$80 million and €45 million expiring on 31 October 2026.

The Revolving Bank Loans 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. During the reporting period ended 16 October 2022, the Group maintained compliance with the financial covenants and restrictions of these facilities. The Company and its subsidiaries (other than subsidiaries outside of the Closed Group) were registered guarantors of all the obligations in respect of these loan facilities.

As at 16 October 2022, the Group's available financing facilities were as follows:

	16 Oct 2022		1 May 2022	
	Working Capital Facility	Revolving Bank Loans	Working Capital Facility	Revolving Bank Loans
	\$000	\$000	\$000	\$000
Used ⁽¹⁾	12,492	272,940	11,902	261,038
Unused	23,038	77,894	22,841	81,132
Total	35,530	350,834	34,743	342,170

(1) \$845,000 (FY2022: \$845,000) of the Working Capital Facility has been used for bank guarantees rather than drawn down cash funding. In addition, an amount of \$860,000 (FY2022: \$1,101,000) relating to capitalised fees is not included in the above figures, but included in the total borrowings on the Balance Sheet.

B2/ Dividends

	Period ended 16 Oct 2022	Period ended 17 Oct 2021
	\$000	\$000
Ordinary shares		
Dividends provided for or paid during the half-year	17,560	14,587
Dividends not recognised at the end of the half-year		
In addition to the above dividends, since the end of the half-year the directors have recommended the payment of an interim dividend of 12.0 cents per fully paid ordinary share (prior half-year: 12.0 cents), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 29 December 2022 out of retained earnings at 16 October 2022, but not recognised as a liability at the end of the half-year, is \$14,063,220.	14,063	14,004

C/ RECOGNISED FAIR VALUE MEASUREMENTS

This Note provides an update on the judgements and estimates made by the Group in determining the fair values of the financial instruments since the last annual financial report.

FAIR VALUE HIERARCHY

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. An explanation of each level is 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 to their fair values.

As at the end of the current reporting period and the prior reporting period, the Group has derivative financial instruments which are classified as Level 2 financial instruments. There are no Level 1 or Level 3 financial instruments.

LEVEL 2 FINANCIAL INSTRUMENTS

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

There were no transfers between the levels of fair value hierarchy in the six months to 16 October 2022. There were also no changes made to any of the valuation techniques applied as of 1 May 2022.

VALUATION PROCESSES

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

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

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

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

C/ Recognised fair value measurements continued

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 Consolidated 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:

	16 Oct 2022			1 May 2022		
	Carrying amount	Fair value	Discount rate	Carrying amount	Fair value	Discount rate
	\$000	\$000	%	\$000	\$000	%
Bank Loan (net of borrowing costs)	283,727	268,267	4.1	270,994	252,374	4.1

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 B1.

D/ CONTRIBUTED EQUITY

RECONCILIATION OF ORDINARY SHARE CAPITAL

The following reconciliation summarises the movements in issued capital during the period. Detailed information on each issue of shares is publicly available via the ASX.

EQUITY OF PARENT COMPANY

	16 Oct 2022		17 Oct 2021	
	Shares (thousands)	Share capital \$000	Shares (thousands)	Share capital \$000
Issues of ordinary shares during the half-year:				
Balance at beginning of the period	116,696	291,394	116,582	290,788
Acquisition – Share component	284	3,000	–	–
Dividend reinvestment plan	128	1,290	–	–
Senior executive performance rights plan	86	851	114	602
Balance at the end of the period	117,194	296,535	116,696	291,390

