RETAIL FOOD GROUP

1H20 | RESULTS PRESENTATION

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This Presentation contains certain non-IFRS financial measures. Non-IFRS financial measures are defined as financial measures that are presented other than in accordance with all relevant Accounting Standards. Non-IFRS financial measures are used internally by management to assess the financial performance of RFG's business and include EBITDA, Underlying EBITDA, Underlying NPAT and Underlying EPS.

A reconciliation and description of the items that contribute to the difference between RFG's underlying and statutory results is provided on page number 4 of this Presentation.

Further information regarding the non-IFRS financial measures and other key terms used in this Presentation is included in this Appendix.

Non-IFRS measures have not been subject to audit or review.

EFFECT OF ROUNDING

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Presentation. Reference should be made to the Company's Appendix 4D and Interim Financial Report for the Half Year Ended 31 December 2019, lodged with the Australian Securities Exchange on 27 February 2020.

1H20 SNAPSHOT

- 1H20 Underlying EBITDA[(1)] of $31.7 million ($21.5 million excluding contribution from discontinuing operations and effect of AASB 15 & 16, on track with FY20 Underlying EBITDA guidance[(2)])
- 1H20 Underlying NPAT[(1)] of $9.3 million
- Statutory net profit after tax of $14.3 million (1H19: $111.1 million loss) recognises $71.8 million gain on debt forgiven, offset by non-cash provisioning and non-core asset write downs, and restructuring costs
- Recapitalisation complete – strengthening the balance sheet for improved financial stability
  - $193.5 million gross equity proceeds raised[(3)]
  - $71.8 million debt write-off
  - Significant debt repayment (c.$140.7 million)
  - New $75.5 million three year term debt facility in place (maturing November 2022), reduced to $53.3 million gross debt at 31 December 2019[(2)]
- Compliant with all lending covenants at 31 December 2019
- Focus on improving domestic franchise business performance
  - Early success from targeted marketing and product initiatives
  - Cost of goods reductions and assistance with negotiating better leasing outcomes
  - Driving franchisee engagement and support
- Refocusing on core retail and beverage operations and divesting non-core business units
  - Hudson Pacific Foodservice divestment completed January 2020
  - Restructuring of global wholesale coffee operations commenced
  - On-track with cost out plan over FY20 targeting c.$8.0 - $9.0 million per annum cost savings, with potential for further upside

(1) Underlying EBITDA and NPAT are non-IFRS financial measures. Non-IFRS financial measures have not been subject to audit or review. A reconciliation and description of the items that contribute to the difference between statutory performance and underlying performance is provided on Page 4 and in the summary of financial information attached to the Directors' Report for 1H20
(2) FY20 Underlying EBITDA guidance of $42.0 - $46.0 million, assuming full year contributions from all continuing operations but excluding the impact of AASB 15 and 16
(3) $170 million gross proceeds raised from placement to institutional, professional & sophisticated investors (Placement) – settled November 2019; $18.8 million gross proceeds from Share Purchase Plan (SPP) & $4.7 million gross proceeds from 'Invesco top up' placement – settled December 2019, with net proceeds of SPP & 'Invesco top up' placement applied to further debt reduction

1H20 | PERFORMANCE REVIEW

1H20 PERFORMANCE SUMMARY

1H20 GROUP PERFORMANCE(1)	1H20	1H19	% Change
Revenue (2)	$179.5m	$192.0m	(6.5%)
EBITDA (underlying)	$31.7m	$23.9m	32.7%
EBITDA (statutory)	$50.1m	($112.5m)	144.5%
NPAT (underlying)	$9.3m	$6.6m	40.9%
NPAT (statutory)	$14.3m	($111.1m)	112.9%
Dividend	-	-	
Gross Operating Cash Flows (underlying)	$24.9m	$28.7m	
Net Operating Cash Flow(3)	($2.6m)	$7.6m	
Net Debt(4)	$33.7m	$258.9m	

