



Oliver's Real Food Ltd
ABN 33 166 495 441

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25 October 2023
ASX Announcement

Oliver's Real Food Limited (ASX: OLI) **Quarterly Appendix 4C – September 2023**

The Company hereby provides its operations report and Appendix 4C for the September, 2023 quarter.

September Quarter Trading Commentary

The Company revenue was \$6.138m, an increased by \$213k (3.6%) compared to September 2022 quarter and the EBIT result was \$189k, up \$115k (155.4%) also compared to September 2022 quarter.

Sales growth has moderated from the significant gains reported at the beginning of calendar 2023 year. Very pleasingly the continued strong improvement from our 5 Victorian stores contributed meaningfully to the overall performance this quarter. Gross margins continued to improve and are up 1.66% from September 2022.

Expenses were up 3.5%, mostly attributable to increased labour cost resulting from the FWC 2023 National Wage Case decision.

The main variance to the budget was the timing of the opening of the Pheasants Nest stores, which we expected to open in September 2023 as we announced when we updated the budget in July 2023, and now updated in this announcement below.

Material business activities for the September 2023 Quarter

- Company-owned store sales were \$6,068k.
- Like-for-like store comparison is up 6% on 2022 sales.
- Like-for-like store performance by State compared with 2022: NSW up 4%, VIC up 16%, QLD down 6%.
- Cash flows from operating activities were positive at \$420k.
- EBITDA was \$317k.
- Food-to-Go total sales were \$1.1m, and the Company earned \$66k in royalties

September 2023 Quarter unaudited financial summary

| | FY2024 Actual | FY2024 Budget | Actual v Budget | FY2023 Actual | FY24 v FY23 |
|------------------|--------------------------|--------------------------|----------------------------|--------------------------|------------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Revenue | 6,138 | 6,823 | (685) | 5,925 | 213 |
| Less COGS | 2,212 | 2,484 | (272) | 2,239 | (27) |
| Gross Margin | 3,926 | 4,339 | (413) | 3,686 | 240 |
| <i>GM %</i> | 63.96% | 63.60% | | 62.20% | |
| Less Expenses | 3,737 | 4,070 | (333) | 3,612 | 125 |
| EBIT | 189 | 269 | (80) | 74 | 115 |
| Less Interest | 287 | 297 | 10 | 263 | 24 |
| Operating result | (98) | (28) | (70) | (189) | 91 |
| Stores | 16 | 16 | | 16 | |

Outlook

Same-store sales in October 2023 are presently down 2.75% compared to 2022. The opening of the Wyong North store in the refurbished Ampol service centre, after operating from our own facility since 2005, has caused some negative disruption to normal sales patterns. With construction works to redevelop the parking facilities and other amenities continuing until early December 2023, we anticipate current sales at this site will be lower than last year in the current quarter. These ongoing works are all beyond the control of Olivers.

Further, at the time of writing, the Company now advises that the new stores at Pheasant Nest will commence trading on or around 12 December 2023.

In this context, the Board takes the opportunity to update our financial forecasts, previously provided to the market upon our relisting in February 2023 and further updated in July 2023. The two impacts on the July update comprise the delay to the opening of the Pheasant Nest stores and our expectations of lower sales from Wyong North.

| | FY2024 Qtr. 2 Oct–Dec 23 | FY2024 2 months Jan-Feb 24 |
|------------------|---|---|
| | \$'000 | \$'000 |
| Revenue | 7,531 | 6,004 |
| Less COGS | 2,703 | 2,078 |
| Gross Margin | 4,828 | 3,926 |
| <i>GM %</i> | 64.10% | 65.40% |
| Less Expenses | 4,490 | 3,278 |
| EBIT | 338 | 648 |
| Less Interest | 298 | 206 |
| Operating result | 39 | 442 |
| Stores | 16 | 18 |

In summary, over the 5-month forecast period, revenue decreases by \$804k and operating profit by \$87k. We have only provided the Jan – Feb 24 period (2 months) to be consistent with the forecast announced on 24th February 2023 and updated in July 2023.

