

20 August 2024

FY24 Annual Report

Please find enclosed for release to the market Retail Food Group Limited's FY24 Annual Report.

This announcement has been authorised for release by the Board of Directors.

ENDS

Investor Enquiries:

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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, Crust Gourmet Pizza and Beefy's Pies. The Company is also a roaster and supplier of high-quality coffee products. For more information about RFG visit: www.rfg.com.au

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ANNUAL REPORT

24

**RETAIL
FOOD**
GROUP

About Retail Food Group

Retail Food Group is a global food and beverage company headquartered in Queensland, Australia. RFG is Australia's largest multi-brand retail food and beverage franchise owner with a portfolio of quality franchise brands under its ownership.

31
COUNTRIES

5
CORE BRANDS

>40m

CONSUMER
TRANSACTIONS

>500m

DOMESTIC
NETWORK SALES

7000

ESTIMATED DOMESTIC
NETWORK EMPLOYEES

c.1350

GLOBAL TRADING
OUTLETS



donutking.

Brumby's
BAKERY

CRUST

BEEFY'S
FAMOUS AUSSIE PIES

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**Gloria Jean's
operates in
31 countries using
the RFG recipe
for success**

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2024 Annual Report

This 2024 Retail Food Group Limited Annual Report for the financial year ended 28 June 2024 complies with reporting requirements and contains statutory financial statements. This document is not a concise report prepared under section 314(2) of the Corporations Act.

2024 Corporate Governance Statement

The 2024 Corporate Governance Statement can be found on the Group's website:
<https://investorhub.rfg.com.au/governance>



741

OUTLETS
NET OUTLET
GROWTH OF +42

\$504_m

DOMESTIC NETWORK SALES
UP 0.3% ON PCP DRIVEN BY
CCB SEGMENT UP 3.0%

33

NEW PHYSICAL
LOCATIONS OPENED
IN THE YEAR

\$114.9_m

REVENUE¹
UP 12.9%
ON PCP

\$12.43

AVERAGE
TRANSACTION VALUE
UP 4.1% ON PCP

\$29.2_m

EBITDA²
UP 15.0%
ON PCP

3 KEY TAKEAWAYS

FROM A SUCCESSFUL YEAR

Group Back In Growth

- Network Sales Growth of +0.3% on PCP, acceleration in H2 +2.4% on PCP
- CCB Network Sales Growth +3.0%
- Revenue¹ Growth +12.9% on PCP
- EBITDA² Growth +15.0% on PCP
- Acquired Beefy's Pies in December 2023, contributed EBITDA² of \$1.7m

Network Health Improved

- Average Weekly Sales³ +5.3%
- New FP Pipeline includes 20 committed MSO sites
- 131 FP renewals completed
- Total closures in core brands <6% of network

Delivering on New Strategy

- Launching new corporate identity and values
- New team executing our growth strategy
- Launched DK Occasions
- Executed key synergies for Beefys in <6 months
- Executing on IT improvement plan
- Launched new FP recruitment program **'Success. Made. Simple.'**
- Regained access to prioritised bank lending for FPs

(1) Underlying Revenue is a non-IFRS measure not subject to audit. Underlying Revenue excludes restricted domestic marketing fund revenues and USA operations

(2) Underlying EBITDA is a non-IFRS measure not subject to audit. Underlying EBITDA excludes non-recurring, non-core costs of legacy legal matters, acquisition costs, restructuring costs and non-cash impairments and is inclusive of AASB15 and AASB16

(3) AWS is inclusive of Rack'em Bones BBQ Ribs as this brand operates within an existing Crust outlet



CHAIRMAN'S LETTER

Guided by a new management team led by highly capable CEO Matt Marshall, we spent FY24 focused firmly on pursuing the many growth opportunities that lay before us.

The year's performance demonstrated the firm platform laid for long-term sustainable success, enabling my own transition, at beginning of FY25, to a more traditional non-executive chairman role.

A highlight in FY24 was the acquisition of Beefy's Pies, which provides growth opportunities, synergies and evidences that inorganic growth will supplement growth from our existing business.

I'd like to thank Beefy's founders, the Hobbs family, for entrusting us with a highly successful business and sharing our vision for the Company's future success by becoming shareholders as part of the transaction.

I'd also like to thank Washington H Soul Pattinson for its ongoing support both as a key shareholder and, also, as a lender, via the FY24 extension of RFG's senior debt arrangements to include an additional \$20m Facility B, a portion of which was drawn to fund the Beefy's transaction.

During FY24, we continued to focus on ESG, particularly discussed in our Sustainability Report released in May 2024. Among other things, that report detailed our revised approach to carbon calculation, to provide more appropriate baseline measurements to inform emissions reduction targets and future initiatives.

We also expanded our relationship with Rainforest Alliance, with over 97% of our FY24 domestic green coffee bean requirements now satisfied by certified coffee.

Additionally, in May 2024, the Company entered into a binding deed to settle the Michel's Patisserie class action. The settlement, which remains subject to Court approval, involves a dismissal of the proceeding without RFG making any admissions, nor any payment to the applicant, any class member or towards the applicant's or the litigation funder's costs of the proceeding.

With a focus on growth and an ambition to become a more consumer-led business, we approach the future with growing confidence in our strategy to deliver long-term stakeholder rewards.

On behalf of my fellow Directors, I'd therefore like to extend thanks and appreciation to our franchise partners, master franchise partners and team for their continuing efforts and commitment to ensuring our customers receive an exceptional product, service and experience. I would also like to thank each of you, our shareholders, for your ongoing support of the Company.

Yours sincerely

Peter George
Chairman of the Board

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CHIEF EXECUTIVE OFFICER'S REPORT

Strong performance in a very challenging retail market

Retail Food Group has delivered a strong financial result in FY24, successfully navigating a tough retail environment with resilient core brands and clear value propositions for our customers.

Group Financial Performance

Network Sales Growth of 0.3% on PCP

Acceleration of Network Sales in H2 +2.4% on PCP

CCB Network Sales Growth +3.0%

Revenue¹ Growth +12.9% on PCP

EBITDA² Growth +15.0% on PCP

1. Underlying Revenue is a non-IFRS measure not subject to audit. Underlying Revenue excludes restricted domestic marketing fund revenues and USA operations as for page V.

2. Underlying EBITDA is a non-IFRS measure not subject to audit. Underlying EBITDA excludes non-recurring, non-core costs of legacy legal matters, acquisition costs, restructuring costs and non-cash impairments and is inclusive of AASB15 and AASB16

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“In a tough macro environment, we are pleased to have delivered on the first year of our growth strategy whilst building organisational capability and culture.”

In 2024, we reset our corporate strategy to align with a clear growth agenda as we move towards becoming a more customer-led retail organisation.

This shift ensures that customer needs are central to our decisions better enabling us to deliver exceptional value and brand experiences. Work to consolidate our portfolio and strengthen our core brands will continue, ensuring the health of our franchise network remains our primary measure of success.

We continue to recruit key talent and strengthen our organisational capabilities. By building a robust and agile organisation, we are well positioned to achieve our ambitious objectives and deliver long-term value to our stakeholders.



A strong financial result that returns the Group to growth

We successfully delivered growth by focusing on enhanced customer experiences, building brand relevance and offering greater value to our customers.

The Café, Coffee, Bakery (CCB) segment represented 71% of total network sales and performed strongly as our core brands continue to demonstrate resilience in tough retail conditions. Leveraging key occasions, implementing bundle deals to drive transaction values, and benchmarking execution standards in store have been key to driving results.

Quick Service Restaurants (QSR) remains challenged with heavy competitor discounting impacting customer counts. Our focus in pizza remains on unlocking new occasions, offering 'feed the family' value offers and trend led product innovation. We have continued investment in our digital experience and protecting franchise partner profitability with growth in Rack 'em Bones across multiple channels.



A healthy network in growth

FY24 network results were underpinned by the quality of new stores, improvements in average weekly sales across the network and the launch of a multi-site operator (MSO) incentive program that encourages our best operators to own more stores.

We already have 20 sites committed under the new MSO incentive program, commencing from FY25. Additionally, we regained access to prioritised bank lending for Franchise Partners, providing a pathway for support.

Following the successful integration of the Beefy's business, we have launched our first new store in Ballina with further site opportunities under negotiation. Now at 10 company operated sites, Beefy's is an important part of our growth story over the next few years.

The company's combination of leading iconic brands and vertically integrated coffee, pies and sweet bakery goods, supported by an extensive distribution network, remains a significant strength across our network and creates great opportunities for business growth, improved financial performance and value creation for stakeholders.



Unlocking new revenue streams

Over the past year, we have invested in key capability to accelerate the deployment of technology to improve customer experiences and unlock new revenue opportunities. We have made significant progress to enable network rollout of updated POS, QR codes, digital kiosks, 3PA integration, delivery tracking in QSR, enhanced mobile app functionality and loyalty programs.

Outlook

We are excited to announce the evolution of our company that places our customer at the core of our purpose, with multiple growth drivers identified. Underpinned by new values to guide the way we behave, this is the start of a new chapter that will create an environment for success for all stakeholders.

Proudly, we announce the proposed change of our company with a purposeful and memorable new name that will be taken to shareholders at the AGM later this year for approval. Reshaping Retail Food Group into Savora Brands, we have a bold vision to be the most accessible, easy to operate and admired retail brand network and we invite you to grow with us.

On behalf of all the management team, I'd like to extend thanks to all our Franchise Partners, support office and retail teams, suppliers and shareholders for their ongoing passion, hard work and support. I look forward to working with you all as we continue to pursue profitable growth for our stakeholders.

Investing for the future

We recognise the importance of building a high performing team that translates into a highly capable and supportive community where our people and Franchise Partners are empowered and thrive.

In FY24, we continued to recruit key talent to accelerate the execution of our growth strategy and introduced new short and long-term variable remuneration structures with challenging targets to better align senior management with shareholder interests.



Matt Marshall
CEO

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“we have a bold vision to be the most accessible, easy to operate and admired retail brand network”

CASE STUDY

BEEFY'S PIES

ACQUISITION



Customer-centricity as a foundation for brand growth

Since Beefy's joined our brand portfolio in December 2023, our approach has been to deeply understand the Beefy's value proposition so that we can continue to build brand relevance, brand love and accelerate the growth in the brand's customer base and their experience.

Leveraging Retail Food Group's vertical integration in coffee, all Beefy's stores changed over to serving award-winning, Rain Forrest Alliance certified coffee in Q4, ensuring cost-efficiency and a more premium offer at the same price point for Beefy's loyal customers.

In Q4, the store network was upgraded to a new point-of-sale system that has opened access to third-party aggregators such as Uber, Doordash, and Menulog, and access to a new customer loyalty app, starting the transition of Beefy's guests from a paper-based system to a digital application. This will allow for personalized offers, value deals, and direct customer messaging.

Digital kiosks have been integrated into new store designs to elevate customer experience and help to drive up transaction value and loyalty sign-ups.

Topping off the end of a big first seven months post acquisition, Beefy's store footprint was extended with the opening of the first store in New South Wales. Ballina is a tourist hot-spot location, with a strong local community.

The launch generated extensive local media coverage and a big opening week, and there is more to come in FY25 as we look to extend our store locations in line with customer demand for the brand.

\$10.0m
ACQUISITION
CONSIDERATION

\$1.7m
EBITDA CONTRIBUTION
SINCE 11 DECEMBER 2023

\$10.1m
REVENUE
SINCE 11 DECEMBER 2023

15
GOAL TO GROW
TO 15 STORES BY
END OF FY25 (FROM 9)



Customer at the core of our purpose

We are evolving our organisation to be closer to our customers, focusing on elevating customer experience to drive growth and increase franchise partner profitability.

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PURPOSE

We strive for a positive customer experience in everything we do.



VISION

To be the most accessible, easy to operate, and admired retail brand network.



MISSION

To build a positive, supportive community where our people and franchise partners are empowered and thrive.



CORE VALUES

ACT WITH INTEGRITY

We always look to do the right thing by our employees, franchise partners, customers, investors, suppliers, our business and the world we live in.

STAND TALLER TOGETHER

We are passionate about the work we do, the people we partner with, the way we collaborate, and what we stand for.

MAKE IT EASIER

We make business accessible and easier for our franchise partners, who we support with our expertise and care. Together we aim to deliver 'Success. Made. Simple.'

MAKE IT HAPPEN

We embrace innovative ways of working for a brighter tomorrow, creating unstoppable momentum that delivers results.

OWN IT

We understand what is required of us and we are empowered and accountable to move with speed for positive impact.

Leading to a new identity and name

We spoke to a range of people across our key stakeholder groups: Team Members, Board Members, Franchise Partners, and Business Partners.

**RETAIL
FOOD
GROUP**



**SAVORA
BRANDS**

This change marks an important milestone in our company's evolution, reflecting our commitment to a clear purpose: to strive for positive customer experiences in everything we do. The new name, Savora Brands, symbolises our forward-looking vision and dedication to building on our strong retail brand heritage while pursuing growth and innovation.

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OUR GROWTH STRATEGY FRAMEWORK

PURPOSE

VISION

MISSION

OUR STRATEGIC GROWTH DRIVERS

OUR VALUES

ESG COMMITMENT & PILLARS

Our Growth Strategy

During FY24, Retail Food Group undertook a holistic review of its market, brands, partners, customers and supply chain to reset our growth Strategy. This resulted in a clear need to refresh the Company's Purpose, Vision and Values, leading to a reframing of our strategic growth drivers as the Company transitions out of turnaround and into growth. The refresh was led by the Executive Leadership Team, with involvement from a cross functional working group from members of our Board of Directors, Team members representative of all functions and levels across the business, and our Franchise Partners, to ensure the reset encapsulated the voices of our stakeholders. This was critical to underpin the culture of the organization, and support Retail Food Group's growth strategy.

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We strive for a positive customer experience in everything we do.

To be the most accessible, easy to operate, and admired retail brand network.

To build a positive, supportive community where our people and franchise partners are empowered and thrive.



GREAT CUSTOMER EXPERIENCES

We strive for a positive customer experience in everything we do by building brand relevance, delivering elevated experiences and driving insight led innovation.



A HEALTHY NETWORK

The health of our Franchise Partner network is a fundamental driver of success underpinned by the strength of the unit economics in each brand.



ACCELERATED TECH SOLUTIONS

Investment in technology to unlock omni channel opportunities, enhance the customer experience and access new revenue streams.



GROWTH FOCUSED

Focus on attracting the right partners with accessible, easy to operate brands that are capital light and have the potential for network scale.



HIGH PERFORMING TEAM

A highly capable and supportive community where our people and franchise partners are empowered and thrive.

Act with Integrity

Stand Taller Together

Make it Easier

Make it Happen

Own it

Inspiring towards a healthy and prosperous planet and people

Environmental Protection

Responsible Sourcing

Excellence in well-being

Healthier customers & communities

Ensuring a prosperous Savora

MAJOR HIGHLIGHTS : DELIVERING VALUE TO THE CUSTOMER

In a challenging retail market with constrained consumer spending, value deals have been essential for driving customer count and increasing transaction value across our brands.

We have avoided the discounting approach favoured by some of our competitors, and instead focused on shopper deals that have delivered higher transaction values, helping to maintain sales volumes and profitability in tough economic conditions.

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B EVERYDAY VALUE MEAL **ONLY \$13.95**
valued up to \$17.90

- ✓ ANY Award Winning lunch size Pie (incl. GF)
- ✓ Reg Hot Chips (GF)
- ✓ ANY 390ml Coca-Cola variety or Med Coffee

BEEFY'S

Coca-Cola
NO SUGAR

GOLD GOLD GOLD

6 HOT CINNIS

for **\$6**

CINNAMON DONUT 767KJ

LIMITED TIME OFFER

donutking.

THE AVERAGE ADULT DAILY ENERGY INTAKE IS 8700KJ

Terms and conditions apply. Six (6) cinnamon donuts for \$6.00 only. Not valid with any other offer including DK Rewards Program and Seniors Cards. Limited time only. While stocks last. Only available at participating Donut King stores.

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MAJOR HIGHLIGHTS : ON TREND PRODUCT INNOVATION

Menu Innovation

This year, we've committed to a customer-led innovation journey. By focusing on Innovation Platforms across all our brands, we've realigned our approach to reflect key consumer trends and needs, ensuring a more focused approach to our product launches and range upgrades. Although these changes are in their early stages, we've already achieved several successful launches, especially in the latter half of the financial year.

Capitalising on the "sweet spicy" trend in savory foods, Crust successfully elevated key products in their menu with the Classics With a Twist limited time offer campaign. This included customer-trending flavours like hot honey and tropical spice. The popularity of the Pepperoni Nouveau led to a second LTO for this variant.

Gloria Jean's Flavour of the Month cold beverages have gained momentum with trendy flavors like Crème Brulee, Pavlova, and our popular Biscoff collaboration (more on page XXII). Responding to the consumer shift towards healthier options, we partnered with franchisees to develop and trial Acai innovations. The successful trial has paved the way for a national rollout in FY25.



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MAJOR HIGHLIGHTS : WINNING KEY OCCASIONS

A focus on winning key occasions, such as Christmas, Easter, State of Origin and National Donut Day has continued to drive success for our Franchise Partners. These events attract higher shopper spending, offering opportunities to boost revenue and attract new customers. Compelling product innovation, effective promotions and tailored offerings during these times help create brand affiliation and customer loyalty in a competitive market.



Key occasion and season LTOs continue to be a customer favourite for the Donut King brand. The major campaign of the year, Home of the Hot Cinnamon Donut for National Donut Day saw the brand give away 95,379 cinnamon donuts for free to the delight of our customers. The campaign repeatedly drives strong customer count and higher ATV across our stores and continues to build awareness for the brand and its iconic hot cinnamon donut.



MAJOR HIGHLIGHTS : ACCELERATING TECH SOLUTIONS

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Over the past twelve months, we have continued to roll out further digital integration across our Donut King and Gloria Jean's outlets, allowing for greater ease of table ordering for our customers.

A successful kiosk trial was undertaken in two of our Gloria Jean's stores in Victoria, and following refinements to the menu set up, we have begun integrating the technology into our new store designs and some store refurbishments where space permits. Our Beefy's Ballina store was the first to have two new kiosks included in the build, along with digital screens in the window to allow for dynamic menu and brand content displays.

We launched our online ordering platform for our Rack 'em Bones and Ribs brand, which is integrated with our TASK POS system. This allows the brand to extend into own delivery and other 3PA providers, increasing customer access to our brand.

We are prioritising the alignment of our technology and channels to cater to the diverse ways our customers prefer to shop, ensuring seamless follow-through on their interactions with our brands.



MAJOR HIGHLIGHTS : BRAND PARTNERSHIPS

Brand partnerships have been vital for enhancing our brands' market reach, boosting credibility, driving innovation, and creating value for our franchise partners and their customers.

It was another big year of partnerships for our Donut King brand, launching successful campaign partnerships across skincare, jewellery, FMCG and cinema with:

- Bondi Sands
- By Charlotte
- Twisties
- Mean Girls

Donut King's brand partnerships focus on surprising and delighting our customers, creating unexpected yet fun activations that garner significant reach across mainstream media and social channels.

Capitalising on the global Biscoff® trend, the Gloria Jean's team launched the most successful Flavour of the Month LTO to date with the addition of the Biscoff® Chiller. The success of this initiative has resulted the negotiation of a global agreement with the Biscoff® brand as we progress towards a permanent menu offer in FY25.

Season two of Foxtel's House of the Dragon saw the Crust team align with the launch and Foxtel customers to offer a free pizza.

Brand partnerships will continue to form an important part of our strategy in FY25.



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MAJOR HIGHLIGHTS : CHARITY PARTNERSHIPS

Strategic brand partnerships with charity organisations are essential for aligning with our ESG agenda for Healthier Communities. Through our charity partnerships, we aim to help address social and environmental challenges more effectively, leveraging our resources and influence for greater impact. These partnerships demonstrate our commitment to corporate social responsibility whilst helping to enhance our brand's reputation and build trust with consumers.

Our partnerships in FY24 also provided opportunities for employee engagement and community involvement, fostering a sense of purpose and unity within the company. Ultimately, aligning with charity partners helps Retail Food Group and our brands contribute to the well-being of communities.

For the third consecutive year, Brumby's partnered with Movember to support men's health. In FY24, we increased our investment by donating \$1 from every Mo Loaf sold, raising a total of \$75,000. This brings the total amount raised over the past three years to \$200,000.

In partnership with our Donut King brand, members of our Retail Food Group team and some of our Franchise Partners joined the MS Queensland team to support their Brissie to Bay charity ride on 9th June, helping to raise awareness and vital funds for people living with Multiple Sclerosis and other neurological conditions.

Along with a team of over 40 cyclists in full pink Donut King kits, a second team came together to build the world's largest donut wall. By 8am, the team had broken the Official GUINNESS WORLD RECORDS title by individually hanging 5,365 of Donut King's iconic strawberry and chocolate glazed donuts.

Wrapping up the end of a strong partnerships' year, Beefy's once again launched their limited-edition Big Queenslander Pie, this time joining the Sunshine Coast's 92.7 MIX FM Give Me 5 campaign. The activation raised \$25,000 to provide help for critically ill children and adults.





CASE STUDY

DONUT KING OCCASIONS

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Investing in Donut King to extend Category Leadership

Our Donut King brand continues to lead the donut category in Australia,¹ but changing consumer shopping habits and store availability meant that 42.9% of customers who desired to shop with the brand, could no longer easily do so.

With a commitment to quality and fun and a mission to bring more joy to Aussies of all ages, Donut King Occasions was born. Prioritising customer experience across all touchpoints, we worked closely with our partners to create a spectacular online experience to ensure that our customers' favourite donuts could be delivered for any occasion.

- Donut King Occasions enables our Franchise Partners to meet the customer outside of the traditional shopping mall location
- Donut King Occasions will be distributed to customers using our nationwide network of over 200 stores as mini factories

- We've created an incremental revenue stream for our Franchise Partners, with no additional rent and minimal incremental labour
- Our website uses an algorithm to consider distance, store capacity, and available products to minimise delivery costs
- RFG is responsible for website, customer service and delivery management via third party partners for which we earn an ecommerce fee alongside standard franchise and marketing fees
- Consumer pricing is competitive, staying true to our mainstream brand proposition as we don't need an expensive new factory or separate labour shifts

The launch is scaling to Australia-wide in early FY25, and will be supported with a national marketing campaign, ongoing activation calendar and innovation pipeline as we bring our delicious donuts to more customers.

1. Circana CREST®, Australia, Year End Jun 2024

2. Stellar Market Research, Brand Health Tracking, Q1 FY24, n=508



Julie Woodall
Network Development Manager - Property



Tom Elliott
Head of Company Store Operations

Executive Leadership Team



Matt Marshall
Chief Executive Officer



Khloe Caneris
Head of People and Culture



Jason Lyons
General Manager - Operations, Beefy's Pies



Adam Bailey
Chief Information Officer



Rob Shore
Chief Financial Officer



Tanya Watt
Chief Marketing Officer



Ryan Chellingworth
Deputy Chief Financial Officer



Mark Connors
Director of Corporate Services and Company Secretary

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From left to right:
Jacinta Caithness, Peter George,
Michael Bulley, Kerry Ryan, David Grant

CORPORATE DIRECTORY

Directors	Peter George Non-Executive Chairman
	David Grant Independent Non-Executive Director
	Kerry Ryan Independent Non-Executive Director
	Michael Bulley Non-Executive Director
	Jacinta Caithness (Appointed 25 September 2023) Independent Non-Executive Director
Company Secretary	Anthony Mark Connors
Registered office	Level 11, 2 Corporate Court Bundall QLD 4217
Principal place of business	Level 4, 35 Robina Town Centre Drive Robina QLD 4226
Share register	Computershare Investor Services Level 1, 200 Mary Street Brisbane QLD 4000
Solicitors	Arnold Bloch Leibler Level 21, 333 Collins Street Melbourne VIC 3000
Auditors	KPMG Heritage Lanes, Level 11, 80 Ann Street Brisbane QLD 4000
Bankers	Commonwealth Bank of Australia Level 8, Commonwealth Bank Place South 11 Harbour Street Sydney NSW 2000
Stock exchange listing	Retail Food Group Limited (ASX: RFG) shares are listed on the Australian Securities Exchange
Website address	www.rfg.com.au



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DIRECTOR'S REPORT

Information about the Directors

The Directors of Retail Food Group Limited ('RFG', 'Group' or 'Company') present the Annual Report of the Company for the financial year ended 28 June 2024 in accordance with the provisions of the Corporations Act 2001.

Information about the Directors

Name	Particulars
 Peter George Non-Executive Chairman Bachelor of Commerce / Bachelor of Laws	Non-Executive Chairman, Bachelor of Commerce/Bachelor of Laws. Mr George joined the Board of RFG as a Non-Executive Director on 25 September 2018. He was appointed Executive Chairman on 7 November 2018, and subsequently assumed CEO responsibilities on 3 December 2018. On 1 July 2023, CEO duties were relinquished upon the appointment of Matthew Marshall as CEO. Effective 1 July 2024, Mr George transitioned from Executive Chairman to Non-Executive Chairman of RFG. Mr George has had a successful 30-year career as a senior executive and Non-Executive Director, including extensive professional experience of corporate turnarounds. Mr George was recruited to the Board as a turnaround specialist and has previously led the restructuring and merger of PMP Limited as Managing Director from 2012-2017. Mr. George served as Executive Chairman of Nylex Limited from 2004-2008, and Managing Director of B Digital Limited from 2004-2006. Mr George was also a Non-Executive Director and Chair of the Audit and Risk Committee of Isentia Group Limited (between April and September 2021) and Asciano Limited (from 2007 – 2016), and a Non-Executive Director of Optus Communications from 1994 - 1998. He is currently Chairman of Booktopia Group Limited (in administration) (December 2022 to present).
 David Grant Independent Non-Executive Director Bachelor of Commerce (Accounting, Finance & Systems) Graduate of the Australian Institute of Company Directors and a member of Chartered Accountants Australia & New Zealand.	Independent Non-Executive Director, Bachelor of Commerce (Accounting, Finance & Systems), Graduate of the Australian Institute of Company Directors and a member of Chartered Accountants Australia & New Zealand. Mr Grant was appointed a Non-Executive Director on 25 September 2018. He is an experienced public company director with a broad financial and commercial resume. He is currently a Non-Executive Director of EVT Limited (formerly Event Hospitality and Entertainment Limited) and The Reject Shop Limited. Former directorships include A2B Australia Limited (where he also briefly served as Executive Chairman), iiNet Limited, Consolidated Rutile Limited and Murray Goulburn Cooperative Limited (including its associated listed unit trust). Mr Grant has deep experience chairing key board subcommittees, especially in relation to audit and risk, and assumed Chairmanship of RFG's Audit & Risk Management Committee contemporaneously with his appointment to the Board. He is also Chairman of RFG's Nominations & Remuneration Committee. Mr Grant's executive career included extensive food industry experience through a range of accounting, finance and commercial roles with Goodman Fielder Limited, including the position of Group M&A Director. He was also Chief Financial Officer of Iluka Resources Limited.

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Name	Particulars
------	-------------



Kerry Ryan

Independent Non-Executive Director
 Bachelor of Laws,
 Bachelor of Arts,
 Fellow of the Australian Institute of Company Directors, Fellow of the Governance Institute of Australia.

Independent Non-Executive Director, Bachelor of Laws and Bachelor of Arts, Fellow of The Australian Institute of Company Directors, Fellow of the Governance Institute of Australia. Ms Ryan was appointed to the Board on 27 August 2015. She is an experienced Non-Executive Director and committee chair spanning commercial, government and not-for-profit sectors and a diverse range of industries, with a focus on consumer organisations. Ms Ryan has over 20 years' experience as a commercial lawyer in Australia and Asia, including as the recipient of an Austrade Business Fellowship to Indonesia. She is a former corporate and commercial partner at international law firm, Norton Rose Fulbright, where she worked predominantly in the consumer markets area and with many well-known retail food and beverage brands.

Ms Ryan's current roles include Independent Chair of Go-To Enterprise Holdings Pty Ltd, Non-Executive Director of A.G Coombs Group Pty Ltd, Vice President and Non-Executive Director of Kids First Australia and Independent Member of the Parliament of Victoria Audit and Risk Committee. Previous board roles include Richmond Football Club, CPA Australia, Aligned Leisure (a subsidiary of the Richmond Football Club that manages its fitness and recreation business and its vocational education arm, the Richmond Institute of Sports Leadership) and Mental Health First Aid international.



Michael Bulley

Non-Executive Director

Non-Executive Director, Mr Bulley was appointed to the Board on 13 March 2023. Mr Bulley holds extensive retail and small business experience. Having established his first business venture, an independent donut shop, in 1989, he grew that business to four stores over the following decade. He then identified enhanced scope for business growth under the Donut King brand system, and in 2002, commenced conversion of his stores to Donut King. Since that time, Mr Bulley has opened six new Donut King stores, and has reinvigorated a further six outlets across multiple RFG Brand Systems. He was also a founding member of the Donut King Franchise Advisory Council and is a qualified pastry chef. He is passionate about developing systems and processes to improve retail business performance, whilst empowering young team members to achieve success within his retail store portfolio.



Jacinta Caithness

Non-Executive Director
 Bachelor of Commerce

Independent Non-Executive Director; Bachelor of Commerce; Jacinta was appointed to the Board on 25 September 2023. She has over 20 years' experience in the retail industry and has worked with some of Australia's leading brands. She developed the franchise strategy and recruitment methodology for Boost Juice and Salsas at Retail Zoo, appointing over 160 franchisees within the domestic network over a five-year period. Later, as CEO International and Board member, Jacinta expanded the Boost business globally with the appointment of 18 master franchisees across 36 countries on 5 continents. Jacinta's achievements have been recognised independently with several awards, including AFR Boss Young Executive of the Year and Telstra Young Businesswoman of the Year. She is an experienced Non-Executive Director having served on the boards of Ventura Bus Lines (2016-2024) and ASX listed Silk Laser Australia Limited (April 2022 until its acquisition by Wesfarmers in November 2023). Jacinta also serves on the Advisory Boards for Keiser Australia and Hattch, and was formerly a member of the Advisory Boards established by Schnitz, Empty Esky and Fuse Recruitment.

DIRECTOR'S REPORT

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Directorships of other listed companies

Directorships of other listed companies held by Directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of Directorship
Peter George	Isentia Group Limited	15 April 2021 to 1 September 2021
	Booktopia Group Limited (in administration)	1 December 2022 to present
David Grant	EVT Limited (formerly Event Hospitality and Entertainment Limited)	25 July 2013 to present
	The Reject Shop Limited	1 May 2020 to present
	A2B Australia Limited	2 June 2020 to 3 October 2022
Jacinta Caithness	Silk Laser Australia Limited	27 April 2022 to 29 November 2023

Directors' shareholdings

The following table sets out each Director's relevant interest in shares of the Company as at the date of this report:

Name	Fully paid ordinary shares Number
Peter George	16,565,000
David Grant	2,190,000
Kerry Ryan	1,377,079
Michael Bulley	827,767
Jacinta Caithness	0

Remuneration of Directors and Key Management Personnel

Information about the remuneration of Directors and Key Management Personnel is set out in the Remuneration Report of this Directors' Report.

Share options granted to Directors and Senior Executive Management

During and subsequent to the end of the financial year, there were no share options granted to the Directors or senior executive management of the Company as part of their remuneration.

Performance Rights granted to Directors and Senior Executive Management

During the financial year, there were no performance rights granted to the Non-Executive Directors, or the Executive Chairman, as part of their remuneration.

Senior Executive Management of the Company were granted performance rights in connection with their remuneration. See the Remuneration Report within this Directors' Report for further information on the issue of Performance Rights.

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Directors' meetings

During the financial year, 12 Board meetings, 6 Audit & Risk Management Committee meetings and 4 Nominations & Remuneration Committee meetings were held. The number of Directors' meetings, including meetings of standing Committees of Directors, held during the financial year and the number of meetings attended by each Director (where eligible to attend) is as follows:

Name	Board of Directors		Audit & Risk Management Committee		Nominations & Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended
Peter George	12	12	6	6	4	4
David Grant	12	12	6	6	4	4
Kerry Ryan	12	12	6	5	4	4
Michael Bulley	12	12	-	-	-	-
Jacinta Caithness ⁽¹⁾	9	9	-	-	-	-

1. Since the appointment of Ms Jacinta Caithness on 25 September 2023 the Board held 9 meetings which she was eligible to attend. Mr Bulley nor Ms Caithness are members of either the Audit & Risk Management Committee or Nominations & Remuneration Committee.

