



oliver's™

Oliver's

Real Food Limited

ANNUAL REPORT

2020/2021

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CHAIRMAN'S LETTER

The 2020/21 year has proven to be a year of great change for Oliver's Real Food. Despite the challenges, Oliver's is now well positioned and very much looking forward to improved trading conditions as we all emerge from the Covid-19 related lockdowns.

The most significant challenge faced by the Company and its investors was the suspension from official quotation by the Australian Securities Exchange (ASX). The ASX suspended the Company's securities on the 26th February 2021 based upon concerns related to the Interim Financial Statements for the half-year ended 31 December 2020. Those statements were issued with an auditor's disclaimer of review conclusion, as the information supplied and available at the date the interim financial statements were authorised for issue was insufficient to support the Board's view that the half-year financial statements supported a going concern basis. Subsequently, the Board provided additional evidence to the auditors relating to the use of the going concern assumption and the Company was successful in obtaining reissued consolidated half-year statements which did not contain either a disclaimer of review conclusion or an adverse review conclusion. That additional evidence included details of the restructuring plan forecast to reduce costs by more than \$4,000,000 annually, as well as details of a \$2,500,000 funding initiative. Unfortunately, the ASX chose not to reinstate the Company's securities, and then raised further concerns about the level of working capital. I can assure investors that the Board remains committed to a reinstatement of the Company's securities and is working progressively through initiatives we expect should satisfy the ASX concerns and therefore see trading in the Company's securities recommence.

There were several changes to the Board during the 2020/21 year. I joined the Company as a non-executive Director on the 25th November 2020. Martin Green, as a representative of major shareholder Gelba, was appointed to the Board on the 22nd January 2021. I was subsequently appointed as Chairman on the 4th March 2021. On that date, both Jason and Amanda Gunn resigned from the Board. Finally, Steve Metter continues to serve as a director, providing strong expertise and industry knowledge.

It is very appropriate to recognise and thank Jason Gunn for his entrepreneurial vision, energy and



commitment in establishing Oliver's Real Food. Amanda has similarly made a huge contribution. While there have been many challenges to navigate since the inception of this business, there was no roadmap describing the steps necessary to build a healthy, organic alternative to the fast-food industry. The Gunns maintain a significant shareholding in the Company.

Oliver's Real Food has reinvented its operating model during the 2020/21 year. Interested readers can find much more about that in our Chief Executive Officer's comments in the Annual Report. Suffice it to say that operating costs have been slashed, logistics streamlined, and technology modernised. The Board is extremely pleased and supportive of the new operating model being implemented by CEO Tammie Phillips and her team. We feel confident that the Company has now established the right model to support both the current and future needs of the business. We are pleased with the continuing association with EG partnership and thank them for playing their part in the Oliver's Real Food story. We know that we need strong partnerships to succeed.

Major shareholders, Michael and Suzanne Gregg, and Gelba, took a more active role in 2020/21. The Board has welcomed their interest and appreciates their expertise. Both during the 2021/21 year and more recently, those major shareholders have demonstrated a real commitment to the Company during difficult times by both investing and providing finance as required on more favourable terms than existing arrangements. The Board expects to announce an opportunity for all existing

investors to participate in an attractively priced equity raise in coming months.

On behalf of the Board, I would like to thank all of our employees for their dedication and hard work during the 2020/21 year. I know that there have been uncertainties due to the Covid-19 related impact on our stores and employees' working hours. The Company's changed operating model has created both opportunities and challenges for employees too. I remind us all that we are day by day and week by week seeing the benefits of a better way to do our business. A focus on an agile and nimble model will benefit employees, partners, and investors. We have that model. We have a united Board and a strong management team. We have committed employees. We have great partners. I encourage all of you to stay the course as we rebuild. I am certain that Oliver's Real Food has a brighter future.



Kim Wood

Chairman



CEO'S LETTER

"The first step towards getting somewhere is to decide that you are not going to stay where you are."

Dear Fellow Oliver's Shareholders,

With all the challenges that Covid-19 threw at us throughout the year, we took significant steps to make sure Oliver's weathered the economic impact whilst still progressing the planned changes to the business model. As I write this, I reflect on an immensely challenging and productive year and am pleased we were able to balance three critical components:

1. The successful transformation to a leaner and simpler operating model
2. Minimising cash outflows and utilising government support schemes to reduce the impact of the constant disruptions to trading conditions
3. Investing in growth initiatives and customer feedback

As we balanced all these three (3) things, we were ensuring that Oliver's emerged stronger than ever before. The collective impact of the restructure has ensured that Oliver's is in the best possible state to generate profits, build the brand and restore the market's faith in the company.

THE FINANCIAL HIGHLIGHTS

Trading conditions due to Covid-19 were, and remain, tough and whilst the store network did not get a clear runway for sales throughout the year there were windows of strong performance and a cause for real optimism:

- NSW network which was the least impacted (up until the latest June lockdown) was trending to match 2019 (pre-pandemic) sales levels. This bodes well for the future once the lockdowns lift.
- 25% of total store revenue was derived from sales from new products and categories introduced over the past 12 months, and the introduction of 'bundle deals' resulted in a contribution of 18% to total sales. In March, a new breakfast menu was launched. In the last quarter, sales in the 6am-11am time of day category lifted to 30% of total sales (up from 25% in the previous quarters). This is a significant achievement in QSR-type businesses and we anticipate this trend to continue once lockdowns lift.



Tammie Phillips
Chief Executive Officer

Oli Brekkie Meal Deal

Oli brekkie bun + small organic coffee

Milk bun with free range egg, bacon, Oliver's relish & garlic mayo

Vegetarian and vegan brekkie buns available too!

Acc a hash brown for \$2.00



Oli brekkie bun single price \$7.95. GF keto bun available +\$1.50



- In the EG Channel, we ended the year servicing 153 EG Petrol Stations and opening two new Oliver's franchises. We also overhauled the service and delivery model in this channel which has now stabilised and is delivering sustainable EBITDA margins, which we expect will continue indefinitely.

We ended the financial year with net loss after tax of **\$4.4m** vs net loss after tax **\$17.5m** in FY20. This includes around \$1m in (planned) restructuring costs, including redundancies and site closures (mostly our commercial kitchens) and a write back of \$2m in impairments.

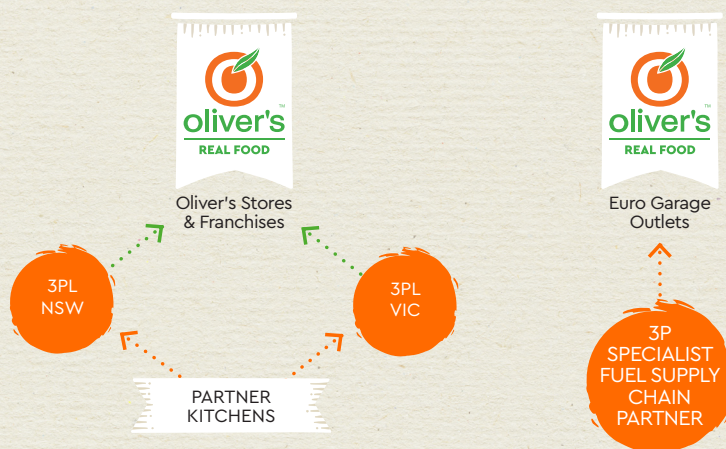
The successful execution of our operating model transformation was completed in June. The highlights of the re-structure included the closure of three production kitchens, three warehouses, in-house logistics as well as a reduction of 40% to Head Office costs, reducing the company's cost base by circa \$4.5m per annum. The full financial impact of this restructure will manifest in the 2022 financial year and beyond.

Under our new operating model our store network sales per venue now needs to restore to 2019 pre-pandemic levels to achieve FY22 target EBITDA margin which will see the business get to a break-even EBIT. This target considers the effects of Covid-19 on the first quarter of FY22.

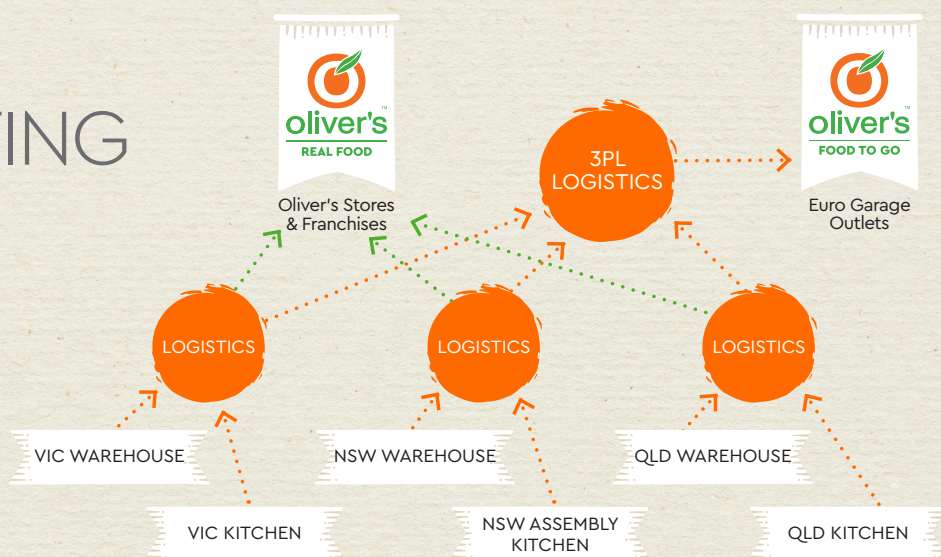
THE NEW OPERATING MODEL

The New Agile Operating Model The business has now replaced complex in-house operations with strategic partnerships that foster efficiency. In April the business entered a productive relationship with Superior Foods to service all company warehousing and logistics. Under the new partnership Superior Foods own, manage, and distribute our stock. The transition has improved the speed and accuracy of logistics, with fulfilment rates to stores meeting the contractual minimum performance requirement of 98% within 2 weeks of the transition.

NEW OPERATING MODEL



OLD OPERATING MODEL



In the area of food production, the business now collaborates with food and drink bespoke manufacturers to produce our recipes which are delivered into Superior Warehouses for distribution to our store network three times a week. Whilst we retain control of the development and IP of our branded lines, we are already seeing the benefits that collaboration will bring to innovation.

Further, cost savings and efficiency improvements from the new operating model enabled us to manage the impact of the continued Covid-19 crisis better ensuring minimised cash outflows during store closures or limited trading periods.

OTHER PROGRESS

Product Development and Innovation The development of new products has remained a critical element of our business strategy. Our strategic focus throughout the year has been on time-of-day sales, bundling and new category development.

OLI has a number of planned initiatives in the pipeline. In October we will launch our Kids Menu Meal Deal which will incorporate packaged healthy menu choices for young OLI customers including a meal, side and drink boxed for under \$10.

Our forward strategy is to continue to leverage our strong health brand with continuous innovation to gain market share and create long term competitive advantage.

Technology In April we successfully rolled out a new point of sale system to all stores. Along with significant cost savings, some of the improved benefits from the new system include: digital menu boards with time of day capabilities; real time live updating to menus and pricing to stores; and significant enhanced analytic data.

In the areas of Finance, HR and Recipe Development we have transitioned the business away from out-of-date, inefficient software to newer technologies that have improved workplace productivity. Efficiencies gained in these areas

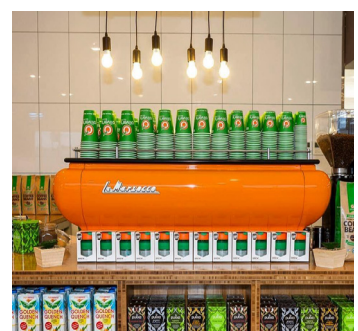
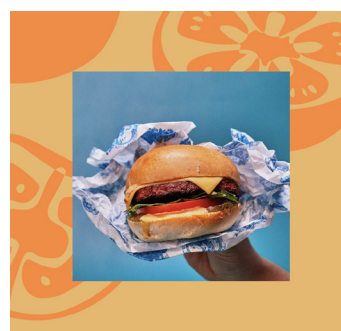


have contributed to the reduction of 40% in Head Office personnel.

Developed solutions for 'contact free' ordering and payment include upgraded Self-Service Kiosks, Web Ordering, Ordering via QR code and the new OLI App. These technologies have been in development throughout the year and are rolling into stores from August to November 2021.

Marketing and Branding In the second half FY21 the company underwent an extensive review of the Oliver's brand and marketing function which included discovery and customer surveying across a broad demographic of road trippers, families, retirees, holiday groups and workers/commuters. Through this process we gained an insightful understanding of how Oliver's can best build on its brand and marketing maturity to derive the most impact.

Through a lean, highly effective and strategic marketing presence we will transform the brand over two years to reflect a more current, updated image of the business with a consistent brand message and voice with more personality injected.



EG Partnership The EG Food to Go rollout has continued throughout the year and currently we supply into 162 service stations across QLD, NSW and VIC.

Food to Go is one of the fastest growing product categories in the Australian Petrol and Convenience Sector. We are very committed to the opportunity in this sector and the long-term partnership with EG. We continue to look very hard at where we are and where we need to go in this category as we strive to establish ourselves as a leading convenience food brand in the EG Petrol Station network.

From September we broaden our relationship with EG into WA and SA with 33 stores planned.

THANKS TO OUR STAKEHOLDERS

My thanks go to our teams who have been directly affected by business disruptions that have limited operations throughout the year as well as staff cutbacks from the re-structuring. Our teams, their understanding and resilience have made it possible for us to continue to move ahead, to progress and emerge stronger than before.

To the Board of Directors, thank you for your leadership and direction and embracing all the necessary changes that we needed to make to steer our way back to profitability in the coming year.

To our shareholders, my job is to deal with reality, and I acknowledge that we have asked for a lot of patience from you as we have worked through both the challenges and progress of the past 12 months. This is a long-term effort and I assure you of our commitment to make things right for our shareholders and rebuild trust.

LOOKING TO THE FUTURE

In closing, we continue to work for a healthier future with a clear vision and strategy, for which I take full accountability for leading. This comprises a simple and lean operating model that enables the business to concentrate on sales growth through innovation and continuous improvement, a relentless focus on customer understanding and value, evolving the brand and respecting our stakeholders.