E/ OTHER INFORMATION

E1/ Property, plant and equipment

E2/ Intangible assets

E3/ Impairment

E4/ Income tax expense

E5/ Commitments

E1/ Property, plant and equipment

	Land & buildings	Leasehold improvements	Plant & equipment	Construction in progress	Total
	\$000	\$000	\$000	\$000	\$000
At 2 May 2022					
Cost	22,201	293,736	182,607	15,234	513,778
Accumulated depreciation	(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	-	309	24	21,202	21,535
Acquisition through controlled entity purchased	-	132	143	-	275
Transfers	1,764	11,667	13,569	(27,320)	(320)
Depreciation charge	(231)	(11,074)	(9,408)	-	(20,713)
Impairment charge ⁽¹⁾	-	(5,456)	(1,986)	-	(7,442)
Disposals	-	(10)	12	(127)	(125)
Exchange differences	-	1,260	538	324	2,122
Net book amount at 16 Oct 2022	22,496	113,546	66,076	9,313	211,431
At 16 Oct 2022					
Cost	23,965	308,282	197,905	9,313	539,465
Accumulated depreciation	(1,469)	(194,736)	(131,829)	-	(328,034)
Net book amount at 16 Oct 2022	22,496	113,546	66,076	9,313	211,431
At 3 May 2021					
Cost	13,774	264,633	163,545	9,983	451,935
Accumulated depreciation	(968)	(158,055)	(103,993)	-	(263,016)
Net book amount at 3 May 2021	12,806	106,578	59,552	9,983	188,919
Additions	-	1,950	2,265	65,105	69,320
Acquisition through controlled entity purchased	-	6,039	2,530	152	8,721
Transfers	10,000	27,868	20,868	(59,374)	(638)
Depreciation charge	(361)	(22,900)	(20,239)	-	(43,500)
Impairment charge ⁽¹⁾	-	(968)	(555)	-	(1,523)
Disposals	(1,482)	(249)	(385)	(350)	(2,466)
Exchange differences	-	(1,600)	(852)	(282)	(2,734)
Net book amount at 1 May 2022	20,963	116,718	63,184	15,234	216,099
At 1 May 2022					
Cost	22,201	293,736	182,607	15,234	513,778
Accumulated depreciation	(1,238)	(177,018)	(119,423)	-	(297,679)
Net book amount at 1 May 2022	20,963	116,718	63,184	15,234	216,099

(1) Included in Note E3 is the breakdown of impairment charge.

E2/ Intangible assets

	Goodwill	Franchise rights	Brand names	Software	Total
	\$000	\$000	\$000	\$000	\$000
At 2 May 2022					
Cost	478,093	21,154	31,105	13,142	543,494
Accumulated amortisation	(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	–	190	–	194	384
Acquisition through controlled entity purchased	7,317	–	–	–	7,317
Transfers	–	–	–	320	320
Amortisation expense	–	(471)	(434)	(888)	(1,793)
Impairment charge	–	(340)	–	(7)	(347)
Disposals	–	(163)	–	–	(163)
Exchange differences	6,303	(57)	1,087	36	7,369
Net book amount at 16 Oct 2022	463,643	10,924	8,965	4,847	488,379
At 16 Oct 2022					
Cost	491,713	21,273	33,542	13,664	560,192
Accumulated amortisation	(28,070)	(10,349)	(24,577)	(8,817)	(71,813)
Net book amount at 16 Oct 2022	463,643	10,924	8,965	4,847	488,379
At 3 May 2021					
Cost	455,463	19,577	29,648	9,844	514,532
Accumulated amortisation	(28,070)	(8,220)	(21,183)	(5,510)	(62,983)
Net book amount at 3 May 2021	427,393	11,357	8,465	4,334	451,549
Additions	–	1,753	–	2,696	4,449
Acquisition through controlled entity purchased	30,431	–	–	152	30,583
Transfers	–	–	–	638	638
Amortisation expense	–	(1,094)	(878)	(2,592)	(4,564)
Impairment charge	–	(31)	–	–	(31)
Disposals	–	–	–	–	–
Exchange differences	(7,801)	(220)	725	(36)	(7,332)
Net book amount at 1 May 2022	450,023	11,765	8,312	5,192	475,292
At 1 May 2022					
Cost	478,093	21,154	31,105	13,142	543,494
Accumulated amortisation	(28,070)	(9,389)	(22,793)	(7,950)	(68,202)
Net book amount at 1 May 2022	450,023	11,765	8,312	5,192	475,292

E3/ Impairment

IMPAIRMENT

All cash-generating units ('CGU's'), as disclosed in the 2022 Annual Report, were assessed for impairment indicators at the end of the current reporting period. If impairment indicators were present, an impairment assessment was performed. The assessments performed were consistent with the methods and assumptions as disclosed in the 2022 Annual Report, note G7, except for those outlined below.

