oliver's

REAL FOOD LIMITED

ABN 33 166 495 441

NEW

Peri Peri Chicken Burger

INTERIM REPORT

31 DECEMBER 2020

NEW

Oli Brekkie Buns

CONTENTS

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 half-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

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 25 February 2021.

DIRECTORS' REPORT

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Oliver's Real Food Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

DIRECTORS

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

Jason Gunn	Non-Executive Chairman
Kim Wood	Non-Executive Director (Appointed 25 November 2020)
Steven Metter	Non-Executive Director
Amanda Gunn	Non-Executive Director
Martin Green	Non Executive Director (Appointed 22 January 2021)
David McMahon	Executive Director (Resigned 19 November 2020)
Anni Brownjohn	Non-Executive Director (Appointed 14 October 2020, Resigned 19 November 2020).

Dividends

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

Review of operations

The loss for the consolidated entity after providing for income tax amounted to $1,864,802 (31 December 2019: $3,648,488).

As a board and management team we are frustrated yet encouraged by the results we have achieved in the half year.

EBITDAI for the period is $1,317k. **This represents an improvement of $1,017k from the same period previous year.**

Revenue for the half year to December 2020 decreased by 31.8% to $12.2m.

Given the difficulties and challenges faced in this first half year as a direct result of the COVID19 pandemic, we believe that the results are encouraging, especially when you consider that the company has not just survived through what has been probably the most challenging trading environment for hospitality businesses but has also significantly expanded the business and brand footprint through the partnership with EG during the period.

In this first half trading period, the company has opened 101 new Oliver's Food To Go ("OFTG") locations with EG, bringing the total number of OFTG outlets to 115 at 31 December 2020.

Jason Gunn Chairman commented:

"The board wishes to acknowledge the fantastic performance of our CEO Tammie Phillips and her team through this extremely difficult and challenging operating period.

Tammie stepped in as CEO on 17 June 2020 and was immediately faced with significant challenges and uncertainty.

And yet despite these challenges and ongoing uncertainty, Tammie and her team have effectively managed the business to mitigate the negative impacts of COVID19 whilst developing and expanding a fantastic working relationship with EG."

Store Network

The company operated a total of 24 company-owned quick service restaurants throughout the half-year as against 25 stores for the same period previous year.

- This corporate store network was hugely impacted by the ongoing travel restrictions and boarder closures that severely limited the number of people travelling long distances on highways during the trading period.
- As a result, some stores were closed temporarily on more than one occasion to help to mitigate the potential losses.
- We are grateful for the support we have received via the JobKeeper program which contributed $3.44m to the business in the trading period and we are happy to confirm that the company has again qualified to receive the JobKeeper subsidies through to the end of March 2021. This has enabled the business to retain valuable trained staff, who otherwise would have been out of employment.

EG Oliver's Food To Go

In this first half trading period, the company has opened 101 new Oliver's Food To Go locations with EG, bringing the total number of OFTG outlets to 115 at 31 December 2020. This is a significant achievement in a very short period of time and has substantially increased Oliver's brand footprint in Australia and will continue to do so. As expected, this level of expansion required a meaningful investment in areas such as product support and development, creating new logistic flows and merchandising. The bulk of which costs are reflected in the increase in the Group's Cost of Goods over this 6-month period. There remains considerable work to be done, particularly in light of the budgeted increase in the number of new OFTG stores within the EG network, and the Board is confident that all the efforts and investment into the EG partnership will generate meaningful future on-going revenue streams.

Gross Margin

Gross margin for the half year was 56% compared to 72.8% for the same period last year.

There are two main reasons for the reduction in gross margin:

1. Is the fact the EG Fuelco business is a wholesale supply business so gross margins are substantially less than the corresponding margins earned at a retail level within the company-owned Oliver's stores
2. As expected, this level of expansion required a meaningful investment in areas such as product support and development, creating new logistic flows, and merchandising etc, the bulk of which costs are reflected in the increase in the Group's Cost of Goods over this 6-month period.

Outlook

The board is confident that the management team under the leadership of Tammie Phillips, working closely with Rob Ross-Edwards who joined the business in November 2020 as CFO, are well placed and well advanced in their processes to drive the changes that are needed to achieve the positive financial outcomes we know this business is capable of achieving for shareholders.

The board have requested management to develop a restructure plan for the business specifically focused on achieving a significant reduction in overheads and fixed costs, whilst at the same time providing the capacity needed to embrace the opportunities for growth that are currently available to the business.

