MOA GROUP LIMITED

NZX Release

Moa Group Announces Annual Results

26 June 2020

Moa Group Limited (NZX: MOA) (“Moa”, “the Group”), New Zealand’s own brewing and hospitality company, today reports its results for the year ended 31 March 2020.

The Group reported total revenue of $38 million compared to $16 million in the prior year, the significant increase reflected the addition of the Hospitality business during the year. The Group broke even at an underlying EBITDA level compared to a loss of $2.0 million in the prior year.

Including the one-off acquisition and restructuring costs incurred during the year and the significant non-cash charges of depreciation, amortisation and interest, net earnings after tax were a loss of $4.0 million compared to a loss of $3.0 million in the prior year. Adjusting for the impact of these non-cash items resulted in positive cash from operations of $2.2 million compared to cash outflows of $3.5m in the prior year.

FY20 was a year of transformation for the Group. The acquisition of Savor Group on 1 April 2019 and the subsequent addition of Non Solo Pizza on 30 September 2019 formed Moa Hospitality and saw the Group’s vertical integration strategy come to life. The Auckland Fish Market venues became more established having completed its first full year of operation, and the opening of the Group’s latest venue Lobster & Tap in December 2019 was also a highlight.

After a strong early summer and Christmas trading period, the Group was impacted significantly late in the financial year due to the impact of COVID-19. Hospitality trading decreased sharply from late January as the first news of the pandemic reached New Zealand shores. The reduction in visitation led to a decrease of 22% in revenue for the last three months of the year compared to the prior year, which was exacerbated at an underlying EBITDA level due to the high level of operating and fixed costs. This resulted in a decrease in underlying EBITDA over the last three months of 29% compared to the prior year, to $2.5 million. The Group reacted quickly to put contingency plans in place ahead of the mandated Government lockdown at Alert Level 4, but the impact prior to this was unavoidable.

The turnaround of Moa Beverages accelerated during the year with the introduction of new products, elimination of unprofitable SKU’s, reformulating and pivoting the ‘Classics’ range from bottled to canned product. The Beverages business has removed approximately $1.0 million from its operating cost base, on an annualised basis, and by 31 March 2020 had reduced its working capital by $4.6 million compared to the prior year resulting in strong positive cash inflows for the year. Moa Beverages underlying EBITDA loss for the full year was $1.4 million compared to a loss of $1.6 million in the prior year.

Subsequent to year end the Group welcomed a new cornerstone investor, restructured its obligations to the Savor vendors and undertook a rights issue, raising a total of $8.3 million of new capital with $6.1 million received in cash. Market conditions deteriorated significantly during the COVID-19 Alert Level 4 lockdown, however, the Beverages business was able to continue trading as an essential service as part of the grocery supply chain, and the Hospitality business moved quickly to pivot into online takeaway and delivery offerings as Savor Goods.

On the balance sheet, the new funds raised provide greater flexibility for the security of the Group over this time. They also ensure that the Group is able to continue its strategy of growth and to target potential acquisitions as the market allows.

First quarter trading has been stronger than expected, with both businesses demonstrating a significant uplift through Alert Levels 2 & 1. This trading has been positive, however, the Group expects the Hospitality market to continue to be muted as the industry faces significant uncertainty over the near to medium term. The Group will continue to focus on controlling costs and operating a lean business model as it adjusts to a new normal.

Due to the uncertain trading environment the Group is unable to provide guidance on earnings for FY21 at this time.

Moa Group Executive Chair Geoff Ross said "The recent months have been full of challenges for Moa as we grappled with many changes across our business. We are particularly pleased that Savor Group has been integrated seamlessly into Moa Group to form a strong Moa Hospitality business and the momentum that has built across the year has been encouraging. It has been great to see the cash turnaround in Moa Beverages as we proactively sought ways to reduce costs and innovate with new and exciting products.

"We have not been immune to the outbreak of COVID-19 with many of our venues shutting as the New Zealand government entered Alert Levels 3 and 4. While we acted quickly to maximise revenues through a new online home delivery business, Savor Goods, COVID-19 has had a significant negative impact on our business in the second half of the year.

"However, our new cornerstone shareholder and an oversubscribed capital raising of $8.3 million brings new potential for the year ahead and we are excited to continue our vertical strategy with an aim to be a 'gate to plate' and 'vat to tap' full-service hospitality group."

For more information contact

Geoff Ross (Executive Chair): 021 424 219

About Moa Group Limited

Moa Group Limited (NZX: MOA) is a brewing and hospitality company owned by and based in New Zealand. The Group is made of two segments: Moa Beverages, which brews and distributes Moa branded craft beers and ciders, and Moa Hospitality, which owns and operates restaurants and bars across New Zealand following the acquisition of the Savor Group and Non Solo Pizza businesses in April and September 2019 respectively.