Oliver's Real Food Ltd
ABN 33 166 495 441

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7 June 2022
ASX Announcement

Oliver's Real Food Limited (ASX: OLI) (''Company'')
FY2022 Half Year Review

The Board of Directors of Oliver's Real Food Limited ("OLI", "The Company", "The Group") is pleased to present the Group's financial results for the 6 months to 31 December 2021, and in that regard we make the following comments:

1. The Board apologises for the significant delay in reporting these results. There is an explanation as to why this was necessary. OLI changed its auditors following the conclusion of the FY2021 full year audit. The half-year to 31 December 2021 is therefore the first interim report we have presented that has been reviewed by our new auditors. In assessing the half-year, the auditors also reviewed the published results for the year ended 30 June 2021, including correspondence received by OLI from ASIC after the release of our FY2021 accounts. After intensive investigation, as well as correspondence between OLI and ASIC, The Board, in conjunction with our auditors, resolved certain figures contained in the report to 30 June 2021 be restated, and this then involved a suite of complex calculations and considerable input from our independent experts including valuation specialists and our auditors to determine several 'prior period adjustments'. The culmination is a series of such adjustments in the half-year results to December 2021, reflected as prior period adjustments with necessary explanatory notes in the report to 31 December 2021.

2. The single largest impact of these prior period adjustments is a reversal of a $4.5m write-back at 30 June 2021 to Impairments which was reflected as a positive impact on our FY2021 full year. Now reversed, this has had a negative impact on our equity.

3. We have commented before today's announcement as to the trading challenges faced by the Group, primarily because of COVID, border closures, lockdowns, fires, and floods. We have survived all of these, some occurring concurrently. The main reason for our survival has been the significant restructure, which we have discussed at length in prior announcements, which comprised a major change at the operational level. This program commenced in July 2021, after 3 months of planning, and was completed in February 2022 and was responsible for closing all our commercial kitchens, warehousing, and logistical activities, subcontracting these to industry-experts, with the resultant reduction in annual overheads of around $4m. It is the Board's view that the Company would not have survived had this restructure not been executed.

4. At the time of planning and executing the above, the Board had expectations that post Covid and after borders re-opened, OLI stores would return to pre-Covid sales levels, and it was upon this reasonable assumption that the cash flows were forecast, and plans made. Unfortunately, as we have also reported, while both NSW and Qld stores have indeed returned to those levels, the VIC store network remains at a frustrating 58% of pre-COVID levels, a trading pattern which has been resistant to all corrective attempts by management and has therefore continued to concern the Board.

5. As a direct result, and after weeks of close monitoring and analysis, the Board resolved a need to close 4 VIC stores immediately (refer to our recent announcement). The remaining VIC stores are under careful and constant review, and discussions are on-going with the landlords. Unless there is an immediate improvement in sales and/or rent reduction the Board may well have no option, but to close more stores.

6. You will note the results for the 6-months to 31 December 2021 make provision for a significant" write-off (impairment) of the carrying values of the VIC stores. In conjunction with our auditors, and recognising this is a very conservative approach, it has been resolved that OLI will impair 100% of the total carrying value of the entire VIC store network, all $6m thereof, even though only 4 stores (out of 11) have actually closed during the period. This reflects the ongoing uncertainty surrounding these stores as we continue to negotiate with the landlord around their ongoing viability. The non-Victorian stores have been subject to a higher discount rate than previously applied and a more conservative forecast, which has resulted in a further impairment of ~$4m. The impact of this on our half year results is substantial.

7. On a positive note, the relationship between EG Fuelco and OLI continues to prosper, with more Food to Go stores coming on-line in the half year and yet more slated for the remainder of the financial year.

8. Phase 1 of the restructuring program is now complete. Phase 2 will deal with the VIC store network and its ramifications over the next 3 months and will resolve itself during that period. As part of the overall forward plan, OLI has continued to invest in both its menu, with several changes thereto, and its marketing, and there will be an increased effort in the coming months on enhancing the OLI brand as well as pushing on-line sales with an exciting new menu.

9. It should also be noted that because of both the on-going ASX suspension as well as the factors mentioned above, OLI's cash flow has been under extreme pressure, relieved only by the on-going support and accommodation afforded to OLI by its principal lenders, Michael & Suzanne Gregg, and Gelba Pty Ltd. These lenders have again committed to their on-going support by providing a new line of credit of up to $2m, to fund the on-going operations of OLI and its planned store growth in the 2023 financial year. This commitment together with the improved Group cash flow pursuant to the closure of the VIC store network (pending, still under review) has also enabled our auditors to provide an unqualified audit opinion regarding the Group being a Going Concern, although the auditors have made note of a material uncertainty in this regard in their review conclusion.

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

For further information please contact:

Martin Green, Chairman
martin.green@oliversrealfood.com.au

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.

Oliver's Real Food Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Oliver's Real Food Limited
ABN:	33 166 495 441
Reporting period:	For the half-year ended 31 December 2021
Previous period:	For the half-year ended 31 December 2020

2. Results for announcement to the market

				$
Revenues from ordinary activities	down	41.2%	to	7,194,333
Loss from ordinary activities after tax attributable to the owners of Oliver's Real Food Limited	up	319.5%	to	(12,634,346)
Loss for the half-year attributable to the owners of Oliver's Real Food Limited	up	319.5%	to	(12,634,346)

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Revenue and Net Losses

	Consolidated	
	31 Dec 2021 $	31 Dec 2020 $
Revenue from ordinary activities	7,194,333	12,238,569
(Loss)/earnings before interest, taxes, depreciation and amortisation (EBITDA)*	(9,789,277)	329,775
Earnings before interest, taxes, depreciation and amortisation and impairments (EBITDAI) *	203,603	329,775
Net loss after tax	(12,634,346)	(3,011,971)

*EBITDA and EBITDAI are financial measures which are not prescribed by the Australian Accounting Standards ("AAS") and represent the profit/loss under AAS adjusted for specific non-cash and significant items not expected to recur between periods. The directors consider EBITDAI to reflect the core earnings of the consolidated entity. A reconciliation between loss after income tax, EBITDA and EBITDAI for the half years ended 31 December 2021 and 31 December 2020 are set out below.