There is little doubt the general cost of living pressures remain, and the recent events in the Middle East may lead to higher fuel prices and further interest rate rises. This could further impact consumer sentiment and therefore consumer spending. That stated, Oliver's will continue to manage the internal variables that we control, continue our push for internal efficiencies, and drive sales growth at every store in our network.

Funding Update

We highlight that the 4C appendix refers to a new Lender facility as follows: -

Unsecured refit and equipment finance loan for Pheasant Nest stores and Wyong North with Gelba Pty Ltd and Michael and Suzanne Gregg at an interest rate of 7.30% pa calculated daily and payable monthly in arrears. As at 30 September 2023, a total of \$1,140 has been drawn and with a commitment from the Lenders to provide additional funds as required to complete all three stores and related equipment. The maturity date of this facility is to be negotiated at the conclusion of all fit-outs.

The total expenditure and therefore the loan amount is expected to be between \$2.2m - 2.5m.

In the 2023 annual accounts it was noted in the 'subsequent events' that Gelba had provided a further \$500k unsecured facility in August 2023.

The Company notes that at the end of December 2023 the current obligation is for the Company to repay \$375k to the Lenders. The Board takes this opportunity to advise that the Lenders have also provided the Board and our auditors the following assurance:

"... we advised that no debts, as noted above in the current and future support section, or accrued interest, will be called for repayment for a period of 12 months from the date of signing the FY23 final financial report, if the Company does not have the financial capacity to support such repayment of either interest or capital".

Payments to related parties (Listing Rule 4.7C.3)

Interest paid to related party entities on loans was \$25k for the quarter. Directors' Fees paid amounted to \$22k.

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The Board of Directors has authorised this ASX release.

For further information, please contact:

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

OLIVERS REAL FOOD LIMITED

ABN

33 166 495 441

Quarter ended

30 SEPTEMBER 2023

| Consolidated statement of cash flows | Current Quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|------------------------------------|--|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | 6,388 | 6,388 |
| 1.2 Payments for | | |
| (a) research and development | - | - |
| (b) product manufacturing and operating costs | -3,247 | -3,247 |
| (c) advertising and marketing | -62 | -62 |
| (d) leased assets | - | - |
| (e) staff costs | -2,400 | -2,400 |
| (f) administration and corporate costs | -230 | -230 |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 1 | 1 |
| 1.5 Interest and other costs of finance paid | -30 | -30 |
| 1.6 Income taxes paid | - | - |
| 1.7 Government grants and tax incentives | - | - |
| 1.8 Other – Brisbane Kitchen make-good | - | - |
| 1.9 Net cash from / (used in) operating activities | 420 | 420 |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire or for: | | |
| (a) entities | - | - |
| (b) businesses | - | - |
| (c) property, plant and equipment | -882 | -882 |
| (d) investments | - | - |
| (e) intellectual property | - | - |

| Consolidated statement of cash flows | Current Quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|------------------------------------|--|
| (f) other non-current assets -Term Deposit | - | - |
| 2.2 Proceeds from disposal of: | | |
| (a) entities | - | - |
| (b) businesses | - | - |
| (c) property, plant and equipment | - | - |
| (d) investments | - | - |
| (e) intellectual property | - | - |
| (f) other non-current assets | - | - |
| 2.3 Cash flows from loans to other entities | - | - |
| 2.4 Dividends received (see note 3) | - | - |
| 2.5 Other (provide details if material) | - | - |
| 2.6 Net cash from / (used in) investing activities | -882 | -882 |

| | | |
|---|------------|------------|
| 3. Cash flows from financing activities | | |
| 3.1 Proceeds from issues of equity securities (excluding convertible debt securities) | - | - |
| 3.2 Proceeds from issue of convertible debt securities | - | - |
| 3.3 Proceeds from exercise of options | - | - |
| 3.4 Transaction costs related to issues of equity securities or convertible debt securities | - | - |
| 3.5 Proceeds from borrowings | 1,292 | 1,292 |
| 3.6 Repayment of borrowings (leased assets) | -476 | -476 |
| Repayment of borrowings | -34 | -34 |
| 3.7 Transaction costs related to loans and borrowings | - | - |
| 3.8 Dividends paid | - | - |
| 3.9 Other (provide details if material) | - | - |
| 3.10 Net cash from / (used in) financing activities | 782 | 782 |

