

1. Company details

Name of entity:	Oliver's Real Food Limited
ABN:	33 166 495 441
Reporting period:	For the year ended 30 June 2023
Previous period:	For the year ended 30 June 2022

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	27.8% to	24,907,882
Earnings before interest, taxes, depreciation and amortisation ('EBITDA')*	up	128.9% to	2,814,884
Earnings before interest, taxes, depreciation and amortisation and impairments ('EBITDAI')*	up	9149.9% to	2,814,884
Profit from ordinary activities after tax attributable to the owners of Oliver's Real Food Limited	up	150.5% to	5,891,237
Profit for the year attributable to the owners of Oliver's Real Food Limited	up	150.5% to	5,891,237

* 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 the statutory result after income tax, to EBITDA and EBITDAI is set out below:

	Consolidated 2023 \$	Consolidated 2022 \$
Net profit/(loss) after tax	5,891,237	(11,669,877)
Add: Depreciation and amortisation expense	2,140,850	2,754,667
Add: Finance costs	1,201,964	1,647,010
Less: Interest revenue	(3,052)	(2,407)
Add: Writeback of liability on termination on property lease	(6,416,115)	(2,472,949)
EBITDA	2,814,884	(9,743,556)
Add: Impairment of assets	-	11,282,254
Less: Writeback of right-of-use impairment	-	(1,569,802)
EBITDAI	2,814,884	(31,104)

	Consolidated 2023 \$	Consolidated 2022 \$
One-off items:		
Government concessions - JobSaver/JobKeeper	-	1,626,940
Rent concessions	-	566,200
Writeback of lease liability on lease termination	6,416,115	2,472,949
	6,416,115	4,666,089

	2023 Cents	2022 Cents
Basic earnings per share	1.50	(3.24)
Diluted earnings per share	1.34	(3.24)

Commentary on the results

For further commentary on the results, refer to the 'Review of operations' section of the directors' report.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>(2.14)</u>	<u>(2.91)</u>
Calculated as follows:		
	Consolidated 2023 \$	Consolidated 2022 \$
Net liabilities	(15,320,554)	(23,211,791)
Less: Right-of-use assets	(5,333,193)	(6,403,051)
Less: Intangibles	(409,000)	(939,591)
Add: Lease liabilities	11,640,835	20,062,549
Net tangible assets	<u>(9,421,912)</u>	<u>(10,491,884)</u>
	Consolidated 2023	Consolidated 2022
Total number of shares	<u>440,731,917</u>	<u>360,731,917</u>

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.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

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

Not applicable.

10. Audit qualification or review

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

The financial statements have been audited and an unmodified opinion, which contains a material uncertainty in relation to going concern, has been issued.

11. Attachments

Details of attachments (if any):

The Annual Report of Oliver's Real Food Limited for the year ended 30 June 2023 is attached.

12. Signed

As authorised by the Board of Directors

Signed



Martin Green
Chairman

Date: 30 August 2023

For personal use only

Oliver's Real Food Limited

Annual Report 2022/2023



Oliver's Real Food Limited

ABN 33 166 495 441

Annual Report - 30 June 2023

For personal use only

Chairman's letter	2
Chief Executive Officer's letter	3
Directors' report	5
Auditor's independence declaration	17
Statement of profit or loss and other comprehensive income	18
Statement of financial position	19
Statement of changes in equity	20
Statement of cash flows	21
Notes to the financial statements	22
Directors' declaration	53
Independent auditor's report to the members of Oliver's Real Food Limited	54
Shareholder information	58
Corporate directory	60

Letter from the Chairman

The last 12 months witnessed a considerable improvement in the company's operating result with a \$17.6 million turnaround in our Statutory Profit, from a \$11.7 million loss in FY2022 to a \$5.9 million profit in FY2023. Taking into consideration non-cash items for the year, the underlying EBITDAI increased by \$2.9 million led by higher sales, better gross margins, and tighter expense control.

This result was achieved on the back of the first full year trading without any Covid restrictions, and closure of eight loss-making stores throughout 2022. The exit from the leases of the six Victorian stores, in September 2022, lead to a substantial write-back of lease liabilities.

In December 2022, the smooth handover of the CEO role to Natalie Sharpe from Tammie Phillips occurred. Natalie's management skills and background as a nutritionist complement her passion for the business and the Board looks forward to working with her and her team to deliver profitable growth. The restructure of the business, one of the fundamentals that underpinned the profit improvement, was started by Tammie and continued by Natalie. The Board acknowledges that the sustained and focussed effort on this restructure by the CEOs has been a major contributor to the profit turnaround.

In December 2022, Ben Williams was appointed to the Board. Ben's broad experience in QSR is welcomed and his significant contribution to date appreciated. As Oliver's plans its medium and long-term growth, which is likely to include some city-based stores, Ben's expertise will be further applied.

After four years of changes, the last 12 months has seen boardroom stability, The Board is now working closely with Natalie and her team to deliver on our strategies to drive better outcomes for all shareholders, and I thank all Directors for their contribution and support.

It was pleasing that we were able to work with the ASX through the latter half of 2022 and to have our shares reinstated on 27 February 2023. This was a significant achievement and a testament to the perseverance and diligence required to resolve the issues that led to our suspension in February 2021.



Martin Green
CHAIRMAN

FY2024 should see further improvement in our operating results. While we are conscious of the potential softer economic conditions, we are confident in our strategy and pleased with the results achieved in the first two months. The two new stores at Pheasants Nest are major investments and, once operational, should deliver a meaningful uplift in profitability. So too will the substantial store upgrades at both Wyong stores.

The last 12 months have delivered significant operational and financial progress, and this could not have been achieved without our employees' hard work and their commitment to Oliver's. I thank each employee for their effort and dedication.

Acknowledging the improvement in our FY2023 results, the Board understands and accepts that a lot more work is needed to achieve consistent profits that match our competitors in the QSR industry. We are focussed on working with Natalie to build on the gains made to date, delivering on our strategy, and creating value for shareholders.

A handwritten signature in dark ink, appearing to read 'M Green'.

Martin Green

Chairman

Letter from the CEO

FY23 was a year of milestones for Oliver's as we returned the business to profitability and relisted on the ASX. Our strong performance operationally and financially was the result of a successful restructure and strategic repositioning as a business. The focus remained on improving the performance of our existing store network and building a solid foundation for sustainable growth and profitability. We prioritised the implementation of robust systems and processes to underpin our ambitious growth vision for 2023 and beyond.

Below I summarise our key priorities, the positive outcomes, and some insight into our plans for the road ahead.

The Oliver's Difference

Oliver's is the leader in providing a quality, 'real food' offering in the Quick Service Restaurant (QSR) space. This is our unique point of difference and reflects the core values of our business.

Our focus this year has been on further building a strong brand that aligns with this vision. New product packaging, signage, and billboards have been rolled out and we are working towards revised uniforms and a refreshed store look and feel.

In 2023 our new tagline was also developed: 'Fast food you can feel good about.' This will form a significant part of our vision moving forward.

We want the 'feel-good' aspect to reflect all areas of the business from our teams, including staff training and support, to the store experience, including product quality and customer service.

Menu Enhancement and Expansion

True to our core values, premium quality 'real food' that is fresh and natural has remained at the forefront of all menu development over the last 18 months.

Along with providing a healthier take on the classics, we have also focused on offering innovative and nutritious menu items to our customers.



Natalie Sharpe
CEO

The Breakfast Egg Wrap was introduced mid last year and quickly became our highest selling menu item. Building on its success, we introduced the Haloumi Nourish Bowl in March 2023. Since its launch, the Nourish Bowl has remained within our top 10 selling lines.

We also introduced All Day Breakfast in May. This provides additional options during lunch and dinner time for those with special dietary needs and offers more price variation across our menu which has been well received by customers.

Delivering quality product consistently is of high importance to us and is a key component of our feel-good fast food offering. For this reason, we decided to return the preparation of sandwiches into store, discontinuing the use of 3rd party supply. We are also aiming to expand our organic menu options. A trial of organic chicken nuggets began in June - feedback has been very positive, and we will roll this out across the network in the coming months.

With our core menu revamp nearing completion, our leadership team has turned its focus to operational improvements including new equipment and workflows to enhance product consistency and improve speed of service.

Investing in our People

At Oliver's, we value our people and are committed to offering growth opportunities within the company. Many of our staff have been with Oliver's for some time and we want to recognise and reward their passion, dedication, and commitment.

In January, we partnered with Employment Innovations to implement our new employee framework. Along with offering more structure

at store level, we now have Business Support Managers (BSMs) throughout the store network. The appointed BSMs have been internal promotions within the company, and each support a cluster of Oliver's stores. The career development track to BSM enables staff growth and provides more visibility and support across the network to enhance store presentation, product consistency and customer experience. To further our commitment to our people, we also implemented an Employee Support Program (Me&Work) this year.

We now work towards staff training and development with a strong focus on delivering exceptional customer service. This will be implemented both in person and digitally, and will also support the revamped menu, new equipment, and systems.

Tech Foundations and Innovations

A review and changes to our IT ecosystem during FY23 has been an important part of strengthening the foundations of the business. Adopting the right software and hardware solutions, and integrations, are critical to support our growth moving forward. We have also been eager to adopt tech innovations aimed at enhancing the customer experience.

Our in-store Nutrition QR code gives us a unique point of difference, emphasises our commitment to providing nutritious options for special dietary needs, and gives our customers real time nutrition information about our products.

Our two new sites, due to launch late 2023, will be the first with Drive Thru in NSW and we have been working with new-to-market AI technology to support our drive-thru and kiosk applications. This technology will streamline the ordering process, assist with upselling, and enable customers to ask specific questions related to their dietary requirements, preferences, and allergens.

The Financial Highlights

We ended FY23 with net profit after tax of \$5.9 million vs. a loss of \$11.7 million in FY22. Net impairments were Nil vs. \$9.7 million in FY22. The lease terminations at Geelong North and South, Peninsula Inbound and Outbound, and Eastlink Inbound and Outbound, resulted in a write back of lease liabilities of \$6.4 million vs. \$2.5 million in FY22.

Overall EBITDAI, removing the effect of the writebacks, was a profit of \$2.8 million vs. a loss of 31K in FY22. This is a significant result as it directly reflects the positive impact of the restructure and the efforts of both the Board and management.

