SAVOR

Savor Limited
Annual Shareholders Meeting
18 November 2021

Chairman's Address – Paul Robinson

As you will be aware we delayed this meeting in the hope we could hold this AGM in person. Unfortunately as we are now in our thirteenth week of lockdown we do not think it is prudent to wait any longer.

As such I would like to thank you our shareholders for your support and patience in this challenging year.

It is our expectation that our venues will be open to fully vaccinated customers come December 1 and with bookings already filling up we looking forward to seeing you all again very soon.

<u>Turning to recent business performance:</u>

It is with great pleasure that I can say the Group saw a significant increase in profitability in the half year with the business performing extremely well and the contribution from the Hipgroup acquisition surpassing our expectations.

Prior to Covid cash from operations was averaging $500,000 per month, peaking in May at $800,000. I am sure you will agree these are great results in what is the off-season for hospitality.

The half year results (released today) saw the Group build cash in excess of $1m, this time frame included 6 weeks of covid impact. In the first four months of the year the cash build was even higher, in excess of $2m. However the abrupt Auckland lock down meant we were caught paying suppliers and other fixed charges without any corresponding revenue to off-set these costs.

This cash build speaks volumes to the strength of Group earnings and our profit potential when trading normally.

EBITDA for this half year was over $2m (again with 6 weeks of covid impact), which would have been materially higher but for the lock down.

This powerful winter trading gives management great confidence of the support for our venues and the strength of our brands.

To put it another way, based on Savor's winter trading figures it was the Board's expectation to deliver an EBITDA for the full year of in excess of $7m.

While this will not be achievable now, the half year provides us with great confidence that the Group will bounce back and deliver strong financial results when allowed to trade again.

<u>Turning to Covid-19:</u>

To start I would like to say our thoughts and wishes goes out to our fellow hospitality operators at this difficult time.

At Savor we had the ability to pivot to a strongly supported e-Commerce platform which delivered top line revenue of over $130,000 per week and over a $1m in headline sales.

While this income has gone a long way to defray many of the variable costs, we have experienced a mixed response when it came to landlord assistance. Landlord assistance in 2021 has been significantly less than that received in the 2020 lockdown.

Nevertheless, with stringent capital and cost discipline, the Group's cash burn was only $88,000 per week (excluding bank charges).

Much of the cash burn is a direct result of the resurgence payment being limited to 50 employees per legal entity, which effectively penalised larger employers and capped our support at less than one quarter of the true costs of this lockdown.

That said Savor's cash reserves and balance sheet strength allowed the business to navigate this prolonged lockdown and has positioned us well to withstand any long tail effects that we may experience.

The true cost of this extended lockdown, as with any seasonal business, is the opportunity cost. In terms of EBITDA this has been significant, we estimate approximately $4 million being forgone to date.

Unfortunately due to the on-going lack of clarity we are unable to provide forward earning guidance currently.

Turning to our strategic priorities:

Savor's Group Strategy can be summed up in 3 key priorities:

- **The first is to get open and trading again.**

  Very simply this is doing what we do well, every day, to the best of our ability. Be that the customer experience, delivering a quality product or motivating and retaining key staff.

  With our strong brands and highly professional staff getting back to business will be our number one priority.

- **The second is strong capital and cost management**.

  Our focus is on the optimisation of the core business.

  This entails:
  (i) Dealing with inflationary pressures such as wages or input costs.

  (ii) Working our assets hard to ensure every square foot of our leasehold premises are driving maximum revenue.

  Earlier this year Savor purchased a centralised depot which enables us to mitigate rising input costs by bulk ordering, consolidation of suppliers and butchering our own protein.

  In optimising our rental costs we have carved out underutilised rental spaces and sublet to third parties to offset approximately $300,000 p.a. of landlord related charges.

  With wage inflation the Group has been reviewing its rostering policy and will be monitoring opening hours to ensure wage costs are tightly controlled.

SAVOR

You will remember in February Savor sold off the loss making brewery. This shaved off approximately $1m in Group costs, freed up $1.5m in working capital and most critically ended the ongoing annual $3m of losses.

Finally Savor successfully closed out the dispute with the brewery contract manufacturer, 100% in Savor favour and settled the contract dispute with the new owners, settled 85% in Savor's favour. We can now say with confidence this chapter is well and truly behind us.

- **The Third Strategic Priority is Growth.**

  Savor is a growth company. We are actively pursuing both organic and inorganic growth opportunities.

  Savor has New Zealand's strongest portfolio of premium hospitality brands and we intend to leverage off these to expand our footprint in domestically in key markets as opportunities present.

  The biggest single risk factor facing our industry currently is government policy, this particularly felt in Auckland. The lack of nuance and prolonged uncertainty of this lockdown has motived the Board to look further afield for opportunity and risk mitigation.

  We expect to be in a position to share more on this with you on in the very near future.

END

SAVOR

CEO's Address – Lucien Law

It's a pleasure to present to you at my first Annual Meeting as CEO of Savor Group.

