

22 January 2021
ASX Announcement

Oliver's Real Food Limited (ASX:OLI)
CEO's Address
2020 Annual General Meeting

Hello to all Shareholders and thank you for taking the time and interest to join the Oliver's Annual General Meeting.

I have been with Oliver's now for seven months and certainly, as Jason points out, we are operating in unprecedented times. However, I see it as my responsibility to steer the Company through these difficulties and, most importantly, to get this Company profitable. Today, it is simply my intention to give you some visibility on how we plan to achieve this.

I might start by saying that when Jason approached me about the CEO position at Oliver's, it ultimately boiled down to two main reasons that I accepted the role.

One was undeniably the love I have for the Oliver's brand. Like many of you probably do, I have memories of road trips involving "are we there yet?" moaning from the back seat and pulling up at the Oliver's Oasis, putting a stop to that – somewhere where we could feed our children healthy food that they loved and we were all happy (well, until we got back in the car anyway!). Our children are now driving themselves and I am happy to say continue to be Oliver's evangelists.

The other reason was only apparent after I did a deep dive into the issues confronting the business. To put it succinctly I felt the opportunities for the business were significant and that while there would be challenges, which Jason has outlined, that with making some hard, and necessary, decisions on the structure and direction of the business, the potential for the growth of Oliver's was immense.

Seven months on, my belief has not changed. And now with the benefit of having done a rigorous examination of the business's footprint I am acutely clear on the problems in the business and what we need to accomplish to overcome them, as I am of the opportunities to grow revenue.

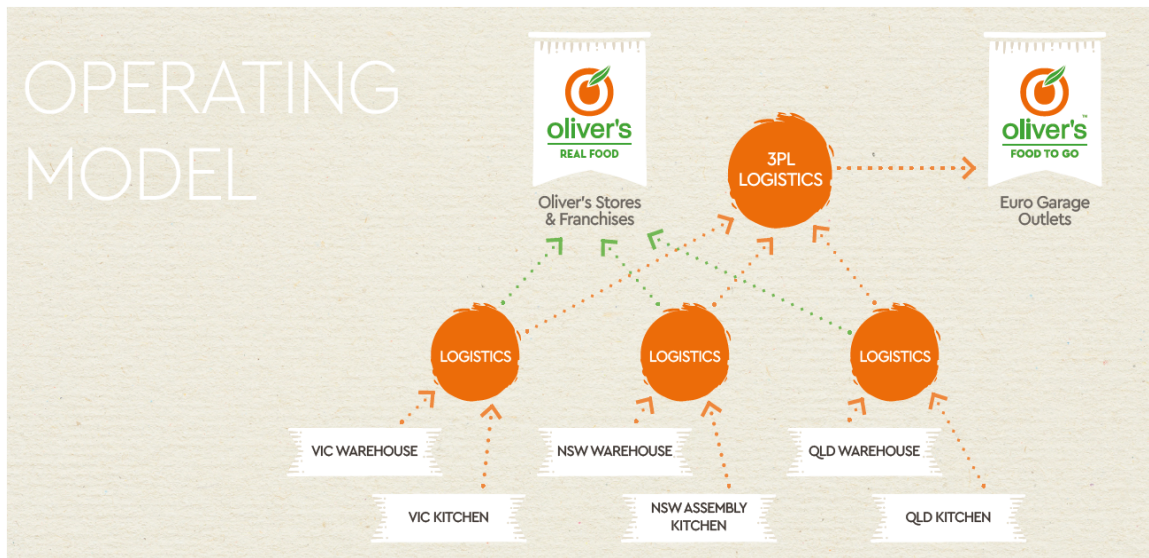
Firstly, to speak on the review of the business footprint. As I expressed in my year end letter when I was only weeks in the seat, it was immediately apparent to me, as it was to the Board, that we needed to improve the quality and timeliness of financial reporting in the business. We have done that. We now have accurate, reliable financial reporting giving us the metrics we need to make well informed decisions.

We have recently brought a new CFO into the business. Rob Ross-Edwards who has taken over the reins from David McMahon who did a tremendous job of navigating the business through a very difficult period over the past two years.

Rob, who joined the business in November, has worked with me previously. He has deep experience in retail, logistics, operations and as a CFO in public companies. Rob has already been a great asset to the business assisting me with starting to enable the hard decisions that need to be made on the structure and direction of the business.