Company Secretary

The Company Secretary is Anthony Mark Connors. Mr Connors was appointed Company Secretary on 26 April 2006, having prior to that time acted as the Company's Legal Counsel. Mr Connors also holds the role of Director of Corporate Services.

Corporate Governance

The Company recognises the importance of good corporate governance both to RFG shareholders and also to the broader stakeholder community including franchise partners, regulators and consumers. The Company's practice is to publish its Corporate Governance Statement, which details the Company's observance of the Corporate Governance Principles & Recommendations (4th Edition), via the Australian Securities Exchange (ASX) and RFG's website at www.rfg.com.au when releasing the Company's Annual Report.

Principal activities

The Group's principal activities during the course of the year were:

- Intellectual property ownership of the Donut King, Brumby's Bakery, Crust Gourmet Pizza Bar, Rack 'em Bones BBQ Ribs, Beefy's Pies and Gloria Jean's Coffees Brand Systems;
- Development and or management of the Donut King, Brumby's Bakery, Crust Gourmet Pizza Bar, Rack 'em Bones BBQ Ribs, Beefy's Pies and Gloria Jean's Coffees Brand Systems throughout the world, whether directly managed and/or as licensor for all Brand Systems;
- Management of coffee roasting facilities, and the wholesale supply of coffee and allied products to the Group and third-parties; and
- Management of pie and baked product manufacturing facilities, and the wholesale supply of products to the Group and third-parties.

There were no significant changes in the nature of the Group's principal activities during the course of the financial year.

DIRECTOR'S REPORT

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Important information

This Directors' Report contains forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events and future financial prospects. Forward looking statements include those containing words such as 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan', 'consider', 'foresee', 'aim', 'will' and other similar expressions. Such statements are not statements of fact and there can be no certainty of outcome in relation to the matters to which the statements relate. Forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause actual outcomes to be materially different from the events or results expressed or implied by such statements, and outcomes are not all within the control of RFG. Statements about past performance are not necessarily indicative of future performance.

Neither RFG nor any of its subsidiaries, affiliates and associated companies (or any of their respective officers, employees or agents) (the 'Relevant Persons') make any representation, assurance or guarantee as to the accuracy or likelihood of fulfilment of any forward-looking statement or any outcomes expressed or implied in any forward-looking statement. The forward-looking statements in this Directors' Report reflect views held only at the date hereof and except as required by applicable law or the ASX Listing Rules, the Relevant Persons disclaim any obligation or undertaking to publicly update any forward-looking statements, or discussion of future financial prospects, whether as a result of new information or future events.

This Directors' Report refers to RFG's financial results, including RFG's statutory performance and underlying performance. RFG's statutory performance contains a number of items that when excluded provide a different perspective on the financial and operational performance of the business (underlying performance). Underlying EBITDA is a non-IFRS financial measure and excludes the impact of certain items consistent with the manner in which senior management reviews the financial and operating performance of the Group's business. Each underlying measure disclosed has been adjusted to remove the impact of these items on a consistent basis. A description of the items that contribute to the difference between statutory performance and underlying performance is provided in the Group Operational Review within this report.

Certain other non-IFRS financial measures are also included in this Directors' Report. These non-IFRS financial measures are used internally by management to assess the performance of RFG's business and make decisions on allocation of resources. Non-IFRS measures have not been subject to audit or review. Certain comparative amounts from the prior corresponding year have been re-presented to conform to the current year presentation.

Unless otherwise specified, all operational metrics (including Same Store Sales (SSS), Customer Count (CC), Average Weekly Sales (AWS) and Average Transaction Value (ATV) provided in this Directors' Report are based on unaudited reported sales by franchisees and RFG amongst outlets 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 franchisees and RFG against same stores trading a similar number of weeks during the comparable preceding period (as the case may be).

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Operating and financial overview

Item	FY24	FY23	Change
Revenue	\$132.0m	\$120.3m	9.7%
Revenue Adjustments⁽¹⁾	(\$17.1m)	(\$18.5m)	(7.6%)
Revenue (Underlying)⁽¹⁾	\$114.9m	\$101.8m	12.9%
EBITDA	\$21.7m	\$3.1m	611.3%
EBITDA Adjustments⁽¹⁾	\$7.5m	\$22.3m	(66.6%)
EBITDA (Underlying)⁽¹⁾	\$29.2m	\$25.4m	15.0%
NPAT	\$5.8m	(\$8.9m)	187.6%
NPAT Adjustments⁽¹⁾	\$7.6m	\$22.3m	(65.9%)
NPAT (Underlying)⁽¹⁾	\$13.3m	\$13.4m	(1.0%)

1. These figures are not subject to audit or review. A reconciliation of Underlying to Statutory results is presented in the Group's FY24 Results Presentation accompanying these financial statements. Underlying EBITDA and NPAT excludes the impact of transformation, acquisition and legacy legal matters, impairment charges and Marketing funds.

Group Overview

During the year, RFG's new management team executed on a wide range of growth initiatives. Key highlights included:

- Our network sales grew 0.3% on FY23 to \$503.9 million, and whilst a modest growth outcome this came in challenging retail conditions. Growth in our Café, Coffee, Bakery ('CCB') segment of 3.0% (growth of \$10.3 million) offset a challenging result in our Quick Service Restaurants ('QSR') segment which declined 5.9% (down \$8.9 million).
- Group Same store sales (SSS) growth of 1.3% on the prior comparative period, includes the contribution of Rack 'em Bones BBQ Ribs which trade through the existing QSR segment and excludes Beefy's Pies, acquired 11 December 2023. Customer count was challenging due to the weaker macroeconomic environment, offset by the full year impact of price management actions taken in FY23.
- During the year we delivered a net increase of 42 outlets, versus FY23 which saw a net decline of 17 outlets, delivering domestic net outlet growth for the first time in a number of years. We closed the period with 741 domestic trading outlets with Donut King now exceeding 200 domestic outlets and Gloria Jean's exceeding 600 outlets worldwide. Whilst growth in outlet numbers was pleasing, we saw improvements in Average Weekly Sales ('AWS') of 5.3% which continues to demonstrate the improving quality of the network, particularly in CCB (up 9.0%).
- The Beefy's acquisition was completed on 11 December 2023 for a total consideration of \$10.0 million and contributed EBITDA of \$1.7 million in just over six months of ownership. The business continues to perform ahead of expectations with the launch of the first new store since mid 2021 in Ballina, NSW. Post acquisition, we have delivered on key synergies including in-sourcing coffee supply, transition of key contracts and extension of the market leading Gluten Free pies into our Brumby's network.
- In late June 2024, we launched our latest eCommerce platform, Donut King Occasions. The new platform leverages our national footprint with no additional rent and minimal additional labour to drive incremental volume to our franchise partners in the donut delivery market.

DIRECTOR'S REPORT

CONTINUED

- We have commenced a project to consolidate non-core brands into the larger, stronger brand systems including our mobile brands Café2U and The Coffee Guy which will convert to Gloria Jean's.
- We strengthened our Board with new Non-Executive Director, Jacinta Caithness, who brings over 20 years experience in retail with particular expertise in franchise strategy. We strengthened the management team with new Chief Marketing Officer, Tanya Watt and new Chief Information Officer, Adam Bailey. Tanya brings over 25 years experience in blue chip multinational companies covering brand and marketing management, sales and category management and new product development and launch. Adam brings over 30 years experience across a diverse range of industries in enterprise and global scale corporate information technology environments.
- To ensure we are able to motivate, retain and recruit talented senior managers and executives who can deliver challenging business objectives, we have introduced short and long term variable remuneration structures with challenging targets to better align the management team with shareholder interests.
- We continued to execute on our company store strategy, now operating 53 outlets (up from 31 outlets at 30 June 2023) alongside a further 10 retail stores we operate under the Beefy's brand. During FY25, we anticipate company store growth to be focused on the Beefy's brand.
- One benefit of our company stores is the ability to trial new concepts and during the period we converted two Michel's Patisseries in Wynnum and Toowoomba, Queensland, to Gloria Jean's. Both Gloria Jean's outlets are now trialling Beefy's pies as a grab and go concept.
- Having driven growth in the first half through a focus on company stores, we expect to see an increase in franchise partner new outlet growth in the next 6 months. We are particularly focused on working with existing or high potential multi-site operators (MSOs) in accelerating our growth. We have agreed four development plans with existing MSOs for growth of five stores each in the next three years supported by RFG capital contributions. This pipeline of 20 outlets is expected to perform ahead of the brand AWS providing the Group with strong financial returns.

The Group reports under two segments as follows:

- Café, Coffee, Bakery ('CCB') which is approximately 71% of Group network sales incorporating Gloria Jean's Coffees, Donut King, Brumby's Bakery, Beefy's Pies, Café2U, The Coffee Guy, Michel's Patisserie and Di Bella Coffee; and
- Quick Service Restaurants ('QSR') which is approximately 29% of Group network sales and incorporates Crust Gourmet Pizza Bar, Pizza Capers Gourmet Kitchen, and Rack 'em Bones BBQ Ribs.

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Cafe, Coffee, Bakery ('CCB')

Item	FY24	FY23	Change
Domestic Network Sales	\$359.8m	\$349.4m	3.0%
Same Store Network Sales	\$322.2m	\$307.1m	4.9%
Average Weekly Sales	\$15.8k	\$14.5k	9.0%
Domestic Trading Outlets	493	504	(11)
Customer Count	37.3m	38.3m	(2.8%)
Average Transaction Value	\$9.65	\$9.11	5.9%
Underlying Segment Revenue	\$102.6m	\$88.4m	16.1%
Network Sales: Revenue Conversion	28.5%	25.3%	3.2%
Segment EBITDA	\$24.8m	\$21.0m	18.0%

- CCB contributes approximately 71% of Group network sales with higher revenue conversion due to vertical integration of coffee and pie manufacturing.
- During FY24, we have seen a reduction in domestic trading outlets to 493, including growth in Donut King by 8 stores, the loss of 6 Brumby's outlets, the acquisition of 9 Beefy's outlets and the launch of a new Beefy's outlet in Ballina. Although the number of Gloria Jean's outlets declined by a net 6, the quality of outlets has improved significantly with AWS for that brand up 7.9%.
- A project to consolidate our brands has commenced with mobile brands converting to Gloria Jean's to strengthen franchise partners and concentrate efforts.
- Customer count was impacted by FY23 outlet closures and lower foot traffic in malls during a tougher economic environment, offset by the full year impact of pricing actions implemented in FY23.
- Despite economic headwinds, network sales were up 3.0% on the PCP alongside SSS growth of 4.9%.
- As expected, tougher first half comparatives were offset by the impact of newer, higher quality outlets opening in H2 which meaningfully contributed to the full year result. Second half segment network sales traded \$10.5m million ahead of 2HFY23 which provides a positive outlook.

Beefy's Pies continues to perform strongly post acquisition

- The Beefy's acquisition completed on 11 December 2023 and was consolidated from that date with strong trading and an EBITDA contribution of \$1.7 million included in the FY24 result.
- We have acted quickly to deliver synergies & growth opportunities with:
 - Beefy's transitioned to our lower cost Coca Cola pricing effective from 1 January 2024.
 - Gloria Jean's Wynnum & Toowoomba have commenced a trial of Beefy's manufactured pies in February 2024, opening new grab and go hot box opportunities.
 - The first new Beefy's outlet under RFG ownership was opened in Ballina in late June 2024 replacing a previously high performing closed Brumby's outlet. We expect to grow Beefy's to 15 outlets by the end of the FY25 year.
 - Supply of coffee into Beefy's through our vertically integrated roasting facility commenced in 2H24.
 - Beefy's transitioned to our point of sale system in Q4FY24 with the new technology unlocking 3PA, loyalty and app opportunities for FY25.
 - Beefy's has commenced supply of Gluten Free pies into our Brumby's brand in July 2024.

DIRECTOR'S REPORT

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Quick Service Restaurants ('QSR')

Item	FY24	FY23	Change
Domestic Network Sales	\$144.1m	\$153.1m	(5.9%)
Same Store Network Sales	\$134.4m	\$143.6m	(6.4%)
Average Weekly Sales ⁽¹⁾	\$18.7k	\$19.1k	(2.4%)
Trading Outlets	248	195	53
Customer Count	3.3m	3.7m	(12.6%)
Average Transaction Value	\$44.08	\$40.91	7.7%
Underlying Segment Revenue	\$12.3m	\$13.4m	(8.2%)
Network Sales: Revenue Conversion	8.5%	8.7%	(0.2%)
Segment EBITDA	\$4.4m	\$4.4m	0.5%

1. Average Weekly Sales for QSR is calculated using physical outlet numbers to more accurately reflect the benefit of Rack 'em Bones to the franchise partner

- QSR contributed approximately 29% of Group network sales with no vertical integration of product and six company store outlets which commenced trade late in the period.
- Competitors continued to use heavy discounting in a price war to chase volume and whilst we have lost customer count by not matching excessive discounts this has minimised the impact to franchise partner profitability.
- QSR is focused on protecting franchise partner profitability through growth in Rack 'em Bones and expansion of product range (burnt ends & cheesy crust).
- Rack 'em Bones has offset a significant proportion of the segment network sales loss and is now available in the majority of outlets. The next phase of growth will come from the release of a direct to customer eComm site completed in late 2H24 which expands our market opportunity beyond UberEats.
- Customer count has been impacted by competitor discounting and was particularly apparent during Christmas and New Year trading (weeks 26 & 27) which fell below PCP by \$0.5 million, down (7.2%).
- QSR Network Sales down \$14.2 million in pizza brands offset by \$5.3 million of sales through Rack 'em Bones.
- During FY24, Crust outlets grew by three, alongside rapid growth in Rack 'em Bones outlets (up 59) and offsetting a decline in legacy brand Pizza Capers outlets of 9.
- We have launched Crustworthy brand proposition as we continue to build product differentiation, invest in technology and drive customer acquisition.

Income statement

- During the year the Group improved both statutory and underlying income statement metrics. Whilst the Group considers underlying metrics give a clearer view of financial performance, statutory revenue increased to \$132.0 million, up 9.8% from \$120.3 million in FY23. Statutory Net Profit After Tax also improved to \$5.8 million, up from a loss position of \$(8.9) million in FY23.
- Underlying revenue grew 12.9% on PCP as company store revenue (including Beefy's) increased in line with a larger portfolio and offset lower franchise partner revenue.
- Company stores expenses, including Beefy's, grew \$9.1 million on the PCP with four walled EBITDA (i.e. excluding management costs) of (\$0.1) million loss. Beefy's continued to outperform our other brands and in FY25 company store growth will focus on the Beefy's brand whilst the remainder of our company stores focus on improving profitability.

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- Corporate payroll costs increased (\$2.1) million due to wage inflation and the implementation of a variable short & long term remuneration plan necessary to motivate, retain and attract high performers.
- Corporate rent declined in FY24 as we proactively managed dark sites through site exit or conversions and reopening which led to the release of onerous lease provisions and mitigates cash outflows in future periods.
- Underlying EBITDA of \$29.2 million up 15.0% on PCP.
- In FY24, as the Group transitioned to growth it is appropriate to re-assess the definition of Underlying EBITDA which excludes non-recurring costs of transformation, acquisitions and legacy legal matters, marketing fund movements and is inclusive of AASB15 and AASB16. Comparatives have been restated using the same methodology for ease of comparison.
- Adjustments between statutory EBITDA and underlying EBITDA declined significantly to \$7.5 million in FY24 (down 67% from \$22.3 million).

Balance sheet

- Cash reserves of \$20.6 million includes \$18.3 million of unrestricted cash (FY23 unrestricted cash: \$17.9 million).
- Inventory levels were stable at \$3.9 million including Beefy's inventory. We will continue to benefit from green bean coffee pricing locked in below market rates for the first half of FY25.
- Acquisition of Beefy's Pies for total purchase price of \$10.0 million, consisting of \$4.5 million in deferred consideration and \$5.5 million in cash. The transaction was financed by drawdown of \$5.0 million of debt funding. Facility B extension to debt facility gives future funding flexibility with \$15.0 million undrawn.
- Receivables were stable as cash collection efforts realised results and debtor transactions normalised. Underlying cash generation continues to be a key focus of management.

Cashflow

- Underlying Operating Cashflows as a % of EBITDA was 77% in the period. Underlying Operating Cashflows of \$22.5 million rose 93% on PCP.
- The acquisition of Beefy's Pies in December 2023 led to a \$5.5 million cash outflow, funded by an increase in borrowings of \$5.0 million.
- Capital expenditure of \$5.0 million was primarily used to expand the company store division to 53 outlets, launch a new Beefy's outlet in Ballina and develop new eCommerce channels (Donut King Occasions and Rack'em Bones BBQ Ribs).
- Lease payments of \$12.5 million increased \$0.7 million on PCP due to the acquisition of Beefy's, increase in the company store network and offset by the exit, conversion or reopening of a number of unused sites.
- The Group closed the period with cash on hand of \$20.6 million, including \$18.3 million of unrestricted cash reserves against drawn borrowings of \$25.0 million under the debt facility which matures in April 2026.

Provisions and contingent liabilities

Michel's Patisserie's Class Action

The Company, along with two of its related entities involved in the operation of the Michel's Patisserie brand system, has entered into a binding deed to settle the class action commenced against it and two of its related entities in the Federal Court of Australia (Court) in October 2021 by a former franchisee of the Michel's Patisserie brand system on behalf of certain Michel's Patisserie franchisees, former franchisees and their related parties ("class members").

The settlement, which remains subject to Court approval, involves a dismissal of the proceeding by the applicant without RFG making any admission or any payment to the applicant, to any class member or towards the applicant's or the litigation funder's costs of the proceeding. The settlement includes releases by the applicant and class members in favour of RFG and its related respondent entities. RFG has agreed to release applicable class members from historical debts alleged in the proceeding.

DIRECTOR'S REPORT

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Subsequent Events

There has not been any matter or circumstance occurring, in the reasonable opinion of the Directors, that may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Dividend

The Directors have resolved that no dividend will be declared or paid with respect to the FY24 period.

Environmental Regulations

The Company recognises the important role all businesses can play in positively influencing change within the environments and communities in which they operate.

Whilst the Group, due to the nature of its operations, is not required to be environmentally licensed nor is it subject to any material conditions imposed by an environmental regulator, specifically related to the Group or its operations. In circumstances where the nature of the Group's operations requires, the Group is committed to compliance with all prescribed environmental laws and regulations.

During FY21, the Group conducted its first materiality assessment on Environmental, Social and Governance (ESG) matters to identify those issues most important to its business and stakeholders, and to inform development of a framework to guide future development of the Group's sustainability initiatives.

During FY23, the Group established its ESG framework to provide a clear 'north star' for the future development of sustainability initiatives. This framework contemplates a commitment to 'Inspiring Towards a Healthy and Prosperous Planet and People' and is underpinned by five key pillars:

- Environmental protection and resource conservation;
- Responsible sourcing and care for our supply chain;
- Excellence in well-being across all of our people;
- Healthier customers, healthier communities; and
- Ensuring a prosperous RFG.

This framework has informed a number of activities, including engagement of climate change consultancies to help RFG track the Group's carbon footprint and inform a starting point for determining future steps as part of our ESG strategies, the adoption of the Group's Sustainable Packaging Policy, the Group's procurement of SEDEX membership and the redesign of its approach to supply partner onboarding and management, and proactive steps to improve the certification standards of green coffee beans used in the Group's coffee roasting business.

In FY24, the Group purchased 97% of its Australian operations' green coffee bean requirements as certified coffee. The Group remains committed to migrating the entirety of its green bean coffee requirements to 100% certified coffee as soon as practical.

In May 2024, the Group published its second Sustainability Report (available on the Company's website at www.rfg.com.au and on the ASX website) which further reinforced the commitments and actions referred to above whilst providing additional details in relation to a number of the ESG initiatives the Group has implemented to date.

In June 2023, the International Sustainability Standards Board (ISSB) released IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate Related Disclosures, which incorporate recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD). These standards are expected to be effective for the 2027-2028 reporting period for the Group.

Indemnification of Officers and Auditors

During the financial year, the Company entered into a contract insuring the Directors of the Company, the Company Secretary, and all executive officers of the Company and of any related body corporate against a liability incurred as a Director, Secretary or executive officer to the extent permitted by the Corporations Act 2001 (Cth). The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has also entered into agreements indemnifying the Directors, officers and certain other parties in respect of certain claims that may be raised against them relative to the operations of the Company, its former and current subsidiaries.

To the maximum extent permitted by the Corporations Act 2001 (Cth) these agreements indemnify those persons from liabilities incurred as a consequence of the acts of those persons.

The Company has not, otherwise, during or since the end of the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Non-audit Services

Details of the amounts paid or payable to the auditor for non-audit services provided by the auditor during FY24 are outlined in Note 32 to the financial statements.

The Directors are satisfied that the provision of non-audit services, during FY24, by the auditor, or by another person or firm on the auditor's behalf, is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 (Cth).

The Directors are of the opinion that the services, as disclosed in Note 32 to the financial statements, do not compromise the external auditor's independence, based on advice received from the Audit & Risk Management Committee, for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence, as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Auditor's independence declaration

The auditor's independence declaration is included on page 116 of the financial report.

Rounding of amounts

The Company is a company of the kind referred to in ASIC Corporations Instrument 2016/191 and, in accordance with that Class Order, amounts in the Directors' Report and the Financial Report are rounded off to the nearest thousand dollars, unless otherwise indicated.

DIRECTOR'S REPORT

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Business strategies and financial outlook

The Group continues to explore opportunities to facilitate effective and sustainable expansion via new outlets and inorganic growth opportunities. These opportunities include but are not limited to:

- Partnerships with landlords operating new retail formats such as fuel convenience drive-thru locations, including for multi-brand retail opportunities;
- Continued expansion of core brands Donut King, Gloria Jean's, Beefy's, Brumby's and Crust;
- Extension of vertical integration of product supply across our brands, including Beefy's;
- Further development of service offerings to our franchisee network, including Point of Sale and payment acquiring; and
- Leveraging existing physical outlets to harness virtual outlet opportunities, such as the FY24 launch of Donut King Occasions, to extend our Donut King locations beyond their traditional mall customers, increase market share and 'sweat' existing assets.

These initiatives form part of a broader roadmap that have been underpinned by four key principles:

- Franchisee first;
- Customer obsessed;
- People matter; and
- Future Focused.

As we evolve the culture of the organisation and develop a clear customer-led purpose, we have developed multiple growth drivers to guide our growth strategy:

- Great customer experiences - We strive for a positive customer experience in everything we do by building brand relevance, delivering elevated experiences and driving insight led innovation.
- A healthy network - The health of our Franchise Partner network is a fundamental driver of success underpinned by the strength of the unit economics in each brand.
- Accelerated tech solutions - Investment in technology to unlock omni channel opportunities, enhance the customer experience and access new revenue streams.
- Growth focused - Focus on attracting the right partners with accessible, easy to operate brands that are capital light and have the potential for network scale.
- High performing team - A highly capable and supportive community where our people and franchise partners are empowered and thrive.

The Group complements its strategic roadmap with a constant focus on marketing, new product development and efficiency improvements including technology deployment to drive profitability at an outlet level.

RFG seeks to maintain a resilient brand system portfolio well positioned to respond to an increasingly challenging trading environment influenced by inflationary and interest rate pressures, particularly on consumer discretionary spending.

The Company has a clear roadmap for driving sustainable growth and an experienced management team, led by the recently appointed CEO Matt Marshall and CFO Rob Shore.

The Directors consider that these important attributes, provide a firm platform to pursue further growth in FY25 and consistent long-term and sustainable profitability.

Key Risks

The Group is subject to material business risks that may impact prospects of current and future financial performance, including:

- 1. Safety & Quality** - there is a risk that consumers and employees may be harmed if food safety and quality is compromised or a health or safety incident arises. The safety of those impacted by the Group's operations is the Group's highest priority and this risk is addressed by an experienced franchise management team implementing robust food safety and sanitation practices, occupational health and safety practices, audit programs, customer complaint processes and supplier and franchise partner selection protocols and monitoring activities.
- 2. Compliance with Laws, Regulations and Undertakings** - there is a risk that regulatory interventions and changes in legislation would have a potential impact on the Group's performance, such as changes to the Franchising Code of Conduct and political instability in certain regions or intervention arising out of undertakings provided to regulators. This risk is addressed through continuous monitoring and assessment of the environments and regulations in which the Group's domestic and international franchise networks operate in, proactive management of enforceable undertakings and obtaining advice from external lawyers where required. There is also a risk that the Group's performance and reputation could be adversely impacted by wage employment law non-compliance within its corporate or franchise outlet network. Alongside appropriate internal controls, a suitable organizational structure, the Group also invests significant resources in maintaining a wage compliance framework to drive franchise network compliance with employment laws, including outlet audit activities.
- 3. Competition** - there is a risk of the Group being adversely affected by competition given its franchise network competes in several markets with considerably concentrated levels of competition in the Australian and international coffee and retail food sectors. This risk is addressed through strategic planning and close monitoring of the markets in which the Group's franchise networks operate.
- 4. Global Economic Factors** - there is a risk of continued significant inflationary and other macro-economic pressures on consumer behaviour having direct and indirect adverse impacts on the Group's financial and operating performance in both domestic and international franchise networks. This risk is being addressed through active monitoring and negotiations on supplier contracts and financial institutions with refinancing opportunities, and proactive retail pricing strategies.
- 5. Supply Chain** - there is a risk of disruption to the supply chain which could impact delivery of key ingredients efficiently and cost-effectively. This risk is addressed through proactive and constructive relationships with key suppliers; supplier evaluation and monitoring processes; forward-buying and inventory management; the use where possible of multiple suppliers to allow diversification of distribution routes; and regular monitoring and maintenance of coffee roasting infrastructure. The Group's response to the risk of modern slavery is also set out in its Modern Slavery Statements, the most recent of which is available on the Company's website at www.rfg.com.au.
- 6. Debt Facilities** - there is a risk that the Group may transfer ownership of secured assets in the event it breaches debt covenants or is unable to meet repayment obligations. This risk is addressed through having an experienced management team frequently reviewing and reassessing the Group's financial position to meet obligations.

DIRECTOR'S REPORT

CONTINUED

7. **Reputation** - there is a risk of reputational damage which could impact financial performance since the success of the Group and its brands is heavily influenced by reputation. This risk includes reputational risks associated with the Group's compliance and adherence to stakeholder expectations of RFG in relation to Environmental, Social and Governance ('ESG') expectations. This risk is addressed through having an experienced management team frequently reviewing and assessing the Group's operating activities.
8. **Intellectual Property** - there is a risk surrounding our ability to protect trade secrets, copyright, domain and business name registrations and trademarks. This risk is addressed through continuous monitoring and assessment of applications and renewals of registrations to minimise exposure to intellectual property risk.
9. **Data Security and IT** - there is a risk that the Group's IT infrastructure, systems and processes become vulnerable to certain threats, including hacking, data breaches and ransomware as the sophistication and frequency of cyber-crimes continue to increase. The Group manages this risk through information security processes and protections (including, for example, penetration testing and disaster recovery), and user training and education. The Group otherwise continually reviews its information technology systems to ensure that those systems will enable the Group to pursue its strategic plans.
10. **Third Party Food Delivery Platforms** - there is a risk associated with the Group's considerable reliance on food delivery platforms for certain brands within the network, in particular Crust Gourmet Pizza, Pizza Capers and Rack 'em Bones BBQ Ribs, with reasonable volume of orders processed via online food delivery platforms. The Group relies on operational efficiency and data security measures managed by these third-party online platforms, whilst also implementing initiatives to diversify these brand systems' consumer engagement activities.
11. **Franchisee Network Performance** - The Group's financial performance is dependent on the compliance levels and success of its existing and future master franchise partners and franchisees and the ability of the Group to grow network population and sales, including via successful corporate outlets, which in turn is influenced by the availability of suitable sites, the ability of the Group to negotiate acceptable lease terms and ability of the Group to attract quality new franchise partners and master franchise partners. This risk is reduced through execution of the Group's 'franchisee first' philosophy, a strong understanding of the benchmarked unit economics of individual retail brands (which includes, where appropriate, operating corporate stores which provide an early warning of operational challenges and an ability to trial new innovations for retail success), various operational activities (such as training and marketing initiatives) implemented to support the Group's franchise and corporate store network, loss prevention initiatives, and maintenance of an experienced and capable Growth Team to manage the Group's property portfolio and outlet growth strategy, and implementation of proactive credit management practices in connection with rental arrears owing by franchise parties where the Group is 'head on lease'.
12. **Changes in consumer behaviour** - there is a risk of failure to anticipate, identify and appropriately react to changing consumer trends, demands and preferences could impact the performance of the Group and its franchise network. This risk is managed by monitoring the consumer environment, implementation of effective consumer engagement strategies and new product development designed to meet the changing needs and expectations of consumers.
13. The COVID-19 pandemic demonstrated the potential material impact on the Group's operations of a global pandemic, including due to government mandated trading restrictions or evolving market dynamics (particularly amongst CBD and transport hubs precincts). The Group developed a variety of responses to COVID-19, including operational modifications at outlet level, financial support for franchise partners, supply chain management initiatives, deferment of non-essential expenditure, landlord engagement initiatives and workforce planning initiatives to reduce payroll costs.

14. the Group's ability to develop and grow is reliant on having the right mix of motivated and skilled talent in place. The Group mitigates these risks by implementing performance targets, reward and recognition programs; internal leadership and capability programs; employee benefits and assistance programs and an appropriate organisational structure.
15. The Group may from time to time be involved in legal proceedings or disputes, the outcome of which cannot be predicted with certainty and could be costly and damaging to RFG's reputation and business relationships, performance and financial position. Without limiting the foregoing, the Company and certain of its subsidiaries are parties to Federal Court of Australia representative proceedings, further details in respect of which are provided in Contingent Liabilities note recorded above.
16. **Climate Change** - The Group relies upon suppliers of food products sourced from agricultural products such as milk, flour, coffee and other raw ingredients. Adverse weather and climatic conditions including floods, bushfires, droughts and storms caused or contributed to by climate change may impact on the Group's ability to source these products if supply chain processes are impacted (refer Risk 5 above in relation to mitigating actions). There is also potential scope for physical impacts to RFG's outlet network, including from flood inundation or destruction from bushfires. The Group also recognises the important role all businesses can play in positively influencing change within the environments and communities in which they operate. In this respect, reference should be made to the various initiatives outlined under Environmental Regulations above.

REMUNERATION REPORT

The Directors present this Remuneration Report for the year ended 28 June 2024 (FY24), which forms part of the Directors' Report, and which outlines key aspects of the Company's remuneration policy and framework, and remuneration awarded to Retail Food Group Limited's Directors and senior executive management (together Key Management Personnel or KMP). It has been prepared in accordance with *The Corporations Act 2001 (Cth)*, *the Corporations Regulations 2001* and *AASB 124 Related Party Disclosures*. It also includes additional information and disclosures that are intended to enable a deeper understanding by shareholders of RFG's remuneration governance and practices.

This report contains the following sections:

Section	Page
People covered in this Report	20
Remuneration Overview	21
RFG's Remuneration Strategy, Policy and Framework	24
The Link Between Performance and Reward in FY24	34
Statutory Tables and Supporting Disclosures	35

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Dear Shareholders,

On behalf of the Board, I am pleased to present the Remuneration Report for FY24.

FY24 has been a year focused on the transition from turnaround into the acceleration of profitable growth opportunities for RFG and its stakeholders. During the year we welcomed new team members across all levels of the organisation who bring the skills and expertise which will drive our business forwards at an increasing pace. In order to attract the critical talent and new capabilities we require, in FY24 we have reviewed our remuneration structures to incentivise and align our team with shareholder interests.

Our new remuneration structure includes:

- (a) Fixed reward of competitive base salaries with annual reviews across the organisation intended to attract and retain employees;
- (b) Short Term Variable Reward ('STVR') plan based on a percentage of base salary subject to achievement of annual financial performance and personal objectives targets. The STVR is payable in cash and has been implemented throughout our full time, permanent employees; and,
- (c) Long Term Variable Reward ('LTVR') plan based on a percentage of base salary, subject to achievement of challenging absolute Total Shareholder Return ('aTSR') targets over a three year period. The LTVR is payable in equity for senior managers and executives.

The Board believes that the new structure strikes an appropriate balance of reward for achievement of challenging targets and alignment with shareholder outcomes.

