Retail Food Group Limited

APPENDIX 4D (Rule 4.3A)
PRELIMINARY FINAL REPORT
FOR THE HALF-YEAR ENDED 29 December 2023
RESULTS FOR ANNOUNCEMENT TO THE MARKET
(All comparisons to the period ended 30 December 2022)

				1H24 A$'000	1H23 A$'000
Revenue	*Up*	*1.6%*	*to*	57,966	57,079
Other revenue				3,903	5,683
Total revenues and other income	***Down***	*(1.4%)*	*to*	**61,869**	**62,762**
Underlying earnings before interest, tax, depreciation and amortisation (EBITDA)	***Up***	*3.5%*	*to*	**15,372**	**14,848**
Transformation, acquisition costs, legal matters and marketing expenses				(3,814)	(9,626)
Reported earnings before interest, tax, depreciation and amortisation (EBITDA)	***Up***	***121.3%***	***to***	**11,558**	**5,222**
Profit/(loss) before income tax	***Up***	***477.0%***	***to***	**5,142**	**(1,364)**
Income tax benefit/(expense)				**(923)**	**272**
Profit/(loss) for the year attributable to members of the parent entity	***Up***	***486.4%***	***to***	**4,219**	**(1,092)**
				1H24	**FY23**
Net Tangible Assets/(Liabilities) per security				(1.0) cents	(0.8) cents

Dividends	Amount per security
Final dividend	
- Current year	- cents
- Previous corresponding period	- cents
Total dividend (interim and final):	
- Current year	- cents
- Previous corresponding period	- cents

For an explanation of the figures reported refer to commentary on the results.

Retail Food Group Limited
Consolidated Financial Report
Half-Year Ended 29 December 2023

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DIRECTORS' REPORT

The Directors of Retail Food Group Limited ('RFG', 'the Company' or 'Group') submit the Financial Report of the Company for the period ended 29 December 2023, in accordance with the provisions of the *Corporations Act 2001*.

Directors

The names and particulars of the Directors of the Company during or since the end of the half-year are:

Name	Particulars
Mr Peter George	Executive Chairman
Mr David Grant	Independent Non-Executive Director
Ms Kerry Ryan	Independent Non-Executive Director
Mr Michael Bulley	Non-Executive Director
Ms Jacinta Caithness	Independent Non-Executive Director (Appointed 25 September 2023)

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 response to the Corporate Governance Principles & Recommendations (4th Edition) via its website at www.rfg.com.au when releasing its Annual Report. The Company's Corporate Governance Statement (providing an overview of the Company's corporate governance practices and response to the Corporate Governance Principles & Recommendations (4th Edition)) was released to the Australian Securities Exchange (ASX) on 25 October 2023 and is also available on the Company's website: www.rfg.com.au.

Principal activities

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

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

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') makes 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). Consolidated Statement of Profit or Loss and Other Comprehensive Income amounts, presented on an underlying basis such as Underlying EBITDA, are non-IFRS financial measures, and exclude the impact of certain items consistent with the manner in which senior management reviews the financial and operating performance of the 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. A reconciliation of Underlying to Statutory results is presented in the Group's Results Presentation accompanying these financial statements.

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 period have been re-presented to conform to the current period presentation.

Unless otherwise specified, all operational metrics (including Same Store Sales (SSS), Customer Count (CC) and Average Transaction Value (ATV) provided in this report are based on unaudited reports sales by franchisees amongst stores trading, in the case of a half year, a minimum 23 of 26 weeks, and in the case of a full year, a minimum 46 of 52 weeks, versus unaudited sales reported sales by franchisees against same stores trading a similar number of weeks during the comparable preceding period (as the case may be).

Performance Overview

1H24 Results

The following table summarises the Group's results for the half years ending 29 December 2023 and 30 December 2022:

Item	1H24	1H23	Change
Revenue	$61.9m	$62.8m	(1.4%)
Revenue Adjustments(1)	($8.5m)	($10.5m)	19.4%
Revenue (Underlying)(1)	$53.4m	$52.2m	2.2%
EBITDA	$11.6m	$5.2m	121.3%
EBITDA Adjustments(1)	$3.8m	$9.6m	(60.4%)
EBITDA (Underlying)(1)	$15.4m	$14.8m	3.5%
NPAT	$4.2m	($1.1m)	486.4%
NPAT Adjustments(1)	$3.8m	$9.6m	(60.3%)
NPAT (Underlying)(1)	$8.0m	$8.5m	(5.8%)

(1) These figures are not subject to audit or review. A reconciliation of Underlying to Statutory results is presented in the Group's 1H24 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.

