

15 June 2023

Leadership Transition & Trading Update⁽¹⁾

Key Points:

- Appointment of Matthew Marshall as Chief Executive Officer, effective 1 July 2023
- Extension of Executive Chairman Peter George's employment for an additional 2 years
- FY23 underlying EBITDA guidance of \$26.0m to \$29.0m⁽²⁾ maintained
- Year to Date Domestic network sales have grown 8.5% to \$478m in FY23 versus PCP⁽³⁾ despite second half deterioration of trading conditions (H2 domestic network sales growth of 2.2% in the 21 week period⁽⁴⁾)
- Turnaround phase now at a conclusion shifting to a growth focus in FY24 leveraging a stronger balance sheet

Leadership Transition

As part of its longer-term succession planning strategy, Retail Food Group Limited (**RFG**, the **Company** or **Group**) today announced the appointment of Matthew Marshall to the role of Chief Executive Officer (CEO), effective 1 July 2023.

Matt will drive the realisation of growth opportunities and sustainable value creation for the Company's stakeholders. Matt is promoted from his current position as Head of Retail where he has been responsible for driving strong operational outcomes in difficult retail environments, including through the Covid-19 pandemic. Matt has an extensive knowledge of all aspects of the Company's business and has played a vital role in implementing our franchisee first and customer centric values and strategy. Further details on the outlook and strategy will be presented alongside FY23 results in August 2023.

Peter George will continue in an Executive Chairman role for a further 2 years during which he will focus on specific strategic growth projects as well as mentoring and supporting Matt to ensure a successful and orderly succession. Mr George noted the time was right to implement an orderly succession process.

"The heavy lifting in terms of the turnaround has been accomplished. We have a stable earnings base and a stronger balance sheet which, together with the resolution of legacy regulatory issues in December 2022, provides a firm platform to pursue growth opportunities", he said.

"Supported by a strong and experienced management team bolstered by the recent appointment of new CFO Rob Shore, the Board is in no doubt that Matt possesses the skills and energy necessary to assume broader responsibility for our growth strategy whilst engaging with key stakeholders including Franchise Partners, employees and the financial and investor communities", Mr George said.

CEO elect Matt Marshall said it was a privilege to be provided the opportunity to lead the Group on the next stage of its journey and build upon the momentum across RFG's business.

"It is truly an exciting period as we seek to execute multiple growth opportunities. The Company has developed a highly capable management team, complemented by Peter's continuity as Executive

Chairman, ensuring he remains a valuable resource for the Board and executive team. I look forward to helping shape our future, maintaining our retail and franchisee first mindset to realise the Company's tremendous potential", he said.

A summary of the material terms of employment applicable to Mr George and Mr Marshall is respectively provided in Annexures 1 and 2 to this Announcement.

Trading Update

Trading conditions have eased in recent weeks and are showing the effects of an increasingly challenging and dynamic retail environment.

Year to Date domestic network sales have grown 8.5% to \$478m in FY23 versus PCP⁽³⁾. In the second half, domestic network sales growth has moderated to 2.2% in the 21 week period⁽⁴⁾, due to macro economic factors.

The impact on trading conditions of successive interest rate rises, together with general inflationary pressures, has become more apparent in H2. We expect these factors will continue to influence the domestic trading environment for the foreseeable future.

Despite the deterioration in trading conditions in the second half of the year, Same Store Sales ('SSS') and Average Transaction Value ('ATV') remain ahead of prior year across all brands except QSR (Pizza) which reflects the comparison to the prior period of abnormal growth during Covid (SSS down 1.3%, ATV up 5.1%⁽⁴⁾).

We are confident in the resilience of our brands, their broad customer appeal and opportunities for growth in FY24.

FY23 underlying EBITDA guidance in the range of \$26.0m to \$29.0m, excluding AASB 15, AASB 16 and non-core expenses, is maintained⁽²⁾. Given the recent challenges in macro-economic conditions, the expectation is that the result will be at the lower end of the range.

This announcement has been authorised by RFG's Board of Directors.