Ultimately, I believe the pandemic has increased scrutiny on health and that this will be an added advantage to our sales recovery. From November, with the greatest certainty we have had for two years in front of us, I see Oliver's as having the trifecta – healthy food that makes you feel good, located in highway locations where people will be travelling in increased numbers and a lean operating model that delivers a solid foundation for long-term profitability.

I am confident in the strategy as we strive to become a strong organisation and to create long term value for you and each of our stakeholders.

Tammie Phillips

CEO

tammie.phillips@oliversrealfood.com.au

Oliver's Real Food Limited
Corporate directory
30 June 2021

Directors

Kimley Wood
Martin Green
Steven Metter

**Registered office and Principal
Place of Business**

10 Amsterdam Circuit

Wyong NSW 2259
Australia
(02) 4353 8055
www.investor.oliversrealfood.com.au

Share register

Boardroom Pty Ltd
Level 12, 275 George Street
Sydney NSW 2000
1300 737 760 (in Australia)
www.boardroomlimited.com.au

Auditor

Bishop Collins Audit Pty Limited
1/1 Pioneer Ave.
Tuggerah NSW 2259

Solicitors

Breene and Breene
Level 12, 111 Elizabeth Street
Sydney NSW 2000

Bankers

Commonwealth Bank of Australia
Level 19, 111 Pacific Highway, North Sydney NSW 2060
National Australia Bank
Level 13, Tower B, 799 Pacific Highway, Chatswood NSW 2067

Stock exchange listing

Oliver's Real Food Limited shares are listed on the Australian Securities Exchange
(ASX code: OLI)

Website

www.oliversrealfood.com.au
www.investor.oliversrealfood.com.au

Oliver's Real Food Limited
Directors' report
30 June 2021

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 year ended 30 June 2021.

Directors

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

- Jason Gunn - Chairman and Non-Executive Director (Appointed 2 May 2020), previously CEO and Executive Director (Appointed 28 February 2019), (Resigned 4 March 2021)
- Amanda Gunn – Non-Executive Director (Appointed 28 February 2019), (resigned 4 March 2021)
- David McMahon – Executive Director (Appointed 2 May 2020), (Resigned 19 November 2020).
- Kimley Wood -Non-Executive Director (Appointed 25 November 2020), Chairman (Appointed 4 March 2021).
- Steven Metter Non-Executive Director (Appointed 11 March 2019).
- Ann Brownjohn Non-Executive Director (Appointed 14 October 2020), (Resigned 19 November 2020).
- Martin Green Non-Executive Director (Appointed 22 January 2021).

Dividends

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

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$4,412,240 (30 June 2020: \$17,506,369).

	2021 \$	2020 \$	Change \$	Change %
Revenue from ordinary activities	28,180,333	28,539,653	(359,320)	(1.3%)
Raw materials and consumables used	(12,294,358)	(8,516,919)	(3,777,439)	(30.7%)
Gross Profit	21,053,387	23,255,378	(2,201,991)	(9.5%)
Earnings before interest, taxes, depreciation, amortisation and impairment (EBITDAI)	118,314	(69,477)	187,791	(207.2%)
Net (loss) / profit after tax attributable to members	(4,412,240)	(17,506,369)	13,094,129	(74.8%)
Net Assets	(6,052,266)	(4,284,001)	(1,768,265)	41.3%
Net Tangible Assets	(2,071,968)	(6,919,770)	4,847,802	(70.1%)
Cash and Cash equivalent	1,574,649	958,303	616,346	64.3%

EBITDAI

Earnings before interest, tax, depreciation, amortisation and impairment (EBITDAI) is a financial measure which is not prescribed by Australian Accounting Standards. This represents the profit/loss adjusted for specific non-cash and significant items. The directors and management consider EBITDAI to reflect the core earnings of the entity.

Oliver's Real Food Limited
Directors' report

30 June 2021

At the end of the reporting period the group operated 24 Oliver's company owned stores in Australia and continued to supply the ever-increasing OLIVERS FOOD TO GO in 153 (2020: 14) EG Outlets in NSW, VIC and QLD.

As is evident, the 2021 financial year has continued to be a challenging one for the group. The significant impact of Covid-19 and the various ever-changing State border closures have had direct and substantial impacts on the business performance. The business has navigated these challenges diligently, having implemented a carefully planned and well executed rolling operational restructure commencing in April 2021 with a strong focus on margin performance and operating expense reductions, which has essentially made the business far leaner, more proactive with far better medium and long term prospects. It is pleasing that, notwithstanding Covid-19, the group has generated a small profit in the 2021 EBITDAI.

The impact of Covid-19 saw all venues cease trading for various and differing periods in each of the States during the financial year, complicating management and supply chains. And at date of writing, NSW and VIC remain in lockdown, with some relief in sight once these states reach the designated vaccination levels under the national plan. It is pleasing to note that, notwithstanding the confusion and chaos, Oliver's has experienced a period of stability at all levels – Board, Management and Personnel. We have retained excellent working relationships with suppliers, landlords and other interested parties, and the Board believes that Oliver's is well placed to bounce back once the state borders reopen and remain so. The EG supply agreement is fully operational and well tested during these challenging times, with the partnership having already opened 153 stores at June 2021 with a plan to open a further 79 FOOD TO GO OUTLETS by end of 2022.

There is little doubt that the current environment has impacted business sectors differently. Oliver's being retail, tourism, hospitality and located on major interstate highways, has struggled. As a result, management has had to focus on restricting the cash burn rate, which they have successfully achieved, but nonetheless it has been necessary for Oliver's to raise additional short-term capital during, and post, the financial year. This included a capital raising by major shareholders in March and May 2021 which raised \$2.7m and the granting of a temporary overdraft of \$500k provided by major shareholders in August 2021. The Board will consider an approach to shareholders with a view to undertaking a capital raise in the months ahead, once the Board has clarity on the group's financial requirements, itself somewhat dependent on the state borders opening and the subsequent conditions of trade. The Board acknowledges previous announcements regarding a possible Share Purchase Plan (SPP), and that this is currently on hold pending final resolution.

The ASX suspension of OLI's shares continues to cause both frustration and disruption. The Board has been in regular contact with the ASX and will continue to do so. OLI has written to the ASX on numerous occasions, providing the ASX with various documents, but we remain suspended, primarily as the ASX has determined that Oliver's level of negative working capital is not acceptable. This position has been caused in part by the application of Accounting Standard AASB16, which dictates that all operating leases be capitalised as a non-current asset, with the outstanding lease obligations reflected as both non-liability and current liability. This addition to current liabilities has in turn created a negative working capital. The ASX is requiring a minimum of \$1.5m positive working capital for OLI before the group can be relisted.

Significant changes in the state of affairs

Other than as noted in the review of operations and matters subsequent to the end of the financial year, there have been no significant changes in the state of affairs of the consolidated entity during the financial year.

Oliver's Real Food Limited
Directors' report

30 June 2021

Matters subsequent to the end of the financial year

Two of the Company's major shareholders have provided a temporary overdraft facility for a sum of \$500k, unsecured, interest at 4.0% per annum and with a repayment date of 30 September 2021. This facility had secured the approval of the group's major lenders, PURE Asset Management, who have been working with the group in these challenging times to ensure its survival as both they and the major shareholders remain confident as to Oliver's financial success once the lockdowns end. The overdraft facility was designed purely to combat the financial losses stemming from the numerous, and extended, lockdowns.

As per the OLI announcement on 24 September 2021. The Company is pleased to announce that an agreement has been reached between PURE Asset Management and OLI's two leading shareholders, Michael and Suzanne Gregg and Gelba Pty Ltd (an entity of which OLI Director, Mr Martin Green, is a Director and minority shareholder) for the PURE \$5.0m loan facility to be assigned to these two major shareholders. It is expected that the assignment will occur on or around 30 September 2021.

Following the assignment, the terms of the loan will be modified as follows: -

Amount:	\$5.0m
Term:	24 months from assignment date
Interest Rate:	6% (linked to the 90 days BBSY) and reviewed quarterly
Interest Paid:	Quarterly in arrears
Covenant:	None
Repayment:	In full 24 months from assignment date Early repayment will not incur fees
Security:	As per PURE loan agreement, namely first ranking security over assets of the Company and its subsidiaries.

In addition, the same two leading shareholders will provide an additional loan facility

Facility:	Revolving line of Credit
Amount:	\$1.5m (note \$500k already advanced in August 2021 and currently at 4% interest)
Term:	24 months
Interest Rate:	6% (linked to the 90 days BBSY) and reviewed quarterly
Interest Paid:	Calculated daily and paid monthly
Purpose:	To support the Company's working capital requirements due to Covid-19 lockdown restrictions
Covenant:	None
Draw Down:	As funds are needed
Repayment:	In full after 24 months
Security:	Unsecured initially, however, should security be requested, company would require shareholder approval under listing rule 10.1 to grant security.

Warrants: There is no change in the 47,500,000 warrants held by Pure Asset Management and approved by shareholders, all terms remain the same.

Covid-19 Impact on Oliver's Real Food Limited

The Covid-19 pandemic has continued unabated through the entire 2021 year, with a significant number of cases, massive media attention, and border closures. Measures taken by various governments to contain the virus have affected economic activity and the Company's business in various significant ways:

- Due to government measures taken, Oliver's has had to close its entire network of stores, the three warehouses and two kitchens for various periods, depending on the location of the store. At times, some of these stores could reopen, and some could only open for take-away. The negative impact on revenues continued throughout the year as people stayed home and did not, or could not, travel or eat out due to (State) government regulations.

- The reduction of economic activity and the requirement to close our stores meant employees were stood down or had their hours reduced, most at relatively short notice, itself creating a myriad of challenges for management as it

negotiated between the various border closures and differing rules in each state. The Company continued its Job Keeper registration until that ceased and during the 2021 year, the Group received further Government subsidies and some rental relief. The group has successfully applied for the more recent NSW State government subsidies which will assist in alleviating the financial strain on the business.

- As a result of these effects our cumulative revenue for the 2021 financial year was approximately \$6m, or 21%, lower than our 2019 (pre Covid-19) revenues in the same period, with the 2020 revenues being \$5m lower, or 17%, compared to 2019. So the impact of Covid-19 has been substantial and the longer the lockdowns continue, the more the current revenue figures will drop.

- The group's liquidity has been negatively impacted, which required us to obtain additional funding from our major shareholders by obtaining a temporary overdraft facility of \$500k in August 2021 and will be replaced with \$1.5m revolving line of credit, referred to above, to enable the Group to meet its future liquidity needs.

- In the 2020 financial year, and primarily due to the outlook governed by Covid-19, the Group incurred write-offs due to impairments. In the 2021 financial year however, OLI has turned this around due to a more positive outlook for the Group and has in fact made several write-backs to Impairments. Consequently on its Balance Sheet, Leasehold Improvements had a write-back of \$465k (2020: Write-down \$1.2m), Plant and Equipment write-back of \$219k (2020: write-down \$0.5m), Right of Use Assets write-back of \$1.6m (2020: write-down \$6.1m), and Intangible assets write-back of \$Nil (2020: write-down \$2.4m). These are not trading losses but asset value write-backs/write-offs in accordance with Accounting Standards, and reflect in the net loss of the group as at 30 June 2021 and 2020.

- Depending on the duration of the Covid-19 crisis and continued negative impact on economic activity, the Group might experience further negative results, and liquidity restraints and incur additional impairments on its assets in 2022. The exact impact on our activities in the remainder of 2021 and thereafter cannot be predicted, but based on the National and the NSW and Victorian Covid-19 Roadmaps, Oliver's is not expecting to return to normal operating revenues until December 2021. As a result Oliver's may have to raise further capital from the market. At this time, because the timing of this and the amount likely to be required is uncertain, the Board has not progressed this matter at the date of this report.

We also refer to note 1 Going concern.

Wyong HO Facility

The Wyong Head Office Facility Lease was leased to a 3rd party and the Oliver's lease surrendered effective 1 September 2021. This releases the company of any future liabilities.

The Brisbane Kitchen Facility

The Brisbane Kitchen Facility has been vacant since 30 June 2021. Management has reached an understanding to lease the building to a 3rd party and the Oliver's lease surrendered. We expect this to be documented and signed by mid October. This will release the company of any future liabilities and in addition over \$1.0m of impairments will be written back.

No other matter or circumstance has arisen since 30 June 2021 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.

Oliver's Real Food Limited
Directors' report
30 June 2021

Likely developments and expected results of operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name: Kimley (Kim) Wood - Chairman Appointed 25 November 2020
Title: Mr
Experience and expertise: Kim Wood concluded his term as the Principal Commissioner of the Queensland Productivity Commission in 2020, having commenced in 2015. Prior to the Productivity Commission, Kim served in CEO roles predominantly in large water and electricity utilities across Australia. He has experience in both the private and government sectors. Kim began his various CEO roles as the Sydney-based Managing Director of GEC Plessey Telecommunications. Kim has also held senior roles with BellSouth Australia and Hewlett-Packard. He originally commenced work as an engineer with the Victorian State Electricity Commission. Kim is interested in business transformation and has experience in hands-on leadership roles. Further, he has had a range of both executive and non-executive directorships. He enjoys a challenge.

Other current directorships:
Former directorships (last 3 years):
Interests in shares: Nil

Name: Martin Green - Appointed 22 January 2021
Title: Mr
Experience and expertise: Martin Green is Managing Director and CEO and minority shareholder of Gelba Group of Companies, a position held since August 2005. The family business was incorporated in August 1929 and today runs two contract packing manufacturing facilities employing 60 staff supplying portion-controlled products for the retail, catering and hospitality industries. In addition to this activity Gelba has investments in property, listed and unlisted companies. Martin holds an Associate Diploma of Business (Accounting) and is also a Director of The Raw Liquid Sugar Company, Huskee Cups and EHealtheme Pty Ltd t/ as Surgical Partners.

Other current directorships:
Former directorships (last 3 years):
Interests in shares: 37,439,660

Name: Steven Metter - Appointed 11 March 2019
Title: Mr
Qualifications: Steven is a qualified Chartered Accountant and a management accountant with a 36 year history as a business recovery specialist. He has extensive successful business interests in hospitality, as a major shareholder in a Melbourne based 400 seat restaurant, and has acted as a financial consultant in Australia, South Africa and the USA.