During the reporting period ended 16 October 2022, the KFC Australia, KFC Europe and Taco Bell 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 and 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	
	16 Oct 2022	1 May 2022	16 Oct 2022	1 May 2022	16 Oct 2022	1 May 2022	16 Oct 2022	1 May 2022
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Leasehold improvements	–	–	–	–	5,456	968	5,456	968
Plant and equipment	–	–	–	–	1,986	555	1,986	555
Franchise rights	–	–	–	–	340	31	340	31
Software	–	–	–	–	7	–	7	–
Right-of-use assets	–	–	–	–	9,008	1,609	9,008	1,609
Total	–	–	–	–	16,797	3,163	16,797	3,163

KEY ASSUMPTIONS USED FOR VALUE-IN-USE CALCULATIONS

	KFC Australia		KFC Europe		Taco Bell	
	16 Oct 2022	1 May 2022	16 Oct 2022	1 May 2022	16 Oct 2022	1 May 2022
Post-tax discount rate restaurant	Restaurant specific	Restaurant specific	Restaurant specific	Restaurant specific	Restaurant specific	Restaurant specific
Growth rates						
Revenue for Yr 1 – Yr 5 ⁽¹⁾	* 4.4%	* 5.0%	* 4.4%	* 4.1%	* 5.0%	* 12.0%
Revenue for Yr 6 – Yr 20	2.5%	2.5%	1.5%	1.5%	2.5%	2.5%
Annual growth for terminal value	2.5%	2.5%	1.5%	1.5%	2.5%	2.5%

⁽¹⁾ 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.

KFC AUSTRALIA RESTAURANTS

Value in use recoverable amount valuations were performed at the individual restaurant level for the purpose of testing restaurant specific assets. Restaurant assets include Property, Plant & Equipment and Right-of-use assets. Detailed impairment models were prepared for some of the KFC Australia restaurants where indicators of impairment were identified. The impairment test did not result in any impairments for the KFC Australia restaurants.

The impairment models have been prepared as follows:

- The cash flows estimate for the individual restaurant assets have been estimated after applying growth rates from the commencement date of HY2023 through to the end of HY2043. The value in use calculations were based on a 20 year-period due to the analysis required to conform with AASB 16 Leases.
- The annual growth rates applied in the first five years average 4.4% (2022: 5.0%) for the restaurants modelled.
- Annual growth rates of 2.5% (2022: 2.5%) have been applied from year 6 onwards.

Management believe that these growth percentages are reasonable considering the growth that has been seen in this operating segment during HY2023 and in the weeks since period end.

- Cost of sales percentage is estimated to remain somewhat higher than long-term averages in the immediate short-term, but then steadily decrease towards the long-term norm in subsequent years. Cost of labour percentage is estimated to remain reasonably consistent over the cash flow period.
- An indefinite terminal cash flow calculation has been applied for cash flows beyond HY2043 for the restaurant assets. The growth rate of 2.5% (2022: 2.5%) has been used in determining the terminal value, which does not exceed the long-term average growth rate for the industry segment in which the restaurants operate.

E3/ Impairment continued

- 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 6.3 - 8.5% for the individual restaurants assessed for impairment (2022: range 5.0 - 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 believe that strong revenue growth achieved in the operating segment historically, during the current financial period and in the weeks since half-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 possible change in any of the key assumptions would cause their carrying amounts to significantly exceed their recoverable amounts.