Improvements in procurement, supply chain efficiencies, and implementing our revised menu have increased gross margin from 54% in FY22 to 63% in FY23. This is a great achievement by the management team as it is very challenging to increase margins in the QSR space and, at the same time, improve the quality of our food offering.

Now that we have stabilised the business and it has returned to profitability, we turn our attention to identifying strategic growth opportunities, while ensuring the positive gains from the last two years are protected and maximised.

We still see great potential in furthering our success in select highway locations, but we are equally enthusiastic about the Inner-City model. This will be a slightly adapted business model with a stronger emphasis on grab-and-go rather than restaurant menu. Locations will likely be high density business districts and transport hubs. I look forward to sharing more on this in FY24 as our plans are further developed.

In the December quarter, we will welcome two new sites in Pheasants Nest. As mentioned, these will be our first sites in NSW with drive-thru. The Hume Highway south of Sydney is one of the busiest in the country, and we have high expectations for revenue and contribution to the Company's future profitability.

I would like to take this opportunity to thank Martin Green and the Board for their support as I have transitioned into the CEO role. I would also like to thank my leadership team who have worked very hard to implement a strong foundation for our next chapter.

I am looking forward to building on Oliver's success this year and driving growth in FY24.



Natalie Sharpe
CEO

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 year ended 30 June 2023.

Directors

The following persons were directors of Oliver's Real Food Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Martin Green	Non-Executive Chairman
Steven Metter	Non-Executive Director
Kathryn Gregg	Non-Executive Director
Benjamin Williams	Non-Executive Director (Appointed on 9 December 2022)

Principal activities

During the financial year the principal continuing activities of the consolidated entity consisted of the provision of fast-food 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 year.

Review of operations

The revenue for the consolidated entity amounted to \$24,904,830 (2022: \$19,484,064) a increase of 27.8%

	2023 \$	2022 \$	Change \$	Change %
Revenue	24,904,830	19,484,064	5,420,766	27.8%

The increase in revenue reflects the fact that COVID-19 lockdowns have passed, and the consolidated entity's store network operated throughout the year without the impact of any government imposed COVID-19 restrictions. The increase in revenue occurred despite the closure of eight unprofitable stores during the preceding financial year.

The profit for the consolidated entity after providing for income tax amounted to \$5,891,237 (30 June 2022: loss of \$11,669,877).

A reconciliation between loss after income tax, earnings before interest, taxes, depreciation and amortisation ('EBITDA')* and Earnings before interest, taxes, depreciation and amortisation and impairments ('EBITDAI')* is set out below:

	2023 \$	2022 \$	Change \$	Change %
Net profit/(loss) after tax	5,891,237	(11,669,877)	17,561,114	(150.5%)
Add: Depreciation and amortisation expenses	2,140,850	2,754,667	(613,817)	(22.3%)
Add: Finance costs	1,201,964	1,647,010	(445,046)	(27.0%)
Less: Interest revenue	(3,052)	(2,407)	(645)	26.8%
Add: Writeback of liability on termination on property lease	(6,416,115)	(2,472,949)	(3,943,166)	159.5%
EBITDA*	<u>2,814,884</u>	<u>(9,743,556)</u>	<u>12,558,440</u>	<u>(128.9%)</u>
Add: Impairment of assets	-	11,282,254	(11,282,254)	(100.0%)
Less: Writeback of right-of-use impairment	-	(1,569,802)	1,569,802	(100.0%)
EBITDAI*	<u><u>2,814,884</u></u>	<u><u>(31,104)</u></u>	<u><u>2,845,988</u></u>	<u><u>(9149.9%)</u></u>

* 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.

Lease liability writeback

During the financial year, the consolidated entity completed negotiations with one of its Victorian landlords and has been released from the following six leases:

- Geelong North and South
- Peninsula Inbound and Outbound
- Eastlink Inbound and Outbound

This was a significant and positive outcome for the consolidated entity, resulting in a writeback of the remaining lease liabilities in relation to these stores of \$6,416,115.

Significant changes in the state of affairs

On 18 November 2022, the company announced that it had entered into an agreement with two major shareholders and its funders Michael and Suzanne Gregg and Gelba Pty. Limited ('principal lenders') to restructure the consolidated entity's debt facility ('Debt Restructure'). This Debt Restructure was approved at the Extraordinary General Meeting on 8 February 2023, as follows:

- extend the terms of the General Security Deed ('GSD') to secure a further \$1,000,000 of the Revolving Facility;
- convert \$2,000,000 of the unsecured component of the Revolving Facility to equity via the placement of 80,000,000 of the Company's fully paid ordinary shares at a deemed issue price of \$0.025 per share;
- increase the unsecured Revolving Facility by \$500,000;
- extend the terms and repayment dates of the Revolving Facility as follows:
 - the maturity date to be extended to 30 September 2028;
 - in relation to the \$1,500,000 owing under the Revolving Facility, repayments of \$75,000 per quarter begin from 1 October 2023, with the first repayment due 31 December 2023; and
 - in relation to the \$1,000,000 owing under the Revolving Facility, repayments of \$50,000 per quarter begin from 1 October 2023, with the first repayment due 31 December 2023.

Refer to note 16 to the financial statements for further details on the consolidated entity's borrowings.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

On 27 July 2023 a new sub-lease was executed with Ampol Petroleum Australia Limited which secures the Wyong Northbound lease for five years and two 5-year options. The store will change location of the site and will operate from a new facility from late September 2023.

A further \$500,000 in committed funding has been provided by Gelba Pty Ltd on 28 August 2023.

No other matter or circumstance has arisen since 30 June 2023 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.

Likely developments and expected results of operations

FY2024 outlook

The recent interest rate rises, utility price increases as well as the general cost of living pressures, have impacted customer sentiments and discretionary spending which have impacted sales. Management have put into place additional measures to improve sales and reduce costs, such as ending the use of third-party suppliers for sandwiches and returning to making fresh sandwiches in store. The consolidated entity has taken steps to increase its gross margins by introducing new nutritious menu items, improving in-store displays and a raft of marketing initiatives including social media campaigns. In addition, the consolidated entity has launched its new dinner menu this month and in FY 2024 we will be further developing its very successful breakfast menu.

The consolidated entity expects to finalise two new stores at Pheasant Nest, both of which will become flagship stores and which will drive additional revenues and profits.

Statements made by the auditor regarding going concern

The directors have prepared the financial statements on the basis that the consolidated entity is a going concern. Refer to note 2 to the financial statements for further information. The auditor has obtained sufficient appropriate audit evidence regarding the appropriateness of management's use of the going concern basis of accounting but has drawn attention to a material uncertainty in relation to going concern as disclosed within note 2 of the financial statements and accordingly within the audit report.

Material business risks

The following is a summary of material business risks that could adversely affect the consolidated entity's financial performance and growth potential in future years and how it may mitigate such risks.

Macroeconomic risks

As purchases of food from Quick Service Restaurants are discretionary for many customers, the consolidated entity's financial performance can be impacted by reduced customer spending due to current and future economic conditions which it cannot control, such as increases in interest rates and inflation.

Further, there is a risk that the consolidated entity may be unable to deliver returns in accordance with its capital expenditure programme as a result of: underperformance of stores; changes to landlord approvals or rental terms; an inability to locate suitable sites for new stores; insufficient availability of professional builders to construct and develop new stores; or management demands reducing ability to execute defined strategies.

Identification of new sites and renewal of existing sites

The consolidated entity envisages an aggressive growth strategy. Unsuitable new sites, delays in opening new sites, reduced availability or excessive cost of real estate capable for use as new sites may impede the speed at which the consolidated entity's growth strategy can be implemented. For existing stores, the consolidated entity cannot guarantee that the lease will be renewed at the end of the term resulting in the consolidated entity exiting a particular site.

Supply chain security

There is a risk of material disruption to the supply of fresh food and other packaged goods due to a natural disaster such as flooding or widespread disease to crops or livestock. Such an event could potentially have significant consequences for all stores, including loss of revenue, potential brand damage and increased costs from alternative arrangements.

Regulatory compliance, food safety and sanitation

The consolidated entity is subject to a number of Australian laws and regulations such as food hygiene laws, privacy laws and those relating to workplace health and safety. The consolidated entity maintains sufficient internal controls to ensure continued compliance. However, there is a risk that a serious food safety incident could occur at one of our sites, as a result of operational lapse in procedures or malicious tampering, which may result in: a loss of revenue and brand reputation; closure of site where the incident occurred; and the payment to affected individuals of compensation and to the food authorities of a penalty or fine.

Environmental risks

The consolidated entity is subject to a number of environmental risks, including climate change, water scarcity and waste management. The consolidated entity's operations are exposed to the risks of climate change, including changes in weather patterns, sea level rise, and extreme weather events. These risks could have a significant impact on its operations, supply chain, and financial performance. The consolidated entity's operations are also exposed to the risks of water scarcity. This could lead to increased costs for water and disruptions to operations. Finally the consolidated entity's operations generate a significant amount of waste. This could lead to environmental damage, regulatory fines, and reputational risks.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Martin Green
Title:	Chairman (appointed 4 April 2022) and Non-Executive Director (appointed 22 January 2021)
Qualifications:	Associate Diploma of Business (Accounting)
Experience and expertise:	Martin is Managing Director and Chief Executive Officer and minority shareholder of Gelba Group of Companies, a position held since August 2005. The family business was incorporated in August 1929 and today runs two contract packing manufacturing facilities employing 60 staff supplying portion-controlled products for the retail, catering and hospitality industries. In addition to this activity Gelba has investments in property, listed and unlisted companies.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chairman
Interests in shares:	87,691,544 held indirectly
Interests in options:	None
Name:	Steven Metter
Title:	Non-Executive Director (appointed 11 March 2019)
Qualifications:	B.Com (University of Witwatersrand – "Wits"); H.Dip Acc (Wits); B.Acc (Wits); Chartered Accountant (South Africa); Chartered Accountant (Australia and New Zealand) and Member National Institute of Accountants.
Experience and expertise:	Steven is a qualified Chartered Accountant and a management accountant with a 36 year history as a business recovery specialist. He has extensive successful business interests in hospitality, as a major shareholder in a Melbourne based 400 set restaurant, and has acted as a financial consultant in Australia, South Africa and the USA.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	6,666,667 ordinary shares
Interests in options:	None
Name:	Kathryn Gregg
Title:	Non-Executive Director (appointed 4 April 2022)
Qualifications:	Bachelor of Business - International Marketing (University of Technology Sydney); Diploma of Public relations (New York University)
Experience and expertise:	Kathryn's background is in sales and marketing and has extensive commercial background in retail and travel-related businesses. She is the representative of the Gregg family, the company's largest shareholder and principal lender.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	87,327,516 held indirectly
Interests in options:	None