| Consolidated statement of cash flows | | Current Quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|--|------------------------------------|--|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 276 | 276 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | 420 | 420 |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | -882 | -882 |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 782 | 782 |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 596 | 596 |

| 5. | Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current Quarter \$A'000 | Previous Quarter \$A'000 |
|------------|---|------------------------------------|-------------------------------------|
| 5.1 | Bank balances | 432 | 162 |
| 5.2 | Call deposits | - | - |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (provide details) | 164 | 114 |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 596 | 276 |

| 6. | Payments to related parties of the entity and their associates | Current Quarter \$A'000 |
|-----------|--|------------------------------------|
| 6.1 | Aggregate amount of payments to related parties and their associates included in item 1. Interest on Related party loans (\$25k), Directors Fees (\$22k). | 47 |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | - |

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Appendix 4C
Monthly cash flow report for entities subject to Listing Rule 4.7B

| 7. Financing facilities | Total facility amounts at quarter end \$A'000 | Amount drawn at Quarter end \$A'000 |
|---|--|--|
| <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> | | |
| <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i> | | |
| 7.1 Loan facilities | 9,500 | 8,789 |
| 7.2 Credit standby arrangements | - | - |
| 7.3 Other (please specify) | 1,441 | 1,441 |
| 7.4 Total financing facilities | 10,941 | 10,230 |
| 7.5 Unused financing facilities available at month end | | 711 |
| 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well. | | |
| <p>7.1 A \$5.0m secured facility with Gelba Pty. Limited and Michael and Suzanne Gregg at an interest rate of 7.30% pa calculated daily and payable quarterly in arrears maturing 30 September 2028. Repayment of \$250k per quarter from 1 October 2023 with first repayment due 31 December 2023.</p> <p>A \$2.5m secured revolving line of credit facility with Gelba Pty. Limited and Michael and Suzanne Gregg at an interest rate of 7.30% pa calculated daily and payable monthly in arrears maturing 30 September 2028. Repayment of \$125k per quarter from 1 October 2023 with first repayment due 31 December 2023</p> <p>A \$1.5m unsecured revolving line of credit with Gelba Pty. Limited and Michael and Suzanne Gregg at an interest rate of 7.30% pa calculated daily and payable monthly in arrears maturing 30 September 2024.</p> <p>A \$500k unsecured revolving line of credit with Gelba Pty. Limited at an interest rate of 7.30% pa calculated daily and payable monthly in arrears maturing 30 September 2024</p> <p>7.3 Secured loan \$301k from Green Superannuation Fund assignment of the Safety Aviation Factor Pty Ltd loan, only repayable after 1st July 2021 and the consolidated entity has recorded a positive NPAT during the two calendar quarters prior to the quarter in which the payment is made; The interest rate being 6% calculated daily, payable monthly in arrears.</p> <p>Unsecured refit and equipment finance loan for Pheasant Nest stores and Wyong North with Gelba Pty. Limited and Michael and Suzanne Gregg at an interest rate of 7.30% pa calculated daily and payable monthly in arrears. As at 30 September 2023, \$1,140 drawn and with a commitment from the Lenders to provide additional funds as required to complete all three stores. Maturity date of this facility to be negotiated at the conclusion of all fit-outs.</p> | | |

| 8. Estimated cash available for future operating activities | \$A'000 |
|--|----------------|
| 8.1 Net cash from / (used in) operating activities (item 1.9) | 420 |
| 8.2 Cash and cash equivalents at month end (item 4.6) | 596 |
| 8.3 Unused finance facilities available at month end (item 7.5) | 711 |
| 8.4 Total available funding (item 8.2 + item 8.3) | 1,307 |

8.5 **Estimated Quarters of funding available (item 8.4 divided by item 8.1)**

N/A

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 25 October 2023.....

Authorised by: Board of Directors.....
(Name of body or officer authorising release – see note 4)

Notes

1. This monthly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – e.g., Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.