



COLLINS FOODS LIMITED

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ASX RELEASE

COLLINS FOODS TO EXPAND IN THE NETHERLANDS WITH ACQUISITION OF NINE KFC RESTAURANTS

Thursday, 14 October 2021: Collins Foods Limited (ASX: CKF or 'Collins Foods') is pleased to announce that one of its wholly owned Dutch subsidiaries, Collins Foods Netherlands Operations B.V. has entered into a share purchase agreement with RDK Holding B.V. and MDK Holding B.V. (Sellers) to acquire nine KFC restaurants in the Netherlands¹.

The Sellers are the second largest KFC franchisee in the Netherlands after Collins Foods' 35 restaurants. Once completed, this acquisition will increase the Collins Foods KFC network in the Netherlands to 44 restaurants, or 55% of this market.

Last week, Collins Foods announced the signing of a Corporate Franchise Agreement (CFA), entered into with a subsidiary of Yum! Brands Inc. (Yum!) for KFC Netherlands. That agreement will allow Collins Foods to fully leverage its experience and operational capabilities for the benefit of both Collins Foods and the KFC brand in the Netherlands.

This latest acquisition complements the overall direction of the CFA. As existing restaurants, the nine restaurants to be acquired will not count towards the CFA's target of up to 130 net new KFC restaurants over the next 10 years. However, the acquisition provides further scale for Collins Foods in the Netherlands, and supports the rollout of new restaurants under the CFA by streamlining the Netherlands' franchisee structure and enabling access to additional development trade zones for Collins Foods.

The acquisition consideration of €10.25 million is subject to various adjustments to be made at completion, and will be funded from Collins Foods' existing debt facilities. Completion is expected to be in or around December 2021, and is subject to satisfaction of various conditions precedent including obtaining all relevant government permits to operate the restaurants, and obtaining the consent of Yum! Restaurants International Ltd. and Co. KG as franchisor of the KFC restaurants.

The acquisition price was based on pre-COVID revenue of €15.9 million and EBITDA of €1.8 million during calendar year 2019. Having successfully integrated the eight restaurants acquired in late second half of FY21, Collins Foods is confident of implementing a similar integration for the Sellers' restaurants.

Commenting on the acquisition, Collins Foods' Managing Director & CEO Drew O'Malley said:

"Today's acquisition marks another exciting step forward for Collins Foods' European growth strategy. The restaurants we are acquiring are from one of Netherlands' top KFC operators. It provides us with an opportunity to bring an additional quality network of restaurants into our European business and adds further capability to our team and increased scale to our operations in the Netherlands. The acquisition of these nine restaurants increases our presence to 44 KFC restaurants in the Netherlands and going forward, facilitates further growth opportunities.

¹ Each restaurant is owned by a separate entity each of which is a private company with limited liability incorporated under Dutch law.

In tandem with our new Corporate Franchise Agreement, it demonstrates our commitment toward making KFC Netherlands an essential component of Collins Foods' global growth strategy. We see exciting opportunities for the Netherlands market to grow over the medium term as KFC's market penetration increases to be more in line with other Quick Service Restaurant operators, and as we further innovate product, marketing and customer experience under our new Corporate Franchise Agreement."

ENDS

Authorised for release by the Board.

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About us

Collins Foods Limited (ASX: CKF) is a KFC and Taco Bell franchisee in Australia and KFC franchisee in the Netherlands and Germany, and the franchisor for Sizzler in Asia. Collins Foods seeks continuous improvement in all areas of its operations and work towards the following mission: "Restaurants Done Better." For further information please visit www.collinsfoods.com