

SAVOR

NEW ZEALAND'S PREMIER HOSPITALITY GROUP



INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2021

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DIRECTORS REPORT

The Board of Directors has pleasure in presenting the interim financial statements for Savor Limited for the period ended 30 September 2021.

The interim financial statements presented are signed for and on behalf of the Board of Directors and were authorised for issue on 18 November 2021.



Paul Robinson
Chairman



Ryan Davis
Director



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	NOTE	SIX MONTHS SEPT 2021 UNAUDITED \$000'S	SIX MONTHS SEPT 2020 UNAUDITED \$000'S	YEAR ENDED MARCH 2021 AUDITED \$000'S
Revenue		17,155	4,876	16,134
Expenses:				
Direct costs		(5,151)	(1,765)	(5,286)
Employee costs		(8,013)	(1,024)	(6,141)
Marketing costs		(100)	(142)	(379)
Utilities and operational expenses		(1,374)	(532)	(1,289)
Other expenses		(1,007)	(432)	(1,200)
Warehousing and freight costs		(17)	-	-
Other income	8	617	-	-
		2,110	981	1,839
Depreciation and amortisation		(1,960)	(1,004)	(2,191)
Impairment of goodwill		-	-	(2,000)
Contingent consideration release		-	1,234	1,033
Restructuring costs	3	(315)	(226)	(921)
Interest expense		(588)	(420)	(850)
Loss before income tax		(753)	565	(3,090)
Taxation expense		-	-	-
Net loss from continuing operations		(753)	565	(3,090)
Net loss from discontinued operations net of tax		-	(980)	(3,496)
Loss attributable to the shareholders		(753)	(415)	(6,586)
Other comprehensive income and expenses		-	-	-
Total comprehensive loss		(753)	(415)	(6,586)
Basic and diluted losses per share (cents)		(1.2)	0.0	(4.6)
Basic and diluted losses from continuing operations per share (cents)		(1.2)	0.0	(2.2)
Weighted average number of shares outstanding (thousands of shares)				
Basic and diluted		61,980	135,528	141,892

The accompanying notes form part of and are to be read in conjunction with these interim financial statements.

CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	NOTE	SHARE CAPITAL \$000'S	UNISSUED CAPITAL \$000'S	ACCUMULATED LOSSES \$000'S	SHARE-BASED PAYMENTS RESERVE \$000'S	TOTAL EQUITY \$000'S
Total equity at 1 April 2020		38,892	1,999	(28,094)	64	12,861
Total comprehensive loss for the period		-	-	(616)	-	(616)
Issue of new shares		8,359	(1,999)	-	-	6,360
Total equity at 30 September 2020 (unaudited)		47,251	-	(28,710)	64	18,605
Total equity at 1 April 2020		38,892	1,999	(28,094)	64	12,861
Total comprehensive loss for the period		-	-	(6,586)	91	(6,495)
Issue of new shares		8,359	(1,999)	-	-	6,360
Total equity at 31 March 2021 (audited)		47,251	-	(34,680)	155	12,726
Total equity at 1 April 2021		47,251	-	(34,680)	155	12,726
Total comprehensive loss for the period		-	-	(753)	5	(748)
Issue of new shares	4	6,886	-	-	-	6,886
Total equity at 30 September 2021 (unaudited)		54,137	-	(35,433)	160	18,864

The accompanying notes form part of and are to be read in conjunction with these interim financial statements.

