

SAVOR

NZX Release

Savor opens hero Viaduct venue, provides an update on trading and half year results

23 November 2022

Savor Limited (NZX: SVR) (“Savor” or with its subsidiaries “the Group”), New Zealand’s premier hospitality group, opens Bivacco in the Viaduct Harbour’s most desirable site, provides an update on trading led by MoVida, and announces its half year results.

Highlights:

- Bivacco, the Group’s 18th venue, opened in Auckland’s Viaduct Harbour on Monday 14 November. Trading for the first 10 days has exceeded all expectations, a powerful statement for trading throughout the busy summer period.
- MoVida opened in Britomart’s Seafarers in August with a tremendous response from customers. Trading to date has exceeded budget by over \$100,000 per month.
- Savor today announces strong revenues of \$21m for the six months ended 30 September 2022.
- Operating earnings were \$1.4m, compressed by labour shortages and capacity constraints.
- Despite this the Group strengthened its balance sheet by paying down \$2.5m of third party debt during the period.
- Following the arrival of 60 international employees over the last six weeks, the Group is approaching full trading hours across all venues and is well placed to take advantage of the busy summer trading period.

Opening of Bivacco

Savor is pleased to report that Bivacco opened on the Viaduct precinct’s most prominent site on 14 November and trading has so far exceeded expectations. The venue recorded revenue in excess of \$250,000 in the first week of trading, despite terrible weather, and served over 2,000 customers. The Group is excited by the future potential of this powerhouse of a venue.

Savor Group Chief Executive Officer, Lucien Law, confirmed the reaction from customers has been significant.

“We are incredibly pleased to be able to open Bivacco in time for summer. The opening has been highly anticipated both within the Group and from our customers, both existing and new.” he said.

“The quality of the fit-out is unparalleled in the Viaduct precinct and is again a credit to our development partners.”

Trading Update

Following the update provided at the Annual Meeting in August, the Group has continued to trade well in the face of capacity constraints and labour shortages. MoVida opened on 31 August with overwhelming positive feedback and has achieved revenue in excess of budgeted expectations by up to \$100,000 per month. The summer season kicked off in early November, marked by the return of

Melbourne Cup events for the first time in two years, a \$100,000 day for the Group hosting functions at several venues.

The Group has alleviated the labour shortages with the arrival of 60 international recruits through October and November. This will allow all venues to reopen and increase trading hours to return to full trading operations for the summer season. While there are additional friction costs associated with international recruitment, the trading potential it unlocks far outweighs the cost involved.

Half Year financial results

Today the Group also announces its half year results for the six months ended 30 September 2022. The Group posted strong revenue for the six months of \$21 million, compared to \$17 million in the prior period, with both periods of trading impacted by COVID-19. The Group achieved EBITDA of \$1.4m compared to \$1.5m in the prior period (excluding one-off gains recognised as other income in the prior period).

The first three months of the year continued to feel the effects of COVID-19, both through reduced customer activity as well as continued constraints on the labour market through immigration settings. Savor responded quickly to these wage pressures by increasing menu prices, as advised at the Annual Meeting in August 2022, however there is a natural time-lag between the two leading to a short term compression of margin.

This, combined with lower efficiencies of fixed costs due to reduced trading hours or closures in some venues, has led to compression at an EBITDA level. The Group expects to recover this in the second half of the year with the return to full trading operations and stronger than expected trading for the new venues.

Despite the challenges during the period, the Group has improved its Balance Sheet position, with \$1.3m of bank borrowings and \$1.1m of deferred consideration for the Hipgroup purchase both repaid during the period. This, combined with the remaining \$0.1m of the Mission Bay deferred payable, resulted in \$2.5m of third party debt repaid from trading cash flows.

Savor continues to cement its position as an employer of choice, despite the tight immigration settings and labour market, with over 150 staff joining the Group in the last three months. The calibre of these staff is extremely high, with a number of the new senior team joining us with significant local and international experience. The recruitment pipeline is solid and will underpin the summer trading period.

Savor Group Chairman, Paul Robinson, said: "The first six months of the financial year have demonstrated the strong demand for our brands, offerings and employment opportunities. We have been impacted by the same challenges experienced throughout the industry, and more generally New Zealand as a whole, but have responded appropriately to ensure we are able to take advantage of our busy trading period. We are incredibly pleased with the early successes of MoVida and Bivacco and are looking forward to driving both top and bottom line growth through the rest of the year."

The Group expects to be in a position to provide a further market update in February 2023 following the busy summer period.

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About Savor

Savor, established in 2011, is one of New Zealand's largest hospitality businesses with 18 iconic venues in Auckland, including Amano, Azabu Ponsonby, Azabu Mission Bay, Ebisu and Non Solo Pizza, each with its own unique concept, culture and offering. In 2022, Savor opened Bivacco in Auckland's Viaduct Harbour and brought iconic Melbourne concept MoVida to Britomart's Seafarers Building. Savor has a reputation for originality, the quality of its products and the high standard of service that is consistent across the company portfolio.