Experience and expertise:
Other current directorships:
Former directorships (last 3 years):
Interests in shares: 6,666,667

Oliver's Real Food Limited
Directors' report
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Name: David McMahon - Appointed 02 May 2020 - Resigned on 19 November 2020
 Title: Mr
 Experience and expertise: As a fellow of the Institute of Public Accountants, a Member of the Governance Institute of Australia and also the Institute of Chartered Secretaries and Administrators.

Other current directorships:
 Former directorships (last 3 years):
 Interests in shares: 33,500
 Interests in options: 2,000,000

Name: Jason Gunn - Non-Executive Director and Chairman - Appointed 28 February 2019 - Resigned 4 March 2021.
 Title: Mr
 Qualifications: Jason completed the AICD company directors' course in 2017.
 Experience and expertise: Jason having founded Oliver's in 2005 and managed its growth as CEO from 2005 - 2018, resigning in April 2018, and then returning as CEO in March 2019.

Other current directorships:
 Former directorships (last 3 years):
 Interests in shares: 38,387,500
 Interests in options: Nil

Name: Amanda Gunn - Non-Executive Director - Appointed 28 February 2019 - Resigned 4 March 2021
 Title: Mrs
 Experience and expertise: Amanda worked as Operations Manager in the business for over 10 years.

Other current directorships:
 Former directorships (last 3 years):
 Interests in shares: 38,387,500
 Interests in options: Nil

Name: Ann Brownjohn - Non-Executive Director - Appointed 14 October 2020 - Resigned 19 November 2020
 Title: Ms

Experience and expertise:
 Other current directorships:
 Former directorships (last 3 years):
 Interests in shares: Nil
 Interests in options: Nil

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Mr Robert Lees - Appointed 30 June 2021

Mr Lees is a member of the Chartered Accountants Australia and New Zealand and a Fellow of the Governance Institute of Australia. He is a graduate of the University of Technology, Sydney, holding a Bachelor of Business (Accounting) and a Graduate Diploma in Data Processing. He also holds a Graduate Diploma in Corporate Governance. In the last 18 years he has provided company secretarial services to ASX and NSX listed companies.

Boardroom Limited were appointed to manage the Company Secretarial duties on 30 June 2020 and appointed Mr. Julian Rockett on 30 June 2020. He resigned as the Company Secretary on 1 November 2020 and was replaced by Ms. Nyla Bacon on 1 November 2020. Ms. Bacon resigned on 30 June 2021 and Boardroom was terminated as manager of these services.

Oliver's Real Food Limited
Directors' report
30 June 2021

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2021, and the number of meetings attended by each director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Jason Gunn	15	15	3	3	4	4
Amanda Gunn	15	15	6	6	2	2
Steven Metter	19	21	6	6	7	7
David McMahon	6	6	-	-	2	2
Kimley Wood	15	15	4	4	4	5
Martin Green	9	10	-	-	3	3
Ann Brownjohn	1	1	-	-	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The reward framework is designed to align executive reward to shareholders' interests. The Board has considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

Oliver's Real Food Limited
Directors' report
30 June 2021

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 29 November 2019, where the shareholders approved a maximum annual aggregate remuneration of \$500k.

Executive remuneration

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

The long-term incentives ('LTI') include long service leave and share-based payments. Shares are awarded to executives over a period of three years based on long-term incentive measures. These include increase in shareholders value relative to the entire market and the increase compared to the consolidated entity's direct competitors. The Nomination and Remuneration Committee reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 30 June 2021.

Consolidated entity performance and link to remuneration

Remuneration for certain individuals is directly linked to the performance of the consolidated entity. A portion of cash bonus and incentive payments are dependent on defined earnings per share targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Nomination and Remuneration Committee. Refer to the section "Details of Remuneration" below for details of the earnings and total shareholders return for the last five years.

	Revenue \$m	EBITDAI \$m	Net Profit After tax \$m
2021	33.35	0.01	(6.82)
2020	31.80	(0.07)	(17.40)
2019	35.00	(6.52)	(15.70)
2018	35.90	2.30	(0.60)
2017	20.70	(2.30)	(2.90)

SHARE BASED REMUNERATION

Oliver's operates an LTI plan for eligible senior executives (the Oliver Employee Incentive Plan (OEIP)) as a means of encouraging employees to share in the ownership of the Company and promote its long-term success as a common goal. The Board will make offers to persons to participate in the OEIP based on their contribution to the Company. Under the terms of the OEIP the Board may make awards of Options, performance rights, service rights, deferred share awards, exempt share awards, cash rights or stock appreciation rights. No offer of an award may be made to the extent it breaches the Constitution, the Listing Rules, the Corporations Act or any other applicable law. The key terms of the OEIP and details of the pre-IPO Award to KMP are as follows: All capitalised terms have the meaning as defined within the OEIP.

Purpose	The purpose of the OEIP is to encourage Employees to share in the ownership of the Company and to promote the long-term success of the Company as a goal shared by all Employees.
Eligibility	Participants in the OEIP must be persons who are in full-time or part-time employment of a Group Company and includes a Director of a Group Company.
Form of Equity	<p>The Company may offer an Award which includes an Option, a Performance Right, a Service Right, a Deferred Share Award, an Exempt Share Award, a Cash Right, or a Stock Appreciation Right, in accordance with the terms of the OEIP.</p> <p>The Company may offer or issue Options, which are rights to be issued a Share upon payment of the Exercise Price and satisfaction of specified Vesting Conditions. These terms apply unless the Offer specifies otherwise:</p> <p>Options are Restricted Awards until they are exercised or expire.</p> <p>An offer may specify a Restriction Period for Shares issued on the exercise of Options.</p> <p>Options are subject to adjustment.</p>

Group performance and link to remuneration

Remuneration for certain individuals is directly linked to the performance of the Group. A portion of cash bonus and incentive payments are dependent on defined earnings per share targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Nomination and Remuneration Committee. Refer to the section "Details of Remuneration" below for details of the earnings and total shareholders return for the last five years.

The Nomination and Remuneration Committee is of the opinion that the continued improved results can be attributed in part to the adoption of performance based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

Voting and comments made at the company's 22 January 2021 Annual General Meeting ('AGM')

At the 22 January 2021 AGM, 56.0% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2020. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of Oliver's Real Food Limited:

- David McMahon - Resigned 19 November 2020

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Oliver's Real Food Limited
Directors' report
30 June 2021

And the following persons:

- Tammie Phillips
- Robert Ross-Edwards Appointed 1 December 2020

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Directors Fees	Non-monetary	Super-annuation	Long service leave	Equity-settled	Total
	\$	\$	\$	\$	\$	\$	\$
2021							
<i>Non-Executive Directors:</i>							
Kimley Wood	-	46,662	-	-	-	-	46,662
Jason Gunn	-	81,315	-	-	-	-	81,315
Amanda Gunn	-	54,210	-	-	-	-	54,210
Steven Metter	-	80,004	-	-	-	-	80,004
Martin Green	-	30,000	-	-	-	-	30,000
<i>Executive Directors:</i>							
David McMahon - Chief Financial Officer	147,870	-	-	11,016	-	-	158,886
<i>Other Key Management Personnel:</i>							
Tammie Phillips - Chief Executive Officer	188,077	-	-	17,867	-	44,362	250,306
Robert Ross-Edwards - Chief Financial Officer	96,227	-	-	9,141	-	-	105,368
	<u>432,174</u>	<u>292,191</u>	<u>-</u>	<u>38,024</u>	<u>-</u>	<u>44,362</u>	<u>806,751</u>

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Directors Fees	Non-monetary	Super-annuation	Long service leave	Equity-settled	Total
	\$	\$	\$	\$	\$	\$	\$
2020							
<i>Non-Executive Directors:</i>							
Nicholas Dower	96,668	-	-	-	-	277,630	374,298
Jason Gunn	190,725	-	-	16,698	-	277,630	485,053
Amanda Gunn	88,157	-	-	5,938	-	277,630	371,725
Steven Metter	80,004	-	-	-	-	277,630	357,634
<i>Executive Directors:</i>							
David McMahon - Chief Financial Officer	128,640	-	-	12,221	820	72,661	214,342
<i>Other Key Management Personnel:</i>							
Tammie Phillips - Chief Executive Officer	2,885	-	-	274	-	1,639	4,798
	<u>587,079</u>	<u>-</u>	<u>-</u>	<u>35,131</u>	<u>820</u>	<u>1,184,820</u>	<u>1,807,850</u>

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2020/2021 ANNUAL REPORT

Oliver's Real Food Limited
Directors' report
30 June 2021

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	David McMahon
Title:	CFO
Agreement commenced:	16 April 2019 - Resigned 19 November 2020
Term of agreement:	No Fixed Term - Termination - 3 months in writing. The Company may terminate employment without payment in lieu of notice in circumstances involving serious or willful misconduct
Details:	Annual remuneration including cash salary, superannuation and non-cash benefits \$197,100 Incentives - eligible to participate in short-term incentive and equity remuneration plans. Vested in 2,000,000 options at \$0.028 per option approved by shareholders the AGM held on 22/1/2021.
Name:	Tammie Phillips
Title:	CEO
Agreement commenced:	17 June 2020
Term of agreement:	No fixed term - Termination - 3 months in writing. The Company may terminate employment without payment in lieu of notice in circumstances involving serious or willful misconduct
Details:	Annual remuneration including cash salary, superannuation and non-cash benefits of \$219,000, in addition supplied with a fully maintained vehicle. Additionally, once the employer has delivered four (4) consecutive quarters of profit EBITDA at any time during the period from 1 July 2020 to 31 December 2021, an entitlement of 2,000,000 share options at \$0.05 per option will be granted. The 2,000,000 options were granted on 17/6/2020 at a price of \$0.05 and a fair value of \$0.037 and remain unvested at 30/6/2021 and expire 31/12/2021.
Name:	Robert Ross-Edwards
Title:	CFO
Agreement commenced:	2 December 2020
Term of agreement:	No Fixed Term - Termination - 3 months in writing. The Company may terminate employment without payment in lieu of notice in circumstances involving serious or willful misconduct
Details:	Annual remuneration including cash salary, superannuation and non-cash benefits of \$198,000.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2021.

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
17/06/2020		31/12/2021	\$0.050	\$0.037

Options granted carry no dividend or voting rights.

Oliver's Real Food Limited
Directors' report
30 June 2021

The number of options over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 30 June 2021 are set out below:

Name	Number of options granted during the year 2021	Number of options granted during the year 2020	Number of options vested during the year 2021	Number of options vested during the year 2020
Nicholas Dower	-	5,000,000	-	5,000,000
Jason Gunn	-	5,000,000	-	5,000,000
Amanda Gunn	-	5,000,000	-	5,000,000
Steven Metter	-	5,000,000	-	5,000,000
David McMahon	-	2,000,000	2,000,000	-
Tammie Phillips	-	2,000,000	-	-

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
Nicholas Dower	5,500,000	-	-	(5,500,000)	-
Jason Gunn	45,171,362	-	-	(6,783,862)	38,387,500
Amanda Gunn *	-	-	-	-	-
Steven Metter	5,000,000	-	1,666,667	-	6,666,667
David McMahon	33,500	-	-	-	33,500
Tammie Phillips	1,250,000	-	-	-	1,250,000
Martin Green	17,756,654	-	19,683,006	-	37,439,660
	<u>74,711,516</u>	<u>-</u>	<u>21,349,673</u>	<u>(12,283,862)</u>	<u>83,777,327</u>

* * All shares are held indirectly by spouse, Jason Gunn

This concludes the remuneration report, which has been audited.

Shares under option

There were no unissued ordinary shares of Oliver's Real Food Limited under option outstanding at the date of this report.

Shares under performance rights

There were no unissued ordinary shares of Oliver's Real Food Limited under performance rights outstanding at the date of this report.

Shares under retention rights

There were no unissued ordinary shares of Oliver's Real Food Limited under retention rights outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of Oliver's Real Food Limited issued on the exercise of options during the year ended 30 June 2020 and up to the date of this report, other than those outlined in the table above.

Shares issued on the exercise of performance rights

There were no ordinary shares of Oliver's Real Food Limited issued on the exercise of performance rights during the year ended 30 June 2021 and up to the date of this report.

Oliver's Real Food Limited
Directors' report
30 June 2021

Shares issued on the exercise of retention rights

There were no ordinary shares of Oliver's Real Food Limited issued on the exercise of retention rights during the year ended 30 June 2021 and up to the date of this report.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined below:

Taxation Services:	Nil (2020: \$35,000)
General Advice:	Nil (2020: \$1,000)

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 27 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

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.

Auditor

Bishop Collins Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

Oliver's Real Food Limited
Directors' report
30 June 2021

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Kimley Wood
Chairman

30 September 2021

**Oliver's Real Food Limited
Auditor's independence declaration**

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AUDIT PTY LTD**

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**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT**

As lead audit director for the audit of the financial statements of Oliver's Real Food Limited and its controlled entities for the year ended 30 June 2021, I hereby declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Name of Firm

Bishop Collins Audit Pty Ltd
Chartered Accountants

Name of Registered Company Auditor


Martin Le Marchant

Auditor's Registration No.

431227

Address

Unit 1, 1 Pioneer Avenue, Tuggerah NSW 2259

Dated

30 September 2021



LIABILITY LIMITED BY A SCHEME APPROVED UNDER THE PROFESSIONAL STANDARDS LEGISLATION



Directors: Glenn A Harris CA
Martin Le Marchant CA

Associate Directors: Cecille Capucio CA
Johan Van Der Westhuizen CA

Oliver's Real Food Limited
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30 June 2021

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General information

The financial statements cover Oliver's Real Food Limited as a consolidated entity consisting of Oliver's Real Food Limited and the entities it controlled at the end of, or during, the year. 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 is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

10 Amsterdam Circuit
Wyong NSW 2259
Australia
(02) 4353 8055
www.investor.oliversrealfood.com.au

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 30 September 2021. The directors have the power to amend and reissue the financial statements.

