



Oliver's Real Food Ltd
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29 November 2024
ASX Announcement

Oliver's Real Food Limited (ASX: OLI)

Address by Martin Green, Chair of Oliver's Real Food Limited, at the 2024 Annual General Meeting of Shareholders 29 November 2024 and address by CEO Natalie Sharpe

Good morning, everybody, and thank you for joining us today. My name is Martin Green, and I am Chair of Oliver's Real Food Limited. On behalf of the Board of Directors, I am pleased to welcome you to Oliver's 2024 Annual General Meeting.

I have been informed by the Company Secretary that a quorum is present, so I am pleased to declare the Meeting open.

Today I am joined by my fellow Directors:

- Steven Metter, Non-Executive Director and Acting Chief Financial Officer
- Kathryn Gregg, Non-Executive Director

Also present today are:

- Natalie Sharpe, Chief Executive Officer
- Robert Lees, Company Secretary
- Peter Woodley, our Audit & Assurance Partner from Grant Thornton, who is also present and available to answer any questions about the audit, the auditor's report, the accounting policies adopted in the financial statements, and the Auditor's independence.

The running order for today's meeting will be as follows.

Firstly, I will say a few words about Oliver's business, then Natalie will address the meeting with details of results and strategy before we proceed to the formal business of the meeting.

After the formal business, shareholders will have the opportunity to ask questions on items not directly related to the respective resolutions.

Chairman's comments

The Company reported a Statutory loss of \$2.3m for the FY2024 and the result was both disappointing and unsatisfactory. As we highlighted when we released our Annual Report, there were some specific issues that impacted our performance and particularly our results in the January to June period.

The Board and management are fully aware that our FY2024 results are below those achieved by our competitors in the QSR industry and we are determined to improve our financial outcomes. Competition is intense and with consumers feeling constrained by high interest rates and dealing with the impact of elevated inflation over the last 3 year, the operating environment remains very challenging.

That stated, we must lift our performance and Natalie's presentation will take a closer look at the key issues that impacted our FY2024 result and provide details on how we are responding to those issues and the positive financial impacts we expect in FY2025 from the actions taken.

This meeting is also an opportunity to thank our largest shareholder, Michael and Suzanne Gregg for their continued support. The \$1.4 million injection of loan funds over recent months, which if approved by shareholders today, will convert to equity, has stabilised the business and provided time for management to further implement significant cost saving measures recently announced and which will benefit the business in the months ahead.

Our focus over the next 12 months must be to improve cash flow from operations and to ensure that all stores in the network are generating positive cash flow. Each store is closely monitored to achieve this outcome. Our balance sheet remains weak, and this is an impediment to the operating business and growth. To secure future funding for growth initiatives we must deliver on the Oliver's promise – fast food you can feel good about - for our customers and our shareholders.

On behalf of the Board, I thank Natalie and her management team for their efforts. I also extend a special thank you to our dedicated and passionate staff working throughout the store network. They are at the frontline, every day, delivering for Oliver's and their commitment and efforts are very much appreciated.

To my Board colleagues, Steven and Kathryn, and our Company Secretary Robert Lees, I'm thankful for their advice, commitment and contribution.

Finally, thank you to our shareholders for your continued support.

I will now hand over to Natalie for a detailed update on Oliver's financial and operational performance this year and the outlook for FY2025.

CEO Address

Good morning and thank you Martin,

As discussed in our Annual Report, the past financial year was challenging. While I will briefly touch on these challenges, my intention today is to provide an understanding of the actions undertaken, and progress being made, to build a stronger business that delivers improved performance for FY25 and beyond.

To summarise our financial results for FY24:

- EBITDAI was \$1.7 million vs. \$2.8 million for FY23. This result reflects the additional competition at Wyong North and South and initial Pheasants Nest store performance, which was well below expectations.
- The gross margin for FY24 was 63.2%, compared to 62.9% in FY23. In response to the rising cost of goods, we adopted a cautious approach by prioritising the consolidation of our product range rather than imposing significant price increases on consumers.
- Same-store average transactional value grew 1.04% in FY24 to \$16.49 (vs. \$16.32 in FY23).

Over the past 18 months, we have undertaken a comprehensive redevelopment of our menu, revised our IT ecosystem, introduced new human resource partners, and restructured our supply chain, as well as implementing a significant overhead reduction. These changes were vital to establishing a solid foundation for sustainable growth.

While we continue to strengthen our foundations, we are now focused on three strategic priorities for FY25 to fulfill our promise of providing fast food you can feel good about. These priorities include effective marketing, driving value, and supporting our teams to deliver exceptional service.

Priority 1 – Revitalised marketing campaign

Over the past few months, we have concentrated on revitalising our marketing campaign, an initiative that will persist into FY25. Digital marketing remains a critical component of our strategy. As highlighted in our annual report, our digital approach at Maryborough has yielded a 15.6% increase in sales compared to the same period last year. We are currently working on implementing this successful strategy across our other locations.