Performance Overview (continued)

1H24 Results (continued)

During the six month accounting period the Group continued to gain momentum as we transitioned from turnaround back into growth. Key highlights included:

- Our network sales grew 4.7% on 2H23 to $254.8 million as momentum built in the Café, Coffee, Bakery ('CCB') segment in particular. A decline in network sales relative to 1H FY23 was due to prior year outlet closures and price competition in the Quick Service Restaurants ('QSR') segment
- Same store sales (SSS) growth of 1.8% on the prior comparative period, including the contribution of Rack 'em Bones BBQ Ribs which trade through the existing QSR segment, driven by stronger performance in the CCB segment offset by challenges in QSR.
- During the first half we opened 70 new outlets, up from 29 in 1H23, delivering domestic net outlet growth for the first time in a number of years. We closed the period with 743 domestic trading outlets and achieved net outlet growth in all core brands except Brumby's which remains challenged by a shortage of skilled bakers.
- We have commenced a project to consolidate non-core brands into the larger, stronger brand systems starting with our mobile brands Café2U and The Coffee Guy to convert to Gloria Jeans in 2H24
- The Beefy's acquisition was completed on 11 December 2023 and contributed EBITDA of $0.1 million in 19 days consolidated into the financial period. The business continues to perform ahead of expectations with January sales 13% above PCP.
- 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. 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 47 outlets (up from 31 outlets at 30 June 2023) alongside a further 9 retail stores we operate under the Beefy's brand.
- One benefit of our company stores is the ability to trial new concepts and during the period we converted a Michel's Patisserie in Wynnum, Queensland to Gloria Jeans with AWS increasing 59% as a result. This Gloria Jean's outlet is 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 in accelerating our growth

The Group has concluded that alignment to two segments significantly reduces the complexity of management of the Group and simplifies reporting. As a result, we now report two segments as follows:

- **Café, Coffee, Bakery ('CCB')** which is approximately 70% of Group network sales incorporating Gloria Jean's Coffees, Donut King, Brumby's Bakery, Beefy's Pies, Café2U, The Coffee Guy, Michel's Pattisserie and Di Bella Coffee; and,
- **Quick Service Restaurants ('QSR')** which is approximately 30% of Group network sales and incorporates Crust Gourmet Pizza Bar, Pizza Capers Gourmet Kitchen, and Rack 'em Bones BBQ Ribs.

Performance Overview (continued)

Café, Coffee, Bakery ('CCB')

	1H24	1H23	Change
Domestic Network Sales	$180.9m	$181.1m	(0.1%)
Same Store Network Sales	$168.8m	$163.5m	3.2%
Average Weekly Sales	$15.7k	$14.1k	11%
Trading Outlets	503	536	(33)
Customer Count	18.9m	20.0m	(5.5%)
Average Transaction Value	$9.55	$9.03	5.7%
Underlying Segment Revenue	$47.2m	$45.1m	4.7%
Network Sales: Revenue Conversion	26.1%	24.9%	1.2%
Segment EBITDA	$12.3m	$11.6m	6.0%

- CCB contributes approximately 70% of Group network sales with higher revenue conversion due to vertical integration of coffee and pie manufacturing.
- During 1H24, our net trading outlets in core brands have grown by 10 since 1 July 2023, including the loss of 5 Brumby's outlets, the acquisition of 9 Beefy's outlets and the loss of 11 outlets in non-core brands.
- A project to consolidate our brands has commenced with mobile brands converting to Gloria Jeans 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 pricing actions implemented in FY23.
- Despite economic headwinds, network sales were immaterially down -0.1% on 1H23 and up +7.4% on 2H23. SSS were up 3.2% on 1H23
- Tougher 1H24 comparatives will be offset by newer, higher quality outlets opening in Q2FY24 and meaningfully contributing to the rest of the financial year

Beefy's Pies continues to perform strongly post acquisition

- Beefy's acquisition completed on 11 December 2023 and was consolidated for 19 days from that date with strong trading during the peak tourism season and an EBITDA contribution of $0.1 million in 1H24
- Early synergies & growth opportunities have begun to crystalise with
    - Beefy's transitioned to our lower cost Coca Cola pricing effective from 1 January
    - Gloria Jeans Wynnum has commenced a trial of Beefy's pies in February 2024, opening new grab and go hot box opportunities
    - The first new Beefy's outlet to open in Ballina in 2H24 replacing a previously high performing closed Brumby's outlet
    - Supply of coffee through our vertically integrated roasting facility commences in 2H24
    - Beefy's to transition to our point of sale system in Q4FY24 with the new technology unlocking 3PA, loyalty and app opportunities for FY25

Performance Overview (continued)

Quick Service Restaurants ('QSR')