Oliver's Real Food Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2021

	Note	Consolidated 2021 \$	2020 \$
Revenue	4	28,180,333	28,539,653
Other income	5	5,367,402	3,232,644
Total revenue		<u>33,547,735</u>	<u>31,772,297</u>
Expenses			
Raw materials and consumables used		(12,294,358)	(8,516,919)
Employee benefits expense		(15,004,115)	(17,285,423)
Depreciation and amortisation expense		(5,034,145)	(5,753,681)
Impairment of assets		2,274,070	(10,234,134)
Loss on disposal of assets		(179,748)	(140,673)
Administration expenses		(3,498,530)	(3,831,886)
Restructure Costs		(625,346)	-
Other expenses		11	(3,516)
Finance costs		(1,806,215)	(1,358,742)
Occupancy		(1,791,599)	(2,063,357)
Total expenses		<u>(37,959,975)</u>	<u>(49,188,331)</u>
Loss before income tax expense		(4,412,240)	(17,416,034)
Income tax expense	6	-	(90,335)
Loss after income tax expense for the year attributable to the owners of Oliver's Real Food Limited		(4,412,240)	(17,506,369)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Oliver's Real Food Limited		<u>(4,412,240)</u>	<u>(17,506,369)</u>
		Cents	Cents
Basic earnings per share	35	(1.54)	(6.47)
Diluted earnings per share	35	(1.35)	(6.47)

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

Oliver's Real Food Limited
Statement of financial position
As at 30 June 2021

	Note	Consolidated 2021 \$	2020 \$
Assets			
Current assets			
Cash and cash equivalents	7	1,574,649	958,303
Trade and other receivables	8	1,088,774	979,176
Inventories	9	560,652	1,291,248
Other	11	210,190	277,238
Total current assets		<u>3,434,265</u>	<u>3,505,965</u>
Non-current assets			
Other financial assets	12	571,531	288,095
Property, plant and equipment	13	5,101,927	6,132,097
Right-of-use assets	10	21,009,391	20,330,195
Intangibles	14	2,037,697	2,635,769
Other	11	147,905	124,005
Total non-current assets		<u>28,868,451</u>	<u>29,510,161</u>
Total assets		<u>32,302,716</u>	<u>33,016,126</u>
Liabilities			
Current liabilities			
Trade and other payables	15	4,732,585	5,890,117
Borrowings	16	480,606	1,512,355
Lease liabilities	17	2,575,444	3,572,852
Employee benefits	18	430,328	681,504
Other liabilities	20	60,525	102,719
Total current liabilities		<u>8,279,488</u>	<u>11,759,547</u>
Non-current liabilities			
Borrowings	16	5,057,329	875,000
Lease liabilities	17	24,451,942	24,069,582
Employee benefits	18	107,683	85,102
Provisions	19	458,540	510,896
Total non-current liabilities		<u>30,075,494</u>	<u>25,540,580</u>
Total liabilities		<u>38,354,982</u>	<u>37,300,127</u>
Net liabilities		<u>(6,052,266)</u>	<u>(4,284,001)</u>
Equity			
Issued capital	21	34,061,382	31,361,382
Reserves	22	117,022	173,046
Accumulated losses		<u>(40,230,670)</u>	<u>(35,818,429)</u>
Total deficiency in equity		<u>(6,052,266)</u>	<u>(4,284,001)</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 year ended 30 June 2021

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Non-controlling interest \$	Total deficiency in equity \$
Balance at 1 July 2019	29,810,861	293,724	(18,513,611)	-	11,590,974
Loss after income tax expense for the year	-	-	(17,506,369)	-	(17,506,369)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	(17,506,369)	-	(17,506,369)
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments (note 36)	-	1,191,394	-	-	1,191,394
Payments for share options	440,000	-	-	-	440,000
Transfer on exercise of options	1,110,521	(1,110,521)	-	-	-
Cancelled expired share options	-	(201,551)	201,551	-	-
Balance at 30 June 2020	<u>31,361,382</u>	<u>173,046</u>	<u>(35,818,429)</u>	<u>-</u>	<u>(4,284,001)</u>
Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Non-controlling interest \$	Total deficiency in equity \$
Balance at 1 July 2020	31,361,382	173,046	(35,818,429)	-	(4,284,001)
Loss after income tax expense for the year	-	-	(4,412,240)	-	(4,412,240)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	(4,412,240)	-	(4,412,240)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 21)	2,700,000	-	-	-	2,700,000
Share-based payments (note 36)	-	51,524	-	-	51,524
Cancelled expired share options	-	(107,549)	-	-	(107,549)
Balance at 30 June 2021	<u>34,061,382</u>	<u>117,021</u>	<u>(40,230,669)</u>	<u>-</u>	<u>(6,052,266)</u>

Oliver's Real Food Limited
Statement of cash flows
For the year ended 30 June 2021

		Consolidated	
	Note	2021	2020
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		30,759,626	30,986,163
Payments to suppliers (inclusive of GST)		(36,976,319)	(32,014,120)
		(6,216,693)	(1,027,957)
Interest received		2,353	4,197
Other income		-	231,049
Interest and other finance costs paid		(1,781,471)	(1,086,133)
Government Grants and Subsidies		5,167,402	1,276,000
License fee income received (inclusive of GST)		-	550,000
Net cash used in operating activities	34	(2,828,409)	(52,844)
Cash flows from investing activities			
Payments for property, plant and equipment	13	(133,391)	(189,182)
Payments for intangible assets	14	(133,769)	(40,866)
Payments for security deposits		(307,336)	-
Proceeds from disposal of property, plant and equipment		385,559	227,500
Net cash used in investing activities		(188,937)	(2,548)
Cash flows from financing activities			
Proceeds from issue of shares	21	2,700,000	440,000
Proceeds from borrowings		5,068,404	710,849
Repayments of finance leases		(2,222,718)	(1,618,032)
Repayment of borrowings		(1,410,488)	(63,226)
Net cash from/(used in) financing activities		4,135,198	(530,409)
Net increase/(decrease) in cash and cash equivalents		1,117,852	(585,801)
Cash and cash equivalents at the beginning of the financial year		456,797	1,042,598
Cash and cash equivalents at the end of the financial year	7	<u>1,574,649</u>	<u>456,797</u>

Note 1. Significant accounting policies

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 following new or amended accounting standards have been adopted by the Group:

AASB 2020-4 – Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions

As a result of the coronavirus (Covid-19) pandemic, rent concessions have been granted to lessees. The AASB issued amendments outlining an optional practical expedient where lessees benefiting from these rent concessions may account for them as variable lease payments in the periods in which they are granted. This Standard applies to annual periods beginning on or after 1 June 2020 and is available for early adoption to annual periods beginning before 1 June 2020. The Group have early adopted this standard and in line with the practical expedient accounted for all rent concessions as variable lease payments in the periods in which they are granted. The Group have recognised an income of \$690,785 (\$496,846 - 2020) in the statement of profit or loss and other comprehensive income reflecting the changes in lease payments that have arisen from rent concessions to which the Group has applied the practical expedient.

The following new or amended accounting standards have been adopted by the Group:

AASB 2018-7 - Amendments to Australian Accounting Standards – Definition of Material

The AASB has made amendments to AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors and consequential amendments to other Australian Accounting Standards (AAS) which: i) use a consistent definition of materiality throughout AAS and the Conceptual Framework for Financial Reporting; ii) clarify when information is material; and iii) incorporate some of the guidance in AASB 101 about immaterial information. These amendments are applicable to annual reporting periods beginning on or after 1 January 2020. The adoption of these amendments did not significantly impact the disclosures in the financial report of the Group.

The following new or amended accounting standards have not been adopted by the Group

AASB 2020-1 - Classification of liabilities as current or non-current

The AASB issued a narrow-scope amendment to AASB 101 Presentation of Financial Statements to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. This amendment is applicable to annual reporting periods beginning on or after 1 January 2022. The adoption of this amendment will not impact classification of liabilities of the Group.

Oliver's Real Food Limited
Notes to the financial statements

30 June 2021

Note 1. Significant accounting policies (continued)

Going concern

The financial statements have also 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.

As disclosed in the Preliminary Financial Results, the consolidated entity has experienced operating losses of \$4,412,070 (after taking into account \$2,214,070 of impairment writebacks, with an decrease in cash flows from operating activities of \$2,828,409).

As at 30 June 2021, the consolidated statement of financial position reflected an excess of current liabilities current assets of \$4,845,223.

These factors, indicate a material uncertainty which may cast significant doubt as to whether the Group 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 the financial report.

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

Restructured Funding

Two of the Company's major shareholders have provided a temporary overdraft facility for a sum of unsecured, interest at 4.0% per annum and with a repayment date of 30 September 2021. This facility had secured the approval of the Group's major lenders, PURE Asset Management, who have been working with the Group in challenging times to ensure its survival as both they and the major shareholders remain confident Oliver's financial success once the lockdowns end. The overdraft facility was designed purely to combat the financial losses stemming from the numerous and extended lockdowns.

As per the OLI announcement on 24 September 2021, the Company is pleased to announce that an agreement has been reached between PURE Asset Management and OLI's two leading shareholders, Michael & Suzanne Gregg and Gelba Pty Ltd (an entity of which OLI Director, Mr Martin Green, is a Director and minority shareholder).

PURE \$5.0m loan facility to be assigned to these two major shareholders. It is expected that the assignment will occur on or around 30 September 2021.

Following the assignment, the terms of the loan will be modified as follows: -

Amount:	\$5.0m
Term:	24 months from assignment date
Interest Rate:	6% (linked to the 90 days BBSY) and reviewed quarterly
Interest Paid:	Quarterly in arrears
Covenant:	None
Repayment:	In full 24 months from assignment date Early repayment will not incur fees
Security:	As per PURE loan agreement, namely first ranking security over assets of the Company and its subsidiaries.

In addition, the same two leading shareholders will provide an additional loan facility

Facility:	Revolving line of Credit
Amount:	\$1.5m (note \$500k already advanced in August 2021 and currently at 4% interest)
Term:	24 months
Interest Rate:	6% (linked to the 90 days BBSY) and reviewed quarterly
Interest Paid	Calculated daily and paid monthly
Purpose:	To support the Company's working capital requirements due to Covid-19 lockdown restrictions
Covenant:	None
Draw Down:	As funds are needed
Repayment:	In full after 24 months
Security:	Unsecured initially, however, should security be requested, company would require shareholder approval under listing rule 10.1 to grant security.

Warrants: There is no change in the 47,500,000 warrants held by Pure Asset Management and approved by shareholders, all terms remain the same.

This change in facilities provides the business with effectively \$2m in additional working capital and reduced interest rate by approximately 45%.

The reduced interest rate will increase profitability by over \$150k per annum including the additional facilities. This will also effect future impairments, as the effect of the interest rate reduction on WACC (Weighted Average Cost of Capital) will be reduced by 2% per annum, which will increase the present value of cashflows, which will further reduce impairments by as much \$800k.

Oliver's Real Food Limited
Notes to the financial statements

30 June 2021

Note 1. Significant accounting policies (continued)

Government Grants

Oliver's Real Food Limited has qualified for NSW government Small Business Hardship Grant and NSW Job Saver Payments were received in September and with rental relief payments which will assist funding operations.

Forecast and Restructure Model

Cash flow forecasts prepared by management demonstrate the Group's on-going ability to generate a positive cash inflow from operating activities.

The structural changes made to the business in 2020-21, which has reduced overheads by over \$4m per annum, should allow the business post Covid-19 to generate profit and cash.

The exact impact on our activities for the remainder of 2021 and thereafter cannot be predicted, but based on the rest of the world opening up, the National and the NSW and Victorian Covid-19 Roadmaps, Oliver's is forecasting not to return to normal operating revenues until December 2021. The 2022 year is about building growth in the stores, with a variety of programs for improving the customer experience, new menus and marketing programs, as customers return to the roads. The impacts of Covid-19 on the Group have resulted in using these road maps to model the carrying values in all cash generating units (CGU's). Whilst the scenario modelling used for impairment testing inherently captures probable and possible impacts of Covid-19 experienced by the Group, these were also challenged by sensitivity testing.

Refer Note 24.

Covid-19 Impact on Oliver's Real Food Limited

The Covid-19 pandemic has continued unabated through the entire 2021 year, with a significant number of cases, massive media attention, and border closures. Measures taken by various governments to contain the virus have affected economic activity and the Company's business in various significant ways:

- Due to government measures taken, Oliver's has had to close its majority of stores, depending on the location of the store. At times, some of these stores could open, and then some could only open for take-away. The negative impact on revenues continued throughout the year as people stayed home and did not or could not travel or eat out due to (State) government regulations.
- The reduction of economic activity and the requirement to close our stores meant employees were stood down or had their hours reduced, most at relatively short notice, itself creating a myriad of challenges for management as it negotiated between the various border closures and differing rules in each State. The Company continued its Job Keeper registration until that ceased and during the 2021 year, the Group received further Government subsidies and some rental relief. The Group has successfully applied for the more recent NSW State government subsidies which will assist in alleviating the financial strain on the business.
- As a result of these effects our cumulative revenue for the 2021 financial year was approximately \$6m, or 21%, lower than our 2019 (pre Covid-19) revenues in the same period, with the 2020 revenues being \$5m lower, or 17%, compared to 2019. So the impact of Covid-19 has been substantial.
- The Group's liquidity has been negatively impacted, which required us to obtain additional funding from our major shareholders by obtaining a temporary overdraft facility of \$500k in August 2021 and the \$1.5m revolving line of credit, referred to above, to enable the Group to meet its future liquidity needs. The revolving line of credit replaces the temporary overdraft.
- In the 2020 financial year, and primarily due to the outlook governed by Covid-19, the Group incurred write-offs due to impairments. In the 2021 financial year however, OLI has turned this around due to a more positive outlook for the Group and has in fact made several write-backs to Impairments. Consequently on its Balance Sheet, Leasehold Improvements had a write-back of \$465k (2020: Write-down \$1.2m), Plant and Equipment write-back of \$219k (2020: write-down \$0.5m), Right of Use Assets write-back of \$1.6m (2020: write-down \$6.1m), and Intangible assets write-back of \$Nil (2020: write-down \$2.4m). These are not trading losses but asset value write-backs/write-offs in accordance with Accounting Standards, and reflect in the net loss of the Group as at 30 June 2021 and 2020.
- Due to the Covid-19, the exact impact on our activities for the remainder of 2021 and thereafter cannot be predicted, but based on the National and the NSW and Victorian Covid-19 Roadmaps, Oliver's has allowed in its forecast not to return to normal operating revenues until December 2021. As a result Oliver's may have to raise further capital from the market. At this time, because the timing of this and the amount likely to be required is uncertain, the Board has not progressed this matter at the date of this report.

