

19 February 2025

## **RFG DELIVERS UNDERLYING EBITDA OF \$16.0M IN H1 FY25 AND ANNOUNCES AGREEMENT TO INTRODUCE FIREHOUSE SUBS TO AUSTRALIA**

- **1H25 domestic Network Sales growth of 3.2% on 2H24 to \$257.1m driven by our Coffee, Café & Bakery (CCB) brands**
- **Underlying Revenue up 24.7% on PCP to \$66.5m in 1H25, generating Underlying EBITDA of \$16.0m, up 4.2% on PCP as we cycled non-recurring lease provision releases. Statutory NPAT of \$7.3m for 1H25 was up 73.8% on PCP**
- **Our CCB segment continues to perform well in challenging economic conditions**
- **Development Agreement signed to introduce Firehouse Subs to Australia and open 165 restaurants over 10 years, including the first restaurant in 1H FY26**

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Retail Food Group Limited (ASX: RFG) is pleased to release today its 1H25 interim financial report, with its Appendix 4D and investor Presentation.

Commenting on these results, RFG Chief Executive Officer Matt Marshall said,

*“We continue to invest in the quality of our retail systems to enhance our network whilst targeting short-, medium- and long-term growth opportunities. Alongside an excellent set of interim results, we are excited to announce our agreement with Restaurant Brands International (RBI) to introduce their fast-growing sandwich brand Firehouse Subs into Australia. Firehouse Subs is a key pillar of our ambitious growth strategy and we are confident consumers will be excited by the brand’s high-quality sandwich product together with an excellent guest experience”.*

Highlights for the 6 months ended 27 December 2024 include:

### **Domestic Network Performance:**

- Network sales grew 3.2% on 2H24 and 0.9% on PCP as our core CCB brands (Gloria Jean’s, Donut King, Brumby’s & Beefy’s) successfully traded through challenging economic conditions. The period included the FY24 mid-year acquisition of Beefy’s, which partially offset lower network sales in our QSR segment.
- 25 new outlets opened across our core brands in 1H25. The closure of 17 low-performing core brand outlets<sup>8</sup> is expected to improve overall network quality in future periods. Average Weekly Sales of newly open outlets performed 35% better than the outlets closed. The acquisition of CIBO Espresso, which settled 31 December 2024, contributes an additional 22 outlets in 2H25.

### **Revenue, EBITDA & NPAT**

- Underlying revenue grew 24.7% on PCP primarily due to our larger company store revenue, including a full 6-month contribution from Beefy’s of \$10.2m.
- Corporate payroll costs were lower by \$0.3m despite wage inflation as we continued to deliver productivity improvements.
- Underlying EBITDA of \$16.0m was up 4.2% on 1H24 and up 15.8% on 2H24.
- 1H25 statutory NPAT of \$7.3m was up 74% from \$4.2m in 1H24.

### Balance Sheet & Cashflow

- At 27 December 2024, the Group had cash reserves of \$21.4m including unrestricted cash on hand of \$17.7m (30 June 2024: \$18.3m), resulting in net debt of \$7.1m.
- Underlying operating cash conversion was 61% in 1H25, impacted by the first-half timing of payments for FY24 STIP and annual expenses, including insurance premiums.
- At 27 December 2024, our debt facility included \$15m in undrawn facilities. The full debt facility matures in April 2026. In connection with consent for the investment in Firehouse Subs in Australia, changes to covenants and other debt terms, RFG will make a placement of 625,000 ordinary shares at nil cost to Washington H. Soul Pattinson and Company Limited (the Company's senior debt lender). The draw down of \$7.5m will occur in 2H25.

### Firehouse Subs Development Agreement

- We have signed a 20-year development agreement with RBI to launch the highly successful Firehouse Subs brand in Australia, with 165 outlets to open in the first 10 years
- The sandwich category is estimated to be worth over \$1.7bn and continues to grow with a single national chain competitor, which makes it attractive in comparison to other food categories
- RFG has committed to investing US\$4m for each of the first three years, increasing to US\$5m in years 4 to 6 to fund rapid growth. RFG has the option to exit the contract at the end of year 3.
- Firehouse Subs has industry leading products together with an evolved brand concept to stand apart from the competition, inclusive of product and guest experience

### Outlook

- We are clear on our priorities:
  - i. to **enhance** our core brands through prioritising retailing excellence and technology to expand them to at least 200 domestic outlets for each brand; and,
  - ii. to **grow** our network domestically in core brands, including via our new agreement to introduce the highly successful US brand Firehouse Subs in Australia, and internationally with Gloria Jean's and Donut King our focus.

### Investor Briefing

RFG's Chief Executive Officer, Matt Marshall, and Chief Financial Officer, Rob Shore, will provide a briefing for analysts and investors at 10:00am AEDT on Wednesday 19 February 2025.

Participants can register for the conference call using the link below:

<https://s1.c-conf.com/diamondpass/10045327-5laeu6.html>

Registered participants will receive their dial in number on registration, a calendar invitation and a unique PIN to access the conference call.

The webinar will be available live, and can be accessed through this link:

<https://webcast.openbriefing.com/rfg-hyr-2025/>

This announcement has been authorised by the Board of Directors.

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- (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](http://www.asx.com.au). This Announcement contains certain non-IFRS financial measures, including underlying EBITDA and Revenue. 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 RFG's underlying and statutory results is provided in the Company's FY25 Interim Results Presentation lodged with the ASX.
- (2) Unless otherwise specified, operational metrics (SSS, CC, ATV) provided in this Announcement are based on unaudited reported sales by Franchise Partners and corporate stores amongst stores trading, in the case of a half year, a minimum 23 of 26 weeks, and in the case of a full year, a minimum 46 of 52 weeks, versus unaudited reported sales by Franchise Partners and corporate stores against same stores trading a similar number of weeks during the comparable preceding period (as the case may be).
- (3) Network sales is based on unaudited reported sales across all domestic network outlets.
- (4) Unless otherwise specified, trading outlets includes domestic active physical stores, mobile and virtual outlets as at the end of the financial period, excluding non-trading locations.
- (5) Underlying Revenue is a non-IFRS measure not subject to audit. Underlying Revenue excludes restricted domestic marketing fund revenues
- (6) Underlying EBITDA is a non-IFRS measure not subject to audit. Underlying EBITDA excludes restricted domestic marketing funds, costs associated with M&A activity and is inclusive of AASB15 and AASB16.
- (7) Net debt calculated as external borrowings less unrestricted cash on hand.
- (8) Low performing defined as CCB <\$10k AWS, QSR <\$12k AWS

**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, Crust Gourmet Pizza and Beefy's Pies. The Company holds the exclusive licence to grow Firehouse Subs restaurants in Australia and expects to open the first restaurant in 2025. RFG also distributes high quality pies from our Sunshine Coast Bakery and coffee through our Sydney Roastery. For more information about RFG visit: [www.rfg.com.au](http://www.rfg.com.au)