During FY24, we delivered an impressive list of achievements including, but not limited to:

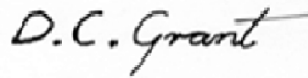
- growth of Rack'em Bones BBQ Ribs contributed to over 100 outlets with network sales for the year of \$504 million
- launched a new ecomm channel, Donut King Occasions, to drive growth in the delivered donut category and extend the brand beyond its traditional shopping centre base

- acquired Beefy's Pies in December 2023 and immediately executed on key synergies including:
 - (a) conversion of coffee to in-house supply;
 - (b) transition of Beefy's to our supply contracts where savings exist;
 - (c) transitioned Beefy's over to our point of sale system which will unlock new third party aggregator and app technology opportunities for FY25;
 - (d) opened a new store at Ballina in late June which is the first new Beefy's store in 3 years
- Opened 92 new outlets and completed 43 refurbishments including the conversion of two Michel's outlets to Gloria Jeans
- Management of our legacy brands commenced with the conversion of Cafe2U and The Coffee Guy into Gloria Jeans
- Development of a new corporate identity and values which, subject to shareholder approval at the AGM, will better represent the company's fresh and exciting future

Effective from 1 July 2024, Peter George transitioned from the role of Executive Chairman to the role of Non-Executive Chairman of the Board.

We ask for shareholders to show their support for the current remuneration framework, and its ability to align the interests of stakeholders in future periods at the 2024 AGM.

On behalf of the Nominations & Remuneration Committee, I thank you for your ongoing support of RFG and look forward to welcoming you to the 2024 AGM.



David Grant
Chair of the Nominations & Remuneration Committee

Remuneration Report Glossary

RFG	Retail Food Group Limited	EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation	FY23	Financial Year 2023
KMP	Key Management Personnel	NPAT	Net Profit After Tax	FY24	Financial Year 2024
NEDs	Non-Executive Directors	TFR	Total Fixed Remuneration	CEO	Chief Executive Officer
KPIs	Key Performance Indicators	CAAGR	Cumulative Average Annual Growth Rate	CFO	Chief Financial Officer
STVR	Short Term Variable Reward	TSR	Total Shareholder Return		
LTVR	Long Term Variable Reward	aTSR	Absolute Total Shareholder Return		
STI	Short Term Incentive	VWAP	Volume Weighed Average Price		
LTI	Long Term Incentive	FY21	Financial Year 2021		
SMIP	Senior Management Incentive Program	FY22	Financial Year 2022		

REMUNERATION REPORT

CONTINUED

1. People Covered in this Report

RFG has identified KMP which are defined as those who have the authority and responsibility for planning, directing and controlling the activities during the year ended 28 June 2024.

CURRENT NON-EXECUTIVE KMP

Name	Role	Appointed to Board	Audit & Risk	Nominations & Remuneration
Peter George	Non-Executive Chairman	25 September 2018	✓	✓
David Grant	Non-Executive Director	25 September 2018	C	C
Kerry Ryan	Non-Executive Director	27 August 2015	✓	✓
Michael Bulley	Non-Executive Director	13 March 2023	-	-
Jacinta Caithness	Non-Executive Director	25 September 2023	-	-

C = Chair of Committee

✓ = Member of Committee

CURRENT EXECUTIVE KMP

Name	Role
Matthew Marshall	Chief Executive Officer
Robert Shore	Chief Financial Officer
Anthony Mark Connors	Company Secretary, Director Corporate Services

FORMER EXECUTIVE KMP

Name	Role
Peter George ⁽¹⁾	Executive Chairman

(1) Former Executive Chairman, Peter George, transitioned to the role of Non-Executive Chairman of the Board, effective 1 July 2024

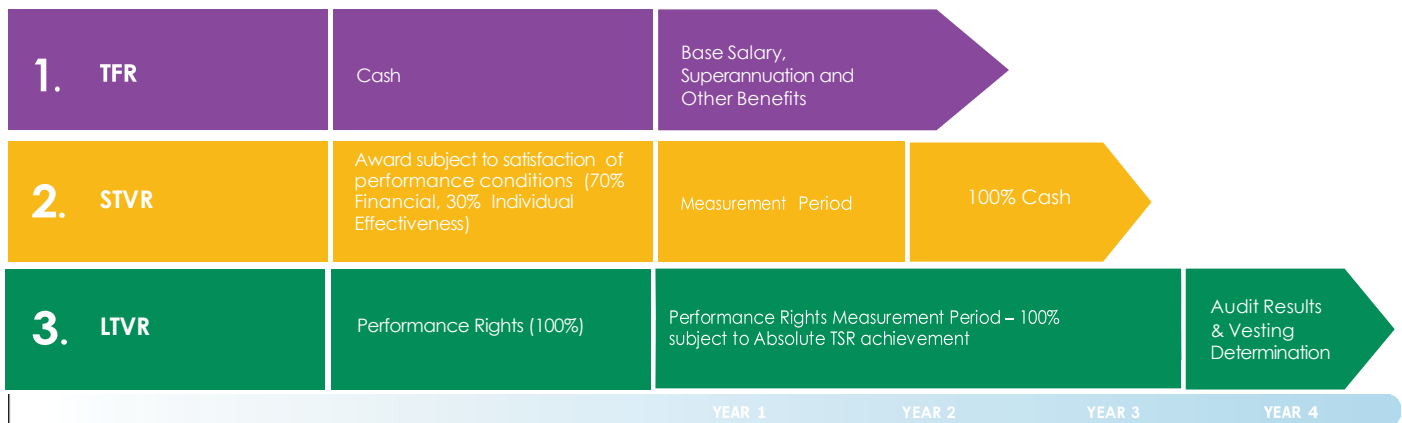
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2. Remuneration Overview

2.1 Executive Remuneration Structure at-a-Glance

The following diagrams outline RFG's approach to executive remuneration and the remuneration cycle under the framework applicable to FY24:

OBJECTIVE	ATTRACT, MOTIVATE & RETAIN TALENT	REWARD & INCENTIVISE CURRENT YEAR PERFORMANCE	REWARD LONG TERM SUSTAINABLE PERFORMANCE
Remuneration Component	1. Total Fixed Remuneration (TFR)	2. Short Term Variable Reward (STVR)	3. Long Term Variable Reward (LTVR)
Purpose	TFR is set in relation to the external market to attract and retain capable and experienced leaders to deliver RFG's strategy.	STVR rewards the achievement of annual performance for financial and non-financial targets. It provides appropriate differentiation of pay for performance and is based on business and individual performance outcomes.	LTVR supports alignment to deliver long-term business strategy and is consistent with company performance and shareholder return.
Delivery	Base salary, superannuation and other benefits.	100% Cash.	100% Performance Rights performance tested over a three year measurement period
Performance / vesting periods	Reviewed annually commensurate with role.	One year.	Three years.
Performance Measures	Informed by comparable ASX listed companies & executive market conditions.	Business Performance Measures: <ul style="list-style-type: none"> Financial Individual KPIs 	LTVR Performance Measures: TSR : 100%



- A gate applies to the STVR award such that FY24 Group Underlying EBITDA² (adjusted to remove the cost of variable remuneration) must be \$31.0m (equal to Threshold performance for Underlying EBITDA) in order for any award to become payable.
- EBITDA: Earnings before Interest, Tax, Depreciation and Amortization, calculated in line with the underlying EBITDA presented in the Group's financial results presentation typically excluding noncore adjustments such as acquisition expenses, major IT, corporate or growth projects as agreed by the Board of RFG at their discretion. For the purposes of performance assessment, the EBITDA target and outcome will be adjusted to exclude variable reward expenses incurred during the year.
- STIP Cash awards are generally awarded following the release of the audited Annual Report.

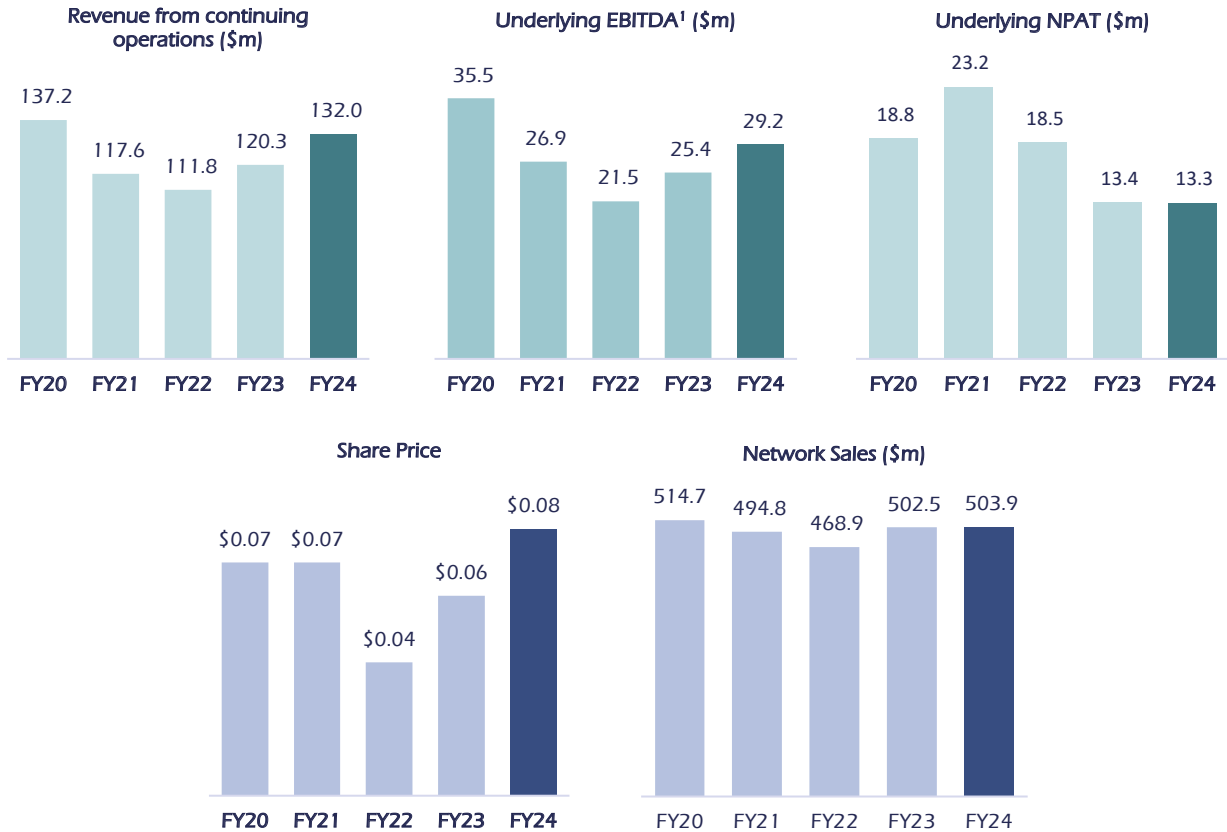
REMUNERATION REPORT

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22 FY24 Company Performance at a Glance

The following outlines the Company's performance in FY24, which is intended to assist in demonstrating the link between performance, value creation for shareholders, and executive reward:

Group five-year performance summary



	FY24	FY23	FY22	FY21	FY20
Interim Dividend	-	-	-	-	-
Final Dividend	-	-	-	-	-
Basic EPS (underlying)	0.5 cps	0.6cps	0.9 cps	1.1 cps	1.4 cps
Basic EPS	0.2 cps	(0.4) cps	0.2 cps	0.1 cps	(0.3) cps
Diluted EPS	0.2 cps	(0.4) cps	0.2 cps	0.1 cps	(0.3) cps

REMUNERATION LINK	METRIC	RATIONALE FOR METRIC USE	FY24 OUTCOME
STVR	Group Underlying EBITDA	Financial performance and individual KPIs which are consistent with shareholder value creation.	Maximum EBITDA value achieved
LTVR	Absolute TSR	Aligns management incentive with returns achieved by shareholders.	Too early to assess likely outcome

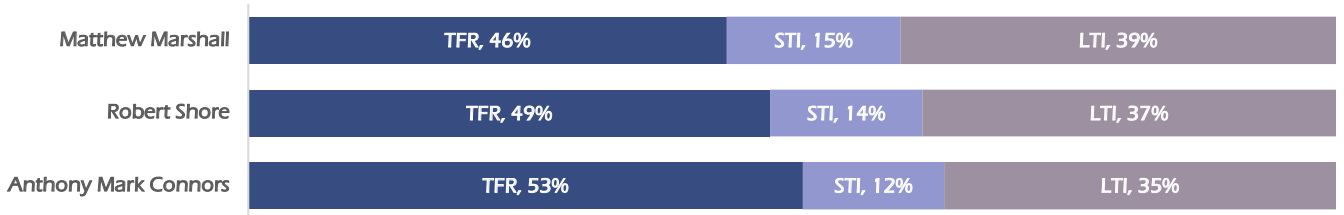
1, Underlying EBITDA is a non-IFRS measure not subject to audit, in FY24 the definition changed and FY23 was restated. In FY24 and FY23, Underlying EBITDA excludes non-recurring, non-core costs of legacy legal matters, acquisition costs, restructuring costs and non-cash impairments and is inclusive of AASB15 and AASB16. In FY22 and earlier years, Underlying EBITDA excluded non-recurring, non-core costs of legacy ACCC proceedings and associated legal fees, restructuring and non-cash impairments and was exclusive of AASB15 and AASB16. Refer to the ASX presentations for each years results for a reconciliation of underlying to statutory results

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23 FY24 Executive KMP Remuneration Mix Remuneration Opportunities and Outcomes at-a-glance

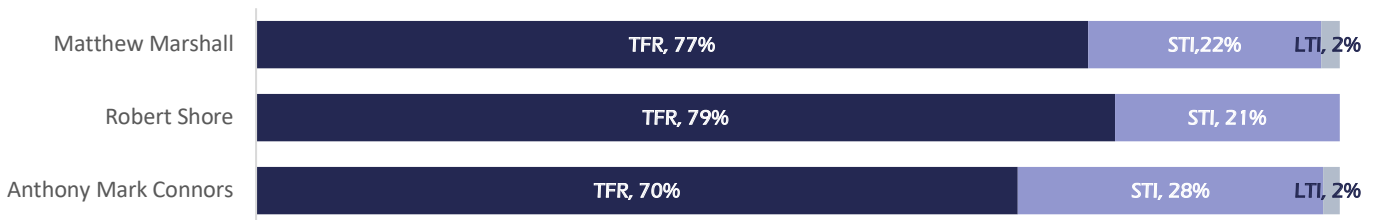
The following charts outline the executive KMP remuneration mix opportunities under RFG's executive remuneration structures, with the outcomes dependent on performance over FY24 for STI and LTI. For KMP, 49-56% of total remuneration opportunity is performance related, or at risk.

Opportunity Fixed and Variable Remuneration Mix



Opportunity is based on fixed remuneration, maximum opportunity short term incentive and long term incentive on the basis of grant at maximum opportunity (payable in a future period). It does not include any one off incentive or commencement grants.

Achieved Fixed and Variable Remuneration Mix



Achievement includes paid and accrued fixed and short term remuneration (table 4.3). LTI is included on the basis of vested outcomes (table 4.2)

REMUNERATION REPORT

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3. RFG's Remuneration Strategy, Policy and Framework

3.1 Executive Remuneration - Total Fixed Remuneration and the Variable Remuneration Framework

To ensure that remuneration is competitive and aligned with the Company's business strategy and objectives, the Nominations & Remuneration Committee oversees the remuneration policy and strategy, including:

- Reviewing and making recommendations to the Board on remuneration strategy and policies for Group employees;
- Annually reviewing and making recommendations to the Board on senior executive management's remuneration and performance; and
- Making recommendations to the Board regarding Directors' compensation.

The Company has structured remuneration packages to provide an appropriate mix of fixed and performance-based remuneration components which link to both the individual's performance and Group performance. The remuneration framework has been designed to drive sustainable long term success, retain and motivate top talent to lead the Group to build shareholder value whilst ensuring an appropriate variable cost to shareholders.

Executive KMP remuneration is made up of three components:

- TFR;
- STVR; and
- LTVR

TFR is made up of base salary, superannuation and other benefits. To ensure an employee's TFR is both competitive and reasonable, it is informed by salary data based on comparable Australian listed companies.

The variable remuneration framework aims to incentivise employee performance by tying compensation to individual and company-wide achievements with the intention to balance financial, risk and strategic or operational outcomes. There are five incentive schemes relevant to the STVR and LTVR remuneration composition as part of the FY24 Remuneration Report.

Variable Remuneration	STVR	LTVR	Peter George	Matthew Marshall	Robert Shore	Anthony Mark Connors
(A) FY24 Short Term Variable Reward	✓			✓	✓	✓
(B) FY24 Long Term Variable Reward		✓		✓	✓	✓
(C) Commencement Grants & Retention Incentive Plan	✓	✓			✓	✓
(D) FY23 Senior Management Incentive Program	✓			✓		✓
(E) FY23 Executive Chairman Performance Rights Plan	✓		✓			
(F) FY22 Senior Management Incentive Program	✓	✓		✓		✓

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32 (A) FY24 Short Term Variable Reward

The Nominations & Remuneration Committee approved the establishment of a Short Term Variable Reward scheme on 29 November 2023 to align the interests of employees with those of the Company's shareholders. Under the plan, subject to particular outcome metrics being achieved, participants are awarded a STVR payment in cash.

Aspect	Details
Purpose	STVR is intended to create a strong link between executive reward and performance over a one year period, by assessing key drivers of value creation linked to the RFG strategy and annual business plans.
Measurement Period	The measurement period is the period commencing 1 July 2023 and ending 28 June 2024
Outcome Metrics	<p>The award of any STVR payment in relation to the STVR Measurement Period will be determined by reference to outcomes achieved against pre-determined criteria. On establishment of the FY24 STVR, the following STVR vesting conditions applied:</p> <p>STI Metric 1: 70% weighting to the achievement of certain earnings performance criteria:</p> <ul style="list-style-type: none"> • Less than Target - Nil achievement where FY24 Underlying EBITDA (adjusted to remove the cost of variable remuneration) is less than \$31.0 million • Target - 50% achievement where FY24 Underlying EBITDA (adjusted to remove the cost of variable remuneration) is \$31.0 million • Greater than Target and less than Stretch - Pro-rata achievement where FY24 Underlying EBITDA (adjusted to remove the cost of variable remuneration) is more than \$31.0 million and less than \$32.1 million • Stretch - 100% achievement where FY24 Underlying EBITDA (adjusted to remove the cost of variable remuneration) is \$32.1 million or more <p>STI Metric 2: 30% weighting to the relative achievement of certain Key Performance Indicators (KPIs) linked to the Participant's role and which were aligned with the Company's FY24 strategic imperatives.</p> <p>A gate applies to the STIP award such that Group EBITDA must be at least equal to threshold performance for EBITDA in order for any award to become payable.</p>
Board Discretion	The Board has discretion to adjust the FY24 STVR to ensure they are not inappropriate, including awards to nil, despite any metric outcome. The Board will only adjust remuneration outcomes where it believes to not do so would produce an inappropriate outcome. The Board has broad discretion to vary the terms of the STVR opportunity for compliance reasons or to ensure that participants are neither advantaged nor disadvantaged by unforeseen changes in circumstances.
Termination of Employment	Upon ceasing to be an Employee full forfeiture applies, unless the Board (in its absolute discretion) determines otherwise.
Award, Settlement and Deferral	STVR will be calculated based on the audited financial performance. 100% of STVR is payable in cash.

1. Total STVR expense during the year, arising from the payments made to KMP was, \$0.42 million. The total STVR expense for FY24 was \$2.27 million

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REMUNERATION REPORT

CONTINUED

3.2 (B) FY24 Long Term Variable Reward

On 18 July 2024 RFG communicated to the market that the RFG Board approved the implementation of a new framework to incentivise employees and better align employee remuneration with shareholder interests whilst ensuring RFG can compete for the calibre of talent required for success.

Eligible senior managers have been granted performance rights which vest subject to satisfaction of certain market-based performance hurdles determined by reference to growth in absolute Total Shareholder Return (aTSR) over the period 1 July 2023 to 30 June 2026. Under the plan participants will be eligible to receive one RFG ordinary share for each performance or service right that ultimately vests.

The following table summarises the Performance Rights granted to Key Management Personnel under the FY24 LTVR and the key terms:

Key Management Personnel	Number of rights granted during FY24	Financial years in which rights vest	Commencement Date	Fair value at grant date
Matthew Marshall	10,104,727	FY26	1 July 2023	\$0.027
Robert Shore	8,197,666	FY26	1 July 2023	\$0.027
Anthony Mark Connors	5,800,409	FY26	1 July 2023	\$0.027

Aspect	Details
Number of Performance Rights	A total of 24,102,802 Performance Rights (related to KMP).
Measurement Period	The measurement period is the period commencing 1 July 2023 and ending 30 June 2026.
Service Condition	All Performance Rights will require completion of a three year service period. If the three year service period is not met. Performance Rights have a default assumption that they are forfeited, subject to RFG Board discretion. The three year service period commenced on 1 July 2023.
Vesting Conditions – LTI Tranche	<p>The Performance Condition is based on an aTSR measured over a three year term.</p> <p>aTSR reflects the return for a shareholder from an investment in a company's shares over a period of time assuming that dividends are reinvested into the company's shares. TSR is measured as the movement in the Volume Weighted Average Price ('VWAP') from the baseline period measured against the outcome share price. The baseline is calculated as the 30 day Volume Weighted Average Price ('VWAP') to 30 June 2023, assessed against the 7 day VWAP following the release of RFG's FY26 results, anticipated to be in August 2026.</p> <p>The baseline for the TSR calculation is \$0.051 per RFG Share.</p> <p>Achievement of Target TSR represents the point where all Performance Rights vest and are available to be exercised (ie converted into ordinary shares of Retail Food Group Limited). Target TSR has been set at an increase to the baseline RFG share price and will be adjusted for any dividends that may be payable during the measurement period.</p> <p>Achievement of Threshold TSR represents the point where 50% of Performance Rights vest and are available to be exercised (ie converted into ordinary shares of Retail Food Group Limited). Threshold TSR has been set at an increase to the baseline RFG share price and will be adjusted for any dividends that may be payable during the measurement period. Vesting of Performance Rights will be straight line between the Threshold TSR and Target TSR.</p> <p>Unless otherwise determined by the Board in its absolute discretion, in the event the Board determines that the Company will be imminently de-listed or become the subject of a Change in Control, the Vesting Conditions attached to the Tranche at the time of the Application will cease to apply and Rights will vest 100%.</p>
Exercise Price	<p>No exercise price is payable in relation to the performance rights.</p> <p>Each Performance Right may vest into one ordinary share in Retail Food Group Limited upon satisfaction of (a) Performance Conditions, and (b) completion of Service Conditions.</p>
Termination of Employment	If any KMP ceases to be an employee, their Performance Rights will be forfeited, unless the Board (in its absolute discretion) determines otherwise.
Disposal Restrictions	<p>Shares acquired on exercise of vested Performance Rights will be subject to disposal restrictions until all of the following restrictions cease to apply:</p> <p>a) The Company's share trading policy;</p> <p>b) The insider trading provisions of the Corporations Act 2001 (Cth)</p>

1. The assessed fair value at grant date of the Performance Rights granted under the LTVR has been independently determined and is outlined above.

2. Total share-based payment expense during the year, arising from the Performance Rights granted to Key Management Personnel was, \$0.22 million. (FY23: \$Nil)

33 (C) Commencement Grants & Incentive Retention Plan

33.1 Commencement Grant

The Board approved the grant to Robert Shore of 2,000,000 performance rights on 29 June 2023. The Board considered this grant as appropriate having regard to the criticality of the appointment and in recognition of the equity arrangements forgone upon change of employer. The One-off Commencement Grant made will be delivered in equity and subject to vesting conditions aligned with service tenure.

There is no amount payable by Mr Shore upon exercising vested Performance Rights. Upon vesting, the Performance Rights will automatically be exercised. Once exercised, the settlement will be in the form of one fully paid ordinary share in the Company for each Performance Right which vests, with no ability to settle in cash or cash equivalent.

Performance Rights granted under the One-off Commencement Grant carry no rights to dividends and no voting rights. Performance Rights, if they vest, will be exercised such that each Performance Right entitles the holder to one fully paid ordinary share in the Company, subject to certain disposal restrictions.

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Rights subject to non-market conditions have been valued using the Black-Scholes option pricing model.

The following table summarises the Performance Rights granted to Key Management Personnel under the FY23 One-off Commencement Grant and the key terms:

Aspect	Details
Number of Performance Rights	A total of 2,000,000 Performance Rights.
Service Condition	The service period commencing 17 April 2023 and ending 16 April 2026.
Vesting Conditions	A 3 year continuity of service period between 17 April 2023 to 16 April 2026. Unless otherwise determined by the Board in its absolute discretion, in the event the Board determines that the Company will be imminently de-listed or become the subject of a Change in Control, the Vesting Conditions attached to the Tranche at the time of the Application will cease to apply and Rights will vest 100%.
Exercise Price	No amount will be payable to exercise a Performance Right that has vested.
Termination of Employment	If Robert Shore ceases to be an employee, his Performance Rights will be forfeited, unless the Board (in its absolute discretion) determines otherwise.
Disposal Restrictions	Shares acquired on exercise of vested Performance Rights will be subject to disposal restrictions until all of the following restrictions cease to apply: a) The Company's share trading policy; b) The insider trading provisions of the Corporations Act 2001 (Cth)

1. The assessed fair value at grant date of the Performance Rights granted to Mr Shore was \$0.07 per Performance Right.
2. Total share-based payment expense during the year, arising from the Performance Rights granted to Mr Shore, was \$0.05 million. (FY23: \$0.01 million)

REMUNERATION REPORT

CONTINUED

332 Incentive Retention Plan

The Board approved the grant to Anthony Mark Connors of 2,000,000 performance rights on 29 June 2023. The Board considered this grant as appropriate having regard to the criticality of the role Mr Connors performs. The Incentive retention plan will be delivered in cash, subject to the right of the Board at any time on or before vesting to substitute cash for performance rights as outlined in the table below.

The following table summarises the Performance Rights granted to Key Management Personnel under the Incentive Retention Plan and the key terms:

Aspect	Details
Number of Performance Rights	A total of 2,000,000 Performance Rights.
Instrument	Cash, subject to the right of the Board at any time on or before vesting, to substitute Performance Rights (zero exercise price) for cash in the manner set out below:
Cash Payment, where Board discretion to substitute Performance Rights not exercised	Cash payment equal to an amount calculated in accordance with the following formula: $A \times B$ Where: A is 2,000,000; and B is the 30 day VWAP for the period ending on the last trading day prior to the end of the vesting period.
No of Rights, where Board discretion exercised	2,000,000 Performance Rights which, if they vest, create an entitlement to one ⁽¹⁾ share per Performance Right.
Service Condition	The service period commencing 1 July 2023 and ending 30 June 2024.
Vesting Conditions	A 1 year continuity of Service Condition between 1 July 2023 to 30 June 2024.
Vesting Period	12 months ending 30 June 2024.
Exercise Price	No amount will be payable to exercise a Performance Right that has vested.
Termination of Employment	If Anthony Mark Connors ceases to be an employee, his Performance Rights will be forfeited, unless the Board (in its absolute discretion) determines otherwise.
Disposal Restrictions	Shares acquired on exercise of vested Performance Rights will be subject to disposal restrictions until all of the following restrictions cease to apply: a) The Company's share trading policy; b) The insider trading provisions of the Corporations Act 2001 (Cth)

1. The assessed fair value at grant date of the Performance Rights granted to Mr Connors was \$0.05.
2. Total share-based payment expense during the year, arising from the Performance Rights granted to Mr Connors, was \$0.11 million (FY23: \$Nil)

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34 (D) FY23 Senior Manager Incentive Program ('FY23 SMIP')

The Board approved the issue of 6,053,583 Performance Rights to eligible senior managers on 5 December 2022. The FY23 SMIP was a STVR designed to attract, retain and motivate key individuals within a framework which aligns the interests of management with those of the Company's shareholders. Under the plan, participants are granted rights which only vest if certain Performance standards are met.

There is no consideration payable by the participants upon exercising vested Performance Rights. Upon vesting, the Performance Rights are automatically exercised. Once exercised, the settlement will be in the form of one fully paid ordinary share in the Company, with no ability to settle in cash or cash equivalent.

Performance Rights granted under the FY23 SMIP carry no rights to dividends and no voting rights. Performance Rights, if they vest, will be exercised such that each Performance Right entitles the holder to one fully paid ordinary share in the Company, subject to certain disposal restrictions. The FY23 SMIP Rights vest over one year with non-market performance vesting conditions and service conditions. The fair value at grant date is shown below.

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Rights subject to non-market conditions have been valued using the Black-Scholes option pricing model. Vesting Conditions apply to all Rights granted which in relation to the FY23 SMIP are EBITDA and role specific KPIs.

The following table summarises the Performance Rights granted to Key Management Personnel under the FY23 SMIP and the key terms:

Key Management Personnel	Number of rights granted during FY23	Financial years in which rights vest	Grant Date	Fair value at grant date
Matthew Marshall	487,472	FY24	5 December 2022	\$0.07
Anthony Mark Connors	384,966	FY24	5 December 2022	\$0.07

Aspect	Details
Number of Performance Rights	A total of 872,438 Performance Rights (related to KMP)
Measurement Period	The Measurement Period is the period commencing 1 July 2022 and ending 30 June 2023
Vesting Conditions - STI Tranche	<p>The number of Performance Rights (if any) that vest in relation to the STI Measurement Period will be determined by reference to outcomes achieved against pre-determined criteria. On establishment of the FY23 SMIP, the following STI vesting conditions applied:</p> <p>STI Metric 1: 70% weighting to the achievement of certain earnings performance criteria:</p> <ul style="list-style-type: none"> • Stretch - 100% vesting where FY23 Underlying EBITDA is \$29.1 million or more • Greater than Target and less than Stretch - Pro-rata vesting where FY23 Underlying EBITDA is more than \$26.2 million and less than \$29.1 million • Target - 50% vesting where FY23 Underlying EBITDA is \$26.2 million • Less than Target - Nil vesting where FY23 Underlying EBITDA is less than \$26.2 million <p>STI Metric 2: 30% weighting to the relative achievement of certain Key Performance Indicators (KPIs) linked to the Participant's role and which were aligned with the Company's FY23 strategic imperatives.</p> <p>The Board retained discretion to modify vesting in the case that the circumstances that prevailed over the STI Measurement Period materially differed from those expected at the time the vesting scale/conditions were determined, which was intended to be used when the application of vesting scale/conditions would lead to an outcome that may be viewed as inappropriate.</p> <p>In FY23, the Board exercised the discretion afforded to it and referred to above so that STI Metric 1 is varied to allow for 50% vesting referable to the Company's FY23 Underlying EBITDA of \$25.4 million. The Board considered it appropriate to exercise its discretion as:</p> <ul style="list-style-type: none"> • Given the SMIP was established on the assumption of normalised trading conditions throughout the year, however trading conditions deteriorated following an unprecedented 12 interest rate rises between May 2022 and June 2023 which impacted H2 trading. • Having regard to the above factors, and that Underlying EBITDA only missed the original target by only \$0.2 million, the Board considered the Group's FY23 Underlying EBITDA performance to represent a creditable result.
Exercise Price	No amount will be payable to exercise a Performance Right that has vested.
Termination of Employment	Upon ceasing to be an employee Performance Rights will be forfeited, unless the Board (in its absolute discretion) determines otherwise.
Disposal Restrictions	<p>Shares acquired on exercise of vested Performance Rights will be subject to disposal restrictions until all of the following restrictions cease apply:</p> <p>a) The Company's share trading policy;</p> <p>b) The insider trading provisions of the Corporations Act 2001 (Cth)</p>

1. The assessed fair value at grant date of the Performance Rights granted under the SMIP has been independently determined and is outlined above.
2. Total share-based payment expense during the year, arising from the Performance Rights granted to Key Management Personnel was, \$Nil (FY23: \$0.032 million).

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Given his oversight of RFG's turnaround plan, which was delayed by a number of factors including the COVID-19 pandemic and the protracted nature of the ACCC litigation, at the start of FY23 the Board considered it in the best interests of the Company that Peter George continue in his current role. In connection with that extended tenure, the Board proposed a grant of 7,000,000 Performance Rights, which, if they vest, will entitle the holder to one ordinary share in RFG per each vested Right. Shareholders approved this grant at the Company's 2022 Annual General Meeting.