Note 1. Significant accounting policies (continued)

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 31.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Oliver's Real Food Limited ('company' or 'parent entity') as at 30 June 2021 and the results of all subsidiaries for the year then ended. Oliver's Real Food Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 1. Significant accounting policies (continued)

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date.

Deferred

tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Note 1. Significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Inventories

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Note 1. Significant accounting policies (continued)

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Land is not depreciated.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	40 years
Leasehold improvements	3-15 years
Plant and equipment	3-7 years
Plant & Equipment under lease	2-5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Note 1. Significant accounting policies (continued)

Intellectual property

Significant costs associated with intellectual property are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Patents and trademarks

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Note 1. Significant accounting policies (continued)

Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

Note 1. Significant accounting policies (continued)

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital

Ordinary shares are classified as equity.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Oliver's Real Food Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 1. Significant accounting policies (continued)

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2021. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each Group. These assumptions include recent sales experience and historical collection rates.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Refer Note 24.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it probable that future taxable amounts will be available to utilise those temporary differences and losses.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Government Stimulus Measures

In response to the Covid-19 pandemic, the Group assessed its eligibility for and applied to the Federal Government to receive available stimulus measures. These measures were received during and after the financial year. Where eligible, the Group continues to apply for eligible stimulus relief measures. In respect of future measures, as these are announced by the Australian Government management will assess the Group eligibility and consideration will be given to the potential benefit from accessing these measures. These measures may have a material financial effect on the financial report should the assumptions underpinning the eligibility change or in the unlikely event of an independent review refuting the Group's entitlement to these measures. At the date the financial report is authorised for issue, the Board considers the Group eligible for the stimulus measures and accordingly the assets of the Group recoverable in the ordinary course of business.

Sales forecast and store re-openings

Refer to Note 1, Going Concern and Notes 24 and 33.

Note 3. Operating segments

Identification of reportable operating segments

During the year a thorough review was undertaken by senior management on the ongoing structure of the business. As a result of that review it was decided that the Food To Go was a valuable part of the Quick Service Restaurants (QSR) that operates in Oliver's 24 stores and also sold to EG Fuels. As a result of the restructure the Group will no longer be selling directly to EG Fuels, but controls the product selection, recipes, product quality and branding under strict contractual arrangements. Accordingly there is one operating segment. As a result Oliver's Real Foods receive a royalty.

This is 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.

Therefore it is included in the QSR segment in the current year and in future years.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). 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.

Oliver's Real Food Limited
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Note 4. Revenue

	Consolidated	
	2021	2020
	\$	\$
<i>Revenue from contracts with customers</i>		
Revenue from sale of goods	28,096,223	28,520,885
<i>Other revenue</i>		
Rent	7,200	7,800
Interest received	2,353	4,198
Other revenue	74,557	6,770
	<u>84,110</u>	<u>18,768</u>
Revenue	<u>28,180,333</u>	<u>28,539,653</u>

Note 5. Other income

	Consolidated	
	2021	2020
	\$	\$
Government concessions	4,433,773	2,004,750
Olivers Food to Go Licence Fee	-	500,000
Rent concessions	690,785	496,846
Miscellaneous income*	242,844	231,048
	<u>5,367,402</u>	<u>3,232,644</u>
Other income	<u>5,367,402</u>	<u>3,232,644</u>

* In 2021 included a writeback of a loan of \$200,000 that was considered Statute Barred, as no contact for over 6 years (refer Note 16).

In 2020 included receipt of recovery of \$175,000 of funds that had been previously misappropriated.

Note 6. Income tax expense

	Consolidated	
	2021	2020
	\$	\$
<i>Income tax expense</i>		
Adjustment recognised for prior periods	-	90,335
Aggregate income tax expense	<u>-</u>	<u>90,335</u>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(4,412,240)	(17,416,034)
Tax at the statutory tax rate of 26% (2020: 27.5%)	(1,147,182)	(4,789,409)
Adjustment recognised for prior periods	-	90,335
Current year tax losses and temporary differences not recognised	1,147,182	4,789,409
Income tax expense	<u>-</u>	<u>90,335</u>

Oliver's Real Food Limited
Notes to the financial statements
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Note 7. Cash and cash equivalents

	Consolidated 2021 \$	2020 \$
<i>Current assets</i>		
Cash on hand	123,062	18,620
Cash at bank	1,451,587	939,683
	<u>1,574,649</u>	<u>958,303</u>

Reconciliation to cash and cash equivalents at the end of the financial year

The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	1,574,649	958,303
Bank overdraft (note 16)	-	(501,506)
Balance as per statement of cash flows	<u>1,574,649</u>	<u>456,797</u>

Note 8. Trade and other receivables

	Consolidated 2021 \$	2020 \$
<i>Current assets</i>		
Trade receivables	969,934	177,716
Less: Allowance for expected credit losses	(49,900)	(45,273)
	<u>920,034</u>	<u>132,443</u>
Other receivables*	168,740	846,733
	<u>1,088,774</u>	<u>979,176</u>

* In 2021 Other receivables was made up of sale of equipment to suppliers on terms of 12 and 24 months.
In 2020 Other receivable was made up of outstanding Jobkeeper payments.

Allowance for expected credit losses

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

Consolidated	Carrying amount		Allowance for expected credit losses	
	2021 \$	2020 \$	2021 \$	2020 \$
Not overdue	691,215	925,475	-	-
0 to 3 months overdue	143,213	4,791	-	-
3 to 6 months overdue	210,387	26,469	-	-
Over 6 months overdue	93,859	67,714	49,900	45,273
	<u>1,138,674</u>	<u>1,024,449</u>	<u>49,900</u>	<u>45,273</u>

Oliver's Real Food Limited
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Note 9. Inventories

	Consolidated	Consolidated
	2021	2020
	\$	\$
<i>Current assets</i>		
Stock in transit - at cost	-	1,192
Stock on hand - at cost	560,652	1,290,056
	<u>560,652</u>	<u>1,291,248</u>

Note 10. Right-of-use assets

	Consolidated	Consolidated
	2021	2020
	\$	\$
<i>Non-current assets</i>		
Motor vehicles - right-of-use	61,355	888,409
Less: Accumulated depreciation	(21,091)	(212,923)
	<u>40,264</u>	<u>675,486</u>
Commercial Leases - right-of-use	31,254,067	28,904,714
Less: Accumulated depreciation	(5,766,988)	(3,182,631)
Less: Impairment	(4,517,952)	(6,107,334)
	<u>20,969,127</u>	<u>19,614,749</u>
Equipment - right-of-use	-	53,408
Less: Accumulated depreciation	-	(13,448)
	<u>-</u>	<u>39,960</u>
	<u>21,009,391</u>	<u>20,330,195</u>

Reconciliations

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

	Commercial Leases	Motor Vehicles	Equipment Hire	Total
	\$	\$	\$	\$
Consolidated				
Balance at 1 July 2019	-	-	-	-
Transfers In from PPE	510,896	788,630	-	1,299,526
Initial recognition on adoption of AASB 16	32,845,475	-	53,407	32,898,882
Adjustments	(95,566)	-	-	(95,566)
Impairment of assets	(6,107,333)	-	-	(6,107,333)
Re-measurement of leases	(4,249,286)	-	-	(4,249,286)
Depreciation expense	(3,289,437)	(113,144)	(13,447)	(3,416,028)
Balance at 30 June 2020	19,614,749	675,486	39,960	20,330,195
Transfers In from PPE	-	(9,047)	13,990	4,943
Disposals	-	(504,363)	(36,778)	(541,141)
Impairment of assets	1,589,382	-	-	1,589,382
Re-measurement of leases	2,736,325	-	-	2,736,325
Depreciation expense	(2,971,329)	(121,812)	(17,172)	(3,110,313)
Balance at 30 June 2021	<u>20,969,127</u>	<u>40,264</u>	<u>-</u>	<u>21,009,391</u>

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Note 11. Other

	Consolidated	
	2021	2020
	\$	\$
<i>Current assets</i>		
Prepayments	210,190	271,875
Other current assets	-	5,363
	<u>210,190</u>	<u>277,238</u>
<i>Non-current assets</i>		
Rental bonds	147,905	124,005
	<u>358,095</u>	<u>401,243</u>

Note 12. Other financial assets

	Consolidated	
	2021	2020
	\$	\$
<i>Non-current assets</i>		
Term deposits	571,531	288,095

Note 13. Property, plant and equipment

	Consolidated	
	2021	2020
	\$	\$
<i>Non-current assets</i>		
Land - at cost	426,955	426,955
Leasehold improvements - at cost	7,190,824	7,755,802
Less: Accumulated depreciation	(2,262,921)	(1,760,338)
Less: Impairment	(1,892,945)	(2,841,730)
	<u>3,034,958</u>	<u>3,153,734</u>
Plant and equipment - at cost	5,708,257	6,807,816
Less: Accumulated depreciation	(2,823,422)	(3,056,681)
Less: Impairment	(1,269,061)	(1,637,065)
	<u>1,615,744</u>	<u>2,114,070</u>
Motor vehicles - at cost	69,621	955,419
Less: Accumulated depreciation	(45,381)	(518,081)
	<u>24,240</u>	<u>437,338</u>
	<u>5,101,927</u>	<u>6,132,097</u>

Note 13. Property, plant and equipment (continued)

Reconciliations

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

	Land & Buildings	Leasehold Improvements	Plant & Equipment	Motor Vehicles	Total
Consolidated	\$	\$	\$	\$	\$
Balance at 1 July 2019	496,913	5,308,522	3,149,615	1,366,326	10,321,376
Additions	-	2,495	186,687	-	189,182
Disposals	(69,958)	(193,018)	(95,204)	(9,993)	(368,173)
Reclassification of assets	-	10,502	40,152	(50,654)	-
Impairment of assets	-	(1,179,202)	(452,147)	-	(1,631,349)
Transfers out	-	(241,822)	-	(788,633)	(1,030,455)
Depreciation expense	-	(553,743)	(715,033)	(79,708)	(1,348,484)
Balance at 30 June 2020	426,955	3,153,734	2,114,070	437,338	6,132,097
Additions	-	14,916	118,475	-	133,391
Disposals	-	(56,563)	(260,661)	(348,083)	(665,307)
Impairment of assets	-	465,552	219,137	-	684,689
Transfers out	-	-	-	9,047	9,047
Depreciation expense	-	(542,681)	(575,247)	(74,062)	(1,191,990)
Balance at 30 June 2021	<u>426,955</u>	<u>3,034,958</u>	<u>1,615,774</u>	<u>24,240</u>	<u>5,101,927</u>

Land and buildings stated under the historical cost convention

If land and buildings were stated under the historical cost convention, the amounts would be as follows:

	Consolidated	
	2021	2020
	\$	\$
Land - at cost	426,955	426,955
	<u>426,955</u>	<u>426,955</u>

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Note 14. Intangibles

	Consolidated	
	2021	2020
	\$	\$
<i>Non-current assets</i>		
Goodwill - at cost	2,133,516	2,133,516
Less: Impairment	<u>(2,133,516)</u>	<u>(2,133,516)</u>
	-	-
Intellectual property - at cost	610,576	610,576
Less: Impairment	<u>(110,576)</u>	<u>(110,576)</u>
	500,000	500,000
Patents and trademarks - at cost	190,575	190,575
Less: Accumulated amortisation	<u>(139,523)</u>	<u>(139,523)</u>
Less: Impairment	<u>(51,052)</u>	<u>(51,052)</u>
	-	-
Customer contracts - at cost	333,830	333,830
Less: Accumulated amortisation	<u>(133,522)</u>	<u>(133,522)</u>
Less: Impairment	<u>(200,308)</u>	<u>(200,308)</u>
	-	-
Software - at cost	984,882	851,113
Less: Accumulated amortisation	<u>(669,688)</u>	<u>(420,894)</u>
	315,194	430,219
Reacquired Rights - at cost	3,258,000	3,258,000
Less: Accumulated amortisation	<u>(2,035,497)</u>	<u>(1,552,450)</u>
	1,222,503	1,705,550
	<u>2,037,697</u>	<u>2,635,769</u>

Reconciliations

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

	Goodwill	Patents & Trademarks	Computer Software	Brands & IP	Customer Relationships	Reacquired Rights	Total
Consolidated	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	2,133,516	66,200	764,318	610,576	233,690	2,289,401	6,097,701
Additions	-	-	40,866	-	-	-	40,866
Impairment of assets	<u>(2,133,516)</u>	<u>(51,052)</u>	-	<u>(110,576)</u>	<u>(200,308)</u>	-	<u>(2,495,452)</u>
Write off of assets	-	-	(18,181)	-	-	-	(18,181)
Amortisation expense	-	<u>(15,148)</u>	<u>(356,784)</u>	-	<u>(33,382)</u>	<u>(583,851)</u>	<u>(989,165)</u>
Balance at 30 June 2020	-	-	430,219	500,000	-	1,705,550	2,635,769
Additions	-	-	133,769	-	-	-	133,769
Amortisation expense	-	-	<u>(248,794)</u>	-	-	<u>(483,047)</u>	<u>(731,841)</u>
Balance at 30 June 2021	<u>-</u>	<u>-</u>	<u>315,194</u>	<u>500,000</u>	<u>-</u>	<u>1,222,503</u>	<u>2,037,697</u>

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Note 15. Trade and other payables

	Consolidated	
	2021	2020
	\$	\$
<i>Current liabilities</i>		
Trade payables	1,959,458	2,219,075
Accrued Expenses	576,093	767,727
GST payable	513,258	720,411
Other payables	1,683,776	2,182,904
	<u>4,732,585</u>	<u>5,890,117</u>

Refer to note 25 for further information on financial instruments.