Name:	Benjamin (Ben) Williams
Title:	Non-Executive Director (Appointed on 9 December 2022)
Qualifications:	Bachelor of Business - Bond University Queensland.
Experience and expertise:	Ben has almost two decades' experience as a franchise owner of well-known and highly respected retail and Quick Service Restaurant (QSR) businesses, including nine years as a franchisee of KFC. Prior to KFC, Ben was a franchisee of Shaver Shop for nine years. Before moving into franchise ownership, he worked in institutional banking in London, Sydney and Melbourne.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	Nil
Interests in options:	Nil

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Robert Lees (appointed 30 June 2021) is a member of the Chartered Accountants Australia and New Zealand and a Fellow of the Governance Institute of Australia. He is a graduate of the University of Technology, Sydney, holding a Bachelor of Business (Accounting) and a Graduate Diploma in Data Processing. He also holds a Graduate Diploma in Corporate Governance. In the last two decades he has provided company secretarial services to ASX and NSX listed companies.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2023, and the number of meetings attended by each director were:

	Full Board Attended	Full Board Held	Audit and Risk Committee Attended	Audit and Risk Committee Held
Martin Green	19	19	3	3
Steven Metter	18	19	3	3
Kathryn Gregg	17	19	1	3
Ben Williams	10	10	-	1

Held: represents the number of meetings held during the time the director held office.

The Nomination and Remuneration Committee function was undertaken as part of the full Board meeting and therefore consists of the whole board.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The reward framework is designed to align executive reward to shareholders' interests. The Board has considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design;
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors' remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 29 November 2019, where the shareholders approved a maximum annual aggregate remuneration of \$500,000.

Executive remuneration

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits;
- short-term performance incentives;
- share-based payments; and
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

The long-term incentives ('LTI') include long service leave and share-based payments. Shares are awarded to executives over a period of three years based on long-term incentive measures. These include increase in shareholders' value relative to the entire market and the increase compared to the consolidated entity's direct competitors. The Nomination and Remuneration Committee reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 30 June 2023.

No STI's or LTI's have been paid or issued during the current or previous financial years.

Consolidated entity performance and link to remuneration

Remuneration for certain individuals is directly linked to the performance of the consolidated entity. A portion of cash bonus and incentive payments are dependent on defined earnings per share targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Nomination and Remuneration Committee.

Details of the earnings and profitability for the last five years are as follows:

	Revenue \$	EBITDA \$	Net profit/(loss) after tax \$
2023	24,904,830	2,814,884	5,891,237
2022	19,484,064	(9,743,556)	(11,669,877)
2021	28,177,980	(1,952,548)	(9,284,867)
2020	28,535,455	(10,307,809)	(17,506,369)
2019	34,956,925	(13,084,182)	(15,661,501)

The Nomination and Remuneration Committee is of the opinion that the continued improved results can be attributed in part to the adoption of performance based compensation and is satisfied that this improvement will continue to increase shareholder wealth, if it can be maintained over the coming years.

Share-based remuneration

The consolidated entity operates an LTI plan for eligible senior executives (the Oliver Employee Incentive Plan ('OEIP')) as a means of encouraging employees to share in the ownership of the company and promote its long-term success as a common goal. The Board will make offers to persons to participate in the OEIP based on their contribution to the consolidated entity. Under the terms of the OEIP the Board may make awards of options, performance rights, service rights, deferred share awards, exempt share awards, cash rights or stock appreciation rights. No offer of an award may be made to the extent it breaches the Constitution, the Listing Rules, the Corporations Act or any other applicable law.

The key terms of the OEIP and details of the pre-IPO Award to key management personnel are as follows (all capitalised terms have the meaning as defined within the OEIP):

Purpose	The purpose of the OEIP is to encourage Employees to share in the ownership of the Company and to promote the long-term success of the Company as a goal shared by all Employees.
Eligibility	Participants in the OEIP must be persons who are in full-time or part-time employment of a Group Company and includes a Director of a Group Company.
Form of Equity	<p>The Company may offer an Award which includes an Option, a Performance Right, a Service Right, a Deferred Share Award, an Exempt Share Award, a Cash Right, or a Stock Appreciation Right, in accordance with the terms of the OEIP.</p> <p>The Company may offer or issue Options, which are rights to be issued a Share upon payment of the Exercise Price and satisfaction of specified Vesting Conditions. These terms apply unless the Offer specifies otherwise: Options are Restricted Awards until they are exercised or expire. An offer may specify a Restriction Period for Shares issued on the exercise of Options. Options are subject to adjustment.</p> <p>No offers have been made in the current year.</p>

Use of remuneration consultants

During the financial year ended 30 June 2023, the consolidated entity did not engage any remuneration consultants to review its remuneration policies and provide any recommendations on how to improve the STI and LTI programs.

Voting and comments made at the company's Annual General Meeting ('AGM')

At the 23 November 2022 AGM, 98.6% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2022. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of Oliver's Real Food Limited:

- Martin Green
- Steven Metter
- Kathryn Gregg
- Benjamin Williams - (appointed 9 December 2022)

And the following persons:

- Natalie Sharpe - Chief Executive Officer (appointed 21 December 2022)
- Robert Ross-Edwards - Chief Financial Officer
- Tammie Phillips - Former Chief Executive Officer (resigned 21 December 2022)

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees \$	Directors fees \$	Non-monetary \$	Super-annuation \$	Long service leave \$	Equity-settled \$	
2023							
<i>Non-Executive Directors:</i>							
Martin Green	-	40,008	-	-	-	-	40,008
Steven Metter	-	40,008	-	-	-	-	40,008
Kathryn Gregg	-	40,008	-	-	-	-	40,008
Benjamin Williams ¹	-	22,370	-	-	-	-	22,370
<i>Other Key Management Personnel:</i>							
Natalie Sharpe ²	162,744	-	-	17,088	-	-	179,832
Robert Ross-Edwards	208,333	-	-	21,875	-	-	230,208
Tammie Phillips ³	147,381	-	-	8,511	-	-	155,892
	<u>518,458</u>	<u>142,394</u>	<u>-</u>	<u>47,474</u>	<u>-</u>	<u>-</u>	<u>708,326</u>

- 1 Benjamin William's remuneration from date of appointed 9 December 2022 to 30 June 2023
- 2 Natalie Sharpe's remuneration from 1 July 2022 to 30 June 2023, including being CEO from 21 December 2022 to 30 June 2023.
- 3 Tammie Phillips' remuneration from 1 July 2022 to date of resignation 21 December 2022, other short-term benefits include consultant fees of \$64,048 paid after termination.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees \$	Directors fees \$	Non-monetary \$	Super-annuation \$	Long service leave \$	Equity-settled \$	
2022							
<i>Non-Executive Directors:</i>							
Martin Green	-	44,000	-	-	-	-	44,000
Steven Metter	-	56,672	-	-	-	-	56,672
Kathryn Gregg ¹	-	6,000	-	-	-	-	6,000
Kimley Wood ²	-	46,662	-	-	-	-	46,662
<i>Other Key Management Personnel:</i>							
Tammie Phillips	249,551	-	-	22,214	-	-	271,765
Robert Ross-Edwards	201,167	-	-	20,167	-	-	221,334
	<u>450,718</u>	<u>153,334</u>	<u>-</u>	<u>42,381</u>	<u>-</u>	<u>-</u>	<u>646,433</u>

- 1 Kathryn Gregg's remuneration from date of appointed 4 April 2022 to 30 June 2022
- 2 Kimley Wood's remuneration from 1 July 2021 to date of resignation 4 April 2022

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: Natalie Sharpe
Title: Chief Executive Officer
Agreement commenced: 21 December 2022
Term of agreement: No fixed term. Termination: three months in writing. The company may terminate employment without payment in lieu of notice in circumstances involving serious or wilful misconduct
Details: Annual remuneration including cash salary, superannuation and non-cash benefits of \$222,000, in addition supplied with a fully maintained vehicle.

Name: Robert Ross-Edwards
Title: Chief Financial Officer
Agreement commenced: 2 December 2020
Term of agreement: No Fixed Term. Termination: three months in writing. The company may terminate employment without payment in lieu of notice in circumstances involving serious or wilful misconduct
Details: Annual remuneration including cash salary, superannuation and non-cash benefits of \$244,200.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

No STI's or LTI's have been offered or issued to key management personnel during the current year.

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2023.

Options

There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2023.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
Martin Green	37,439,660	-	50,251,884	-	87,691,544
Steven Metter	6,666,667	-	-	-	6,666,667
Kathryn Gregg	47,327,516	-	40,000,000	-	87,327,516
Tammie Phillips	1,250,000	-	-	-	1,250,000
Robert Ross-Edwards	-	-	100,000	-	100,000
	92,683,843	-	90,351,884	-	183,035,727

This concludes the remuneration report, which has been audited.

Shares and warrants under option

There were 47,500,000 warrants outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of Oliver's Real Food Limited issued on the exercise of options during the year ended 30 June 2023 and up to the date of this report.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 26 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 26 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 'Code of Ethics for Professional Accountants' issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the company who are former partners of Grant Thornton Audit Pty Ltd

There are no officers of the company who are former partners of Grant Thornton Audit Pty Ltd.

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 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read "M Green", written over a horizontal line.

Martin Green
Chairman

30 August 2023

For personal use only

Grant Thornton Audit Pty Ltd
Level 17
383 Kent Street
Sydney NSW 2000
Locked Bag Q800
Queen Victoria Building NSW
1230
T +61 2 8297 2400

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 audit of Oliver's Real Food Limited for the year ended 30 June 2023, 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 audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants



P J Woodley
Partner – Audit & Assurance

Sydney, 30 August 2023

www.grantthornton.com.au
ACN-130 913 594

Grant Thornton Audit Pty Ltd ACN 130 913 594 a subsidiary or related entity of Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389. 'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Limited is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389 and its Australian subsidiaries and related entities. Liability limited by a scheme approved under Professional Standards Legislation.

