

29 May 2020

## Further COVID-19 Update

Retail Food Group Limited (RFG, the Company or Group) today announced that retail trading conditions experienced by its domestic franchise network were gradually improving as Australian governments eased certain of the measures employed to slow the spread of COVID19.

RFG Executive Chairman Peter George noted the Group had observed that customers were starting to return to shopping centres in increased numbers as government restrictions were eased and limited scope for 'eat-in' service had been afforded.

"This trend was best evidenced by recent trading data<sup>1</sup> for the Company's Donut King, Gloria Jean's and Michel's Patisserie networks where customer count declines versus the previous corresponding period had approximately halved since a peak decline exceeding 50% during the reporting week ending 2 April 2020", he said<sup>2</sup>.

"We are buoyed by the reopening of c.60 outlets which had temporarily closed due to the impact of COVID19 restrictions and are cautiously optimistic that trading conditions will continue to improve in coming weeks".

"Increasing traction has also been observed in terms of procuring rental relief for franchisees, with concessions having been obtained in respect of c.290 outlets, predominantly in relation to April and May rental periods. In many other cases negotiations are advanced, and we anticipate that this process will be an ongoing one as the pandemic period persists and a reasonable recovery period is provided for".

The Group's international franchise network remained significantly impacted by COVID19 restrictions. Whilst 126 mobile units had recommenced operations within the United Kingdom and New Zealand markets, c.350 traditional outlets remain closed, a further 157 are restricted to takeout only, and the balance continue to operate normally, albeit subject to difficult trading conditions. It is anticipated that many of those outlets which have temporarily closed will start to reopen throughout June as local government restrictions ease, albeit c.20 outlet closures are considered permanent.

Mr George noted that, despite the positive developments indicated above, trading conditions remained challenging and the Company anticipated the continuation of those measures implemented by it to support its franchisee community would remain in place at least for the remainder of the financial year.

"The strategies previously advised to the market regarding the Company's efforts to reduce its cost base, including restructure of RFG's wholesale coffee operations which was now substantially complete, provide the Group with increased scope to further support its franchisees during these unprecedented times", he said.

Given the ongoing uncertainty associated with COVID19 and its implications, it remains difficult to predict full year outcomes at this juncture.

This announcement has been authorised by the Board of Directors.

### ENDS

For further information, interviews or images, please contact:

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### About Retail Food Group Limited:

RFG is a global food and beverage company headquartered in Queensland. It is Australia's largest multi-brand retail food franchise owner and a roaster and supplier of high-quality coffee products. The Company also operates in the dairy processing sector. For more information about RFG visit: [www.rfg.com.au](http://www.rfg.com.au)

<sup>1</sup> Based on unaudited trading data reported by franchisees for the week ending 24 May 2020, versus unaudited trading data reported by franchisees for the week ending 26 May 2019

<sup>2</sup> Based on unaudited trading data reported by franchisees for the week ending 5 April 2020, versus unaudited trading data reported by franchisees for the week ending 7 April 2019