Note 16. Borrowings

	Consolidated	
	2021	2020
	\$	\$
<i>Current liabilities</i>		
Bank overdraft	-	501,506
Bank loans	-	100,000
Loan from third party **	-	200,000
Safety Factor Aviation Pty L:td (Previously related party loan) *	337,202	481,630
Insurance premium funding ***	143,404	229,219
	<u>480,606</u>	<u>1,512,355</u>
<i>Non-current liabilities</i>		
Bank loans	-	875,000
Loan - Pure Asset Management.	5,132,329	-
Pure Asset Management Borrowing Costs	(75,000)	-
	<u>5,057,329</u>	<u>875,000</u>
	<u>5,537,935</u>	<u>2,387,355</u>

Refer to note 25 for further information on financial instruments.

* Safety Factor Aviation Pty Ltd is 100% owned by Jason Gunn (who resigned as chairman on 3 March 2021. Accordingly, from this date it is no longer a related party). The terms and conditions of the loan are - Interest is at 6% per annum. Repayment is only permitted on following conditions:

- (i) the repayment occurs on or after 1 July 2021;
- (ii) the Debtor has recorded a positive net profit after tax during the two calendar quarters prior to the quarter in which the repayment is to be made; and
- (iii) no Default or Review Event (as those terms are defined in the Senior Facility Agreement) is continuing or expected to occur (in the opinion of the Senior Creditor, acting reasonably);
- (iv) all payment made must have the prior written consent of the Senior Creditor, being Pure Asset Management.

** Loan from third party is interest free and has no specific repayment date. Following legal advice the loan was written to Other Income as the loan was considered Statute Barred, as no contact for over 6 years.

*** Premium Funding is payable in monthly installments and carries an interest rate of 3.59%.

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Note 16. Borrowings (continued)

Financing arrangements

	Consolidated	
	2021	2020
	\$	\$
Total facilities		
Bank overdraft	-	501,506
Bank loans	-	975,000
Bank Guarantee facility	-	400,000
Loan - Pure Asset Management.	5,132,329	-
	<u>5,132,329</u>	<u>1,876,506</u>
Used at the reporting date		
Bank overdraft	-	501,506
Bank loans	-	975,000
Bank Guarantee facility	-	383,728
Loan - Pure Asset Management.	5,132,329	-
	<u>5,132,329</u>	<u>1,860,234</u>
Unused at the reporting date		
Bank overdraft	-	-
Bank loans	-	-
Bank Guarantee facility	-	16,272
Loan - Pure Asset Management.	-	-
	<u>-</u>	<u>16,272</u>

* The nominal interest rate on the market rate loan of \$1,000,000 (balance as at the date of this report \$975,000) was 3.89% per annum and the year of maturity is July 2021. The loans were secured over the Group's all present and after acquired properties. These loans were fully repaid in September 2020.

The Bank overdraft of \$500,000 was put in place as a result of the Group eligibility for JobKeeper and as such having to cover wages liabilities through the period before receiving the JobKeeper subsidy from the Government. This was a temporary overdraft and was repaid. The interest rate was 7.68% p.a.

Note 17. Lease liabilities

	Consolidated	
	2021	2020
	\$	\$
<i>Current liabilities</i>		
Lease liability	2,575,444	3,572,852
<i>Non-current liabilities</i>		
Lease liability	24,451,942	24,069,582
	<u>27,027,386</u>	<u>27,642,434</u>

Refer to note 25 for further information on financial instruments.

Lease interest expense (included in finance costs) amounted to \$1,308,349.

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Note 18. Employee benefits

	Consolidated	
	2021	2020
	\$	\$
<i>Current liabilities</i>		
Annual leave	430,328	681,504
<i>Non-current liabilities</i>		
Long service leave	107,683	85,102
	<u>538,011</u>	<u>766,606</u>

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

The following amounts reflect leave that is not expected to be taken within the next 12 months:

	Consolidated	
	2021	2020
	\$	\$
Employee benefits obligation expected to be settled after 12 months	107,683	187,330

Note 19. Provisions

	Consolidated	
	2021	2020
	\$	\$
<i>Non-current liabilities</i>		
Lease make good	458,540	510,896

Lease make good

The provision represents the present value of the estimated costs to make good the premises leased by the consolidated entity at the end of the respective lease terms.

Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

	Lease Make Good
Consolidated - 2021	\$
Carrying amount at the start of the year	510,896
Amounts used	<u>(52,356)</u>
Carrying amount at the end of the year	<u>458,540</u>

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Note 20. Other liabilities

	Consolidated 2021 \$	2020 \$
<i>Current liabilities</i>		
Provision for variable rent payable	60,525	102,719

Note 21. Issued capital

	2021 Shares	2020 Shares	Consolidated 2021 \$	2020 \$
Ordinary shares - fully paid	360,731,917	270,731,917	34,061,382	31,361,382

Movements in ordinary share capital

Details	Date	Shares	\$
Balance	1 July 2019	250,731,917	29,810,861
Issue of shares on exercise of options	09 March 2020	20,000,000	440,000
Transfer of share based payment reserve		-	1,110,521
Balance	30 June 2020	270,731,917	31,361,382
Issue of shares via share placement	18 March 2021	40,000,000	1,200,000
Issue of shares via share placement	24 May 2021	50,000,000	1,500,000
Balance	30 June 2021	360,731,917	34,061,382

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share Warrants

The Group has granted two warrant certificates and approved by shareholders to subscribe for shares over two tranches, the first being for 37,500,000 shares and the second for a further 10,000,000 shares at a warrant exercise price of \$0.12 per share.

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

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Note 22. Reserves

	Consolidated	
	2021	2020
	\$	\$
Share-based payments reserve	<u>117,022</u>	<u>173,046</u>

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services. Amounts are transferred out of the reserve and into issued share capital when the options are vested and exercised.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

	Share based payment reserve	Total
	\$	\$
Consolidated		
Balance at 1 July 2019	293,724	293,724
Share based payments expense	1,191,394	1,191,394
Transfer on exercise of option	(1,110,521)	(1,110,521)
Expired share options	<u>(201,551)</u>	<u>(201,551)</u>
Balance at 30 June 2020	173,046	173,046
Share based payments expense	51,524	51,524
Expired share options	<u>(107,548)</u>	<u>(107,548)</u>
Balance at 30 June 2021	<u>117,022</u>	<u>117,022</u>

The option reserve arises on the grant of share options to Directors and executives in accordance with the provisions of Oliver's Employee Incentive Plan. Amounts are transferred out of the reserve and into issued share capital when the options are vested and exercised. Further information about the share based payments to employees is set out in note 36.

Note 23. Dividends

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

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Note 24. Non financial Assets Impairment

IMPAIRMENT NOTE:

During FY21, impairment writebacks totaling \$2.274m have been restored in respect of the cash generating units within the Business.

Key Assumptions used for calculating impairment losses

Sales Growth used for Victorian CGU's Year 2 and thereafter is 3%.

Sales Growth used for QLD CGU's Year 2 and thereafter is 3%.

Sales Growth used for NSW CGU's Year 2 and thereafter is 3%, with the exception of:

Bulahdelah being 15% in year 2, 10% in year 3 and 3% thereafter due to strong sales performances in 2020 and 2021, therefore accelerating future growth more than other stores.

Chinderah with 20% Year 2 and 3% thereafter, due to prolonged QLD border shuts in 2020 and 2021, which will bring sales up to expected levels.

A terminal growth rate of 3% has been used in the calculations.

Cost of sales used in all stores was 36% based on current actual results.

Employment costs used for all CGU's year 2 and thereafter is 3%.

Future cash flow and profit projections were based on the revised FY22 forecast which was effectively reduced by 1.5% less than 2021 Covid-19 effective year and 20% less than 2019 the last non Covid-19 effected year.

This has resulted in 14 CGU's with writeback of impairments of \$4,500,875 and impairment of 3 CGU's of \$1,177,959.

In addition an impairment of the QLD kitchen of \$1,048,847 as the operations of the kitchen has now closed and the facility is currently being marketed for lease. We have an offer on the facility, should this be successful, this impairment will be written back.

Non-store assets were reviewed based on a QSR segment basis.

Uncertainty:

There still remains some uncertainty regarding how the Covid-19 pandemic will evolve, however with the rest of the world opening up and the roadmaps for opening set by both Australian federal and state governments this is very different circumstances to 2020. The impacts of Covid-19 on the Group have resulted in using these road maps to model the carrying values in all cash generating units (CGU's). Whilst the scenario modelling used for impairment testing inherently captures probable and possible impacts of Covid-19 experienced by the Group, additional temporary store closures and reduced revenues from extended trading restrictions could result in the revised carrying values of CGU's reducing further and therefore resulting in further impairment write – offs.

In 2019, the Group recognised significant impairment write offs amounting to \$6.558m and in 2020 the Group recognised further impairment of \$10.234m. This reduction in carrying values prior to 2021 year has lowered the sensitivity of the respective CGU's carrying values, and the quantum of potential intangible asset impairments in future periods.

Notwithstanding the above, the carrying values in respect of those CGU's against which an impairment loss has been recognised continue to be sensitive to a range of assumptions, in particular the growth rates in the cash flow forecasts.

Right of Use Assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

For each financial period, the Company is required to assess the carrying value of these assets and this review has resulted in the writeback of \$1.6m of impairment leaving \$4.5m of impairment losses relating to Commercial leases.

Note 24. Non financial Assets Impairment (continued)

Property Plant & Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	40 years
Leasehold improvements	3-15 years
Plant and equipment	3-7 years
Plant & Equipment under lease	2-5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

As part of the recognition of Impaired assets, and based on the above assumptions, an impairment writeback for Property, Plant & Equipment of \$1.32m was posted.

This is broken down into the following categories of assets:

Leasehold Improvements	\$0.95m
Plant & Equipment	\$0.37m

Intangibles

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Following a review of the business and its current financial position, it was tested for impairment at the QSR segment level which resulted in no change as the asset is fully impaired.

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Note 24. Non financial Assets Impairment (continued)

Intellectual property

Significant costs associated with intellectual property are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

The \$0.5m IP amount reflected on the FY20 results relates solely to the Oliver's stores.

Patents and trademarks

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Following a review of the business and its current financial position, the asset remains fully impaired.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

With the pending replacement of the current POS, the Group has accelerated the depreciation on this asset so as the WDV will be NIL at the time it is replaced.

Customer Relationship

The carrying value of Customer Relationships has been reviewed and remains fully impaired.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Sensitivity

As a result of the uncertainty surrounding the current trading situation with border closures and trading restrictions, the Company performed some sensitivity analysis on the impairment calculations presented in this report. In the event the stores trading number improved by 10%, the reduction in the impairment calculated amounts to \$1.3m, however, should there be a further decline in revenue to the extent of 10%, there would be the need to further impair an additional \$2.2m. This would be distributed proportionally between Property, plant & equipment 40%, and Right of Use assets 60%, however this may vary depending on the particular stores involved.

Note 25. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Market risk

The consolidated entity is not exposed to any significant foreign currency risk.

Note 25. Financial instruments (continued)

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

The consolidated entity's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the consolidated entity to interest rate risk. Borrowings obtained at fixed rates expose the consolidated entity to fair value interest rate risk.

For the consolidated entity loans from PURE Asset Management outstanding were \$5,132,329 are interest only payment loans with monthly cash outlays of \$44,908 to service the interest payments. (Bank Loans - 2020: \$1,476,506 outstanding, they were principal and interest. Monthly cash outlays of approximately \$6,500 per month are required to service the interest payments. The PURE Asset Management Loans are Fixed at 10.5%. An official increase/decrease in interest rates of 100 basis points (2020: 100 basis points) would have an adverse/favourable effect on profit before tax of \$14,750 (2020: \$14,750) per annum, the percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

Unused borrowing facilities at the reporting date:

	Consolidated	
	2021	2020
	\$	\$
Bank Guarantee facility	-	16,272

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Note 25. Financial instruments (continued)

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Consolidated - 2021						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	1,959,458	-	-	-	1,959,458
Other payables	-	2,723,127	-	-	-	2,723,127
<i>Interest-bearing - variable</i>						
Other loans	6.00%	337,202	-	-	-	337,202
Premium Funding	3.59%	143,404	-	-	-	143,404
<i>Interest-bearing - fixed rate</i>						
Pure Asset Management loan	10.50%	-	5,132,329	-	-	5,132,329
Lease liability	3.69%	2,450,730	2,465,196	5,796,593	15,205,920	25,918,439
Total non-derivatives		7,613,921	7,597,525	5,796,593	15,205,920	36,213,959
Consolidated - 2020						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	2,219,075	-	-	-	2,219,075
Other payables	-	3,671,042	-	-	-	3,671,042
Other loans	-	200,000	-	-	-	200,000
<i>Interest-bearing - variable</i>						
Bank overdraft	7.68%	501,506	-	-	-	501,506
Bank loans	3.69%	130,000	882,000	-	-	1,012,000
Other loans	6.00%	503,275	-	-	-	503,275
Premium Funding	3.59%	229,219	-	-	-	229,219
<i>Interest-bearing - fixed rate</i>						
Lease liability	3.69%	3,615,822	3,478,034	8,523,025	18,859,151	34,476,032
Total non-derivatives		11,069,939	4,360,034	8,523,025	18,859,151	42,812,149

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 26. Key management personnel disclosures

Refer to the Remuneration report contained in the Directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2021

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Note 26. Key management personnel disclosures (continued)

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2021	2020
	\$	\$
Short-term employee benefits	724,365	587,079
Post-employment benefits	38,024	35,131
Long-term benefits	-	820
Share-based payments	44,362	1,184,820
	<u>806,751</u>	<u>1,807,850</u>

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive chair and non-executive Directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive Directors and other key management personnel.

Post-employment benefits

These amounts are the current year's superannuation contributions made during the year.

Share-based payments

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

Further information in relation to KMP remuneration can be found in the Remuneration Report.

Note 27. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Bishop Collins Audit Pty Ltd, the auditor of the company:

	Consolidated	
	2021	2020
	\$	\$
<i>Audit services - Bishop Collins Audit Pty Ltd</i>		
Audit or review of the financial statements	185,000	205,000
<i>Other services - Bishop Collins Audit Pty Ltd</i>		
Other services	-	16,000
Other services - Bishop Collins Pty Ltd	-	-
Taxation return	-	35,000
General advice	-	1,000
	<u>-</u>	<u>52,000</u>
	<u>185,000</u>	<u>257,000</u>

Note 28. Contingent liabilities

The consolidated entity has given bank guarantees as at 30 June 2021 of \$571,531 (2020: \$383,728) to various landlords.

