



Oliver's Real Food Ltd
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23 March 2021
ASX Announcement

Oliver's Real Food Limited (ASX:OLI) ("Company") RESTRUCTURE ANNOUNCEMENT AND ASX SUSPENSION UPDATE

INTRODUCTION

Following an extensive review, the Company is pleased to announce that the Board has today signed off on a restructure of the business, resulting in a streamlined and simplified business model. This proposed restructure is the result of a six-month, comprehensive review of the existing business by the CEO and her team, with a view to returning to profitability.

NEED FOR CHANGE

The Board and Management continue to believe that Oliver's has considerable opportunity as a unique brand in the convenience food channel. This belief is based on strong customer loyalty, the strength of the relationship with EG Fuelco ("EG"), and the historical profitability of many owned stores before the impact of the bush fires and Covid-19.

The bush fires and Covid-19 have severely tested the retail and tourism sectors to which Oliver's is exposed. However, the current operating model has not proven resilient enough to manage profitably through these events.

It is plausible that without the impact of the bush fires and Covid-19, the Company's original plan could have been executed successfully. Despite this, new management still believe that the plan was overly complex for a company of Oliver's size and would hold back profitability if allowed to continue.

SUMMARY OF RESTRUCTURE

The restructure will clearly distinguish between the two aspects of Oliver's business, i.e:

- Oliver's Real Food (stores and franchises)
- Oliver's Food to Go (retail convenience)

Oliver's Real Food

Cost savings will be achieved by centralising food preparation into one, Brisbane-based, kitchen facility while product warehousing and delivery are outsourced to a third-party logistics company with a national footprint that reaches all the Company's outlets.

Oliver's Food to Go

This change aims to improve financial outcomes from this channel by moving from a fixed to a variable cost operating model. The business will move to third party manufacture and distribution for the range of Oliver's products under a royalty payment model. Changes will be effective by the end of April 2021.

Financial Impact

As at today's date, one-off costs of \$0.9M will be incurred in the coming months to implement the restructure however annualised cost savings have been forecasted at \$4.0M in FY2022 enabling the Company to achieve a much-improved financial outcome.

Most of the restructure is expected to be implemented by June 2021.

COMMENTS FROM TAMMIE PHILLIPS, CEO

"Now having spent some months analysing the business model with my team and considering various options, I am confident this restructure plan – which seeks to simplify the business model – is the best way forward for the Company. After implementation, the Company's financial performance will quickly improve. Our budget projections currently show that the Company can be profitable in FY2022. Further, the new simplified operating model will allow us to turn our attention to revenue growth and execute our customer-oriented growth strategy plan."

COMMENTS FROM THE BOARD

We firmly believe there is a clear path to profitability, based on the restructured business model. Tammie Phillips (CEO) and Rob Ross-Edwards (CFO) are experienced executives with the appropriate skill set to implement the restructure and to focus on growth opportunities.

Oliver's purpose is to provide healthy, tasty, natural fast food for people on the go. We are proud of the 24-store network developed by the Company's founder, Jason Gunn, and look forward to growing our continuing strong relationship with EG in the years ahead.

ASX SUSPENSION UPDATE

We can advise that the Company has further worked with the ASX and our auditors to resolve this matter. We have responded to all ASX questions and are awaiting their response.

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

For further information please contact:

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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 sand 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