KFC EUROPE RESTAURANTS

Value in use recoverable amount valuations were performed at the individual restaurant level for the purpose of testing restaurant specific assets. Restaurant assets include Property, Plant & Equipment and Right-of-use assets. Detailed impairment models were prepared for some of the KFC Europe restaurants where indicators of impairment were identified, mainly due to inflationary pressures. The impairment test did not result in any impairments for the KFC Europe restaurants. These results correlate with an improved restaurant performance in the KFC Europe market as a result of the post-lockdown recovery during FY2022 and continuing into HY2023.

The impairment models have been prepared as follows:

- The cash flows estimate for the individual restaurant assets have been estimated after applying growth rates from the commencement date of HY2023 through to the HY2043. The value in use calculations were based on a 20 year-period due to the analysis required to conform with AASB 16 Leases.
- The annual growth rates applied in the first 5 years average 4.4% (2022: 4.1%). Management believe that these growth percentages are reasonable considering the growth that has been seen in this operating segment since the end of FY2022, together with initiatives intended to improve operating margins.
- Cost of sales percentage is estimated to remain somewhat higher than long-term averages in the immediate short-term, but then steadily decrease towards the long-term norm in subsequent years. Cost of labour percentage is estimated to remain reasonably consistent over the cash flow period.
- Annual growth rates of 1.5% have been applied from year 6 onwards (2022: 1.5%).
- An indefinite terminal cash flow calculation has been applied for cash flows beyond HY2043 The growth rate of 1.5% (2022: 1.5%) has been used in determining the terminal value, which does not exceed the long-term average growth rate for the industry segment in which the restaurants operate.
- 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 6.0 - 7.5% for the individual restaurants assessed for impairment (2022: range 5.5 - 7.8%).

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 believe that strong revenue growth achieved in the operating segment historically, during the current financial period and in the weeks since half-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 possible change in any of the key assumptions would cause their carrying amounts to significantly exceed their recoverable amounts.

E3/ Impairment continued

TACO BELL

Each of the individual Taco Bell restaurants represents a separate cash generating unit for the purpose of testing Property, Plant & Equipment, Right-of-use assets and other restaurant specific assets. The Group currently operates 24 Taco Bell restaurants, of which 4 of these restaurants have previously been fully impaired in FY2021 and FY2022.

At the half year, management performed an impairment indicators assessment across the remaining 20 Taco Bell restaurants, and 11 restaurants were identified as having indicators of impairment. Value-in-use discounted cash flow impairment models were then prepared for each of these 11 restaurants to assess the recoverable value in comparison to the carrying value of the Right-of use assets and restaurant assets.

Management's impairment analysis resulted in the impairment of 8 restaurants, with a total impairment charge arising of \$16.9 million. This impairment charge comprises \$7.4 million of Property, Plant and Equipment, \$9.0 million of Right of-use assets and \$0.3m of Franchise rights.

The restaurant specific impairment models have been prepared as follows:

- The cash flow estimates for the individual restaurant assets have been estimated after applying growth rates from the commencement date of HY2023 through to HY2043
- The value in use calculations were based on a 20 year-period due to the analysis required to confirm with AASB 16 Leases.
- The annual growth rates applied in the first 5 years are reflective of the significantly revised growth rates expected for the Taco Bell brand in Australia. The average annual revenue growth is 5% in the first five years, which compares to an average of 12% in 2022. Management believes that these growth percentages are achievable and realistic given the experience across the portfolio, and the actions in place to drive an increase in sales and profitability which include greater level of engagement and commitment from Taco Bell International, a number of product improvements, launch of Uber Eats to all restaurants, roll out of Taco Bell's click and collect delivery platform expected to launch in the second half of FY2023 and improvements in brand and marketing campaigns in the Australian market.
- The cost of sales percentage is estimated to decrease from FY2025 onwards as the impact of inflationary pressures reduces.
- Annual growth rates of 2.5% have been applied from year 6 onwards, including the terminal value (2022: 2.5%). This rate does not exceed the long-term average growth rate for the industry segment in which the restaurants operate. 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 IFRS applied to each AASB 16 lease. This has resulted in post-tax discount rates in the range of 7.3 - 7.8% for the individual restaurants assessed for impairment (2022: range 7.0 - 8.0%).