Management have already made significant progress with this very comprehensive exercise and we anticipate the results of this planning will be made available during March 2021.

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial half-year

During the period from the half-year end to the date of this report:

The board have requested management to develop a restructure plan for the business specifically focused on achieving a significant reduction in overheads and fixed costs, whilst at the same time providing the capacity needed to embrace the opportunities for growth that are currently available to the business. The plan is to be cash flow positive after incurring initial restructure costs. The plan will also consider capital and infrastructure requirements.

Management have already made significant progress with this very comprehensive exercise and we anticipate the results of this planning will be made available during March 2021.

No other matter or circumstance has arisen since 31 December 2020 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.

Auditor's independence declaration

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

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

On behalf of the directors

Signed ______________________ Date: 25 February 2021

Jason Gunn
Chairman

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

I am pleased to provide the following declaration of independence to the directors of Oliver's Real Food Limited.

As lead audit director for the review of the financial statements of Oliver's Real Food Limited and its controlled entities for the half-year ended 31 December 2020, 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 review; and

(ii) any applicable code of professional conduct in relation to the review.

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	25 February 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Note	Consolidated 31 December 2020 $	 31 December 2019 $
Revenue	4	12,240,086	17,937,045
Other income	5	4,114,491	211,261
Expenses			
Raw materials and consumables used		(4,931,032)	(4,886,083)
Employee benefits expense		(7,636,462)	(9,762,135)
Finance costs – leases		(525,439)	(685,927)
Depreciation and amortisation expense		(2,475,496)	(2,812,069)
Impairment of assets		-	(300,000)
Loss on disposal of assets		(11,184)	-
Administration expenses		(1,673,599)	(1,931,540)
Other expenses		(3,711)	(175,000)
Finance costs		(180,643)	(60,609)
Occupancy		(781,813)	(1,093,096)
Loss before income tax expense		(1,864,802)	(3,558,153)
Income tax expense		-	(90,335)
Loss after income tax expense for the half-year attributable to the owners of Oliver's Real Food Limited		(1,864,802)	(3,648,488)
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Oliver's Real Food Limited		(1,864,802)	(3,648,488)
Earnings per share			
Basic earnings per share (cents)		(0.01)	(0.01)
Diluted earnings per share (cents)		(0.01)	(0.01)

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

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	Consolidated 31 December 2020 $	Consolidated 31 December 2019 $
Assets			
Current assets			
Cash and cash equivalents	6	2,710,808	958,303
Trade and other receivables	7	2,090,542	979,176
Inventories		1,416,796	1,291,248
Other		339,527	277,238
Total current assets		6,557,673	3,505,965
Non-current assets			
Other financial assets		571,445	288,095
Property, plant and equipment	8	5,575,101	6,132,097
Right-of-use assets		19,146,905	20,330,195
Intangibles	9	2,252,951	2,635,769
Other		122,905	124,005
Total non-current assets		27,669,307	29,510,161
Total assets		34,226,980	33,016,126
Liabilities			
Current liabilities			
Trade and other payables		7,177,995	5,890,117
Borrowings	10	710,022	1,512,355
Lease liabilities	11	3,326,842	3,572,852
Employee benefits		772,626	681,504
Other		105,919	102,719
Total current liabilities		12,093,404	11,759,547
Non-current liabilities			
Borrowings	12	4,908,333	875,000
Lease liabilities	13	22,733,896	24,069,582
Employee benefits		104,166	85,102
Provisions		505,646	510,896
Total non-current liabilities		28,252,041	25,540,580
Total liabilities		40,345,445	37,300,127
Net liabilities		(6,118,465)	(4,284,001)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020 (CONT)

	Note	Consolidated 31 December 2020 $	Consolidated 31 December 2019 $
Equity			
Issued capital		31,361,382	31,361,382
Reserves		203,384	173,046
Accumulated losses		(37,683,231)	(35,818,429)
Total deficiency in equity		(6,118,465)	(4,284,001)

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

STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Consolidated			
	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2019	29,810,861	293,724	(18,513,611)	11,590,974
Loss after income tax expense for the half-year	-	-	(3,648,488)	(3,648,488)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(3,648,488)	(3,648,488)
Transactions with owners in their capacity as owners:				
Option expenses recognised in the period	-	916,951	-	916,951
Balance at 31 December 2019	29,810,861	1,210,675	(22,162,099)	8,859,437