	Consolidated	
	31 Dec 2021 $	31 Dec 2020 $
Net loss after tax - Reported	(12,634,346)	(3,011,971)
Adjusted for:		
Depreciation and amortisation expenses	1,839,476	2,475,496
Finance costs	1,007,900	867,767
Interest revenue	(2,307)	(1,517)
EBITDA	(9,789,277)	329,775
Impairment of fixed assets	9,992,880	-
EBITDAI	203,603	329,775

	Consolidated 31 Dec 2021 $	Consolidated 31 Dec 2020 $
One-off items:		
Government concessions - JobKeeper/Jobsaver	1,486,940	3,436,500
Lease concessions	564,565	660,308
	2,051,505	4,096,808

Commentary on the results

- In this first half trading period, the company has opened 39 new Oliver's Food To Go ("OFTG") locations with EG, bringing the total number of OFTG outlets to 189 at 31 December 2021.
- EBITDAI was $203.6k as compared to an EBITDAI of $329.8k in the comparative period.
- However, revenue for the half year to December 2021 reduced by 41% to $7.2m attributed largely to the impact of COVID-19 and state and border closures during the half year.
- Gross margin for the half year was 54% compared to 56% for the same period last year. The main reasons for the reduction in gross margin was due to write off of inventory going out of date both at stores and warehouses during COVID-19 shutdowns, both in NSW and Victoria.
- Depreciation and Amortisation reduced from $2.5m to $1.8m due to effect of impairments at 30 June 2020.
- Further impairments were made to store valuations due to poor trading and uncertain outlook. Additional impairments of $9,996,473 were made during the half year.
- The consolidated entity operated a total of 24 (2020: 24) company-owned quick service restaurants throughout the half-year.
- The consolidated entity's cash and cash equivalents balance was $714k as at the balance sheet date.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(2.08)	(0.54)

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

Dividend reinvestment plan
Not applicable

7. Details of associates and joint venture entities

Not applicable.

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8. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable

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9. Events after the reporting period

- The restructuring of the business model was finalised the first part of the current reporting period. This was a significant restructure and focused on increasing market penetration (via the EG Stores), improving the quality and diversity of the menu, realigning the manufacturing by essentially closing all the commercial kitchens and then subcontracting the entire production to a third-party specialist, and then revising the entire logistics associated with production and delivery by subcontracting the transport. The net impact of this restructure cannot be overstated and has, in effect enabled Oliver's to survive COVID-19, fires floods and border closures. The financial impact has been a reduction in annual overheads of around $4m, the full impact of which will commence from around February 2022, but this comes with a significant reduction in margins as OLI is now subcontracting its entire production and store delivery models.
- This fundamental change to the business model was also necessary if OLI intended to continue servicing the growing EG Store model, as previously OLI serviced the eastern seaboard, and its logistics were established with this in mind. The EG growth is happening across Australia and the previous model was simply inadequate to meet that growth.
- In late February and early March 2022, severe flooding occurred in SE Queensland and NSW, resulting in several OLI stores becoming inaccessible, others being flooded, and yet another blow to travellers and holidaymakers, in what is traditional Oliver's most robust trading period in its most robust area (NSW). The impact on our revenues and profits was immediate and devastating, arriving just as OLI was showing signs of recovery from Covid.
- In the period subsequent to 31 Dec 2021, The Board has conducted a thorough and detailed review of each company owned stores, as the Covid-recovery pattern has not been consistent. The objective was to identify the on-going financial drains on the company's limited resources and address these, store by store. This extensive exercise revealed a number of inherent structural issues with some stores, in that the rentals as a percentage of the turnover, now diminished due to Covid and unlikely to recover to pre-Covid levels, were way beyond industry standards. As a result, management commenced discussions with the relevant landlords to either reduce rentals or find another solution, as continuing to bleed money from these stores was not an acceptable outcome. The upshot of this exercise, as at the date of writing (but on-going beyond this date) is that OLI has quit the lease at Chinderah, has come to an arrangement with the landlord of 4 VIC-based stores whereby the landlord has found a possible replacement tenant as of 1 July 2022. The bulk of the remaining VIC stores are averaging revenue of around 58% of their pre-Covid levels and this is no longer sustainable, and the Board continues to work with the landlords to achieve a mutually acceptable outcome.
- The remaining Melbourne based stores, remain under review and will be assessed on an ongoing basis. If results do not improve alternate solutions will be sought to exit the leases.
- The impact of the above on the reported figures as at 31 December 2021 is significant, as by virtue of the decision to close identified stores and consider the entire VIC store network means the directors have impaired 100% of the carrying value of all such stores and a total impairment which includes right-of-use assets and property, plant and equipment of the stores of $9,992,880 for all stores.
- At the AGM held on 22 January 2022, the following changes were made to the Consolidated Entity's financing arrangements as disclosed in Note 13:
  - Approval to change the terms of a $5.0m secured facility with Gelba Pty. Limited and Michael and Suzanne Gregg to an interest rate of 5.25% per annum calculated daily and payable quarterly in arrears maturing 30 September 2028. Repayment of $250k per quarter from 1 October 2023 with the first repayment due 31 December 2023.
  - Approval to secure the fully drawn $1.5m revolving line of credit with Gelba Pty. Limited and Michael and Suzanne Gregg at an interest rate of 5.25% pa calculated daily and payable monthly in arrears maturing 30 September 2023.

  In March 2022, an additional $1.0m unsecured revolving line of credit with Gelba Pty. Limited and Michael and Suzanne Gregg at an interest rate of 5.25% pa calculated daily and payable monthly in arrears maturing 30 September 2023 was provided.

  On 20 May 2022, a further $2m unsecured revolving line of credit was confirmed to enable the business to grow and enable a future fund raise. As of the date of this report, $1.0m had been drawn.

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10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the unmodified review report which includes a material uncertainty in relation to going concern is attached as part of the Interim Report.

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11. Attachments

Details of attachments (if any):

The Interim Report of Oliver's Real Food Limited for the half-year ended 31 December 2021 is attached.

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12. Signed

Signed ____________________________ Date: 7 June 2022

Martin Green
Chairman

Oliver's Real Food Limited

ABN 33 166 495 441

Interim Report - 31 December 2021

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 2021.

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:

Martin Green	Non-Executive Chairman (Appointed on 22 January 2021; Appointed Chairman on 4 April 2022)
Kim Wood	Non-Executive Chairman (Appointed Chairman on 4 March 2021; Resigned on 4 April 2022)
Steven Metter	Non-Executive Director (Appointed on 11 March 2019)
Kathryn Gregg	Non-Executive Director (Appointed on 4 April 2022)

Principal activities

During the financial half-year the principal continuing activities of the consolidated entity consisted of the provision of fast food dining services specialising in delicious, nutrient dense meals, designed with the customers' wellbeing in mind.

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 $12,634,346 (31 December 2020: $3,011,971).

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 of $203,603 and of $329,775 from the same period during the previous year.

During the half-year, a number of prior period errors were uncovered which have corrected in these financial statements. The effect of these adjustments increased the retained losses brought forward at 30 June 2021 by $5,372,625. Refer to note 18 of the financial statements for further details.

Revenue

Revenue for the half year to December 2021 decreased by 41% to $7.2m.

