

22 January 2021
ASX Announcement

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

Dear Shareholders

It was my privilege to accept the Chairman's role on the 2nd May 2020, taking over from Nicholas Dower who had been Chair for the 14 months since we returned to the business in March 2019, and who has now retired from the OLI Board.

In addressing you today I would firstly like to acknowledge the contribution of Nick as both a director and Chair for those very challenging 14 months and for having been a supportive Shareholder for much longer than that.

I personally appreciate greatly, as I know we all do, the contribution that Nick made to the dramatic turnaround in this business and in helping set the stage for us to rebuild for a profitable future.

The last time I addressed you it was as the CEO at our last AGM in November 2019. At that time I shared with you my confidence that we felt that we had stabilised the business, stopped the bleeding, and that we were on our way towards a bumper summer trading period and, what I believed would be, a profitable FY20.

Boy was I wrong! FY20 was full of surprises for all of us.

Now, while severely moderated by the impact of COVID19, the past 14 months have been a challenging "yet transformational" period during which we have made significant progress in our turnaround journey and established a firm platform from which to pursue a future of sustainable profitability.

The Company's 2nd Half FY20 recapitalisation addressed OLI's immediate cash position, afforded much needed financial stability, and provided the executive team with capacity to execute on a range of operational priorities.

We have seen significant structural changes in the business in this period with a change of both Chairman and CEO as well as a new wholesale supply contract with EG (Euro Garages).

A major part of our focus in FY20 has been to first secure and then action the opportunity to grow the brand and business through a partnership with EG for the roll out of the Oliver's Food To Go offering, while at the same time managing the core operations and the impacts of COVID19 in our corporate store network.

Tammie will expand on the detail of what has happened in both our corporate store network and the EG roll out when she addresses you shortly.

There are a number of key events that have happened over the last 12 months that I would like to recap for you, as I know that many Shareholders have had questions around some of the events of the last 12 months, and indeed some of the decisions we have made as a Board and a business. So I will take this

opportunity to shed some light on those points and in doing so I will hopefully answer some of your questions along the way.

Since addressing you at the 2019 AGM:

BUSH FIRES: At the time of the AGM, we were all aware that there were bush fires, but none of us really understood just how devastating and impactful they would be. Obviously, the fires were out of our control, but we still had to manage the situation and the impact on our business. This was a big job, a massive distraction from the core business, and it really took the edge off what would have otherwise been a very busy trading season. I would like to take this opportunity to again thank the incredible team that worked so hard to get us through that period.

FLOODS IN FEB 2020: I thought this was the final straw – two of our largest stores were closed for seven days due to the damage caused by flooding to the power supply network on the Central Coast of NSW where we have our two highest turnover stores. This was a frustrating time, but little did we know that it was simply a taste of what was yet to come in 2020.

THE EG OFFER TO BUY THE BUSINESS AT 0.10C PER SHARE: At the time the Board considered this to be a substantial enough offer that it should be put to the Shareholders to consider and vote on. Unfortunately, the impacts of the pandemic on our business and on that of EG, both locally and globally, put both businesses in a severely compromised position. As a result, the parties took the opportunity to explore alternative solutions and, fortunately, we were able to reach agreement on an exclusive supply agreement and an IP license agreement that was then announced to the market on 25th May 2020.

COVID19 HITS: The global pandemic that will never happen ... “oh my gosh, it just happened”. The key question that seemed to come from Shareholders at the time, and since, has been why did we close all of our stores? In some ways this may have seemed counter intuitive, but for the Board and Management team it was an obvious decision. There was no doubt that this event was going to have a significant impact on our ability to trade profitably. It was not about seeing how long we could continue to trade and survive, what was more important was to ensure that we could batten down the hatches and weather the storm so that we could have the resources available to us to re-open the business when conditions improved.