Details on Rights granted as compensation to the Executive Chairman are as follows:

Number of rights granted during FY23	Financial years in which rights vest ⁽¹⁾	Vesting conditions apply to all rights granted	Grant Date	Fair value at grant date
7,000,000	FY24	Quantitative measurements relating to financial performance, resolution of legacy regulatory issues, growth criteria and organisational criteria	1 December 2022	\$0.07

The number of Rights was determined by the Board following the release of audited accounts in respect to the financial year in which the relevant measurement period falls, and the fair value of Rights expected to vest is recognised as an expense. Financial years noted are as per the terms of the Performance Rights Plan.

Aspect	Details
Number of Performance Rights	A total of 7,000,000 Performance Rights.
Measurement Period	The measurement period is the period commencing 2 July 2022 and ending 30 June 2023.
Vesting Conditions	<p>Vesting occurs in the financial year subsequent to the performance period and is conditional upon Board approval.</p> <p>The criteria for vesting is structured to reflect both financial outcomes and qualitative indicators which pertain to sustainable improvements in the Company's business. The criteria the Board (excluding Mr George) identified for vesting of the performance rights includes:</p> <ul style="list-style-type: none"> (Metric 1) 20% to the achievement of certain Underlying EBITDA performance criteria.¹ (Metric 2) 10% to the achievement of a Group re-financing.¹ (Metric 3) 25% to the achievement of qualitative measures associated with resolving legacy regulatory issues and improving the reputation of the Company.¹ (Metric 4) 20% to the achievement of certain qualitative growth objectives.¹ (Metric 5) 25% to the achievement of certain operational and organisational criteria.¹ <p>The Board (excluding Mr George) retains discretion to modify vesting in the case that the circumstances that prevailed over the relevant measurement period materially differed from those expected at the time the vesting scale/conditions were determined.</p> <p>¹ Where appropriate, criteria which are subject to commercial sensitivity have been described in generic terms. Further details regarding the key features of these Rights are detailed in the Company's Notice of Meeting in respect to its 2022 Annual General Meeting.</p>
Exercise Price	No amount will be payable to exercise a Performance Right that has vested.
Termination of Employment	<p>In the case of dismissal for cause, or in other circumstances classified as "Bad Leaver" by the Board in its discretion, unvested Performance Rights will be forfeited. In other cases, on termination of employment a portion of Performance Rights whose Measurement Period falls within the financial year in which the termination occurs will be forfeited. The proportion is that which the remainder of the financial year following the termination represents of the full financial year. This provision recognises that grants of Performance Rights are part of the remuneration for the year of grant and that if part of the year is not served then some of the Performance Rights will not have been earned.</p> <p>Continued service during the period between 30 June and the assessment of Vesting Conditions achievement, following the completion of the financial year in which the grant is made, is not a requirement in order for Performance Rights to vest.</p>
Disposal Restrictions	<p>Shares acquired on exercise of vested Performance Rights were subject to disposal restrictions until all of the following restrictions cease to apply:</p> <ul style="list-style-type: none"> a) The Company's share trading policy; b) The insider trading provisions of the Corporations Act 2001 (Cth); c) The Specified Disposal Restrictions. <p>The Specified Disposal Restrictions attaching to the shares acquired on exercise of Performance Rights are that those shares may not be sold or otherwise disposed of until 30 September 2023, regardless of whether Mr George remains an employee of the Company or not.</p>

- The assessed fair value at grant date of the Performance Rights granted to Mr George was \$0.07 per Performance Right. The fair value at grant date has been independently determined.
- Total share-based payment expense during the year, arising from the Performance Rights granted to Mr George, was \$Nil (FY23:\$0.39 million).

At the Company's 24 November 2021 Annual General Meeting, shareholders approved the issue of 22,555,210 Performance Rights to eligible senior managers. Performance rights were issued under both a STVR plan and LTVR plan. The SMIP was designed to attract, retain and motivate key individuals within a framework which aligns the interests of management with those of the Company's shareholders. Under the plan, participants were granted rights which only vest if certain performance standards are met.

There is no consideration payable by the participants upon exercising vested Performance Rights. Upon vesting, the Performance Rights will automatically be exercised. Once exercised, the settlement will be in the form of one fully paid ordinary share in the Company, with no ability to settle in cash or cash equivalent.

Performance Rights granted under the SMIP carry no rights to dividends and no voting rights. Performance Rights, if they vest, will be exercised such that each Performance Right entitles the holder to one fully paid ordinary share in the Company, subject to certain disposal restrictions.

The STI Rights vested over one year and the LTI rights vest after three years, each with different market and non-market performance vesting conditions and service conditions. The LTI vesting conditions are weighted 50% towards market conditions measured by total shareholder return, and 50% towards non-market conditions being EBITDA growth. The fair value at grant date is shown below against each vesting condition.

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Rights subject to market conditions have been valued using the Monte Carlo simulation and rights subject to non-market conditions have been valued using the Black-Scholes option pricing model.

Vesting Conditions apply to all rights granted:

- FY22 – Underlying EBITDA and role specific KPIs
- FY24 - Underlying EBITDA growth and Total Shareholder Return

The following table summarises the Performance Rights granted to Key Management Personnel under the FY22 SMIP and the key terms:

Key Management Personnel	Number of rights granted during FY22	Financial years in which rights vest	Grant Date	Fair value at grant date
Matthew Marshall	302,945	FY23	26 August 2021	\$0.08
	1,514,723	FY25	26 August 2021	\$0.08
	1,514,722	FY25	26 August 2021	\$0.04
Anthony Mark Connors	239,241	FY23	26 August 2021	\$0.08
	598,103	FY25	26 August 2021	\$0.08
	598,103	FY25	26 August 2021	\$0.04

The key features of the SMIP are summarised below:

Aspect	Details
Number of Performance Rights	A total of 4,767,837 Performance Rights - eligible to vest are as follows: <ul style="list-style-type: none"> • STVR: 542,186 Performance Rights; and • LTVR: 4,225,651 Performance Rights.
Measurement Period	The measurement period in respect of each tranche of Performance Rights is as follows: <ul style="list-style-type: none"> • STVR: The period commencing 1 July 2021 and ending 30 June 2022; and • LTVR: The period commencing 1 July 2021 and ending 30 June 2024.
Vesting Conditions - STI Tranche	The number of Performance Rights that vested in relation to the STI Measurement Period were determined by reference to outcomes achieved against pre-determined criteria. On establishment of the FY22 SMIP, the following STI vesting conditions applied: <p>STI Metric 1: 70% weighting to the achievement of certain earnings performance criteria:</p> <ul style="list-style-type: none"> • Stretch - 100% vesting where FY22 Underlying EBITDA was \$30.3 million or more • Greater than Target and less than Stretch - Pro-rata vesting where FY22 Underlying EBITDA was more than \$27.3 million and less than \$30.3 million • Target - 50% vesting where FY22 Underlying EBITDA was \$27.3 million • Less than Target - Nil vesting where FY22 Underlying EBITDA was less than \$27.3 million

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(F) FY22 Senior Management Incentive Program (continued)

Aspect	Details
Vesting Conditions - STI Tranche	<p>STI Metric 2: 30% weighting to the relative achievement of certain Key Performance Indicators (KPIs) linked to the Participant's role and which were aligned with the Company's FY22 strategic imperatives.</p> <p>The Board retained discretion to modify vesting in the case that the circumstances that prevailed over the STI Measurement Period materially differed from those expected at the time the vesting scale/conditions were determined, which was intended to be used when the application of vesting scale/conditions would lead to an outcome that may be viewed as inappropriate.</p> <p>In FY22, the Board exercised the discretion afforded to it and referred to above so that STI Metric 1 was varied to allow for 50% vesting referable to the Company's FY22 Underlying EBITDA of \$21.5 million. The Board considered it appropriate to exercise its discretion as aforesaid given:</p> <ul style="list-style-type: none"> The SMIP was established on the assumption of an orderly transition to normal trading conditions during 1H22 where increasing COVID-19 vaccination rates would facilitate an expedient recovery in business conditions. The contrary was however the case, with both 'Delta' related restrictions and the emergence of the 'Omicron' strain having a significant impact on the Company's performance during FY22; Having regard to the above factors, the Board considered the Group's FY22 Underlying EBITDA performance to represent a creditable result.
Vesting Conditions - LTI Tranche – Earnings Target	<p>The number of Performance Rights that vested in relation to the LTI Measurement Period were determined by reference to outcomes achieved against pre-determined criteria. On establishment of the FY22 SMIP, the following LTI vesting conditions applied:</p> <p>Original LTI Metric 1: 50% weighting to the Company's achievement of certain Cumulative Average Annual Growth (CAAGR) in underlying earnings criteria set out is as follows:</p> <ul style="list-style-type: none"> Stretch - 100% vesting where 3 Year CAAGR of at least 12% applies Greater than Target and less than Stretch - Pro-rata vesting where 3 Year CAAGR exceeds 8% but is less than 12% Target - 50% vesting where Minimum 3 Year CAAGR is 8% Less than Target - Nil vesting where Minimum 3 Year CAAGR is less than 8% <p>Underlying earnings for the purposes of assessing CAAGR are the Company's Underlying EBITDA as published in the Company's audited annual accounts. The starting metric for establishing 3 Year CAAGR will be the Company's FY21 Underlying EBITDA as published in RFG's FY21 audited accounts. For the purposes of LTI metric 1, references to Underlying EBITDA excludes the impact of AASB15 and AASB16 and significant items. The Board also retains discretion to adjust for changes to composition of Underlying EBITDA should the Board consider such an adjustment necessary to avoid any unintended benefit or detriment to the Participant.</p> <p>Original LTI Metric 2: 50% weighting to the Company's achievement of certain absolute Total Shareholder Return (aTSR) criteria set out is as follows:</p> <ul style="list-style-type: none"> Stretch - 100% vesting where aTSR represents a Cumulative Average Annual Return of 40% or more Greater than Target and less than Stretch - Pro-rata vesting where aTSR represents a Cumulative Average Annual Return of more than 20% and less than 40% Target - 50% vesting where aTSR represents a Cumulative Average Annual Return of at least 20% Less than Target - Nil vesting where aTSR represents a Cumulative Average Annual Return of less than 20%. <p>The Board retains discretion to modify vesting in the case that the circumstances that prevailed over the LTI Measurement Period materially differed from those expected at the time the vesting scale/conditions were determined, which is intended to be used when the application of vesting scale/conditions would lead to an outcome that may be viewed as inappropriate.</p>

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(F) FY22 Senior Management Incentive Program (continued)

Aspect	Details
Vesting Conditions - LTI Tranche – TSR target	<p>Having regard to the same factors described above (i.e. COVID-19's impact on 1H22 and subsequent performance), together with the imperative to retain critical talent, during February 2022 the Board exercised its discretion to modify the vesting scale/conditions applicable to the LTI Measurement Period.</p> <p>The revised LTI Metrics are as follows:</p> <p>Revised LTI Metric 1: 50% weighting to the Company's achievement of certain Cumulative Average Annual Growth (CAAGR) in underlying earnings criteria set out is as follows:</p> <ul style="list-style-type: none"> Stretch - 100% vesting where 3 Year CAAGR of at least 10% applies Greater than Target and less than Stretch - Pro-rata vesting where 3 Year CAAGR exceeds 6% but is less than 10% Target - 50% vesting where Minimum 3 Year CAAGR is 6% Less than Target - Nil vesting where Minimum 3 Year CAAGR is less than 6% <p>Revised LTI Metric 2: 50% weighting to the Company's achievement of certain absolute Total Shareholder Return (aTSR) criteria set out is as follows:</p> <ul style="list-style-type: none"> Stretch - 100% vesting where aTSR represents a Cumulative Average Annual Return of 25% or more Greater than Target and less than Stretch - Pro-rata vesting where aTSR represents a Cumulative Average Annual Return of more than 12.5% and less than 25% Target - 50% vesting where aTSR represents a Cumulative Average Annual Return of at least 12.5% Less than Target - Nil vesting where aTSR represents a Cumulative Average Annual Return of less than 12.5%. <p>NOTE: All SMIP metrics are for the sole purpose of the SMIP and assisting the Board to assess and reward senior executive manager performance. Vesting scales/conditions established under the SMIP do not represent, and are not intended to represent, guidance in whole or in part regarding the future performance of the Group or the Company's share price.</p>
Exercise Price	No amount will be payable to exercise a Performance Right that has vested.
Termination of Employment	Upon ceasing to be an Employee Performance Rights will be forfeited, unless the Board (in its absolute discretion) determines otherwise.
Disposal Restrictions	<p>Shares acquired on exercise of vested Performance Rights will be subject to disposal restrictions until all of the following restrictions cease to apply:</p> <p>a) The Company's share trading policy;</p> <p>b) The insider trading provisions of the Corporations Act 2001 (Cth)</p>
	<p>1. The assessed fair value at grant date of the Performance Rights granted under the SMIP has been independently determined and is outlined below:</p> <ul style="list-style-type: none"> STVR \$0.08 per performance right LTVR where vesting condition equals EBITDA Growth \$0.08 per performance right LTVR where vesting condition equals Total Shareholder Return - \$0.04 per performance right <p>2. An assumption of 30% vesting has been used for the purposes of determining the share-based payment expense as related to the LTVR where vesting condition equals EBITDA Growth. Total share-based payment expense during FY24 (across both LTVR tranches), arising from the Performance Rights granted to Key Management Personnel, was \$(0.01) million.</p>

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4. The link between Performance and Reward in FY24

4.1 FY24 STVR Outcomes

Executive KMP	Opportunity % of TFR ⁽¹⁾	Financial Objectives		Individual KPIs		Outcome (% of Award)
		Weightings	% Achieved	Weightings	% Achieved	
Matthew Marshall	35%	70%	100%	30%	68%	90%
Robert Shore	30%	70%	100%	30%	76%	93%
Anthony Mark Connors	25%	70%	100%	30%	72%	92%

(1) Opportunity is a percentage of base salary excluding superannuation contributions

4.2 FY24 LTVR Outcomes – performance rights affecting current and future remuneration

Executive KMP	Number of rights granted	Grant Date	% Achieved in FY24	Financial years in grants assessed	Amount vested in FY24	Amount forfeited in FY24	Amount yet to vest
Peter George							
FY23 Executive Chairman Performance Rights Plan	7,000,000	1 December 2022	80%	FY23	\$392,000	\$98,000	-
Matthew Marshall							
FY22 SMIP	3,029,445	26 August 2021	N/A	FY24	-	-	\$181,776
FY23 SMIP	487,472	5 December 2022	65%	FY23	\$13,910	\$7,490	-
FY24 LTVR	10,104,727	1 July 2023	N/A	FY26	-	-	\$272,828
Robert Shore							
Commencement Grant	2,000,000	29 June 2023	N/A	FY26	-	-	\$140,000
FY24 LTVR	8,197,666	1 July 2023	N/A	FY26	-	-	\$221,337
Anthony Mark Connors							
FY22 SMIP	1,196,206	26 August 2021	N/A	FY24	-	-	\$71,772
FY23 SMIP	384,966	5 December 2022	65%	FY23	\$10,985	\$5,915	-
Incentive Retention Plan	2,000,000	1 July 2023	100%	FY24	\$110,000	-	-
FY24 LTVR	5,800,409	1 July 2023	N/A	FY26	-	-	\$156,611

KMP Rights Disclosure

Executive KMP	Number of rights granted	Grant Date	% Achieved in FY24	Financial years in grants assessed	No. of Rights vested in FY24	No. of Rights forfeited in FY24	No. of Rights yet to vest
Peter George							
FY23 Executive Chairman Performance Rights Plan	7,000,000	1 December 2022	80%	FY23	5,600,000	1,400,000	-
Matthew Marshall							
FY22 SMIP	3,029,445	26 August 2021	N/A	FY24	-	-	3,029,445
FY23 SMIP	487,472	5 December 2022	65%	FY23	316,856	170,616	-
FY24 LTVR	10,104,727	1 July 2023	N/A	FY26	-	-	10,104,727
Robert Shore							
Commencement Grant	2,000,000	29 June 2023	N/A	FY26	-	-	2,000,000
FY24 LTVR	8,197,666	1 July 2023	N/A	FY26	-	-	8,197,666
Anthony Mark Connors							
FY22 SMIP	1,196,206	26 August 2021	N/A	FY24	-	-	1,196,206
FY23 SMIP	384,966	5 December 2022	65%	FY23	250,228	134,738	-
Incentive Retention Plan	2,000,000	1 July 2023	100%	FY24	2,000,000	-	-
FY24 LTVR	5,800,409	1 July 2023	N/A	FY26	-	-	5,800,409

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Statutory Tables and Supporting Disclosures

4.3 KMP Statutory Remuneration for FY24:

FY24 Executive KMP	Short-term Benefits				Long-term Benefits				Total \$
	Salary & fees ⁽¹⁾	Bonus ⁽²⁾	Performance Rights	Other ⁽³⁾	Super-annuation	Performance Rights	Other ⁽⁴⁾	Termination Benefits	
	\$	\$	\$	\$	\$	\$	\$	\$	
Executive Director (Former)									
Peter George⁽⁵⁾									
2024	280,358	-	-	49,594	27,940	-	-	-	357,892
2023	579,598	-	392,000	40,432	25,292	-	-	-	1,037,322
Senior Executive Management									
Matthew Marshall									
2024	613,081	180,369	-	2,083	27,399	84,935	-	-	907,867
2023	413,260	13,910	13,910	16,500	25,292	20,868	-	-	503,740
Robert Shore									
2024	524,880	144,787	-	1,800	27,399	120,042	-	-	818,908
2023	120,928	-	-	346	6,323	9,593	-	-	137,190
Anthony Mark Connors									
2024	485,064	96,196	110,000	1,800	27,399	49,742	991	-	771,192
2023	360,046	10,985	10,985	1,800	25,292	18,283	(20,795)	-	406,596
Nicola Swarbrick⁽⁶⁾									
2024	-	-	-	-	-	-	-	-	-
2023	223,153	7,410	7,410	-	24,382	12,333	-	-	274,688
Peter McGettigan⁽⁷⁾									
2024	-	-	-	-	-	-	-	-	-
2023	211,881	-	-	623	10,968	(11,522)	(110,545)	-	101,405
Damian Zammit⁽⁸⁾									
2024	-	-	-	-	-	-	-	-	-
2023	69,465	-	-	554	11,077	(9,196)	-	43,822	115,722
2024 Total	1,903,383	421,352	110,000	55,277	110,137	254,719	991	-	2,855,859
2023 Total	1,978,331	32,305	424,305	60,255	128,626	40,359	(131,340)	43,822	2,576,663

- (1) Salary and fees include Short-term benefits as per Corporations Regulation 2M.3.03(1) Item 6 comprising of cash salary and annual leave entitlements.
- (2) Bonus includes short-term incentive bonus relating to performance during the reporting period using the criteria set out on pages 21 and 24. The amount has been recognised as an expense during the year. The final amount paid will be determined after reporting date when performance reviews are completed and approved by the remuneration committee.
- (3) Other short-term benefits include allowances and benefits paid or provided to individuals as part of their respective employment contract.
- (4) Other long-term benefits as per Corporations Regulation 2M.3.03(1) Item 8. The amounts disclosed in this column represent the movements in the associated long service leave provisions.
- (5) Peter George transitioned to the role of Non-Executive Chairman of the Board, effective 1 July 2024. Mr George performed the role Executive Chairman for the full year FY24. During FY23, Mr George also performed the role of CEO prior to the leadership transition to Matthew Marshall effective 1 July 2023.
- (6) Nicola Swarbrick is not considered KMP in FY24 following an organisational restructure in June 2023.
- (7) Peter McGettigan resigned on 7 November 2022.
- (8) Damian Zammit resigned on 28 October 2022.

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KMP Statutory Remuneration for FY24 (continued):

FY24 Non-Executive Directors	Short-term Benefits				Long-term Benefits				Total
	Salary & fees ⁽¹⁾	Bonus ⁽²⁾	Performance Rights	Other ⁽³⁾	Super-annuation	Performance Rights	Other ⁽⁴⁾	Termination Benefits	
	\$	\$	\$	\$	\$	\$	\$	\$	
David Grant									
2024	134,703	-	-	-	14,830	-	-	-	149,533
2023	134,703	-	-	-	14,157	-	-	-	148,860
Kerry Ryan									
2024	118,182	-	-	-	13,011	-	-	-	131,193
2023	118,182	-	-	-	12,420	-	-	-	130,602
Michael Bulley									
2024	99,548	-	-	-	10,960	-	-	-	110,508
2023	30,630	-	-	-	3,216	-	-	-	33,846
Jacinta Caithness⁽⁵⁾									
2024	76,230	-	-	9,009	9,376	-	-	-	94,615
2023	-	-	-	-	-	-	-	-	-
2024 Total	428,663	-	-	9,009	48,177	-	-	-	485,849
2023 Total	283,515	-	-	-	29,793	-	-	-	313,308

Total FY24 Executive KMP and Non-Executive Directors:

2024 Total	2,332,046	421,352	110,000	64,286	158,314	254,719	991	-	3,341,708
2023 Total	2,261,846	32,305	424,305	60,255	158,420	40,359	(131,340)	43,822	2,889,971

- (1) Salary and fees include Short-term benefits as per Corporations Regulation 2M.3.03(1) Item 6 comprising of cash salary and annual leave entitlements.
- (2) Bonus includes short-term incentive bonus relating to performance during the reporting period using the criteria set out on pages 21 and 24. The amount has been recognised as an expense during the year. The final amount paid will be determined after reporting date when performance reviews are completed and approved by the remuneration committee.
- (3) Other short-term benefits include allowances and benefits paid or provided to individuals as part of their respective employment contract.
- (4) Other long-term benefits as per Corporations Regulation 2M.3.03(1) Item 8. The amounts disclosed in this column represent the movements in the associated long service leave provisions.
- (5) Jacinta Caithness was appointed a Non-Executive Director effective 25 September 2023.

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4.4 Key Management Personnel equity holdings

FY24	Balance 1 July 2023	Granted as Compensation	Received on Vesting of Rights (2)	Net Other Change	Purchases from Share Purchase Plan	Balance 28 June 2024
Executive Director (Former)						
Peter George⁽¹⁾						
2024	10,965,000		5,600,000			16,565,000
2023	6,060,000		4,655,000		250,000	10,965,000
Non-Executive Directors						
David Grant						
2024	1,790,000			400,000		2,190,000
2023	1,540,000				250,000	1,790,000
Kerry Ryan						
2024	1,377,079					1,377,079
2023	1,189,579				187,500	1,377,079
Michael Bulley						
2024	646,312			181,455		827,767
2023				646,312		646,312
Jacinta Caithness⁽³⁾						
2024						
Senior Executive Management						
Matthew Marshall						
2024	181,767		316,856	755,792		1,254,415
2023			181,767			181,767
Robert Shore						
2024	1,250,000			750,000		2,000,000
2023				1,250,000		1,250,000
Anthony Mark Connors						
2024	339,112		250,228			589,340
2023	195,567		143,545			339,112
Nicola Swarbrick⁽⁴⁾						
2024						
2023			96,289			96,289
Peter McGettigan⁽⁵⁾						
2024						
2023	150,000		180,917			330,917
Damien Zammit⁽⁶⁾						
2024						
2023			144,394			144,394
2024 Total	16,549,270		6,167,084	2,087,247		24,803,601
2023 Total	9,135,146		5,401,912	1,896,312	687,500	17,120,870

(1) Peter George transitioned to the role of Non-Executive Chairman of the Board, effective 1 July 2024. Mr George performed the role Executive Chairman for the full year FY24 prior to his resignation.

(2) The performance rights vested and shares were issued in FY24 with respect to the FY23 SMIP. With respect to the FY24 performance period, to the extent that rights vested, shares will be issued in FY25.

(3) Jacinta Caithness was appointed a Non-Executive Director effective 25 September 2023.

(4) Nicola Swarbrick is not considered KMP in FY24 following an organizational restructure in June 2023.

(5) Peter McGettigan resigned on 7 November 2022.

(6) Damian Zammit resigned on 28 October 2022.

REMUNERATION REPORT

CONTINUED

4.5 Overview of Non-Executive Director Remuneration

Non-Executive Directors receive a base fee for Board and Committee membership and, where applicable, an additional fee from chairing a Board Committee in recognition of the higher workload and extra responsibilities. Non-Executive Director remuneration takes the form of a set fee plus superannuation entitlements and may comprise other benefits or rewards in certain circumstances. Non-Executive Directors' fees and payments are reviewed annually by the Board.

Annualised fees (exclusive of superannuation) for the Non-Executive Directors were as follows:

Key Management Personnel	FY24	FY23
Chairman ⁽¹⁾	-	-
Non-executive Director	100,457	100,457
Audit & Risk Management Committee Chairman	18,265	18,265
Nomination & Remuneration Committee Chairman	15,982	15,982
Committee Member*	9,132	9,132

*Excluding the Chairman or Committee Chairman (as case may be).

(1) During FY24, Peter George held the role of Executive Chairman and was remunerated as an Executive. Peter George transitioned to the role of Non-Executive Chairman of the Board, effective 1 July 2024.

The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting. The maximum amount which has been approved by the Company's shareholders for payment to Non-Executive Directors is \$1.1 million. The remuneration payable to NEDs for the year ended 28 June 2024 was \$0.49 million which did not include any equity grants. To align Non-Executive Directors' interests with shareholder interests, the Non-Executive Directors are (subject to legal and policy constraints) encouraged to hold shares in the Company.

The appointment of Non-Executive Directors is subject to a letter of engagement. The NEDs are not eligible for any termination benefits following termination of their office, nor any payments other than those required under law such as in respect of superannuation. There are no notice periods applicable to either party under this approach.

4.6 Key Employment Terms for Executive KMP

The following outlines current executive KMP service agreements:

Name	Position Held at 28 th June 2024	Appointment Date	Period of Notice
Peter George	Executive Chairman (resigned 1 st July 2024)	7 November 2018	6 months
Matthew Marshall	Chief Executive Officer	1 July 2023	6 months
Robert Shore	Chief Financial Officer	17 April 2023	6 months
Anthony Mark Connors	Company Secretary	1 July 2004	6 months

The Group may terminate the employee by payment of equivalent salary of the required notice in lieu. Under the Corporations Act, broadly the termination benefit limit is 12 months average salary (over prior 3 years), unless shareholder approval is obtained.

4.7 Loans to Key Management Personnel

There were no loans outstanding at the end of the financial year (FY23: \$nil) to Directors or Senior Executive Management or their related parties. A total amount of \$4,149 was payable to Directors in relation to outstanding directors fees and superannuation at the end of the financial year (Kerry Ryan - \$1,696; Michael Bulley \$1,309; Jacinta Caithness \$1,144).

4.8 Other transactions with Key Management Personnel and the Directors of the Group

Profit for the year includes the following items of expense that resulted from transactions, other than compensation, loans or equity holdings, with Key Management Personnel or their related entities:

Consolidated	FY24 \$	FY23 \$
Consolidated Profit includes the following (income) / expenses arising from transactions with key management personnel of the Group or their related parties:		
Franchise trading activity	(737,433)	(223,125)
ACCC Resolution	-	19,507
	(737,433)	(203,618)

In relation to Mr. Michael Bulley, the Group received income in FY24 through normal trading activity with

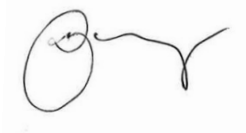
- MJJA Pty Ltd ACN 080 438 802 as trustee for The JAM Family Trust;
- BBJAM Bulley Pty Ltd ACN 653 895 857;
- AJJM Bulley Pty Ltd ACN 641 802 431; and
- MJORD Pty Ltd ACN 161 210 448 as trustee for the MJJRJ Hughes Family Trust.

These entities are related parties of Mr Michael Bulley that operate franchised outlets pursuant to franchises granted by a member of the Group prior to Mr Bulley's appointment as a Director. \$737,433 was billed to the related parties by the Group during the FY24 year (FY23: \$203,618 for the period for which Mr Bulley was a director of the Group). There was no balance owing as at 28 June 2024.

These entities were not related parties until the date of Michael Bulley's appointment on 13 March 2023.

This Directors' report is signed in accordance with a resolution of Directors made pursuant to s.298 (2) of the *Corporations Act 2001*.

RETAIL FOOD GROUP LIMITED



Mr Peter George
Executive Chairman

Robina
20 August 2024

FINANCIAL STATEMENTS

Retail Food Group Limited ACN 106 840 082
Annual Financial Report - Financial Year Ended 28 June 2024



Retail Food Group Limited Annual financial report Financial year ended - 28 June 2024

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 28 JUNE 2024

Consolidated	Notes	FY24 \$'000	FY23 \$'000
Revenue from contracts with customers	2	125,179	111,374
Cost of sales	5	<u>(34,297)</u>	<u>(30,620)</u>
Gross profit		90,882	80,754
Other revenue	2	6,815	8,889
Occupancy expenses		(7,398)	(7,083)
Administration expenses		(25,331)	(32,677)
Operating expenses	5	(33,051)	(19,393)
Marketing expenses		(17,080)	(19,219)
Other (income)/expenses	5	2,081	(16,656)
Finance costs	3	(4,677)	(3,825)
Other gains and losses	5	<u>(3,492)</u>	<u>(50)</u>
Profit/(loss) before income tax		8,749	(9,260)
Income tax (expense)/benefit	4	<u>(2,958)</u>	314
Profit/(loss) for the year		5,791	(8,946)
Other comprehensive income, net of tax Items that may be reclassified subsequently to profit or loss			
Exchange difference on translation of foreign operations	20	<u>7</u>	<u>90</u>
Other comprehensive income for the year, net of tax		7	90
Total comprehensive profit/(loss) for the year		<u>5,798</u>	<u>(8,856)</u>
Total comprehensive profit/(loss) is attributable to:			
Equity holders of the parent		<u>5,798</u>	<u>(8,856)</u>
Earnings per share			
Basic (cents per share)	6	0.23	(0.41)
Diluted (cents per share)	6	0.23	(0.41)

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

FINANCIAL STATEMENTS

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 28 JUNE 2024

Consolidated	Notes	FY24 \$'000	FY23 \$'000
Current assets			
Cash and cash equivalents	7	20,623	22,263
Trade and other receivables	8	10,995	11,109
Lease receivables	13	22,452	19,309
Other financial assets	9	19	878
Inventories	10	3,887	3,717
Other	11	4,074	5,026
Total current assets		62,050	62,302
Non-current assets			
Lease receivables	13	39,206	35,099
Other financial assets	9	29	34
Property, plant and equipment	12	30,725	27,510
Intangible assets	14	229,221	218,404
Other	11	7,504	5,542
Total non-current assets		306,685	286,589
Total assets		368,735	348,891
Current liabilities			
Trade and other payables	15	10,636	9,575
Borrowings	18	1,243	865
Lease liabilities	13	31,617	33,938
Provisions	16	6,826	3,557
Other	17	2,945	3,138
Total current liabilities		53,267	51,073
Non-current liabilities			
Borrowings	18	24,471	19,483
Lease liabilities	13	56,288	56,350
Deferred tax liabilities	4	4,546	-
Provisions	16	12,104	13,298
Other	17	10,052	8,973
Total non-current liabilities		107,461	98,104
Total liabilities		160,728	149,177
Net assets		208,007	199,714
Equity			
Issued capital	19	642,739	640,316
Reserves	20	3,094	4,355
Retained losses	21	(437,826)	(444,957)
Total equity		208,007	199,714

The consolidated statement of financial position should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 JUNE 2024

Consolidated	Notes	Fully Paid Ordinary Shares	Reserves	Retained Losses	Total
		\$'000	\$'000	\$'000	\$'000
Balance as at 2 July 2022		615,541	7,539	(439,303)	183,777
Loss for the year	21	-	-	(8,946)	(8,946)
Transfer from retained earnings to marketing fund reserve	20, 21	-	(3,292)	3,292	-
Other comprehensive income	20	-	90	-	90
Total comprehensive loss		-	(3,202)	(5,654)	(8,856)
Issue of ordinary shares	19	25,288	-	-	25,288
Transfer from equity-settled employee benefits reserves	19, 20	600	(600)	-	-
Share issue costs	19	(1,113)	-	-	(1,113)
Recognition of share-based payments	20	-	618	-	618
Balance at 30 June 2023		640,316	4,355	(444,957)	199,714
Balance at 1 July 2023		640,316	4,355	(444,957)	199,714
Profit for the year	21	-	-	5,791	5,791
Transfer from retained earnings to marketing fund reserve	20, 21	-	(1,234)	1,234	-
Other comprehensive income	20	-	7	-	7
Total comprehensive income		-	(1,227)	7,025	5,798
Issue of ordinary shares	19	1,867	-	-	1,867
Transfer from equity-settled employee benefits reserves	19, 20, 21	556	(662)	106	-
Recognition of share-based payments	20	-	628	-	628
Balance at 28 June 2024		642,739	3,094	(437,826)	208,007

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

FINANCIAL STATEMENTS

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 28 JUNE 2024

Consolidated	Notes	FY24 \$'000	FY23 \$'000
Cash flows from operating activities			
Receipts from customers		134,716	116,553
Payments to suppliers and employees		(116,906)	(116,611)
Income taxes refunded/(paid)		-	265
Net cash (used in)/provided by operating activities	7	<u>17,810</u>	<u>207</u>
Cash flows from investing activities			
Interest received		412	501
Repayment of advances to other entities		173	715
Proceeds from sale of business		114	-
Payments for property, plant and equipment		(5,034)	(3,537)
Proceeds from sale of property, plant and equipment		334	815
Payments for intangible assets		-	(200)
Payments for business combinations		(5,500)	-
Net cash used in investing activities		<u>(9,501)</u>	<u>(1,706)</u>
Cash flows from financing activities			
Proceeds from issue of equity securities		-	25,288
Share issue costs		-	(1,113)
Lease payments		(12,453)	(11,655)
Proceeds from borrowings		7,238	21,148
Repayment of borrowings		(1,876)	(37,279)
Interest and other costs of finance paid		(2,866)	(1,905)
Net cash used in financing activities		<u>(9,957)</u>	<u>(5,516)</u>
Net decrease in cash and cash equivalents		(1,648)	(7,015)
Effects of exchange rate changes on cash and cash equivalents		8	61
Cash and cash equivalents at the beginning of the year		22,263	29,217
Cash and cash equivalents at end of year	7	<u>20,623</u>	<u>22,263</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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NOTES TO THE FINANCIAL STATEMENTS

Significant matters

The key impacts on the financial statements, including the application of critical estimates and judgements, are as follows:

Receivables and other financial assets

The Group has applied the simplified approach to measuring expected credit losses within AASB 9 which uses a lifetime expected loss allowance for all trade and other receivables.

