



## Financial Result for the Financial Year Ended 30 June 2023

28 August 2023

### GSH announces EBITDA of \$4.3m before unusual items and impairment

Good Spirits Hospitality Limited (NZX: GSH) today reports its unaudited results for the year ended 30 June 2023.

#### FY23 Result Summary (% changes compared to prior comparative period):

- Reported EBITDA before unusual items increased to \$4.3m (which included a part year contribution from the O'Hagan's venue whose lease expired on 19 December 2022), compared to \$0.3m in the prior year.
- Total operating revenue increased 61% to \$28.5m driven by the hospitality industry returning to a new trading environment subsequent to the removal of COVID restrictions.
- The Group reported an accounting Net Loss After Tax of \$13.8m (compared to a loss of \$6.6m in the prior year). There were a number of unusual items that contributed to the reported net loss, including a non-cash Goodwill impairment of \$10.4m (v \$0.6m in the prior year) and transaction costs of \$1.2m.
- Operating cash flows (prior to unusual items) increased 62% to \$3.6m.

All operating venues traded profitably and are emerging from COVID with strong momentum despite some ongoing economic headwinds, highlighting the resilience and popularity of the venues.

Total operating revenue increased 61% on the prior year to \$28.5m, driven by (1) a recovery in activity levels supported by the absence of COVID-related venue closures and a progressive reopening of international borders and return of major events to Auckland, (2) food and beverage price increases and (3) targeted venue development.

Total operating revenue from the nine operating venues available for sale increased 63% on the prior year to \$26.3m. Operating revenue in the second half of the financial year was slightly weaker than the first half, primarily driven by unexpected venue closures, adverse weather-related events and weaker than expected hospitality spending as a result of economic headwinds.

#### Investor Enquiries

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### **Agreement to sell business and assets:**

As previously announced, after a lengthy competitive sales process run by a committee of the independent directors of GSH and Tonnant Partners, GSH is pleased to advise that it and its wholly owned subsidiaries, Good Spirits Hospitality No.1 Limited and Good Spirits Hospitality No.3 Limited (the "Vendors") have entered into a conditional agreement to sell the business and assets of all nine operating venues to Brew on Quay Limited ("Transaction").

The Vendors will sell all their assets and business relating to their nine operating venues to Brew on Quay Limited (or its subsidiaries) ("BOQL") for \$20,701,400 plus GST (if any). Following the sale, the Vendors will have no operating business and GSH therefore intends to seek a delisting subject to usual NZX conditions. As there are no immediate plans for GSH to commence other cash generating operations, the Board intends to liquidate the companies within the Group following the sale.

The committee of the independent directors of GSH and Tonnant Partners identified the Transaction with BOQL as offering the best outcome for all GSH stakeholders. The negotiation of the Transaction was conducted at arm's length, with both GSH and BOQL acting in their own interests.

The Transaction is subject to usual post-Completion adjustments for a business sale such as inventory valuation and transferring employee benefits and is also subject to several conditions, including GSH's shareholder approvals, which will be sought at a special meeting of shareholders anticipated to be held in the fourth quarter of 2023.

GSH's financier, Pacific Dawn Limited, which also owns 24.99% of the shares, has confirmed it is supportive of the Transaction. Subject to satisfaction of the conditions, GSH expects completion to occur in the fourth quarter of 2023.

ENDS

For further information, contact:

Company Secretary

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

**Good People \* Good Times \* Good Spirits**

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