



Oliver's Real Food Ltd
ABN 33 166 495 441

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17 February 2023
ASX Announcement

Oliver's Real Food Limited (ASX: OLI) **1H23 Results Establish a Solid Foundation for Growth**

Oliver's Real Food Limited ("Oliver's" or the "Company") today announced its results for the half year ended 31 December 2022 (1H23), reflecting significantly improved profit and cash flow performance on the prior corresponding period ("pcp").

Highlights

- Revenue up 76.2% on pcp to \$12.68m (1H22: \$7.19m)
 - Strong revenue growth achieved despite the closure of eight stores during the preceding financial year
- Underlying¹ EBITDAI up 661.0% on pcp to \$1.55m (1H22: \$204k)
 - Underpinned by solid revenue growth, gross margins increasing to 62% from 50% and tight cost controls
- Net Operating Cash Flow of positive \$488k (1H22: negative \$944k)
- Statutory Net Profit After Tax of \$6.30m (1H22: \$12.63m Net Loss After Tax)
- Excluding the impact of the write back of lease liabilities, the Company recorded a small operating loss after tax of \$103k (1H22: loss of \$4.69m)

Oliver's Chief Executive Officer Ms Natalie Sharpe said: "These financial results reflect the benefit of our strategic repositioning of the business and the relentless efforts of our team in improving operational performance across our store network.

"Following the successful restructuring of the business, Oliver's has emerged as a more robust, efficient and agile organisation, as demonstrated by the strong operational and financial performance achieved in the first half of the 2023 financial year."

¹ Underlying results exclude impairment of assets and writeback of lease liability on lease termination.

Debt Restructuring Plan

The Debt Restructuring Plan was approved on 8 February 2023 (post 31 December 2022 half-year end).

Taking into account the Debt Restructuring Plan as of 31 December 2022, the balance sheet would be affected as follows:

- Working Capital: a reduction in current liabilities of \$4.875 million due to the extension of existing secured and unsecured lines of credit of \$2.875 million and a \$2.0 million conversion to equity which would result in an improvement of the net working capital deficiency from \$10.008 million to \$5.133 million; and
- Net Liabilities: A reduction in net liabilities of \$2.0 million due to the conversion of this same amount from the unsecured line of credit with the Principal Lenders to 80 million ordinary shares.

Outlook

Subject to market conditions, the strengthened performance of the Company is expected to continue into the second half of the 2023 financial year.

Commenting on the 2023 full year outlook, Ms Sharpe said: "Oliver's carries positive momentum into the second half of the 2023 financial year, with the Company recording its sixth consecutive month of EBIT profitability and generating revenue of \$2.66 million in January 2023, as reported in our latest Appendix 4C announcement on Wednesday 15 February.

"Going forward, we retain our focus on continuing to improve the performance of our existing store network, as well as identifying and assessing strategic growth opportunities.

"While much work remains to be done, we are confident that a solid foundation has been established from which Oliver's has the ability to generate sustainable value for shareholders and other stakeholders."

Request for Reinstatement of ASX Quotation

Oliver's has been working closely with the ASX as part of seeking readmission to quotation.

We can advise shareholders that the ASX requirements that the Company report positive operating cash flow for both the FY23 half year and January month has been achieved.

Oliver's has today provided the ASX with the information it requested to inform its assessment of the adequacy of Oliver's financial condition to warrant its continued listing under ASX Listing Rule 12.2. This included an independent expert's report, prepared by Hall Chadwick, opining on Oliver's working capital condition and its

ability to carry out its objectives in the 12-month period following a reinstatement of its shares.

All shareholders are advised that Oliver's will be removed from the official list from the commencement of trading on Monday 27 February 2023 if the Company's shares have not been reinstated on that date. This is in accordance with ASX policy as set out in section 3.3 of Guidance Note 33.

---END---

The Board of Directors has authorised this ASX release.