(1) Underlying EBITDA and Underlying NPAT are non-IFRS measures used by management to assess financial performance. Refer to Page 4 for reconciliation of underlying to statutory results
(2) Revenue (including discontinued operations)
(3) Statutory
(4) Net Debt is calculated in accordance with Senior Debt Facility Agreement definition, including maximum $25 million cash offset
(5) FY20 Underlying EBITDA guidance of $42.0 - $46.0 million, assuming full year contributions from all continuing operations but excluding the impact of AASB 15 and 16

- 1H20 Underlying EBITDA(1) of $31.7 million ($21.5 million excluding contribution from discontinuing operations and effect of AASB 15 & 16, on track with FY20 Underlying EBITDA guidance(5))
- 1H20 Underlying EBITDA includes $7.2 million arising from adoption of new AASB 16 Lease standard, including $4.5 million contribution to Revenue
- Statutory net profit after tax of $14.3 million (1H19: $111.1 million loss) recognises $71.8 million gain on debt forgiven, offset by $33.9 million in non-cash provisioning, non-core asset write downs and $20.3 million of restructuring costs, which reflect forecast sustainable earnings, and extensive restructuring activities in progress
- 1H20 operating performance influenced by:
  - Ongoing stabilisation of franchise operations as product and brand enhancement initiatives activated and anticipated franchise store rationalisation
  - Margin reduction in manufacturing operations on increased grocery customer volumes
  - Operating net cash outflows impacted by restructuring activities and lease occupancy on onerous franchise leases, and reduced supplier credit terms prevailing pre-recapitalisation

RECONCILIATION OF UNDERLYING TO STATUTORY RESULTS

> An adjustment to statutory EBITDA of the $71.8 million gain on debt forgiven by lenders as part of corporate debt recapitalisation

> Adjustments to statutory EBITDA also reflect $20.3 million non-core expenditure, including:

- $16.3 million non-core expenditure from major restructuring, comprising:
  - Regulatory response and other advisory costs
  - Corporate and wholesale coffee division restructuring
  - Cost reduction initiatives, including staff redundancies, corporate property closures and head office relocation
  - Losses from discontinued operations (Hudson Pacific Foodservice business)
- $4.0 million recapitalisation advisory costs expensed

> Non-cash provisioning, impairments and disposals totalling $33.9 million accounted for in 1H20, comprising:

- Discontinued operations write-downs and disposals
- Write-downs and disposals of redundant brand, corporate and wholesale coffee assets
- Provisioning of onerous leases, contracts and costs associated with corporate, wholesale coffee and lease portfolio restructuring

1H20	Underlying	Statutory
EBITDA $m	31.7	50.1
NPAT $m	9.3	14.3

1H20 Underlying Adjustments(1)	$m
Statutory EBITDA	50.1
Gain on Debt forgiveness	71.8
Business Turnaround & Restructuring	(20.3)
Provisioning, Impairment & Asset Disposal	(33.9)
Marketing Fund Reserves	0.8
Underlying EBITDA(2)	31.7
Less: AASB 15 & 16 EBITDA	(10.2)
Underlying EBITDA (guidance basis)(2)(3)	21.5

(1) Refer Interim Financial Report for Half Year Ended 31 December 2019 for further details.
(2) 1H20 Underlying EBITDA includes $7.2 million contribution from adoption of AASB 16 Leases including discontinued operations, and $3.0 million from AASB 15. AASB 15 impact on 1H19 underlying EBITDA was $3.3 million.
(3) FY20 Underlying EBITDA guidance of $42.0 - $46.0 million, assuming full year contributions from all continuing operations but excluding the impact of AASB 15 and 16

RETAIL FOOD GROUP

EBITDA PERFORMANCE BY DIVISION TO PCP

UNDERLYING EBITDA[1]	1H20	1H19	% Change
Bakery / Café Division[2]	$12.2m	$11.6m	4.9%
Coffee Retail Division[3]	$7.2m	$3.5m	104.5%
QSR[4]	$4.2m	$5.9m	(28.3%)
Domestic Franchising Total	$23.6m	$21.0m	12.2%
International Franchising	$2.8m	$3.3m	(14.0%)
Di Bella Coffee[5]	$2.2m	$1.9m	15.0%
Manufacturing & Distribution[6]	$3.1m	($2.3m)	236.2%
Group Total EBITDA	**$31.7m**	**$23.9m**	**32.7%**

(1) Underlying EBITDA is a non-IFRS financial measure. Non-IFRS financial measures have not been subject to review or audit.
(2) Michel's Patisserie, Brumby's Bakery, Donut King.
(3) Gloria Jean's, Mobile.
(4) Crust Gourmet Pizza Bar, Pizza Capers.
(5) EBITDA derived from Di Bella Coffee supply to franchise network is reported within the Franchise Division's results.
(6) Dairy Country, Hudson Pacific (HPC), Associated Food Services (AFS). HPC & AFS results excluded in 1H20 results given classification as discontinued operations.