CONSOLIDATED BALANCE SHEET

AS AT 30 SEPTEMBER 2021

	NOTE	SEPT 2021 UNAUDITED \$000'S	SEPT 2020 UNAUDITED \$000'S	MARCH 2021 AUDITED \$000'S
ASSETS				
Current assets:				
Cash		2,696	3,685	3,402
Trade and other financial receivables		508	2,054	435
Inventories		734	1,525	460
Total current assets		3,938	7,264	4,297
Non-current assets:				
Trade and other financial receivables		-	306	-
Property, plant and equipment		11,700	7,442	6,691
Intangible assets	6	26,695	19,633	17,271
Right of use asset		17,302	7,482	8,171
Total non-current assets		55,697	34,863	32,133
Total assets		59,635	42,127	36,430
LIABILITIES				
Current liabilities:				
Trade and other payables		3,948	3,540	3,450
Lease liability		2,887	1,480	1,607
Borrowings		2,435	1,262	1,719
Deferred payables	2.1	2,850	-	-
Related party payables		272	2,777	3,077
Total current liabilities		12,392	9,059	9,853
Non-current liabilities:				
Trade and other payables		1,169	1,470	1,135
Related party payables		-	-	112
Lease liability		15,460	6,829	7,302
Borrowings		11,750	6,169	5,302
Total non-current liabilities		28,379	14,468	13,851
Total liabilities		40,771	23,527	23,704
EQUITY				
Share capital	4	54,137	47,251	47,251
Reserves		(35,273)	(28,651)	(34,525)
Total equity		18,864	18,600	12,726
Total liabilities and equity		59,635	42,127	36,430

The accompanying notes form part of and are to be read in conjunction with these interim financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

	SIX MONTHS SEPT 2021 UNAUDITED \$000'S	SIX MONTHS SEPT 2020 UNAUDITED \$000'S	YEAR ENDED MARCH 2021 AUDITED \$000'S
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers	17,082	9,588	24,789
Payments to suppliers, employees and other	(15,953)	(9,731)	(24,777)
Net cash used in operating activities	1,129	(143)	12
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment, and intangible assets	(1,161)	(419)	(924)
Payments for venue development costs	(86)	-	(364)
Repayment of related party payable	(1,974)	(400)	(531)
Sale of business	-	-	1,900
Purchase of businesses	(7,975)	-	-
Net cash used in investing activities	(11,196)	(819)	81
CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid	(219)	(207)	(397)
Net borrowings drawn down	6,021	-	(411)
Lease liabilities payments	(1,306)	(516)	(1,253)
Transaction costs from issue of shares	(181)	(103)	(103)
Issue of shares	5,046	6,070	6,070
Net cash from financing activities	9,361	5,244	3,906
Net movement in cash held	(706)	4,282	3,999
Add: opening cash	3,402	2,586	(597)
Closing cash	2,696	6,868	3,402

The accompanying notes form part of and are to be read in conjunction with these interim financial statements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1 BASIS OF PRESENTATION

Savor Limited ('the Parent' or 'Company') and its subsidiaries (together 'the Group') operate in the hospitality sector, operating a number of premium restaurants and bars. The Group's business is highly seasonal with the October to March period representing a disproportionate share of trading. The address of its registered office is Level 4, 114 Quay Street, Auckland 1142.

The condensed consolidated interim financial statements presented are those of Savor Limited and its subsidiaries (the "Group"). Savor Limited is a company domiciled in New Zealand, registered under the Companies Act 1993 and is a Financial Markets Conduct Act 2013 reporting entity. The Company is a for-profit entity. The condensed consolidated interim financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand, which is the New Zealand equivalent to International Financial Reporting Standards (NZ IFRS). The interim financial statements are presented in New Zealand dollars. They comply with NZ IAS 34 Interim Financial Reporting and should be read in conjunction with the 31 March 2021 annual report available on the Group website at www.savor.co.nz.

2 KEY ESTIMATES AND JUDGEMENTS

The Group has undertaken a number of key estimates and judgements when preparing these financial statements, the details of which are outlined in this note. These judgements have been formed using historical information and comparatives where available, and management's best judgement where there is no appropriate comparison. The Group continues to review all significant estimates along with the assumptions used and recognises any adjustments to these in the period in which a change occurs. The key estimates and judgements are disclosed in the Group's most recent annual report.

The accounting policies used to prepare these interim financial statements are consistent with the preparation of the Group's latest annual report.

2.1 BUSINESS COMBINATIONS

AMANO, ORTOLANA, THE STORE

On 8 April 2021, the Group acquired the operations of venues Amano, Ortolana and The Store, from Hipgroup Limited. The total purchase price of \$11 million consisted of a \$715 million upfront payment to the vendors, \$1 million of shares in Savor Limited, and a further \$2.85 million to be paid in April 2022. In order to fund the acquisition, the Group took on additional borrowings of \$7 million.