	1H24	1H23	Change
Domestic Network Sales	$73.9m	$78.1m	(5.5%)
Same Store Network Sales	$70.7m	$71.6m	(1.3%)
Average Weekly Sales(1)	$19.1k	$19.2k	(0.6%)
Trading Outlets	240	172	68
Customer Count	1.7m	1.9m	(13.3%)
Average Transaction Value	$43.93	$40.30	9.0%
Underlying Segment Revenue	$6.2m	$7.1m	(12.7%)
Network Sales: Revenue Conversion	8.4%	9.1%	(0.7%)
Segment EBITDA	$3.0m	$3.3m	(9.1%)

(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 30% of Group network sales with no vertical integration of product and only two company store outlets which commenced trade late in the period
- Competitors continued to use heavy discounting in a price war to chase volume and we have lost customer count by not matching excessive discounts
- QSR is focused on protecting franchisee profitability through growth in Rack ′em Bones and expansion of product range (burnt ends & cheesy crust)
- Rack ′em Bones has offset the majority of 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 in 2H24, expanding beyond UberEats. If the Crust and Rack ′em Bones AWS is combined, AWS has increased over 1H23
- Investment in first two company store outlets in multi brand European Garage locations (Gloria Jean′s, Crust, Ribs)
- Customer count 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%)
- Same Store Sales down $3.9 million in pizza brands offset by $2.9 million of sales through Rack ′em Bones which is now annualizing to c.$9.1 million
- During 1H24, outlet count in pizza brands was stable (net decline 3 outlets), supplemented by rapid growth in Rack ′em Bones outlets (up 48)
- We have launched Crustworthy brand proposition as we continue to build product differentiation, invest in technology and drive customer acquisition

Income Statement

- Underlying revenue grew 2% on PCP as company store revenue increased in line with a larger portfolio and offset lower franchisee revenue
- Company stores expenses grew $2.9 million on PCP with the growth of company stores revenue by $4.2 million. As a percentage of revenue these costs declined 0.6% on PCP due to efficiencies including the implementation of labour management software
- Corporate payroll costs increased $1.2 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 1H24 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 $15.4 million up 3.5% on 1H23 and up 45.7% on 2H23
- As the Group transitions 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.

Performance Overview (continued)

- Adjustments between statutory EBITDA and underlying EBITDA declined significantly to $3.8 million in 1H24 (down 60%)
- Adjustments in 1H24 include costs associated with the acquisition of Beefy Pies, legacy legal costs and costs associated with the transformation of the US operations
- RFG generated statutory Net Profit After Tax of $4.2 million in 1H24 up from a loss of $1.1 million in 1H23

Balance Sheet

- Cash reserves of $20.9 million includes $18.0 million of unrestricted cash (FY23: $17.9 million)
- Inventory levels increased due to consolidation of Beefy's inventory and timing of receipt of green bean raw materials on committed contracts. Green bean pricing locked in below market rates for remainder of calendar year 2024
- The acquisition of Beefy's Pies for total purchase price of $10 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 declined as cash collection efforts realised results and debtor transactions normalised following significant challenges during Covid

Cashflow

- Underlying Operating Cashflows as a % of EBITDA was 79% in the period. Underlying Operating Cashflows of $12.1 million rose 39% 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 $3.6 million was primarily used to expand the company store division to 47 outlets at 29 December
- Lease payments of $5.1 million declined $1.2 million on PCP as the Group exited, converted or reopened a number of un-used sites
- The Group closed the period with cash on hand of $20.9 million, including $18.0 million of unrestricted cash reserves against borrowings of $25.0 million under the debt facility which is secured until April 2026

Provisions and Contingent Liabilities

Michel's Patisserie Class Action:

The Company, along with two of its related entities involved in the operation of the Michel's Patisserie brand system, are respondents in representative proceedings commenced in October 2021 in the Federal Court of Australia by a former Michel's Patisserie franchisee on behalf of herself and certain other Michel's Patisserie franchisees, former franchisees and their related parties. No allegations have been made in the proceedings in respect of the other brand systems operated by the Group.

The proceedings relate to the historical conduct and operation of the Michel's Patisserie brand system under former RFG leadership, including in relation to changes implemented to the supply chain during the period 2015 to 2016 (the 'fresh to frozen' model). The applicant alleges breach of Franchise Agreement, contraventions of the Australian Consumer Law and the Franchising Code of Conduct.

The proceedings were commenced by way of Originating Application and Concise Statement. In the proceedings, the representative applicant is seeking damages, declarations, interest and costs. The Company denies the allegations raised against it and its related entities and is vigorously defending the proceedings. It is currently not possible to determine the potential outcome or financial impact of the proceedings for the Group.Key events relating to the proceedings are summarised below.

- At the request of the Company, the representative applicant filed a Statement of Claim in the proceedings.
- On 25 October 2022, the Company was successful in obtaining orders from the Court striking out the applicant's entire statement of claim, with costs.
- The Court provided the applicant leave to replead and file a further Statement of Claim by 6 December 2022.
- On 14 December 2022 the applicant filed an Amended Originating Application and Amended Statement of Claim.
- On 28 July 2023, the RFG respondent entities filed their Defence to the Amended Statement of Claim. On 1 August 2023, the Court made orders requiring the applicant to file any Reply to that Defence by 31 August 2023.