SIGNIFICANT ESTIMATE: IMPACT OF POSSIBLE CHANGES IN KEY ASSUMPTIONS

The remaining net book value of the Taco Bell restaurants on 16 October 2022, after the recognition of the \$16.9 million impairment charge, is \$26.1 million.

The revenue growth and EBITDA rates for Years 1 - 5 are the most significant assumptions underpinning the Taco Bell impairment analysis. Accordingly, management recognises that changes in these key assumptions could result in further impairment of additional restaurants across the Group's Taco Bell portfolio.

For the 3 restaurants with indicators of impairment for which impairments have not been recognised, if the sales growth decreased from the average 5% used in the impairment models to the long-term average growth rate of 2.5% in years 2 - 5, it would result in an additional impairment charge of \$3.8 million.

The remaining restaurants include 6 restaurants that were opened during the half year. It is expected that these restaurants will reach their normalised results by the end of the year and will be assessed further at that time. The net book value of these restaurants is \$13.7 million.

In addition, the Group is committed to the opening of 5-6 new Taco Bell restaurants which are expected to open over the coming 12 months. The total lease commitments and capital commitments in respect of these 6 new restaurants will be in the range of \$13 - \$17 million.

Management has considered the likelihood of the revised assumed growth rates and believe that these targets are achievable based on the current strategy for the Taco Bell business, which includes further increases in marketing efforts and improvements to the menu and customer experience.

E4/ Income tax

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax expense for the full financial year. The effective tax rate of continuing operations during the current period is 35.3% compared with the corresponding period of 30.8%.

E5/ Commitments

CAPITAL COMMITMENTS

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

	16 Oct 2022	1 May 2022
	\$000	\$000
Right-of-use assets ⁽¹⁾	38,969	31,134
Property, plant and equipment	4,026	8,541
Land and buildings	11,507	5,125
Total commitments	54,502	44,800

(1) This represents any agreements for leases the Group has signed before the period end date, 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.

F/ BASIS OF PREPARATION OF HALF-YEAR REPORT

F1/ Basis of preparation of half-year report

F1/ Basis of preparation of half-year report

This condensed consolidated interim financial report is for the half-year reporting period 2 May 2022 to 16 October 2022. This report has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The financial information provided does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the period ended 1 May 2022 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted in this interim financial report are the same as those applied in the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

Certain amended standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

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 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 \$40.1 million. The predominant reason for this net current liability position is AASB 16 Leases, with lease payments due in the next financial year recognised as current liabilities. The Group does not deem this to be a risk to its going concern, as without the introduction of AASB 16 the Group would be in a net current liability position of \$0.6 million, however with undrawn bank loan facilities of \$77.9 million and undrawn working capital facilities of \$23.0 million partially due for repayment by 31 October 2024, with the remainder due for repayment by 31 October 2026. The Group's loan covenants are based on results excluding the impact of AASB 16. The current covenant ratios have significant headroom at current performance and there are sufficient undrawn facilities available, both within the Working Capital Facility and Bank Loan Facility, should the Group require access to additional funds, all repayable beyond 12 months (refer to note B1).

DIRECTORS' DECLARATION

In the Directors' opinion:

- the financial statements and notes set out on pages 4 to 21 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 16 October 2022 and of its performance for the half-year 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.

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
29 November 2022



Independent auditor's review report to the members of Collins Foods Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Collins Foods Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated balance sheet as at 16 October 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and consolidated income statement for the half-year from 2 May 2022 to 16 October 2022, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Collins Foods Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 16 October 2022 and of its performance for the half-year from 2 May 2022 to 16 October 2022,
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

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 the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

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Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 16 October 2022 and of its performance for the half-year from 2 May 2022 to 16 October 2022, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in cursive script that reads 'Michael Crowe'.

Michael Crowe
Partner

Brisbane
29 November 2022



FOR FURTHER INFORMATION PLEASE CONTACT

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