DISTRIBUTION CENTRE

On 30 June 2021, the Group acquired a distribution centre operation from Hipgroup Limited, trading as Matua Road Farms. The total purchase price of \$195,000 included payments for inventories on hand and was paid in cash. The property, plant and equipment balances for this operation were acquired as part of the Amano transaction. The purchase price was funded from cash on hand.

OJI SUSHI (OJI)

Oji Sushi was purchased on 5 July 2021 for total consideration of \$1.2 million, paid in cash. The Group acquired the assets and liabilities of the business. Following the acquisition, the Group opened Oji Sushi Britomart in August 2021.

These transactions met the criteria of a business combination under NZ IFRS 3 Business Combinations, and the balances recognised on acquisition of each are outlined below. Business acquisition costs of \$95,000 were expensed during the period.

	AMANO, ORTOLANA, THE STORE \$000'S	DISTRIBUTION CENTRE \$000'S	OJI SUSHI \$000'S	TOTAL \$000'S
Purchase price	11,000	195	1,200	12,395
Less: settlement adjustments	(607)	(49)	111	(545)
Net consideration	10,393	146	1,311	11,850
Net consideration made up of the following:				
Cash paid	6,543	121	1,311	7,975
Value of shares issued	1,000	-	-	1,000
Deferred consideration	2,850	25	-	2,875
Total net consideration	10,393	146	1,311	11,850
Recognised assets acquired and liabilities assumed:				
<i>Assets:</i>				
Inventories	143	154	7	304
Property, plant and equipment	3,242	-	1,073	4,315
Right of use assets	9,531	242	910	10,683
<i>Liabilities:</i>				
Employee entitlements	(626)	(49)	(14)	(689)
Other liabilities	(233)	(11)	(137)	(381)
Borrowings	-	-	(1,130)	(1,130)
Lease liabilities	(9,531)	(242)	(910)	(10,683)
Total assets and liabilities	2,526	94	(201)	2,419
Goodwill recognised	7,867	52	1,512	9,431
Contribution to earnings (since acquisition date)				
Revenue	7,398	398	244	8,040
Operating earnings (EBITDA)	1,429	(20)	(28)	1,381
Extrapolated contribution to earnings (six month period)				
Revenue	7,738	796	488	9,022
Operating earnings (EBITDA)	1,495	-	-	1,495

3 RESTRUCTURING COSTS

	SIX MONTHS SEPT 2021 \$000'S	SIX MONTHS SEPT 2020 \$000'S	YEAR ENDED MARCH 2021 \$000'S
Acquisition costs	95	5	(186)
Restructuring and other costs	98	56	(40)
Loss on disposal of fixed assets	36	-	(331)
Concept development expenses	87	165	(364)
	316	226	(921)

4 SHARE CAPITAL

EQUITY RAISE

On 8 April 2021, the Group settled an underwritten renounceable rights issue and as a result issued 34 million shares raising a total \$6 million in new funds to secure the Group's future growth aspirations. The Savor vendors took up their full rights, totalling \$0.9 million, opting to offset these against the related party payable due on 1 April 2021. In addition, the Group also issued \$1 million of shares at \$0.22 initially held in escrow for the vendors of the Hipgroup Limited acquisitions which was released during July 2021.

On 28 May 2021, the Group issued 334,355 shares worth a total of \$68,543 as compensation for Directors fees and short term employee incentives. The Board also authorised the issue of a further 200,000 employee options at \$0.21.

On 9 August 2021, the Group undertook a 3 for 1 share consolidation, reducing the number of shares on issue to 62,016,767 shares.

5 SEGMENTAL INFORMATION

Segmental information is presented in respect of the Group's industry segments as all of the Group's operations are in New Zealand.

	SIX MONTHS SEPT 2021 \$000'S	SIX MONTHS SEPT 2020 \$000'S	YEAR ENDED MARCH 2021 \$000'S
Revenue			
Hospitality	17,155	5,023	16,134
Corporate	-	-	-
Total	17,155	5,023	16,134

EBITDA*			
Hospitality	2,531	1,327	3,571
Corporate	421	(346)	(1,732)
Total	2,110	981	1,839

*EBITDA means earnings before interest, tax, depreciation, amortisation, restructuring costs, impairment charges, and release of contingent consideration as disclosed in the Statement of Comprehensive Income.