Provisions and Contingent Liabilities (continued)

- The proceeding was then set down for further directions on 2 November 2023. At that directions hearing, the Court directed that, inter alia, the matter be referred to mediation, which is scheduled to take place in late March 2024.

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 1H24 period.

Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is included on page 10 of the half-year financial report.

Rounding off of amounts

The Company is a company of the kind referred to in ASIC Corporations Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' Report and financial report. Amounts in the Directors' Report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

This Directors' Report is signed in accordance with a resolution of Directors made pursuant to s.306 (3) of the *Corporations Act 2001*.

RETAIL FOOD GROUP LIMITED

Mr Peter George
Executive Chairman

Robina, 20 February 2024

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

To the Directors of Retail Food Group Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Retail Food Group Limited for the half-year ended 29 December 2023 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Simon Crane
Partner

Brisbane
20 February 2024

Independent Auditor's Review Report

To the shareholders of Retail Food Group Limited

Conclusion

We have reviewed the accompanying ***Half-year Financial Report*** of Retail Food Group Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of Retail Food Group Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 29 December 2023 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Half-year Financial Report*** comprises:

- Consolidated statement of financial position as at 29 December 2023;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the half-year ended on that date;
- Notes 1 to 14 including selected explanatory notes; and
- The Directors' Declaration.

The ***Group*** comprises the Company and the entities it controlled at the half year's end or from time to time during the half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Half-year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 29 December 2023 and its performance for the half-year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a Half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

KPMG

Simon Crane
Partner

Brisbane
20 February 2024

DIRECTORS' DECLARATION

In the opinion of the Directors of Retail Food Group Limited ("the Company"):

(1) the condensed consolidated financial statements and notes set out on pages 14 to 32, are in accordance with the Corporations Act 2001 including:

  (a) giving a true and fair view of the Group's financial position as at 29 December 2023 and of its performance for the six month period ended on that date, and
  (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001, and

(2) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

RETAIL FOOD GROUP LIMITED

Mr Peter George
Executive Chairman

Robina, 20 February 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 29 DECEMBER 2023

Consolidated	Notes	1H24 $'000	1H23 $'000
Revenue from contracts with customers	4	57,966	57,079
Cost of sales	5	(15,233)	(14,803)
Gross profit		42,733	42,276
Other revenue [1]	4	3,903	5,683
Occupancy expenses [1]		(2,051)	(4,075)
Administration expenses [1]		(12,837)	(15,048)
Operating expenses [1]	5	(14,328)	(10,081)
Marketing expenses		(8,837)	(9,187)
Other expenses	5	1,461	(8,380)
Finance costs [1]		(2,225)	(1,847)
Other gains and losses	5	(2,677)	(705)
Profit/(loss) before income tax		5,142	(1,364)
Income tax benefit/(expense)		(923)	272
Profit/(loss) for the period		4,219	(1,092)
Other comprehensive income/(loss), net of tax			
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translation of foreign operations		(32)	109
Other comprehensive income/(loss) for the period, net of tax		(32)	109
Total comprehensive income/(loss) for the period		4,187	(983)
Total comprehensive income/(loss) is attributable to:			
Equity holders of the parent		4,187	(983)
Earnings per share			
Basic (cents per share)		0.2	(0.1)
Diluted (cents per share)		0.2	(0.1)

(1) During the current period, reclassifications have been made to the comparative figures to enhance comparability and better reflect the financial performance of the Group. The reclassifications are solely for presentation purposes.

The accompanying notes form part of these Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 29 DECEMBER 2023

Consolidated	Notes	1H24 $'000	FY23 $'000
Current assets			
Cash and cash equivalents	6	20,920	22,263
Trade and other receivables		10,207	11,109
Lease receivables	7	22,773	19,309
Other financial assets		78	878
Inventories		5,622	3,717
Other		4,024	5,026
Total current assets		63,624	62,302
Non-current assets			
Lease receivables	7	41,574	35,099
Other financial assets		-	34
Property, plant and equipment		22,936	27,510
Intangible assets	8	228,894	218,404
Other		6,217	5,542
Total non-current assets		299,621	286,589
Total assets		363,245	348,891
Current liabilities			
Trade and other payables		11,709	9,575
Borrowings		-	865
Lease liabilities	7	32,361	33,938
Provisions		6,833	3,557
Other		7,796	3,138
Total current liabilities		58,699	51,073
Non-current liabilities			
Borrowings		23,968	19,483
Lease liabilities	7	55,270	56,350
Deferred tax liabilities		2,422	-
Provisions		10,170	13,298
Other		8,416	8,973
Total non-current liabilities		100,246	98,104
Total liabilities		158,945	149,177
Net assets		204,300	199,714
Equity			
Issued capital	9	640,896	640,316
Reserves		2,842	4,355
Retained earnings	10	(439,438)	(444,957)
Total equity		204,300	199,714