THE ANNUAL AUDIT AND FINANCIAL REPORT

I don't believe any Board member, or executive, or Shareholder for that matter, ever imagined that FY20 was going to be anything other than a very challenging year – this was always going to be the case. The advent of the bushfires and the global pandemic just made it even more challenging, a monumental challenge in fact, for those of us that were at the 'coal face' dealing with those challenges. So, the fact that the actual EBITDAI for FY20 (Earnings Before Interest, Tax, Depreciation, Amortisation and Impairments) was a loss of just \$70K was, I believe, the best possible outcome. While the total reported loss of \$17.5m for the year seems difficult to comprehend, it is important to understand how that figure is reached.

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| Total Reported Loss | -\$ | 17.50m |
| Impairments | -\$ | 10.23m |
| Depreciation & Amortisation | -\$ | 5.75m |
| Finance costs | -\$ | 1.35m |
| Tax | -\$ | 0.09m |
| EBITDAI* | -\$ | 0.07m |

As I have been asked by a number of Shareholders to provide commentary and explain how the accounting standards translate and then report the impacts of the recent natural disasters and the COVID19 pandemic, I provide the following explanation, full details of which are contained in our 2020 Annual Report.

- The potential impact of impairments of assets, such as property, plant and equipment right-of-use (ROU) assets is calculated based on the cashflows generated by cash generating units (CGUs), (meaning our stores). Given that our entire store network was closed for a period of eight weeks, the impact on these cashflows was significant for the reporting period.

- The ongoing closures in Victoria and travel restrictions throughout NSW during the first quarter of FY21 heavily impacted our forecasts (for both profits and cashflows) for the first half of FY21. These forecasts are what are then used in the calculation of potential impairments at 30 June 2020.
- Our revenue forecasts for the first half of FY21 needed to be reduced by approximately \$6.0m (that was anticipating continuing uncertainty given the travel restrictions and border closures) and the revenue loss for the current reporting period was approximately \$4.0m below budget as a result of the pandemic, the bushfires and flooding during the period from November 2019 to June 2020. These factors had a major impact on the impairment calculation meaning that \$10.2m has been charged in impairments to the profit and loss at 30 June 2020 thus making up a significant portion of the total reported loss of \$17.5m.

I trust this sheds some light on how this reported loss is reached, and there will be an opportunity to ask further questions if you so desire.

TAMMIE PHILLIPS APPOINTED AS CEO

As the Founder and Chairman, I am completely confident that Tammie has the required passion and belief in our brand, as well as the ideal experience and background to drive the change that is needed to deliver the results that we all want to see, and “believe” that this business can generate.

As we all know, the events of the last 2 years have been extremely challenging, returning to a business that was really on its knees financially, and then the challenges faced with the bush fires of the summer of 2019, the floods of February 2020, and then of course the global pandemic.

BUT! Luckily, we knew what to do to “Factory Reset” and stabilise the business in the last quarter of FY19.

Fortunately, we were able to develop a concept that I called a “Franchise in a Fridge” that ultimately became the basis of what we now know as “Oliver’s Food To Go” that has now been rolled out to 114 EG locations, and most importantly ...as a testament to the strength of the brand, the business and the team of amazing people that both love and believe in this business, we have managed to weather the challenges we have faced over the last 18 months.

But the most significant thing that has happened in recent times, is that we have (I believe) recruited the best possible person to lead this business (profitably) forward. I am referring to Tammie Phillips our CEO.

To Conclude, this business has faced significant challenges in recent times, but I truly believe that this business is currently undergoing a significant shift, with new leadership in Tammie, new ideas and strategies, with the opportunity we have to rapidly grow the brand in partnership with EG, and with the experience and the knowledge on the Board, working together to support Tammie Phillips and her executive team.

So, on that note, I will shortly hand over to Tammie so that she can share with you her vision for the future of the business and how the business needs to be restructured to deliver the profitable outcomes we all want to see and believe are achievable for OLI.

After Tammie has delivered her presentation we will move to the formal business of the meeting and voting.

Thank you, I will hand over now to Tammie.

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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.