



Oliver's Real Food Ltd
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17 January 2024
ASX Announcement

Oliver's Real Food Limited (ASX: OLI) Market Update

The table below shows our preliminary and unaudited financials for the October – December 2023 quarter (FY24 2nd quarter) compared to both the forecast and the same period last year.

	FY2024 Actual \$'000	FY2024 Forecast \$'000	Actual v Forecast \$'000	FY2023 Actual \$'000	FY24 v FY23 \$'000
Revenue	6,855	7,531	(676)	6,758	97
Less COGS	2,442	2,703	(261)	2,568	(126)
Gross Margin	4,413	4,828	(415)	4,190	223
<i>GM %</i>	<i>64.38%</i>	<i>64.11%</i>		<i>62.00%</i>	
Less Expenses	4,222	4,490	(268)	3,784	438
EBIT	191	338	(147)	406	(215)
Less Interest	322	299	23	326	4
Operating result	(131)	39	(170)	80	(211)

The primary contributing factor to the shortfall in actual sales versus forecasts is the new Pheasants Nest stores. The sales in the opening (4) weeks of these two stores have not meet our forecasts and we are disappointed to report this. It is difficult to forecast sales for any new site and whilst long term, the Pheasant Nest stores will be important profit contributors - Pheasant Nest South is already our fifth largest store by sales - the time to achieve our sales forecast will be longer than first anticipated.

We are seeing some improvement in January at these sites. Our sales expectations remain high, and the Board and management are committed to quickly lifting the sales performance.

In addition to the shortfall at Pheasant Nest, store sales across the network came in below our internal forecast and 2% below last year.

The quarter generated an operating result \$170K less than forecast. On the basis that the sales from Pheasant Nest stores were \$500k below forecast, the pleasing aspect was that the rest of the network remained strong, and our gross margins lifted to 64.38% this year from 62% last year.

We are now working with our auditors to finalise our first half results which will be released to the market in late February and the Board will provide a full report on the half year results at that time.

In the meantime, the table below shows our preliminary and unaudited financials for the six-month period from July to December 2023 compared to the same period last year, recognising that the costs and lower sales emanating from both the Wyong store redevelopment and the Pheasant Nest stores launch are included in the FY2024 actuals, the overall result is reasonable.

	FY2024	FY2023	FY24 v
	Actual	Actual	FY23
	\$'000	\$'000	\$'000
Revenue	12,993	12,683	310
Less COGS	4,654	4,807	(153)
Gross Margin	8,339	7,876	463
GM %	64.18%	62.09%	
Less Expenses	7,959	7,396	563
EBIT	380	480	(100)
Less Interest	609	589	20
Operating result	(229)	(109)	(120)

January to February Outlook

In view of the current early trends at Pheasant Nest and across the rest of the store network, the Board takes the opportunity to update our financial forecasts for the 2-month January to February 2024 period. We have only provided the Jan – Feb 24 period to be consistent with the forecast required by the ASX and announced on 24th February 2023 and further updated in July and October 2023.

	FY2024
	2 months
	Jan-Feb 24
	\$'000
Revenue	4,956
Less COGS	1,793
Gross Margin	3,163
<i>GM %</i>	<i>63.82%</i>
Less Expenses	2,940
EBIT	223
Less Interest	219
Operating result	4

In summary, over the 2-month forecast period, revenue decreases by \$1.048m and operating profit by \$438k. The Board acknowledges this is a significant reduction in what was previously advised and assure shareholders we are working closely with management to improve sales, particularly at our new Pheasant Nest stores.

Further commentary will be made at the time we release our December 2023 Appendix 4C later this month.

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The Board of Directors has authorised this ASX release.

For further information, please contact:

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