The accompanying notes form part of these Financial Statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 29 DECEMBER 2023

Consolidated	Notes	Fully Paid Ordinary Shares	Other Reserves	Retained Earnings	Total
		$'000	$'000	$'000	$'000
Balance at 2 July 2022		615,541	7,539	(439,303)	183,777
Loss for the period		-	-	(1,092)	(1,092)
Transfer from retained earnings to marketing fund reserve		-	(1,091)	1,091	-
Other comprehensive loss		-	109	-	109
Total comprehensive income/(loss)		-	(982)	(1)	(983)
Recognition of share-based payments		-	398	-	398
Transfer from equity-settled employee benefits reserves		600	(600)	-	-
Balance at 31 December 2022		616,141	6,355	(439,304)	183,192
Balance at 1 July 2023		640,316	4,355	(444,957)	199,714
Profit for the period	10	-	-	4,219	4,219
Transfer from retained earnings to marketing fund reserve	10	-	(1,219)	1,219	-
Other comprehensive income		-	(32)	-	(32)
Total comprehensive income/(loss)		-	(1,251)	5,438	4,187
Issue of ordinary shares	9	580	(580)	-	-
Recognition of share-based payments		-	399	-	399
Transfer from equity-settled employee benefits reserves	10	-	(81)	81	-
Balance at 29 December 2023		640,896	2,842	(439,438)	204,300

The accompanying notes form part of these Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 29 DECEMBER 2023

Consolidated	Notes	1H24 $'000	1H23 $'000
Cash flows from operating activities			
Receipts from customers		63,331	64,936
Payments to suppliers and employees		(53,145)	(56,856)
Income taxes refunded/(paid)		-	265
Net cash provided by operating activities		10,186	8,345
Cash flows from investing activities			
Interest received		104	249
Repayment of advances to other entities		80	112
Payments for property, plant and equipment		(3,568)	(1,926)
Proceeds from sale of property, plant and equipment		199	285
Payments for intangible assets		-	(200)
Payments for business (net of cash acquired)	11	(5,500)	-
Net cash (used in)/provided by investing activities		(8,685)	(1,480)
Cash flows from financing activities			
Lease payments		(5,123)	(6,345)
Proceeds from borrowings		5,000	-
Interest and other costs of finance paid		(1,166)	(683)
Repayment of borrowings		(1,523)	(5,000)
Net cash used in financing activities		(2,812)	(12,028)
Net (decrease)/increase in cash and cash equivalents		(1,311)	(5,163)
Cash and cash equivalents at the beginning of the year		22,263	29,217
Effects of exchange rate changes on cash and cash equivalents		(32)	97
Cash and cash equivalents at end of period	6	20,920	24,151

The accompanying notes form part of these Financial Statements

1. 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 > 78% of trade and other receivables that are 30+ days past due.

Lease assets and liabilities

As at 29 December 2023 landlords reported, with respect to franchised store leases where the Group is head on lease (HOL), lease arrears of $2.7 million (FY23: $3.7 million). The lease arrears balances reported to the Group by landlords are on a net basis, and do include the application by landlords of COVID-19 rental relief in the form of rental abatements.

The Group has recognised a current lease liability and current lease receivable at 29 December 2023 of $2.7 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 1H24 to reflect improving trading conditions and management actions to re-open, surrender or renegotiate onerous lease agreements of franchised outlets which has resulted in a total impairment and ECL reversal of $6.5 million (1H23: $5 million), which includes the adjustment associated with the reduction in ECL on arrears. An associated change in the classification of leases in relation to franchise partner agreements in holdovers, from ROU asset to lease receivables led to a recognition of $2.6 million loss (1H23: $0.8 million). Refer to Note 7.

Assessment of impairment of non-financial assets

The Directors have completed an assessment of the Group's intangible assets for 1H24 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 29 December 2023.

1. Significant matters (continued)

Contingent Liabilities

Michel's Patisserie Class Action:

The Company, along with two of its related entities involved in the operation of the Michel's Patisserie brand system, are respondents in representative proceedings commenced in October 2021 in the Federal Court of Australia by a former Michel's Patisserie franchisee on behalf of herself and certain other Michel's Patisserie franchisees, former franchisees and their related parties. No allegations have been made in the proceedings in respect of the other brand systems operated by the Group.

The proceedings relate to the historical conduct and operation of the Michel's Patisserie brand system under former RFG leadership, including in relation to changes implemented to the supply chain during the period 2015 to 2016 (the 'fresh to frozen' model). The applicant alleges breach of Franchise Agreement, contraventions of the Australian Consumer Law and the Franchising Code of Conduct.

