

## An improved year of growth and profitability in all sectors

<b>Company/ASX Code</b>	Collins Foods Limited/CKF
<b>AGM time and date</b>	9.30am (QLD time) Friday, 30 August 2024
<b>Location</b>	At the offices of Clayton Utz, Level 28, 71 Eagle Street, Brisbane, Queensland
<b>Registry</b>	Computershare
<b>Type of meeting</b>	Hybrid <a href="https://meetnow.global/MMHKM29">https://meetnow.global/MMHKM29</a>
<b>Monitor</b>	Peter Cory, assisted by Steve Mabb
<b>Pre-AGM Meeting</b>	Yes – Chair Robert Kaye & Chair of Remuneration & Nomination Committee Nicki Anderson

Monitor Shareholding: The individual(s) (or their associates) involved in the preparation of this voting intention has a shareholding in this company.

### 1. How we intend to vote

No.	Resolution description	
1	Financial & Other Reports	No Vote
2	Election of Director – Nigel Clark	For
3	Re-election of Director – Robert Kaye SC	For
4	Increase in the maximum aggregate remuneration of Non-Executive Directors	For
5	Adoption of Remuneration Report	For

### 2. Summary of Issues and Voting Intentions for AGM/EGM

- During the pre-AGM meeting, succession planning for the replacement of Drew O'Malley and Chair, Robert Kaye were discussed.
- It was noted that with the re-election of the Chair, he would then have held his position for 12 years and as such could no longer be considered as independent director by the ASA. The Chair's noted our comments regarding his independence, and also advised that outside and existing executives were currently under consideration for CEO's position.

- The increase in the maximum aggregate remuneration of Non-Executive Directors (NED) was also discussed and the chair advised that as it was a number of years since there had been a fee pool increase, it was felt that it may be required for the succession of a new Chair and the appointment of a new Director.
- Changes to the remuneration (REM) were being implemented to make it clearer and understandable, and that there would be an increase in these payments being in equity, rather than cash, (refer below).

### **3. Matters Considered**

#### **Accounts and reports**

##### **2024 Financial Year**

CKF produced a stronger set of results despite margin pressure and cost-of-living challenges, higher labour and energy costs expected to persist FY25.

- Record revenue being up 10.4% to \$1,488.9m with growth in all business units
- Underlying earnings before interest depreciation and tax (EBITDA) up 12% to \$229.8m with sales growth and cost efficiencies driving improvements
- Statutory net profit after tax (NPAT) up 501.9% to \$76.7m. The improvement reflects underlying performance, \$20.2m profit on sale of Sizzler Asia, the impairment of Taco Bell FY23 \$36.7m and the resultant depreciation reduction FY24 (\$3.3m)
- Underlying NPAT \$60.0m, up 15.6% – EPS 51.0 cps, up from 44.3 cps in the prior year
- Net debt \$165.5m, down \$46.7m due to benefit of Sizzler Asia sale and strong cash generation
- Net operating cashflow up \$30.2m to \$176.4m
- Fully franked total dividend for FY24 dividend increased to 28.0 cps (FY23: 27.0 cps)
- Total Restaurants increased from 364 to 381.

##### **2024 Operational**

###### **KFC Australia**

- FY24 SSS growth +3.8%
- Digital driving growth, now 30.6% of sales vs. 24.3% for same period last year
- Maintaining brand share and focus on value in challenging consumer landscape
- Margin up 57 basis points on prior year, scale benefits and operational efficiencies mitigating higher labour, energy and commodities

- 9 new restaurants opened FY24, ahead of annual development agreement pace
- Network now at 279 restaurants

### **KFC Europe**

- FY24 same store sales (SSS) growth +4.9%
- Netherlands SSS growth +4.3% and Germany +6.4%
- Digital sales mix 59.5% and 57.9% in Netherlands and Germany respectively
- Brand metrics at record highs in Netherlands, gaining market share
- Value-focus and product innovation in market experiencing cost of living pressures
- Supply chain, lower energy and operational initiatives supporting margins in
- challenging cost environment
- European footprint 75 restaurants, development pipeline building

### **Taco Bell**

- FY24 SSS growth +3.5%, cycled Uber Eats launch in H2
- Digital representing 30.4% of sales in H2
- Geographically targeted digital media strategy
- Elevated quality and value perceptions
- Product innovation and successful brand collaborations supporting awareness, engagement and consumer trial
- Network of 27 restaurants across QLD, VIC and WA; development paused as optimisation continues

### **Sizzlers Australia**

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 CKF to effectively redeploy capital to reduce debt and support its growing European operations.

## Financial performance

(As at FYE)	2024	2023	2022	2021	2020
NPAT (\$m)	76.72	12.75	54.8	32.9	31.2
UPAT (\$m)	60.0	51.9	59.7	56.9	47.3
Share price (\$)	9.85	8.69	10.34	11.47	7.00
Dividend (cents)	28.00	27.00	27.00	23.00	20.00
Simple TSR (%)	16.57%	-13.35%	-7.50%	67.14%	-3.36%
EPS (cents)	51.5	45.54	46.8	48.58	40.29
CEO total remuneration, actual (\$m)	1.408	0.84	1.68	1.47	1.36

Simple TSR is calculated by dividing (change in share price plus dividend paid during the year, excluding franking, by the share price at the start of the year.