> 1H20 Underlying EBITDA includes $7.2 million contribution from adoption of AASB 16 Leases, including discontinued operations, and $3.0 million from AASB 15 adoption (1H19: $3.3 million). Excluding impact of AASB 15 & 16, divisional results attributable to:

- Franchise operations, results reflect:
  - Stabilisation of domestic Same Store Sales (SSS) decline, (with Group SSS at -1.0% excluding Michel's Patisserie); and
  - Positive impact of restructuring activity, resulting in reduced operating and overhead costs; offset by
  - Trading revenue decreases attributable to FY19/1H20 reduction in outlets
  - Reduced coffee and supplier revenues due to price decreases and procurement benefits passed onto Franchisees
- Di Bella Coffee:
  - FY19 loss of key customers in the food services independent channel, offset by reduced overhead costs from restructuring activity
- Manufacturing & Distribution:
  - Dairy Country: Significant new business and increased grocery customer volumes, reducing operating margins
  - Hudson Pacific Foodservice (including AFS) – discontinued operation, with disposal of business completed 3 January 2020

CASH FLOWS

- Decrease in cash receipts from customers consistent with:
  - Reduced underlying revenues in Franchise and Di Bella Coffee operations; and
  - Dairy Country transition to net tolling fee invoicing and payment terms with key customers
- Cash outflows include $16.3 million payments for costs associated with restructuring activities, including:
  - Regulatory response and other advisory costs
  - Cost reduction initiatives, including staff redundancies, corporate property closures and head office relocation
  - Corporate and wholesale coffee division restructuring
  - Trading losses from discontinued operations (Hudson Pacific Foodservice business)
- $4.0 million Recapitalisation advisory costs expensed
- Nil tax instalment payments were required in the period due to carried forward tax loss position from prior years
- Lease payments now disclosed separately in the statement of cash flows, in accordance with requirements of AASB 16

(1) Cash Reserves include Continuing and Discontinued Operations

CASH FLOWS	**1H20 ($m)**	**1H19 ($m)**
Receipts from Customers	175.7	246.6
Payments to Suppliers & Employees	(150.8)	(217.9)
Gross Operating Cash Flows - underlying	**24.9**	**28.7**
Restructuring costs	(16.3)	(20.0)
Recapitalisation related costs expensed	(4.0)	-
Gross Operating Cash Flows	**4.6**	**8.7**
Interest & Other Finance Costs	(7.2)	(8.1)
Income Taxes Refund	-	7.0
Net Operating Cash Flows	**(2.6)**	**7.6**
Net Debt (repayment)	(139.0)	(9.5)
Net Capital Raising	179.1	-
Acquisition of Business & Intangibles	(0.8)	(0.7)
Payments for Property, Plant & Equipment	(0.5)	(1.7)
Sale proceeds of Property, Plant & Equipment	0.5	8.6
Lease Payments	(6.3)	-
Other Cash Activities	0.5	0.8
	33.5	**(2.5)**
Net Increase in Cash Reserves	30.9	5.1
Cash Reserves at Period End(1)	**44.2**	**21.0**