Oliver's Real Food Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023



	Note	Consolidated 2023 \$	2022 \$
Revenue	5	24,904,830	19,484,064
Other income	6	223,231	2,209,216
Interest revenue calculated using the effective interest method		3,052	2,407
Expenses			
Raw materials and consumables used		(9,245,769)	(8,934,323)
Employee benefits expense		(8,925,823)	(8,657,893)
Depreciation and amortisation expense	7	(2,140,850)	(2,754,667)
Impairment of assets	7,23	-	(11,282,254)
Profit/(loss) on disposal of assets		25,363	(192,129)
Administration expenses		(2,319,122)	(2,515,247)
Restructure costs		-	(201,853)
Writeback of lease liability on lease termination		6,416,115	2,472,949
Store-facility occupancy expenses		(1,867,376)	(1,855,216)
Fair value gain on derivatives	25	19,550	632,277
Writeback of right-of-use impairment	7,23	-	1,569,802
Finance costs	7	(1,201,964)	(1,647,010)
Profit/(loss) before income tax expense		5,891,237	(11,669,877)
Income tax expense	8	-	-
Profit/(loss) after income tax expense for the year attributable to the owners of Oliver's Real Food Limited		5,891,237	(11,669,877)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Oliver's Real Food Limited		<u>5,891,237</u>	<u>(11,669,877)</u>
		Cents	Cents
Basic earnings per share	21	1.50	(3.24)
Diluted earnings per share	21	1.34	(3.24)

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

	Note	Consolidated 2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	9	275,938	225,384
Trade and other receivables	10	100,421	209,229
Inventories - stock on hand		454,438	493,104
Other assets	11	102,885	153,194
Total current assets		<u>933,682</u>	<u>1,080,911</u>
Non-current assets			
Term deposits		311,525	305,891
Property, plant and equipment	12	2,295,186	2,183,932
Right-of-use assets	13	5,333,193	6,403,051
Intangibles	14	409,000	939,591
Other assets	11	102,062	124,965
Total non-current assets		<u>8,450,966</u>	<u>9,957,430</u>
Total assets		<u>9,384,648</u>	<u>11,038,341</u>
Liabilities			
Current liabilities			
Trade and other payables	15	3,467,629	4,465,604
Borrowings	16	1,468,346	389,690
Lease liabilities	17	1,450,035	2,578,695
Employee benefits		296,678	348,307
Total current liabilities		<u>6,682,688</u>	<u>7,782,296</u>
Non-current liabilities			
Borrowings	16	7,504,002	8,458,333
Lease liabilities	17	10,190,800	17,483,854
Derivative financial instruments	25	-	19,550
Employee benefits		84,954	67,855
Provisions	18	242,758	438,244
Total non-current liabilities		<u>18,022,514</u>	<u>26,467,836</u>
Total liabilities		<u>24,705,202</u>	<u>34,250,132</u>
Net liabilities		<u>(15,320,554)</u>	<u>(23,211,791)</u>
Equity			
Issued capital	19	36,061,382	34,061,382
Accumulated losses		<u>(51,381,936)</u>	<u>(57,273,173)</u>
Total deficiency in equity		<u>(15,320,554)</u>	<u>(23,211,791)</u>

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

	Issued capital \$	Share- based payment reserve \$	Accumulated losses \$	Total deficiency in equity \$
Consolidated				
Balance at 1 July 2021	34,061,382	117,022	(45,603,296)	(11,424,892)
Loss after income tax expense for the year	-	-	(11,669,877)	(11,669,877)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(11,669,877)	(11,669,877)
<i>Transactions with owners in their capacity as owners:</i>				
Expired share options	-	(117,022)	-	(117,022)
Balance at 30 June 2022	<u>34,061,382</u>	<u>-</u>	<u>(57,273,173)</u>	<u>(23,211,791)</u>

	Issued capital \$	Share- based payment reserve \$	Accumulated losses \$	Total deficiency in equity \$
Consolidated				
Balance at 1 July 2022	34,061,382	-	(57,273,173)	(23,211,791)
Profit after income tax expense for the year	-	-	5,891,237	5,891,237
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	5,891,237	5,891,237
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 19)	2,000,000	-	-	2,000,000
Balance at 30 June 2023	<u>36,061,382</u>	<u>-</u>	<u>(51,381,936)</u>	<u>(15,320,554)</u>

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

	Note	Consolidated 2023 \$	2022 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		25,772,580	20,593,425
Payments to suppliers (inclusive of GST)		(24,276,088)	(23,548,061)
		1,496,492	(2,954,636)
Interest received		3,052	2,385
Interest and other finance costs paid		(545,800)	(1,062,609)
Government grants and subsidies		218,481	2,151,140
Net cash from/(used in) operating activities	22	1,172,225	(1,863,720)
Cash flows from investing activities			
Payments for property, plant and equipment		(228,148)	(223,353)
Payments for intangible assets	14	-	(130,986)
Proceeds from disposal of property, plant and equipment		19,514	316,464
Proceeds from release of security deposits		17,270	269,278
Net cash from/(used in) investing activities		(191,364)	231,403
Cash flows from financing activities			
Proceeds from borrowings	22	2,124,325	8,884,819
Repayments of finance leases	22	(2,904,260)	(3,104,237)
Repayment of borrowings		(150,372)	(5,497,530)
Net cash from/(used in) financing activities		(930,307)	283,052
Net increase/(decrease) in cash and cash equivalents		50,554	(1,349,265)
Cash and cash equivalents at the beginning of the financial year		225,384	1,574,649
Cash and cash equivalents at the end of the financial year	9	275,938	225,384

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 (the 'company' or 'parent entity') as a consolidated entity consisting of Oliver's Real Food Limited and the entities it controlled at the end of, or during, the year (collectively referred to as the 'consolidated entity'). 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 (ABN: 33 166 495 441) is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 1, 5 Lenton Place, North Rocks, NSW 2151

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 30 August 2023. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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.

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.

The consolidated entity made a profit after tax of \$5,891,237 (2022: loss of \$11,669,877) and net cash inflows from operating activities of \$1,172,225 (cash outflow 2022: \$1,863,720) for the year ended 30 June 2023. As at 30 June 2023, the statement of financial position reflected an excess of current liabilities over current assets of \$5,749,006 (2022: \$6,701,385).

The directors believe that it is appropriate to continue to adopt the going concern basis of preparation as the detailed cash flow forecast prepared by management, using their best estimate assumptions, indicated the consolidated entity will meet its ongoing compliance with its financial undertakings in the 12 month period to August 2024. This is highly dependent on the ability of the business to operate in line with the detailed cash flow forecasts, the ongoing support of key lenders and future market conditions which are out of the control of the consolidated entity and, as a result, may be subject to change.

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 these financial statements.

Note 2. Significant accounting policies (continued)

However, the directors believe that the consolidated entity will be able to continue as a going concern, after consideration of the following factors:

- the consolidated entity has support from two major shareholders and its funders Michael and Suzanne Gregg and Gelba Pty. Limited ('principal lenders') with undrawn facilities of \$862,665 as of the date of this report which enables the consolidated entity to meet its financial obligations and capital requirements, should it be required;
- the Board requested management prepare plans to further improve sales and profit, on what has already been achieved and continue to ensure the business is cash flow positive. The lease for Wyong North has been renewed with Ampol Petroleum Australia Limited for 5 years with two 5-year options. Wyong North will be in a new fit out which opens in September 2023. This will be the first of a new look for the consolidated entity, which will be rolled across the network in coming years. Wyong South lease is in its final stages of being renewed, with terms of 5 year lease with two 5-year options. Wyong South will remain in current premises and will be refitted in the FY2025 financial year;
- Part of that plan includes two new stores at Pheasants Nest which will open in November 2023 which will also include drive-thru. The additional capital required for the new stores has been agreed to be funded by the lenders, \$50,000 of which was drawn down at year end and \$230,000 at the date of this report. In addition, a continuation of the upgrade to existing stores and equipment to enable quick and efficient service in the consolidated entity's current 16 QSR (Quick Service Restaurant) stores to drive additional revenue, will also be pursued.

Provided the consolidated entity achieves the commitments in the forecast and meet its legal obligations under the terms of the loans, the lenders will continue to support the consolidated entity. It is expected as per the FY2024 forecast that accrued interest at year end and future interest will be paid by 31 December 2023, however interest and payment of principal will only occur if the consolidated entity has the financial capacity to do so.

Should the above strategies and assumptions not materialise, there will be a material uncertainty whether the consolidated entity can continue as a going concern.

Based on the above, the directors are confident that the consolidated entity will meet its obligations and accordingly 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 the reporting date.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 31.

Note 2. Significant accounting policies (continued)

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Oliver's Real Food Limited as at 30 June 2023 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods - retail

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

Note 2. Significant accounting policies (continued)

Royalty revenue

Revenue associated with continuing licensees is recognised at a point in time as sales with the licensee occur. Revenue associated with these sales are invoiced on a monthly basis and payment is due in accordance with contract due dates.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants are recognised when there is a reasonable assurance that the grant will be received, and all attached conditions complied with. These grants include BAC and CAC Training Grants from the New South Wales, Queensland and Victorian Governments and are disclosed as other income in profit or loss.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- when the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

Note 2. Significant accounting policies (continued)

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Inventories

Finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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.

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

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Note 2. Significant accounting policies (continued)

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Property, plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Land is not depreciated.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	3-25 years
Plant and equipment	3-20 years
Motor vehicles	2-5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the term of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Note 2. Significant accounting policies (continued)

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite useful life of between three to five years.

Reacquired rights

Reacquired rights represents the buyback of franchise territories are deferred and amortised over the period of the remaining lease term.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred. The consolidated entity has used the optional practical expedient to treat rent concessions in the form of rent forgiveness or a waiver as a direct consequence of the Coronavirus (COVID-19) pandemic and which relate to payments originally due on or before 30 June 2022 as variable lease payments. COVID-19 related rent concessions are recognised as other income in profit or loss.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Note 2. Significant accounting policies (continued)

Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liabilities for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Equity-settled share-based compensation benefits are provided to employees under the Oliver Employee Incentive Plan.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

Note 2. Significant accounting policies (continued)

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques used to measure fair value are those that are appropriate in the circumstances, and which maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

Ordinary shares are classified as equity.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Oliver's Real Food Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Note 2. Significant accounting policies (continued)

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2023. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

Amending accounting standards

Amending accounting standards issued are not considered to have a significant impact on the financial statements of the consolidated entity as their amendments provide either clarification of existing accounting treatment or editorial amendments.