Interim MD & CEO Kevin Perkins received \$196,154 since taking on the role on 5 February 2024.

## Key board or senior management changes

Russell Tate retired from the Board of Directors on 1 September 2023.

UK Based NED Nigel Clark who was appointed as Independent Non-executive Director effective 1 September 2023 and is standing for election. ASA welcome his appointment as a director, given his European experience.

During the year, Managing Director and CEO Drew O'Malley commenced leave of absence to support his family while his wife underwent treatment for a serious illness, effective 5 February 2024. On 11 June 2024, he formally announced intention to step down effective 1 July 2024.

Kevin Perkins was appointed Interim Managing Director and Chief Executive Officer effective 5 February 2024 while the board conducts a search for a permanent replacement.

## Sustainability/ESG

A sensible and easy to read report on how CFK are progressing ESG Initiatives across five key pillars of operations, people, communities, planet & governance.

## FY25 Remuneration framework review

The FY25 Remuneration Framework changes are summarised below in the following slides and reflect CKF’s commitment to fostering and promoting a culture of accountability, transparency, and performance excellence.

### FY24 short term incentive plan

Performance Metrics	<b>Group EBITDA (95% achievement as gate)</b>	Settled as 100% cash
Modifier	<b>Modifier Risk modifier of up to 10% to STI payout</b>	

### FY25 short term incentive plan changes

Gate	<b>95% Group Statutory NPAT</b>		
Performance Metrics	<b>CATEGORY</b>	<b>WEIGHTING</b>	<b>MEASURE / KPI</b>
	Financial	60%	Statutory Net Profit After Tax (NPAT)
	Safety	15%	Total Reportable Injury Frequency Rate (TRIFR)
	Customer	15%	Customer Satisfaction
	Sustainability	10%	Waste Reduction
Modifier	<b>Modifier Risk modifier of up to 10% to STI payout</b>		

<p>A portion of the STI will be settled as cash, with the remaining deferred for one year as Restricted Rights.</p> <p>Deferral will commence for existing Executives from FY26 on a transitional basis as shown.</p>		
	<p>FY 2025</p> <p>FY 2026</p> <p>FY 2027</p>	<p>100% CASH</p> <p>70% CASH</p> <p>50% CASH</p>

## 4. Rationale for Voting Intentions

### Resolution 2: Election of Independent UK Based Non-executive Director — Nigel Clark (LLB, LLM)

#### Member: Audit and Risk Committee

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.

### Resolution 3 Re-election of Chair & Independent Non-executive Director – Robert Kaye (SC, LLB, LLM)

### **Chair & Independent Non-executive Director, Member of Audit and Risk Committee & People, Culture and Nominations Committee**

Robert has significant cross-border experience, including corporate restructuring and M&A across North America, Europe, Asia, and the Australia and New Zealand region. With his re-election he will have held his position for 12 years and can no longer be considered as independent by the ASA. This and any succession plans were discussed during the Pre AGM meeting. His response was that the board were considering, but with the resignation of the CEO it was felt that was not appropriate to be recruiting a new chair and CEO at the same time.

### **Item 4 — Increase in the maximum aggregate annual remuneration of Non-executive Directors**

Shareholders last approved an increase to the maximum aggregate sum per annum available to be paid to all NEDs in 2019 from \$900,000 to \$1,200,000.

Shareholder approval is being sought to increase the maximum aggregate sum per annum available to be paid to NEDs by \$300,000, from \$1,200,000 to \$1,500,000. The Company does not intend to fully utilise the increase in the near future.

The following matters were considered in determining the proposed increase:

- ongoing flexibility required to modify the Board's composition, where the Board determines it is appropriate to make additional appointments;
- the increase in the NED fee pool will provide flexibility to adjust fees in accordance with market benchmarks; and
- the increase in the number of Board and Committee commitments, as a result of domestic and international expansion of the Company's business operations.

The fees payable to NEDs are reviewed periodically by the People, Culture and Nominations Committee.

### **Item 5 — Adoption of Remuneration Report**

The Remuneration Report outlines the remuneration framework and remuneration arrangements in place for Directors and Key Management Personnel of the Company and its controlled entities, detailing:

- the principles and objectives underlying the remuneration framework;
- specified details of the components of Directors' and senior executives' remuneration, including performance conditions; and
- the relationship between remuneration structures and Company performance.

CEO rem. Framework for FY23	Target* \$	% of Total	Received	% of Total
Base Salary	997,806	70%	997,806	71%
Other Benefits	8,130	1%		0%
STI - Cash		0%		0%
STI - Equity		0%		0%
LTI	410,458	29%	410,458	29%
Total	1,416,394	100%	1,408,264	100%

For 2023-24, the CEO's total actual remuneration of \$997,806 was **13.8 times** the Australian Full time Adult Average Weekly Total Earnings (based on November 2023 data from the ABS).

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