	Consolidated			
	Issued capital $	Reserves $	Accumulated losses $	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 half-year	-	-	(1,864,802)	(1,864,802)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(1,864,802)	(1,864,802)
Transactions with owners in their capacity as owners:				
Option expenses recognised in the period	-	30,338	-	30,338
Balance at 31 December 2020	31,361,382	203,384	(37,683,231)	(6,118,465)

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

STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Note	Consolidated 31 December 2020 $	Consolidated 31 December 2019 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		12,281,128	19,694,238
Interest received		1,517	1,297
Government grants and concessions		3,234,466	-
Other revenue		28,545	9,727
Payments to suppliers and employees (inclusive of GST)		(14,744,017)	(17,851,466)
Finance costs		(228,377)	(31,272)
Finance costs – leases		(570,121)	(698,007)
Net cash from operating activities		4,141	1,124,517
Cash flows from investing activities			
Payments for property, plant and equipment	8	(81,601)	(115,211)
Payments for intangibles	9	(51,110)	-
Payments for security deposit – term deposit		(284,851)	-
Proceeds from disposal of property, plant and equipment		6,932	157,500
Net cash from/(used in) investing activities		(410,630)	42,289
Cash flows from financing activities			
Repayment of borrowings – CBA bank		(975,000)	(100,000)
Proceeds from borrowings – Pure Capital net (net of costs)		4,900,000	520,000
Repayment of lease liabilities		(1,114,500)	(1,392,802)
Repayment of related party loan		(150,000)	-
Net cash from/(used in) financing activities		2,660,500	(972,802)
Net increase in cash and cash equivalents		2,254,011	194,004
Cash and cash equivalents at the beginning of the financial half-year		456,797	1,042,598
Cash and cash equivalents at the end of the financial half-year		2,710,808	1,236,602

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

Oliver's café, now open at EG Liverpool

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2020

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements cover Oliver's Real Food Ltd as a consolidated entity comprising Oliver's Real Food Ltd and the entities it controlled during the half-year. The financial statements are presented in Australian dollars, which is the group's functional and presentation currency.

Statement of compliance

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

Basis of preparation

The condensed financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise stated.

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 half-year interim report, the consolidated entity has experienced operating losses of $1,864,802 with an increase in cash flows from operating activities of $4,141.

As at 31 December 2020, the consolidated statement of financial position reflected an excess of current liabilities over current assets of $5,535,731.

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.

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

- The recent opening of all the borders and the roll out of the vaccine, should lead to move consistent trading over the next six months.
- The Group has support from its funders Pure Capital and the $5,000,000 facility, established in September for a 3 year period, ending September 2023. The company bank balance was $2.7 million as of 31 December 2020.
- The Group has the ability to consider the realisation of cash resources through tangible and intangible assets.

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONT)

- The board have requested management to develop a restructure plan for the business specifically focused on achieving a significant reduction in overheads and fixed costs, whilst at the same time providing the capacity needed to embrace the opportunities for growth that are currently available to the business. The plan is to be cash flow positive after incurring initial restructure costs. The plan will also consider capital and infrastructure requirements.
- Management have already made significant progress with this very comprehensive exercise and we anticipate the results of this planning will be made available during March 2021.

Based on the above, the directors have prepared the financial statements on a going concern basis.

Accordingly, no adjustments have been made to the financial statements relating to the recoverability and classification of the asset carrying amounts or the amount and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern. At this time, the directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial statements as at 31 December 2020.

The principal accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's annual financial report for the financial year ended 30 June 2020. These accounting policies are consistent with Australian Accounting Standards.

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.

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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

Revenue from customers with contracts

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sales of goods

Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

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.

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONT)

JobKeeper payments

Revenue received from Federal Government JobKeeper Program has been classified as Other income.

Lease concessions

Lease waivers and concessions as mandated by State Government legislation has been classified as Other income. This represents the difference between the normal lease payment and the concession rate paid to the landlord.

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.

Contract assets

Contract assets are recognised when the consolidated entity has transferred goods or services to the customer but where the consolidated entity is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

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, it's carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONT)

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.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

Contract liabilities

Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

NOTE 2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the amount of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. All critical accounting estimates and judgements are consistent with those applied and included in the annual financial statements for the year ended 30 June 2020.

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Coronavirus (COVID-19) pandemic has had a significant effect on the Olivers business with state and border closures particularly in Victoria and in northern NSW where the majority of the Olivers stores operate.