The Group has recognised a provision for expected credit losses against > 80% of trade and other receivables that are 30+ days past due.

Lease assets and liabilities

As at 28 June 2024, landlords reported, with respect to franchised store leases where the Group is head on lease (HOL), lease arrears of \$2.8 million (FY23: \$3.7 million). The lease arrears balances reported to the Group by landlords are on a net basis, and include the application by landlords of relief in the form of rental abatements.

The Group has recognised a current lease liability and current lease receivable at 28 June 2024 of \$2.8 million (FY23: \$3.7 million), from the respective franchise partners occupying the stores to which these arrears apply. An expected credit loss provision (ECL) of \$2.1 million (FY23 \$2.8 million) was recognised against the lease receivable balance.

In addition, the Group assessed the underlying right-of-use (ROU) assets and lease receivable assets for indicators of impairment. The Group has reduced its provisioning in FY24 to reflect improving trading conditions and management actions to re-open, surrender or renegotiate onerous lease agreements of franchised outlets which has resulted in an ECL balance of \$6.2 million (FY23: \$10.8 million). Refer to Note 13.

Assessment of impairment of non-financial assets

The Directors tested of the Group's intangible assets for impairment in FY24 and determined there were no indicators of impairment.

The Group assessed the carrying values of its property, plant and equipment, for impairment. Lease related ROU assets presented within property, plant and equipment of the Group were impaired as discussed under the foregoing heading "Lease assets and liabilities".

No other property, plant and equipment was assessed as impaired as at 28 June 2024.

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NOTES TO THE FINANCIAL STATEMENTS

Results for the year

1. Segment information

1.1 Description of segments and principal activities

AASB 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports about components of the Group that are reviewed regularly by the Chief Operating Decision Makers (CODMs), in order to allocate resources to the segments and to assess their performance.

During the year, the Group reconsidered the most appropriate presentation of the Group's operations and has determined that two segments provide a clearer view of the Group's results. As a result, the Group will now report its primary segments under AASB 8 as follows:

- Café, Coffee & Bakery Division (incorporating the Donut King, Brumby's Bakery, Gloria Jean's Coffees, Beefy's Pies, Di Bella Coffee, Michel's Patisserie, Café2U & The Coffee Guy Brand Systems);
- QSR Division (incorporating the Crust Gourmet Pizza Bar, Rack 'em Bones BBQ Ribs and Pizza Capers Gourmet Kitchen Brand Systems);

1.2 Segment information provided to the Chief Operating Decision Makers

Segment Revenue

Revenue from external parties reported to the CODMs is measured in a manner consistent with that in the segment note. Sales between segments are eliminated on consolidation and identified as Inter-segment revenue as presented in Note 1.3.

Segment EBITDA

The CODMs assess the performance of the operating segments based on a measure of segment EBITDA.

FINANCIAL STATEMENTS

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Segment information (continued)

1.3 Segment Analysis

Information related to the Group's operating results per segment is presented in the following table.

Segment	Café, Coffee & Bakery		OSR Systems		Total	
	FY24 \$'000	FY23 \$'000	FY24 \$'000	FY23 \$'000	FY24 \$'000	FY23 \$'000
Revenue	105,213	92,124	12,294	13,388	117,507	105,512
Revenue - Restricted Marketing Funds	9,467	8,984	5,020	5,767	14,487	14,751
Segment revenue	114,680	101,108	17,314	19,155	131,994	120,263

Underlying EBITDA	24,785	21,001	4,418	4,395	29,203	25,396
Marketing Funds EBITDA					(1,234)	(3,292)
Transformation, acquisition costs, and legal matters					(6,223)	(11,791)
Impairment of intangibles					-	(7,257)
Depreciation & amortisation					(8,320)	(8,491)
Finance costs					(4,677)	(3,825)
Profit/(Loss) before tax					8,749	(9,260)
Income tax benefit/(expense)					(2,958)	314
Profit/(Loss) after tax for the year					5,791	(8,946)

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NOTES TO THE FINANCIAL STATEMENTS

1. Segment information (continued)

1.4 Geographical information

An insignificant amount of the Group's profits are generated outside of Australia, and hence, no geographical information has been disclosed.

2. Revenue and other revenue

An analysis of the Group's revenue for the year is as follows:

Consolidated	FY24 \$'000	FY23 \$'000
Revenue from the sale of goods	67,426	51,850
Revenue from franchise agreements	37,943	39,186
Revenue from the sale of distribution rights	5,323	5,587
Revenue from restricted marketing funds	14,487	14,751
	<u>125,179</u>	<u>111,374</u>
Operating lease income	4,430	5,062
Other revenue	2,385	3,827
	<u>6,815</u>	<u>8,889</u>
	<u>131,994</u>	<u>120,263</u>

The Group's primary revenue streams include revenue from the sales of goods, revenue from the sale of franchise agreements, revenue from the sale of distribution rights and revenue from restricted marketing funds. Revenue from the sale of goods, sale of franchise agreements and restricted marketing funds are derived at a point in time apart from \$2.8 million (FY23: \$2.6 million) which was derived over time. Operating lease income and revenue from the sale of distribution rights are derived over a period of time.

Assets and liabilities related to contracts with customers

The Group has recognised trade receivables, against which an allowance for impairment has been recognised. Further information can be found in note 8.1 and note 5.

The Group has recognised unearned income in relation to contracts with customers arising from initial fees on entering into franchise and master franchise agreements, and distribution agreements. Further information can be found in note 17.

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to initial fees (for which revenue is deferred) is \$9.7 million (FY23: \$11.3 million). Refer to note 17.

Management expects that \$2.0 million of the transaction price allocated to unsatisfied performance obligations as of 28 June 2024 will be recognised as revenue during the next reporting period. The remaining amounts will be recognised from 28 June 2025 onwards.

Significant judgements

In determining unearned revenue, the Group makes an assessment of amounts that are highly probable to be received under each revenue contract that the Group is party to. The highly probable amount under contracts may change in the future as individual contract circumstances change.

2.1 Revenue recognition accounting policy

Revenue from sale of goods

The Group sells a range of coffee, coffee related products, bakery goods and other food items. The sale of these goods is recognised when the control of the products passes to the customer.

Revenues from the sale of goods, in some instances, attract volume discounts based on sales over various periods. Revenue from these sales is recognised at the price in the contract, net of the expected volume discounts. The volume discounts are estimated based on the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur when discounts are finalised.

FINANCIAL STATEMENTS

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NOTES TO THE FINANCIAL STATEMENTS

2. Revenue and other revenue (continued)

2.1 Revenue recognition accounting policy (continued)

Revenue from franchise agreements

The Group enters into franchise agreements and master franchise agreements (franchise agreements) with individual franchise partners and master franchise partners for the operation of the Group's various brand systems. The franchise agreements include a number of cash-flows at various stages of the franchise agreement including initial franchise fees on entry in the franchise agreements, royalties paid by franchise partners throughout the term and marketing fees paid by franchise partners as a contribution to marketing activities of the respective brands.

The franchise agreements contain a performance obligation being the grant of a licence to franchise partners in order to allow them to access the Group's intellectual property over the term of the franchise agreements. The franchise agreements do not contain a material right to a discount on renewal.

This performance obligation is satisfied consistently over the term of the agreement. As such, initial franchise fees and renewal fees for subsequent terms, are recorded on a straight-line basis over the term of the franchise agreement.

In respect of ongoing sales based royalties and marketing fees received, the Group recognises revenue for these royalties and fees as the subsequent franchise partner and master franchise partner sales occur.

In most cases initial franchise fees are payable on commencement of the franchise agreement, and the fee is payable on a regular basis throughout the term of the agreement. Payment terms are typically 7 days. There are certain circumstances where initial fees are due for payment over a longer term.

Renewal fees are payable on commencement of the franchise agreement renewal period. Payment terms are typically 7 days, however longer term settlement periods may be offered to renewing franchise partners.

Where long term settlement periods exist, the Group assesses whether the contract contains a significant financing component. Where a significant financing component does exist, revenue is adjusted for the effects of the time value of money.

Revenue from sale of distribution rights

The Group receives fees from suppliers in exchange for access to supply goods to the franchise network. On commencement of a supply distribution agreement, the Group may receive an upfront fee from the supplier. In addition, over the course of the supply distribution term, the Group may also earn volume-based fees based on goods distributed by suppliers to the brand networks.

Each supply agreement has been assessed as having a single performance obligation relating to the grant of distribution rights to the suppliers for a specific period of time. This performance obligation is satisfied over the term of the agreement either on the basis of time elapsed or units delivered, depending on the terms of the distribution agreement. The ongoing volume-based licence fee is recognised when the subsequent supply occurs.

Payment terms of initial supplier licence fees vary across agreements. Where long term settlement periods exist, the Group determines the existence of a significant financing component. Where a significant financing component does exist, revenue is adjusted for the effects of the time value of money.

Other revenue

Other revenue, for sales generated from online platforms, is recognised at the point when the goods pass to the customer. Revenue earned from the sale of coffee is recognised at the point in time the coffee sales are generated.

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NOTES TO THE FINANCIAL STATEMENTS

3. Finance costs

Consolidated	FY24 \$'000	FY23 \$'000
Finance lease interest	4,815	4,427
Bank interest	2,848	1,820
Interest expense	7,663	6,247
Finance lease interest income	(2,939)	(2,282)
Bank interest income	(411)	(504)
Other finance costs	364	364
Interest income	(2,986)	(2,422)
Total finance costs	4,677	3,825

4. Income taxes

4.1 Income tax recognised in profit or loss

Consolidated	Notes	FY24 \$'000	FY23 \$'000
Current tax:			
In respect of the current year		-	133
In respect of prior periods		-	(230)
		-	(97)
Deferred tax:			
In respect of the current year		4,126	(217)
Recognition of previously unrecognised losses		(1,483)	-
In respect of prior periods		315	-
		2,958	(217)
Total Income tax expense/(benefit) recognised in the current year		2,958	(314)

FINANCIAL STATEMENTS

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NOTES TO THE FINANCIAL STATEMENTS

4. Income taxes (continued)

4.1 Income tax recognised in profit or loss (continued)

The income tax expense for the year can be reconciled to the accounting profit/(loss) as follows:

Consolidated	FY24 \$'000	FY23 \$'000
Profit/(loss) before income tax expense	8,749	(9,260)
Income tax (benefit)/expense calculated at 30% (FY23: 30%)	2,625	(2,778)
Effect of:		
Amounts that are (not assessable)/not deductible in determining taxable income/(loss)	845	1,186
Non-deductible impairment of goodwill	-	476
Tax adjustments in respect of prior years	-	(230)
Tax adjustments in respect of prior periods - deferred tax (Recognition)/De-recognition of carried forward tax losses	315	-
Other	(1,483)	899
	656	133
Income tax expense/(benefit) recognised in profit or loss	2,958	(314)

The tax rate used for the FY24 reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

4.2 Income tax recognised directly in equity

Consolidated	Notes	FY24 \$'000	FY23 \$'000
Share issue costs	19	-	334
Total income tax recognised directly in equity		-	334

4.3 Deferred tax balances

Consolidated FY23	Opening balance	Recognised in profit or loss	Recognise directly in equity	Closing balance
	\$'000	\$'000	\$'000	\$'000
Temporary differences				
Intangible assets	(47,505)	1,588	-	(45,917)
Unrealised exchange differences	218	(177)	-	41
Leases - ROU asset	(5,020)	(810)	-	(5,830)
Leases - receivable	(16,420)	(2,235)	-	(18,655)
Leases - liability	27,041	(248)	-	26,793
Fixed assets	740	(79)	-	661
Provisions	4,737	1,092	-	5,829
Doubtful debts	2,753	142	-	2,895
Unearned income	3,683	(374)	-	3,309
Share issue costs	1,239	(353)	334	1,220
Other	1,100	(456)	-	644
	(27,434)	(1,910)	334	(29,010)
Unused tax losses and credits				
Tax losses/(credits)	27,217	1,793	-	29,010
	27,217	1,793	-	29,010
	(217)	(117)	334	-

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NOTES TO THE FINANCIAL STATEMENTS

4. Income taxes (continued)

4.3 Deferred tax balances (continued)

Consolidated FY24	Opening balance	Recognised in profit or loss	Other	Acquisitions/ disposals	Closing balance
	\$'000	\$'000	\$'000	\$'000	\$'000
Temporary differences					
Intangible assets	(45,917)	(11)	-	(1,588)	(47,516)
Unrealised exchange differences	41	(24)	-	-	17
Leases - ROU asset	(5,830)	2	-	-	(5,828)
Leases - receivable	(18,655)	(2,275)	-	-	(20,930)
Leases - liability	26,793	(534)	-	-	26,259
Fixed assets	661	7	-	-	668
Provisions	5,829	263	-	-	6,092
Doubtful debts	2,895	(143)	-	-	2,752
Unearned income	3,309	(537)	-	-	2,772
Share issue costs	1,220	(953)	(67)	-	200
Other	644	(230)	-	-	414
	<u>(29,010)</u>	<u>(4,435)</u>	<u>(67)</u>	<u>(1,588)</u>	<u>(35,100)</u>
Unused tax losses and credits					
Tax losses/(credits) ⁽¹⁾	29,010	1,544	-	-	30,554
	<u>29,010</u>	<u>1,544</u>	<u>-</u>	<u>-</u>	<u>30,554</u>
	-	(2,891)	(67)	(1,588)	(4,546)

(1) Unused tax losses reconciliation

	Unused tax losses	Tax benefit at 30%
	\$'000	\$'000
Balance at 1 July 2023 - recognised	96,701	29,010
Recognition of previously unrecognised loss	4,945	1,483
Losses generated in the current year	201	61
Total unused tax losses at 28 June 2024	<u>101,847</u>	<u>30,554</u>
Balance at 28 June 2024 - recognised	101,847	30,554
Balance at 28 June 2024 - unrecognised	11,458	3,437

- (1) All recognised revenue tax losses of \$101.8 million relate to the Australian consolidated tax group and the remainder of the unrecognised tax losses of \$11.5 million relate to the US and NZ jurisdictions. These tax losses can be carried forward until such time as the Group generates taxable profits against which these losses can be offset.

The Group has a further amount of approximately \$91.2 million of unrecognised capital tax losses in the Australian consolidated tax group. These tax losses can be carried forward until such time as the Group generates taxable capital gains against which these losses can be offset.

Deferred tax balances are presented in the consolidated statement of financial position as follows:

Consolidated	Notes	FY24 \$'000	FY23 \$'000
Deferred tax assets		69,728	70,402
Deferred tax liabilities		<u>(74,274)</u>	<u>(70,402)</u>
		<u>(4,546)</u>	-

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NOTES TO THE FINANCIAL STATEMENTS

4. Income taxes (continued)

4.4 Tax consolidation

Relevance of tax consolidation to the Group

The Company and its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. The head entity within the tax-consolidated group is Retail Food Group Limited. Tax benefit/expense, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'stand-alone taxpayer' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets, and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the Company, as head entity in the tax-consolidation group.

Due to the existence of a tax funding agreement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the Company and each member of the Group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group, in accordance with the arrangement.

Nature of tax funding arrangements and tax sharing arrangements

Entities within the tax-consolidated group have entered into both a tax funding agreement and a tax-sharing agreement with the head entity. Under the terms of the tax funding arrangement, Retail Food Group Limited and each of the entities in the tax-consolidated group have agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity.

The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax-consolidated group. No amounts have been recognised in the financial statements in respect of this agreement and payment of any such amounts under the tax sharing agreement is considered remote.

4.5 Income taxes accounting policy

Income tax expense represents the sum of current tax expense and deferred tax expense.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax for the year

Current and deferred taxes are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity). In this case the tax is also recognised outside profit or loss, or where it arises from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

Deferred tax balances

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are recognised if the temporary difference arises from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets, arising from deductible temporary differences associated with such investments and interests, are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences, and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would flow in the manner the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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NOTES TO THE FINANCIAL STATEMENTS

4. Income taxes (continued)

4.5 Income taxes accounting policy (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Critical accounting judgements and key sources of estimation uncertainty

The Group's accounting policy for taxation requires Management's judgement as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgement is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the balance sheet. Deferred tax assets, including those deferred tax assets arising from non-recouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Deferred tax liabilities arising from temporary differences in investments, caused principally by retained earnings held in foreign tax jurisdictions, are recognised unless repatriation of retained earnings can be controlled and are not expected to occur in the foreseeable future.

Assumptions about the generation of future taxable profits, and repatriation of retained earnings, depend on Management's estimates of future cash flows which, in turn, depend on estimates of future production and sales volumes, operating costs, restoration costs, capital expenditure, dividends and other capital management transactions. Judgements are also required in relation to the application of income tax legislation.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences to the extent that Management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amounts of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the consolidated statement of profit or loss and other comprehensive income.

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NOTES TO THE FINANCIAL STATEMENTS

5. Profit/(loss) for the year

Profit/(loss) for the year has been arrived at after charging (crediting):

Consolidated	FY24 \$'000	FY23 \$'000
Cost of sales	34,297	30,620
Other gains and losses:		
Loss/(gain) on lease modification	3,630	338
Gain on disposal of assets	(138)	(288)
Total other gains and losses	3,492	50
Operating expenses:		
Wages	31,265	17,877
Franchise partner assistance	148	173
Repairs and maintenance	998	752
Other	640	591
Total operating expenses ⁽¹⁾	33,051	19,393
Other (income)/expenses:		
Impairment gain on lease assets	(11,994)	(6,811)
Impairment (gain)/loss on trade and other receivables	1,512	(214)
Impairment (gain)/loss on property, plant and equipment	(11)	144
Impairment loss on intangible assets	-	7,257
Provision increase/(decrease)	-	7,904
Depreciation of property, plant and equipment	8,320	8,491
Other	92	(115)
Total other (income)/expenses	(2,081)	16,656
Employee benefits expense:		
Equity settled share based payments	629	618
Government wage subsidies	(1)	(5)
Post-employment benefits (defined contribution plans)	3,081	2,342
Other employee benefits (wages and salaries)	38,513	28,658
Total employee benefits expense ⁽¹⁾	42,222	31,613

(1) Employee benefits expense is allocated between administration expenses, operating expenses or cost of sales in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, dependent on the roles performed by the associated employees.

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NOTES TO THE FINANCIAL STATEMENTS

6. Earnings per share

Consolidated	FY24 Cents	FY23 Cents
Basic (cents per share)	0.23	(0.41)
Diluted (cents per share) ⁽¹⁾	0.23	(0.41)

(1) In FY23, Diluted EPS was determined to be the same as basic EPS on the basis that potential ordinary shares cannot be anti-dilutive.

6.1 Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Consolidated	FY24 \$'000	FY23 \$'000
Profit/(loss) for the year used in the calculation of basic EPS	5,791	(8,946)

Consolidated	FY24 No. '000	FY23 No. '000
Weighted average number of ordinary shares for the purpose of basic EPS	2,471,868	2,193,489

Calculation of weighted average number of fully paid ordinary shares		Fully paid ordinary shares issued	Weighted shares ⁽¹⁾
FY24	Date of issue	No. '000	No '000
Balance at beginning of period		2,446,596	2,446,596
Shares issued for consideration in business combination ⁽²⁾	11-Dec-23	33,333	18,315
Shares issued upon vesting of performance & service rights	22-Sep-23	5,600	4,308
Shares issued upon vesting of performance & service rights	27-Sep-23	3,414	2,580
Shares issued upon vesting of performance & service rights	9-May-24	500	69
Total		2,489,443	2,471,868

(1) Weighted shares based on days on issue in the period.

(2) Refer to note 27 for details regarding the Beefy's acquisition.

6.2 Diluted earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of diluted earnings per share are as follows:

Consolidated	FY24 \$'000	FY23 \$'000
Profit/(loss) for the year used in the calculation of diluted EPS	5,791	(8,946)

Consolidated	FY24 No. '000	FY23 No. '000
Weighted average number of ordinary shares for the purpose of basic EPS ⁽¹⁾	2,471,868	2,193,489
Adjustments for calculation of diluted EPS - Performance rights	67,372	17,955
Weighted average number of ordinary shares for the purpose of diluted EPS ⁽²⁾	2,539,240	2,211,444

(1) Weighted shares based on days on issue in the period.

(2) In FY23, diluted EPS is the same as basic EPS as the Group was loss making for the year.

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NOTES TO THE FINANCIAL STATEMENTS

7. Cash and cash equivalents

7.1 Reconciliation to Consolidated Statement of Cash Flows

For the purposes of the consolidated statement of cash flows, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting year as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

Consolidated	FY24 \$'000	FY23 \$'000
Restricted cash relating to marketing funds and unclaimed dividends	2,320	4,372
Unrestricted cash and cash balances	18,303	17,891
	<u>20,623</u>	<u>22,263</u>

7.2 Restricted cash

Restricted cash relates to cash reserved for marketing specific pursuits and unclaimed dividends.

7.3 Cash and cash equivalents accounting policy

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition or at reporting date. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

7.4 Financing facilities

At 28 June 2024, the Group had unused facilities as detailed in the following table. Further details can be found in Notes 18 and 24.

Consolidated	FY24 \$'000	FY23 \$'000
Secured bank loan facility:		
Amount used	25,000	20,000
Amount unused	15,000	-
	<u>40,000</u>	<u>20,000</u>
Secured ancillary bank facilities (guarantees):		
Amount used	2,929	2,495
Amount unused	3,755	6,505
	<u>6,684</u>	<u>9,000</u>
Secured ancillary bank facilities (other):		
Amount used	-	-
Amount unused	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

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NOTES TO THE FINANCIAL STATEMENTS

7. Cash and cash equivalents (continued)

7.5 Reconciliation of profit/(loss) for the year to net cash flows from operating activities

Consolidated	FY24 \$'000	FY23 \$'000
Profit/(loss) for the year	5,791	(8,946)
Depreciation of non-current assets	8,320	8,491
(Gain)/loss on disposal of property, plant and equipment	(138)	(288)
Impairment (gain)/loss on property, plant and equipment	(7,738)	(4,778)
Impairment loss on intangible assets	-	7,257
Impairment loss/(write back) on trade and other receivables	1,512	(214)
Non-cash employee benefits expense share based payments	629	618
Unrealised foreign exchange (gain)/loss	55	134
Interest income	(411)	(504)
Non-cash operating lease income	(4,430)	(5,062)
Non-cash interest expense	4,814	4,427
Non-cash finance lease income	(2,939)	(2,282)
(Gain)/loss on lease modifications	3,630	338
Impairment release on lease receivables	(4,267)	(1,889)
Lease expenses recognised within financing cash flows	5,616	6,300
Non-cash restructuring and provisioning	-	7,404
Other	2,678	2,647
Increase/(decrease) in Current tax liability	-	265
Increase/(decrease) in Deferred tax balances	2,958	(217)
Movements in working capital:		
(Increase)/decrease in Trade and other receivables	(952)	(3,954)
(Increase)/decrease in Inventories	884	1,903
(Increase)/decrease in Other assets	(626)	592
Increase/(decrease) in Trade and other payables	(2,360)	(8,934)
Increase/(decrease) in Provisions	(359)	(309)
Increase/(decrease) in Other liabilities	5,143	(2,792)
Net cash generated by operating activities	17,810	207

7.6 Non-cash investing and financing activities

Acquisition of property, plant and equipment by means of leases was nil (FY23: nil).

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NOTES TO THE FINANCIAL STATEMENTS

7. Cash and cash equivalents (continued)

7.7 Debt reconciliation

Changes in liabilities for which cash flows are classified as financing activities in the statement of cash flows:

	Current bank loans	Current other borrowings	Current borrowing costs	Non-current bank loans	Non-current borrowing costs	Leases
Consolidated	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2023	-	1,148	(283)	20,000	(517)	90,288
Recognition of lease arrears	-	-	-	-	-	(545)
Proceeds from borrowings	-	2,238	-	5,000	-	-
Repayment of borrowings	-	(1,876)	-	-	-	-
Amortisation of deferred borrowing costs	-	17	-	-	363	-
Reclassification of debt	-	-	-	-	(375)	-
Lease liability additions	-	-	-	-	-	35,178
Lease liability terminations	-	-	-	-	-	(1,344)
Lease Liability - cash ⁽¹⁾	-	-	-	-	-	(35,209)
Lease Liability - effect of movement in exchange rates	-	-	-	-	-	(184)
Balance at 28 June 2024	-	1,527	(283)	25,000	(529)	88,184

(1) Includes \$12.5 million paid by the Group with the balance paid by Franchise Partners directly to landlords.

8. Trade and other receivables

8.1 Trade receivables

Consolidated	FY24 \$'000	FY23 \$'000
Current		
Trade receivables	16,118	15,134
Allowance for impairment	(10,211)	(10,153)
	<u>5,907</u>	<u>4,981</u>
Accrued income	3,389	3,454
Sundry debtors	1,696	1,392
Other	3	1,282
	<u>5,088</u>	<u>6,128</u>
Trade and other receivables	<u>10,995</u>	<u>11,109</u>

Trade receivables disclosed in this table are classified as loans and receivables and are therefore measured at amortised cost.

The average credit period on sales of goods and rendering of services is 30 days and no interest is charged.

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, the risk profile of the Group counter parties is considered. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience along with current and forward-looking economic factors which are expected to significantly affect the ability of the customers to settle the receivables. Additional impairment has been recognised against trade receivables that are at risk of payment default because the debt arose during COVID-19 trading restrictions.

The Group holds collateral over the majority of domestic franchise related receivable balances that are deemed recoverable, in the form of the franchised outlets.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recoverability includes, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

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NOTES TO THE FINANCIAL STATEMENTS

8. Trade and other receivables (continued)

8.1 Trade receivables (continued)

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group considers that the risk profile of trade receivables of its different customer groups is not dissimilar, the provision for loss allowance based on past due status is not further disaggregated.

The increase in expected loss rate on current trade receivables is attributable to the loss allowance recognised on rent paid by the Group on behalf of Franchise Partners, which has not been repaid to the Group at reporting date. Where these balances relate to impaired leases, the allowance for expected credit loss and accumulated impairment on leases have been transferred to loss allowance on trade receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
28 June 2024					
Gross carrying amount - trade receivables	3,898	689	275	11,256	16,118
Loss allowance	(170)	(29)	(68)	(9,944)	(10,211)
30 June 2023					
Gross carrying amount - trade receivables	4,023	931	701	9,479	15,134
Loss allowance	(414)	(202)	(257)	(9,280)	(10,153)

The following table shows the movement in lifetime expected credit loss that has been recognised for trade receivables in accordance with the simplified approach set out in AASB 9.

Consolidated	FY24 \$'000	FY23 \$'000
Balance at the beginning of the year	10,153	8,819
Reclassification to 'Other' receivables	286	285
Reclassification from 'Lease receivables - allowance for expected credit loss' ⁽¹⁾	184	490
Reclassification from 'ROU asset - accumulated impairment' ⁽¹⁾	124	392
Reclassification from 'Lease Make Good' ⁽¹⁾	74	-
(Decrease)/increase in loss allowance recognised in profit or loss during the year	1,491	1,381
Receivables written-off during the year as uncollectible	(2,101)	(1,214)
Balance at the end of the year	10,211	10,153

- (1) Allowance for expected credit loss and accumulated impairment on leases is reclassified to trade receivables to cover allowance for unpaid rent on impaired leases. These amounts are disclosed above inclusive of GST. The amounts transferred from allowances for expected credit loss and accumulated impairment as disclosed within notes 11, 12 and 13 are exclusive of GST.

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NOTES TO THE FINANCIAL STATEMENTS

9. Other financial assets

Consolidated	FY24 \$'000	FY23 \$'000
Current		
Loans and receivables carried at amortised cost		
Gross carrying amount - vendor finance ⁽¹⁾	243	622
Loss allowance - vendor finance	(224)	(463)
Gross carrying amount - other receivables ⁽²⁾	-	719
	<u>19</u>	<u>878</u>
Non-current		
Loans and receivables carried at amortised cost		
Gross carrying amount - vendor finance ⁽¹⁾	29	34
Gross carrying amount - other receivables ⁽²⁾	-	341
Loss allowance - other receivables	-	(341)
	<u>29</u>	<u>34</u>
	<u>48</u>	<u>912</u>

(1) Vendor finance represents funding provided to franchise partners for the purpose of acquiring a franchised outlet or undertaking refurbishment, and are primarily secured by the franchised outlet, including the business and shop fittings, with guarantors as co-signatories to the loan agreement. These loans receivable are undertaken at arm's length and can be interest bearing. Recoverability of these loans receivable are assessed on the same basis as trade receivables (Note 8). The impairment recognised represents the difference between the carrying amount of these loan receivables and the present value of the estimated recoverable amount.

(2) Other receivables includes trade receivables under formal or contractual payment arrangements. Recoverability of these other receivables are assessed on the same basis as trade receivables (Note 8).

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NOTES TO THE FINANCIAL STATEMENTS

10. Inventories

Consolidated	FY24 \$'000	FY23 \$'000
Stock held for resale	3,887	3,717

The cost of inventories recognised during the year was \$34.3 million (FY23: \$30.6 million).

10.1 Inventories accounting policy

Inventories are stated at the lower of cost and net realisable value. Cost, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the method most appropriate to each particular class of inventory, with categories being valued on a weighted average cost basis as determined by the inventory's nature and use.

11. Other assets

Consolidated	FY24 \$'000	FY23 \$'000
Current		
Prepayments	2,925	2,708
Receivables - make-good ⁽¹⁾	3,250	4,068
Allowance for expected credit loss	(2,101)	(1,750)
	<u>4,074</u>	<u>5,026</u>
Non-current		
Prepayments	543	86
Receivables - make-good ⁽¹⁾	7,371	6,050
Allowance for expected credit loss	(410)	(594)
	<u>7,504</u>	<u>5,542</u>
	<u>11,578</u>	<u>10,568</u>

(1) Receivables - make-good relate to the provision recognised for make-good costs associated with franchise store leases. The Group expects that the Franchise Partner will pay the make-good cost at the end of the lease term.

The following table shows the movement in the expected credit loss that has been recognised for Make-good Receivable:

Consolidated	FY24 \$'000	FY23 \$'000
Balance at the beginning of the year	2,344	2,052
Additional lease impairment recognised during the year	234	292
Reclassification to 'trade receivable - loss allowance' ⁽¹⁾	(67)	-
Balance at the end of the year	<u>2,511</u>	<u>2,344</u>

(1) Allowance for expected credit loss is reclassified to trade receivable to cover deficit costs on impaired leases.

