



OLIVER'S REAL FOOD LTD

ACN: 166 495 441

10 Amsterdam Court, Wyong NSW

21 May 2019

Ms Melissa Lim
ASX
Listing Compliance
Via email: ListingsComplianceSydney@asx.com.au

Dear Melissa

We refer to your letter dated 16 May 2019, sent via email to Steven Metter, and which we have replicated in full below, and present to you the formal responses from Olivers Real Food Ltd, which are basically annexed in bold following each of your issues raised.

Thank you and regards

Olivers Board of Directors

Dear Mr Metter

Oliver's Real Food Limited ('OLI'): Appendix 4C Query

ASX refers to OLI's Appendix 4C quarterly report for the period ended 31 March 2019 lodged with the ASX Market Announcements Platform and released on 30 April 2019 (the 'Appendix 4C').
ASX notes that OLI has reported:

- negative net operating cash flows for the quarter of \$1,841,000;
- cash at the end of the quarter of \$1,493,000; and
- estimated cash outflows for the next quarter of \$8,720,000.

OLI Response: The above figures are in accordance with the Appendix 4C release made by Olivers on 30 April 2019. What the above figures do not include, primarily as there is no provision to include this, is the estimated 'Receipts from customers' for the June 2019 quarter. This figure for the March 2019 quarter, as per the Appendix 4C report, was \$8.330m. Olivers expects the total 'Receipts from customers' for the June 2019 quarter to be at least equal, but probably more than the corresponding figure for the March 2019 quarter. In the OLI announcement made on 11 March 2019 ("OLI Chairman's First Announcement") the Chairman revealed the following: *"The incoming board has been able to assess all aspects of the business and has identified, and where possible confirmed, a weekly cash burn rate of around \$100K. The new board has also undertaken a detailed investigation into the overheads and expenditure, and has already identified and confirmed overhead reductions almost equal to the cash burn rate, which includes significant reduction in fees for the board and senior management."* In summary, this is precisely what the new Board has done, and has reduced the cash burn rate to almost zero, using a variety of both cost cutting and revenue generating activities, with more to come, particularly in terms of building on the revenue base. Accordingly it is the Board's view that Olivers has and will continue to have sufficient cash to fund its operations.

It is possible to conclude, based on the information in the Appendix 4C, that if OLI were to continue to expend cash at the rate indicated by the Appendix 4C, OLI may not have sufficient cash to continue funding its operations.



Request for Information

In view of that, ASX asks OLI to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market under Listing Rule 18.7A:

1. Does OLI expect that it will continue to have negative operating cash flows for the time being and, if not, why not? **Olivers Response: As stated above, the new Board and senior management team have instigated a significant cost reduction program as well as revenue building initiatives. Both have worked and continue to work, the result of which has been to basically reduce the cash burn rate to almost zero towards the end of the June 2019 quarter. As a result, the Board expects the first quarter in 2020 to be cash flow positive by a small margin, but to then build increasingly more robust positive cash flows for the other 3 quarters in 2020**
2. Has OLI taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful? **Olivers Response: With the improved cash flow, and the expectation that additional improvements in cash flow will continue to occur, the Board's view is that Olivers does not require to raise further cash in the short term. Irrespective, the Board has conducted discussions with the company's bankers who have indicated their continued support. In the longer term, and depending on Oliver's expansion plans to be decided, there may be a requirement to raise capital, but the Board will address this as may be required in the future.**
3. Does OLI expect to be able to continue its operations and to meet its business objectives and, if so, on what basis? **Olivers Response: The focus for the past 3 months has been to return the business to profitability, and the Board is pleased with the results to date, with what we expect to be a breakeven for the last quarter of 2019 (versus a loss of \$3.7m to December 2018, and a further loss of around \$3m to the end of March 2019). On achieving a breakeven for the June quarter, based on sound and sustainable commercial practices, the Board fully expects the ensuing months will increasingly deliver a profit. In this manner, the Board believes that Olivers will be able to fund its operations and meet its business objectives, as fully stated in the OLI Announcement on 11 March 2019.**
4. Please confirm that OLI is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market. **Olivers Response: The Board is hereby able to confirm that Olivers has complied and will continue to comply with Listing Rule 3.1, and has reported all salient data to the ASX once this information has been verified. We can inform the ASX that Olivers is due to make an announcement to the ASX regarding its revised profit (or loss in this case) forecast for the 2019 financial year, which will be made as soon as we have verified the projections for the June 2019 quarter, on which we are all currently working.**
5. Please confirm that OLI's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of OLI with delegated authority from the board to respond to ASX on disclosure matters. **Olivers Response: The Board hereby confirms that OLI's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of OLI with delegated authority from the board to respond to ASX on disclosure matters**

