

# SAVOR

NZX Release

## Savor announces Interim Results

18 November 2021

Savor Limited (NZX: SVR) (“Savor” or “the Group”), is pleased to announce its results for the six month period ended 30 September 2021.

*All figures presented are from the continuing operations of the Group unless otherwise stated.*

Highlights:

- Group revenue increased to \$17.2m from \$4.9m in the prior period, following the acquisition of the Amano, Ortolana and The Store venues in April 2021.
- Group operating cash flows for the period were \$1.1m, compared to an outflow of \$0.1m in the prior period. Cash flows were significantly lower as a result of COVID-19 restrictions in the last six weeks of the period, resulting in a mismatch with payments being made to suppliers while there were no cash receipts.
- Including significant non-cash items such as depreciation of \$2.0m and interest costs of \$0.6m, the Group reported a net loss after tax of \$0.8m.
- However, Savor reported operating earnings of \$2.1m for the period (with six weeks of COVID affected trading).

### Core Business

The financial year began with a period of consolidation, following the acquisition of Amano, Ortolana, and The Store from Hipgroup Limited in early April 2021. Trading results exceeded initial expectations and were accompanied by strong performances across the bulk of the existing Savor Group venues. The six month period saw the Group achieve some of the highest trading weeks in recent years.

The Group has made significant progress on its cost out strategy, removing approximately \$1.0m of annualized overhead costs, in addition to the ongoing working capital and overhead benefits realized from divesting the Moa Brewing operations. The Group also obtained successful settlements for the historical claims against the contract manufacturer (100% in favour) and the purchaser (85% in favour).

In June, the Group acquired a centralized distribution centre, enabling purchasing power synergies and a streamlined supply chain, working directly with suppliers to source the highest quality products. Savor has also completed a review of its lease portfolio, resulting in the exit or sublease of underutilized spaces to offset approximately \$0.3m of rental costs on an annual basis.

The return to COVID-19 restrictions in August 2021 had a material impact on the Group’s operations, with the mandated closure of venues. Savor redeveloped its eCommerce business to generate sales in excess of \$0.13m per week for online deliveries and takeaway offerings. This, combined with stringent capital and cost discipline, limited the weekly cash outflow to approximately \$88,000. Savor is well positioned to maximise trading opportunities once restrictions are lifted.

## **New Business**

The Group acquired Oji Sushi in July 2021 adding an affordable premium sushi range to accompany Savor's existing Japanese credentials. This acquisition expands the Group's fast casual offering and provides a concept well placed for further expansion, the first of which was opened in Auckland's Britomart in August 2021. Savor's organic growth continued with the establishment of Bar Non Solo in the Seafarers Building. This upmarket cocktail lounge expansion of the iconic NSP brand from Parnell brings a high energy sophisticated Italian Aperitivo restaurant into Auckland's premier dining district. The Group remains in discussions with several parties regarding the addition of further profitable assets. The Group expects to be able to provide more detail in the coming months as these discussions materialize.

CEO Lucien Law said: *"The high paced nature of the Group is evident when I reflect on the past six months and what we've achieved. The solid trading results throughout winter demonstrate the high quality venues we have and the potential that the Group can achieve. COVID-19 continues to challenge us and places immense pressure on the business but even more on our staff. I can only give my sincere thanks to our teams who are doing it tough at this time and really just want to get back into doing what they love. The support of our teams and our customer base is essential, and we look forward to welcoming everyone back as soon as we can."*

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## **Investor Enquiries**

Tim Peat  
CFO, Savor  
Mobile: 021 049 7442

## **About Savor**

Savor, established in 2011, is one of New Zealand's largest hospitality businesses with 10 iconic venues in Auckland, including Azabu Ponsonby, Azabu Mission Bay, Ebisu and Non Solo Pizza, each with its own unique concept, culture and offering. In April 2021, Savor acquired the iconic Auckland venues Amano, Ortolana, and The Store, bringing further strength and depth to the Group. Savor has a reputation for originality, the quality of its products and the high standard of service that is consistent across the company portfolio.