

27th April 2020
ASX Announcement

ASX – OLI Update on Scheme of Arrangement

On 11 March 2020, OLI announced it had entered into a scheme implementation deed (**SID**) with EG Group to acquire all of its shares for cash consideration of 10 cents per share, under a proposed scheme of arrangement (**Scheme**).

On 24 April 2020, OLI announced to the ASX that it had informed EG Group that the net indebtedness of OLI and its subsidiaries as at 31 March 2020 was \$910,000 and requested a waiver of the Net Debt Condition under the SID. OLI explained the increase in its Net Debt was due to the reduction in cash inflows consequent upon the impact of the COVID-19 pandemic and the temporary suspension of its operations announced to ASX on 23 March 2020. OLI advised that unless this waiver was granted by EG, or there was an amendment to the SID increasing the amount of allowable net indebtedness, the Net Debt Condition would not be satisfied, and the Scheme could not proceed.

In its announcement to ASX on 24 April 2020, OLI also explained that it had secured approval for a temporary overdraft facility of up to \$700,000. In addition, OLI also sought to establish a business stimulus loan of \$250,000 (50% secured by Federal Government as part of the Government's COVID-19 recovery package) to assist OLI with its working capital requirements over the next 2 – 3 months whilst restrictions remain in place and OLI readies itself to resume store operations after restrictions are lifted. As a formality, OLI sought EG's consent to increase its borrowings for this purpose.

On 25 April 2020, EG's CEO wrote to OLI's Board and responded to OLI's request for the waiver of the Net Debt condition and its consent to increase its borrowings, as follows:

"EG does not agree to waive the "Net Indebtedness" condition precedent in clause 3.1(j) of the SID pursuant to clause 3.4(a) of the SID nor does EG consent to the increase in Oliver's borrowings as described pursuant to clause 5.5(b) of the SID.

In light of the circumstances, I understand that your board may wish to put an alternate proposal to us regarding the mutual termination of the SID and potentially entry into other arrangements. I look forward to receiving the proposal"

Pursuant to clause 3.7(a)(ii) of the SID "if any event occurs which would, or does in fact, prevent a Condition being satisfied and that Condition is not waived by Oliver's or EG or both (as applicable) ... then the parties must consult in good faith [over the next 5 business days] with a view to determining whether:

(iii) the Scheme or a transaction which results in the EG Group having beneficial ownership of all the Shares may proceed by way of alternative means or methods;

(iv) to extend the End Date or the relevant time or date for satisfaction of the Condition;

(v) to change the date of the application to be made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme or adjourning that application (as applicable) to another date agreed by the parties and, if required, approved by the Court.

If EG and Oliver's are unable to reach agreement under clause 3.7(a) of the SID within the next 5 business days then, unless:

(i) the relevant Condition has been waived; or

(ii) the party entitled to waive the relevant Condition confirms in writing to the other party that it will not rely on the event or occurrence that would or does prevent the relevant Condition from being satisfied, either party may terminate the deed.

OLI and EG will now consult with each other over the next 5 business days as required under clause 3.7 of the SID as set out above.

OLI will provide further updates in relation to the Scheme in accordance with its continuous disclosure obligations

A handwritten signature in black ink, appearing to read 'S.M.', is positioned above the typed name and title.

Steven Metter
Company Secretary