SO WHAT DOES MAKING SOME HARD AND NECESSARY DECISIONS ON THE STRUCTURE AND DIRECTION OF THE BUSINESS, ACTUALLY MEAN?

The best strategy in the world isn't worth much if it must battle its own internal complexity to execute it. Over the past months we have been focusing a great amount of effort and commitment to a review of the business's operating model and its processes. I refer to slide Operating Model (below) to give you a simple understanding of the Oliver's operating model and therefore what the review has entailed.



In short, the Oliver's operating model is complex. In fact, we need only look at our competitors to substantiate that our operational structure is, comparatively, very complicated. We do a great deal of activities inside the business, from manufacturing to warehousing to logistics to wholesaling and retailing. Having completed the review of the business footprint I am confident that our greatest gains are going to come from rooting out this excess complexity and simplifying the structure and overhead in the business. And to that end we are well advanced with the formulation of a staged strategy for changing and simplifying the operating model.

The new model will seek to eliminate several duplications of operational functions and overheads. In-house operational activities will be significantly reduced by using existing internal resources more appropriately and in several cases internal functions will be replaced with strategic third party partnerships.

Our Goal is to:

- Do Less
- Do It Better
- Do It Only Once
- Do It in the Right Place

The changes to the operating model and overhead are being finalised and these will be announced to the market in the coming weeks once they have been reviewed and approved by the Board.

GROWTH INITIATIVES

While my primary focus has been on building the roadmap for transforming and transitioning the business to a new operating model and overhead, there has been focus and progress on top line business initiatives, specifically in the areas of technology development and new product development and innovation.

TECHNOLOGY

We have recently invested in technology platforms that will provide for both a better customer experience and run our business more efficiently. Next week we begin the rollout of our new point of sale system that, among other features, has a superior analytics module. Concurrently we will also be upgrading our self-service kiosks to improve service times in-store plus we will be launching an app for online ordering in the next quarter.

PRODUCT DEVELOPMENT AND INNOVATION

This is an area of the business that really excites me. I have deep experience in, and a great passion for, product development and innovation within the health convenience, quick service space. We know that the consumer who demands health and convenience is a growing market segment. Oliver's is a brand that is trusted in this space and we have a licence to innovate and to be a leader.

In the area of product development we are also working on product strategies for improving value perception. It is innovation and value perception that are the key drivers that will underpin our product strategies into the future.

In the business we have three key selling categories and I will give you a brief update on product development work in each of these categories.

QSR MENU

Quick Service Restaurant Menu – counter service menu.

Over the past six months we have introduced several new lines to the menu. Hopefully several of you will have visited stores and seen some of those changes to the menu which have included Combo Meal Boxes, The Oli Burger and Organic Hash Browns, to name a few.

Most recently we have been working specifically on the test launch of a new breakfast menu. Our sales across all venues are heavily skewed to lunch time and afternoon participation. Our breakfast sales struggle. From February we will be testing a new menu for breakfast, across four venues, with the selling window of up to 11am daily. The offer to be tested will launch new, innovative product and will carefully examine price sensitivity with our customers across these different locations.

GRAB & GO PRODUCT

Express food items you can 'grab and go' through our fridges. Includes lines like sandwiches and salads. This category is relevant to both our store network and the EG Food To Go petrol and convenience network.

We have also launched new products to our Food To Go range in stores. Most recently we have successfully launched three new salads, these are an add-on to our existing garden style salads in this category. They are substantial meal salads and have been extremely well received in both our stores and the EG Food to Go petrol and convenience channel. Further product development has included the launch of sandwich wraps and rolls and a re-launch of our yoghurt muesli pots.

FOOD FOR THE ROAD

Value add lines like potato crisps and beverages. This category is relevant to both our stores and the EG network.

In this category our immediate focus has been the beverage category. Like the breakfast category, our sales in this category are relatively weak to the size of this market. Simply, in our space we should do better

in beverage sales. We have recently launched a new 'own brand' range of cold pressed juices both into our stores and the EG network, with sales trending very well. And we have a pipeline of new product for this category in development.

I conclude my discussion on product and innovation by saying that I really do believe we have something very special with the Oliver's brand. We have a brand that stands for something, that customers have a connection to and that gives an emotional benefit. With a well planned product strategy now in place I think there is significant future opportunity for the brand to supply into new channels. But I think that is more a discussion for the next time we meet.