For further information, please contact:

Martin Green, Chairman

martin.green@oliversrealfood.com.au

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.

www.olivers.com.au

1. Company details

Name of entity:	Oliver's Real Food Limited
ABN:	33 166 495 441
Reporting period:	For the half-year ended 31 December 2022
Previous period:	For the half-year ended 31 December 2021

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	76.2% to	12,677,223
Earnings before interest, tax, depreciation and amortisation ('EBITDA')*	up	115.8% to	1,549,492
Earnings before interest, taxes, depreciation and amortisation and impairments ('EBITDAI')*	up	661.0% to	1,549,492
Profit from ordinary activities after tax attributable to the owners of Oliver's Real Food Limited	up	149.9% to	6,302,835
Profit for the half-year attributable to the owners of Oliver's Real Food Limited	up	149.9% to	6,302,835

* EBITDA and EBITDAI are financial measures which are not prescribed by the Australian Accounting Standards ('AAS') and represent the profit/loss under AAS adjusted for specific non-cash and significant items not expected to recur between periods. The directors consider EBITDAI to reflect the core earnings of the consolidated entity.

A reconciliation between the statutory result after income tax, to EBITDA and EBITDAI is set out below:

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$	\$
Net profit/(loss) after tax	6,302,835	(12,634,346)
Add: Depreciation and amortisation expenses	1,064,118	1,839,476
Add: Finance costs	589,226	1,007,900
Less: Interest revenue	(474)	(2,307)
Add: Writeback of liability on termination on property lease	(6,406,213)	-
EBITDA	1,549,492	(9,789,277)
Add: Impairment of assets	-	9,992,880
EBITDAI	1,549,492	203,603
	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$	\$
One-off items:		
Government concessions - JobSaver/JobKeeper	-	1,486,940
Rent concessions	-	564,565
Writeback of lease liability on lease termination	6,406,213	-
	6,406,213	2,051,505

	2022 Cents	2021 Cents
Basic earnings per share	1.75	(3.50)
Diluted earnings per share	1.54	(3.50)

Commentary on the results

For further commentary on the results, refer to the 'Review of operations' section of the directors' report.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>(3.00)</u>	<u>(2.91)</u>
	Consolidated 31 Dec 2022	30 Jun 2022
	\$	\$
Net liabilities	(16,908,956)	(23,211,791)
Less: Right-of--use assets	(5,780,512)	(6,403,051)
Less: Intangibles	(671,608)	(939,591)
Add: Lease liabilities	12,542,064	20,062,549
Net tangible assets	<u>(10,819,012)</u>	<u>(10,491,884)</u>
	Consolidated 31 Dec 2022	30 Jun 2022
Total number of shares	360,731,917	360,731,917

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the unmodified review report that contains a material uncertainty in relation to going concern is attached as part of the Interim Report.

11. Attachments

Details of attachments (if any):

The Interim Report of Oliver's Real Food Limited for the half-year ended 31 December 2022 is attached.

12. Signed

As authorised by the Board of Directors



Signed _____

Martin Green
Chairman

Date: 17 February 2023

Oliver's Real Food Limited

ABN 33 166 495 441

Interim Report - 31 December 2022

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The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Oliver's Real Food Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

Directors

The following persons were directors of Oliver's Real Food Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Martin Green	Non-Executive Chairman
Steven Metter	Non-Executive Director
Kathryn Gregg	Non-Executive Director
Benjamin Williams	Non-Executive Director (Appointed on 9 December 2022)

Principal activities

During the financial half-year, the principal continuing activities of the consolidated entity consisted of the provision of fast-food services specialising in delicious, nutrient dense meals, designed with the customers' wellbeing in mind.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Review of operations

The revenue for the consolidated entity amounted to \$12,677,223 (31 December 2021: \$7,194,333), an increase of 76%.