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 39 new Oliver's Food To Go ("OFTG") locations with EG, bringing the total number of OFTG outlets to 189 at 31 December 2021.

Tammie Phillips CEO commented:

Store Network

- The company operated a total of 24 company-owned quick service restaurants throughout the half-year and 24 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 Job Saver program which contributed $1.5m to the business in the trading period. This has enabled the business to retain valuable trained staff, who otherwise would have been out of employment.

Gross Margin

Gross margin for the half year was 54% compared to 56% for the same period last year.

The main reasons for the reduction in gross margin was due to write off of outdated inventory both at stores and warehouses during COVID19 shutdowns, both in NSW and Victoria.

Outlook

The restructuring of the business model was finalised the first part of the current reporting period. This was a significant restructure and focussed on increasing market penetration (via the EG Stores), improving the quality and diversity of the menu, realigning the manufacturing by essentially closing all the commercial kitchens and then subcontracting the entire production to a third-party specialist, and then revising the entire logistics associated with production and delivery by subcontracting the transport. The net impact of this restructure cannot be overstated and has, in effect enabled Oliver's to survive COVID-19, fires, floods and border closures. The financial impact has been a reduction in annual overheads of around $4m, the full impact of which will commence from around February 2022, but this comes with a significant reduction in margins as OLI is now subcontracting its entire production and store delivery models.

This fundamental change to the business model was also necessary if OLI intended to continue servicing the growing EG Store model, as previously OLI serviced the eastern seaboard, and its logistics were established with this in mind. The EG growth is happening across Australia and the previous model was simply inadequate to meet that growth.

The board have requested management to enhance the existing restructure plan to make the business cash flow positive in the 2023 financial year. Part of that plan is to upgrade stores and equipment to enable quick and efficient service in our restaurants and develop a "high street" test store of the future in 2023FY, that will be located in metropolitan Sydney. If the store is successful then up to 20 stores will be rolled out in the next two years. The plan has the backing of our two lenders Gelba Pty Ltd and Michael and Suzanne Gregg, who have agreed to support the business. Such growth will require substantial capital and a fund raising is expected to be carried out during 2023FY.

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

In late February and early March 2022, severe flooding occurred in SE Queensland and NSW, resulting in several OLI stores becoming inaccessible, others being flooded, and yet another blow to travellers and holidaymakers, in what is traditionally Oliver's most robust trading period in its most robust area (NSW). The impact on our revenues and profits was immediate and devastating, arriving just as OLI was showing signs of recovery from Covid

In the period subsequent to 31 Dec 2021, The Board has conducted a thorough and detailed review of each company owned stores, as the Covid-recovery pattern has not been consistent. The objective was to identify the on-going financial drains on the company's limited resources and address these, store by store. This extensive exercise revealed a number of inherent structural issues with some stores in that the rentals as a percentage of the turnover, now diminished due to Covid and unlikely to recover to pre-Covid levels, were way beyond industry standards. As a result, management commenced discussions with the relevant landlords to either reduce rentals or find another solution, as continuing to bleed money from these stores was not an acceptable outcome. The upshot of this exercise, as at the date of writing (but on-going beyond this date) is that OLI has quit the lease at Chinderah, has come to an arrangement with the landlord of 4 VIC-based stores whereby the landlord has found a possible replacement tenant as of 1 July 2022. The bulk of the remaining VIC stores are averaging revenue of around 58% of their pre-Covid levels and this is no longer sustainable, and the Board continues to work with the landlords to achieve a mutually acceptable outcome.

The remaining Melbourne based stores, remain under review and will be assessed on an ongoing basis. If results do not improve alternate solutions will be sought to exit the leases.

The impact of the above on the reported figures as at 31 December 2021 is significant, as by virtue of the decision to close identified stores and consider the entire VIC store network means the directors have impaired 100% of the carrying value of all such stores. Total impairments across all stores, which includes right-of-use assets and property, plant and equipment was $9,992,880.

At the AGM held on 22 January 2022, the following changes were made to the Consolidated Entity's financing arrangements as disclosed in Note 13:

- Approval to change the terms of a $5.0m secured facility with Gelba Pty. Limited and Michael and Suzanne Gregg to an interest rate of 5.25% per annum calculated daily and payable quarterly in arrears maturing 30 September 2028. Repayment of $250k per quarter from 1 October 2023 with the first repayment due 31 December 2023.
- Approval to secure the fully drawn $1.5m revolving line of credit with Gelba Pty. Limited and Michael and Suzanne Gregg at an interest rate of 5.25% pa calculated daily and payable monthly in arrears maturing 30 September 2023.

In March 2022, an additional $1.0m unsecured revolving line of credit with Gelba Pty. Limited and Michael and Suzanne Gregg at an interest rate of 5.25% pa calculated daily and payable monthly in arrears maturing 30 September 2023 was provided.

On 20 May 2022, a further $2m unsecured revolving line of credit was confirmed to enable the business to grow and enable a future fund raise. As of the date of this report, $1.0m had been drawn.

No other matter or circumstance has arisen since 31 December 2021 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

Martin Green
Chairman

7 June 2022

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Auditor's Independence Declaration

To the Directors of Oliver's Real Food Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Oliver's Real Food Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

P J Woodley
Partner – Audit & Assurance

Sydney, 7 June 2022

Oliver's Real Food Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2021

	Note	Consolidated 31 Dec 2021 $	Restated 31 Dec 2020 $
Revenue	4	7,194,333	12,238,569
Other income	5	2,061,245	4,114,491
Interest revenue calculated using the effective interest method		2,307	1,517
Expenses			
Raw materials and consumables used		(3,624,155)	(4,931,032)
Employee benefits expense		(3,481,906)	(7,636,462)
Depreciation and amortisation expense		(1,839,476)	(2,475,496)
Impairment of assets		(9,992,880)	-
Loss on disposal of assets		(182,161)	(11,184)
Administration expenses		(1,101,010)	(1,673,599)
Store-Facility occupancy expenses		(759,524)	(781,813)
Fair value gain/(loss) on derivatives		99,915	(985,484)
Other expenses		(3,134)	(3,711)
Finance costs		(1,007,900)	(867,767)
Loss before income tax expense		(12,634,346)	(3,011,971)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Oliver's Real Food Limited		(12,634,346)	(3,011,971)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Oliver's Real Food Limited		(12,634,346)	(3,011,971)
		$	$
Basic earnings per share		(0.04)	(0.01)
Diluted earnings per share		(0.04)	(0.01)

Refer to note 18 for detailed information on Restatement of comparatives.