So, having now updated you on the major activities and initiatives in the business. I expect there is some interest in receiving an update on the EG partnership and the recent store closures during COVID.

EG PARTNERSHIP

The EG Food To Go rollout in the petrol and convenience channel continues. As of today we are operating in 114 outlets – 60 in NSW, 20 in VIC, 27 in QLD and 8 in ACT.

We also, in December, opened our first franchised outlet with EG in Liverpool, Sydney which, from an operations perspective, joins our store network for supply and distribution. At Liverpool we worked with EG to refresh and contemporise the look and feel of this Oliver's outlet. We are very pleased with the result and hope you are too.

I am also pleased to share that we have two more franchises with EG in planning stages for NSW this year. To talk specifically about EG Food To Go, the petrol and convenience market is new channel business for us. It does call for a different supply and distribution model to our traditional business and this has presented some unique challenges to the business over the past six months.

It has taken some learnings for us to understand how our capabilities can best deliver on this significant revenue opportunity, profitably. With that in hand we have now turned much of our focus to product development for this category as we learn how to become a convenience store brand and position ourselves for success in this channel.

We do greatly value the exclusive partnership we have with EG. Run by extremely experienced, successful and organised retailers, EG is a business that drives us to be better and sharper at what we do. There is significant growth potential with this partnership, and I look forward to continuing to broaden our relationship with EG.

STORE CLOSURES DURING COVID

The unpredictability of the pandemic has continued to present significant challenges to the business. Our store network was steadily building sales in the lead up to the December holiday period – we were encouraged and quietly optimistic with our position and, operationally, planned accordingly. The shutting of borders from the 19th of December saw our sales reverse immediately in a number of our stores, in particular those closest to borders. It was a massive disappointment for the business and we responded to the changing circumstances daily, paying specific consideration to the immediate and anticipated impact to individual store sales and the overhead that sits in, and outside, each of those venues.

We made these decisions case by case, day by day, with the facts at hand. They have been hard decisions. In the end we have relied on the numbers to drive our decisions on store openings. If the numbers clearly showed that a particular store could not make money due to the travel restrictions of the day, we did not trade it for that period.

While I appreciate there are arguments around brand consistency and customer experience that under more normal market conditions we would have considered, these are not normal market conditions. And because of that customers, we feel, have been overall understanding of these decisions.

While it is impossible to know if we always made the right decision I am confident that our criteria for making these decisions was robust and that we have dramatically improved the trading outcome over this period.

FINAL WORDS

So, in conclusion we are underway with simplifying the business structure to deliver sustainable cost reductions while creating a more effective and agile company. This will then allow us to turn our attention to revenue growth by leveraging our great brand and understanding and responding to the market opportunities for sales growth within our store network and through our EG partnership.

As I said earlier, there will be significant changes to the operating model and overhead. These are being finalised and will be announced to the market in the coming weeks once they have been reviewed and approved by the Board.

I am personally very energised by the opportunities and the potential that is in front of us and assure you, the Shareholders, of my dedication and determination to maximising these for the business.

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This ASX release has been authorised by the Board of Directors.

For further information please contact: Jason Gunn, **Chairman**
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About Oliver's Real Food Limited (ASX:OLI)