Note 29. Commitments

	Consolidated 2021 \$	2020 \$
<i>Capital commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Intangible assets	-	88,430

Note 30. Related party transactions

Parent entity

Oliver's Real Food Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 32.

Key management personnel

Disclosures relating to key management personnel are set out in note 26 and the remuneration report included in the directors' report.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated 2021 \$	2020 \$
Payment for other expenses:		
Interest paid to other related party	24,843	31,470

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated 2021 \$	2020 \$
Current borrowings:		
Loan from other related party *	337,202	481,630

- * The Group has a loan of \$337,202 from Safety Factor Aviation Pty Ltd, a Company solely owned by Mr. Jason Gunn. The terms of this loan are set out in Note 16. The loan is secured. On 4 March 2021 Jason Gunn resigned as chairman and is no longer is a related party.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

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Note 31. Parent entity information

Set out below is the supplementary information about the parent entity.

In 2021 due to the restructure the parent company Oliver's Real Food Limited has become the operating company for the entire business, thus the dramatic change from 2020 where we had over 30 operating companies.-

Statement of profit or loss and other comprehensive income

	Parent	
	2021	2020
	\$	\$
Loss after income tax	(4,412,240)	(3,020,699)
Total comprehensive income	(4,412,240)	(3,020,699)

Statement of financial position

	Parent	
	2021	2020
	\$	\$
Total current assets	3,434,265	864,188
Total assets	32,302,716	28,301,732
Total current liabilities	8,279,488	6,692,477
Total liabilities	38,354,982	7,174,107
Equity		
Issued capital	34,061,382	30,340,964
Share-based payments reserve	117,022	173,046
Accumulated losses	(40,230,670)	(9,386,385)
Total equity (deficiency - in equity)	<u>(6,052,266)</u>	<u>(21,127,625)</u>

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2021 and 30 June 2020.

Contingent liabilities

The consolidated entity has given bank guarantees as at 30 June 2021 of \$383,728 (2020: \$383,728) to various landlords

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021 and 30 June 2020.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

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Note 32. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2021 %	2020 %
Coffs Harbour Franchise Pty Ltd (Deregistered)		-	100.00%
Coonalpyn Properties Pty Ltd (Deregistered)		-	100.00%
Farm Gate Market Direct Pty Ltd (Deregistered)		-	100.00%
Fresh Food Services NSW Pty Ltd		100.00%	100.00%
Fresh Food Services QLD Pty Ltd		100.00%	100.00%
Fresh Food Services VIC Pty Ltd		100.00%	100.00%
Gundagai Properties Pty Ltd		100.00%	100.00%
Oliver's North Albury Pty Ltd (In Liquidation)		100.00%	100.00%
Oliver's Aratula Pty Ltd (Deregistered)		-	100.00%
Oliver's Ballarat Pty Ltd		100.00%	100.00%
Oliver's Bulahdelah Pty Ltd		100.00%	100.00%
Oliver's Calcoffs Pty Ltd (Deregistered) on 19 May		-	100.00%
2021 Oliver's Chinderah Pty Ltd		100.00%	100.00%
Oliver's Coffs Pty Ltd		100.00%	100.00%
Oliver's Coomera Pty Ltd (Liquidated 20.04.2020)		100.00%	100.00%
Oliver's Coonalpyn Pty Ltd (Deregistered)		-	100.00%
Oliver's Corporate Pty Ltd		100.00%	100.00%
Oliver's Dubbo West Pty Ltd (In Liquidation)		100.00%	100.00%
Oliver's East-Link Inbound Pty Ltd		100.00%	100.00%
Oliver's East-Link Outbound Pty Ltd		100.00%	100.00%
Oliver's Euroa Pty Ltd		100.00%	100.00%
Oliver's Ferry Park Pty Ltd		100.00%	100.00%
Oliver's Franchising Pty Ltd (Deregistered)		-	100.00%
Oliver's Geelong Northbound Pty Ltd		100.00%	100.00%
Oliver's Geelong Southbound Pty Ltd		100.00%	100.00%
Oliver's Gundagai Pty Ltd		100.00%	100.00%
Oliver's Halfway Creek Pty Ltd		100.00%	100.00%
Oliver's Hexham Pty Ltd		100.00%	100.00%
Oliver's Holbrook Pty Ltd (Deregistered)		-	100.00%
Oliver's Horshan Pty Ltd (In Liquidation)		100.00%	100.00%
Oliver's Kelso Pty Ltd (Deregistered)		-	100.00%
Oliver's Lithgow Pty Ltd		100.00%	100.00%
Oliver's Maitland Road Pty Ltd		100.00%	100.00%
Oliver's Maryborough Pty Ltd		100.00%	100.00%
Oliver's Merino Pty Ltd		100.00%	100.00%
Oliver's National Marketing Pty Ltd (Deregistered)		-	100.00%
Oliver's Officer Inbound Pty Ltd		100.00%	100.00%
Oliver's Officer Outbound Pty Ltd		100.00%	100.00%
Oliver's Organic Farming Pty Ltd (Deregistered)		-	100.00%
Oliver's Penn-Link Inbound Pty Ltd		100.00%	100.00%
Oliver's Penn-Link Outbound Pty Ltd		100.00%	100.00%
Oliver's Port Macquarie Pty Ltd		100.00%	100.00%
Oliver's Roma Street Pty Ltd (Deregistered)		-	100.00%
Oliver's Shepparton Pty Ltd (Deregistered)		-	100.00%
Oliver's Sutton Forest Pty Ltd (Deregistered)		-	100.00%
Oliver's Wallan Northbound Pty Ltd		100.00%	100.00%
Oliver's Wallan Southbound Pty Ltd		100.00%	100.00%
Oliver's Westgate Pty Ltd (Deregistered)		-	100.00%
Oliver's Wyong Northbound Pty Ltd		100.00%	100.00%
Oliver's Wyong Northbound Pty Ltd		100.00%	100.00%
Retail Technology Services Pty Ltd		100.00%	100.00%

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Note 32. Interests in subsidiaries (continued)

Name	Principal place of business / Country of incorporation	Ownership interest	
		2021 %	2020 %
Revilo's Pty Ltd (Deregistered)		-	100.00%
Silver Dog Pty Ltd		100.00%	100.00%
Slacks Creek Pty Ltd (Deregistered)		-	100.00%
The Delicious & Nutritious Food Co Pty Ltd (Deregistered)		-	100.00%

Note 33. Events after the reporting period

Two of the Company's major shareholders have provided a temporary overdraft facility for a sum of \$500k, unsecured, interest at 4.0% per annum and with a repayment date of 30 September 2021. This facility had secured the approval of the Group's major lenders, PURE Asset Management, who have been working with the Group in these challenging times to ensure its survival as both they and the major shareholders remain confident as to Oliver's financial success once the lockdowns end. The overdraft facility was designed purely to combat the financial losses stemming from the numerous and extended lockdowns.

As per the OLI announcement on 24 September 2021, the Company is pleased to announce that an in-principle agreement has been reached between PURE Asset Management and OLI's two leading shareholders, Michael & Suzanne Gregg and Gelba Pty Ltd (an entity of which OLI Director, Mr Martin Green, is a Director and minority shareholder) for the PURE A\$5.0m loan facility to be assigned to these two major shareholders. It is expected that the assignment will occur on or around 30 September 2021.

Following the assignment, the terms of the loan will be modified as follows: -

Amount:	\$5.0m
Term:	24 months from assignment date
Interest Rate:	6% (linked to the 90 days BBSY) and reviewed quarterly
Interest Paid:	Quarterly in arrears
Covenant:	None
Repayment:	In full 24 months from assignment date
	Early repayment will not incur fees
Draw Down:	As funds are needed
Security:	As per PURE loan agreement, namely first ranking security over assets of the Company and its subsidiaries.

In addition, the same two leading shareholders will provide an additional loan facility

Facility:	Revolving line of Credit
Amount:	\$1.5m (note \$500k already advanced in August 2021 and currently at 4% interest)
Term:	24 months
Interest Rate:	6% (linked to the 90 days BBSY) and reviewed quarterly
Interest Paid:	Calculated daily and paid monthly
Purpose:	To support the Company's working capital requirements due to Covid-19 lockdown restrictions
Covenant:	None
Security:	Unsecured initially, however, should security be requested, company would require shareholder approval under listing rule 10.1 to grant security.
Warrants:	There is no change in the 47,500,000 warrants held by Pure Asset Management and approved by shareholders, all terms remain the same.

Note 33. Events after the reporting period (continued)

Covid-19 Impact on Oliver's Real Food Limited

The Covid-19 pandemic has continued unabated through the entire 2021 year, with a significant number of cases, massive media attention, and border closures. Measures taken by various governments to contain the virus have affected economic activity and the Company's business in various significant ways:

- Due to government measures taken, Oliver's has had to close its entire network of stores, the three warehouses and two kitchens for various periods, depending on the location of the store. At times, some of these stores could open, and then some could only open for take-away. The negative impact on revenues continued throughout the year as people stayed home and did not or could not travel or eat out due to (State) government regulations.
- The reduction of economic activity and the requirement to close our stores meant employees were stood down or had their hours reduced, most at relatively short notice, itself creating a myriad of challenges for management as it negotiated between the various border closures and differing rules in each State. The Company continued its Job Keeper registration until that ceased and during the 2021 year, the Group received further Government subsidies and some rental relief. The Group has successfully applied for the more recent NSW State government subsidies which will assist in alleviating the financial strain on the business.
- As a result of these effects our cumulative revenue for the 2021 financial year was approximately \$6m, or 21% lower, than our 2019 (pre Covid-19) revenues in the same period, with the 2020 revenues being \$5m, lower or 17%, compared to 2019. So the impact of Covid-19 has been substantial and the longer the lockdowns endure, the more the current revenue figures will drop.
- The Group's liquidity has been negatively impacted, which required us to obtain additional funding from our major shareholders by obtaining a temporary overdraft facility of \$500k in August 2021 and the \$1.5m revolving line of credit, referred to above, to enable the Group to meet its future liquidity needs.
- In the 2020 financial year, and primarily due to the outlook governed by Covid-19, the Group incurred write-offs due to impairments. In the 2021 financial year however, OLI has turned this around due to a more positive outlook for the Group and has in fact made several write-backs to Impairments. Consequently on its Balance Sheet, Leasehold Improvements had a write-back of \$465k (2020: Write-down \$1.2m), Plant and Equipment write-back of \$219k (2020: write-down \$0.5m), Right of Use Assets write-back of \$1.6m (2020: write-down \$6.1m), and Intangible assets write-back of \$Nil (2020: write-down \$2.4m). These are not trading losses but asset value write-backs/write-offs in accordance with Accounting Standards, and reflect in the net loss of the Group as at 30 June 2021 and 2020.
- Depending on the duration of the Covid-19 crisis and continued negative impact on economic activity, the Group might experience further negative results, and liquidity restraints and incur additional impairments on its assets in 2022. The exact impact on our activities in the remainder of 2021 and thereafter cannot be predicted, but based on the National and the NSW and Victorian Covid-19 Roadmaps, Oliver's is not expecting to return to normal operating revenues until December 2021. As a result Oliver's may have to raise further capital from the market. At this time, because the timing of this and the amount likely to be required is uncertain, the Board has not progressed this matter at the date of this report.

We also refer to note 1 Going concern.

Wyong HO Facility

The Wyong Head Office Facility Lease was leased to a 3rd party and the Oliver's lease surrendered effective 1 September 2021. This releases the company from any future liabilities in relation to the lease.

The Brisbane Kitchen Facility

The Brisbane Kitchen Facility has been vacant since 30 June 2021. Management has reached an understanding to lease the building to a third party and the Oliver's lease surrendered. We expect this to be documented and signed by mid October 2021. This will release the company from any future liabilities and in addition over \$1.0m of impairments will be written back.

Oliver's Real Food Limited
Notes to the financial statements
30 June 2021

Note 33. Events after the reporting period (continued)

No other matter or circumstance has arisen since 30 June 2021 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.

Note 34. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2021	2020
	\$	\$
Loss after income tax expense for the year	(4,412,240)	(17,506,369)
Adjustments for:		
Depreciation and amortisation	5,034,145	5,753,681
Impairment of property, plant and equipment	(684,689)	1,631,349
Impairment of goodwill	-	2,133,516
Impairment of intangibles	-	361,936
Net loss on disposal of property, plant and equipment	179,747	140,673
Share-based payments	(56,023)	1,191,394
Other Income - lease concessions (non-cash)	-	(495,841)
Impairment of right of use assets	(1,589,382)	6,107,333
Vendor loan statute barred	(200,000)	-
Other	-	30,821
Change in operating assets and liabilities:		
Increase in trade and other receivables	(109,598)	(807,256)
Decrease in inventories	730,595	351,058
Decrease/(increase) in prepayments	67,048	(137,893)
Decrease in other operating assets	(307,335)	43,127
Increase/(decrease) in trade and other payables	(1,157,532)	1,382,047
Increase/(decrease) in employee benefits	(228,595)	262,742
Decrease in other operating liabilities	(94,550)	(495,162)
Net cash used in operating activities	<u>(2,828,409)</u>	<u>(52,844)</u>

Note 35. Loss per share

	Consolidated	
	2021	2020
	\$	\$
Loss after income tax attributable to the owners of Oliver's Real Food Limited	<u>(4,412,240)</u>	<u>(17,506,369)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	287,385,469	270,731,917
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	4,000,000	-
Warrants	47,500,000	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	338,885,469	<u>270,731,917</u>
	Cents	Cents
Basic earnings per share	(1.54)	(6.47)
Diluted earnings per share	(1.30)	(6.47)

Oliver's Real Food Limited
Notes to the financial statements
30 June 2021

Note 36. Share-based payments

Executive Share Option Plan

On 3 May 2017, 3,700,000 share options were granted to Executives under the Oliver's Employee Incentive Plan to take up ordinary shares at an exercise price of \$0.30 each. The options are exercisable on or before 26 February 2021. The options hold no voting or dividend rights and are not transferable.

