



Oliver's Real Food Ltd
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ASX Announcement

Oliver's Real Food Limited (ASX: OLI) **Chair & CEO Address to 2023 AGM**

Address by Martin Green, Chair of Oliver's Real Food Limited,

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 2023 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
- Kathryn Gregg, Non-Executive Director
- Ben Williams, Non-Executive Director

Also present today are:

- Natalie Sharpe, Chief Executive Officer
- Rob Ross-Edwards, Chief Financial Officer
- Robert Lees, Company Secretary
- Peter Woodley, our Audit & Assurance Partner from Auditor 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

As Natalie will report in more detail, the highlights this year are a significant financial turnaround and resultant re-listing on the ASX.

The improved results are testament to the strategy of re-structuring the business over the last two years and continued rebuilding of the brand and customer proposition. This is best demonstrated by comparing key aspects of FY2019 performance - the last full year before COVID-19 impacts - to FY2023.

	\$'000 FY2019	\$'000 FY2023	\$'000 Change
Store Numbers	25	16	
Revenue	\$35,051	\$25,131	(\$9,920)
Less COGS *	\$9,279	\$9,246	(\$33)
Gross Margin	\$25,771	\$15,885	(\$9,886)
<i>Gross Margin %</i>	<i>73.53%</i>	<i>63.21%</i>	
Less Cash Expenses	\$32,290	\$13,067	(\$19,222)
EBITDA	(\$6,518)	\$2,818	\$9,336
<i>EBITDA %</i>	<i>-18.60%</i>	<i>11.21%</i>	
Non-Cash Items	(\$9,009)	\$4,275	\$13,285
Finance Charge (both AASB16 and Lender interest)	(\$226)	(\$1,202)	(\$976)
Net Profit Before Tax	(\$15,754)	\$5,891	\$21,645
Cash Flow (EBITDA minus Finance)	(\$6,744)	\$1,616	\$8,360
* COGS now include store distribution costs which were previously allocated as cash expenses			

Before COVID-19, Oliver's had a complex and unsustainable business model – the impact of which can be seen in the 2019 figures. FY2023 numbers show the newly positioned Oliver's with an operating business model that can generate sustainable profits into the future.

Whilst the Board recognises that our balance sheet remains weak, the improving cash from operations will, over time, help to reduce current debt levels. Our business fundamentals are sound and our EBITDA margin of 11.21% is not far off other QSR competitors. The Board maintains a high level of confidence in our strategic direction in FY2024 with Natalie's leadership of a dedicated team.

On behalf of the Board, I would like to thank Natalie and our 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 on the Oliver's proposition "fast food you can feel good about" and their commitment and efforts are very much appreciated.

To my Board colleagues, Steven, Kathryn, and Ben, I'm thankful for their 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 FY24.

CEO – Natalie Sharpe - AGM Address

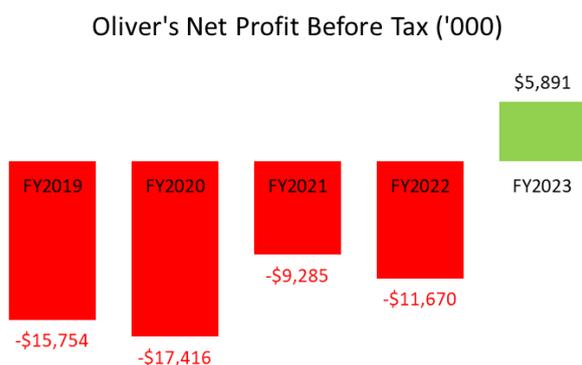
Good morning and thank you Martin,

I am delighted to be here today to present a review of Oliver's performance for the last financial year and some insight into our plans for the road ahead.

As mentioned in the Annual Report, it has certainly been a year of milestones for Oliver's with our return to profitability and relisting on the ASX.

I would first like to touch on our improved performance for FY23:

- We achieved a net profit after tax of \$5.9 million vs. a loss of \$11.7 million in FY22. This substantial turnaround is best represented in the graph below.



- Gross margin increased from 54% in FY22 to 63% in FY23. This was a significant achievement given how challenging it is to improve margins in the QSR space and, at the same time, improve the quality of our food offering.
- Same-store average transactional value increased by 5.5% from FY22 to \$16.22. This is attributed to management's focus on upselling and product placement.
- EBITDA was \$2.8 million vs. a loss of \$9.7 million in FY22.

These financial results reflect our strategic repositioning and sustained efforts to improve product and operational performance across our network.

To position the company for growth, we have continued to build on the foundation established by our former CEO Tammie Phillips. We focused on 3 strategic priorities.

First strategic priority - Marketing our vision

Marketing investment remains modest as resources are currently directed towards operational and systems enhancements.

FY23 and recent marketing efforts have focused on further building a strong brand that aligns with our vision: Oliver's is a leader in providing a quality, 'real food' offering in the Quick Service Restaurant (QSR) space.

To this end:

- New packaging and uniforms have been adopted to enhance in-store experience and brand presence.
- Signage and billboards have been rolled out with consistent brand messaging.
- Our flagship Wyong Northbound store was redeveloped to set the standard for future Oliver's stores.
- Our new tagline was developed; 'Fast Food you can Feel Good About'. This will form a significant part of our brand messaging moving forward. We want the 'Feel-Good' aspect to reflect all areas of the business.