	31 Dec 2022 \$	31 Dec 2021 \$	Change \$	Change %
Revenue	12,677,223	7,194,333	5,482,890	76%

The increase in revenue reflects the fact that COVID-19 lockdowns have passed, and the consolidated entity's store network operated throughout the period without the impact of any government imposed COVID-19 restrictions. The increase in revenue occurred despite the closure of eight unprofitable stores during the preceding financial year.

The profit for the consolidated entity after providing for income tax amounted to \$6,302,835 (31 December 2021: loss of \$12,634,346).

As at 31 December 2022, there were 191 Oliver's Food To Go ('OFTG') locations with EG Australia (fuel and convenience sites).

A reconciliation between the statutory result after income tax, to earnings before interest, taxes, depreciation and amortisation ('EBITDA')* and EBITDAI* is set out below:

	31 Dec 2022 \$	31 Dec 2021 \$	Change \$	Change %
Net profit/(loss) after tax	6,302,835	(12,634,346)	18,937,181	(150%)
Add: Depreciation and amortisation expenses	1,064,118	1,839,476	(775,358)	(42%)
Add: Finance costs	589,226	1,007,900	(418,674)	(42%)
Less: Interest revenue	(474)	(2,307)	1,833	(79%)
Add: Writeback of liability on termination on property lease	(6,406,213)	-	(6,406,213)	-
EBITDA*	1,549,492	(9,789,277)	11,338,769	(116%)
Add: Impairment of assets	-	9,992,880	(9,992,880)	(100%)
EBITDAI*	1,549,492	203,603	1,345,889	661%

- * EBITDA and EBITDAI are financial measures which are not prescribed by the Australian Accounting Standards ('AAS') and represent the profit/loss under AAS adjusted for specific non-cash and significant items not expected to recur between periods. The directors consider EBITDAI to reflect the core earnings of the consolidated entity.

Writeback of lease liability on lease termination

During the financial half-year, the consolidated entity completed negotiations with one of its Victorian landlords and has been released from the following six leases:

- Geelong North and South
- Peninsula Inbound and Outbound
- Eastlink Inbound and Outbound

This was significant and positive outcome for the consolidated entity, resulting in a writeback of the remaining lease liabilities in relation to these stores of \$6,406,213.

Outlook

The consolidated entity's objective over the next 12 months is to build on the current momentum throughout the store network and thereby to deliver consistent profits and a positive operating cash flow.

With the well-planned restructuring fully executed and the lockdowns a thing of the past, the consolidated entity will continue to focus on improving our operational performance to ensure an on-going financially sound business model. Our December 2022 quarter's performance achieved both a profit and a positive cash flow (as reflected in our quarterly 4C Appendix, released on 13 January 2023). The Board believes that the consolidated entity's business model is now sustainable, thus providing a solid foundation for managed growth – in market penetration, sales, margins, and the store network itself.

Therefore, the consolidated entity will consider establishing new stores, either on the major highways, in major tourist centres or in metropolitan areas. However, any such opportunity, as and when it arises, will only proceed if it complies with our stringent financial and operational parameters.

Finally, and importantly, we maintain our lenders' full support.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Martin Green
Chairman

17 February 2023

Grant Thornton Audit Pty Ltd
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Auditor's Independence Declaration

To the Directors of Oliver's Real Food Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Oliver's Real Food Limited for the half-year ended 31 December 2022. I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants



P J Woodley
Partner – Audit & Assurance

Sydney, 17 February 2023

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Oliver's Real Food Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2022