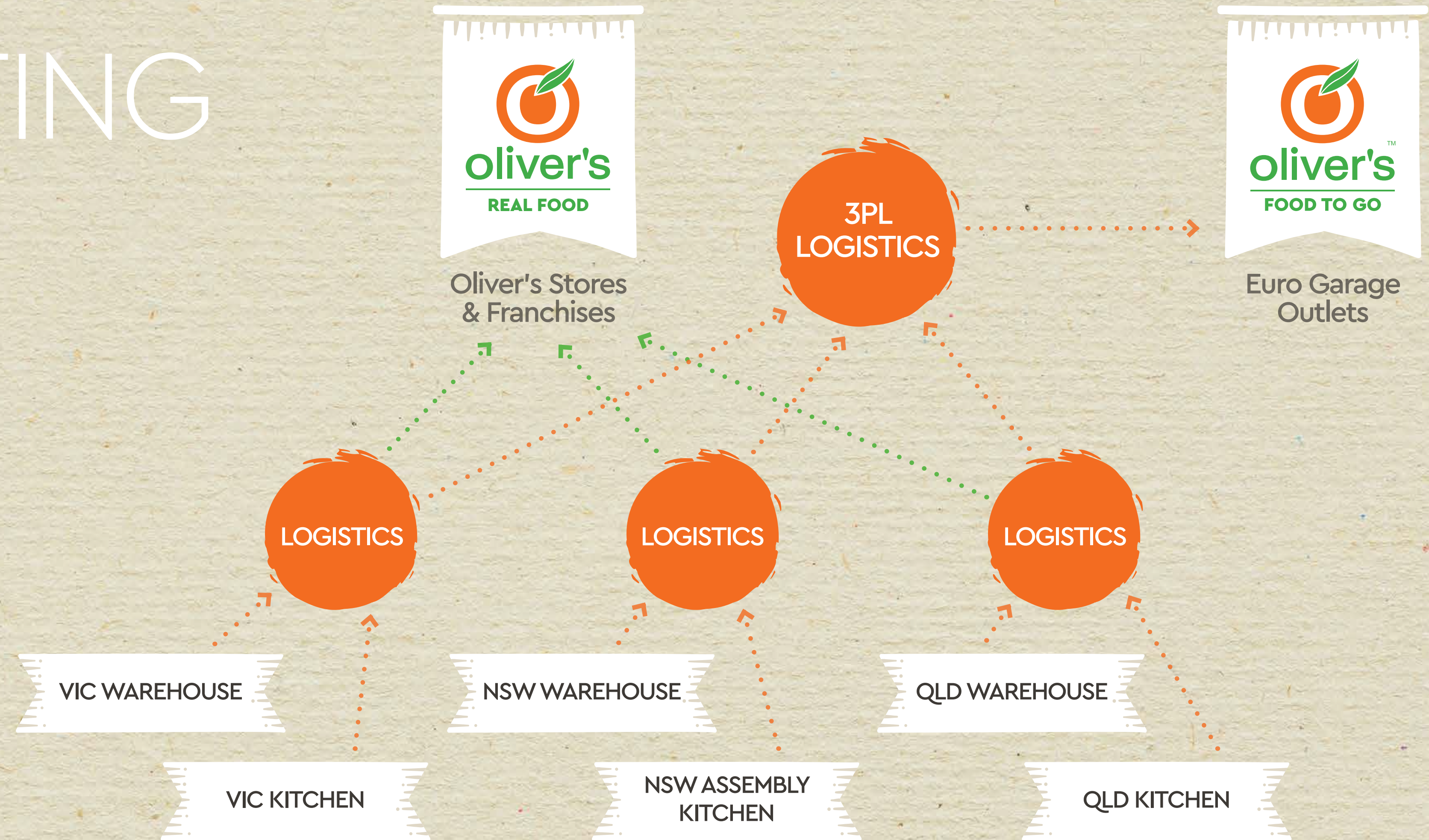
Oliver's Real Food Limited (**Oliver's**) listed on the ASX on 21 June 2017. Over its 15-year operating history, Oliver's has established a significant market position providing a health fast food alternative for travellers on Australia's major arterial highways. Oliver's Real Food is the world's first "certified organic fast food chain" and provides its customers with premium quality, "real" food that is fresh, natural, & free from additive and preservatives. Oliver's is a conscious business that understands, and is committed to, the interdependency of "all stakeholders" including our customers, investors, team members, suppliers, the environment, and the communities in which we operate. **www.oliversrealfood.com.au**.



CEO's address



OPERATING MODEL



CEO'S ADDRESS



QSR MENU

New products:



In the immediate pipeline:



- ORGANIC PORRIDGE
- BREAKFAST MILK BUNS
- BETTER BURGERS



CEO'S ADDRESS



GRAB & GO

New products:

In the immediate pipeline:

- CRUDITE POTS
- SWEET BREADS
- PIZZETTAS



NEW SALADS



YOGHURT POTS



WRAPS



CEO'S ADDRESS



FOR THE ROAD

New products:

In the immediate pipeline:

- OLIVER'S MINTS
- SNACK SIZE REAL CRISPS
- OLIVER'S COLD BREW COFFEE



GINGERBREAD FOLK



NUT MIXES



BEVERAGES



CEO'S ADDRESS



EG PARTNERSHIP



FRANCHISED OUTLET - LIVERPOOL, SYDNEY



FOOD TO GO PETROL & CONVENIENCE OUTLETS



CEO'S ADDRESS