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

Oliver's Real Food Limited
Statement of financial position
As at 31 December 2021

	Note	31 Dec 2021 $	Consolidated Restated 30 Jun 2021 $	Restated 1 July 2020 $
Assets				
Current assets				
Cash and cash equivalents	6	713,522	1,571,049	958,303
Trade and other receivables	7	339,267	1,088,774	979,176
Inventories		967,289	560,652	1,291,248
Prepayments		323,688	210,190	277,238
Total current assets		2,343,766	3,430,665	3,505,965
Non-current assets				
Other financial assets		463,766	571,531	288,095
Property, plant and equipment	8	2,305,868	4,259,641	6,132,097
Right-of-use assets	9	7,947,863	17,350,802	20,330,195
Intangibles	10	1,328,561	1,537,697	2,135,769
Security deposits		128,585	151,505	124,005
Total non-current assets		12,174,643	23,871,176	29,010,161
Total assets		14,518,409	27,301,841	32,516,126
Liabilities				
Current liabilities				
Trade and other payables	11	4,666,960	4,793,110	5,890,117
Borrowings	12	337,558	480,606	1,512,355
Lease liabilities		2,458,213	2,575,444	3,572,852
Employee benefits		454,696	430,328	681,504
Other		-	-	102,719
Total current liabilities		7,917,427	8,279,488	11,759,547
Non-current liabilities				
Borrowings	13	6,191,722	4,777,252	875,000
Lease liabilities		23,491,450	24,451,942	24,069,582
Derivative financial instruments	14	551,912	651,827	-
Employee benefits		86,325	107,683	85,102
Provisions		455,832	458,540	510,896
Total non-current liabilities		30,777,241	30,447,244	25,540,580
Total liabilities		38,694,668	38,726,732	37,300,127
Net liabilities		(24,176,259)	(11,424,891)	(4,784,001)
Equity				
Issued capital	15	34,061,402	34,061,382	31,361,382
Reserves		-	117,022	173,046
Accumulated losses		(58,237,661)	(45,603,295)	(36,318,429)
Total deficiency in equity		(24,176,259)	(11,424,891)	(4,784,001)

Refer to note 18 for detailed information on Restatement of comparatives.

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

Oliver's Real Food Limited
Statement of changes in equity
For the half-year ended 31 December 2021

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)
Adjustment for correction of error (note 18)	-	-	(500,000)	(500,000)
Balance at 1 July 2020 - restated	31,361,382	173,046	(36,318,429)	(4,784,001)
Loss after income tax expense for the half-year	-	-	(3,011,971)	(3,011,971)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(3,011,971)	(3,011,971)
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	(39,330,400)	(7,765,634)

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total deficiency in equity $
Balance at 1 July 2021	34,061,382	117,022	(40,230,670)	(6,052,266)
Adjustment for correction of error (note 18)	-	-	(5,372,625)	(5,372,625)
Balance at 1 July 2021 - restated	34,061,382	117,022	(45,603,295)	(11,424,891)
Loss after income tax expense for the half-year	-	-	(12,634,346)	(12,634,346)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(12,634,346)	(12,634,346)
Transactions with owners in their capacity as owners:				
Options Expired	-	(117,022)	-	(117,022)
Balance at 31 December 2021	34,061,382	-	(58,237,641)	(24,176,259)

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

	Consolidated	
	31 Dec 2021	31 Dec 2020
	$	$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	8,022,619	12,309,673
Interest received	2,307	1,517
Government grants and concessions	2,009,259	3,234,466
Payments to suppliers and employees (inclusive of GST)	(10,270,034)	(14,743,017)
Finance costs	(257,787)	(228,377)
Finance costs - leases	(450,893)	(570,121)
Net cash (used in)/from operating activities	(944,529)	4,141
Cash flows from investing activities		
Payments for property, plant and equipment	(200,410)	(81,601)
Payments for intangibles	(34,373)	(51,110)
Proceeds from/(payments for) security deposit - term deposit	105,705	(284,851)
Proceeds from disposal of property, plant and equipment	315,764	6,932
Net cash from/(used in) investing activities	186,686	(410,630)
Cash flows from financing activities		
Repayment of borrowings - CBA bank	-	(975,000)
Proceeds/(repayment) from borrowings - Pure Capital net (net of costs)	(5,115,660)	4,900,000
Principal repayment of lease liabilities	(1,200,686)	(1,114,500)
Principal repayment of related party loan	(337,203)	(150,000)
Proceed of related party loans - Gelba Pty Ltd / M&S Gregg/ Green Superannuation Fund	6,553,865	-
Net cash (used in)/from financing activities	(99,684)	2,660,500
Net (decrease)/increase in cash and cash equivalents	(857,527)	2,254,011
Cash and cash equivalents at the beginning of the financial half-year	1,571,049	456,797
Cash and cash equivalents at the end of the financial half-year	713,522	2,710,808

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. 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:

24-26 Hely Street, 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 7 June 2022.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 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 2021 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.

Derivative financial instruments
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

AASB 15 Revenue from Contracts with Customers
Revenue from the sale of goods is recognised when a Consolidated Entity sells a product to the customer.

Sale of goods – retail
Revenue associated with the sale of goods is recognised when the performance obligation of the sale has been fulfilled and control of the goods has transferred to the customer, which occurs at the point of sale when the goods are collected.

Royalty revenue
Revenue associated with continuing licensees is recognised over time as the related licensee sale occurs. Revenue associated with these sales are invoiced on a monthly basis and payment is due in accordance with contract due dates.

Government grants
In accordance with AASB 120, Government grants are recognised where there is a reasonable assurance that the grant will be received, and all attached conditions complied with. During the period, the Consolidated Entity received the Government grants of JobKeeper/JobSaver and Victorian Government Small Business Hardship Grants, which is disclosed as other income.

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

Note 2. Significant accounting policies (continued)

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

Going concern

The financial statements have 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 net losses of $12,634,346 (31 December 2020: $3,011,971) and incurred cash out flows from operating activities of $944,529 (31 December 2020: net cash in flows from operating activities of $4,141).

As at 31 December 2021, the consolidated statement of financial position reflected an excess of current liabilities over current assets of $5,573,661 (Restated 30 June 2021: $4,848,823).