- (1) This Announcement should be read in conjunction with RFG's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (ASX), available at www.asx.com.au. This Announcement contains certain non-IFRS financial measures, including underlying EBITDA. Non-IFRS financial measures have not been subject to audit or review.
- (2) FY23 guidance of Underlying EBITDA in the range of \$26.0m to \$29.0m, excluding AASB 15, AASB 16 & non-core expenses, provided at 30.11.2022 Annual General Meeting
- (3) Based on unaudited domestic network sales for Weeks 1 to 49 FY23YTD vs unaudited domestic network sales during the corresponding period in FY22
- (4) Based on unaudited domestic network sales for Weeks 28 to 49 FY23YTD vs unaudited domestic network sales during the corresponding period in FY22.

ENDS

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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 manager, and is the owner of iconic brands including Gloria Jean's, Donut King, Brumby's Bakery, Michel's Patisserie, Crust Gourmet Pizza, Pizza Capers, Cafe2U and The Coffee Guy. The Company is also a roaster and supplier of high-quality coffee products, supplied under the Di Bella Coffee brand. For more information about RFG visit: www.rfg.com.au

Annexure 1

Material Terms of Employment – Executive Chairman

In accordance with ASX Listing Rule 3.16.4, RFG makes the following disclosures in respect of the material terms of the Executive Employment Agreement between the Company and Mr Peter George:

Position	Executive Chairman
Commencement Date	1 July 2023
Term	1 July 2023 to 30 June 2025. It is the expectation of the Board and Mr George that, upon completion of his term as Executive Chairman, Mr George will seek re-appointment, and the Board will so reappoint Mr George, as non-executive Chairman of the Company.
Total Fixed Remuneration (TFR)	\$300,000 per annum (inclusive of superannuation). Mr George will also be provided with accommodation proximate to the Company's National Headquarters in Queensland, at the cost of the Company, where his usual working hours and location (as agreed with the Board) necessitates same.
Short Term Incentive (STI)	Not applicable
Long Term Incentive (LTI)	Not applicable
Termination	Either party may terminate Mr George's employment as Executive Chairman on six (6) months' notice. The Company may terminate immediately on payment in lieu of required notice, or in circumstances of breach of contract or misconduct. Where a change of control event occurs in respect of RFG and Mr George subsequently forms the reasonable opinion that there have been material changes to the policies, strategies and future plans of the Board and, as a result, Mr George will not be able to implement his strategy or plans for development of the Group, its business or projects, then Mr George is entitled to terminate his employment on one (1) months' notice. Should he provide such notice, Mr George will be entitled to a payment equating to three (3) months' TFR.
Restraint	Six (6) months following expiry of Mr George's appointment as Executive Chairman.

Annexure 2

Material Terms of Employment – Chief Executive Officer

In accordance with ASX Listing Rule 3.16.4, RFG makes the following disclosures in respect of the material terms of the Executive Employment Agreement between the Company and Mr Matthew Marshall:

Position	Chief Executive Officer (CEO)
Commencement Date	1 July 2023
Term	Mr Marshall shall be employed pursuant to an 'at will' employment agreement terminable by either party on six (6) months' notice.
Total Fixed Remuneration (TFR)	\$600,000 per annum (inclusive of superannuation)
Short Term Incentive (STI)	Mr Marshall will be entitled to an annual cash STI awarded on satisfaction of certain criteria linked to RFG earnings performance and personal key performance indicators. Mr Marshall's incentive opportunity will be a maximum of 35% of TFR.
Long Term Incentive (LTI)	Mr Marshall will be entitled to an annual LTI awarded on satisfaction of criteria linked to absolute TSR growth over a three-year measurement period. Mr Marshall's incentive opportunity will be a maximum of 90% of TFR and shall be payable in cash, subject to the Board's absolute discretion, exercisable at any time prior to payment of the LTI, to substitute cash for performance rights which, if they vest, will be exercised such that each performance right entitles Mr Marshall to one fully paid ordinary share in RFG. Where the LTI is settled in cash, the amount payable shall be calculated by reference to the 30-day VWAP at the time of payment multiplied by the number of performance rights to which Mr Marshall would have been entitled had the Board exercised its discretion.
Termination	Either party may terminate Mr Marshall's employment as Chief Executive Officer on six (6) months' notice. The Company may terminate immediately on payment in lieu of required notice, or in circumstances of breach of contract or misconduct.
Restraint	Twelve (12) months following termination of Mr Marshall's appointment as Chief Executive Officer.