BALANCE SHEET

Balance Sheet at 31 Dec 2019	1H20 ($m)	FY19 ($m)
Assets		
Cash Reserves	44.2	12.3
Trade Receivables	32.1	15.4
Finance Lease Receivables	89.1	-
Financial Assets	5.1	4.7
Inventories	16.4	6.9
Plant & Equipment	48.8	23.1
Intangibles	263.7	256.2
Current & Deferred Tax Assets	78.0	56.1
Other	4.0	5.0
Assets Held for Sale	4.6	65.5
	586.0	445.2
Liabilities		
Trade Payables	56.4	15.0
Provisions	21.6	28.3
Borrowings	52.2	264.1
Lease Liabilities	135.5	-
Derivative Liability	2.3	3.1
Deferred Tax Liability	91.6	55.9
Other	37.2	40.9
Liabilities Held for Sale	4.3	53.6
	401.1	460.9
Net Assets	184.9	(15.7)

- Net assets increased to $184.9 million as a result of the Company's recapitalisation and debt restructure, completed December 2019
- Reclassification of Dairy Country from Assets Held for Sale in FY19 to Continuing Operations in 1H20 has resulted in:
  - An increase in trade receivables, plant and equipment, deferred tax balances, and trade payables
  - A corresponding decrease in the Assets Held for Sale balances at 1H20 from balances presented at end FY19
- Assets and liabilities held for sale as at end 1H20 represent the Hudson Pacific Foodservice and Associated Food Services distribution businesses
- The Group adopted AASB16 Leases from 1 July 2019, resulting in the recognition and presentation of finance lease receivables and lease liabilities separately on the balance sheet. In addition, plant and equipment increased by $28.8 million on recognition of Right Of Use lease assets under this standard in 1H20

DEBT STRUCTURE

Gross senior debt – pre Recapitalisation	$265.8 million
Debt write-off	$71.8 million
Payment from Placement proceeds:	$118.5 million
New term facility	$75.5 million
Additional debt repaid from SPP & 'top-up' placement	$22.2 million
Gross senior debt – post Recapitalisation	$53.3 million
Net Debt at 31 December 2019[1]	$33.7 million
Covenant compliance	Fully compliant with all lending covenants
Terms of new facility	• Maturity of 3 years – November 2022 • Interest rate calculated as BBSY plus margin on drawn balance (the margin is calculated based on the secured operating leverage ratio) • Financial Covenants[2] — Interest cover ratio (EBITDA/total interest expense) — Secured operating leverage ratio (net debt/EBITDA)

[1] Net debt calculated in accordance with senior debt facility agreement, includes ancillary facilities of $5.4 million, and maximum cash offset of $25 million

[2] Financial covenants will be tested quarterly on a 12 month rolling basis

1H20 | DIVISIONAL PERFORMANCE

Initiatives to Drive Domestic Franchise Performance

> Ongoing focus on driving domestic franchise performance and achieving target of additional $30 million gross margin generation at franchisee level from current initiatives:

- Consolidation of all franchise facing functions under dedicated Retail Division with new leadership structure implemented:
  - Jessica Buchanan appointed Head of Retail (>25 years' retail franchise/brand experience)
  - Damian Zammit appointed Head of Operations (>30 years' operational experience with McDonalds, including in senior roles)
  - Flat level management structure facilitates agile decision making, enhanced efficiency and closer connection to franchisees and end consumers
- Marketing activity determined by end customer to generate maximum appeal and drive franchisee sales:
  - Focused on category stabilisation, day-parting and core differentiation
  - Significant increase in campaign activity: 134 campaigns per annum targeted across brand portfolio
  - 1H20 campaign activity has driven total estimated annualised network sales of c.$13.8 million to date[(1)]
- Focus on cost of goods improvements for franchisees, including c.15-20% reduction (dependent on brand system) in wholesale coffee pricing for franchisees of domestic retail brands, implemented 1 July 2019
- Commitment to social media activity, loyalty, Local Area Marketing (LAM) and training:
  - Targeting social media reach of >200 million customers over first 12 months of campaign activity
  - New mobile based loyalty programs to be rolled out across all brand systems during 2H20 to drive frequency and marketing intelligence
  - New LAM platform being rolled out across brand portfolio, providing enhanced tools for driving local customers to store
  - Roll out of new training programs and content for field teams, franchisees and store team members underway
- Ongoing partnership with market leading leasing agency to drive improved leasing outcomes for franchise partners and Group