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

AASB 2020-1 is applicable to annual periods beginning on or after 1 January 2023. Early adoption is permitted. The amendments to AASB 101 'Presentation of Financial Statements' clarify the requirements for the presentation of liabilities in the statement of financial position as current or non-current. The amendments require a liability to be classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. If the deferral right is conditional, the right only exists if, at the end of the reporting period, those conditions have been complied with. Classification of a liability as non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least 12 months after the reporting date or even if the entity settles the liability prior to issue of the financial statements. The meaning of settlement of a liability is also clarified.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Conversion of debt into shares

With regard to the restructure of the consolidated entity's borrowings approved by shareholders on 8 February 2023, the consolidated entity exercises judgement in determining whether the lenders of the consolidated entity are acting in their capacity as direct or indirect shareholders or as creditors.

Fair value measurement hierarchy

The consolidated entity is required to classify all assets and liabilities, measured 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; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date 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. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions. Refer to note 23 for further details.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Derivative financial instruments

Forward foreign exchange contracts, designated as cash flow hedges, are measured at fair value. Reliance is placed on future cash flows and judgement is made on a regular basis, through prospective and retrospective testing, including at the reporting date, that the hedges are still highly effective.

Employee benefits provision

As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Note 4. 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 earnings before interest, tax, depreciation, amortisation and impairment ('EBITDAI'). 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 5. Revenue

	Consolidated 2023 \$	Consolidated 2022 \$
<i>Revenue from contracts with customers</i>		
Revenue from sale of goods - retail	24,475,783	19,107,156
<i>Other revenue</i>		
Royalties	404,790	333,681
Rent	22,938	20,250
Other revenue	1,319	22,977
	<u>429,047</u>	<u>376,908</u>
Revenue	<u>24,904,830</u>	<u>19,484,064</u>

Disaggregation of revenue

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

Note 6. Other income

	Consolidated 2023 \$	Consolidated 2022 \$
Government grants - JobSaver/JobKeeper *	-	1,626,940
Government grants - BAC & CAC training grants	218,481	-
Rent concessions	-	566,200
Miscellaneous income	4,750	16,076
Other income	<u>223,231</u>	<u>2,209,216</u>

* This income was Government grants that was Covid-19 related and is not expected in future years.

Note 7. Expenses

	Consolidated 2023 \$	Consolidated 2022 \$
Profit/(loss) before income tax includes the following specific expenses:		
<i>Depreciation and amortisation</i>		
Property, plant and equipment (note 12)	415,478	669,201
Motor vehicles right-of-use assets (note 13)	-	3,835
Property right-of-use assets (note 13)	1,194,781	1,445,946
Intangibles (note 14)	530,591	635,685
Total depreciation and amortisation	2,140,850	2,754,667
<i>Impairment split</i>		
Property, plant and equipment (note 12)	-	1,167,422
Right-of-use asset (note 13)	-	10,070,793
Intangibles (note 14)	-	44,039
	-	11,282,254
<i>Writeback of right-of-use impairment</i>		
Impairment writeback of Victorian Stores (note 13, 23)	-	(1,569,802)
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	750,998	567,775
Interest and finance charges paid/payable on lease liabilities	450,966	878,102
Interest on derivative financial instruments	-	280,077
Bad and doubtful debts	-	(78,944)
Finance costs expensed	1,201,964	1,647,010
<i>Leases</i>		
Short-term lease payments	120,885	46,962
<i>Superannuation expense</i>		
Defined contribution superannuation expense	788,475	712,110
<i>Share-based payments expense</i>		
Share-based payments expense	-	(44,262)

Note 8. Income tax expense

	Consolidated 2023 \$	Consolidated 2022 \$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit/(loss) before income tax expense	5,891,237	(11,669,877)
Tax at the statutory tax rate of 25%	1,472,809	(2,917,469)
Writeback of lease liabilities on lease termination	(1,604,029)	-
Current year tax losses and temporary differences not recognised	131,220	2,917,469
Income tax expense	-	-

Note 8. Income tax expense (continued)

	Consolidated 2023 \$	2022 \$
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	30,273,293	28,621,502
Potential tax benefit @ 25%	7,568,323	7,155,376

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

	Consolidated 2023 \$	2022 \$
<i>Deferred tax assets not recognised</i>		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Allowance for expected credit losses	8,250	(11,725)
Employee benefits	(45,981)	(54,739)
Provision for lease make good	(48,872)	(5,074)
Accrued expenses	(87,370)	40,136
Total deferred tax assets not recognised	<u>(173,973)</u>	<u>(31,402)</u>

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

Note 9. Cash and cash equivalents

	Consolidated 2023 \$	2022 \$
<i>Current assets</i>		
Cash on hand	114,283	126,124
Cash at bank	161,655	99,260
	<u>275,938</u>	<u>225,384</u>

Note 10. Trade and other receivables

	Consolidated 2023 \$	2022 \$
<i>Current assets</i>		
Trade receivables	100,496	112,929
Less: Allowance for expected credit losses	(33,000)	(3,000)
	<u>67,496</u>	<u>109,929</u>
Other receivables	32,925	99,300
	<u>100,421</u>	<u>209,229</u>

Note 10. Trade and other receivables (continued)

Allowance for expected credit losses

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Gross carrying amount 2023 \$	Gross carrying amount 2022 \$	Allowance for expected credit losses	
Consolidated			2023 \$	2022 \$
Not overdue	75,958	155,848	-	-
Under three months overdue	43,762	12,049	19,299	-
Three to six months overdue	-	30,588	-	-
Over six months overdue	13,701	13,744	13,701	3,000
	<u>133,421</u>	<u>212,229</u>	<u>33,000</u>	<u>3,000</u>

Movements in the allowance for expected credit losses are as follows:

	Consolidated	
	2023 \$	2022 \$
Opening balance	3,000	49,900
Additional provisions recognised	30,000	-
Unused amounts reversed	-	(46,900)
Closing balance	<u>33,000</u>	<u>3,000</u>

Note 11. Other assets

	Consolidated	
	2023 \$	2022 \$
<i>Current assets</i>		
Prepayments	<u>102,885</u>	<u>153,194</u>
<i>Non-current assets</i>		
Rental bonds	<u>102,062</u>	<u>124,965</u>
	<u>204,947</u>	<u>278,159</u>

Note 12. Property, plant and equipment

	Consolidated 2023 \$	2022 \$
<i>Non-current assets</i>		
Leasehold improvements - at cost	5,858,732	6,981,353
Less: Accumulated depreciation	(2,552,895)	(2,814,503)
Less: Impairment	(1,716,501)	(2,755,054)
	<u>1,589,336</u>	<u>1,411,796</u>
Plant and equipment - at cost	4,569,685	5,806,940
Less: Accumulated depreciation	(2,871,649)	(3,459,972)
Less: Impairment	(1,026,145)	(1,625,930)
	<u>671,891</u>	<u>721,038</u>
Motor vehicles - at cost	122,491	122,491
Less: Accumulated depreciation	(88,532)	(71,393)
	<u>33,959</u>	<u>51,098</u>
	<u><u>2,295,186</u></u>	<u><u>2,183,932</u></u>

Reconciliations

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

Consolidated	Land \$	Leasehold improvements \$	Plant and equipment \$	Motor vehicles \$	Total \$
Balance at 1 July 2021	426,955	2,484,944	1,323,502	24,240	4,259,641
Additions	-	42,670	180,683	-	223,353
Disposals	(426,955)	(46,750)	(22,101)	(513)	(496,319)
Impairment of assets	-	(826,999)	(340,423)	-	(1,167,422)
Transfers in (out)	-	103,095	(103,095)	33,880	33,880
Depreciation expense	-	(345,164)	(317,528)	(6,509)	(669,201)
Balance at 30 June 2022	-	1,411,796	721,038	51,098	2,183,932
Additions	-	414,783	111,949	-	526,732
Depreciation expense	-	(237,243)	(161,096)	(17,139)	(415,478)
Balance at 30 June 2023	<u>-</u>	<u>1,589,336</u>	<u>671,891</u>	<u>33,959</u>	<u>2,295,186</u>

Refer to note 23 for further information on impairment of assets.

Note 13. Right-of-use assets

	Consolidated 2023 \$	2022 \$
<i>Non-current assets</i>		
Lease of premises - right-of-use	18,788,026	26,563,315
Less: Accumulated depreciation	(6,644,002)	(6,621,331)
Less: Impairment	(6,810,831)	(13,538,933)
	<u>5,333,193</u>	<u>6,403,051</u>

Note 13. Right-of-use assets (continued)

The consolidated entity leases land and buildings for its offices, warehouses and retail outlets under agreements of between 1 to 20 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

The consolidated entity leases office equipment under agreements of less than 12 months. These leases are either short-term or low-value, so have been expensed as incurred and not capitalised as right-of-use assets.

Reconciliations

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

Consolidated	Motor vehicles \$	Lease of premises \$	Total \$
Balance at 1 July 2021	40,264	17,310,538	17,350,802
Disposals	(36,430)	(11,572)	(48,002)
Change of lease term adjustments	-	(1,579,623)	(1,579,623)
Impairment of assets	-	(10,070,793)	(10,070,793)
Writeback of Impairments	-	1,569,276	1,569,276
Re-measurement of leases	-	631,171	631,171
Depreciation expense	(3,834)	(1,445,946)	(1,449,780)
Balance at 30 June 2022	-	6,403,051	6,403,051
Change of lease term adjustments	-	124,923	124,923
Depreciation expense	-	(1,194,781)	(1,194,781)
Balance at 30 June 2023	-	5,333,193	5,333,193

Refer to note 23 for further information on impairment of assets.

For other lease related disclosures, refer to the following:

- note 7 for details of interest on lease liabilities and other short-term and low-value lease expenses;
- note 17 for lease liabilities at the end of the reporting period;
- note 24 for undiscounted future lease commitments; and
- statement of cash flows for repayment of lease liabilities.