		Consolidated	
	Note	31 Dec 2022 \$	31 Dec 2021 \$
Revenue	4	12,677,223	7,194,333
Other income	5	4,750	2,061,245
Interest revenue calculated using the effective interest method		474	2,307
Expenses			
Raw materials and consumables used		(4,807,058)	(3,624,155)
Employee benefits expense		(4,387,548)	(3,481,906)
Depreciation and amortisation expense		(1,064,118)	(1,839,476)
Impairment of assets		-	(9,992,880)
Profit/(loss) on disposal of assets		25,313	(182,161)
Administration expenses		(1,085,891)	(1,101,019)
Writeback of lease liability on lease termination	6	6,406,213	-
Store-facility occupancy expenses		(877,297)	(759,524)
Fair value gain on derivatives		-	99,915
Other expenses		-	(3,125)
Finance costs		(589,226)	(1,007,900)
Profit/(loss) before income tax expense		6,302,835	(12,634,346)
Income tax expense		-	-
Profit/(loss) after income tax expense for the half-year attributable to the owners of Oliver's Real Food Limited		6,302,835	(12,634,346)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Oliver's Real Food Limited		<u>6,302,835</u>	<u>(12,634,346)</u>
		Cents	Cents
Basic earnings per share	15	1.75	(3.50)
Diluted earnings per share	15	1.54	(3.50)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

		Consolidated	
	Note	31 Dec 2022	30 Jun 2022
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	7	478,301	225,384
Trade and other receivables	8	154,305	209,229
Inventories - stock in hand		580,301	493,104
Other assets		88,071	153,194
Total current assets		<u>1,300,978</u>	<u>1,080,911</u>
Non-current assets			
Term deposits		305,891	305,891
Property, plant and equipment	9	2,122,046	2,183,932
Right-of-use assets	10	5,780,512	6,403,051
Intangibles	11	671,608	939,591
Other assets		102,062	124,965
Total non-current assets		<u>8,982,119</u>	<u>9,957,430</u>
Total assets		<u>10,283,097</u>	<u>11,038,341</u>
Liabilities			
Current liabilities			
Trade and other payables	12	3,641,171	4,465,604
Borrowings	13	5,564,594	389,690
Lease liabilities		1,776,192	2,578,695
Employee benefits		327,124	348,307
Total current liabilities		<u>11,309,081</u>	<u>7,782,296</u>
Non-current liabilities			
Borrowings	13	4,725,000	8,458,333
Lease liabilities		10,765,872	17,483,854
Derivative financial instruments		19,550	19,550
Employee benefits		63,387	67,855
Provisions		309,163	438,244
Total non-current liabilities		<u>15,882,972</u>	<u>26,467,836</u>
Total liabilities		<u>27,192,053</u>	<u>34,250,132</u>
Net liabilities		<u>(16,908,956)</u>	<u>(23,211,791)</u>
Equity			
Issued capital		34,061,382	34,061,382
Accumulated losses		<u>(50,970,338)</u>	<u>(57,273,173)</u>
Total deficiency in equity		<u>(16,908,956)</u>	<u>(23,211,791)</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Oliver's Real Food Limited
Statement of changes in equity
For the half-year ended 31 December 2022



Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total deficiency in equity \$
Balance at 1 July 2021	34,061,382	117,022	(45,603,295)	(11,424,891)
Loss after income tax expense for the half-year	-	-	(12,634,346)	(12,634,346)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(12,634,346)	(12,634,346)
<i>Transactions with owners in their capacity as owners:</i>				
Expired share options	-	(117,022)	-	(117,022)
Balance at 31 December 2021	<u>34,061,382</u>	<u>-</u>	<u>(58,237,641)</u>	<u>(24,176,259)</u>
	Issued capital \$	Reserves \$	Accumulated losses \$	Total deficiency in equity \$
Consolidated				
Balance at 1 July 2022	34,061,382	-	(57,273,173)	(23,211,791)
Profit after income tax expense for the half-year	-	-	6,302,835	6,302,835
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	6,302,835	6,302,835
Balance at 31 December 2022	<u>34,061,382</u>	<u>-</u>	<u>(50,970,338)</u>	<u>(16,908,956)</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Consolidated
31 Dec 2022 31 Dec 2021
\$ \$

Cash flows from operating activities

Receipts from customers (inclusive of GST)	13,139,429	8,022,619
Payments to suppliers and employees (inclusive of GST)	(12,462,675)	(10,270,034)
	676,754	(2,247,415)
Interest received	474	2,307
Interest and other finance costs paid	(189,325)	(708,680)
Government grants and subsidies	-	2,009,259
Net cash from/(used in) operating activities	487,903	(944,529)