The proceedings were commenced by way of Originating Application and Concise Statement. In the proceedings, the representative applicant is seeking damages, declarations, interest and costs. The Company denies the allegations raised against it and its related entities and is vigorously defending the proceedings. It is currently not possible to determine the potential outcome or financial impact of the proceedings for the Group.Key events relating to the proceedings are summarised below.

- At the request of the Company, the representative applicant filed a Statement of Claim in the proceedings.
- On 25 October 2022, the Company was successful in obtaining orders from the Court striking out the applicant's entire statement of claim, with costs.
- The Court provided the applicant leave to replead and file a further Statement of Claim by 6 December 2022.
- On 14 December 2022 the applicant filed an Amended Originating Application and Amended Statement of Claim.
- On 28 July 2023, the RFG respondent entities filed their Defence to the Amended Statement of Claim. On 1 August 2023, the Court made orders requiring the applicant to file any Reply to that Defence by 31 August 2023.
- The proceeding was then set down for further directions on 2 November 2023. At that directions hearing, the Court directed that, inter alia, the matter be referred to mediation, which is scheduled to take place in late March 2024.

Refer to Note 13.1 for basis of preparation of the consolidated financial statements.

The Group's performance and financial position are explained on pages 4 to 8 of this Report.

2. General information

Retail Food Group Limited (the Company) is a public company listed on the Australian Securities Exchange (ASX: RFG), incorporated in Australia and operating predominantly in Australia, New Zealand and the United States. Retail Food Group Limited's registered office and its principal place of business are as follows:

Registered Office	Principal Administration Office
c/- KPMG, Level 11 2 Corporate Court Bundall QLD 4217	Level 4 35 Robina Town Centre Drive Robina QLD 4226

The principal activities of the Company and its subsidiaries (the Group) during the course of the half-year were the:

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

3. Segment information

3.1 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 period, 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 AASB8 as follows:

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

3.2 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 carried out at arm's length and are eliminated on consolidation and identified as Inter-segment revenue as presented in Note 3.3.

Segment EBITDA

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

3.3 Segment Analysis

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

Segment	Café, Coffee & Bakery		QSR Systems		Total	
	1H24 $'000	1H23 $'000	1H24 $'000	1H23 $'000	1H24 $'000	1H23 $'000
Revenue	45,155	44,221	6,095	6,859	51,250	51,080
Impact of AASB 15	867	603	(12)	58	855	661
Impact of AASB 16	2,248	2,792	158	139	2,406	2,931
Revenue - Restricted Marketing Funds	4,798	5,119	2,560	2,971	7,358	8,090
Segment revenue	53,068	52,735	8,801	10,027	61,869	62,762
Underlying EBITDA(1)	12,337	11,577	3,035	3,271	15,372	14,848
Marketing Funds EBITDA					(1,219)	(1,091)
Transformation, acquisition costs and legal matters					(2,596)	(8,535)
Depreciation & amortisation					(4,190)	(4,739)
Finance costs					(2,225)	(1,847)
Profit/(Loss) before tax					5,142	(1,364)
Income tax benefit/(expense)					(923)	272
Profit/(Loss) after tax for the period					4,219	(1,092)

(1) AASB15 and AASB16 are now included in Underlying EBITDA, including comparatives.

3. Segment information (continued)

3.4 Geographical information

An insignificant portion of the Group's activities in the period were located outside of Australia and hence, no geographical information has been disclosed.

4. Revenue and other revenue

An analysis of the Group's revenue for the period, from continuing operations, is as follows:

Consolidated	1H24 $'000	1H23 $'000
Revenue from the sale of goods	29,048	25,973
Revenue from franchise agreements	18,973	19,870
Revenue from the sale of distribution rights	2,587	3,146
Revenue from restricted marketing funds	7,358	8,090
	57,966	57,079
Operating lease income	2,459	2,981
Other revenue	1,444	2,702
	3,903	5,683
	61,869	62,762

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 $1.2 million which was derived over time. Operating lease income and revenue from the sale of distribution rights are derived over a period of time.

5. Profit/(loss) for the period from continuing operations

Profit for the period from continuing operations has been arrived at after charging (crediting):

Consolidated	1H24 $'000	1H23 $'000
Cost of sales	15,233	14,803
Other gains and losses:		
Loss on lease modification	2,592	768
Loss/(Gain) on disposal of assets	85	(63)
Total other losses	2,677	705
Operating expenses/(gains):		
Wages	13,726	8,956
Franchise partner assistance	83	94
Repairs and maintenance	392	187
Other	127	844
Total operating expenses	14,328	10,081
Other expenses/(gains):		
Impairment (gain)/loss on lease assets	(6,495)	(5,027)
Impairment loss/(gain) on trade and other receivables	846	160
Impairment loss on property, plant and equipment	-	144
Provision increase/(decrease)	-	470
ACCC settlement costs	-	8,035
Depreciation of property, plant and equipment	4,190	4,739
Other	(2)	(141)
Total other expenses/(gains)	(1,461)	8,380
Employee benefits expense:		
Equity settled share based payments	399	398
Government wage subsidies	(1)	(5)
Post-employment benefits (defined contribution plans)	1,373	1,142
Other employee benefits (wages and salaries)	17,110	13,799
Total employee benefits expense (1)	18,881	15,334

(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.