(1) As at 7 January 2020

RETAIL FOOD GROUP

DOMESTIC BAKERY / CAFÉ DIVISION

- 1H20 performance influenced by:
  - Stabilisation of Same Store Sales (SSS), due to franchise turnaround initiatives. Excluding Michel's Patisserie, SSS is +0.6%
  - Positive impact of restructuring activity, resulting in reduced operating and overhead costs; offset by
  - Cumulative impact on trading revenue decreases attributable to FY19/1H20 non-profitable outlet closures
  - Reduced coffee and supplier revenues due to price decreases and procurement benefits passed onto Franchisees
- Michel's Patisserie named Roy Morgan 'Coffee Shop of the Year' and Michel's Toronto franchisee awarded National Retail Association's Franchisee of the Year

	1H20	1H19	% Change
- New Outlets	-	-	
- Closures	(49)	(41)	
Outlets at 31 December	535	597	(10.4%)
Same Store Sales (SSS)	(1.7%)	(3.5%)	
Network Sales	$141.3m	$165.7m	(14.7%)
- Transaction Revenues	$0.6m	$0.8m	(32.8%)
- Trading Revenues	$17.4m	$22.4m	(22.3%)
External Revenue	$18.0m	$23.2m	(22.7%)
Bakery Café Division EBITDA[(1)(2)]	$12.2m	$11.6m	4.9%
- Brumby's EBITDA[(1)]	$2.9m	$2.9m	(0.7%)
- Donut King EBITDA[(1)]	$6.5m	$5.8m	11.6%
- Michel's Patisserie EBITDA[(1)]	$2.8m	$2.9m	(2.1%)

(1) Underlying. Underlying EBITDA is a non-IFRS financial measure. Non-IFRS financial measures have not been subject to review or audit

(2) $4.3 million of divisional 1H20 EBITDA attributable to AASB 15 & 16

DOMESTIC COFFEE RETAIL DIVISION

- 1H20 performance influenced by:
    - Positive impact of restructuring activity, resulting in reduced operating and overhead costs; offset by
    - Cumulative impact on trading revenue decreases attributable to FY19/1H20 non-profitable outlet closures
    - Reduced coffee and supplier revenues due to price decreases and procurement benefits passed onto Franchisees
- Stabilisation of Same Store Sales (SSS) decline:
    - Gloria Jean's food category sales 4.72% in growth YOY (1H20 vs 2H19)
    - 2H20 coffee relaunch anticipated to drive SSS

	1H20	1H19	% Change
- New Outlets	-	-	
- Closures	(23)	(35)	
Coffee Outlets at 31 December	244	262	(6.9%)
Mobile Vans at 31 December	147	171	(14.0%)
Same Store Sales (SSS)	(3.4%)	(4.4%)	
Network Sales	$66.5m	$80.6m	(17.5%)
- Transaction Revenues	$0.2m	$0.7m	(77.9%)
- Trading Revenues	$18.1m	$21.1m	(13.9%)
External Revenue	$18.3m	$21.8m	(16.0%)
Coffee Retail Division EBITDA[1]	$7.2m	$3.5m	104.5%
- Gloria Jeans EBITDA[1][2]	$6.0m	$2.5m	138.3%
- Mobile Coffee EBITDA[1]	$1.2m	$1.0m	25.6%

[1] Underlying. Underlying EBITDA is a non-IFRS financial measure. Non-IFRS financial measures have not been subject to review or audit

[2] $3.2 million of Gloria Jeans 1H20 EBITDA attributable to AASB 15 & 16

DOMESTIC QSR DIVISION

- 1H20 performance influenced by:
  - Cumulative impact on trading revenues attributable to non-profitable outlet closures in FY19 and 1H20, particularly in Pizza Capers
  - Reduced supplier revenues due to procurement benefits passed onto Franchisees and lower volume based payments
  - Moderating Same Store Sales (SSS) decline influenced by enhanced quality of consolidated network (following outlet closures)
  - Overhead and assistance costs in QSR have increased on PCP, particularly for the Pizza Capers brand and the broader WA region
- Crust named Roy Morgan 'Quick Service Restaurant of the Year' (2019 Customer Choice Awards)