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NOTES TO THE FINANCIAL STATEMENTS

12. Property, plant and equipment

Consolidated	Leasehold improvements at cost	Plant & equipment at cost	Motor vehicles at cost	Right-of-use assets	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 2 July 2022	1,234	34,328	518	43,962	80,042
Additions	82	3,455	-	28,295	31,832
Disposals	(64)	(317)	(423)	(5,936)	(6,740)
Reclassification of right-of-use assets ⁽¹⁾	-	-	-	(22,541)	(22,541)
Reclassification of lease receivables ⁽²⁾	-	-	-	3,282	3,282
Effect of movements in exchange rates	-	3	-	117	120
Balance as at 1 July 2023	1,252	37,469	95	47,179	85,995
Additions	59	4,975	-	21,460	26,494
Disposals	-	(353)	(53)	(13,643)	(14,049)
Reclassification of right-of-use assets ⁽¹⁾	-	-	-	(26,001)	(26,001)
Reclassification of lease receivables ⁽²⁾	-	-	-	2,332	2,332
Effect of movements in exchange rates	-	1	-	210	211
Acquired as part of business combinations ⁽⁵⁾	-	933	-	-	933
Balance as at 28 June 2024	1,311	43,025	42	31,537	75,915
Accumulated depreciation and impairment					
Balance as at 2 July 2022	(337)	(29,609)	(183)	(26,361)	(56,490)
Reclassification of right-of-use assets ⁽¹⁾	-	-	-	680	680
Disposals	3	31	243	492	769
Depreciation charge	(306)	(1,156)	(49)	(6,980)	(8,491)
Impairment gains/(losses)	42	(175)	(11)	4,922	4,778
Reclassification to 'trade receivable-loss allowance' ⁽³⁾	-	-	-	356	356
Effect of movements in exchange rates	-	(1)	-	(86)	(87)
Balance as at 1 July 2023	(598)	(30,910)	-	(26,977)	(58,485)
Reclassification of right-of-use assets ⁽¹⁾	-	-	-	7,373	7,373
Disposals	-	75	53	6,388	6,516
Depreciation charge	(196)	(1,684)	(17)	(6,423)	(8,320)
Impairment gains/(losses) ⁽⁴⁾	-	11	-	7,727	7,738
Reclassification to 'trade receivable-loss allowance' ⁽³⁾	-	-	-	113	113
Effect of movements in exchange rates	-	-	-	(125)	(125)
Balance as at 28 June 2024	(794)	(32,508)	36	(11,924)	(45,190)
Net book value					
As at 30 June 2023	654	6,559	95	20,202	27,510
As at 28 June 2024	517	10,517	78	19,613	30,725

- (1) Relates to right-of-use assets reclassified to finance lease receivables due to the establishment of a back to back lease contract.
(2) Relates to finance lease receivables reclassified to right-of-use assets.
(3) Amounts relate to trade receivables for impaired lease payments made by the Group on behalf of franchise partners.
(4) Amount includes adjustment for terminated impaired leases.
(5) Refer to note 27 for details regarding the Beefy's acquisition.

12.1 Property, plant and equipment accounting policy

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost, less any subsequent accumulated depreciation and accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

12. Property, plant and equipment (continued)

12.1 Property, plant and equipment accounting policy (continued)

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year-end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising from the disposal or retirement of an item of property, plant or equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The following useful lives are used in the calculation of depreciation:

- leasehold improvements 5 - 10 years;
- plant and equipment 2 - 25 years; and
- motor vehicle 5 - 10 years.

Estimation of Right of Use Asset useful life

The estimation of the useful lives of assets has been based on historical experience (for plant and equipment), lease terms (for leased equipment) and turnover policies (for motor vehicles).

Impairment of non-financial assets other than goodwill and indefinite life intangible assets

The Group assesses impairment of all assets at the end of each reporting period by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These assessments include product and manufacturing performance, technology, economic and political environments and future product expectations. If an impairment trigger exists, the recoverable amount of the asset is determined.

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NOTES TO THE FINANCIAL STATEMENTS

13. Leases

This note provides information for leases in which the Group is the lessee and the lessor.

13.1 Amounts recognised in the consolidated statement of financial position

(a) Group as a Lessee

The Group has lease contract for various properties and equipment. The Group's obligation under its leases are secured by the lessor's title to the lease assets. For these properties a ROU asset and associated liability is recognised.

Net book value	Properties \$'000	Equipment \$'000	Total \$'000
As at 2 July 2022	17,530	71	17,601
Additions	28,120	175	28,295
Terminations	(4,807)	(637)	(5,444)
Reclassification adjustment ⁽¹⁾	(18,579)	-	(18,579)
Depreciation	(6,909)	(71)	(6,980)
Impairment Release	4,330	592	4,922
Reclassification to 'trade receivable - loss Allowance'	356	-	356
Effect of movements in exchange rates	31	-	31
As at 30 June 2023	20,072	130	20,202

Net book value	Properties \$'000	Equipment \$'000	Total \$'000
As at 30 June 2023	20,072	130	20,202
Additions	21,332	128	21,460
Terminations	(7,255)	-	(7,255)
Reclassification adjustment ⁽¹⁾	(16,296)	-	(16,296)
Depreciation	(6,297)	(126)	(6,423)
Impairment Release	7,727	-	7,727
Reclassification to 'trade receivable - loss Allowance'	113	-	113
Effect of movements in exchange rates	85	-	85
As at 28 June 2024	19,481	132	19,613

(1) The Group's leases have been assessed to ensure they are in accordance with their long term economic substance. Refer to note 13.5(iv).

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NOTES TO THE FINANCIAL STATEMENTS

13. Leases (continued)

13.1 Amounts recognised in the consolidated statement of financial position (continued)

(b) Group as a Lessor

The Group has a portfolio of property leases which have been secured on behalf of franchisees. The cash flows under these arrangements substantially offset each other.

A financial asset and financial liability is recognised which generate interest income and expenses, which materially offset with the income statement.

Set out below are the carrying amounts of investment in lease assets and the movements during the period.

	Gross Lease Asset \$'000	ECL Provision \$'000	Total \$'000
As at 2 July 2022	64,543	(15,110)	49,433
Additions	14,540	-	14,540
Terminations	(55)	(1,556)	(1,611)
Reclassification adjustment ⁽¹⁾	14,947	-	14,947
Payments	(24,112)	-	(24,112)
Impairment Release	(4,669)	5,880	1,211
As at 30 June 2023	65,194	(10,786)	54,408
Current	25,033	(5,724)	19,309
Non current	40,161	(5,062)	35,099
Total investment in lease assets	65,194	(10,786)	54,408

	Gross Lease Asset \$'000	ECL Provision \$'000	Total \$'000
As at 30 June 2023	65,194	(10,786)	54,408
Additions	15,234	-	15,234
Terminations	-	-	-
Reclassification adjustment ⁽¹⁾	13,267	(266)	13,001
Payments	(25,807)	-	(25,807)
Impairment Release	-	4,822	4,822
As at 28 June 2024	67,888	(6,230)	61,658
Current	25,941	(3,489)	22,452
Non current	41,947	(2,741)	39,206
Total investment in lease assets	67,888	(6,230)	61,658

(1) The Group's leases have been assessed to ensure they are in accordance with their long term economic substance. Refer to note 13.5(iv).

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NOTES TO THE FINANCIAL STATEMENTS

13. Leases (continued)

13.1 Amounts recognised in the consolidated statement of financial position (continued)

Set out below are the carrying amounts of lease liabilities and the movement during the period

	FY24 \$'000	FY23 \$'000
Opening balance	(90,288)	(91,452)
Additions	(35,015)	(38,389)
Terminations	1,623	1,294
Payments	34,773	33,877
Arrears movement	1,002	4,382
Closing balance	<u>(87,905)</u>	<u>(90,288)</u>
Current	(31,617)	(33,938)
Non current	<u>(56,288)</u>	<u>(56,350)</u>
Total Lease liabilities	<u>(87,905)</u>	<u>(90,288)</u>

Minimum undiscounted payments for operating leases to be made after reporting date are as follows:

	FY24 \$'000	FY23 \$'000
Within 1 year	7,011	8,402
Between 1 and 2 years	6,244	6,556
Between 2 and 3 years	4,585	5,526
Between 3 and 4 years	2,932	4,021
Between 4 and 5 years	1,470	1,983
Later than 5 years	1,305	741
	<u>23,547</u>	<u>27,229</u>

Minimum undiscounted rental receivables after reporting date are as follows:

	FY24 \$'000	FY23 \$'000
Within 1 year	28,721	27,511
Between 1 and 2 years	19,825	17,974
Between 2 and 3 years	14,259	12,729
Between 3 and 4 years	8,024	8,029
Between 4 and 5 years	2,592	2,948
Later than 5 years	1,610	1,834
	<u>75,031</u>	<u>71,025</u>

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NOTES TO THE FINANCIAL STATEMENTS

13. Leases (continued)

13.1 Amounts recognised in the consolidated statement of financial position (continued)

The following table shows the movement in the expected credit loss that has been recognised for investments in lease assets

Consolidated	FY24 \$'000	FY23 \$'000
Balance at the beginning of the year	10,786	15,110
Reclassification from 'right-of-use assets'	433	1,557
Lease impairment recognised/(reversed) during the period	(4,275)	(2,193)
Reclassification to 'trade receivables - loss allowance' ⁽¹⁾	(167)	(446)
Expected credit loss/(reversals) on rental arrears & deferrals	(547)	(3,242)
Balance at the end of the year	6,230	10,786

(1) Allowance for expected credit loss is reclassified to trade receivables to cover allowance for unpaid rent on impaired leases.

13.2 Amounts recognised in the consolidated statement of profit or loss and other comprehensive income

The consolidated statement of profit or loss and other comprehensive income includes the following amounts related to leases:

	FY24 \$'000	FY23 \$'000
Operating lease income	4,430	5,062
Finance lease interest income	2,939	2,282
Interest expense (finance lease)	(2,939)	(2,282)
Interest expense (operating leases)	(1,876)	(2,145)
Depreciation expense of ROU assets	(6,423)	(6,980)
Impairment reversal on ROU assets	7,727	4,922
Expected credit gain - lease receivables	4,267	1,889
Loss on lease modification	(3,630)	(338)

13.3 Amounts recognised in statement of cashflows

The consolidated statement of profit or loss and other comprehensive income includes the following amounts related to leases:

	FY24 \$'000	FY23 \$'000
Total cash outflow for leases	(12,453)	(11,655)

13.4 Make-good provisions

The Group is required to restore the leased premises of its franchise stores and certain corporate leases, to their original condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements for impaired and unimpaired leases. Refer to note 16 for additional detail on provisions.

For operating leases entered into post adoption of AASB 16 where the lease asset is a ROU asset, these costs are capitalised within ROU assets and amortised over the shorter of the term of the lease and the useful life of the assets. For finance leases, where the underlying lease asset is a finance lease receivable, the costs associated with make-good provisions are presented as Receivables - make-good, and classified within other assets. Refer to note 11.

13.5 Leases accounting policy

(i) Variable lease payments

The majority of the Group's lease agreements include fixed percentage increases at specific dates. Accordingly, the Group is not exposed to significant potential future increases in variable lease payments based on an index or rate.

(ii) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

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NOTES TO THE FINANCIAL STATEMENTS

13. Leases (continued)

13.5 Leases accounting policy (continued)

(iii) Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The most significant judgement relates to renewal options of leases of franchise stores where management has concluded that due to the nature of the Group's lease arrangements, there is no basis to conclude with reasonable certainty whether renewal options will be exercised prior to entering into a contractual arrangement.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

(iv) Finance lease receivables

The Group's finance lease receivables relate to franchise store leases where the Group is party to the head lease agreement and also has a corresponding back to back lease arrangement with the franchise partner of the stores. In these instances, RFG is both the lessee (under the head lease) and lessor (under the sub-lease).

The Group accounts for the head lease and the sub-lease as two separate contracts and classifies the franchise stores sub-leases as finance or operating leases by reference to the right-of-use asset arising from the head lease. The Group has reclassified its sub-lease agreements from right of use assets to finance lease receivable. Any adjustment from remeasurement is recognised in the income statement as a gain or loss on lease modification.

(v) Accounting for leases

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for franchise store leases for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on a rate, initially measured using a rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under extension options are not included in the measurement of the liability as management believes that there is no basis to conclude with reasonable certainty whether renewal options will be exercised prior to entering into a contractual arrangement.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the Incremental Borrowing Rate (IBR), the Group:

- where possible, uses recent third-party financing received by the Group as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Amounts due from leases under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- make-good provisions

NOTES TO THE FINANCIAL STATEMENTS

13. Leases (continued)

13.5 Leases accounting policy (continued)

(vi) Accounting for lease concessions

The Group may receive lease incentives from landlords in the form of rental waivers. Rental waivers are only recognised once confirmation is received from a landlord that represents a legally binding waiver of rent payable. Lease receivables and lease liabilities are remeasured based on new terms which incorporate the waivers. Gains and losses from waivers received from landlords where the Group has back to back sub-lease agreements with franchise partners offset each other and are recorded through profit and loss.

14. Intangible assets

14.1 Intangible assets

Consolidated	Indefinite Life			Finite Life	Total
	Goodwill	Brand Networks	Intellectual Property Rights	Other	
	\$'000	\$'000	\$'000	\$'000	\$'000
Gross carrying amount					
Balance as at 2 July 2022	273,057	429,487	5,337	2,229	710,110
Additions	-	-	200	-	200
Balance as at 1 July 2023	273,057	429,487	5,537	2,229	710,310
Acquisitions through business combinations					
Balance as at 28 June 2024	5,525	5,292	-	-	10,817
Balance as at 28 June 2024	278,582	434,779	5,537	2,229	721,127
Accumulated amortisation and impairment					
Balance as at 2 July 2022	(206,220)	(276,200)	-	(2,229)	(484,649)
Amortisation expense	-	-	-	-	-
Disposals	-	-	-	-	-
Impairment losses	(1,587)	(5,670)	-	-	(7,257)
Balance as at 1 July 2023	(207,807)	(281,870)	-	(2,229)	(491,906)
Amortisation expense	-	-	-	-	-
Disposals	-	-	-	-	-
Balance as at 28 June 2024	(207,807)	(281,870)	-	(2,229)	(491,906)
Net book value					
As at 30 June 2023	65,250	147,617	5,537	-	218,404
As at 28 June 2024	70,775	152,909	5,537	-	229,221

14.2 Overview

An intangible asset's recoverable value is the greater of its value in use and its fair value less costs of disposal.

For intangible assets with a finite life, if there are indicators that the intangible asset's recoverable value has fallen below its carrying value, an impairment test is performed, and a loss is recognised for the amount by which the carrying value exceeds the asset's recoverable value.

Intangible assets that have an indefinite useful life, such as brand systems, intellectual property rights and goodwill, are tested annually for impairment, or more frequently, where there is an indication that the carrying amount may not be recoverable.

In assessing the carrying value of RFG's intangible assets, the Directors have based their assessment and subsequent impairment position to reflect the Group's expected FY24 sustainable earnings.

The carrying value, subsequent to recording the impairment of the Brand System, does not exceed the recoverable value of the assets and therefore no further impairment is recognised.

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14. Intangible assets (continued)

14.3 Useful Life

Brand Networks

Brands Networks are originally recognised at cost and have been assessed to have indefinite useful lives. The Group's brands are well established in the markets they operate and are expected to continue as the Group continues with its strategy. On this basis, the Directors have determined that brands have indefinite lives as there is no foreseeable limit to the period over which the assets are expected to generate net cash inflows.

14.4 Assessment of cash-generating units

Indefinite and finite life intangible assets

Indefinite and finite life intangible assets are tested at a cash generating unit level that is the smallest level that generates cash inflows that are largely independent from other cash inflows of other assets of the Group. In this case, the cash generating units are considered to be the Group's Brand Systems and the Group's Di Bella Coffee roasting business.

Goodwill

Goodwill is monitored by management at the level of the two operating segments identified in Note 1 and is allocated to cash generating units, or groups of units, expected to benefit from synergies arising from the acquisition giving rise to the goodwill.

14.5 Allocation of goodwill to cash-generating units

A summary of the goodwill allocated to each operating segment is presented below:

Goodwill allocation	FY24 \$'000	FY23 \$'000
Café, Coffee & Bakery ⁽¹⁾	58,344	52,819
Quick Service Restaurants	12,431	12,431
	<u>70,775</u>	<u>65,250</u>

(1) In the prior period, the goodwill within the Café, Coffee & Bakery segment was presented across the previously reported operating segments of Bakery/Café and Coffee Retail.

14.6 Allocation of indefinite life intangible assets to cash-generating units

A summary of the indefinite life assets allocated to each operating brand is presented below:

Indefinite life intangibles allocation	FY24 \$'000	FY23 \$'000
Donut King	36,037	36,037
Brumby's Bakery	20,552	20,552
Crust Gourmet Pizza Bars	42,132	42,132
Gloria Jean's Coffees	44,783	44,783
Di Bella Coffee	9,650	9,650
Beefy's Pies	5,292	-
	<u>158,446</u>	<u>153,154</u>

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NOTES TO THE FINANCIAL STATEMENTS

14. Intangible assets (continued)

14.7 Impairment losses and recoverable amounts

During FY24, no impairment losses (FY23: \$7.3 million) have been recognised in respect of the following cash-generating units and operating segments.

14.8 Key assumptions used for calculating recoverable amounts

Goodwill

The recoverable amount of each group of cash generating units (operating segments) to which goodwill is allocated has been determined by reference to a fair value less costs of disposal (FVLCD) calculation. The valuation technique adopted was an income-based approach by using a discounted cash-flow model. Since the key assumptions and estimates are significant unobservable inputs, this is classified as a level 3 fair value.

The FVLCD used cash flow projections based on internal forecasts for the FY25 year extended over the subsequent 4 year period and applied a terminal value calculation using estimated growth rates approved by the Board. The expected costs of disposal for each segment are deducted from the recoverable amount to determine fair value less costs of disposal.

Identifiable intangible assets

The recoverable amount of each intangible asset with an indefinite useful life has been determined by reference to a fair value less costs of disposal (FVLCD) calculation based on the following key assumptions and estimates.

Year 1 cash-flows

The Group determined the recoverable amount of each CGU and operating segment. FY25 year one cash flow projections are based on internal forecasts. The Group prepared a range of forecast scenarios for the FY25 year, and selected the most likely scenario for the purposes of impairment testing. The Group utilised certain internal forecasting and referred to independent experts FY25 forecasts, for the markets in which the Group operates, as a basis for selecting a cash-flow growth rate in year one.

Years 2 to 5 cash-flow growth

In preparing forecast scenarios, the Group utilised internal forecasting and referred to independent experts long-term forecasts, for the markets in which the Group operates as a basis for selecting cash-flow growth rates in years two to five.

Terminal growth

The long-term growth rate used to extrapolate cash-flows beyond year 5 are based on future long-term expectations of growth.

Discount rates

In determining the appropriate discount rates for impairment testing, the Group calculated a range of discount rates applicable to the Group, and apply an additional company and CGU specific risk premium.

The following key assumptions have been applied to reflect the specific risks within each operating segment and brand system:

Cash-generating unit	Average EBITDA CAGR years 2 - 5	Terminal growth rate	FY24 Pre-tax discount rate
<i>Operating Segments for Goodwill testing</i>			
CCB Segment	7.3%	2.5%	13.06%
QSR Segment	18.9%	2.5%	13.19%
<i>Brand Systems</i>			
Donut King	5.0%	2.5%	12.31%
Brumby's Bakery	3.0%	2.5%	12.48%
Crust Gourmet Pizza Bars	6.2%	2.5%	13.89%
Gloria Jean's Coffees	5.0%	2.5%	12.42%
Di Bella	2.5%	2.5%	13.99%
Beefy's Pies	14.3%	2.5%	14.47%

Significant estimate: Impact of reasonably possible changes in key assumptions

In prior years, the impacts of COVID-19 on the Group resulted in impairments, and a significant reduction in the excess recoverable amounts over carrying values in all cash generating units (CGU's). In FY24, with normalised trading and an improved, albeit uncertain outlook with respect to macro economic conditions, the Group has seen a further recovery in the excess recoverable amounts over carrying values in most CGU's. Whilst the scenario modelling used for impairment testing inherently captures probable and possible impacts, additional temporary and permanent closures of franchised stores, international territories and coffee customers, and reduced revenues due to weaker trading conditions could cause recoverable amounts of CGU's to fall below their respective carrying amounts and trigger additional impairment.

In 2018 to 2023 financial years, the Group significantly reduced the carrying values of intangible assets, recognising \$441.7 million impairment against the carrying value of the assets in those financial years.

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14. Intangible assets (continued)

This significant reduction in carrying values prior to the current year has lowered the sensitivity of the respective cash-generating units recoverable amounts to negative changes in earnings assumptions, and the quantum of potential intangible asset impairment in future periods.

Recoverable amounts in cash-generating units are sensitive to certain assumptions, in particular the discount rate used in the cash-flow forecasts. Impairment test scenario's have concluded that an increase in the discount rate by 1% or a reduction in the growth rate in years 2 to 5 by 20% does not cause an impairment.

14.10 Intangible assets accounting policy

Intangible assets acquired separately

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives (which are estimated to be between 2 - 10 years). The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination, and recognised separately from goodwill, are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Franchise networks and intellectual property

Intangible assets include franchise networks (consisting of identifiable franchise systems and brand names) and intellectual property (consisting of trademarks, recipes, manuals and systems).

Franchise networks are identified and recognised at the time of a business combination and recorded at their fair value, if their fair value can be measured reliably. Franchise networks acquired separately, and intellectual property are recorded at cost.

Franchise networks and intellectual property are not amortised on the basis that they have an indefinite life and are reviewed annually.

Expenditure incurred in maintaining intangible assets is expensed in the period in which it is occurred.

Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), so the excess is recognised immediately in profit or loss as a bargain purchase gain.

Impairment of goodwill and indefinite life intangible assets

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's operating segments expected to benefit from the synergies of the combination. Operating segments, to which goodwill has been allocated are tested for impairment annually or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the operating segments is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

At the end of each reporting period, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units. Otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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NOTES TO THE FINANCIAL STATEMENTS

14. Intangible assets (continued)

14.10 Intangible assets accounting policy (continued)

Impairment of goodwill and indefinite life intangible assets (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount. Hence the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior financial years. A reversal of an impairment loss is recognised immediately in profit or loss.

Determination as indefinite life

No amortisation is provided against the carrying value of franchise networks and intellectual property rights on the basis that these assets are considered to have an indefinite life.

Key factors taken into account in assessing the useful life of franchise networks and intellectual property rights are:

- These assets are all well established and have experienced strong sales and profit growth over time;
- None of the assets have a foreseeable limit to when they will stop generating future net cash inflows to the Group; and
- There are currently no legal, technical or commercial obsolescence factors applying to the assets or related products which indicate that the life should be considered limited.

Specifically, in respect of the intellectual property rights, the Group holds a significant number of registered trademarks for each franchise network. It is noted that the trademark registrations have a finite legal life, however renewal of the registrations is simple with little cost involved. Management oversees the registration of the trademarks, as well as the protection of these trademarks. The Group intends to renew all trademarks as they expire and has the infrastructure and allocated resources to ensure this renewal occurs.

Therefore, consistent with AASB 138 *Intangible Assets*, the Group treats each of its franchise networks and intellectual property rights as having an indefinite life. All such assets are tested for impairment annually.

Internally Generated Intangible Assets, Including Research and Development Expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from the development phase of internal projects is recognised if all of the following requirements have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset for use or sale;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the total of expenditure incurred from the date when the intangible asset first meets the recognition criteria. Where no internally generated intangible asset can be recognised, development expenditure is recognised in the consolidated statement of profit or loss and other comprehensive income in the period incurred.

15. Trade and other payables

Consolidated	FY24 \$'000	FY23 \$'000
Current		
Trade payables ⁽¹⁾	6,986	6,836
Accruals and other creditors	3,319	2,627
Goods and services tax (GST) payable	331	112
	<u>10,636</u>	<u>9,575</u>

(1) The average credit period on purchases is 30 days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

The carrying amount of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

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NOTES TO THE FINANCIAL STATEMENTS

16. Provisions

Consolidated	FY24 \$'000	FY23 \$'000
Current		
Employee benefits	4,892	2,227
Make-good	1,533	550
Other provisions	401	780
	<u>6,826</u>	<u>3,557</u>
Non-current		
Employee benefits	141	143
Make-good	11,769	13,155
Other provisions	194	-
	<u>12,104</u>	<u>13,298</u>
	<u>18,930</u>	<u>16,855</u>

Consolidated	Employee benefits	Make-good	Other
	\$'000	\$'000	\$'000
Balance at 1 July 2023	2,370	13,705	780
Movement in provisions	3,546	(403)	342
Payments made	(883)	-	(527)
Balance at 28 June 2024	<u>5,033</u>	<u>13,302</u>	<u>595</u>

16.1 Provisions accounting policy

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, and if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably, a receivable is recognised as an asset.

Employee Benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required, and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Make-good

A provision has been made for the present value of future make good payments with respect to leased sites for which an onerous lease contract existed on 1 July 2019, and where the Group is presently obliged to make payments under non-cancellable lease contracts, utilising Directors' best estimate of the future costs that will be required to restore the site that existed at the end of the reporting period, to a condition specified in the relevant lease agreement. The estimate has been made on the basis of quotes obtained from restoration specialists or past experience.

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NOTES TO THE FINANCIAL STATEMENTS

16. Provisions (continued)

16.1 Provisions accounting policy (continued)

Make-good (continued)

The calculation of provision requires assumptions such as the expected costs of making-good the premises. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time.

17. Other liabilities

Consolidated	FY24 \$'000	FY23 \$'000
Current		
Unearned Income	1,970	2,465
Retention bonds and deposits	975	673
	<u>2,945</u>	<u>3,138</u>
Non-current		
Unearned Income	7,705	8,864
Retention bonds and deposits	30	109
Deferred acquisition consideration	2,317	-
	<u>10,052</u>	<u>8,973</u>
Consolidated - Unearned Income	FY24 \$'000	FY23 \$'000
Balance at the beginning of the year	11,329	12,618
Additions	1,175	1,337
Decrease in unearned income recognised in profit or loss during the year from:		
- Franchise agreements	(2,471)	(2,163)
- Distribution agreements	(358)	(463)
Balance at the end of the year	<u>9,675</u>	<u>11,329</u>

FINANCIAL STATEMENTS

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NOTES TO THE FINANCIAL STATEMENTS

Capital

18. Borrowings

Consolidated	FY24 \$'000	FY23 \$'000
Secured at amortised cost		
Current		
Finance liabilities	1,526	1,148
Borrowing costs (deferred)	(283)	(283)
	<u>1,243</u>	<u>865</u>
Secured at amortised cost		
Non-current		
Bank loans ⁽¹⁾	25,000	20,000
Borrowing costs (deferred)	(529)	(517)
	<u>24,471</u>	<u>19,483</u>
	<u>25,714</u>	<u>20,348</u>

(1) As at 28 June 2024, the Group's total gross debt was \$25.0 million (FY23: \$20.0 million). The Group's senior debt facilities mature in April 2026. The Group is compliant with all debt covenants as at 28 June 2024. Interest rates are calculated by lenders as BBSY plus margin on the drawn loan balance. See note 24 for information on gearing and interest rates.

19. Issued capital

Consolidated	FY24 \$'000	FY23 \$'000
2,489,443,223 fully paid ordinary shares (FY23: 2,446,595,505)	642,739	640,316

Changes to the Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

Consolidated	FY24 No. '000	FY24 \$'000	FY23 No. '000	FY23 \$'000
Fully paid ordinary shares ⁽¹⁾				
Balance at beginning of year	2,446,596	640,316	2,124,055	615,541
Issue for consideration in business combination - Beefy's ⁽²⁾	33,333	1,867	-	-
Issue of ordinary shares	-	-	316,092	25,288
Transfer from equity-settled employee benefits reserve	9,514	556	6,449	600
Share issue costs	-	-	-	(1,113)
Balance at end of year	<u>2,489,443</u>	<u>642,739</u>	<u>2,446,596</u>	<u>640,316</u>

(1) Fully paid ordinary shares carry one vote per share and carry the right to dividends.
(2) Refer to note 27 for details regarding the Beefy's acquisition.

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NOTES TO THE FINANCIAL STATEMENTS

20. Reserves

Equity-settled employee benefits reserve	FY24 \$'000	FY23 \$'000
Balance at beginning of year	865	847
Recognition of share-based payments	628	618
Transfer from equity-settled employee benefits reserve	(662)	(600)
Balance at end of year	831	865

The equity-settled employee benefits reserve arises on the grant of performance rights to Directors, executives and senior executive management in accordance with the provisions of RFG's Performance Rights Plan. Amounts are transferred out of the reserve and into issued capital when the rights vest. Further information about share-based payments to employees is set out in Note 23.

Foreign Currency Translation reserve	FY24 \$'000	FY23 \$'000
Balance at beginning of year	1,170	1,080
Exchange difference on translation of foreign operations	7	90
Balance at end of year	1,177	1,170

Foreign currency translation reserve represents foreign exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned or likely to occur.

Marketing Fund surplus	FY24 \$'000	FY23 \$'000
Balance at beginning of year	2,320	5,612
(Deficit)/surplus during the period transferred from retained earnings	(1,234)	(3,292)
Balance at end of year	1,086	2,320

The marketing fund reserve relates to marketing levies collected by the Group that are yet to be spent on future marketing expenses.

Total Reserves	3,094	4,355
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21. Retained earnings

Consolidated	FY24 \$'000	FY23 \$'000
Balance at beginning of year	(444,957)	(439,303)
Net profit/(loss) attributable to members of the parent entity	5,791	(8,946)
Net profit/(loss) attributable to marketing funds reclassified to other reserves	1,234	3,292
Recognition of share-based payments	106	-
Balance at end of year	(437,826)	(444,957)

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NOTES TO THE FINANCIAL STATEMENTS

22. Dividends

Company	FY24		FY23	
	Cents per share	Total \$'000	Cents per share	Total \$'000
Declared after the end of the financial year				
Final dividend ⁽¹⁾	-	-	-	-

(1) The Directors have resolved that no final dividend will be paid in respect of FY24.

Company	FY24 \$'000	FY23 \$'000
Adjusted franking account balance	50,279	50,279

23. Share-based payments

The Group operates a number of share based payment scheme's which are designed to align senior employees with long term shareholder and other stakeholder interests whilst ensuring the Group can attract and retain the calibre of talent required to execute our strategy.

A reconciliation of the share based payment scheme's in place throughout the year were as follows:

		Opening 1 July 2023	Granted during the year	Vested during the year	Forfeited during the year	Closing 28 June 2024
23.1	FY22 Senior Management Incentive Program	10,565,568	-	-	(1,881,723)	8,683,845
23.2	FY23 Executive Chairman Performance Rights Plan	7,000,000	-	(5,600,000)	(1,400,000)	-
23.3	FY23 Senior Management Incentive Program	5,389,574	-	(3,414,385)	(1,975,189)	-
23.4	Service Grant: Chief Financial Officer	2,000,000	-	-	-	2,000,000
23.5	Service Grant: Director of Corporate Services / Company Secretary	-	2,000,000	-	-	2,000,000
23.6	Service Grant: July 2023 one off commencement grant	-	877,194	-	-	877,194
23.7	Service Grant: August 2023 one off commencement grant	-	862,069	-	-	862,069
23.8	Service Grant: October 2023 one off commencement grant	-	1,000,000	(500,000)	-	500,000
23.9	FY24 Long Term Variable Reward	-	52,448,449	-	-	52,448,449
	Total	24,955,142	57,187,712	(9,514,385)	(5,256,912)	67,371,557

For details of related employee benefit expenses, see note 5.

23.1 FY22 Senior Management Incentive Program

The SMIP was designed to attract, retain and motivate key individuals within a framework which aligns the interests of management with those of the Company's shareholders. Under the plan, participants are granted rights which only vest if certain performance standards are met.

There is no consideration payable by the participant upon exercising vested performance rights. Upon vesting, the performance rights will automatically be exercised. Once exercised, the settlement will be in the form of one fully paid ordinary share in the Company, with no ability to settle in cash or cash equivalent.