The government incentives both Federal and State have been exceptionally helpful as turnover has been down, with some stores experiencing up to 80–90% drop in turnover, allowing Olivers to keep valuable trained staff, which will be very important in returning to pre pandemic turnover.

There has been a substantial impact with overall turnover down 32% on last year. This has had a significant impact upon the financial statements and current uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

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.

Revenue from contracts with customers involving sale of goods

When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the consolidated entity is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

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.

NOTE 2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT)

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.

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.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are not recognised.

The group's leasing activities and how these are accounted for

The group leases various offices, warehouses, retail stores and motor vehicles. Rental contracts are typically made for fixed periods of 5 to 15 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

NOTE 2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- Variable lease payment that are based on an index or a rate.
- Amounts expected to be payable by the lessee under residual value guarantees.
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability.
- Any lease payments made at or before the commencement date less any lease incentives received.
- Any initial direct costs, and
- restoration costs.

Estimation uncertainty arising from variable lease payments

Some property leases contain variable payment terms that are linked to sales generated from a store. Due to thresholds for variable payments not being exceeded, there are currently no lease payments that are on the basis of variable payment terms. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs. A 5% increase in sales across all stores in the group with such variable lease contracts would increase total lease payments by approximately NIL%. All impacted stores are currently trading under the variable rent threshold.

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.

NOTE 3. OPERATING SEGMENTS

Identification of reportable operating segments

The consolidated entity is organised into one operating segment: Australia. Given the matters discussed in the going concern and subsequent events notes relating to the planned restructuring, no other segments are currently being assessed by the Chief Decision Maker of the group and no further analysis is provided.

NOTE 4. REVENUE

	Consolidated	
	31 December 2020 $	31 December 2019 $
Revenue from contracts with customers		
Revenue from sale of goods	12,204,398	17,937,045
Other revenue		
Rent	3,600	-
Interest received	1,517	1,297
Other revenue	30,571	(1,297)
	35,688	-
Revenue	12,240,086	17,937,045

NOTE 5. OTHER INCOME

	Consolidated	
	31 December 2020 $	31 December 2019 $
Government concessions – JobKeeper	3,436,500	-
Rent concessions	660,308	-
Miscellaneous income	17,683	211,261
Other income	4,114,491	211,261

NOTE 6. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	Consolidated	
	31 December 2020 $	31 June 2020 $
Cash on hand	52,070	18,620
Cash at bank	2,658,738	939,683
	2,710,808	958,303

Reconciliation of 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 half year as shown in statement of cash flows as follows:

Balances as above	2,710.808	958,303
Bank overdraft	-	(501,506)
	2,710,808	456,797

NOTE 7. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	Consolidated	
	31 December 2020 $	31 June 2020 $
Trade receivables	1,136,626	177,716
Less: Allowance for expected credit losses	(94,851)	(45,273)
	1,041,775	132,443
Other receivables – Job Keeper payments	1,048,767	846,733
	2,090,542	979,176

NOTE 8. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	31 December 2020 $	31 June 2020 $
Land – at cost	426,955	426,955
Leasehold improvements – at cost	7,722,281	7,755,802
Less: Accumulated depreciation	(2,017,126)	(1,760,338)
Less: Impairment	(2,841,730)	(2,841,730)
	2,863,425	3,153,734
Plant and equipment – at cost	6,881,486	6,807,816
Less: Accumulated depreciation	(3,351,403)	(3,056,681)
Less: Impairment	(1,637,065)	(1,637,065)
	1,893,018	2,114,070
Motor vehicles – at cost	955,419	955,419
Less: Accumulated depreciation	(563,716)	(518,081)
	391,703	437,338
	5,575,101	6,132,097

NOTE 8. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (CONT)

Reconciliations

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

	Land and buildings $	Leasehold improvements $	Plant and equipment $	Motor vehicles $	Total $
Balance at 1 July 2020	426,955	3,153,734	2,114,070	437,338	6,132,097
Additions	-	-	81,601	-	81,601
Disposals	-	(17,813)	(303)	-	(18,116)
Depreciation expense	-	(272,495)	(302,351)	(45,635)	(620,481)
Balance at 31 December 2020	426,955	2,863,426	1,893,017	391,703	5,575,101