6. Cash and cash equivalents

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 period, 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:

6.1 Reconciliation of cash and cash equivalents

Consolidated	1H24 $'000	FY23 $'000
Restricted cash relating to marketing funds and unclaimed dividends	2,949	4,372
Unrestricted cash and cash balances	17,971	17,891
	20,920	22,263

6.2 Restricted cash

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

7. Leases

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

7.1 Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position includes the following amounts related to leases:

Consolidated	Notes	1H24 $'000	FY23 $'000
Finance lease receivable			
Current			
Lease receivable		24,998	23,097
Allowance for expected credit loss		(2,391)	(4,254)
		22,607	18,843
Non-current			
Lease receivable		45,035	40,161
Allowance for expected credit loss		(3,461)	(5,062)
		41,574	35,099
Operating lease receivables (1)			
Current			
Lease receivable - ROU assets		1,548	1,936
Allowance for expected credit loss		(1,382)	(1,470)
		166	466
		64,347	54,408
Right-of-use (ROU) assets			
Land & buildings		11,629	20,072
Vehicles & equipment		185	130
		11,814	20,202
Lease liabilities			
Current		32,361	33,938
Non-current		55,270	56,350
		87,631	90,288

(1) Receivables in relation to arrears on leases classified as ROU assets.

The right-of-use assets are presented in property, plant and equipment in the Group's consolidated statement of financial position.

7. Leases (continued)

7.1 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 Lease Receivables:

Consolidated	1H24 $'000	FY23 $'000
Balance at the beginning of the period	10,786	15,110
Reclassification from 'right-of-use assets'	695	1,557
Lease impairment recognised/(reversed) during the period	(3,586)	(2,193)
Reclassification to 'trade receivables - loss allowance' (1)	(183)	(446)
Expected credit loss/(reversals) on rental arrears & deferrals	(479)	(3,242)
Balance at the end of the period	7,233	10,786

(1) Allowance for expected credit loss is reclassified to trade receivables to cover allowance for unpaid rent on impaired leases at the time the rent is recharged to the franchise partner.

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

	1H24 $'000	FY23 $'000
Within 1 year	29,619	27,511
Between 1 and 2 years	20,393	17,974
Between 2 and 3 years	14,649	12,729
Between 3 and 4 years	9,337	8,029
Between 4 and 5 years	3,285	2,948
Later than 5 years	1,758	1,834
	79,041	71,025

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

	1H24 $'000	FY23 $'000
Within 1 year	6,232	8,402
Between 1 and 2 years	4,600	6,556
Between 2 and 3 years	3,809	5,526
Between 3 and 4 years	1,987	4,021
Between 4 and 5 years	936	1,983
Later than 5 years	880	741
	18,444	27,229

7. Leases (continued)

7.2 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:

	1H24 $'000	1H23 $'000
Operating lease income	2,459	2,981
Finance lease interest income	1,290	1,055
Interest expense (finance lease)	(1,290)	(1,055)
Interest expense (operating leases)	(1,020)	(1,153)
Depreciation expense of ROU assets	(3,569)	(4,009)
Impairment reversal on ROU assets	3,245	710
Expected credit loss reversal - lease receivables	3,250	4,317
Gain/(loss) on lease modification	(2,592)	(768)

The total cash outflow for leases during the half-year to 29 December 2023 was $5.1 million (1H23: $6.3 million).

7.3 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.

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.

8. Intangible assets

8.1 Intangible assets

			Indefinite Life		Finite Life	Total
		Goodwill	Brand Networks	Intellectual Property Rights	Other	
Consolidated	Notes	$'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 30 June 2023		273,057	429,487	5,537	2,229	710,310
Additions		-	-	-	-	-
Disposals		-	-	-	-	-
Acquired as part of business combination (1)		5,490	5,000	-	-	10,490
Balance as at 29 December 2023		278,547	434,487	5,537	2,229	720,800
Accumulated amortisation and impairment losses						
Balance as at 2 July 2022		(206,220)	(276,200)	-	(2,229)	(484,649)
Impairment losses		(1,587)	(5,670)	-	-	(7,257)
Balance as at 30 June 2023		(207,807)	(281,870)	-	(2,229)	(491,906)
Amortisation expense		-	-	-	-	-
Disposals		-	-	-	-	-
Impairment losses		-	-	-	-	-
Balance as at 29 December 2023		(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 29 December 2023		70,740	152,617	5,537	-	228,894

(1) Provisional assessment of the goodwill and brand from the acquisition of the Beefy's Pies business combination (refer to Note 11) has been wholly added to the CGU named Beefy's Pies.