These factors indicate a material uncertainty which may cast significant doubt as to whether the consolidated entity 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 opening of all the borders that effect Oliver's, the roll out of the vaccine and dropping of all restrictions, should lead to more consistent trading over the next six months. In May 2022 many key NSW stores have returned to pre-Covid19 sales levels.
- The consolidated entity has support from two leading shareholders as noted in Note 20 and at the AGM on 22 January 2022 and subsequent to that date our funders Michael & Suzanne Gregg and Gelba Pty Ltd provided an additional $2,000,000 unsecured revolving line of credit facility to enable the company to recover and grow and be operating cashflow positive in 2023 financial year. This was drawn to $1.0m as at the date of this report.
- Review of all stores has led to closure of 5 unprofitable stores subsequent to balance date and identified possible other stores to be reviewed over the next 6 months. That has meant fully impairing 11 stores in addition to the normal review process.
- The board requested management to enhance the existing restructure plan to make the business cash flow positive in 2023 financial year. Part of that plan includes an upgrade to stores, equipment to enable quick and efficient service in our restaurants and develop a "high street" test store of the future in 2023FY, that will be located in metropolitan Sydney. If the store is successful then up to 20 stores will be rolled out in the next two years in Sydney Melbourne and possibly Brisbane.
- The plan has the backing of our two lenders Gelba Pty Ltd and Michael and Suzanne Gregg, however such growth will require substantial capital and a fund raising is expected to be carried out during 2023FY.

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 2021.

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into one operating segment being Quick Service Restaurants in Australia. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews EBITDAI (earnings before interest, tax, depreciation, amortisation and impairment). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Note 3. Operating segments (continued)

A reconciliation of the loss after income tax expense to operational EBITDAI is as follows:

	Consolidated	
	31 Dec 2021 $	31 Dec 2020 $
Net loss after tax	(12,634,346)	(3,011,971)
Add: Depreciation and amortisation expense	1,839,476	2,475,496
Add: Impairment of assets	9,992,880	-
Add: Finance costs	1,007,900	867,767
Less: Interest revenue	(2,307)	(1,517)
EBITDAI	203,603	329,775

Note 4. Revenue

	Consolidated	
	31 Dec 2021 $	31 Dec 2020 $
Revenue from contracts with customers		
Revenue from sale of goods - retail	7,051,427	12,204,398
Other revenue		
Royalties - earned over time	107,207	-
Rent	13,950	3,600
Other revenue	21,749	30,571
	142,906	34,171
Revenue	7,194,333	12,238,569

Disaggregation of revenue

Revenue from the sale of goods is generated from the sale of food and beverage, is generated in Australia and recognised when the goods are transferred at a point in time.

Note 5. Other income

	Consolidated	
	31 Dec 2021 $	31 Dec 2020 $
Government concessions - JobSaver/JobKeeper	1,486,940	3,436,500
Rent concessions	564,565	660,308
Miscellaneous income	9,740	17,683
Other income	2,061,245	4,114,491

Note 6. Current assets - cash and cash equivalents

	Consolidated	
	31 Dec 2021 $	30 Jun 2021 $
Cash on hand	51,891	119,462
Cash at bank	661,631	1,451,587
	713,522	1,571,049

Note 7. Current assets - trade and other receivables

	Consolidated 31 Dec 2021 $	Consolidated 30 Jun 2021 $
Trade receivables	119,938	969,934
Less: Allowance for expected credit losses	(10,681)	(49,900)
	109,257	920,034
Other receivables - JobSaver /JobKeeper payments	230,010	168,740
	339,267	1,088,774

Note 8. Non-current assets - property, plant and equipment

	Consolidated 31 Dec 2021 $	Consolidated 30 Jun 2021 $
Land - at cost	-	426,955
Leasehold improvements - at cost	6,678,717	7,190,824
Less: Accumulated depreciation	(2,462,237)	(2,262,921)
Less: Impairment	(2,846,158)	(2,442,959)
	1,370,322	2,484,944
Plant and equipment - at cost	5,483,751	5,708,257
Less: Accumulated depreciation	(3,014,055)	(2,823,422)
Less: Impairment	(1,554,848)	(1,561,333)
	914,848	1,323,502
Motor vehicles - at cost	61,136	69,621
Less: Accumulated depreciation	(40,438)	(45,381)
	20,698	24,240
	2,305,868	4,259,641

Reconciliations

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

Consolidated	Land & Buildings $	Leasehold Improvements $	Plant & Equipment $	Motor Vehicles $	Total $
Balance at 1 July 2021	426,955	2,484,944	1,323,502	24,240	4,259,641
Additions	-	9,652	124,244	-	133,896
Disposals	(426,955)	(46,750)	(20,114)	(512)	(494,331)
Impairment of assets	-	(815,008)	(290,597)	-	(1,105,605)
Depreciation expense	-	(262,516)	(222,187)	(3,030)	(487,733)
Balance at 31 December 2021	-	1,370,322	914,848	20,698	2,305,868

Refer to note 19 for further information on impairment of assets.

Note 9. Non-current assets - right-of-use assets

	Consolidated 31 Dec 2021 $	Consolidated 30 Jun 2021 $
Motor vehicles - right-of-use	-	61,355
Less: Accumulated depreciation	-	(21,091)
	-	40,264
Commercial leases - right-of-use	31,621,915	31,254,067
Less: Accumulated depreciation	(6,610,236)	(5,766,988)
Less: Impairment	(17,063,816)	(8,176,541)
	7,947,863	17,310,538
	7,947,863	17,350,802

Refer to note 19 for further information on impairment of assets.

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

Consolidated	Motor vehicles $	Commercial leases $	Total $
Balance at 1 July 2021	40,264	17,310,538	17,350,802
Additions	-	562,487	562,487
Disposals	(36,430)	-	(36,430)
Impairment of assets	-	(8,887,275)	(8,887,275)
Depreciation expense	(3,834)	(1,037,887)	(1,041,721)
Balance at 31 December 2021	-	7,947,863	7,947,863

Note 10. Non-current assets - Intangibles

	Consolidated 31 Dec 2021 $	Consolidated 30 Jun 2021 $
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	(610,576)	(610,576)
	-	-
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	1,085,768	984,882
Less: Accumulated amortisation	(736,202)	(669,688)
	349,566	315,194
Reacquired Rights - at cost	3,258,000	3,258,000
Less: Accumulated amortisation	(2,279,005)	(2,035,497)
	978,995	1,222,503
	1,328,561	1,537,697

Reconciliations

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

Consolidated	Software $	Reacquired Rights $	Total $
Balance at 1 July 2021	315,194	1,222,503	1,537,697
Additions	100,886	-	100,886
Amortisation expense	(66,514)	(243,508)	(310,022)
Balance at 31 December 2021	349,566	978,995	1,328,561

Note 11. Current liabilities - trade and other payables

	Consolidated 31 Dec 2021 $	Consolidated 30 Jun 2021 $
Trade payables	1,863,881	1,959,458
Accrued Expenses	882,527	636,618
GST payable	397,735	513,258
Other payables	1,522,817	1,683,776
	4,666,960	4,793,110

Note 12. Current liabilities - borrowings

	Consolidated	
	31 Dec 2021	30 Jun 2021
	$	$
Related party loan - Safety Factor Aviation Pty Ltd - secured	-	337,202
Insurance premium funding - unsecured*	33,747	143,404
Related party loan - Green Superannuation Fund**	303,811	-
	337,558	480,606

* Premium Funding is payable in monthly instalments and carries an interest rate of 7.2% variable.
** Loan is associated with Martin Green who is a trustee of the Green Superannuation Fund and is at a rate of 6% per annum.