Second strategic priority - Menu enhancement and innovation

Following on from our significant menu transformation over the past 18 months, we have continued to enhance our offering with the aim to delight current customers, attract new customers and encourage repeat visitation. Specific menu enhancements and innovations during FY23 and more recently have included:

- The launch of our unique Haloumi Egg Wrap was a way to enhance our breakfast offering and provide options for those looking for gluten-free items. The Egg Wrap quickly became our highest selling menu line.
- Our certified organic baked, not fried, chicken nuggets are a twist on a classic and have recently become our top selling kids' line. Customer response has been positive with parents indicating they are pleased to have a healthier alternative for their children.
- Product sales data and customer feedback led to the launch of our All-Day Breakfast in May. The All-Day Breakfast means two of our most popular menu items are now available across all day parts, there is more variety for those with special dietary needs, and greater variation in price points across options for lunch and dinner.
- The recent launch of our dinner bowl range aims to increase sales during our evening day part (5 to 10pm). Early signs are pleasing, with an increase in evening day part sales of 6.6% compared to the same period last year, and our Mexican Chicken Bowl has been in our top 7 highest selling lines in September and October.

Third strategic priority - Investing in our people

At Oliver's, we value our people and are committed to offering growth opportunities within the company. Many of our staff have been with Oliver's for some time and we want to recognise and reward their passion, dedication, and commitment.

In FY23 we implemented a new employee framework to enable staff growth. We now have business support managers (BSMs) throughout the network, these have been internal promotions within the company. These BSMs oversee a cluster of stores and provide more visibility and support across the network to enhance store presentation, product consistency and customer experience.

We now work towards staff training and development.

Next steps forward - Exceeding our customers' expectations

Our aim is to provide our customers with a seamless and memorable experience. The type of experience that results in positive reviews and word-of-mouth recommendations.

We intend to deliver this strategy in the following ways:

1. Consolidate what we know about our customer expectations and experiences and set appropriate service standards.
2. Provide staff with the appropriate infrastructure and equipment to deliver excellent, consistent service. Our new equipment will improve product quality and consistency, service times and back-of-house efficiencies.
3. Provide world class staff training and development. This will mainly be delivered digitally, building on our Learning Management Platform implemented last year. Our training will support the revamped menu, new equipment, and systems.
4. Adopting tech innovations. We have been working with new-to-market AI technology to support our drive-thru and kiosk applications in the New Year. This technology will enhance the customer experience by streamlining the ordering process, assisting with upselling, and enable customers to ask specific questions related to their dietary requirements, preferences, and allergens.

Concentrating on these key areas will be the driving force for growth within our current network and future stores.

Outlook

Turning now to an update on the year-to-date trading and outlook on the balance of FY24.

Company revenue for September 2023 quarter was \$6.1 million, which represents an increase of \$213K compared to September 2022 quarter. The EBIT result was \$189K, up \$115K compared to September 2022 quarter. Improvement from our 5 Victorian stores provided a meaningful contribution to overall performance in the first quarter FY23 with sales growth of 16% when compared to first quarter FY22.

Gross margins continue to improve in September quarter, up 1.7% compared to same quarter last year.

Same-store sales in October 2023 were down 3.0% compared to October 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 disruption to normal sales patterns. Construction work is expected to continue until early December 2023, and so, we anticipate current sales at this site will be lower than last year.

As we prepare to close the November results, I am pleased to report that we are currently tracking slightly ahead of same-store November 2022 sales. Victoria continues to deliver some impressive results.

Future growth

Stabilising the business and returning to profitability will now allow us to turn our attention to identifying strategic growth opportunities.

In December quarter, we welcome two new sites in Pheasants Nests to the Oliver's network. This is a significant step forward for the company and we forecast these two stores will generate combined annualised revenue of approximately \$5.5 million and EBIT contribution of \$1 million.

With the Hume Highway, south of Sydney, being one of the busiest in the country, we have high expectations for these stores and their contribution to the Company's future profitability.

We still see great potential in furthering our success in select highway locations. Bridging the gap between Ferry Park and Maryborough and re-establishing our footprint in Victoria are of particular interest.

We are equally enthusiastic about the inner-city model. This is still in the early stages of analysis, but we do see great potential for the brand in this space. This will be a slightly adapted business model with a stronger emphasis on grab-and-go rather than restaurant menu. Locations will likely be high density business districts and transport hubs.

New store design



Closing remarks

In conclusion, we have come a long way in the last 18 months and my leadership team have worked very hard to implement systems and procedures to support our next chapter. Building this solid foundation is key to our ambitious growth plans.

I would like to take this opportunity to thank our dedicated and hard-working staff, and Martin Green and the Board for their ongoing support. I took on this role eager and excited to make a positive difference and I want to assure you, our shareholders, of my dedication, commitment, and passion in strengthening the Oliver's brand. We have so much opportunity ahead and we are just getting started.

Thank you.

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

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The Board of Directors has authorised this ASX release.

For further information, please contact:

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