

Registered Office

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GOOD SPIRITS
Hospitality



**Good People Good Times
Good Spirits**

Good Spirits Hospitality announces annual results

Good Spirits Hospitality Limited (NZX: GSH) announces its audited financial statements for the year ended 30 June 2021.

Good FY2021 has been a challenging year for the Group, with COVID-19 continuing to impact the business during the year via venue closures and the lack of overseas tourists. Despite these challenges, the Group rebounded strongly post 2020 and the February / March 2021 lockdowns and was outperforming its forecasts prior to the current COVID-19 related lockdown in New Zealand. This demonstrates the strength of the underlying business and positions the Group for future growth.

2021 Financial Performance

Key points:

- Revenue from continuing operations was down 0.7% from prior period. This decline was primarily due to COVID lockdowns combined with lack of tourists
- Cash from operating of \$2.6m (2020: \$4.8m), continuation of a strong cash position
- The Group reported a net loss after tax of \$5.8m (2020: \$5.8m loss) for the year. The significant factors contributing to the reported net loss include:
 - COVID-19 affected trading levels including closure of venues
 - non-cash impairment of goodwill of \$5.2m
 - non-cash Right-of-use asset impairment of \$485k
 - non-cash IFRS 16 - Depreciation of right-of-use assets of \$1.36m
 - non-cash IFRS 16 - Interest on leases of \$1.23m

The Board's decision to impair goodwill reflects the communication received from the landlord of the O'Hagan's venue that the lease will not be extended past the expiry date, Dec 2022.

In June 2021 the Group announced it has an agreement to lease a new venue in Auckland's viaduct. This investment provides GSH with a great opportunity to further cement its position as the leading hospitality provider in the Viaduct. Furthermore, it will provide material operational synergies by leveraging off our current two outlets, Danny Doolan's and O'Hagan's. We are excited to bring another unique venue to the city of Auckland to add to our stable of high performing venues.

Following the successful renegotiation of its banking facilities in September 2020, in April 2021, the Group finalised its covenant regime which included amended financial covenants.

Investor Enquiries

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COVID resurgence

The recent resurgence of the COVID-19 pandemic has meant GSH has swiftly adapted its business operations to deal with the immediate and ongoing implications under alert level 4 restrictions. Specifically, GSH has initiated its COVID response plan by, removing all appropriate cost from the business, and is in the process of negotiating supplier payment terms and rent relief from landlords. GSH continues to prioritise the wellbeing and safety of its employees. These actions ensure that the business is well positioned to operate once all restrictions are removed.

Pursuing Our Growth Strategy

As previously advised, the Group continues to look at value accretive opportunities to grow and transform the business. In this regard we note the announcement made on 18 June 2021 referencing GSH securing a prime site in Auckland's Viaduct (New Zealand's preeminent hospitality and tourist precinct). The Group is also pursuing a number of other growth opportunities that complement our existing operations and we will continue to keep the market informed as further opportunities reach an appropriate level of certainty.

For further information, contact:

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About Good Spirits Hospitality Limited

Good Spirits Hospitality is an NZX Main Board-listed investment company focusing in the Hospitality sector.

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