Cash flows from investing activities

Payments for property, plant and equipment	(96,856)	(200,410)
Payments for intangible assets	-	(34,373)
Proceeds from disposal of property, plant and equipment	68,449	315,764
Proceeds from release of security deposits	22,903	105,705
Net cash from/(used in) investing activities	(5,504)	186,686

Cash flows from financing activities

Proceeds from borrowings	1,500,000	6,553,865
Repayment of finance leases	(1,649,984)	(1,200,686)
Repayment from borrowings	(79,498)	(5,452,863)
Net cash used in financing activities	(229,482)	(99,684)
Net increase/(decrease) in cash and cash equivalents	252,917	(857,527)
Cash and cash equivalents at the beginning of the financial half-year	225,384	1,571,049
Cash and cash equivalents at the end of the financial half-year	<u>478,301</u>	<u>713,522</u>

Note 1. General information

The financial statements cover Oliver's Real Food Limited (the 'company' or 'parent entity') as a consolidated entity consisting of Oliver's Real Food Limited and the entities it controlled at the end of, or during, the half-year (collectively referred to as the 'consolidated entity'). The financial statements are presented in Australian dollars, which is Oliver's Real Food Limited's functional and presentation currency.

Oliver's Real Food Limited (ABN: 33 166 495 441) is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

5 Lenton Place North Rocks, NSW 2151.

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 17 February 2023. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the discharge of liabilities in the normal course of business.

The consolidated entity made a profit after tax of \$6,302,835 (31 December 2021: loss of \$12,634,346) and has net cash inflows from operating activities of \$487,903 (31 December 2021: net cash outflows of \$944,529) for the half-year ended 31 December 2022. As at 31 December 2022, the statement of financial position reflected an excess of current liabilities over current assets of \$10,008,103 (30 June 2022: \$6,701,385).

The directors believe that it is appropriate to continue to adopt the going concern basis of preparation as the detailed cash flow forecast prepared by management, using their best estimate assumptions, indicated the consolidated entity will meet its ongoing compliance with its financial undertakings in the 12 month period to February 2024. This is highly dependent on the ability of the business to operate in line with the detailed cash flow forecasts, the ongoing support of key lenders and future market conditions which are out of the control of the consolidated entity and, as a result, may be subject to change.

Note 2. Significant accounting policies (continued)

These factors indicate a material uncertainty which may cast significant doubt as to whether the consolidated entity will continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts in these financial statements.

However, the directors believe that the consolidated entity will be able to continue as a going concern, after consideration of the following factors:

- the consolidated entity has support from two leading shareholders and its funders Michael and Suzanne Gregg and Gelba Pty. Limited ('principal lenders') with undrawn facilities of \$500,000 as of the date of this report which enables the consolidated entity to meet its financial obligations, should it be required;
- the consolidated entity restructured its debt with the principal lenders, after the reporting date, by converting \$2,000,000 into equity, securing an additional \$500,000 revolving debt facility and renegotiating new maturity date for the revolving debt facility (refer to note 16);
- review of all stores led to closure of eight unprofitable stores during the preceding financial year;
- the Board requested management prepare plans to further improve on what has already been achieved and continue to ensure the business is cash flow positive. Part of that plan includes an upgrade to stores and equipment to enable quick and efficient service in the consolidated entity's current 16 QSR (Quick Service Restaurant) stores to drive additional revenue and develop a "high street" test store of the future that will be located in metropolitan Sydney. If the store is successful, then up to 20 stores will be rolled out in the next two years in Sydney, Melbourne and possibly Brisbane; and
- although the plan has the backing of the principal lenders, such growth will still require substantial capital and a fund raising is expected to be carried out during the second half of FY2023.