Note 13. Non-current liabilities - borrowings

	Consolidated	
	31 Dec 2021	30 Jun 2021
	$	$
Loan - Loan from third party - Pure Asset Management - secured (note 1)	-	4,852,252
Loan from related party - Gelba Pty Ltd (note 2)	1,500,000	-
Loan from a related party - Michael & Suzanne Greigg (note 2)	3,550,055	-
Revolving line of credit from related party - Gelba Pty Ltd (note 3)	1,200,000	-
Borrowing costs	(58,333)	(75,000)
	6,191,722	4,777,252

Note 1:
The Pure Asset Management loan in the prior period 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.

On 19 October 2021, the facility (excluding the Warrants) was assigned to Gelba Pty Ltd and Michael & Suzanne Gregg for $5,268,160, of which $268,160 represents accrued interest.

The assignment of the loan facility to Gelba Pty Ltd Michael & Suzanne Gregg is a substantial modification under AASB 9, which requires the original loan to be de-recognised on the date it was settled and a new liability recognised, with any difference recognised in profit or loss. Accordingly, a loss of $53,734 was recorded in the period of the assignment of the loan.

There is no change in the 47,000,0000 warrants held by Pure Asset Management and approved by shareholders, all terms remain unchanged since the 30 June 2021 Annual Report. See note 14 and note 18.

Note 2:
During the financial half-year ended 31 December 2021, the consolidated entity entered into a new facility agreement with two leading shareholders, Michael & Suzanne Gregg and Gelba Pty Ltd (an entity of which OLI Director, Mr Martin Green, is a Director and minority shareholder) for the PURE $5.0M loan facility to be assigned to these two major shareholders. The key terms of the facility agreement are as follows:

Note 13. Non-current liabilities - borrowings (continued)

Amount:	$5,000,000
Term:	Two years from assignment date
Interest rate:	6% (linked to the 90 days BBSY) and reviewed quarterly
Interest paid:	Quarterly in arrears
Covenant:	None
Repayment:	In full two years from assignment date; early repayment will not incur fees
Security:	As per PURE loan agreement, namely first ranking security over assets of the Company and its subsidiaries

Note 3:
During the financial half-year ended 31 December 2021, the consolidated entity entered into a facility agreement with Gelba Pty Ltd to support the consolidated entity's working capital requirements due to COVID19 lockdown restrictions. The key terms of the facility agreement are as follows:

Amount:	$1,500,000
Term:	24 months
Interest rate:	The initial $500,000 advanced in August 2021 is subject to interest of 4%. The remaining amounts are subject to interest of 6% (linked to the 90 days BBSY) and reviewed quarterly
Interest paid:	Calculated daily and paid monthly
Covenant:	None

Note 14. Non-current liabilities - derivative financial instruments

	Consolidated	
	31 Dec 2021 $	30 Jun 2021 $
Financial Derivative - Warrants	551,912	651,827

Refer to note 17 for further information on fair value measurement.

Note 15. Equity - issued capital

	Consolidated			
	31 Dec 2021 Shares	30 Jun 2021 Shares	31 Dec 2021 $	30 Jun 2021 $
Ordinary shares - fully paid	360,731,917	360,731,917	34,061,402	34,061,382

Ordinary shares
Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Note 16. Equity - dividends

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

Note 17. Fair value measurement

Fair value hierarchy
The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated - 31 Dec 2021	Level 1 $	Level 2 $	Level 3 $	Total $
Liabilities				
Derivate financial instruments	-	-	551,912	551,912
Total liabilities	-	-	551,912	551,912

Consolidated - 30 Jun 2021	Level 1 $	Level 2 $	Level 3 $	Total $
Liabilities				
Derivate financial instruments	-	-	651,827	651,827
Total liabilities	-	-	651,827	651,827

There were no transfers between levels during the financial half-year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 2 and level 3
Derivative financial instruments have been valued using quoted market rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

Level 3 assets and liabilities
Movements in level 3 assets and liabilities during the current financial half-year are set out below:

Consolidated	Derivative financial instruments $
Balance at 1 July 2021	651,827
Fair value gain recognised in profit or loss	(99,915)
Balance at 31 December 2021	551,912

The level 3 assets and liabilities unobservable inputs and sensitivity are as follows:

Description	Unobservable inputs	Range (weighted average)	Sensitivity
Derivative financial instruments	Discount rate	25%	10% change would increase/decrease fair value by $1.24m

Note 18. Restatement of comparatives

Correct of material error in Intellectual property
During the review of impairments for the half year ended 31 December 2021, it was discovered that in 2016-17 intellectual property relating to the Oliver's brand of $500,000 was purchased from a related party. This should have been classified as goodwill and been fully impaired. This had resulted in an overstatement of intangible assets. Management have restated the comparatives and following adjustments have been recorded:

- a decrease to accumulated losses at 1 July 2020 representing the impairment of goodwill of $500,000; and
- a decrease to the intangible assets at 30 June 2021, representing the impairment of goodwill of $500,000.

Correction of a material error in accounting treatment of share warrants
During the half-year ended 31 December 2021, management discovered that the borrowings with Pure Asset Management was incorrectly recognised and measured in the 30 June 2021 Annual Report.

The consolidated entity entered into the facility agreement with Pure Asset Management on 29 September 2020, which included the issue of warrants.

The key terms of the loan facility were:

- Facility amount: $5,000,000
- Interest is calculated on a daily basis at 10.5% p.a. and is payable quarterly in arrears
- Term of three years

The key terms of the warrants were:

- Tranche A warrants can be exercised at any time during the term of the loan for 37,500,000 shares
- Tranche B warrants can be exercised during the term of the loan once shareholder approval has been obtained, for 10,000,000 shares

In the consolidated entity's 30 June 2021 Annual Report, the loan facility was measured at amortised cost. Instead, the liability should comprise two components being the host debt liability and a derivative liability component for the conversion feature of the warrants. The derivative liability should be fair valued on initial inception (being 29 September 2020) and at each subsequent reporting date, with any movement in fair value charged/credited directly to profit or loss.

Applying the correct accounting treatment, at inception, the host debt liability should initially be carried at $4,225,611 and interest should subsequently be charged using an effective interest rate of 14.74%. At inception date, a derivative liability with a fair value of $774,389 should be recognised and subsequently fair valued at each reporting date.