Depreciation and amortisation			
Hospitality	(1,960)	(1,004)	(2,191)
Corporate	-	-	-
Total	(1,960)	(1,004)	(2,191)

Capital expenditure			
Hospitality	(1,161)	(419)	(923)
Corporate	-	-	-
Total	(1,161)	(419)	(923)

Non-current assets			
Hospitality	55,697	32,513	32,133
Corporate	-	-	-
Total	55,697	32,513	32,133

6 INTANGIBLE ASSET IMPAIRMENT

The Group performed its annual impairment testing of goodwill at 31 March 2021, which included a number of conservative assumptions for the impact of COVID-19. The Group has performed above expectations for the period, with the exception of August and September due to the Alert Level 3 & 4 lockdowns. Management has reconsidered the assumptions of the impairment tests in light of the results for the six months and are satisfied that there is no indication of an impairment that would require a more comprehensive impairment assessment at this time.

7 RECONCILIATION OF NET EARNINGS TO NET CASH FROM OPERATING ACTIVITIES

	SIX MONTHS SEPT 2021 \$000'S	SIX MONTHS SEPT 2020 \$000'S	YEAR ENDED MARCH 2021 \$000'S
Net profit/(loss) after tax	(746)	(415)	(6,586)
Add back:			
Interest paid	588	207	786
Venue development costs expensed	86	-	364
Add/(Less) non-cash items:			
Depreciation and amortisation	1,960	1,226	2,595
Impairment of goodwill	-	-	2,000
Non-cash interest on lease liability and deferred consideration	-	231	-
Supplier loan income recognised	(151)	93	(236)
(Gain)/loss on disposal property, plant and equipment	36	124	454
Impairment of fixed assets	-	131	-
Share based payments	5	-	91
Reassessment of contingent consideration	-	(1,234)	(1,033)
Movements in working capital:			
Trade and other receivables	(73)	218	556
Inventories	(139)	768	550
Trade and other payables	437	(1,492)	471
Net cash from operating activities	1,129	(143)	12

8 CONTINGENT ASSETS

At 31 March 2021, the Group noted contingent assets for outstanding balances owed to the Group from bStudio Limited and Moa Brewing Company Limited. These were settled during the period, with the proceeds recognised in 'Other Income' in the Statement of Comprehensive Income.

9 SUBSEQUENT EVENTS

On 18 October 2021, the Group completed the on-market purchase of 534,598 shares pursuant to the minimum holdings notice issued in August 2021. Total consideration paid for the acquired shares was \$232,668.



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CORPORATE DIRECTORY

DIRECTORS

Paul Robinson

Executive Chairman

Lucien Law

Executive Director & CEO

Ryan Davis

Independent Director
Appointed 8 April 2021

Louise Alexander

Independent Director
Appointed 8 April 2021

FINANCIAL CALENDAR

Interim results announced: November

End of financial year: 31 March

Annual results announced: May

Annual Report published: June

REGISTERED OFFICE AND ADDRESS FOR SERVICE

Level 4, Seafarers Building, 114 Quay
Street, Auckland 1010, New Zealand

contact@savor.co.nz

AUDITOR

EY

BANKER

Kiwibank

SOLICITORS

Chapman Tripp

COMPANY PUBLICATIONS

The Company informs investors of the Company's business and operations by issuing an Annual Report and regular trading updates.

SHARE REGISTER AND SHAREHOLDER ENQUIRIES

Shareholders with enquiries about transactions or changes of address should contact the share register:

Link Market Services Limited

Level 30, PwC Tower, 15 Customs
Street West, Auckland, PO Box 91976,
Auckland 1142

Phone: +64 9 375 5998

Fax: +64 9 375 5990

Other questions should be directed to the Company's Secretary at the registered address.

STOCK EXCHANGE

The Company's shares trade on the NZX main board equity security market operated by NZX under the code SVR.

SAVOR

NEW ZEALAND'S PREMIER HOSPITALITY GROUP