Provided the Consolidated Entity achieves the commitments in the forecast and meet its legal obligations under the terms of the loans, the lenders will continue to support the Consolidated Entity.

Based on the above, the directors are confident that the consolidated entity will meet its obligations and accordingly have prepared the financial statements on a going concern basis.

Accordingly, no adjustments have been made to the financial statements relating to the recoverability and classification of the asset carrying amounts or the amount and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern. At this time, the directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial statements as at the reporting date.

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into one operating segment being Quick Service Restaurants in Australia. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews earnings before interest, tax, depreciation, amortisation and impairment ('EBITDAI'). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Note 3. Operating segments (continued)

A reconciliation of the statutory result after income tax to EBITDAI is as follows:

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$	\$
Net profit/(loss) after tax	6,302,835	(12,634,346)
Add: Depreciation and amortisation expense	1,064,118	1,839,476
Add: Impairment of assets	-	9,992,880
Add: Finance costs	589,226	1,007,900
Less: Interest revenue	(474)	(2,307)
Less: Writeback of liability on termination of property lease	(6,406,213)	-
EBITDAI	<u>1,549,492</u>	<u>203,603</u>

Note 4. Revenue

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$	\$
Revenue from contracts with customers		
Revenue from sale of goods - retail	<u>12,462,188</u>	<u>7,051,427</u>
Other revenue		
Royalties	205,611	107,207
Rent	8,342	13,950
Other revenue	<u>1,082</u>	<u>21,749</u>
	<u>215,035</u>	<u>142,906</u>
Revenue	<u>12,677,223</u>	<u>7,194,333</u>

Disaggregation of revenue

Revenue from the sale of goods and royalties are generated from the sale of food and beverage generated in Australia and recognised when the goods are transferred at a point in time.

Note 5. Other income

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$	\$
Government concessions - JobSaver/JobKeeper	-	1,486,940
Rent concessions	-	564,565
Miscellaneous income	<u>4,750</u>	<u>9,740</u>
Other income	<u>4,750</u>	<u>2,061,245</u>

Note 6. Writeback of lease liability on lease termination

During the financial half-year, the consolidated entity completed negotiations with one of its Victorian landlords and has been released from the following six leases:

- Geelong North and South
- Peninsula Inbound and Outbound
- Eastlink Inbound and Outbound

This was significant and positive outcome for the consolidated entity, resulting in a writeback of the remaining lease liabilities in relation to these stores of \$6,406,213. The right-of-use assets for these stores had been fully impaired in prior years.

Note 7. Cash and cash equivalents

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$	\$
<i>Current assets</i>		
Cash on hand	205,133	126,124
Cash at bank	273,168	99,260
	<u>478,301</u>	<u>225,384</u>

Note 8. Trade and other receivables

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$	\$
<i>Current assets</i>		
Trade receivables	86,880	112,929
Less: Allowance for expected credit losses	(3,000)	(3,000)
	<u>83,880</u>	<u>109,929</u>
Other receivables	70,425	99,300
	<u>154,305</u>	<u>209,229</u>

Note 9. Property, plant and equipment

Consolidated
31 Dec 2022 30 Jun 2022
\$ \$

Non-current assets

Leasehold improvements - at cost	5,477,840	6,981,353
Less: Accumulated depreciation	(2,445,508)	(2,814,503)
Less: Impairment	(1,716,501)	(2,755,054)
	<u>1,315,831</u>	<u>1,411,796</u>

Plant and equipment - at cost	4,569,685	5,806,940
Less: Accumulated depreciation	(2,782,102)	(3,459,972)
Less: Impairment	(1,026,145)	(1,625,930)
	<u>761,438</u>	<u>721,038</u>

Motor vehicles - at cost	122,491	122,491
Less: Accumulated depreciation	(77,714)	(71,393)
	<u>44,777</u>	<u>51,098</u>