	1H20	1H19	% Change
- New Outlets	-	1	
- Closures	(11)	(17)	
Outlets at 31 December	205	222	(7.7%)
Same Store Sales (SSS)	(1.5%)	(2.1%)	
Network Sales	$73.5m	$84.1m	(12.6%)
- Transaction Revenues	$0.3m	$0.4m	0.2%
- Trading Revenues	$8.6m	$9.6m	(10.3%)
External Revenue	$8.9m	$10.0m	(10.0%)
EBITDA[(1)(2)]	$4.2m	$5.9m	(29.0%)

[(1)] Underlying. Underlying EBITDA is a non-IFRS financial measure. Non-IFRS financial measures have not been subject to review or audit

[(2)] $0.5 million of QSR 1H20 EBITDA attributable to AASB 15 & 16

INTERNATIONAL FRANCHISING DIVISION

- 1H20 performance influenced by:
  - Decrease in Transactional Revenues, primarily attributable to the sale of 1 less new territory in 1H20
  - Net reduction of 21 international territory licences as legacy and non-performing arrangements, where development quotas had not been achieved or progressed, were brought to an end
  - 40 new outlets, offset by 72 closures, reported by master franchise partners, influenced by activity noted above
  - Reduction in Trading Revenues consistent with reduced outlets reported
- As at 31 December 2019, international operations contemplated 667 outlets across 66 international territories licensed by the Group

	1H20	1H19	% Change
New Master Franchise Agreements	1	2	
New Outlets	40	11	
Outlets at 31 December[1]	667	738	(9.6%)
- Transaction Revenues	$0.7m	$0.8m	(9.9%)
- Trading Revenues	$8.2m	$9.4m	(13.0%)
External Revenue	$8.9m	$10.2m	(12.8%)
EBITDA[2]	$2.8m	$3.3m	(14.0%)

(1) As reported by Master Franchise Partners

(2) Underlying. Underlying EBITDA is a non-IFRS financial measure. Non-IFRS financial measures have not been subject to review or audit

DI BELLA COFFEE

- Divisional 1H20 performance includes:
  - Cumulative impact on sales revenues of customers lost in FY19/1H20 in the highly competitive independent food services
  - $6.8 million of revenue decrease on PCP attributable to 1H19 exit from unprofitable coffee capsule business
  - Decreased earnings on international operations (NZ & USA)
  - Significant actual and targeted overhead cost reductions
- Di Bella Coffee segment underlying EBITDA excludes contribution from Di Bella Coffee to supply franchisees, which is included within the franchise divisional results
- 22 medals received across wholesale and franchise blends at November 2019 Golden Bean coffee awards
- Di Bella Coffee operational focus:
  - Strategic review and detailed operational planning for restructure of wholesale coffee business conducted 1H20, to be implemented 2H20
  - To be complemented by streamlining of business cost base as the Group's major restructuring activity is progressed

	1H20	1H19	% Change
Revenue	$14.2m	$22.2m	(35.9%)
EBITDA Underlying[(1)(2)]	$2.2m	$1.9m	15.0%

(1) Underlying EBITDA is a non-IFRS financial measure. Non-IFRS financial measures have not been subject to review or audit
(2) $0.7 million of Di Bella Coffee 1H20 EBITDA attributable to AASB 15 & 16

MANUFACTURING & DISTRIBUTION

	1H20	1H19	% Change
Revenue			
Dairy Country	$72.2m	$50.4m	43.2%
Foodservice(2)	-	-	-
Bakery Fresh(2)(4)	-	-	-
TOTAL	**$72.2m**	**$50.4m**	**43.2%**
EBITDA Underlying(1)(3)			
Dairy Country	$2.4m	$1.7m	39.3%
Foodservice(2)	-	-	-
Bakery Fresh(2)(4)	-	-	-
TOTAL	**$2.4m**	**$1.7m**	**39.3%**

(1) Underlying. Underlying EBITDA is a non-IFRS financial measure. Non-IFRS financial measures have not been subject to review or audit
(2) Excludes HPC & Bakery Fresh revenue and EBITDA treated as discontinued operations.
(3) $0.8 million of 1H20 EBITDA attributable to AASB 15 & 16
(4) Bakery Fresh ceased operations in May 2019.

