

## Registered Office

Ground Floor, Building B  
Ascot Office Park  
95 Ascot Avenue  
Greenlane 1051

**GOOD SPIRITS**  
*Hospitality*



**Good People Good Times  
Good Spirits**

22 November 2022

## Annual Shareholder Meeting 2022 CEO Address

As the Chair has already highlighted, 2022 was a particularly challenging year for GSH, characterised by dealing with the continued disruption of COVID-19.

The NZ Hospitality industry struggled, particularly in Auckland where the majority of our outlets are based.

Our outlets were either closed or restricted in some manner for 8 months in the year.

Outside of closures, market conditions proved challenging with labour shortages combined with increased labour, supplier and landlord costs all materially eroding profitability.

Through FY22 management focused on maximising profit during periods of trade and minimising costs through periods of closure.

However, as you will be aware we are now emerging from the pandemic and I am pleased to report that our venues have started FY23 with strong momentum as the hospitality industry slowly returns to a pre-COVID trading environment.

Trading in the first 4 months of the financial year has exceeded our expectations:

Highlights include:

- Operating Revenue \$10.37m
- Venue EBITDA \$2.47m
- The key operational metrics, F&B cost of sales and wages, are performing better than expected despite the cost pressures the industry is experiencing
- Operating cash flows remain strong for the group

Our strong operating performance in the first four months of FY23 continues the recovery achieved in the last three months of FY22.

## Investor Enquiries

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## Share Registry

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## Registered Office

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With the exception of Doolan Brothers Newmarket, all venues are trading and are forecast to be profitable in FY23, which we consider to be an excellent achievement in the context of the underlying operating environment.

That being said, Covid related challenges remain.....

The operating environment for the hospitality sector remains challenging primarily due to labour shortages and cost challenges.

Labour shortages are directly impacting our ability to open our outlets optimally. We have had to make the unfortunate decision to strategically close outlets periodically as required.

Wage & COGS inflation in particular have increased our cost base in the first four months of FY23.

Our response to these cost pressures was to implement menu prices increases by an average of 4% across venues in July 2022.

A further increase of 5% across alcoholic beverage pricing was implemented in September 2022. Strong revenue post implementation of these price increases showcases the strength of our operating venues.

### Viaduct Precinct - Strategic Area of Focus

As you are aware GSH currently has a presence on the Auckland Viaduct which is considered New Zealand's No 1 Hospitality precinct.

We operate 4 venues in the Viaduct Precinct, which will reduce to 3 in December when the O'Hagans lease expires.

In the first half of FY22 the board and management secured a new lease at a premium location on Auckland's Viaduct. The Fox – A London Pub opened December 3rd 2021 and has exceeded our expectations since.

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On 4th November 2022, GSH opened its newest venture “The Cellar Bar - at Danny Doolans”

We see securing GSH’s presence in the Viaduct Precinct as a strong strategic move, providing operational synergies and adding material profitability to the group.

I’ll now give a quick snapshot of our 3 continuing Viaduct venues.

*Venue Snapshot: Danny Doolans & The Cellar Bar*

Danny Doolans remains the jewel in the GSH crown. Arguably one of New Zealand’s most iconic pub brands Dannys, as we affectionately know it, continues to go from strength to strength.

During FY22 we invested significant capex in a refurbishment of the venue in order to solidify market position.

Year to date Revenue and EBITDA are better than our expectations.

The board and management secured an adjacent site beneath Danny Doolans in Q2 of this year. The Cellar Bar at Danny Doolans opened for trade November 4th this year. Our vision for this site is to add further brand offerings to Danny Doolans

The Cellar Bar offers the opportunity of private functions, events and late night DJ offerings to our loyal Danny Doolans customer base.

To date, albeit two weeks into trading, signs are very encouraging that this outlet will deliver a positive contribution to GSH earnings.

*Venue Snapshot: The Fox*

As stated previously the board and management secured the lease of The Fox site on Auckland’s Viaduct in the first half of FY22 as part of the Company’s plan to extend its presence in the Viaduct.

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Management identified the opportunity to reinvent the once iconic Fox Sporting Pub and Restaurant, which was historically considered to be Auckland's premier sporting pub,

GSH has now reinvented this iconic brand. GSH commenced material refurbishment works on The Fox during Q1 of FY22 and the newly refurbished venue commenced trading in December 2021.

The Fox offers premium sports viewing in a London pub theme complimented by traditional British pub fare and modern function facilities.

Management has also implemented a program of works to transfer the current O'Hagans customer base to The Fox. O'Hagans product and loyalty offerings are now offered and transferred respectively at The Fox.

Furthermore, having three prime venues (Danny Doolan's, The Fox and The Cellar Bar) located within the Viaduct precinct will provide GSH with material operational synergies.

Year to date revenue and EBITDA at The Fox are exceeding our expectations.

Positive earnings contributions from the Fox and The Cellar Bar are also expected to partially mitigate the loss of the O'Hagans lease in the second half of the financial year and beyond.

### *Remaining Venues*

Turning now to our remaining venues – I'm pleased to report that all operating venues are trading profitably financial year to date and as a Group are exceeding expectations.

We're happy with the outcomes of the major capital expenditure at the Cav and Union Post, which have rejuvenated these venues.

### *FY23 Outlook*

I will now take you through the Group outlook for FY23.

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Our venues have started FY23 with strong momentum as the hospitality industry slowly returns to a pre-COVID trading environment.

Venue trading in the first 4 months of the financial year has exceeded our expectations and continues the recovery achieved in the last three months of FY22.

That being said, the operating environment for the hospitality sector remains challenging with labour shortages and cost challenges. Labour shortages continue to impact our ability to open our outlets optimally.

On a positive note the removal of COVID restrictions, the progressive reopening of international borders and return of international tourists and major events to Auckland and Hamilton are expected to result in a significantly improved financial result in FY23.

However, our FY23 result still won't reflect the full underlying earnings potential of our venues because our operating environment remains constrained by a COVID hangover.

I would like to save my last mention for the wonderful staff of GSH. GSH's primary focus is the customer's experience and without the many talented staff we have – from our bar staff to kitchen porters at our venues to our head office team to our board and management – this customer experience would be impossible to deliver. Our venues are just that – venues – without our staff to create the character and environment that sees our customers return again and again, throughout all the challenges of the past twelve months our staff have remained engaged and willing to go above and beyond to ensure our group performs as well as it can. I thank each and every one.

ENDS

For further information, contact:

Company Secretary  
Good Spirits Hospitality Limited  
corporate@gsh.co.nz

**About Good Spirits Hospitality Limited:** Good Spirits Hospitality is a NZX Main Board-listed investment company focusing in the Hospitality sector (NZX: GSH). Good Spirits Hospitality Limited owns and operates hospitality venues in New Zealand's North Island, providing places to connect

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with others and world class standards to provide lasting and memorable experiences to our guests and customers.

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