2,122,046 2,183,932

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Leasehold improvements \$	Plant and equipment \$	Motor vehicles \$	Total \$
Balance at 1 July 2022	1,411,796	721,038	51,098	2,183,932
Additions	14,928	130,913	-	145,841
Depreciation expense	(110,893)	(90,513)	(6,321)	(207,727)
Balance at 31 December 2022	<u><u>1,315,831</u></u>	<u><u>761,438</u></u>	<u><u>44,777</u></u>	<u><u>2,122,046</u></u>

Note 10. Right-of-use assets

Consolidated
31 Dec 2022 30 Jun 2022
\$ \$

Non-current assets

Lease of premises - right-of-use	18,920,946	26,563,315
Less: Accumulated depreciation	(6,141,473)	(6,621,331)
Less: Impairment	(6,998,961)	(13,538,933)

5,780,512 6,403,051

Note 10. Right-of-use assets (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Lease of premises \$
Consolidated	
Balance at 1 July 2022	6,403,051
Re-measurement of leases	(34,131)
Depreciation expense	(588,408)
	<u>5,780,512</u>
Balance at 31 December 2022	

Note 11. Intangibles

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$	\$
<i>Non-current assets</i>		
Software - at cost	295,112	295,112
Less: Accumulated amortisation	(80,511)	(50,938)
	<u>214,601</u>	<u>244,174</u>
Reacquired rights - at cost	3,258,000	3,258,000
Less: Accumulated amortisation	(2,756,954)	(2,518,544)
Less: Impairment	(44,039)	(44,039)
	<u>457,007</u>	<u>695,417</u>
	<u>671,608</u>	<u>939,591</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Software \$	Reacquired rights \$	Total \$
Consolidated			
Balance at 1 July 2022	244,174	695,417	939,591
Amortisation expense	(29,573)	(238,410)	(267,983)
	<u>214,601</u>	<u>457,007</u>	<u>671,608</u>
Balance at 31 December 2022			

Note 12. Trade and other payables

	Consolidated 31 Dec 2022	30 Jun 2022
	\$	\$
<i>Current liabilities</i>		
Trade payables	1,807,792	1,846,662
Accrued expenses	526,240	872,198
GST payable	804,216	1,112,234
Other payables	502,923	634,510
	<u>3,641,171</u>	<u>4,465,604</u>

Note 13. Borrowings

	Consolidated 31 Dec 2022	30 Jun 2022
	\$	\$
<i>Current liabilities</i>		
Insurance premium funding - unsecured ⁽¹⁾	14,434	89,530
Loan from related party - Green Superannuation Fund - secured ⁽²⁾	300,160	300,160
Loan from related party - Gelba Pty. Limited - secured ⁽³⁾	75,000	-
Loan from related party - Michael and Suzanne Gregg - secured ⁽³⁾	175,000	-
Revolving line of credit from related party - Gelba Pty. Limited ⁽⁴⁾	2,645,842	-
Revolving line of credit from related party - Michael and Suzanne Gregg ⁽⁴⁾	2,354,158	-
	<u>5,564,594</u>	<u>389,690</u>
<i>Non-current liabilities</i>		
Loan from related party - Gelba Pty. Limited - secured ⁽³⁾	1,425,000	1,500,000
Loan from related party - Michael and Suzanne Gregg - secured ⁽³⁾	3,325,000	3,500,000
Revolving line of credit from related party - Gelba Pty. Limited ⁽⁴⁾	-	1,980,000
Revolving line of credit from related party - Michael and Suzanne Gregg ⁽⁴⁾	-	1,520,000
Capitalised borrowing cost	(25,000)	(41,667)
	<u>4,725,000</u>	<u>8,458,333</u>
	<u>10,289,594</u>	<u>8,848,023</u>