As a result, Management have restated the comparatives and the following adjustments have been recorded:

- the recognition of an expense of $985,484 in the statement of profit or loss and other comprehensive income for the half-year ended 31 December 2020 representing the fair value movement in the derivative liability from the date of inception to 31 December 2020;
- the recognition of an expense of $161,585 in the statement of profit or loss and other comprehensive income for the half-year ended 31 December 2020 representing the additional interest expense on borrowings for the half-year ended 31 December 2020;
- the recognition of a derivative liability at 30 June 2021 of $651,827 representing the fair value of the derivative liability 30 June 2021; and
- a reduction in the carrying value of borrowings from $5,057,329 to $4,777,252 at 30 June 2021, representing the remeasurement of borrowings at inception plus interest accrued to 30 June 2021.

Correction of a material error in accounting treatment of Right of Use Assets and Fixed Assets
The company received an information request from ASIC regarding 'reversals of impairments' at 30 June 2021 and their interpretation of AASB16, which stated specifically:

(a) Under paragraph 110 of AASB136, an entity only estimates the recoverable amount of an asset when there are indications that an impairment loss recognised in prior periods may no longer exist or may have decreased.
(b) Paragraph 111 of AASB136 also contains the minimum external and internal sources of information that entities should consider when determining whether any of these indications are present.
(c) In ASIC's view, the impairment loss reversal should not have been recognised because there is no indication that the impairment loss(es) recognised in prior periods no longer exists.

Note 18. Restatement of comparatives (continued)

Therefore, the board has decided to reinstate the impairment that was previously reversed during the year ended 30 June 2021. As a result, Management have restated the comparatives and the following adjustments have been recorded:

- increase accumulated losses by $4,500,875 as at 1 July 2021 to reinstate the impairment previously recognised on right-of-use assets and property, plant and equipment;
- reduce the carrying value of right-of-use assets by $3,658,589 at 30 June 2021, representing the reinstatement of previously recognised impairment; and
- reduce the carrying property, plant and equipment by $842,286 at 30 June 2021, representing the reinstatement of previously recognised impairment.

These errors have been rectified by restating each of the affected financial statement line items for prior periods as follows:

Statement of profit or loss and other comprehensive income

		Consolidated	
	31 Dec 2020		31 Dec 2020
	$	$	$
Extract	**Reported**	**Adjustment**	**Restated**
Expenses			
Fair value gain/(loss) on derivatives	-	(985,484)	(985,484)
Finance costs	(706,082)	(161,685)	(867,767)
Loss before income tax expense	(1,864,802)	(1,147,169)	(3,011,971)
Income tax expense	-	-	-
Loss after income tax expense for the half-year attributable to the owners of Oliver's Real Food Limited	(1,864,802)	(1,147,169)	(3,011,971)
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year attributable to the owners of Oliver's Real Food Limited	(1,864,802)	(1,147,169)	(3,011,971)

	$	$	$
	Reported	**Adjustment**	**Restated**
Basic earnings per share	(0.01)	-	(0.01)
Diluted earnings per share	(0.01)	-	(0.01)

Note 18. Restatement of comparatives (continued)

Statement of financial position at the beginning of the earliest comparative period

	Consolidated		
Extract	**1 July 2020 $ Reported**	**$ Adjustment**	**1 July 2020 $ Restated**
Assets			
Non-current assets			
Intangibles	2,635,769	(500,000)	2,135,769
Total non-current assets	29,510,161	(500,000)	29,010,161
Total assets	33,016,126	(500,000)	32,516,126
Net liabilities	(4,284,001)	(500,000)	(4,784,001)
Equity			
Accumulated losses	(35,818,429)	(500,000)	(36,318,429)
Total deficiency in equity	(4,284,001)	(500,000)	(4,784,001)

Statement of financial position at the end of the earliest comparative period

	Consolidated		
Extract	**30 Jun 2021 $ Reported**	**$ Adjustment**	**30 Jun 2021 $ Restated**
Assets			
Non-current assets			
Property, plant and equipment	5,101,927	(842,286)	4,259,641
Right-of-use assets	21,009,391	(3,658,589)	17,350,802
Intangibles	2,037,697	(500,000)	1,537,697
Total non-current assets	28,872,051	(5,000,875)	23,871,176
Total assets	32,302,716	(5,000,875)	27,301,841
Liabilities			
Non-current liabilities			
Borrowings	5,057,329	(280,077)	4,777,252
Derivative financial instruments	-	651,827	651,827
Total non-current liabilities	30,075,494	371,750	30,447,244
Total liabilities	38,354,982	371,750	38,726,732
Net liabilities	(6,052,266)	(5,372,625)	(11,424,891)
Equity			
Accumulated losses	(40,230,670)	(5,372,625)	(45,603,295)
Total deficiency in equity	(6,052,266)	(5,372,625)	(11,424,891)

Note 19. Impairment testing

The consolidated entity assesses impairment of non-financial assets, except indefinite life intangible assets, at each reporting period 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. As a result of the losses incurred by the consolidated entity during the financial half-year ended 31 December 2021 ('HY22'), an indicator of impairment was triggered, and at 31 December 2021 the consolidated entity performed impairment testing on the cash generating unit ('CGU') to which the assets belong. An impairment exists when the carrying amount of the CGU exceeds its recoverable amount.

Asset have been allocated to 24 CGU's. The Consolidated Entity has determined that the CGU's represent each stand alone quick service restaurant within the store network on the basis that each store generates cash flows independent of each other stores. Similarly, the financial results of the Consolidated Entity are reported on a store-by-store basis and decisions to continue or dispose of assets are made at this same level.

The recoverable amount of the CGU has been determined by using Value In Use Calculation ('VIU'). The VIU calculations use cash flow projections based on financial budgets approved by management and the Board of Directors covering the remaining lease period of each CGU.

Key Assumptions used in the impairment testing

Assumption	Amount
Discount rate	17.50%
Revenue growth rate	3%
Average budgeted cost of sales (% of revenue)	38%
Average budgeted labour costs (% of revenue)	30%
Budgeted capital expenditure	$10,000

Impairment testing results

Based on the impairment testing performed an impairment loss of $9,992,880 arose in 20 of the 24 CGU's as disclosed below. The impairment loss was recognised as a result of unfavourable trading conditions in these CGUs and a slower than expected recovery from the impact of COVID-19 lockdowns. Further to this, in the May 2022 Board meeting, the Directors decided to wind back its operations in Victoria due to the sustained poor trading conditions and as a result have fully impaired the right-of-use assets and remaining property, plant and equipment in these stores. The Directors are currently negotiating to exit 4 of the leases of these stores and accordingly expect a writeback in the related liability as soon as an agreement is settled. This is expected to occur before the end of the financial year ending 30 June 2022. The other CGU's will continue to operate, until negotiations are completed, which is estimated at 3-6 months. The Directors expect to be able to exit these premises on commercial terms and not at the levels of the related liabilities that are represented on the statement of financial position.