Note 14. Intangibles

	Consolidated 2023 \$	Consolidated 2022 \$
<i>Non-current assets</i>		
Software - at cost	295,112	295,112
Less: Accumulated amortisation	(109,780)	(50,938)
	185,332	244,174
Reacquired rights - at cost	3,258,000	3,258,000
Less: Accumulated amortisation	(2,990,293)	(2,518,544)
Less: Impairment	(44,039)	(44,039)
	223,668	695,417
	409,000	939,591

Note 14. Intangibles (continued)

Reconciliations

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

Consolidated	Software \$	Reacquired rights \$	Total \$
Balance at 1 July 2021	315,194	1,222,503	1,537,697
Additions	130,986	-	130,986
Disposals	(49,368)	-	(49,368)
Impairment of assets	-	(44,039)	(44,039)
Amortisation expense	(152,638)	(483,047)	(635,685)
Balance at 30 June 2022	244,174	695,417	939,591
Amortisation expense	(58,842)	(471,749)	(530,591)
Balance at 30 June 2023	<u>185,332</u>	<u>223,668</u>	<u>409,000</u>

Refer to note 23 for further information on impairment of assets.

Note 15. Trade and other payables

	Consolidated	
	2023 \$	2022 \$
<i>Current liabilities</i>		
Trade payables	2,160,994	1,846,662
Accrued expenses	494,856	872,198
GST payable	483,828	1,112,234
Other payables	<u>327,951</u>	<u>634,510</u>
	<u>3,467,629</u>	<u>4,465,604</u>

Refer to note 24 for further information on financial instruments.

Note 16. Borrowings

	Consolidated 2023 \$	2022 \$
<i>Current liabilities</i>		
Insurance premium funding - unsecured ⁽¹⁾	43,186	89,530
Loan from related party - Green Superannuation Fund - secured ⁽²⁾	300,160	300,160
Loan from related party - Gelba Pty. Limited - secured ⁽³⁾	225,000	-
Loan from related party - Michael and Suzanne Gregg - secured ⁽³⁾	525,000	-
Revolving line of credit from related party - Gelba Pty. Limited ⁽⁴⁾	188,996	-
Revolving line of credit from related party - Michael and Suzanne Gregg ⁽⁴⁾	186,004	-
	<u>1,468,346</u>	<u>389,690</u>
<i>Non-current liabilities</i>		
Loan from related party - Gelba Pty. Limited - secured ⁽³⁾	1,275,000	1,500,000
Loan from related party - Michael and Suzanne Gregg - secured ⁽³⁾	2,975,000	3,500,000
Revolving line of credit from related party - Gelba Pty. Limited ⁽⁴⁾	1,644,181	1,980,000
Revolving line of credit from related party - Michael and Suzanne Gregg ⁽⁴⁾	1,618,154	1,520,000
Capitalised borrowing costs	(8,333)	(41,667)
	<u>7,504,002</u>	<u>8,458,333</u>
	<u><u>8,972,348</u></u>	<u><u>8,848,023</u></u>

Refer to note 24 for further information on financial instruments.

- (1) Insurance premium funding is payable in monthly instalments and carries an interest rate of 5.1% (2022: 7.2%) variable. This facility is unsecured.
- (2) Loan is associated with Martin Green who is a trustee of the Green Superannuation Fund and is at a rate of 6% (2022: 6%) per annum. This facility is secured by a fixed and floating charge of the assets of the company.
- (3) The related party loans carries an interest rate of 7.3% (2022: 5.25%) per annum calculated daily and payable quarterly in arrears maturing 30 September 2028. Repayment of \$250,000 per quarter from 1 October 2023 with the first repayment due 31 December 2023. This facility is secured, namely first ranking security over assets of the consolidated entity.
- (4) The related party revolving line of credit carries an interest rate of 7.3% (2022: 5.25%) per annum calculated daily and payable monthly in arrears. \$2,500,000 is secured and matures on 30 September 2028, Repayment of \$125,000 per quarter from 1 October 2023 with first repayment due 31 December 2023. \$1,500,000 is unsecured and matures 30 September 2024.

Note 16. Borrowings (continued)

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	2023	2022
	\$	\$
Total facilities		
Loan from related party - Gelba Pty. Limited	1,500,000	1,500,000
Loan from related party - Michael and Suzanne Gregg	3,500,000	3,500,000
Revolving line of credit from related party - Gelba Pty. Limited	2,250,000	3,380,000
Revolving line of credit from related party - Michael and Suzanne Gregg	1,800,000	2,120,000
Loan from related party - Green Superannuation Fund - secured	300,160	300,160
	<u>9,350,160</u>	<u>10,800,160</u>
Used at the reporting date		
Loan from related party - Gelba Pty. Limited	1,500,000	1,500,000
Loan from related party - Michael and Suzanne Gregg	3,500,000	3,500,000
Revolving line of credit from related party - Gelba Pty. Limited	2,019,181	1,980,000
Revolving line of credit from related party - Michael and Suzanne Gregg	1,618,154	1,520,000
Loan from related party - Green Superannuation Fund - secured	300,160	300,160
	<u>8,937,495</u>	<u>8,800,160</u>
Unused at the reporting date		
Loan from related party - Gelba Pty. Limited	-	-
Loan from related party - Michael and Suzanne Gregg	-	-
Revolving line of credit from related party - Gelba Pty. Limited	230,819	1,400,000
Revolving line of credit from related party - Michael and Suzanne Gregg	181,846	600,000
Loan from related party - Green Superannuation Fund - secured	-	-
	<u>412,665</u>	<u>2,000,000</u>

Note 17. Lease liabilities

	Consolidated	
	2023	2022
	\$	\$
<i>Current liabilities</i>		
Lease liability	<u>1,450,035</u>	<u>2,578,695</u>
<i>Non-current liabilities</i>		
Lease liability	<u>10,190,800</u>	<u>17,483,854</u>
	<u><u>11,640,835</u></u>	<u><u>20,062,549</u></u>

Refer to note 24 for further information on financial instruments.

Note 18. Provisions

	Consolidated	
	2023	2022
	\$	\$
<i>Non-current liabilities</i>		
Lease make good	<u>242,758</u>	<u>438,244</u>

Note 18. Provisions (continued)

Lease make good

The provision represents the present value of the estimated costs to make good the premises leased by the consolidated entity at the end of the respective lease terms.

Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

	Lease Make Good
Consolidated - 2023	\$
Carrying amount at the start of the year	438,244
Unused amounts reversed	(195,486)
Carrying amount at the end of the year	<u>242,758</u>

Note 19. Issued capital

	2023 Shares	Consolidated 2022 Shares	2023 \$	2022 \$
Ordinary shares - fully paid	<u>440,731,917</u>	<u>360,731,917</u>	<u>36,061,382</u>	<u>34,061,382</u>

Movements in ordinary share capital

Details	Date	Shares	\$
Balance	1 July 2021	<u>360,731,917</u>	<u>34,061,382</u>
Balance	30 June 2022	360,731,917	34,061,382
Conversion of debt into shares	8 February 2023	<u>80,000,000</u>	<u>\$0.025 2,000,000</u>
Balance	30 June 2023	<u>440,731,917</u>	<u>36,061,382</u>

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.

Share warrants

The consolidated entity has granted two warrant certificates and approved by shareholders to subscribe for shares over two tranches, the first being for 37,500,000 shares and the second for a further 10,000,000 shares at a warrant exercise price of \$0.12 per share.

Note 19. Issued capital (continued)

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 2022 Annual Report.

Note 20. Dividends

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

Note 21. Earnings per share

	Consolidated 2023 \$	2022 \$
Profit/(loss) after income tax attributable to the owners of Oliver's Real Food Limited	5,891,237	(11,669,877)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	392,074,383	360,731,917
Adjustments for calculation of diluted earnings per share:		
Warrants*	47,500,000	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	439,574,383	360,731,917
	Cents	Cents
Basic earnings per share	1.50	(3.24)
Diluted earnings per share	1.34	(3.24)

* In the prior period, 4,000,000 options and 47,500,000 warrants have been excluded from the calculation of diluted earnings per share, as they were anti-dilutive.

Note 22. Cash flow information

Reconciliation of profit/(loss) after income tax to net cash from/(used in) operating activities

	Consolidated 2023 \$	Consolidated 2022 \$
Profit/(loss) after income tax expense for the year	5,891,237	(11,669,877)
Adjustments for:		
Depreciation and amortisation	2,140,850	2,754,667
Impairment of assets	-	11,282,254
Net loss/(gain) on disposal of property, plant and equipment	(25,363)	192,129
Share-based payments	-	(44,262)
Fair value gain on derivatives	(19,550)	(632,277)
Finance costs - for leases included in financing activities	450,966	280,077
Writeback of lease liability on terminated right-of-use assets	(6,416,115)	(2,472,949)
Reversal of impairments	-	(1,569,276)
Rental Waivers	-	(566,200)
Change in operating assets and liabilities:		
Decrease in trade and other receivables	108,808	879,402
Decrease in inventories - stock on hand	38,666	67,548
Decrease in prepayments	50,309	56,996
Decrease in other operating assets	(5,634)	22,940
Decrease in trade and other payables	(997,975)	(327,507)
Decrease in employee benefits	(34,530)	(121,848)
Increase/(decrease) in other operating liabilities	(9,444)	4,463
Net cash from/(used in) operating activities	<u>1,172,225</u>	<u>(1,863,720)</u>

Changes in liabilities arising from financing activities

	Lease liabilities \$	Insurance premium funding \$	Related party borrowings \$	Pure Asset Manage- ment \$	Total \$
Consolidated					
Balance at 1 July 2021	27,027,386	143,404	337,202	5,132,329	32,640,321
Net cash from/(used in) financing activities	(3,104,237)	5,185	8,514,433	(5,132,329)	283,052
Lease remeasurement	(1,388,551)	-	-	-	(1,388,551)
Termination of leases	(2,472,049)	-	-	-	(2,472,049)
Other changes	-	(59,059)	21,988	-	(37,071)
Balance at 30 June 2022	20,062,549	89,530	8,873,623	-	29,025,702
Net cash from/(used in) financing activities	(2,904,260)	-	2,124,325	-	(779,935)
Lease remeasurement	124,923	-	-	-	124,923
Termination of leases	(5,642,377)	-	-	-	(5,642,377)
Other changes	-	(46,344)	(2,068,786)	-	(2,115,130)
Balance at 30 June 2023	<u>11,640,835</u>	<u>43,186</u>	<u>8,929,162</u>	<u>-</u>	<u>20,613,183</u>

Note 23. 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 indicator exists, the recoverable amount of the asset is determined. An impairment exists when the carrying amount of the CGU exceeds its recoverable amount.