Please also provide any other information that OLI considers may be relevant to ASX forming an opinion on whether OLI is complying with Listing Rule 12.2 that a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing. **Olivers Response: The Board hereby confirms that in its view Olivers has provided all relevant information to the ASX in a timely manner and will continue to do so, and fully believes, with adequate supporting data, that our financial position is adequate to warrant the continued quotation of its securities and its continued listing, thereby complying with Listing Rule 12.2. It is the intention of the Board to never publish anything other than that which we, as a responsible Board, know is accurate and relevant, and we will adhere to this principle at all times. Notwithstanding, in the face of the above questions, some context is now required. The new board and senior management team took over on 11 March 2019, and since then have been working tirelessly to reduce costs, curtail unnecessary expenditure, rejuvenate the culture and stimulate sales. We have done all of this and continue with these tasks to return Olivers to a sustainable profit with the resultant positive cash flow. On 30th January 2019, the previous Board announced to the market that the trading loss to 31 December 2018 was \$3.75m and then adjusted the annual loss to 30 June 2019 to \$4m. That was patently incorrect. The new Board will not repeat that type of error.**



We are currently preparing our revised profit (loss actually) announcement for the 2019 financial year, which will be more than the \$4m announced by the previous Board but we are committed to announcing the correct figure (or very close thereto) and we expect to have this by next week, at which time we will then release the announcement, again within the terms of Listing Rule 3.1.



16 May 2019

Reference: ODIN01712

Mr Steven Metter
Company Secretary
Oliver's Real Food Limited
10 Amsterdam Circuit
Wyong NSW AU 2000

By email

Dear Mr Metter

Oliver's Real Food Limited ('OLI'): Appendix 4C Query

ASX refers to OLI's Appendix 4C quarterly report for the period ended 31 March 2019 lodged with the ASX Market Announcements Platform and released on 30 April 2019 (the 'Appendix 4C').

ASX notes that OLI has reported:

- negative net operating cash flows for the quarter of \$1,841,000;
- cash at the end of the quarter of \$1,493,000; and
- estimated cash outflows for the next quarter of \$8,720,000.

It is possible to conclude, based on the information in the Appendix 4C, that if OLI were to continue to expend cash at the rate indicated by the Appendix 4C, OLI may not have sufficient cash to continue funding its operations.

Request for Information

In view of that, ASX asks OLI to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market under Listing Rule 18.7A:

1. Does OLI expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has OLI taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does OLI expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that OLI is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.
5. Please confirm that OLI's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of OLI with delegated authority from the board to respond to ASX on disclosure matters.

Please also provide any other information that OLI considers may be relevant to ASX forming an opinion on whether OLI is complying with Listing Rule 12.2 that a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **5:00 PM AEST Tuesday, 21 May 2019**.

If we do not have your response by then, ASX will have no choice but to consider suspending trading in OLI's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, OLI's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market. Your response should be sent to me by e-mail at ListingsComplianceSydney@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1 and 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to OLI's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that OLI's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in OLI's securities under Listing Rule 17.1. If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Kind regards

Melissa Lim
Adviser, Listings Compliance (Sydney)