Note 19. Impairment testing (continued)

The following table details the impairment loss by CGU and asset category:

CGU #	CGU name	Impairment of property, plant & equipment $	Impairment of right-of-use assets $	Total impairment $	Recoverable Value (Value in Use) $
(1)	Ballarat	-	(23,063)	(23,063)	-
(2)	Eastlink Outbound	(46,634)	(1,001,641)	(1,048,275)	-
(3)	Eastlink Inbound	(16,219)	(602,613)	(618,832)	-
(4)	Euroa	-	-	-	1,613,768
(5)	Geelong Southbound	(34,313)	(400,244)	(434,557)	-
(6)	Geelong Northbound	(39,869)	(650,475)	(690,344)	-
(7)	Officer Inbound	(39,869)	(650,475)	(690,344)	-
(8)	Officer Outbound	(55,984)	(840,517)	(896,501)	-
(9)	Penn Outbound	(48,724)	(628,580)	(677,304)	-
(10)	Penn Inbound	(52,421)	(644,042)	(696,463)	-
(11)	Wallan South	-	(298,305)	(298,305)	-
(12)	Wallan North	(215,472)	(881,222)	(1,096,694)	-
(13)	Maryborough	(23,167)	(66,873)	(90,040)	814,366
(14)	Bulahdelah	(109,924)	(255,192)	(365,116)	871,974
(15)	Chinderah	(39,773)	(471,789)	(511,562)	-
(16)	Coffs Harbour	(29,866)	(61,989)	(91,855)	299,645
(17)	Ferry Park	-	-	-	299,662
(18)	Goulbourn	-	-	-	759,086
(19)	Gundagai	-	-	-	1,733,398
(20)	Hexham	(63,600)	(73,574)	(137,174)	177,121
(21)	Lithgow	(41,282)	(319,540)	(360,822)	415,312
(22)	Port Macquarie	(35,427)	(700,005)	(735,432)	1,945,846
(23)	Wyong North	(101,749)	(158,490)	(260,239)	1,228,911
(24)	Wyong South	(111,312)	(158,646)	(269,958)	784,176
Total		(1,105,605)	(8,887,275)	(9,992,880)	10,943,265

Uncertainty:
There still remains some uncertainty regarding how the COVID-19 pandemic will evolve, however with the rest of the world opening up and all restrictions now lifted by both Australian federal and state governments there are very different circumstances compared to 2020 and 2021. The impacts of COVID-19 on the consolidated entity are conservative as we move forward to model the carrying values of each cash generating unit. Whilst the scenario modelling used for impairment testing inherently captures probable and possible impacts of COVID-19 experienced by the consolidated entity, additional temporary store closures and reduced revenues from extended trading restrictions could result in the revised carrying value of the CGU reducing further and therefore resulting in further impairment write–offs.

Notwithstanding the above, the carrying values in respect of the CGU against which an impairment loss has been recognised continue to be sensitive to a range of assumptions, in particular the growth rates in the cash flow forecasts.

Note 20. Events after the reporting period

In late February early March 2022, severe flooding occurred in SE Queensland and NSW, resulting in several OLI stores becoming inaccessible, others being flooded, and yet another blow to travellers and holidaymakers, in what is traditionally Oliver's most robust trading period in its most robust area (NSW). The impact on our revenues and profits was immediate and devastating, arriving just as OLI was showing signs of recovery from COVID-19.

Note 20. Events after the reporting period (continued)

In the period subsequent to 31 Dec 2021, The Board has conducted a thorough and detailed review of each company owned stores, as the Covid-recovery pattern has not been consistent. The objective was to identify the on-going financial drains on the company's limited resources and address these, store by store. This extensive exercise revealed a number of inherent structural issues with some stores in that the rentals as a percentage of the turnover, now diminished due to Covid and unlikely to recover to pre-Covid levels, were way beyond industry standards. As a result, management commenced discussions with the relevant landlords to either reduce rentals or find another solution, as continuing to bleed money from these stores was not an acceptable outcome. The upshot of this exercise, as at the date of writing (but on-going beyond this date) is that OLI has quit the lease at Chinderah, has come to an arrangement with the landlord of 4 VIC-based stores whereby the landlord has found a possible replacement tenant as of 1 July 2022. The bulk of the remaining VIC stores are averaging revenue of around 58% of their pre-Covid levels and this is no longer sustainable, and the Board continues to work with the landlords to achieve a mutually acceptable outcome.

The remaining Melbourne based stores, remain under review and will be assessed on an ongoing basis. If results do not improve alternate solutions will be sought to exit the leases.

The impact of the above on the reported figures as at 31 December 2021 is significant, as by virtue of the decision to close identified stores and consider the entire VIC store network means the directors have impaired 100% of the carrying value of all such stores. Total impairments across all stores, which includes right-of-use assets and property, plant and equipment was $9,992,880.

At the AGM held on 22 January 2022, the following changes were made to the Consolidated Entity's financing arrangements as disclosed in Note 13:

- Approval to change the terms of a $5.0m secured facility with Gelba Pty. Limited and Michael and Suzanne Gregg to an interest rate of 5.25% per annum calculated daily and payable quarterly in arrears maturing 30 September 2028. Repayment of $250k per quarter from 1 October 2023 with the first repayment due 31 December 2023.
- Approval to secure the fully drawn $1.5m revolving line of credit with Gelba Pty. Limited and Michael and Suzanne Gregg at an interest rate of 5.25% pa calculated daily and payable monthly in arrears maturing 30 September 2023.

In March 2022, an additional $1.0m unsecured revolving line of credit with Gelba Pty. Limited and Michael and Suzanne Gregg at an interest rate of 5.25% pa calculated daily and payable monthly in arrears maturing 30 September 2023 was provided.

On 20 May 2022, a further $2m unsecured revolving line of credit was confirmed to enable the business to grow and enable a future fund raise. As of the date of this report, $1.0m had been drawn.

No other matter or circumstance has arisen since 31 December 2021 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.

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 2021 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

Martin Green
Chairman

7 June 2022

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Independent Auditor's Review Report

To the Members of Oliver's Real Food Limited

Report on the review of the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Oliver's Real Food Limited (the Company) and its subsidiaries (the Consolidated Entity), which comprises the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Oliver's Real Food Limited does not comply with the *Corporations Act 2001* including:

a) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2021 and of its performance for the half year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 2 in the half-year financial report, which indicates that the Consolidated Entity incurred a net loss of $12,634,346 during the half year ended 31 December 2021 and, as of that date, Consolidated Entity's current liabilities exceeded its current assets by $5,573,661. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility 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

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

P J Woodley
Partner – Audit & Assurance

Sydney, 7 June 2022