Note 23. Impairment testing (continued)

Assets have been allocated to 16 CGU's (2022: 24). The consolidated entity has determined that the CGU's represent each standalone 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 ('VIU') calculations. 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.

Impairment testing results

The consolidated entity assessed impairment indicators across its 16 CGU's and identified 4 CGU's that had indicators of impairment. The CGU's identified to have impairment indicators were:

- Hexham
- Lithgow
- Maryborough
- Port Macquarie

The recoverable amount of these CGU's have been determined by using value-in-use ('VIU') calculations. 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 identified CGU.

As at 30 June 2023, no impairment charge was recognised in relation to these CGU's. The results were as follows:

CGU #	CGU Name	Recoverable Amount (VIU) \$	Carrying amount \$	Headroom \$
# 1	Hexham	23,821	5,054	18,767
# 2	Lithgow	313,692	245,880	67,812
# 3	Maryborough	530,091	392,349	137,742
# 4	Port Macquarie	1,985,517	1,758,255	227,262
		<u>2,853,121</u>	<u>2,401,538</u>	<u>451,583</u>

Key assumptions used in the impairment testing

Assumption	Amount
Discount rate	17.5%
Revenue growth rate year 1	3-25%.
Revenue growth rate year 2 onwards	3%
Average budgeted cost of sales (% of revenue)	37%
Average budgeted labour costs (% of revenue)	36-39%
Budgeted capital expenditure	\$10,000

Sensitivity

In order to assess any estimation uncertainty, the consolidated entity performed sensitivity analysis on the impairment calculations presented in these financial statements for the 4 CGU's. In the event that the stores trading revenue improved by 10%, the existing headroom would be further extended. In the event the stores trading revenue declined by 10%, the consolidated entity would need to recognise an impairment of \$36,960 which would be distributed proportionally between property, plant and equipment and right-of-use assets of these stores.

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 24. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk, credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and manages financial risks within the consolidated entity. Finance reports to the Board on a monthly basis.

Market risk

The consolidated entity is not exposed to any significant foreign currency risk.

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

The consolidated entity's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the consolidated entity to interest rate risk. Borrowings obtained at fixed rates expose the consolidated entity to fair value interest rate risk.

The consolidated entity had loans from related parties outstanding were \$8,712,335 (2022: \$8,500,000) with fixed interest rate of 7.3% (2022: 5.25%). The consolidated entity did not have any variable rate interest borrowings.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than one year.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 24. Financial instruments (continued)

Financing arrangements

Unused borrowing facilities at the reporting date:

	Consolidated 2023 \$	2022 \$
Revolving line of credit from related party - Gelba Pty. Limited	230,819	1,400,000
Revolving line of credit from related party - Michael and Suzanne Gregg	181,846	600,000
	<u>412,665</u>	<u>2,000,000</u>

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Consolidated - 2023						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	2,160,994	-	-	-	2,160,994
GST payment plan	7.00%	483,828	-	-	-	483,828
Other payables	-	327,951	-	-	-	327,951
<i>Interest-bearing - variable</i>						
Other loans	6.00%	300,160	-	-	-	300,160
Insurance premium funding	5.10%	43,186	-	-	-	43,186
<i>Interest-bearing - fixed rate</i>						
Related party loans	7.30%	1,301,583	1,500,000	4,500,000	1,512,335	8,813,918
Lease liability	3.69%	1,844,611	1,808,865	4,287,853	5,744,261	13,685,590
Total non-derivatives		<u>6,462,313</u>	<u>3,308,865</u>	<u>8,787,853</u>	<u>7,256,596</u>	<u>25,815,627</u>

Note 24. Financial instruments (continued)

Consolidated - 2022	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	1,846,662	-	-	-	1,846,662
Accruals	-	872,198	-	-	-	872,198
Other payables	-	634,510	-	-	-	634,510
GST payment plan	7.00%	945,522	166,712	-	-	1,112,234
<i>Interest-bearing - variable</i>						
Other loans	6.00%	-	-	-	-	-
Insurance premium funding	7.20%	89,530	-	-	-	89,530
<i>Interest-bearing - fixed rate</i>						
Related party loans	5.25%	-	4,499,750	1,000,000	3,000,250	8,500,000
Lease liability	3.69%	2,578,695	1,921,662	4,671,590	10,890,602	20,062,549
Total non-derivatives		6,967,117	6,588,124	5,671,590	13,890,852	33,117,683
Derivatives						
Warrants	-	-	-	19,550	-	19,550
Total derivatives		-	-	19,550	-	19,550

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 25. 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 - 2022	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Liabilities				
Derivative financial instruments - warrants	-	-	19,550	19,550
Total liabilities	-	-	19,550	19,550

There were no transfers between levels during the financial 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.

Note 25. Fair value measurement (continued)

Level 3 assets and liabilities

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

	Derivative financial instruments \$
Consolidated	
Balance at 1 July 2021	(651,827)
Gains recognised in profit or loss	632,277
Balance at 30 June 2022	(19,550)
Gains recognised in profit or loss	19,550
Balance at 30 June 2023	-

Note 26. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd, the auditor of the company:

	Consolidated 2023 \$	Consolidated 2022 \$
Audit services - Grant Thornton Audit Pty Ltd		
Audit or review of the financial statements	170,000	230,200

Note 27. Contingent liabilities

The consolidated entity has given bank guarantees as at 30 June 2023 of \$306,155 (2022: \$305,891) to various landlords.

Note 28. Related party transactions

Parent entity

Oliver's Real Food Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 30.

Key management personnel

Disclosures relating to key management personnel are set out in note 29 and the remuneration report included in the directors' report.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated 2023 \$	Consolidated 2022 \$
Payment for other expenses:		
Interest paid or owing to related parties	636,854	348,694

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Note 28. Related party transactions (continued)

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated 2023 \$	2022 \$
Current borrowings:		
Loan from Green Superannuation Fund - Martin Green is a trustee of the Fund	300,160	300,160
Loan from Gelba Pty. Limited - Martin Green is director and minority shareholder	225,000	-
Loan from Michael and Suzanne Gregg - shareholder of Oliver's Real Foods Limited	525,000	-
Revolving line of credit from Gelba Pty. Limited	188,996	-
Revolving line of credit from Michael and Suzanne Gregg	186,004	-
Non-current borrowings:		
Loan from Gelba Pty. Limited - Martin Green is director and minority shareholder	1,275,000	1,500,000
Loan from Michael and Suzanne Gregg - shareholder of Oliver's Real Foods Limited	2,975,000	3,500,000
Revolving line of credit from Gelba Pty. Limited	1,644,181	1,980,000
Revolving line of credit from Michael and Suzanne Gregg	1,618,154	1,520,000

Terms and conditions

For further details on the loans and revolving lines of credit refer to note 16.

Note 29. Key management personnel disclosures

Refer to the Remuneration report contained in the Directors' report for details of the remuneration to each key management personnel for the year ended 30 June 2023.

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated 2023 \$	2022 \$
Short-term employee benefits	660,852	604,052
Post-employment benefits	47,474	42,381
	<u>708,326</u>	<u>646,433</u>

Note 30. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2023 %	2022 %
Fresh Food Services NSW Pty Limited	Australia	100%	100%
Fresh Food Services QLD Pty Limited	Australia	100%	100%
Fresh Food Services VIC Pty Limited	Australia	100%	100%
Gundagai Properties Pty Ltd	Australia	100%	100%
Oliver's Ballarat Pty Ltd	Australia	100%	100%
Oliver's Bulahdelah Pty Ltd	Australia	100%	100%
Oliver's Chinderah Pty Limited	Australia	100%	100%
Oliver's Coffs Pty Limited	Australia	100%	100%

Note 30. Interests in subsidiaries (continued)

Name	Principal place of business / Country of incorporation	Ownership interest	
		2023 %	2022 %
Oliver's Corporate Pty Ltd	Australia	100%	100%
Oliver's East-Link Inbound Pty Limited	Australia	100%	100%
Oliver's East-Link Outbound Pty Limited	Australia	100%	100%
Oliver's Employment Services Pty Ltd	Australia	100%	100%
Oliver's Euroa Pty Limited	Australia	100%	100%
Oliver's Ferry Park Pty Limited	Australia	100%	100%
Oliver's Geelong Northbound Pty Limited	Australia	100%	100%
Oliver's Geelong Southbound Pty Limited	Australia	100%	100%
Oliver's Gundagai Pty Limited	Australia	100%	100%
Oliver's Hexham Pty Limited	Australia	100%	100%
Oliver's Lithgow Pty Limited	Australia	100%	100%
Oliver's Maitland Road Pty Limited	Australia	100%	100%
Oliver's Maryborough Pty Limited	Australia	100%	100%
Oliver's Merino Pty Limited	Australia	100%	100%
Oliver's Officer Inbound Pty Ltd	Australia	100%	100%
Oliver's Officer Outbound Pty Ltd	Australia	100%	100%
Oliver's Penn-Link Inbound Pty Limited	Australia	100%	100%
Oliver's Penn-Link Outbound Pty Limited	Australia	100%	100%
Oliver's Port Macquarie Pty Limited	Australia	100%	100%
Oliver's Wallan Northbound Pty Ltd	Australia	100%	100%
Oliver's Wallan Southbound Pty Ltd	Australia	100%	100%
Oliver's Wyong Northbound Pty Ltd	Australia	100%	100%
Oliver's Wyong Southbound Pty Limited	Australia	100%	100%
Silver Dog Pty Ltd	Australia	100%	100%

Note 31. Parent entity information

Statement of profit or loss and other comprehensive income

	Parent	
	2023 \$	2022 \$
Profit/(loss) after income tax	5,891,237	(11,669,878)
Total comprehensive income	5,891,237	(11,669,878)

Note 31. Parent entity information (continued)

Statement of financial position

	2023 \$	Parent 2022 \$
Total current assets	933,682	1,080,911
Total assets	9,384,648	11,038,341
Total current liabilities	6,682,688	7,782,297
Total liabilities	24,705,202	34,250,132
Equity		
Issued capital	36,061,382	34,061,382
Accumulated losses	(51,381,936)	(57,273,173)
Total deficiency in equity	<u>(15,320,554)</u>	<u>(23,211,791)</u>

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity has guarantees for its subsidiaries in relation to property lease as at 30 June 2023 and 30 June 2022.