NOTE 9. NON-CURRENT ASSETS – INTANGIBLES

	31 December 2020 $	31 June 2020 $
Goodwill – at cost	2,133,516	2,133,516
Less: Impairment	(2,133,516)	(2,133,516)
	-	-
Intellectual property – at cost	610,576	610,576
Less: Impairment	(110,576)	(110,576)
	500,000	500,000
Patents and trademarks – at cost	190,575	190,575
Less: Accumulated amortisation	(139,523)	(139,523)
Less: Impairment	(51,052)	(51,052)
	-	-
Customer contracts – at cost	333,830	333,830
Less: Accumulated amortisation	(133,522)	(133,522)
Less: Impairment	(200,308)	(200,308)
	-	-
Software – at cost	902,224	851,113
Less: Accumulated amortisation	(614,859)	(420,894)
	287,365	430,219
Reacquired Rights – at cost	3,258,000	3,258,000
Less: Accumulated amortisation	(1,792,414)	(1,552,450)
	1,465,586	1,705,550
	2,252,951	2,635,769

NOTE 9. NON-CURRENT ASSETS – INTANGIBLES (CONT)

Reconciliations

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

	Consolidated						
	Goodwill $	Patents and trademarks $	Computer software $	Brands and IP $	Customer relationships $	Franchised rights $	Total $
Balance at 1 July 2020	-	-	430,219	500,000	-	1,705,550	2,635,769
Additions	-	-	51,111	-	-	-	51,111
Amortisation expense	-	-	(193,965)	-	-	(239,964)	(433,929)
Balance at 31 December 2020	-	-	287,365	500,000	-	1,465,586	2,252,951

NOTE 10. CURRENT LIABILITIES – BORROWINGS

	Consolidated	
	31 December 2020 $	31 June 2020 $
Bank overdraft – secured	-	501,506
Bank loans -secured	-	100,000
Loan from third party ** – unsecured	200,000	200,000
Related party loan – Safety Factor Aviation Pty Ltd* – secured	342,977	481,630
Insurance premium funding *** -unsecured	167,045	229,219
	710,022	1,512,355

* Loan is associated with Jason Gunn and has a repayment date of 20 March 2021 at interest rate of 6%.

** Loan from third party is interest free and has no specific repayment date.

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

NOTE 11. CURRENT LIABILITIES – LEASE LIABILITIES

	Consolidated	
	31 December 2020 $	31 June 2020 $
Lease liability	3,326,842	3,572,852

NOTE 12. NON-CURRENT LIABILITIES – BORROWINGS

	Consolidated	
	31 December 2020 $	31 June 2020 $
Bank loans- secured	-	875,000
Loan from third party – Pure Capital – secured	5,000,000	-
Less amortised borrowing Costs	(91,667)	-
	4,908,333	875,000

The Pure Capital loan is for $5,000,000 on a 36 month term.

The terms of this facility include an interest rate of 10.5% p.a. The facility also provides for the lender to convert their loan and interest by issue of warrants that would be priced at $0.12 subject to relevant shareholder approvals and/or available listing rule 7.1 or 7.1A issue capacity.

To support the above, the facility includes the issue of warrants in two (2) tranches:

- 37,500,000 Warrant Shares to be issued out of the Company's existing ASX Listing Rule 7.1 capacity; and
- 10,000,000 Warrant Shares to be issued, which were approved, at the Annual General Meeting (AGM) on 22 January 2021.

The facility has a minimum cash balance requirement, which reduces over the length of the facility. In December 2020, the cash balance dropped under the $2,500k covenant limit for a several days and Pure Capital waived this breach with no further action to be taken.

NOTE 13. NON-CURRENT LIABILITIES – LEASE LIABILITIES

	Consolidated	
	31 December 2020 $	31 June 2020 $
Lease liability	22,733,896	24,069,582

NOTE 14. EQUITY – DIVIDENDS

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

NOTE 15. RELATED PARTY TRANSACTIONS

The Group has a loan of $342,977 from Safety Factor Aviation Pty Ltd a related party of Mr. Jason Gunn (Chairman of the Group) which is repayable on the 20 March 2021 and accumulates interest of 6% per annum.

NOTE 16. EVENTS AFTER THE REPORTING PERIOD

During the period from the half-year end to the date of this report:

The board have requested management to develop a restructure plan for the business specifically focused on achieving a significant reduction in overheads and fixed costs, whilst at the same time providing the capacity needed to embrace the opportunities for growth that are currently available to the business. The plan is to be cash flow positive after incurring initial restructure costs. The plan will also consider capital and infrastructure requirements.

Management have already made significant progress with this very comprehensive exercise and we anticipate the results of this planning will be made available during March 2021.

No other matter or circumstance has arisen since 31 December 2020 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.