Recently, we introduced the "Only at Oliver's" campaign, aimed at enhancing brand awareness and emphasising our unique market position. This campaign includes a series of value-add videos to be distributed via social media channels. Additionally, influencer marketing and cross-promotion efforts have proven effective, resulting in a notable increase in social media engagement of 97% compared to same corresponding period last year.

This financial year, we have established key partnerships with Reflections Holiday Parks and NRMA Rewards, both of which possess extensive reach and align with our target demographic. We will continue to seek partnership opportunities that align with our

brand, as this is an important part of our growth strategy, particularly in non-peak travel periods.

Furthermore, we have placed a significant emphasis on increasing App subscriptions, achieving consistent month-on-month growth. We plan to leverage this channel, particularly during the summer season, to drive value and expand our loyal customer base.

Priority 2 – Offer value and continue developing our point of difference

In early November, we transitioned to a new foodservice distributor. This significant change for the company is expected to deliver better financial outcomes and help manage rising costs.

Over the past few months, we have focused on offering value to our customers. In addition to our app-only specials, we have introduced combo deals featuring some of our top-selling items. These initiatives are designed to enhance our value proposition and increase Average Transaction Value (ATV).

What distinguishes Oliver's in the Australian market is our grab-and-go offering. We plan to innovate and expand in this area in FY25.

Given that Oliver's offers higher quality products requiring additional labour to produce, providing more pre-prepared items enables us to continue delivering quality food options while fulfilling the 'fast-food' component of our business.

Sandwiches are among our best-selling products, so it makes sense to further develop this range. We are considering baguettes and wraps, along with a new salad range aimed at catering to special dietary needs.

Priority 3 – Create the infrastructure for our people to deliver

As management, it is our responsibility to provide the tools and infrastructure to support our teams and in turn provide an exceptional experience to our customers. With the fundamentals now strong we turn our attention to building on our training and development.

We have also introduced mystery shopping to identify our strengths and provide valuable information for areas of improvement and to understand how we can further support our teams to deliver the best customer experience.

Trading update

Turning now to an update on the year-to-date trading and outlook on the balance of FY25. Company revenue for September 2024 quarter was \$6.075 million, which represents a decrease of \$63K compared to September 2023 quarter. This was impacted by a number of factors including where the NSW school holidays fell this year compared to September 2023; below expectation results for our Pheasants Nest stores; Wyong North was also the only QSR operating on site in 2023 whilst the service centre underwent renovations. This spike in 2023 meant comparative sales were down \$230K in 2024.

Same-store sales in October 2024 were up 3.20% compared to October 2023. As we prepare to close the November results, I am also pleased to report that we are currently tracking 1.72% ahead of same-store November 2023 sales.

Our Wyong Northbound store has shown improved performance after its transition into the Service Centre location in October 2023. Sales for the first six weeks of the second quarter increased by 14.97%, and customer count rose by 14.56% compared to the previous year. Given the increased competition, these results are highly encouraging.

Significant initiatives have been undertaken since June 2024 to improve our financial performance. This includes a senior management restructure, store closures, a reduction in interest costs and most recently a supply change. We anticipate an annualised cost reduction of between \$1.2m to \$1.4m resulting from these initiatives.

Despite an 8.91% decline in same store sales for Q1 FY25, Q2 shows promise with a 3.57% increase in same store sales and a 4.15% rise in transactions over the first 6 weeks compared to last year.

In conclusion, we have an unwavering commitment to grow our business and will continue to work towards this. For now, our focus remains on staff training and support and strengthening our brand.

I would like to take this opportunity to thank all Oliver's team members, Martin Green and the Board for their continued dedication and support.

At last year's AGM, my first address to shareholders as CEO, I spoke of my dedication and excitement to make a positive difference. I approach this year with the same passion and enthusiasm. I'm proud of the progress we have made to date, and I look forward to keeping you updated with our achievements in the year ahead.

Thank you. I would now like to hand back to Martin to continue with the formal business of the meeting.

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This ASX release has been authorised by the Board of Directors.

For further information please contact:

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About Oliver's Real Food Limited (ASX: OLI)

Oliver's Real Food Limited (**Oliver's**) listed on the ASX on 21 June 2017. Over its 15-year operating history, Oliver's has established a significant market position providing a health fast food alternative for travellers on Australia's major arterial highways. Oliver's Real Food is the world's first "certified organic fast-food chain" and provides its customers with premium quality, "real" food that is fresh, natural, & free from additive and preservatives. Oliver's is a conscious business that understands, and is committed to, the interdependency of "all stakeholders" including our customers, investors, team members, suppliers, the environment, and the communities in which we operate.

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