RETAIL FOOD GROUP
Retail Food Group Limited
Level 4, 35 Robina Town Centre Drive
Robina Qld 4226

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11 September 2020

Sale of Dairy Country

Retail Food Group Limited (RFG, the Company or Group) today announced its entry into a Business Sale Agreement (BSA) to dispose of the business and assets of its subsidiary, Dairy Country Pty Ltd, to Fonterra Brands (Australia) Pty Ltd (Fonterra).

RFG Executive Chairman Peter George noted that the transaction affords RFG a number of benefits, whilst Fonterra, a key Dairy Country business partner, was a natural buyer for the business.

"Dairy Country has represented a reliable past contributor to Group earnings, however, is no longer considered an appropriate fit with RFG's strategic intent to focus its resources on the Company's core retail food franchising and coffee businesses".

"The transaction facilitates the Company's exit from foodservice and manufacturing pursuits, providing the Group with a less complex business model that enables RFG to dedicate its resources towards driving positive outcomes for its franchisee community, and building value for its wholesale coffee business following its FY20 restructure".

"Net proceeds from the sale will be applied to the extinguishment of Dairy Country's working capital facility (c.$13.7m) and the further paydown of debt, freeing up future cash flows and providing RFG additional scope and capacity to respond to the unique set of challenges and evolving retail landscape attributable to COVID19 and its ongoing influence on trading conditions for the Company's business and franchise network", he said.

The BSA provides for a sale price of $19.23m, subject to net working capital adjustments, and remains subject to a number of conditions, including FIRB approval. The Company's lenders have consented to the transaction, and settlement is anticipated by October 2020.

This announcement has been authorised by the Board of Directors.

ENDS

For further information, interviews or images, please contact:
Vessa Playfair, Wilkinson Butler, 0477 738 439 or vessa@wilkinsonbutler.com

About Retail Food Group Limited:

RFG is a global food and beverage company headquartered in Queensland. It is Australia's largest multi-brand retail food franchise owner and a roaster and supplier of high-quality coffee products. For more information about RFG visit: www.rfg.com.au