- Divisional performance for 1H20 attributable to Dairy Country business:
  - Dairy Country revenue increased by $21.8 million on PCP, attributable to a 19.9% increase in processing volume on significant new business in the grocery channel
  - Net gain in customers and volumes secured, with new customer volumes exceeding terminating supply contracts
  - 1H20 EBITDA margin reduction due to increased costs to produce additional volumes secured, increased sales mix to lower margin grocery channel product, and absorption of commodity price increases on legacy contracts
- Foodservice considered discontinued operations in 1H20, with divestment of these operations completed 3 January 2020
- 2H20 will see commencement of a strategic review and detailed operational planning for the restructure of the Dairy Country operating cost base, and contractual pricing terms with key customers

1H20 | STRATEGY & OUTLOOK

Turnaround Plan remains on track

> Initiatives to 'right size' Group operations:

Complete	c.$10.7 million per annum payroll reduction achieved in FY19 • Reduction of c.80 FTEs, removal of unnecessary functions • Increased brand P&L accountability
On-track	c.$8.0 - $9.0 million per annum cost savings, with potential for further upside • Cost out plan in place over FY20
Potential initiatives	c.$2.0 - $4.1 million per annum cost savings from system investment – targeted to occur in FY21 • Expected c.$5 - $6 million capital expenditure and one-off costs • Improvement in efficiency, franchisee reporting and purchasing compliance and a reduction in labour intensity (upgrade head office operational systems; consolidation of accounting systems; upgrade Gloria Jean's POS) • Additional potential payroll cost out following FY21 systems investment

> Actions to stabilise Group operations:

Complete	Recapitalisation to improve financial stability and improve balance sheet
Ongoing	Rationalisation of underperforming outlets: • Strategy to turnaround at risk stores via new product, marketing and other initiatives
Ongoing	Revised approach to franchisee recruitment and new outlet identification: • Enhanced systemization of processes and procedures • Robust recruitment process, including mandatory external legal and financial advice required for new franchisees • 44 renewal/35 resale application approvals in 1H20 evidence continuing support for brand systems
Complete	Divestment of non-core assets: • Bakery Fresh closed May 2019 • Hudson Pacific foodservice operations divested 3 January 2020

OUTLOOK

- 1H20 recapitalisation provides financial stability and platform for further implementation of turnaround initiatives
- Disposal of non-core operations enables enhanced focus on continuing business
- Restructuring activities significantly advanced, with further traction to occur 2H20
- Whilst market conditions remain challenging, positive impact of business improvement initiatives now being observed, with continued focus on driving franchise outlet performance
- FY20 underlying EBITDA guidance range of $42.0 to $46.0 million(1)(2)(3) maintained

(1) FY20 underlying EBITDA guidance range of $42.0 - $46.0 million, assuming full year contributions from all continuing operations but excluding the impact of AASB 15 and AASB16
(2) Hudson Pacific operations were included in FY19 underlying EBITDA, but have been excluded from FY20 underlying EBITDA guidance as a Discontinuing Operation (refer pages 41 – 42 of Investor Presentation lodged with the Australian Securities Exchange on 15 October 2019 for key assumptions underlying the FY20 underlying EBITDA guidance)
(3) Underlying EBITDA is a non-IFRS financial measure. Non-IFRS financial measures have not been subject to audit or review.

APPENDICES

DEFINITIONS

BCD	Bakery/Café Division: Donut King, Michel's Patisserie, Brumby's Bakery
CRD	Coffee Retail Division: Gloria Jean's, Café2U, The Coffee Guy, It's A Grind, bb's Café, Esquires Coffee
MANUFACTURING & DISTRIBUTION	Hudson Pacific Foodservice, Associated Foodservice, Bakery Fresh, Dairy Country (formerly referred to as Commercial Division)
DBC	Di Bella Coffee: Franchise supply; specialty roasting; in-home/grocery; contract roasting
MOBILE	Café2U, The Coffee Guy
PCP	Previous Corresponding Period
QSR	QSR Division: Crust Gourmet Pizza Bar, Pizza Capers
SSS	Same Store Sales
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
NPAT	Net Profit After Tax
EPS	Earnings Per Share