

29 January 2020
ASX Announcement

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Oliver's Real Food (ASX:OLI)

Supplementary Explanatory Memorandum EGM

Dear Shareholders

Purpose of this Document

This Supplementary Explanatory Memorandum (**SEM**) supplements the Explanatory Memorandum (**EM**) that accompanied the Notice of Meeting (**'NOM'**) dated 8 January 2020 and the business to be conducted at the Company's Extraordinary General Meeting (**'EGM'**) to be held on Thursday, 6 February 2020, which contains information about proposed Resolutions 1-5 inclusive (**Resolutions**). Resolutions 1-5 inclusive are ordinary resolutions, which require a majority of votes cast by Shareholders present and entitled to vote in favour of the resolutions to pass.

This SEM must be read together with the EM. If there are any inconsistencies between this SEM and the EM, this SEM will prevail. This SEM together with the EM comprise an explanatory statement and notices of meeting for Oliver's Real Food (**'OLI'**)

This SEM is important and requires your immediate attention. You should read this SEM in full before making any decision as to how to vote at the Meeting,

This SEM does not constitute or contain an offer to OLI Shareholders, or a solicitation of an offer from OLI Shareholders, in any jurisdiction.

If you have sold all of your OLI Shares, please ignore this SEM. If you are in doubt as to what you should do, you should consult your legal, investment or other professional adviser.

If you have already voted or appointed proxies to vote on your behalf on the Resolutions to be put at the meeting, you may change your vote or proxy. If you wish to change your vote you can log into www.votingonline.com.au/oliegm2020 with your details and update your vote accordingly. You can also fax (Fax +61 2 9279 0664) or post (Postal GPO BOX 3993 Sydney NSW 2001) us your new voting instructions, see details below. If you would like a new proxy form please contact our registry at either +61 9290 9600 or email proxy@boardroomlimited.com.au.

Resolution 1 (Capitalisation of loan and issue of shares to Jason Gunn) is withdrawn.

The Board has decided to withdraw Resolution 1.

Resolutions 2-5 (The grant of 5,000,000 Options to each of the Directors)

The EM explained that 5,000,000 Options are proposed to be granted to each of the Directors. Each such Option entitles the holder to acquire one fully paid share in the Company at an exercise price of 2.2 cents per OLI and otherwise on the terms specified in the EM.

Further Explanation on OLI Share Price at time of granting Shares:

The EM states that "At the time these Options were granted to Mr Gunn, Mrs Gunn, Mr Metter and Mr Dower "the OLI trading price was 1.9 cents per share". This Board wishes to clarify this statement.

The share price of 1.9 cents referred to in the EM was an intra-day low on 1 March 2019, the day after the release of the half-yearly results and the announcement of the appointment of Mr Jason Gunn and Mrs Amanda Gunn to the Board and the resignation of two of the previous directors.

The shares traded in the range of 2.2 to 2.3 cents up to 8 March 2019 and closed at 2.2 cents on that day. On 11 March, when the next announcement about further changes to the Board was made, the price moved up

to a high of 3 cents, closing at 2.9 cents. Between 12 March 2019 and 28 March 2019, the shares traded between 2.9 cents and 5 cents. The high of 5 cents occurred on 13 March 2019 and the low of 2.9 cents on 28 March 2019. By the end of this period and at the time of the board meeting on 29 March 2019 the price had settled at about 3 cents per share.

The price of 2.2 cents referred to in the Board Minutes of 29 March 2019 as being the exercise price of the Options was within the prevailing price range at the time the current Board took over. This was fixed both as the exercise price of the proposed Options and the base for measuring the doubling of the share price specified in the vesting conditions.

Explanation of Impact on Profit and Loss of the Company

The NOM and EM did not disclose the impact that the granting of the Options to the directors would have on the Profit and Loss of the Company. This is because at the time that the NOM was first submitted to ASX for approval at the end of October 2019, the OLI share price was trading at approximately 4.4 cents and the Board was advised that the impact of granting these Options on its financial position was not material at that time.

OLI has now been advised that as a result of the significant recent increase in the price of OLI's shares since the NOM was first submitted to ASX for approval, the granting of the Options, if approved by shareholders, will have a material impact on the Company's profits in 2019-20.

Under AASB 2- Share Based Payments, the Company will be required to charge to profits the fair value of the options assessed at the date on which they are granted. Assuming that the current OLI share price of approximately nine (9) cents per share prevails at the date of granting, the fair value of the options, and the corresponding charge to profits, would be approximately \$1.1 million. The actual impact will depend on the OLI share price at the time the Options are granted to the Directors. The Options, if they are all exercised, will result in \$440,000 positive cash contribution to the Company and will not otherwise negatively impact OLI's cash position.

Shareholders should note that the market capitalisation of the Company has risen since the time the current Board took office by about \$19.6 million - from about \$5.5 million (at 2.2 cents per share) to about \$22.6 million (at 9 cents per share).

Conclusion

We ask that you as a Shareholder carefully consider all the information and make your decision based on all the facts.

For and behalf of the board

Nicolas Dower | Non-Executive Director and Chairman | Nick.dower@oliversrealfood.com.au

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 13-year operating history, Oliver's has established a significant market position providing a healthy fast food alternative for travellers on Australia's major arterial highways. Oliver's Real Food is considered to be the world's first "certified organic fast food chain" and provides its customers with premium quality, "real" food that is fresh, natural, & free from additives and preservatives, 7 days a week.

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