

MOA GROUP LIMITED

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NZX Release

Moa Group Market Update

4 May 2020

Moa Group Limited (NZX: MOA) ("Moa" or "the Group"), today provides an update on its rights issue, business operations and the proactive steps it is taking in response to the COVID-19 pandemic.

The priority of the Board and the executive team at this time is to ensure the health and wellbeing of all of Moa Group's valued staff and customers.

Moa Group Executive Chair Geoff Ross commented: "We want to praise the actions of our team who have shown impressive agility in this fast-moving situation as well as strong support of one another and the business as we navigate this crisis together."

Rights issue update

As of this morning, the Group had raised approximately \$4 million of the total \$5.2 million through a rights issue, announced on 7 April 2020.

Geoff Ross said: "We are pleased by the strong support shown by our existing investors for the offer, which will provide additional balance sheet strength during this time and flexibility for future growth opportunities."

Shareholders on the Record Date of 21 April 2020 at 5:00pm, have until Thursday 7 May 2020 at 5:00pm to participate in the rights issue.

Moa Group is focusing on measures to preserve capital by undertaking a systematic analysis of all business costs to identify opportunities for cash savings. Excluding money raised through the rights issue, the Group currently has access to \$4.3 million in cash. As such, the Board has decided not to take up any additional debt at this time.

Operational update

The Group continues to refine and enhance the initiatives put in place to manage with the impact of COVID-19 on its business. These initiatives commenced, as early as February, in advance of the government enforced lockdown, with the priority being to minimise risk to its staff and customers.

To ensure business continuity of Moa's Group brewery operations as an essential service required rigidly complying with best practice under MPI. For Savor Group restaurants, the Company activated protocols for its team including hand washing every 30 minutes, mandatory masks, scheduled sanitising of all shared surfaces in 30 minute intervals, as well as sterilising all venues using products considered best of breed anti-virus technology. Moa Group will continue to follow all government guidelines ensuring it fully complies with announced precautions and practices. It will also continue to augment these with global best practices to ensure the utmost level of safety for staff and customers. Prior to moving to level two restrictions, the complete list of protocols adopted will be made available on-line and physically at all venues to reassure our customers of our commitment to safety.

Finally, Moa Group is providing regular updates to its team to ensure they are supported and engaged during this time and we are monitoring feedback from staff.

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Trading Update

Both business segments, Moa Beverages and Moa Hospitality, are continuing an aggressive cost reduction exercise with initiatives implemented prior to the pandemic taking on new urgency given the environment.

Moa Beverages has removed circa \$1.0 million from its operating cost base, on an annualized basis, while continuing to benefit from the strength of current customer behaviour in the market. There is also a positive sales trend for the broad beer category, which has recorded an approximate 50 percent uplift in national sales in supermarkets, with Moa also experiencing significant growth in this category. As a result, Moa Beverages is now contributing cash to the Group. In addition to this growth, the brewing segment has made significant progress to switch to cans in the 'Classics' range. This switch will deliver better margins, logistics saving and environmental benefits and has been very well received by customers.

Moa Hospitality, which incorporates Savor Group acquired in April 2019, continues to make significant progress in reducing its major fixed costs and managing all variable costs to ensure maximum levels of cash are retained to align its costs with the new operating environment. All major costs are being addressed including staff wages, procurement suppliers, landlords and fixed cost services. Savor Group, with its significant brand offering and stable financial position, has leveraged its long term relationships to ensure its maximises these partnership well into the future.

Demonstrating its agility in response to restrictions on dining out, Moa Hospitality restaurants launched a bespoke on-line home delivery and food and beverage pick-up service, named *Savor Goods*. The services was launched within days of the restrictions being announced and, given its initial success, makes it likely to be a permanent fixture to the Group's restaurant offerings.

For more information contact
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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.