These options vest over a three year period. Vesting is subject to performance conditions pertaining to earnings forecast and relative total shareholder return (TSR) being met and the executive is still employed at the end of the vesting period. The options lapse when an executive ceases his/her employment with the Group.

Set out below are summaries of options granted under the plan:

	Number of options 2021	Weighted average exercise price 2021	Number of options 2020	Weighted average exercise price 2020
Outstanding at the beginning of the financial year	300,000	\$0.000	500,000	\$0.300
Forfeited	-	\$0.000	(200,000)	\$0.300
Expired	(300,000)	\$0.000	-	\$0.000
Granted 22 January 2021	<u>2,000,000</u>	<u>\$0.028</u>	<u>-</u>	<u>\$0.000</u>
Outstanding at the end of the financial year	<u><u>2,000,000</u></u>	<u>\$0.000</u>	<u><u>300,000</u></u>	<u>\$0.300</u>

Grant date 3 May 2017

Expiry date 26 February 2021

A total of 300,000 options expired..

2021

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
16/06/2020	31/12/2021	\$0.028	-	2,000,000	-	-	2,000,000
			-	2,000,000	-	-	2,000,000

The options granted to Directors (20,000,000) had the following terms & conditions attached:

The share price doubled for the \$0.022 to \$0.044, and
There were 2 consecutive quarters of positive EBITDA

Oliver's Real Food Limited
Directors' declaration
30 June 2021

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial 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.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Kimley Wood
Chairman

30 September 2021

Oliver's Real Food Limited
Independent auditor's report to the members of Oliver's Real Food Limited

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF OLIVER'S REAL FOOD LIMITED**

Opinion

We have audited the financial report of Oliver's Real Food Limited ("the Company") and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of Oliver's Real Food Limited is in accordance with the Corporations Act 2001, including:

- i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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 (the Code)* that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Notes 1 and 33 in the financial report, which indicates that the Group incurred a net loss of \$4,412,240 during the year ended 30 June 2021, and, as of that date, the Group's current liabilities exceeded its current assets by \$4,845,223. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.



CHARTERED ACCOUNTANTS
AUSTRALIA - NEW ZEALAND

LIABILITY LIMITED BY A SCHEME APPROVED UNDER THE PROFESSIONAL STANDARDS LEGISLATION



Directors: Glenn A Harris CA
Martin Le Marchant CA

Associate Directors: Cecille Capucac CA
Johan Van Der Westhuizen CA

Oliver's Real Food Limited
Independent auditor's report to the members of Oliver's Real Food Limited



Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Key Audit Matter	How our audit addressed this matter
Impairment of intangible assets Refer to Notes 14 and 24 in the financial statements	
<p>As disclosed in Notes 14 and 24, the Group has other intangible assets with a balance of \$2m at 30 June 2021.</p> <p>An annual impairment test for indefinite useful life intangible assets is required under Australian Accounting Standard AASB 136 <i>Impairment of Assets</i>. Management performed an impairment review of the Group's indefinite life intangible assets. Based on the results of the impairment tests performed by management, this resulted in no additional impairment being recognised relating to other intangible assets.</p> <p>The Standard also requires an impairment test for definite life intangible assets if there are indicators or impairment. Management performed an impairment review of the Group's definite life intangible assets. These reviews were performed at the asset level. Based on the results of the impairment tests performed by management, this resulted in no additional impairment being recognised relating to other intangible assets.</p> <p>The Group's assessment of impairment of intangible assets is considered to be a key audit matter as a result of the significant judgments involved in performing the impairment assessment.</p> <p>These judgments include:</p> <ul style="list-style-type: none"> • The identification of the appropriate cash generating unit ("CGU") for intangible assets; • Estimates concerning the forecast future cash flows associated with this CGU; • Determining the appropriate discount rates and the growth rate of revenue and costs to be applied in determining the recoverable amount for this CGU; and • Considerations arising as a result of the current COVID-19 environment. COVID-19 has caused significant disruption to the Group's business. As a result there is increased judgement in forecasting cash flows and assumptions used in the discounted cash flow models. <p>The outcome of the impairment assessment could vary if different assumptions were applied.</p>	<p>Our audit procedures in relation to management's impairment assessment included:</p> <ul style="list-style-type: none"> • Evaluating the Group's determination of their cash generating units based on our knowledge of the business, and understanding of the industry in which the Group operates, with reference to the requirements of Australian Accounting Standards. • Assessing the value-in-use models used, and the mathematical accuracy of the impairment model prepared by management. • Considering the appropriateness of the discounted cash flow methodology applied by the Group. • Comparing the forecast cash flows contained in the discounted cash flow models to Board reviewed budgets, updated forecasts and broader business plans. • Considering and challenging the Group's assessment of the impact of COVID-19 on cash flows and assumptions as well as management's assessment of a likely recovery period. • Performing sensitivity testing, using the Group's models, to evaluate the impact of varying key assumptions such as growth rates within a reasonably possible range. • We ensured management applied an appropriate amortisation method and amortisation period to finite life intangible assets. • Assessing the appropriateness of disclosures in the financial report, including sensitivities to key assumptions to which the outcome of the impairment model is most sensitive.

Oliver's Real Food Limited
Independent auditor's report to the members of Oliver's Real Food Limited



Impairment of Right-of-use Assets and Property, Plant and Equipment Refer to Notes 1, 10, 13, and 24 in the financial statements	
<p>As disclosed in the financial report the Group has a Right-of-use asset balance of \$21.009m and property, plant and equipment balance of \$5.101m as at 30 June 2021.</p> <p>An impairment test is required by Australian Accounting Standard AASB 136 <i>Impairment of Assets</i> if there are indicators or impairment of these assets.</p> <p>Management performed an impairment review of the Group's Right-of-use and property, plant and equipment assets. These reviews were performed at the respective CGU levels. Specifically, recoverable amounts were determined at the store level.</p> <p>Based on the results of the impairment tests performed by management, this resulted in:</p> <ul style="list-style-type: none"> • Writeback of previously recognised impairments on CGUs of \$4.501m. • Recognised impairment to CGUs of \$1.177m; • Recognised impairment of the QLD kitchen of \$1.049m. <p>The net impairment writeback of \$2.275m is allocated between Right-of-use and property, plant and equipment assets by \$1.589m and \$0.685m respectively.</p> <p>The Group's assessment of impairment of stores' right-of-use assets and property, plant and equipment is considered to be a Key Audit Matter as a result of the significant judgments involved in performing the impairment assessment.</p> <p>These judgements include:</p> <ul style="list-style-type: none"> • The identification of the appropriate Group's cash generating units ("CGUs"), being stores; • Estimates concerning the forecast future cash flows associated with these CGUs; • Determining the appropriate discount rates and the growth rate of revenue and costs to be applied in determining the recoverable amount for CGUs; and • Significant judgement was required as a result of the current COVID-19 environment. COVID-19 has caused significant disruption to the Group's business. As a result there is increased judgement in forecasting cash flows and assumptions used in the discounted cash flow models. <p>The outcome of the impairment assessment could vary, if different assumptions were applied.</p>	<p>Our audit procedures in relation to management's impairment assessment included:</p> <ul style="list-style-type: none"> • Evaluating the Group's determination of their cash generating units (i.e. individual stores) based on our knowledge of the business, and understanding of the industry in which the Group operates, with reference to the requirements of Australian Accounting Standards. • Assessing the value-in-use models used, and the mathematical accuracy of the impairment model prepared by management. • Considering the appropriateness of the discounted cash flow methodology applied by the Group. • Comparing the forecast cash flows contained in the discounted cash flow models to Board reviewed budgets, updated forecasts and broader business plans. • Considering and challenging the Group's assessment of the impact of COVID-19 on cash flows and assumptions as well as management's assessment of a likely recovery period. • Performing sensitivity testing, using the Group's models, to evaluate the impact of varying key assumptions such as growth rates within a reasonably possible range. • Assessing the appropriateness of disclosures in the financial report, including sensitivities to key assumptions to which the outcome of the impairment model is most sensitive.

Oliver's Real Food Limited
Independent auditor's report to the members of Oliver's Real Food Limited



Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Financial Report

The Directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting in the preparation of the financial report. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Oliver's Real Food Limited
Independent auditor's report to the members of Oliver's Real Food Limited



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Oliver's Real Food Limited, for the year ended 30 June 2021, complies with section 300A of the Corporations Act 2001.


Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Name of Firm

Bishop Collins Audit Pty Ltd
Chartered Accountants

Name of Registered Company Auditor


Martin Le Marchant

Auditor's Registration No.

431227

Address

Unit 1, 1 Pioneer Avenue, Tuggerah NSW 2259

Dated

30 September 2021

Oliver's Real Food Limited
Shareholder information
30 June 2021

The shareholder information set out below was applicable as at 23 September 2020.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares		Options over ordinary shares	
	Number of holders	% of total shares issued	Number of holders	% of total shares issued
1 to 1,000	42	-	-	-
1,001 to 5,000	281	0.26	-	-
5,001 to 10,000	301	0.63	-	-
10,001 to 100,000	1,237	11.20	-	-
100,001 and over	260	87.91	-	-
	2,121	100.00	-	-
Holding less than a marketable parcel	520	0.62	-	-

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
MR MICHAEL JOHN GREGG & MRS SUZANNE JANE GREGG	51,327,516	14.23
GELBA PTY LIMITED	37,439,660	10.38
HAURAKI TRUST COMPANY LIMITED	28,387,500	7.87
BUTOF HOLDINGS PTY LTD	20,785,318	5.76
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	20,250,000	5.61
ZANYA NOMINEES PTY LTD (JLS SUPERANNUATION A/C)	11,666,667	3.23
SWEET AS DEVELOPMENTS PTY LTD (SWEETMAN MCNICKLE FAMILY A/C)	11,288,572	3.13
MR JASON ANTONY GUNN	10,000,000	2.77
TWENTY SECOND SEPELDA PTY LTD (THE METTER FAMILY A/C)	6,666,667	1.85
CUSTODIAL SERVICES LIMITED (BENEFICIARIES HOLDING A/C)	5,420,155	1.50
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,103,091	1.14
EVACAP PTY LTD (EVANS FAMILY A/C)	4,066,666	1.13
MS ANNE LOUISE MATTHEWS	3,500,000	0.97
WR SIMPSON NOMINEES PTY LTD (SIMPSON SUPER FUND A/C)	3,253,025	0.90
WOLRAM INVESTMENTS PTY LTD (WOLRAM A/C)	3,000,000	0.83
GAZELLE BICYCLES AUSTRALIA PTY LTD (GAZELLE BICYCLE AUS SBF A/C)	2,888,363	0.80
MR MICHAEL JOHN GREGG	2,000,000	0.55
MFA CAPITAL PTY LTD (T & J ADAMS SUPER FUND A/C)	1,800,000	0.50
GOLD RETIREMENT PTY LTD (GOLD RETIREMENT FUND A/C)	1,750,000	0.49
MRS PAMELA ELIZABETH BROWN	1,750,000	0.49
	231,343,200	64.13

OLIVER'S LOCATIONS

NSW

Bankstown
Bass Hill
Belmont
Berkshire Park
Blacktown
Bowral
Brookvale
Bulahdelah
Bulli
Campbelltown
Campbelltown Mall
Cardiff
Charlestown
Chatswood East
Chester Hill
Chipping Norton
Chullora
Coffs Harbour
Cranbrook
Dural
Edgeworth
Emu Heights
Emu Plains
Fairymeadow
Ferry Park
Glenrose
Gosford
Goulburn
Goulburn South
Granville
Greenacre
Gregory Hills
Gundagai
Hexham
Katoomba
Kellyville Ridge
Kingswood
Kogarah
Lake Munmorah
Lansvale
Leichhardt
Lisarow
Lithgow
Liverpool North
Maitland
Marayong
Marrickville
Minto
Miranda

Moss Vale
Mt Annan
Narellan
Newport
North Liverpool
North Narrabeen
Orange North
Port Macquarie
Prestons
Redfern
Rockdale
Roselands
Rutherford
Silverwater
Spring Farm
Strathfield
Tuggerah North
Turramurra
Umina
Vineyard
Werrington
West Ryde
Windsor
Wollongong West
Woollooware
Wyong North
Wyong South
ACT
Belconnen
Canberra Airport
Canberra Gateway
Conder
Dickson
Gungahlin
Hume
Jerrabomberra
Tuggeranong
VIC
Abbotsford (Fitzroy)
Altona Meadows
Ballarat
Balwyn
Bayswater North
Berwick
Braeside
Bulleen
Camberwell South
Carrum Downs
Clayton

Coburg
Craigieburn Highlands
Cranbourne
Doncaster East
Eastlink Inbound
Eastlink Outbound
Euroa
Frankston
Frankston North
Geelong North
Geelong South
Kennington
Keysborough
Kilsyth
Laverton North
Lucas
Maribynong (Highpoint)
Melton Gateway
Melton South
Mernda
Monbulk
Murrumbena
Noble Park
North Melbourne
Ocean Grove
Ocean Grove North
Officer
Officer Inbound
Officer Outbound
Pascoe Vale
Peninsularlink Inbound
Peninsularlink Outbound
Ringwood (Eastland)
Rosebud West
Rowville
Rye
Seville
Springvale
St Helena
St. Kilda
Sunbury
Tarniet Gardens
Torquay
Wallan North
Wallan South
Wantirna
Watervale
Werribee
Winter Valley

QLD

Australia Fair (Southport)
Birkdale
Bowen Hills
Browns Plains West
Calamvale
Capalaba
Chinderah
Cornubia
Enoggera
Flagstone
Goodna
Greenbank
Gympie
Gympie South
Helensvale
Holmview
Hope Island
Kallangur
Karalee
Kenmore
Kingston
MacGregor
Mango Hill
Maryborough
Meadowbrook
Mitchelton
Moorooka
Mt Cotton
Northgate
Ormeau
Oxley
Park Ridge
Robina
Runaway Bay
Slacks Creek
Springfield
Tingalpa
Underwood
Victoria Point
Warner
Woodridge

WA

Ellenbrook
Maddington West
Warnbro

Bold denotes restaurant location