- (1) Insurance premium funding is payable in monthly instalments and carries an interest rate of 7.7% variable. This facility is unsecured.
- (2) Loan is associated with Martin Green who is a trustee of the Green Superannuation Fund and carries an interest rate of 6% per annum. This facility is secured by a fixed and floating charge of the assets of the consolidated entity.
- (3) The related party loans carries an interest rate of 8.1% (30 June 22: 5.25%) per annum calculated daily and payable quarterly in arrears maturing 30 September 2028. Repayment of \$250,000 per quarter from 1 October 2023 with the first repayment due 31 December 2023. This facility is secured, namely first ranking security over assets of the consolidated entity.
- (4) The related party revolving line of credit carries an interest rate of 8.1% (30 June 2022: 5.25%) per annum calculated daily and payable monthly in arrears maturing 30 September 2023.

Note 14. Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 15. Earnings per share

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$	\$
Profit/(loss) after income tax attributable to the owners of Oliver's Real Food Limited	6,302,835	(12,634,346)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	360,731,917	360,731,917
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares*	-	-
Warrants*	47,500,000	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	408,231,917	360,731,917
	Cents	Cents
Basic earnings per share	1.75	(3.50)
Diluted earnings per share	1.54	(3.50)

* In the prior period, 4,000,000 options and 47,500,000 warrants have been excluded from the calculation of diluted earnings per share, as they were anti-dilutive.

Note 16. Events after the reporting period

On 18 November 2022, the company announced that it had entered into an agreement with two leading shareholders and its funders Michael and Suzanne Gregg and Gelba Pty. Limited ('principal lenders') to restructure the consolidated entity's debt facility ('Debt Restructure'). This Debt Restructure was approved at the Extraordinary General Meeting on 8 February 2023, as follows:

- extend the terms of the General Security Deed ('GSD') to secure a further \$1,000,000 of the Revolving Facility;
- convert \$2,000,000 of the unsecured component of the Revolving Facility to equity via the placement of 80,000,000 of the Company's fully paid ordinary shares at a deemed issue price of \$0.025 per share;
- increase the unsecured Revolving Facility by \$500,000;
- extend the terms and repayment dates of the Revolving Facility as follows:
 - the maturity date to be extended to 30 September 2028;
 - in relation to the \$1,500,000 owing under the Revolving Facility, repayments of \$75,000 per quarter begin from 1 October 2023, with the first repayment due 31 December 2023; and
 - in relation to the \$1,000,000 owing under the Revolving Facility, repayments of \$50,000 per quarter begin from 1 October 2023, with the first repayment due 31 December 2023.

The Company's debt facilities would comprise:

- \$5,000,000 secured facility at an interest rate of 8.1% per annum calculated daily and payable quarterly in arrears maturing 30 September 2028, Repayment of \$250,000 per quarter from 1 October 2023 with first repayment due 31 December 2023;
- \$2,500,000 secured revolving line of credit at an interest rate of 8.1%pa calculated daily and payable quarterly in arrears maturing 30 September 2028, Repayment of \$125,000 per quarter from 1 October 2023 with first repayment due 31 December 2023;
- \$1,500,000 unsecured revolving line of credit at an interest rate of 8.1% per annum calculated daily and payable quarterly in arrears maturing 30 September 2024; and
- \$2,000,000 of current borrowings will be converted to equity and \$2,875,000 will move from current borrowings to non-current borrowings.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Martin Green
Chairman

17 February 2023

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Independent Auditor's Review Report

To the Members of Oliver's Real Food Limited

Report on the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Oliver's Real Food Limited (the Company) and its subsidiaries (the Consolidated Entity), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Oliver's Real Food Limited does not comply with the *Corporations Act 2001* including:

- a giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2022 and of its performance for the half year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Material uncertainty related to going concern

We draw attention to Note 2 in the financial report which indicates that at the half year ended 31 December 2022, the Consolidated Entity's current liabilities exceeded its current assets by \$10,008,103, and as that date the Consolidated Entity's has a net deficiency of assets of \$16,908,956. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Consolidated entity's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

P J Woodley
Partner – Audit & Assurance

Sydney, 17 February 2023