DIRECTORS' DECLARATION

In the directors' opinion:

- The attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- The attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and
- There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

Signed ______________ Date: 25 February 2021

Jason Gunn
Chairman

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

Disclaimer of Conclusion

We were engaged to review the accompanying half-year financial report of Oliver's Real Food Limited ("the company") and controlled entities ("the consolidated entity"), which comprises the consolidated statement of financial position as at 31 December 2020, 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 half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled during the half-year.

We do not express a conclusion on the accompanying half-year financial report of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Conclusion we have not been able to obtain sufficient appropriate audit evidence to provide a basis for a review conclusion on the half-year financial report.

Basis for Disclaimer of Conclusion

As set out in Note 1, "Going Concern" the Group is critically dependent upon achieving a number of assumptions to continue as a going concern. Many are not at a stage where counterparties have committed to the course of action the Group proposes, are not sufficiently secured at this time, or evidence is not available to us to perform our obligations. The status of these assumptions have material and pervasive negative impacts on our ability to gather evidence to form a conclusion, in particular in testing the existence of plans the Group has proposed put into effect, the existence of other mitigating factors, the feasibility of these plans, and whether the outcome of these plans will materialise to support the going concern assumption, as and when needed. Further details of the reasons for our inability to gather sufficient appropriate evidence are provided below.

Going Concern – Sourcing Additional Working Capital

Notes 1 and 16 of the half-year financial report outlines the restructure plan of the Group including sourcing additional capital and infrastructure requirements. A binding written agreement regarding the quantum, timing, terms and conditions of this arrangement was not available to us. Additionally, evidence regarding the likelihood of obtaining this capital in the timeframes required by the Group was not available to us. Accordingly, we consider to have not gathered sufficient appropriate evidence regarding the implications of this on whether the going concern basis of preparation is appropriate.

Going Concern – Trade and Other Payables Containing Creditors Outside Normal Payment Terms

Reported in the statement of financial position are trade and other payables totalling $7,177,995. This total includes creditor liabilities outside their normal payment terms. Other than with certain Australian government agencies, binding written agreements regarding the re-negotiation of the repayment conditions and/or extinguishment of the liabilities were not available to us. Accordingly, we consider to have not gathered sufficient appropriate evidence regarding the implications of this on whether the going concern basis of preparation is appropriate.

Going Concern – Restructuring Plan

Note 1 details the dependency of the Group on the proposed restructuring plan in order to improve the Group's trading performance in order to generate positive cash flows from operations. Binding written agreements were not available to us. Accordingly, we consider to have not gathered sufficient appropriate evidence regarding the implications of the restructuring plan on whether the going concern basis of preparation is appropriate.

As a result of these matters, we were unable to form a conclusion whether the going concern basis of preparation is appropriate, whether the Directors declaration statement regarding the reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable is appropriate, and whether adjustments are required to the recorded values of assets and liabilities in the half-year financial report, are complete and accurate. Given the material and pervasive impacts of this to the half-year financial report as a whole, we are therefore unable to conclude on the half-year financial report.

Impairment of Assets

Further, included in the consolidated statement of financial position as at 31 December 2020 are intangible assets of $2,252,951, right of use assets of $19,146,905 and property, plant and equipment of $5,575,101. Due to ongoing operating losses, the Group is required to undertake an impairment assessment of intangibles in accordance with AASB 136 *Impairment of Assets*. Due to uncertainties connected with COVID-19 and due to uncertainties associated with the effects of the planned restructuring the management did not undertake an impairment assessment as of 31 December 2020. Therefore we were unable to obtain sufficient appropriate audit evidence about the carrying value of the intangible assets, right-of-use assets and property, plant and equipment as at 31 December 2020. Consequently, we were unable to determine whether any adjustments to the carrying value of the intangible assets, right-of-use assets and property, plant and equipment in the statement of financial position are necessary for the period ended 31 December 2020.

Emphasis of Matter – Subsequent Events

We draw attention to Note 1 and Note 16 to the half-year financial report, which describes the estimated financial impact of the Group's Restructuring plan. Reporting this matter does not alter our disclaimer of conclusion as described in the Basis for Disclaimer of Conclusion.

Responsibilities of the Directors for the Half-year Financial Report

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

Auditor's Responsibility for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagement ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. However, because of the matters described in the Basis for Disclaimer of Conclusion section of our report, we were not able to obtain sufficient appropriate evidence to provide a basis for a review conclusion on the half-year financial 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 review of the half-year financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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	25 February 2021

fresh.
natural.
organic.