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NOTES TO THE FINANCIAL STATEMENTS

23. Share-based payments (continued)

23.1 FY22 Senior Management Incentive Program (continued)

Performance rights granted under the SMIP carry no rights to dividends and no voting rights. Performance rights, if they vest, will be exercised such that each Performance Right entitles the holder to one fully paid ordinary share in the Company, subject to certain disposal restrictions.

The STI rights vest over one year and the LTI rights vest after three years, each with different vesting conditions including market, non-market and service conditions.

The following table summarises the Performance Rights granted under the SMIP and the key terms:

Grant date	STI	LTI	Total	Vesting conditions
26 August 2021	3,900,057		3,900,057	EBITDA and role specific KPIs
26 August 2021		18,655,155	18,655,155	EBITDA growth and Shareholder Return
4 May 2022	133,045		133,045	EBITDA and role specific KPIs
4 May 2022		815,350	815,350	EBITDA growth and Shareholder Return
30 June 2022	30,991		30,991	EBITDA and role specific KPIs
30 June 2022		972,897	972,897	EBITDA growth and Shareholder Return
5 December 2022		583,947	583,947	EBITDA growth and Shareholder Return
Total			25,091,442	

23.2 FY23 Executive Chairman Performance Rights Plan

Given his oversight of RFG's turnaround plan, which was delayed by a number of factors including the COVID-19 pandemic and the protracted nature of the ACCC litigation, at the start of FY23 the Board considered it in the best interests of the Company that Peter George continue in his current role. In connection with the extended tenure, the Board proposed a grant of up to 7,000,000 Performance Rights. Shareholders approved this grant at the Company's 2022 Annual General Meeting.

The Retail Food Group Rights Plan (RFGRP) is designed to provide a long-term incentive to deliver long-term shareholder returns. Under the plan, the participants are granted rights which only vest if certain performance standards are met.

There is no consideration payable by the participant upon exercising vested performance rights. Upon vesting, the performance rights will automatically be exercised. Once exercised, the settlement will be in the form of one fully paid ordinary share in the Company, for each performance rights with no ability to settle in cash or cash equivalent.

Performance rights granted under the RFGRP carry no rights to dividends and no voting rights. Performance rights, if they vest, will be exercised such that each Performance Right entitles the holder to one fully paid ordinary share in the Company, subject to certain disposal restrictions.

The performance rights are eligible to vest in a single tranche subject to non-market performance vesting conditions and service conditions. The following table summarises the Performance Rights granted under the RFGRP and the key terms:

Grant date	Rights	Vesting conditions
1 December 2022	7,000,000	<ul style="list-style-type: none"> • (Metric 1) 20% to the achievement of certain underlying EBITDA performance criteria. • (Metric 2) 10% to the achievement of a Group re-financing. • (Metric 3) 25% to the achievement of qualitative measures associated with resolving legacy regulatory issues and improving the reputation of the Company. • (Metric 4) 20% to the achievement of certain qualitative growth objectives. • (Metric 5) 25% to the achievement of certain operational and organisational criteria.

This Performance Rights Plan concluded within the FY23 financial year upon assessment of the FY23 vesting criteria associated with this grant.

23.3 FY23 Senior Management Incentive Program

The Board approved the issue of Performance Rights in relation to a Short Term Variable Reward (STVR) plan. The SMIP is designed to attract, retain and motivate key individuals within a framework which aligns the interests of management with those of the Company's shareholders. Under the plan, participants are granted rights which only vest if certain performance standards are met.

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NOTES TO THE FINANCIAL STATEMENTS

23. Share-based payments (continued)

23.3 FY23 Senior Management Incentive Program (continued)

There is no consideration payable by the participants upon exercising vested Performance Rights. Upon vesting, the performance rights will automatically be exercised. Once exercised, the settlement will be in the form of one fully paid ordinary share in the Company, with no ability to settle in cash or cash equivalent.

Performance Rights granted under the Senior Management Incentive Program (SMIP) carry no rights to dividends and no voting rights. Performance rights, if they vest, will be exercised such that each Performance Right entitles the holder to one fully paid ordinary share in the Company, subject to certain disposal restrictions.

The STVR Rights vest over one year with non-market performance vesting conditions and service conditions. The fair value at grant date is shown below. The following table summarises the Performance Rights granted under the SMIP and the key terms:

Grant date	Rights Granted at commencement of scheme	Vesting conditions
5 December 2022	6,053,583	EBITDA and role specific KPIs

This Performance Rights Plan concluded within the FY23 financial year upon assessment of the FY23 vesting criteria associated with this grant.

Service Grants

The following terms are applicable to grants detailed below in sections 23.4 to 23.8

- The Board approved the grant of Service Rights in consideration of the criticality of the appointment, recognition of equity arrangements forgone upon change of employer, or to ensure the continued tenure of experienced personnel. A number of grants were made in FY24 as the Group sought to bring in a number of new executives to drive the next stage of the strategy following the conclusion of the Group's turnaround
- Each grant will be delivered in equity and subject to vesting restrictions conditions aligned with service conditions tenure.
- There is no consideration payable upon exercising vested Service Rights. Upon vesting, the Service Rights may be exercised for up to 15 years from the date of the initial grant. Once exercised, the settlement will be in the form of one fully paid ordinary share in the Company for each Service Right which vests, with no ability to settle in cash or cash equivalent.
- Unvested Service Rights granted under the One-off Commencement Grant carry no rights to dividends and no voting rights. Service Rights, if they vest, will be exercised such that each Service Right entitles the holder to one fully paid ordinary share in the Company, subject to certain disposal restrictions.
- The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Rights subject to non-market conditions have been valued using the Black-Scholes option pricing model.

23.4 Service Grant: Chief Financial Officer

The Board approved the grant of Service Rights to Robert Shore, Chief Financial Officer on 29 June 2023. The Board considered this grant as appropriate having regard to the criticality of the appointment and in recognition of the equity arrangements forgone upon change of employer. The following table summarises the Service Rights granted and the key terms:

Grant date	Rights	Vesting conditions
29 June 2023	2,000,000	Continuity of service tenure from 17 April 2023 to 16 April 2026

23.5 Service Grant: Director of Corporate Services / Company Secretary

The Board approved the grant of Service Rights to Anthony Mark Connors, Director of Corporate Services / Company Secretary, on 1 July 2023. The Board considered this grant as appropriate having regard to the criticality of the role and continuity of service through the 2024 financial year. The grant was subject to a service condition vesting restriction. The grant was capable of settlement through either cash or equity at the Board's absolute discretion. During the year, the Board has exercised its discretion such that the grant will be settled in equity.

The following table summarises the Service Rights granted and the key terms:

Grant date	Rights	Vesting conditions
29 June 2023	2,000,000	Continuity of service tenure for 12 months ending 30 June 2024

NOTES TO THE FINANCIAL STATEMENTS

23. Share-based payments (continued)

23.6 Service Grant: July 2023 one off commencement grant

The Board approved a grant to a Senior Executive of Service Rights on 31 July 2023 in connection with their commencement of employment and in recognition of the equity arrangements forgone upon change of employer. The following table summarises the Service Rights granted and the key terms:

Grant date	Rights	Vesting conditions
31 July 2023	877,193	Continuity of service tenure from 31 July 2023 to 31 July 2026 vesting in three equal tranches for each year of completed service

23.7 Service Grant: August 2023 one off commencement grant

The Board approved a grant to a Senior Executive of Service Rights on 28 August 2023 in connection with their commencement of employment and in recognition of the equity arrangements forgone upon change of employer. The following table summarises the Service Rights granted and the key terms:

Grant date	Rights	Vesting conditions
28 August 2023	862,069	Continuity of service tenure from 28 August 2023 to 28 August 2026 vesting in three equal tranches for each year of completed service

23.8 Service Grant: October 2023 one off commencement grant

The Board approved a grant to a Senior Executive of Service Rights on 9 October 2023 in connection with their commencement of employment and in recognition of the equity arrangements forgone upon change of employer. The following table summarises the Service Rights granted under the SMIP and the key terms:

Grant date	Rights	Vesting conditions
9 October 2023	1,000,000	Continuity of service tenure from 9 October 2023 to 8 April 2024 and 8 April 2025 vesting in two equal tranches

23.9 FY24 Long Term Variable Reward

The Board approved the issue of 52,448,449 Performance Rights to eligible senior managers on 1 July 2023. Performance Rights were issued in relation to a Long Term Variable Reward (LTVR). The LTVR is designed to attract, retain and motivate key individuals within a framework which aligns the interests of management with those of the Company's shareholders. Under the plan, participants are granted rights which only vest if certain performance standards are met.

There is no consideration payable by the participants upon exercising vested Performance Rights. Upon vesting, the Performance Rights may be exercised for up to 15 years from the date of the initial grant. Once exercised, the settlement will be in the form of one fully paid ordinary share in the Company, with the ability to settle in cash or cash equivalent at the Boards absolute discretion.

Performance Rights granted under the LTIP carry no rights to dividends and no voting rights. Performance rights, if they vest, will be exercised such that each Performance Right entitles the holder to one fully paid ordinary share in the Company, subject to certain disposal restrictions.

Grant date	LTIP	Vesting conditions
1 July 2023	52,448,449	Total Shareholder Return

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. Share-based payments (continued)

23.9 FY24 Long Term Variable Reward (continued)

Fair value of rights granted

The fair value of the performance and service rights granted have been measured using either the Black-Scholes formula or the Monte Carlo simulation. Service and non-market performance conditions attached to the rights were not taken into account in measuring fair value. The inputs used in the measurement of the fair values at grant date of the rights were:

Grant Type	FY22 Senior Management Incentive Program		FY23 Executive Chairman Performance Rights Plan	FY23 Senior Management Incentive Program	Service Grant: Chief Financial Officer	Service Grant: Director of Corporate Services / Company Secretary	Service Grant: July 2023	Service Grant: August 2023	Service Grant: October 2023	FY24 Long Term Variable Reward
	STI	LTI - Earnings								
Valuation Method ¹	BS ³	BS ³	MC ³	BS	BS	BS	BS	BS	BS	MC
Grant Date	26 Aug 2021, 4 May 2022, 29 June 2022, 5 Dec 2022			5 December 2022	29 June 2023	29 June 2023	31 July 2023	28 August 2023	9 October 2023	1 July 2023
Fair value at grant date	\$0.08	\$0.08	\$0.04	\$0.07	\$0.07	\$0.054	\$0.054	\$0.051	\$0.050	\$0.027
Share price at grant date	\$0.08	\$0.08	\$0.08	\$0.07	\$0.07	\$0.054	\$0.054	\$0.051	\$0.050	\$0.051
Exercise price	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil
Expected volatility ² (weighted average)	60%	60%	60%	53%	68%	61%	61%	55%	53%	60%
Expected dividends	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil
Risk-free interest rate	0.14%	0.14%	0.14%	3.19%	3.07%	4.07%	3.91%	3.84%	4.19%	3.75%
Term from date of grant (years)	1	3	3	0.58	3	1	3	3	1.5	3

¹ Rights subject to a market based condition are valued using the Monte Carlo simulation ('MC'). Rights subject to non-market conditions have been valued using the Black-Scholes option pricing model ('BS').

² Expected volatility has been based on the evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term.

³ The valuation was based on the initial grant and was not revalued for subsequent grants, due to the immaterial differences attributable to the inputs of each grant.

NOTES TO THE FINANCIAL STATEMENTS

23. Share-based payments (continued)

23.10 Share-based payments accounting policy

Equity-settled share-based payments to employees, and others providing similar services, are measured at the fair value of the equity instrument at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions, with parties other than employees, are measured at the fair value of the goods or services received, except where the fair value cannot be estimated reliably. In which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Measurement of equity-settled share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Rights subject to market conditions have been valued using the Monte Carlo simulation and rights subject to non-market conditions have been valued using the Black-Scholes option pricing model. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

24. Financial instruments

24.1 Capital risk management

The capital structure of the Group consists of net debt (borrowings disclosed in Note 18, offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves and retained earnings, as disclosed in Notes 19, 20 and 21).

The Group is not subject to any externally imposed capital requirements.

Operating cash flows are used to maintain the Group's assets, as well as to make the routine outflows of tax and other working capital obligations. The Group's policy is to borrow centrally, using a variety of capital market issues and borrowing facilities, to meet anticipated funding requirements.

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NOTES TO THE FINANCIAL STATEMENTS

24. Financial instruments (continued)

24.2 Gearing ratio

Details of the Group's capital at the end of the reporting year is presented in the following table:

Consolidated	FY24 \$'000	FY23 \$'000
Debt ⁽¹⁾	25,000	20,000
Cash and bank balances - unrestricted	(18,303)	(17,891)
Net debt	6,697	2,109
Equity ⁽²⁾	208,007	199,714
Net debt to equity (gearing) ⁽³⁾	3%	1%

(1) Debt is defined as long and short-term borrowings, excluding deferred borrowing costs, derivatives and financial guarantee contracts, as described in Note 18.

(2) Equity includes all capital and reserves of the Group that are managed as capital.

(3) Net debt divided by total equity as shown in the consolidated statement of financial position.

24.3 Categories of financial instruments

Consolidated	FY24 \$'000	FY23 \$'000
Financial assets		
Cash and cash equivalents	20,623	22,263
Loans and receivables		
Trade and other receivables	10,995	11,109
Lease receivables	61,658	54,408
Other financial assets	48	912
Other	11,578	10,568
Financial liabilities		
Trade payables	6,986	6,836
Other payables	3,650	2,739
Retention bonds and deposits	1,005	782
Loans (at amortised cost)	25,714	20,348
Lease liabilities	87,905	90,288

24.4 Financial risk management objectives

The Group's finance department co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group in line with the Group's policies. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group's senior executive management team reports to the Board in relation to the risks and policies implemented to mitigate risk exposure.

24.5 Market risk

The Group's activities expose it primarily to the financial risk of changes in foreign currency exchange rates (refer Note 24.7) and interest rates (refer Note 24.6).

At a Group level, market risk exposures are measured using sensitivity analysis.

24.6 Interest rate risk management

The Group is exposed to interest rate risk as it borrows funds at variable (floating) interest rates. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite ensuring optimal hedging strategies are applied, by either positioning the balance sheet or protecting interest rate expense through different interest rate cycles.

At 28 June 2024, the Group's weighted average interest rate is 11.3% and total debt at variable interest rates is \$25.0 million.

NOTES TO THE FINANCIAL STATEMENTS

24. Financial instruments (continued)

24.6 Interest rate risk management (continued)

Interest rate sensitivity analysis

The following sensitivity analysis has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 100-basis point increase or decrease is used when reporting interest rate risk internally to Key Management Personnel and represents Management's assessment of the possible change in interest rates.

Sensitivity	Impact on post-tax profit		Impact on other components of equity	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Interest rates - increase by 100 basis points (1%)	(175)	(140)	-	-
Interest rates - decrease by 100 basis points (1%)	175	140	-	-

24.7 Foreign exchange risk

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Exposure	Assets		Liabilities	
	FY24 \$'000	FY23 \$'000	FY24 \$'000	FY23 \$'000
US Dollar	5,902	6,151	294	293
Euro	-	-	-	(38)
New Zealand Dollar	302	731	-	340

Foreign currency sensitivity analysis

The following table summarises the Group's sensitivity to a 10% increase and decrease in the Australian Dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to Key Management Personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

Impact of Sensitivity to Profit or Loss	FY24		FY23	
	10%	-10%	10%	-10%
US Dollar	(357)	436	(373)	456
Euro	-	-	(2)	3
New Zealand Dollar	(19)	23	(25)	30
Total increase/(decrease)	(376)	459	(400)	489

24.8 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group.

Credit risk management

The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a measure of mitigating the risk of financial loss from defaults. Credit exposure is reviewed continually.

Trade receivables consist of a large number of unrelated customers. Ongoing credit evaluation is performed on the financial conditions of accounts receivable and, where appropriate, additional collateral is obtained for balances identified as "at risk". Often this collateral is in the form of franchised outlets. Refer to note 8.1 for impairment loss allowance and aging analysis.

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NOTES TO THE FINANCIAL STATEMENTS

24. Financial instruments (continued)

24.8 Credit risk (continued)

Lease receivables consist of amounts receivable from a large number of unrelated franchise partners with respect to back to back lease arrangements where the Group is head on lease. Ongoing credit evaluation is performed on the financial conditions of lease receivable amounts, and the Group recognises an expected credit loss allowance (ECL) against lease receivables where there is a high risk of default. The Group has lease receivables of \$67.9 million due from franchise partners at 28 June 2024 and has recorded a total allowance for ECL of \$6.2 million. Included in these receivables are amounts of \$2.8 million due from franchise partners in relation to past due arrears over the COVID-19 period. An ECL provision of \$2.1 million has been recorded against these arrears. Refer to note 13.1 for a breakdown of these balances.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings, assigned by international credit rating agencies.

Except as detailed in the following table, the carrying amount of financial assets recognised in the financial statements, which is net of any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained:

Financial assets and other credit exposures	FY24 \$'000	FY23 \$'000
Contingent liabilities		
Financial guarantees	814	814
Rental guarantees	2,926	2,495
	<u>3,740</u>	<u>3,309</u>

Trade receivables

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

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NOTES TO THE FINANCIAL STATEMENTS

24. Financial instruments (continued)

24.9 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate cash reserves, banking facilities and undrawn borrowing facilities, by continuously monitoring forecast and actual cash flows, and matching the maturity profiles of financial assets and liabilities. Note 7.4 sets out details of additional undrawn facilities that the Group had at 28 June 2024. Note 18 sets out details of the Group's borrowings at 28 June 2024.

Liquidity and interest rate risk tables

The following table details the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods. The information has been presented based on cash flows of financial liabilities, using the earliest date on which the Group can be required to pay. To the extent that interest cash flows are at floating rates, the non-discounted amount is derived from forward interest rate curves at the end of the reporting period.

Consolidated	Weighted average effective interest rate	Less than 1 year	1 - 5 years	Over 5 years	Total
	%	\$'000	\$'000	\$'000	\$'000
FY24					
Non-derivatives					
Trade payables	-	6,986	-	-	6,986
Other payables	-	3,650	-	-	3,650
Retention bonds and deposits	-	975	2,347	-	3,322
Bank loans	11.3	1,243	24,471	-	25,714
Finance liabilities	2.6	1,526	-	-	1,526
Lease liabilities	-	31,896	53,373	2,915	88,184
		<u>46,276</u>	<u>80,191</u>	<u>2,915</u>	<u>129,382</u>
FY23					
Non-derivatives					
Trade payables	-	6,836	-	-	6,836
Other payables	-	2,739	-	-	2,739
Retention bonds and deposits	-	673	109	-	782
Bank loans	11.1	-	20,406	-	20,406
Finance liabilities	2.3	1,164	-	-	1,164
Lease liabilities	-	33,938	53,775	2,575	90,288
		<u>45,350</u>	<u>74,290</u>	<u>2,575</u>	<u>122,215</u>

The maximum amount the Group could be forced to settle under the rental and financial guarantee contracts, if the fully guaranteed amount is claimed by the counterparty to the guarantee, is \$3.7 million (FY23: \$3.3 million).

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NOTES TO THE FINANCIAL STATEMENTS

24. Financial instruments (continued)

24.9 Liquidity risk management (continued)

Liquidity and interest rate risk tables (continued)

The following table details the Group's expected maturity for its non-derivative financial assets. The information has been presented based on the non-discounted contractual maturities of the financial assets, including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management, as the liquidity is managed on a net asset and liability basis.

Consolidated	Weighted average effective interest rate	Less than 1 year	1 - 5 years	Over 5 years	Total
	%	\$'000	\$'000	\$'000	\$'000
FY24					
Cash and cash equivalents - unrestricted	-	18,303	-	-	18,303
Loans and receivables	-	10,837	206	-	11,043
Lease receivables	4.9	22,452	37,596	1,610	61,658
Other	-	4,075	7,277	227	11,579
		<u>55,667</u>	<u>45,079</u>	<u>1,837</u>	<u>102,583</u>
FY23					
Cash and cash equivalents - unrestricted	-	17,891	-	-	17,891
Loans and receivables	-	11,971	50	-	12,021
Lease receivables	4.9	19,309	34,278	821	54,408
Other	-	5,027	3,066	2,477	10,570
		<u>54,198</u>	<u>37,394</u>	<u>3,298</u>	<u>94,890</u>

The Group has access to financing facilities, as described in Note 7.4, of which \$19.8 million was unused at the end of the reporting period (FY23: \$7.5 million). Note 18 sets out details of the Group's borrowings at 28 June 2024.

The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

24.10 Fair value of financial instruments

The Directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximate their fair values.

24.11 Financial instruments accounting policy

Financial Assets

Trade receivables, loans and other receivables that have fixed or determinable payments, that are not quoted in an active market, are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Financial liabilities and equity instruments issued by the Group

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

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NOTES TO THE FINANCIAL STATEMENTS

24. Financial instruments (continued)

24.11 Financial instruments accounting policy (continued)

Financial liabilities and equity instruments issued by the Group (continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised as the proceeds received, net of direct issue costs.

Financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities only when the Group's obligations are discharged, cancelled or they expire.

Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values, and, if not designated as at FVTPL, are subsequently measured at the higher of:

- The amount of the obligation under the contract, as determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*; or
- The amount initially recognised less, where appropriate, cumulative amortisation, recognised in accordance with the revenue recognition policies.

Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group designates certain derivatives as either:

- Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges);
- Hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges); or
- Hedges of a net investment in a foreign operation (net investment hedges).

At the inception of the hedging transaction, the Group documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

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NOTES TO THE FINANCIAL STATEMENTS

24. Financial instruments (continued)

24.11 Financial instruments accounting policy (continued)

(i) Cash flow hedge

The effective portion of the changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expense.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance costs. The gain or loss relating to the effective portion of forward foreign exchange contracts hedging export sales is recognised in profit or loss within 'sales'. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example inventory or fixed assets) the gains and losses previously deferred in equity are reclassified from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in profit or loss as cost of goods sold in the case of inventory or as depreciation or impairment in the case of fixed assets.

When a hedging instrument expires and is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity until the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

(ii) Net investment hedges

Hedges of net investments in foreign operations are accounted for on a similar basis to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expenses. Gains and losses accumulated in equity are reclassified to profit or loss when the foreign operation is partially disposed of or sold.

(iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other income or other expenses.

NOTES TO THE FINANCIAL STATEMENTS

Group structure

25. Subsidiaries

Significant subsidiaries of the Group, which are those subsidiaries with contribution to the Group's net profit or net assets, are as follows:

Entity	FY24 %	FY23 %	Entity	FY24 %	FY23 %
Addiqtion Holdings Pty Ltd ⁽²⁾	100	100	Gloria Jean's Gourmet Coffees Corp.*	100	100
Adonai International Unit Trust ⁽²⁾	100	100	Gloria Jean's Gourmet Coffees Franchising Corp*	100	100
ACN 159 149 872 Pty Ltd ⁽²⁾	100	100	HDCZ (NZ) Limited ^Δ	100	100
BB's Cafe System Pty Ltd ⁽²⁾	100	100	A.C.N. 125 810 059 Pty Ltd ⁽²⁾	100	100
bb's New Zealand Limited ^Δ	100	100	International Franchisor Pty Ltd ⁽²⁾	100	100
BDP Franchise Pty Ltd ⁽²⁾	100	100	Jireh Group Pty Limited ⁽²⁾	100	100
BDP System Pty Ltd ⁽²⁾	100	100	Jireh International Retail Pty Limited ⁽²⁾	100	100
Beefy's Pty Ltd ⁽²⁾	100	-	Jireh International Unit Trust ⁽²⁾	100	100
Booming Pty Ltd ⁽²⁾	100	100	Jonamill Pty. Limited ⁽²⁾	100	100
Brumby's Bakeries Holdings Pty Ltd ⁽²⁾	100	100	Meaty Holdings Pty Ltd ⁽²⁾	100	-
Brumby's Bakeries Pty Ltd ⁽²⁾	100	100	Meaty Leasing Pty Ltd ⁽²⁾	100	-
Brumby's Bakeries System (NZ) Limited ^Δ	100	100	Meaty Manufacturing Pty Ltd ⁽²⁾	100	-
Brumby's Bakeries System Pty Ltd ⁽²⁾	100	100	Meaty Trading Pty Ltd ⁽²⁾	100	-
Cafe2U (NZ) Limited ^Δ	100	100	Michel's Patisserie (VQ) Pty Ltd ⁽²⁾	100	100
Cafe2U International Pty. Ltd. ⁽²⁾	100	100	Michel's Patisserie (VQL) Pty Ltd ⁽²⁾	100	100
Cafe2U Pty Limited ⁽²⁾	100	100	Michel's Patisserie Operations Pty Ltd ⁽²⁾	100	100
Caffe Coffee (NZ) Limited ^Δ	100	100	Michel's Patisserie System Pty Ltd ⁽²⁾	100	100
Capercorp Pty Ltd ⁽²⁾	100	100	Michel's Patisserie Systems (NZ) Limited ^Δ	100	100
CGP (NZ) Limited ^Δ	100	100	Mules Enterprises Pty Ltd ⁽²⁾	100	100
CGP Systems Pty Ltd ⁽²⁾	100	100	Pizza Capers Franchise Pty Ltd (formally PCGK Holdings Pty Ltd) ⁽²⁾	100	100
C-Store Trading Pty Ltd ⁽²⁾	100	100	Praise IAG Franchisor, LLC*	100	100
DBC Services Pty Ltd ⁽²⁾	100	100	Praise IAG Stores, LLC*	100	100
Di Bella Coffee Domestic GJC Supply Pty Ltd ⁽²⁾	100	100	Praise Operations Company, LLC*	100	100
Di Bella Coffee International Network Supply Pty Ltd ⁽²⁾	100	100	PRCH Holdings Pty Ltd ⁽²⁾	100	100
Di Bella Coffee Network Supply Pty Ltd ⁽²⁾	100	100	Rack 'em Bones IP Pty Ltd ⁽²⁾	100	100
Di Bella Coffee Retail and Wholesale Pty Ltd ⁽²⁾	100	100	Rack 'em Bones System Pty Ltd ⁽²⁾	100	100
Di Bella Coffee Supply Holdings Pty Ltd ⁽²⁾	100	100	Regional Franchising Systems Pty Ltd ⁽²⁾	100	100
Donquay Pty Limited ⁽²⁾	100	100	Retail Food Group Limited ⁽¹⁾	100	100
Donut King (NZ) Limited ^Δ	100	100	Retail Food Group USA, Inc*	100	100
Donut King Franchise Pty Ltd ⁽²⁾	100	100	RFG (NZ) Limited ^Δ	100	100
Donut King System Pty Ltd ⁽²⁾	100	100	RFG Finance Pty Ltd ⁽²⁾	100	100
ECH System (NZ) Limited ^Δ	100	100	RFGA Holdings (Aust) Pty Ltd ⁽²⁾	100	100
Espresso Concepts Pty Ltd ⁽²⁾	100	100	RFGA Holdings Pty Ltd ⁽²⁾	100	100
Espresso Kick Pty Ltd ⁽²⁾	100	100	RFGA Management Pty Ltd ⁽²⁾	100	100
Esquires Coffee Houses System Pty Ltd ⁽²⁾	100	100	Roasted Addiqtion Pty Ltd ⁽²⁾	100	100
Freezer Rental Pty Ltd ⁽²⁾	100	100	TCG Franchising Limited ^Δ	100	100
Gloria Jean's Coffees Australasia Pty Limited ⁽²⁾	100	100	TCG IPProp Pty Ltd ⁽²⁾	100	100
Gloria Jean's Coffees Holdings Pty Ltd ⁽²⁾	100	100	WDM Holdings Pty Ltd ⁽²⁾	100	100
Gloria Jean's Coffees International Pty Limited ⁽²⁾	100	100			

All entities utilise the functional currency of the country of incorporation.

- (1) Retail Food Group Limited is the head entity within the tax consolidated group.
- (2) These companies are members of the tax consolidated Group.
- (3) All entities are incorporated in Australia unless identified with one of the following symbols:
^Δ New Zealand.
* Other international tax jurisdictions

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NOTES TO THE FINANCIAL STATEMENTS

26. Parent entity disclosures

26.1 Financial position

Parent entity	FY24 \$'000	FY23 \$'000
Assets		
Current assets	16,193	12,375
Non-current assets	151,927	151,981
Total assets	<u>168,120</u>	<u>164,356</u>
Liabilities		
Current liabilities	-	19
Non-current liabilities	28,425	20,514
Total liabilities	<u>28,425</u>	<u>20,533</u>
Equity		
Issued capital	642,739	640,316
Retained earnings	78,078	84,757
Reserves	772	806
Equity revaluation reserves	(581,894)	(582,056)
Total equity	<u>139,695</u>	<u>143,823</u>

26.2 Financial performance

Parent entity	FY24 \$'000	FY23 \$'000
Loss for the year	(6,785)	(10,743)
Recognition of share-based payments	106	-
Other comprehensive (loss)/income	(34)	(9)
Total comprehensive loss	<u>(6,713)</u>	<u>(10,752)</u>

26.3 Other Commitments

The parent entity has no expenditure commitments as at 28 June 2024 (2023: nil).

Refer to note 30.1 for a detailed description of contingent liabilities the parent entity and subsidiary entities may be subject to.

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NOTES TO THE FINANCIAL STATEMENTS

27. Business Combinations

Acquisition of Beefy's Pies (Beefy's) on 11 December 2023

On 30 November 2023 the Group announced the acquisition of Beefy's Pies. Beefy's Pies is an award winning manufacturer and retailer of pies and baked goods based on the Sunshine Coast, Queensland, Australia.

The Group signed an agreement to purchase the trade & assets of Beefy's including the share capital of Beefy's Pies which owns the Intellectual Property. Total consideration includes an upfront cash payment of \$5.5 million, \$2.0 million in RFG equity along with a deferred cash payment of \$2.5 million over 12 months post completion. On 11 December 2023 the initial completion of the Beefy's acquisition was effected, with the payment of the upfront cash portion of \$5.5 million, on 24th June 2024 33,333,333 shares were issued following satisfaction of certain conditions precedents relating to retail lease assignments.

Consideration Transferred

	11 December 2023 \$'000
Cash Consideration	5,500
Deferred consideration ⁽¹⁾	2,500
Equity consideration	2,000
Total purchase consideration	<u>10,000</u>

(1) Deferred consideration relates the cash payment over 12 months post completion.

	11 December 2023 \$'000
Included in Cashflows from Operating Activities	
Revenue	-
Transaction costs of the acquisition ⁽²⁾	<u>(647)</u>
	<u>(647)</u>
Included in Cashflows from Investing Activities	
Cash consideration	<u>(5,500)</u>
	<u>(5,500)</u>
Payment for business combination, net of cash	<u>(6,147)</u>

(2) Transaction costs of \$0.9 million included within statement of profit & loss for FY24.

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NOTES TO THE FINANCIAL STATEMENTS

27. Business Combinations (continued)

Assets and Liability Assumed

Consolidated	Fair Value 11 December 2023 \$'000
Other assets	628
Property, plant and equipment	933
Intangible assets	5,292
Total assets	6,853
Deferred tax liabilities	1,588
Other liabilities	359
Lease liability reassessment	430
Total liabilities	2,377
Total identifiable net assets at fair value	4,476
Goodwill arising on acquisition	5,525
Purchase consideration transferred	10,001

Goodwill represents the expected growth and synergies from combining operations of the acquiree. The goodwill above does not comprise the brand assets as these are separately recognised as they meet the criteria for recognition as an intangible asset under IAS base 138.

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NOTES TO THE FINANCIAL STATEMENTS

28. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed in the following sections.

28.1 Equity interests in related parties

Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in Note 25 to the financial statements.

Equity interests in associates and joint ventures

There are no equity interests in associates or joint ventures.

Equity interests in other related parties

There are no equity interests in other related parties.

28.2 Transactions with Key Management Personnel

Details of all transactions with Key management Personnel are disclosed in the Directors' Report to the financial statements.

Key management personnel compensation - Summary	FY24 \$'000	FY23 \$'000
Short term Benefits	2,818	2,354
Long term Benefits	159	71
Performance Rights	365	465
Total comprehensive income	<u>3,342</u>	<u>2,890</u>

From the date of Mr. Michael Bulley's appointment to the Board on 13 March 2023, the Group received income through normal trading activity with

- MJJA Pty Ltd ACN 080 438 802 as trustee for The JAM Family Trust;
- BBJAM Bulley Pty Ltd ACN 653 895 857;
- AJJM Bulley Pty Ltd ACN 641 802 431; and
- MJORD Pty Ltd ACN 161 210 448 as trustee for the MJJRJ Hughes Family Trust.

