COLLINS FOODS LIMITED

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ASX RELEASE

Taco Bell Exit Update – Transition Arrangement

31 March 2026: Collins Foods Limited (ASX: CKF) ("**Collins Foods**" or the "**Company**") advises that it has entered into a legally binding conditional arrangement to transition 20 of the 27 Taco Bell restaurants currently operated by Collins Foods to an affiliated company of Taco Bell (part of YUM! Brands, Inc.) and Restaurant Brands Australia Holdings Pty Limited, who propose to operate the Taco Bell business going forward under a new partnership arrangement ("**Partnership Arrangement**").

Today's announcement represents another important step in the execution of Collins Foods' previously communicated strategy to exit Taco Bell in Australia. This will allow the Company to sharpen its focus on its core brand, KFC, and its key markets, Australia and Europe, particularly Germany.

Key Transaction Details

The key terms of the proposed acquisition are:

- **Transfer of 20 Taco Bell restaurants**, including employees who accept offers of employment from the new owners
- **Purchase price** comprising a nominal amount plus the value of stock and cash floats, with the new owners assuming **the lease liabilities** from completion for the 20 restaurants
- **Net operating loss coverage**: Subject to certain conditions, Collins Foods will be paid for any net operating losses and necessary capex incurred for the 20 restaurants for the period from **1 April 2026 to completion.**

Conditions Precedent and Timing

Completion of the proposed acquisition is subject to the purchasing parties finalising the terms and the establishment of the Partnership Arrangement.

The proposed acquisition is also subject to other customary conditions precedent, including (but not limited to) landlord consents, store-based employment threshold, and ACCC clearance.

Subject to satisfaction (or waiver) of these conditions, completion is expected to occur between June and August 2026 depending on regulatory approval timelines.

Remaining Restaurants

The **seven remaining** Taco Bell restaurants that are not transitioning to the Partnership Arrangement will be closed in the coming weeks. Collins Foods is working with **multiple interested parties** with a view to assigning the leases for these sites to new tenants.

Financial Impact

Subject to the proposed transaction, Collins Foods will continue to operate certain Taco Bell restaurants into FY27.

- Operating losses and cash outflows relating to the 20 restaurants transferring to the Partnership Arrangement will be reimbursed from 1 April 2026, subject to conditions.
- Losses and cash outflows relating to the 7 remaining restaurants will be extinguished once assignments of leases have been executed.
- No further royalty or advertising contributions will be payable by Collins Foods on any Taco Bell restaurant from 1 April 2026.
- Lease liabilities are expected to be reversed once assignments are complete. Lease liabilities relating to the 27 restaurants as of 31 March 2026 are c. $24.0m.
- Collins Foods expects to incur one-off costs in relation to the closure of the 7 remaining restaurants and other transaction costs of c.$1-2m.

Managing Director & CEO, **Xavier Simonet**, said: *"Collins Foods is pleased to announce the transition of 20 Taco Bell restaurants to the brand owner, Taco Bell, and its local partner, subject to completion of the proposed transaction. This will enable Collins Foods to focus on our core KFC business in Australia and Europe, including accelerating profitable development in Germany.*

We are especially pleased that our team members working in the 20 transitioning Taco Bell restaurants will be offered continuity of employment and job security. We are committed to ensuring a smooth transition and to supporting all our team, whether transitioning or otherwise, through this process.

I want to thank our outstanding Taco Bell restaurant and support centre teams, who have continued to deliver great customer experiences with passion and energy."

Collins Foods will keep the market informed of material developments.

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Authorised for release by the Board of Directors.

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About us

For further information please visit www.collinsfoods.com