Contingent liabilities

Except for the bank guarantees as detailed in note 27, the parent entity has no other contingent liabilities as at 30 June 2023 and 30 June 2022.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 and 30 June 2022.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 32. Events after the reporting period

On 27 July 2023 a new sub-lease was executed with Ampol Petroleum Australia Limited which secures the Wyong Northbound lease for five years and two 5-year options. The store will change location of the site and will operate from a new facility from late September 2023.

A further \$500,000 in committed funding has been provided by Gelba Pty Ltd on 28 August 2023.

No other matter or circumstance has arisen since 30 June 2023 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, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial 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.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Martin Green
Chairman

30 August 2023

For personal use only

Independent Auditor's Report

To the Members of Oliver's Real Food Limited

Grant Thornton Audit Pty Ltd
Level 17
383 Kent Street
Sydney NSW 2000
Locked Bag Q800
Queen Victoria Building NSW
1230
T +61 2 8297 2400

Report on the audit of the financial report

Opinion

We have audited the 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 30 June 2023, 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 year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Consolidated Entity is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2023 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial statements, which indicates that as at 30 June 2023 the Consolidated Entity's current liabilities exceeded its current assets by \$5,749,007, and has a net deficiency in assets of \$15,320,555. 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 doubt on the Consolidated Entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

www.grantthornton.com.au
ACN-130 913 594

Grant Thornton Audit Pty Ltd ACN 130 913 594 a subsidiary or related entity of Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389. 'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Limited is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389 and its Australian subsidiaries and related entities. Liability limited by a scheme approved under Professional Standards Legislation.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p>Impairment assessment of property, plant and, equipment and right of use assets – note 23</p> <p>AASB 136 <i>Impairment of Assets</i> requires entities to assess at the end of each reporting period whether there is any indication that an asset or CGU may be impaired. The entity shall estimate the asset's or CGU's recoverable amount if any indication exists.</p> <p>The carrying amounts of the CGUs being the individual stores that had impairment indicators were assessed by management for impairment by estimating their recoverable amount using a value-in-use method per AASB 136.</p> <p>Significant judgements and estimates are involved in determining the recoverable amount. These include, but are not limited to, forecasting future cash flows and applying an appropriate discount rate. Due to the required judgements and estimates, we have considered this a key audit matter.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Obtaining management's assessment of impairment indicators under AASB 136 and reviewing for reasonableness; • Assessing management's assessment of the Consolidated Entity's Cash Generating Units (CGUs); • Reviewing the impairment model for compliance with AASB 136; • Verifying the mathematical accuracy of the underlying model calculations and assessing the appropriateness of the methodologies applied; • Reviewing the key inputs of the model and corroborating key assumptions against supporting documentation; • Considering the appropriateness of revenue growth assumptions in management's forecast of cash flows in the current and future operating environments based on historical ability to forecast; • Performing sensitivity analysis on the significant inputs and assumptions made by management in preparing the value-in-use calculation; and • Assessing the adequacy of disclosures in the financial report.
<p>Partial conversion of debt with related parties to equity – note 16 and 19</p> <p>Oliver's Real Food Limited completed the restructuring of its debt facilities, by extending the facilities available, converting a component of the debt to equity and extending the terms and repayment dates.</p> <p>AASB 9 <i>Financial Instruments</i> provides guidance regarding whether an exchange between a borrower and lender of debt instruments should be accounted for as a modification or an extinguishment of the original facility and recognition of a new financial liability.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Reviewed management's expert's accounting memorandum in respect of the debt modification during the period, we specifically assessed the following: <ul style="list-style-type: none"> - Whether the creditors were acting in their capacity as a direct or indirect shareholder; - The appropriateness of the accounting policy developed and applied;

Extinguishment accounting is required if the terms of the existing and modified instruments are considered 'substantially different', which is a qualitative assessment, or if there is at least a 10% change in the net present value of future cash flows, which is a quantitative assessment.

However, the application of the AASB 9 guidance is more complex in scenarios where the creditor is also a shareholder and acting in its capacity as a shareholder. Neither AASB 132 *Financial Instruments: Presentation* nor AASB 9 specifically addresses the accounting treatment to be *adopted* where an entity issues non-convertible debt but subsequently enters into an agreement to discharge all or part of the liability in exchange for an issue of equity, which has occurred in this instance.

Due to the significance of the debt facilities to the Consolidated Entity's balance sheet and the significant judgement involved in the application of accounting standards in this transaction, we have considered this a key audit matter.

- Whether the modification of terms for the debt should be accounted for as a modification or an extinguishment; and
- Assuming the debt should be accounted for as an extinguishment, assessed the fair value of the new debt undertaken for appropriateness, which involved management assessing what market rate interest can be obtained on the modified debt.
- In consultation with our technical accounting team, review the accounting memorandum prepared by management's expert to assess the accounting treatment and market interest rate used to determine the appropriateness of the position taken;
- Evaluated the competence, capability and objectivity of management's expert for the accounting treatment and market interest rate assessment;
- Reviewed the calculations prepared by management's expert to ensure they were appropriate;
- Obtained direct confirmation from the lenders to confirm the principal debt amounts and interest outstanding; and
- Assessed the adequacy of disclosures in the financial statements, including the disclosure of significant judgements and policies adopted.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Consolidated Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Consolidated Entity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 8 to 13 of the Directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Oliver's Real Food Limited, for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants



P J Woodley
Partner – Audit & Assurance

Sydney, 30 August 2023

The shareholder information set out below was applicable as at 21 August 2023.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares		Options over ordinary shares		Warrants over ordinary shares	
	Number of holders	% of total shares issued	Number of holders	% of total Options issued	Number of holders	% of total Warrants issued
1 to 1,000	43	-	-	-	-	-
1,001 to 5,000	264	0.20	-	-	-	-
5,001 to 10,000	270	0.46	-	-	-	-
10,001 to 100,000	1,154	8.47	-	-	1	100.00
100,001 and over	251	90.87	-	-	-	-
	<u>1,982</u>	<u>100.00</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>100.00</u>
Holding less than a marketable parcel	<u>1,370</u>	<u>4.17</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
Gelba Pty Limited	87,691,544	19.90
Mr Michael John Gregg & Mrs Suzanne Jane Gregg	85,327,516	19.36
Hauraki Trust Company Limited	28,387,500	6.44
Butof Holdings Pty Ltd	20,785,318	4.72
J P Morgan Nominees Australia Pty Limited	13,348,287	3.03
Zanya Nominees Pty Ltd (JLS Superannuation A/C)	11,666,667	2.65
Sweet As Developments Pty Ltd (Sweetman McNickle Family A/C)	10,220,263	2.32
Mr Jason Antony Gunn	10,000,000	2.27
Twenty Second Sepelda Pty Ltd (The Metter Family A/C)	6,666,667	1.51
Custodial Services Limited (Beneficiaries Holding A/C)	5,420,155	1.23
Mr Peter Darrell Roberts	4,500,000	1.02
WR Simpson Nominees Pty Ltd (Simpson Super Fund A/C)	4,269,692	0.97
Citicorp Nominees Pty Limited	3,674,335	0.83
Ms Anne Louise Matthews	3,500,000	0.79
Wolram Investments Pty Ltd (Wolram A/C)	3,000,000	0.68
MFA Capital Pty Ltd (T & J Adams Super Fund A/C)	2,951,816	0.67
Gazelle Bicycles Australia Pty Ltd (Gazelle Bicycle Aus SBF A/C)	2,888,363	0.66
Mr Nathan Christopher Devine	2,666,666	0.61
Mr Francis Glenister White	2,170,000	0.49
Mr Mark Kelly & Ms Terese Annette Kelly (Kel's Super Duper S/F A/C)	2,000,000	0.45
	<u>311,134,789</u>	<u>70.60</u>

Warrants over ordinary shares	Warrants over ordinary shares % of total warrants
Number held	issued

Pure Asset Management

47,500,000 100.00

Substantial holders

Substantial holders in the company are set out below:

Ordinary shares	% of total shares
Number held	issued

Mr Michael John Gregg & Mrs Suzanne Jane Gregg
Gelba Pty Limited
Hauraki Trust Company Limited
Butof Holdings Pty Ltd
J P Morgan Nominees Australia Pty Limited
Zanya Nominees Pty Ltd (JLS Superannuation A/c
Mr Jason Anthony Gunn

85,327,516 19.36
87,691,544 19.90
28,387,500 6.44
20,785,318 4.72
13,348,287 3.03
11,666,667 2.65
10,000,000 2.27

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

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.

There are no other classes of equity securities.

For personal use only

Directors	Martin Green Steven Metter Kathryn Gregg Benjamin Williams
Company secretary	Robert Lees
Australian business number ('ABN')	33 166 495 441
Registered office and principal place of business	Level 1, 5 Lenton Place North Rocks NSW 2151 +61 2 4353 8055
Share register	Boardroom Pty Ltd Level 12, 275 George Street Sydney NSW 2000 1300 737 760 (in Australia) or +61 2 9290 9600 www.boardroomlimited.com.au
Auditor	Grant Thornton Audit Pty Ltd Level 17 383 Kent Street Sydney NSW 2000
Solicitors	Breene and Breene Level 12, 111 Elizabeth Street Sydney NSW 2000
Bankers	Commonwealth Bank of Australia Level 19, 111 Pacific Highway, North Sydney NSW 2060 National Australia Bank Level 13, Tower B, 799 Pacific Highway, Chatswood NSW 2067
Stock exchange listing	Oliver's Real Food Limited shares are listed on the Australian Securities Exchange (ASX code: OLI)
Websites	www.olivers.com.au www.investor.olivers.com.au
Corporate Governance Statement	<p>The directors and management are committed to conducting the business of Oliver's Real Food Limited in an ethical manner and in accordance with the highest standards of corporate governance. Oliver's Real Food Limited has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) ('Recommendations') to the extent appropriate to the size and nature of its operations.</p> <p>The Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and identifies and explains any Recommendations that have not been followed, which is approved at the same time as the Annual Report can be found at: https://olivers.com.au/investors</p>