2021 has been a busy year and we had generated some fantastic momentum and had put ourselves into a great position to take advantage of summer trading until the August lockdown.

I think it would be useful to run through the top line half year results and a brief timeline of the year to date highlighting some of the key milestones met.

Half Year Results 2021:

- These numbers have 6 weeks of impact of the Covid restrictions and with that would have been materially higher. That said we have confident with our brand portfolio and cash generation from our businesses we just need to be allowed to open the doors and start trading again.

- The key metrics for the half year are:
    - EBITDA: $2.1m vs $1m for same period last year, an increase of 110%
    - Cash from operations: we built $1.1m vs negative $100k for the same period last year – a 1200% improvement

I'll now take you through a timeline of some of the milestones that have been achieved during the year to date.

In February – We sold the loss making brewery for $1.9m cash which was a good result after 10 years of consistent and meaningful losses.

Divesting this liability stream not only allowed the Group to dramatically reduce overheads, working capital and de-risk the business it positioned us well to peruse our growth strategy with a single minded focus.

In April – We acquired the Hipgroup restaurants, Amano, Ortolana and the Store expanding the Group's capabilities to include a world class bakery and New Zealand's most successful all day dining establishment.

I must say while we were confident of the potential of these assets they have vastly exceeded our expectations.

In May – We refreshed the board and brought on accounting and finance expertise in Ryan Davis and skilled Human Resource talent in Louise Alexander, we will be asking you to ratify the appointment of these directors later in the meeting.

June – With a clear eye on the inflationary pressures and the rising costs of imports Savor acquired a Distribution Centre off Hipgroup, situated in Kumeu.

This acquisition now provides Savor with much more vertical integration with the ability to buy direct, buy local and quality control.

We now have our own butchery, which ensures consistency and cost reductions by purchasing whole beasts and breaking them down.

Also the space and expertise to order and store bulk dry goods with the associated cost savings.

We're seeing considerable savings in our direct purchasing of fruit and vegetables. The full integration of the depot into all our venues has slowed due to covid lockdown but we expect to see the synergies and pricing come through in the first quarter of 2022.

In July – Savor purchased Oji Sushi an affordable premium sushi range to leverage off our Japanese credentials, Oji will expand the groups offering to grab and go capabilities.

Sushi is one of New Zealand's quickest growing fast food category and we believe the Oji model and brand allows Savor a potential low cost national roll out with lower labour and build costs to that of our restaurants.

We have expanded Oji into a new location of Britomart and expanded its range to include a premium Ebisu offering.

The roll out of Oji will also include schools and we are in advanced discussions with several of and also concessions within convince store chains.

In August – We continued our organic growth with the establishment of Bar Non Solo.

An expansion of the iconic NSP establishment in Parnell has brought a much needed high energy and sophisticated bar into Auckland's premier dinning district of Britomart.

I believe we have successfully captured the essence of NSP and condensed it into a bar form with a great cocktail list, a selection of small plates and NSP's classic pizza.

Unfortunately the forced lockdown a week after opening lead to the cancellation of hundreds of bookings but the demand gives us confidence of a quick bounce back in December.

In September – We launched a new website and e-Commerce platform.

We had been working on this with the view to launching pre Christmas but with the lockdown the team worked hard to bring this forward.

The website brings together all the restaurants and into one booking platform which is backed up by our new central reservations team at head office.

The e-Commerce site has a takeaways section which we operate during covid but also Savor Goods which we will continue to trade and grow during normal trading conditions.

Some of the highlights since launching the website during level 4:

- Peaked at $160k a week for sales
- Averaged $130k per week in sales over the 11 weeks of restrictions
- Total Sales of $1.1m with over 9000 customers served in 11 weeks.

I'm very happy with the results especially given the conditions we have had to operate in.

SAVOR

Concluding Remarks (slide 18)

In concluding I would like to take the opportunity to publicly thank all of our staff in particular the Savor Management team both Head Office and at an operational level.

The website and e-Commerce platform finished in lockdown during a very challenging environment to operate within was a great achievement but then delivering the numbers we did gave me an immense sense of pride.

I believe the turnover we were able to achieve and quality we delivered to our customers was by far the best within our competitive set.

The success of this gives me reason for great optimism for the fast rebounding of our brands, it demonstrated the customer demand for our offering through the 11 weeks of lockdown so far and also the resilience and professionalism of our team to deliver this product and takeaways isn’t an easy pivot for any restaurant.

To keep the numbers up we had to innovation our product weekly, from new dishes to Halloween DIY home baking kits! A massive effort from the team to push hard every day of lock down we could operate at some level.

I am genuinely excited about reopening and our immediate future.

I believe we have industry leading restaurant brands in Amano, NSP, Bar Non Solo, Azabu, Ostro and Ebisu and as we have demonstrated we can extend these brands and we are actively looking for opportunities to grow these brands both within Auckland and outside. I see plenty of opportunity continue to build on the turnaround we had achieved in the 6 months prior to the lock down.

Finally I would like to thank our external shareholders it was heartening to receive your emails and texts of support throughout the lockdown it was greatly appreciated – Thank you.

END