8. Intangible assets (continued)

8.2 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.

The Directors have completed an assessment of the Group's intangible assets for 1H24 and determined there were no indicators of impairment.

9. Issued capital

Consolidated	1H24 $'000	FY23 $'000
2,455,609,890 fully paid ordinary shares (FY23: 2,446,595,505)	640,896	640,316
	640,896	640,316

Consolidated	1H24 No. '000	1H24 $'000
Fully paid ordinary shares [1]		
Balance at beginning of year	2,446,596	640,316
Issue of ordinary shares	9,014	580
Balance at end of period	2,455,610	640,896

(1) Fully paid ordinary shares carry one vote per share and carry the right to dividends.

10. Retained earnings

Consolidated	1H24 $'000	FY23 $'000
Balance at beginning of period	(444,957)	(439,303)
Net profit/(loss) attributable to members of the parent entity	4,219	(8,946)
Transfer from equity-settled employee benefits reserves	81	-
Net profit/(loss) attributable to marketing funds reclassed to other reserves	1,219	3,292
Balance at end of period	(439,438)	(444,957)

11. 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 Pty Ltd which owns the Intellectual Property. Total consideration includes an upfront cash payment of $5.5 million, $2 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.

Consideration Transferred

	11 December 2023 $'000
Cash Consideration	5,500
Deferred consideration [1]	2,500
Deferred consideration equity	2,000
Total purchase consideration	10,000

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

Analysis of Cashflows from Acquisition

	11 December 2023 $'000
Included in Cashflows from Operating Activities	
Transaction costs of the acquisition [2]	(205)
	(205)
Included in Cashflows from Investing Activities	
Cash consideration	(5,500)
	(5,500)
Payment for business combination, net of cash	(5,705)

(2) Transaction costs of $0.8 million included within statement of profit & loss for 1H24.

11. Business Combinations (continued)

Assets and Liability Assumed

The provisionally determined fair values of the assets and liabilities recognised as a result of the acquisition are as follows:

	Fair Value 11 December 2023 $'000
Other assets	431
Property, plant and equipment	933
Intangible assets	5,000
Total assets	6,364
Deferred tax liabilities	1,500
Other liabilities	354
Total liabilities	1,854
Total identifiable net assets at fair value	4,510
Goodwill arising on acquisition	5,490
Purchase consideration transferred	10,000

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.

Information disclosed as provisional

The net assets recognised in these financial statements are based on a provisional assessment of their fair value while the Group completes the valuation.

12. 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.

Interim Dividend

The Directors have resolved that no dividend will be declared or paid with respect to the 1H24 period.

13. Summary of material accounting policies

This note provides the 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.

13.1 Basis of preparation

These financial statements have been prepared on the basis that RFG is a going concern, able to realise assets in the ordinary course of business and settle liabilities as and when they are due.

The Company is a company of the kind referred to in ASIC Corporations Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' Report and financial report. Amounts in the Directors' Report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

This consolidated interim financial report for the half-year reporting period ended 29 December 2023 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

14. Provisions and contingent liabilities

Michel's Patisserie Class Action:

The Company, along with two of its related entities involved in the operation of the Michel's Patisserie brand system, are respondents in representative proceedings commenced in October 2021 in the Federal Court of Australia by a former Michel's Patisserie franchisee on behalf of herself and certain other Michel's Patisserie franchisees, former franchisees and their related parties. No allegations have been made in the proceedings in respect of the other brand systems operated by the Group.

The proceedings relate to the historical conduct and operation of the Michel's Patisserie brand system under former RFG leadership, including in relation to changes implemented to the supply chain during the period 2015 to 2016 (the 'fresh to frozen' model). The applicant alleges breach of Franchise Agreement, contraventions of the Australian Consumer Law and the Franchising Code of Conduct.

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- The proceeding was then set down for further directions on 2 November 2023. At that directions hearing, the Court directed that, inter alia, the matter be referred to mediation, which is scheduled to take place in late March 2024.

Company Secretary	Registered Office	Principal Administration Office	Share Registry
Mr Anthony Mark Connors			Computershare Investor Services
Level 4	c/- KPMG, Level 11	Level 4	Level 1
35 Robina Town Centre Drive	2 Corporate Court	35 Robina Town Centre Drive	200 Mary Street
Robina QLD 4226	Bundall QLD 4217	Robina QLD 4226	Brisbane QLD 4000