These entities are related parties of Mr Michael Bulley that operate franchised outlets pursuant to franchises granted by a member of the Group prior to Mr Bulley's appointment as a Director. \$737,433 was billed to the related parties by the Group during the year (FY23: \$223,125) These entities were not related parties until the date of Mr Michael Bulley's appointment on 13 March 2023. There was no balance owing as at 28 June 2024 (FY23: \$nil).

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NOTES TO THE FINANCIAL STATEMENTS

Other

29. Events after the reporting period

There has not been any matter or circumstance occurring, in the reasonable opinion of the Directors, that may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Final dividend

The Directors have resolved that no dividend will be declared or paid with respect to the FY24 year.

30. Contingent liabilities

Financial assets and other credit exposures	FY24 \$'000	FY23 \$'000
Contingent liabilities		
Financial guarantees	814	814
Rental guarantees	2,926	2,495
	<u>3,740</u>	<u>3,309</u>

30.1 Contingent liabilities

Michel's Patisserie Class Action:

During the year, the Company entered a binding deed to settle the class action commenced against it and two of its related entities in the Federal Court of Australia (Court) in October 2021. The settlement, which remains subject to Court approval as at the date of this report, involves a dismissal of the proceeding by the applicant without RFG making any admission or any payment to the applicant, to any class member or towards the applicant's or the litigation funder's costs of the proceeding.

The settlement includes releases by the applicant and class members in favour of RFG and its related respondent entities. RFG has agreed to release applicable class members from historical debts alleged in the proceeding. This release had no financial impact on RFG's FY24 results.

NOTES TO THE FINANCIAL STATEMENTS

31. Commitments for expenditure

Consolidated	FY24 \$'000	FY23 \$'000
Plant and equipment	45	140

32. Remuneration of auditors

Consolidated	FY24 \$	FY23 \$
Audit and review services		
Auditors of the Group - KPMG		
Audit and review of financial statements	700,000	800,000
Other auditors		
Audit and review of financial statements for USA entities	83,402	172,336
Assurance services		
Auditors of the Group - KPMG		
Audit and review of other financial statements	110,000	290,788
Other assurance services	10,000	97,500
Other services		
Auditors of the Group - KPMG		
Taxation advice and tax compliance services	125,021	117,612
Other - Company Secretarial	180,984	153,102
	1,209,407	1,631,338

33. Summary of material accounting policies

This note provides a list of material accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above.

33.1 Basis of preparation

The financial statements comprise the consolidated financial statements of the Group. For the purpose of preparing the consolidated financial statements, the Group is a for-profit entity.

These financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

(a) Statement of compliance

The financial statements comply with Australian Accounting Standards. The financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements were authorised for issue by the Directors on the 20 August 2024.

(b) Basis of measurement

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian Dollars, unless otherwise noted.

The Company is a company of the kind referred to in ASIC Corporations Instrument 2016/191, and, in accordance with that Corporations Instrument, amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

(c) Early adoption of Accounting Standards

The Directors have elected not to early adopt Accounting Standards that are not applicable to the reporting period ended 28 June 2024.

FINANCIAL STATEMENTS

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NOTES TO THE FINANCIAL STATEMENTS

33. Summary of material accounting policies (continued)

33.1 Basis of preparation (continued)

(d) Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Australian Dollars ('\$'), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entities functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise, except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use. These are included in the cost of the assets only when they are regarded as an adjustment to interest costs on the related foreign currency borrowings;
- Exchange differences on transactions entered into, in order to hedge certain foreign currency risks; and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), and which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Australian Dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity.

(e) Use of estimates and judgements

The preparation of the consolidated financial statements requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is amended and in any future periods affected.

(f) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- For receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included within receivables or payables.

Cash flows are included in the consolidated statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

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NOTES TO THE FINANCIAL STATEMENTS

33. Summary of material accounting policies (continued)

33.1 Basis of preparation (continued)

(g) Consolidated entity disclosure statement key assumptions and judgements

Determination of Tax Residency

Section 295 (3A) of the Corporation Acts 2001 requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed. In the context of an entity which was an Australian resident, "Australian resident" has the meaning provided in the Income Tax Assessment Act 1997. The determination of tax residency involves judgment as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the Group has applied current legislation and judicial precedent. Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with.

Trusts

Australian tax law does not contain specific residency tests for trusts. Generally, these entities are taxed on a flow-through basis so there is no need for a general residence test. There are some provisions which treat trusts as residents for certain purposes, but this does not mean the trust itself is an entity that is subject to tax.

FINANCIAL STATEMENTS

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Consolidated Entity Disclosure Statement as at 28 June 2024

Details of subsidiaries in the consolidated financial statements, are as follows ⁽¹⁾:

Entity	Entity Type	Place Incorporated	FY24 %	Australian or Foreign Resident	Jurisdiction for Foreign Residence
Addiotion Holdings Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Adonai International Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Adonai International Unit Trust	Trust	Australia	100	Australian	N/A
ACN 159 149 872 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Aroma Grande Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Barista Pty Ltd	Body Corporate	Australia	100	Australian	N/A
BBH Ayr (Old) Pty Ltd	Body Corporate	Australia	100	Australian	N/A
BBH B Grove (WA) Pty Ltd	Body Corporate	Australia	100	Australian	N/A
BBH Cannon Hill (Old) Pty Ltd	Body Corporate	Australia	100	Australian	N/A
BBH Harvest Lakes (WA) Pty Ltd	Body Corporate	Australia	100	Australian	N/A
BBH North Toowoomba (Old) Pty Ltd	Body Corporate	Australia	100	Australian	N/A
BBH System Lease Pty Ltd	Body Corporate	Australia	100	Australian	N/A
BB's Cafe System Pty Ltd	Body Corporate	Australia	100	Australian	N/A
bb's New Zealand Limited	Body Corporate	New Zealand	100	Foreign	New Zealand
BB's Plantation Pty Ltd	Body Corporate	Australia	100	Australian	N/A
BDP Franchise Pty Ltd	Body Corporate	Australia	100	Australian	N/A
BDP System Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Beefy's Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Booming Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Breadsmith Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Bruffin Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Brumby's Bakeries Holdings Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Brumby's Bakeries Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Brumby's Bakery No 1 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Brumby's Bakery No 5 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Brumby's Bakery No 6 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Brumby's Bakery No 8 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Brumby's Bakery No 9 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Brumby's Bakery No 12 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Brumby's Bakery No 14 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Brumby's Bakery No 16 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Brumby's Bakery No 17 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Brumby's Bakery No 18 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Brumby's Bakery No 25 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Brumby's Bakery No 26 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Brumby's Bakery No 31 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Brumby's Bakery No 33 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Brumby's Bakery No 38 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
The Bread Centre Securities Trust	Unit Trust	Australia	100	Australian	N/A
Brumby's Bakeries System (NZ) Limited	Body Corporate	New Zealand	100	Foreign	New Zealand
Brumby's Bakeries System Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Brumby's Bakeries Franchise Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Brumby's Bakeries System LLC	Body Corporate	USA	100	Foreign	USA
Cafe2U (NZ) Limited	Body Corporate	New Zealand	100	Foreign	New Zealand
Cafe2U (NZ) Unit Trust	Unit Trust	New Zealand	100	Foreign	New Zealand
Cafe2U (NZ) Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Cafe2U International Pty. Ltd.	Body Corporate	Australia	100	Australian	N/A
Cafe2U Pty Limited	Body Corporate	Australia	100	Australian	N/A
Chatslease Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Cheddarmite Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Choppa Loaf Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Di Bella Coffee NZ Limited	Body Corporate	New Zealand	100	Foreign	New Zealand
Capercorp Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Capercorp Advertising Fund Pty Ltd	Body Corporate	Australia	100	Australian	N/A

(1) The consolidated entity disclosure statement should be read in conjunction with the basis of preparation described at Note 33 (g).

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Consolidated Entity Disclosure Statement (continued)

Details of subsidiaries in the consolidated financial statements, are as follows ⁽¹⁾:

Entity	Entity Type	Place Incorporated	FY24 %	Australian or Foreign Resident	Jurisdiction for Foreign Residence
Cappuccino Frappe Pty Ltd	Body Corporate	Australia	100	Australian	N/A
CGP Cairns (Old) Pty Ltd	Body Corporate	Australia	100	Australian	N/A
CGP Jesmond Pty Ltd	Body Corporate	Australia	100	Australian	N/A
CGP Kirwan (Old) Pty Ltd	Body Corporate	Australia	100	Australian	N/A
CGP Mawson Lakes Pty Ltd	Body Corporate	Australia	100	Australian	N/A
CGP (NZ) Limited	Body Corporate	New Zealand	100	Foreign	New Zealand
CGP Parap (NT) Pty Ltd	Body Corporate	Australia	100	Australian	N/A
CGP Shepparton North (Vic) Pty Ltd	Body Corporate	Australia	100	Australian	N/A
CGP St Marys (NSW) Pty Ltd	Body Corporate	Australia	100	Australian	N/A
CGP Systems Pty Ltd	Body Corporate	Australia	100	Australian	N/A
CGP Systems LLC	Body Corporate	USA	100	Foreign	USA
CGP West Lakes Pty Ltd	Body Corporate	Australia	100	Australian	N/A
C-Store Trading Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Crust Franchise Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Crust Gourmet Pizza Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Crust Gourmet Pizza 1 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Crust Gourmet Pizza 3 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Crust Gourmet Pizza 7 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Crust Gourmet Pizza 13 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Crust Gourmet Pizza 15 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Crust Gourmet Pizza 19 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Crust Gourmet Pizza 21 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Crust Gourmet Pizza 25 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Crust Dapto (NSW) Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Crust Maitland (NSW) Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Crust Mildura Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Coffee in a Can Pty Ltd	Body Corporate	Australia	100	Australian	N/A
DBC Services Pty Ltd	Body Corporate	Australia	100	Australian	N/A
DBC IP Holdings Pty Ltd	Body Corporate	Australia	100	Australian	N/A
DC Tarmac Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Di Bella Coffee Domestic GJC Supply Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Di Bella Coffee International Network Supply Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Di Bella Coffee Network Supply Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Di Bella Coffee Retail and Wholesale Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Di Bella Coffee Supply Holdings Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Donquay Pty Limited	Body Corporate	Australia	100	Australian	N/A
Donut King Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Donut King 1 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Donut King 2 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Donut King 4 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Donut King 5 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Donut King 6 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Donut King 8 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Donut King 12 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Donut King 13 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Donut King 14 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Donut King 15 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Donut King 16 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Donut King 17 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Donut King 18 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Donut King 19 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Donut King 20 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Donut King 21 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Donut King 23 Pty Ltd	Body Corporate	Australia	100	Australian	N/A

(1) The consolidated entity disclosure statement should be read in conjunction with the basis of preparation described at Note 33 (g).

FINANCIAL STATEMENTS

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Consolidated Entity Disclosure Statement (continued)

Details of subsidiaries in the consolidated financial statements, are as follows ⁽¹⁾:

Entity	Entity Type	Place Incorporated	FY24 %	Australian or Foreign Resident	Jurisdiction for Foreign Residence
Donut King 24 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Donut King 25 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Donut King 26 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Donut King 30 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Donut King 32 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Donut King 33 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Donut King 36 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Donut King 38 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Donut King 39 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Donut King 42 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Donut King 44 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Donut King 45 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Donut King 46 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Donut King 47 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Donut King 49 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Donut King 56 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Donut King 66 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Donut King 71 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Donut King 73 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Donut King 74 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Donut King 75 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Donut King 77 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Donut King 81 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Donut King (NZ) Limited	Body Corporate	New Zealand	100	Foreign	New Zealand
Donut King Franchise Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Donut King System Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Donut King System LLC	Body Corporate	USA	100	Foreign	USA
Donut Mac Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Donut Management Pty Ltd	Body Corporate	Australia	100	Australian	N/A
ECH System (NZ) Limited	Body Corporate	New Zealand	100	Foreign	New Zealand
Edglo Enterprises Inc	Body Corporate	USA	100	Foreign	USA
Espresso Concepts Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Espresso Kick Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Esquires International Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Esquires Coffee Houses System Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Evolution Coffee Roasters Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Frapaccino Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Freezer Rental Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Frosty Cappuccino Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Gladbake Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Gloria Jeans 3 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Gloria Jeans 5 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Gloria Jeans Coffees 9 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Gloria Jeans Coffees 16 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Gloria Jeans Coffees 18 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Gloria Jeans Coffees 20 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Gloria Jeans Coffees 31 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Gloria Jeans Coffees 33 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Gloria Jeans Coffees 36 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Gloria Jean's Coffees Australasia Pty Limited	Body Corporate	Australia	100	Australian	N/A
Gloria Jean's Coffees Holdings Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Gloria Jean's Coffees International Pty Limited	Body Corporate	Australia	100	Australian	N/A
Gloria Jean's Coffees Pty Ltd	Body Corporate	Australia	100	Australian	N/A

(1) The consolidated entity disclosure statement should be read in conjunction with the basis of preparation described at Note 33 (g).

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Consolidated Entity Disclosure Statement (continued)

Details of subsidiaries in the consolidated financial statements, are as follows ⁽¹⁾:

Entity	Entity Type	Place Incorporated	FY24 %	Australian or Foreign Resident	Jurisdiction for Foreign Residence
Gloria Jean's Gourmet Coffee Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Gloria Jean's Gourmet Coffees Corp.	Body Corporate	USA	100	Foreign	USA
Gloria Jean's Gourmet Coffees Franchising Corp	Body Corporate	USA	100	Foreign	USA
HDCZ (NZ) Limited	Body Corporate	New Zealand	100	Foreign	New Zealand
A.C.N. 125 810 059 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
International Franchisor Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Jireh Group Pty Limited	Body Corporate	Australia	100	Australian	N/A
Jireh International Retail Pty Limited	Body Corporate	Australia	100	Australian	N/A
Jireh International Unit Trust	Body Corporate	Australia	100	Australian	N/A
Jireh International Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Jonamill Pty. Limited	Body Corporate	Australia	100	Australian	N/A
Meaty Holdings Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Meaty Leasing Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Meaty Manufacturing Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Meaty Trading Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Michel's Leasing Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Michel's Patisserie 2 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Michel's Patisserie 3 (M0421) Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Michel's Patisserie 6 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Michel's Patisserie 8 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Michel's Patisserie 14 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Michel's Patisserie 15 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Michel's Patisserie 16 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Michel's Patisserie 17 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Michel's Patisserie 19 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Michel's Patisserie 21 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Michel's Patisserie 24 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Michel's Patisserie 25 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Michel's Patisserie 26 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Michel's Patisserie 28 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Michel's Patisserie 33 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Michel's Patisserie 34 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Michel's Patisserie 39 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Michel's Patisserie 40 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Michel's Patisserie 41 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Michel's Patisserie 46 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Michel's Patisserie 51 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Michel's Patisserie Altona Meadows (Vic) Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Michel's Patisserie Central West (Vic) Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Michel's Patisserie (VO) Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Michel's Patisserie (VOL) Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Michel's Patisserie Operations Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Michel's Patisserie System Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Michel's Patisserie Systems (NZ) Limited	Body Corporate	New Zealand	100	Foreign	New Zealand
MP (NZ) Leasing Limited	Body Corporate	New Zealand	100	Foreign	New Zealand
MP System Lease Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Mules Enterprises Pty Ltd	Body Corporate	Australia	100	Australian	N/A
PC Strathpine Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Pizza Capers Franchise Pty Ltd (formally PCGK Holdings Pty Ltd)	Body Corporate	Australia	100	Australian	N/A
Pizza Capers 4 Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Pizza Capers Bathurst Chase Pty Ltd	Body Corporate	Australia	100	Australian	N/A

(1) The consolidated entity disclosure statement should be read in conjunction with the basis of preparation described at Note 33 (g).

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FINANCIAL STATEMENTS

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Consolidated Entity Disclosure Statement (continued)

Details of subsidiaries in the consolidated financial statements, are as follows ⁽¹⁾:

Entity	Entity Type	Place Incorporated	FY24 %	Australian or Foreign Resident	Jurisdiction for Foreign Residence
Pizza Capers Leasing Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Pizza Capers Kallangur (Old) Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Pizza Capers Kalgoorlie (WA) Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Pizza Holdings Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Pizza Restaurant Holdings Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Praise IAG Franchisor, LLC	Body Corporate	USA	100	Foreign	USA
Praise IAG Stores, LLC	Body Corporate	USA	100	Foreign	USA
Praise Operations Company, LLC	Body Corporate	USA	100	Foreign	USA
Praise Holdings LLC	Body Corporate	USA	100	Foreign	USA
Praise North America IP LLC	Body Corporate	USA	100	Foreign	USA
PRCH Holdings Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Rack 'em Bones IP Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Rack 'em Bones System Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Regional Franchising Systems Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Retail Food Group Ltd Employee Share Trust	Trust	Australia	100	Australian	N/A
Retail Food Group Limited	Body Corporate	Australia	100	Australian	N/A
Retail Food Group USA, Inc	Body Corporate	USA	100	Foreign	USA
RFG (NZ) Limited	Body Corporate	New Zealand	100	Foreign	New Zealand
RFG (NZ) Holdings Limited	Body Corporate	New Zealand	100	Foreign	New Zealand
RFG Finance Pty Ltd	Body Corporate	Australia	100	Australian	N/A
RFGA Holdings (Aust) Pty Ltd	Body Corporate	Australia	100	Australian	N/A
RFGA Holdings Pty Ltd	Body Corporate	Australia	100	Australian	N/A
RFGA Management Pty Ltd	Body Corporate	Australia	100	Australian	N/A
RFGA Master Lease Pty Ltd	Body Corporate	Australia	100	Australian	N/A
RFG Master Lease (NZ) Limited	Body Corporate	New Zealand	100	Foreign	New Zealand
RFG Leasing Limited	Body Corporate	New Zealand	100	Foreign	New Zealand
Roasted Addiqtion Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Roasted Beans Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Snowycold Pty Ltd	Body Corporate	Australia	100	Australian	N/A
Strawberry Cushion Pty Ltd	Body Corporate	Australia	100	Australian	N/A
TCG Franchising Limited	Body Corporate	New Zealand	100	Foreign	New Zealand
TCG IProp Pty Ltd	Body Corporate	Australia	100	Australian	N/A
TCG (NZ) Leasing Limited	Body Corporate	New Zealand	100	Foreign	New Zealand
Tear'n'Share Pty Ltd	Body Corporate	Australia	100	Australian	N/A
The Michel's Group Australia Pty Ltd	Body Corporate	Australia	100	Australian	N/A
WDM Holdings Pty Ltd	Body Corporate	Australia	100	Australian	N/A

(1) The consolidated entity disclosure statement should be read in conjunction with the basis of preparation described at Note 33 (g).

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DIRECTORS' DECLARATION

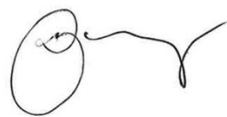
The Directors declare that:

- (a) In the Directors' opinion, the financial statements and notes and the Remuneration report in the Directors' report, are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated Group's financial position as at 28 June 2024 and of its performance for the financial year ended on that date; and
- (b) In the Director's opinion, the consolidated entity disclosure statement as at 28 June 2024 is true and correct;
- (c) In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (d) In the Directors' opinion, the financial statements are in compliance with International Financial Reporting Standards, as disclosed in the notes to the financial statements of the 2024 Annual Report;
- (e) The Directors have been given the declarations required by s.295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Directors made pursuant to s.295 (5) of the *Corporations Act 2001*.

On behalf of the Directors

RETAIL FOOD GROUP LIMITED



Mr Peter George
Executive Chairman

Robina
20 August 2024



Independent Auditor's Report

To the shareholders of Retail Food Group Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Retail Food Group Limited (the Company).

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the **Group's** financial position as at 28 June 2024 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 28 June 2024;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Consolidated entity disclosure statement and accompanying basis of preparation as at 28 June 2024;
- Notes, including material accounting policies; and
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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Key Audit Matters

The **Key Audit Matters** we identified are:

- Goodwill and other indefinite life intangible assets;
- Revenue recognition; and
- Lease accounting - estimate of lease arrears and assessment of recoverability of finance lease receivables.

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Goodwill and other indefinite life intangible assets (\$229.2m)

Refer to Note 14 to the Financial Report

The key audit matter

A key audit matter for us was the Group's annual testing of goodwill and other indefinite life intangible assets for impairment, given the size of the balance (being 62% of total assets). Certain conditions impacting the Group increased the judgement applied by us when evaluating the evidence available. We focused on the significant forward-looking assumptions the Group applied in their fair value less costs of disposal model for each cash generating unit (CGU), including:

- forecast cash flows – the Group is facing uncertain economic impacts from inflation and interest rates increases. These conditions and the uncertainty of their continuation increase the possibility of goodwill and other indefinite life intangible assets being impaired, plus the risk of inaccurate forecasts or a significantly wider range of possible outcomes for us to consider. We focused on the Group's proposed future business model when assessing the feasibility of the Group's forecast cashflows.
- discount rate - these are complicated in nature and vary according to the conditions and environment the specific CGU is subject to from time to time, and the models' approach to incorporating risks into the cash flows or discount rates.

The Group uses complex models to perform

How the matter was addressed in our audit

Working with our valuation specialists, our procedures included:

- Evaluating the appropriateness of the fair value less costs of disposal (FVLCD) method applied by the Group to perform the annual test of goodwill and other indefinite life intangible assets for impairment against the requirements of the accounting standards.
- Assessing the integrity of the FVLCD models used, including the accuracy of the underlying calculation formulas.
- Meeting with management to understand the impact of current economic factors on the Group's FY24 results.
- Comparing the year one forecast underlying EBITDA cash flows contained in the FVLCD models to the Board approved budget.
- Assessing the accuracy of previous Group forecasts to inform our evaluation of forecasts incorporated in the models.
- Assessing the Group's underlying methodology and documentation for the allocation of corporate costs to the forecast cash flows contained in the FVLCD models, for consistency with our understanding of the business and the criteria in the accounting standards.
- Assessing the Group's allocation of corporate assets to CGUs for reasonableness and



their annual testing of goodwill and brand intangible assets for impairment. The models use adjusted historical performance, and a range of internal and external sources as inputs to the assumptions. Complex modelling, using forward-looking assumptions tend to be prone to greater risk for potential bias, error and inconsistent application. These conditions necessitate additional scrutiny by us, in particular to address the objectivity of sources used for assumptions, and their consistent application.

We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.

The Group has a number of individual CGUs necessitating our consideration of the Group's determination of CGUs, based on the smallest group of assets to generate largely independent cash inflows.

consistency with the requirements of the accounting standards.

- Assessing the Group's determination of CGU assets for consistency with the assumptions used in the forecast cash flows and the requirements of the accounting standards.
- Considering the sensitivity of the models by varying key assumptions, such as forecast growth rates and discount rates, within a reasonably possible range. We did this to identify those CGUs at higher risk of impairment and those assumptions at higher risk of bias or inconsistency in application and to focus our further procedures.
- Challenging the Group's significant forecast cash flow and growth assumptions. We compared forecast growth rates to industry trends and expectations and considered differences for the Group's operations. We used our knowledge of the Group, business and customers, and our industry experience. We sourced authoritative and credible inputs from our specialists.
- Checking the consistency of the growth rates to the Group's plans and our experience regarding the feasibility of these in the industry in which they operate.
- Independently developing a discount rate range considered comparable using publicly available market data for comparable entities, adjusted by risk factors specific to the Group and the industry it operates in.
- Considering the Group's determination of their CGUs based on our understanding of the operations of the Group's business and how independent cash inflows were generated, against the requirements of the accounting standards.
- Evaluating the disclosures made in the financials against the requirements of the accounting standards.

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Revenue recognition (Revenue \$125.2m)	
Refer to Note 2 to the Financial Report	
The key audit matter	How the matter was addressed in our audit
<p>The Group has several revenue streams across each of its different operating segments which provide a range of services and product offerings. The Group's significant revenue streams include:</p> <ul style="list-style-type: none"> - Sale of franchise agreements; - Sale of goods; and - Sale of distribution rights. <p>Revenue recognition was a key audit matter due to the quantum of the balance, and the significant audit effort and judgment we have applied in assessing the Group's recognition and measurement of revenue.</p> <p>This was the result of the:</p> <ul style="list-style-type: none"> • High volume of transactions within revenue recognised from the sale of franchise agreements and the sale of goods. • Complexity and judgements involved in applying the requirements of AASB15 Revenue from Contracts with Customers. • Significant judgements made by the Group in the recognition and measurement of revenue and associated unearned revenue contract liabilities from the sale of franchise arrangements and the level of audit effort required by us in assessing the Group's assumptions underlying the timing of its recognition based on the terms of the relevant agreements. • Opportunity for manual intervention, the high volume of transactions and the interfaces of multiple systems with the general ledger presenting conditions for transactions to be recorded incorrectly. <p>In assessing this key audit matter, we involved senior audit team members who understand the Group's business, industry and the economic environment it operates in.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Developing an understanding of key revenue internal controls. • Evaluating the appropriateness of the Group's accounting policies for revenue recognition for each significant revenue stream against the requirements of AASB 15 and our understanding of the business. • Reading a sample of executed customer contracts from the sale of franchise agreements, the sale of goods and supplier contracts, and the sale of distribution rights to understand the key terms of the arrangements and the performance obligations. • Comparing the relevant features of a sample of executed customer and supplier distribution contracts to the criteria in the accounting standard, those in the Group's policies, and against the Group's identified performance obligations. • Testing a sample of revenue transactions for each significant revenue stream, testing the timing of revenue recognised by the Group to underlying documentation such as signed customer contracts, customer invoices, proof of delivery, electronic point-of-sale reports, supplier rebate reports, and the Group's revenue recognition policies. We also checked customer and supplier receipts to bank statements. We compared our testing against amounts recorded in manual spreadsheets, revenue models, sales systems and the Group's general ledger, for reconciliation issues. • Recalculating a sample of revenue transactions for selected revenue streams, recognised by the Group. This necessitated assessing how the Group allocated revenue to separately identified performance obligations from the same contract. We used underlying documentation obtained from our procedures above and criteria in the

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	<p>accounting standard to assess the allocation of revenue. We compared our assessment to the amount recorded by the Group.</p> <ul style="list-style-type: none"> Assessing the Group's revenue assumptions which included evaluating the underlying documentation of a sample of franchise agreement sales and the Group's assessment of items and amounts they considered highly probable of future receipt. We recalculated computations splitting the items into revenue and unearned revenue liability. Evaluating the adequacy of the disclosures made in the financial statements against the requirements of the accounting standards.
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Lease accounting - estimate of lease arrears and assessment of recoverability of lease receivables (\$61.7m)	
Refer to Note 13 to the Financial Report	
The key audit matter	How the matter was addressed in our audit
<p>The Group has a significant lease portfolio that includes sub-lease arrangements with franchisees where the Group has entered into the head lease agreement with the landlord.</p> <p>Where the franchise store sub-lease is assessed by the Group as a finance lease using AASB 16 Leases, the Group recognise a finance lease receivable. Following this, the impairment requirements of AASB 9 Financial Instruments apply to the net investment in these leases.</p> <p>The Group determined their expected loss provisioning amounts using a forward-looking expected credit loss impairment model. This involves significant judgement as the expected credit loss reflects information about past, current and future conditions.</p> <p>Overall, the relative size of balances has a significant financial impact on the Group's financial position and performance.</p> <p>We involved our senior audit team members in assessing this key audit matter.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> Evaluating the appropriateness of the Group's lease accounting policies against accounting standard requirements, including the recognition of expected credit losses on lease receivables and lease arrears. Testing the existence of lease arrears, abatements and receivable amounts for a sample of franchise sublease balances by checking these amounts to underlying documentation such as executed lease agreements, landlord statements of lease arrears and applied abatements. Meeting with management to understand the risk indicators used to identify and categorise the franchisee tenants into high, medium or low risk of default to determine the expected loss ratio for each category. We challenged management's judgements and assumptions in terms of the recoverability indicators adopted within the expected credit loss model using our knowledge of the Group, business and customers, and our industry experience.

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	<ul style="list-style-type: none">• Assessing the reasonableness of the Group's methodology and calculation of the expected credit loss allowance at year end against the requirements of AASB 9.• Evaluating the completeness of the model by performing a reconciliation against the lease liabilities recorded in external landlord statements and the Group's underlying records.• Checking a sample of lessee specific inputs included in the expected credit loss impairment assessment to underlying documentation of authoritative arrangements.• Testing the consistency of expected credit losses applied to lease receivables and lease arrears for a sample of franchise partners against broader debtor groups such as trade receivables from the same franchisee.• Evaluating the adequacy of the disclosures made in the financial statements against the requirements of the accounting standards.
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Other Information

Other Information is financial and non-financial information in Retail Food Group's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

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Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and that is free from material misstatement, whether due to fraud or error; and
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.



Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Retail Food Group Limited for the year ended 28 June 2024, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 18 to 39 of the Directors' report for the year ended 28 June 2024.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Simon Crane
Partner

Brisbane
20 August 2024

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Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Retail Food Group Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit of Retail Food Group Ltd for the financial year ended 28 June 2024 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Simon Crane
Partner

Brisbane
20 August 2024

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ADDITIONAL STOCK EXCHANGE INFORMATION

Number of holders of equity securities as at 13 August 2024

Ordinary share capital

- 2,489,443,223 ordinary shares are held by 12,591 individual shareholders.

All issued ordinary shares carry one vote per share.

Distribution of holders of equity securities ⁽¹⁾

	Total holders fully paid ordinary shares	Fully paid ordinary shares	% Issued capital	Total holders options	Options
1 - 1000	3,886	1,678,481	0.07%	-	-
1,001 - 5,000	2,857	7,197,584	0.29%	-	-
5,001 - 10,000	1,357	10,390,496	0.42%	-	-
10,001 - 100,000	3,134	115,305,580	4.63%	-	-
100,001 and over	1,357	2,354,871,082	94.59%	-	-
	12,591	2,489,443,223	100.00%	-	-

The number of shareholders holding less than a marketable parcel of ordinary shares is 6,757.

Substantial shareholders ⁽²⁾

Ordinary shareholders	Fully paid	
	Number	Percentage
Regal Funds Management Pty Ltd (and associates)	277,180,196	11.13%
Riguad Pty Ltd ⁽³⁾	247,045,935	9.92%
Washington H. Soul Pattinson and Company Limited	166,710,681	6.70%
Thorney Opportunities LTD (and associates)	123,874,598	4.98%

Twenty largest holders of quoted equity instruments ⁽¹⁾

Ordinary shareholders	Fully paid	
	Number	Percentage
RIGUAD PTY LTD	269,384,140	10.82%
CITICORP NOMINEES PTY LIMITED	257,466,584	10.34%
UBS NOMINEES PTY LTD	257,006,083	10.32%
WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED	210,982,002	8.48%
SANDHURST TRUSTEES LTD <COLLINS ST VALUE FUND A/C>	117,211,188	4.71%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	100,082,392	4.02%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	64,022,284	2.57%
MOLVEST PTY LTD <MOLVEST FAMILY A/C>	50,000,000	2.01%
HISHENK PTY LTD	40,000,000	1.61%
MOORGATE INVESTMENTS PTY LTD	36,838,050	1.48%
MARK HOBBS <THE MB SILVER A/C>	33,333,333	1.34%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSI EDA	30,402,455	1.22%
NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	22,941,238	0.92%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	20,966,274	0.84%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	20,184,853	0.81%
BNP PARIBAS NOMS (NZ) LTD	18,590,500	0.75%
PETER GEORGE	16,565,000	0.67%
HORRIE PTY LTD <HORRIE SUPERANNUATION A/C>	16,000,000	0.64%
WILLOUGHBY CAPITAL PTY LTD <WILLOUGHBY CAPITAL A/C>	15,000,000	0.60%
MOLVER PTY LIMITED <MOLVER SUPER FUND A/C>	14,000,000	0.56%
	1,610,976,376	64.71%

(1) Based on reports provided by the Company's share register, Computershare Investor Services.

(2) Based on the most recent substantial shareholder notice (Form 604) lodged with the Australian Securities Exchange by the shareholder.

(3) As disclosed in the substantial holder notice of 12 June 2024, Riguad Pty Ltd (ACN 661 344 547) (Riguad), Pribay Pty Ltd (ACN 007 410 040) as trustee of the Eddie Hirsch, Family Trust as the entity for which securities in Riguad are held on bare trust by Harvey Rael Kaplan (Hirsch Riguad Bare Trust) and Agtan Pty Ltd (ACN 007 410 077) as trustee of Avi Silver Family Trust as the entity for which securities in Riguad are held on bare trust by Harvey Rael Kaplan (Silver Riguad Bare Trust).