



Moa Group Limited

Interim financial statements for the period
ended 30 September 2020

Moa Group Limited
Index to the Interim Financial Statements
30 September 2020

	Page
Directors' Report	2
Consolidated Statement of Comprehensive Income	3
Consolidated Statement of Movements in Equity	4
Consolidated Balance Sheet	5
Consolidated Statement of Cash Flows	6
Notes to the Financial Statements	7-9

The Board of Directors has pleasure in presenting the interim financial statements for Moa Group Limited for the period ended 30 September 2020.

The interim financial statements presented are signed for and on behalf of the Board of Directors and were authorised for issue on 27 November 2020.

A handwritten signature in black ink, appearing to read 'Geoff Ross', with a stylized flourish at the end.

Geoff Ross
Executive Chairman

Sheena Henderson
Chair of the Audit and Risk Committee

Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2020

	Note	Six months Sept 2020 \$000's Unaudited	Six months Sept 2019 \$000's Unaudited	Year ended March 2020 \$000's Audited
Revenue		9,899	18,009	38,273
Expenses:				
Direct costs		(4,260)	(6,807)	(14,940)
Excise taxes		(1,518)	(1,849)	(4,246)
Employee costs		(1,468)	(5,724)	(12,464)
Marketing costs		(488)	(978)	(1,710)
Utilities and operational expenses		(609)	(822)	(1,735)
Other expenses		(510)	(751)	(1,686)
Warehousing and freight costs		(360)	(745)	(1,482)
Earnings before interest, tax, depreciation, amortisation, and restructuring costs		686	333	10
Depreciation and amortisation		(1,226)	(1,193)	(2,666)
Restructuring costs	4	563	(180)	(99)
Net interest expense		(438)	(565)	(1,286)
Loss before income tax		(415)	(1,605)	(4,041)
Taxation expense		-	-	-
Loss attributable to the shareholders		(415)	(1,605)	(4,041)
Other comprehensive income and expenses		-	-	-
Total comprehensive loss		(415)	(1,605)	(4,041)
Basic and diluted losses per share (cents)		0.0	(1.9)	(4.8)
Weighted average number of shares outstanding (thousands of shares)				
Basic and diluted		135,528	84,226	85,035

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 2020

	Note	Share capital \$000's	Unissued share capital \$000's	Accumulated losses \$000's	Share-based payments reserve \$000's	Total equity \$000's
Total equity at 1 April 2019		32,105	-	(24,058)	64	8,111
Total comprehensive loss for the period		-	-	(1,605)	-	(1,605)
Arising from business combination		-	1,999	-	-	1,999
Issue of new shares		6,721	-	-	-	6,721
Total equity at 30 September 2019 (unaudited)		38,826	1,999	(25,663)	64	15,226
Total equity at 1 April 2019		32,105	-	(24,058)	64	8,111
Total comprehensive loss for the period		-	-	(4,041)	-	(4,041)
Arising from business combination		-	1,999	-	-	1,999
Issue of new shares		6,787	-	-	-	6,787
Total equity at 31 March 2020 (audited)		38,892	1,999	(28,099)	64	12,856
Total equity at 1 April 2020		38,892	1,999	(28,099)	64	12,856
Total comprehensive loss for the period		-	-	(415)	-	(415)
Revaluation of unissued share capital		-	201	(201)	-	0
Issue of new shares	5	8,359	(2,200)	-	-	6,159
Total equity at 30 September 2020 (unaudited)		47,251	-	(28,715)	64	18,600

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 2020

	Note	Sept 2020 \$000's Unaudited	Restated Sept 2019 \$000's Unaudited	Restated March 2020 \$000's Audited
Assets				
Current assets:				
Cash and cash equivalents		3,685	392	
Trade and other financial receivables		2,054	4,133	2,021
Inventories		1,525	3,970	2,293
Total current assets		7,264	8,495	4,314
Non-current assets:				
Trade and other financial receivables		306	426	423
Property, plant and equipment		7,442	7,958	7,651
Intangible assets	7, 11	19,633	19,619	19,673
Right of use asset	11	7,482	9,656	8,519
Total non-current assets		34,863	37,659	36,266
Total assets		42,127	46,154	40,580
Liabilities				
Current liabilities:				
Bank overdraft			1,431	597
Trade and other payables	11	3,367	5,531	4,569
Contract liabilities		173	964	610
Lease liability		1,480	1,651	1,038
Borrowings	8	1,262	1,556	1,643
Related party payables	9	2,777	3,050	3,183
Total current liabilities		9,059	14,183	11,640
Non-current liabilities:				
Contract liabilities		1,470		1,294
Contingent consideration	9		1,919	1,234
Lease liability	11	6,829	8,172	7,767
Borrowings	8	6,169	6,654	5,789
Total non-current liabilities		14,468	16,745	16,084
Total liabilities		23,527	30,928	27,724
Equity				
Share capital	5	47,251	38,826	38,892
Reserves		(28,651)	(23,600)	(26,036)
Total equity		18,600	15,226	12,856
Total liabilities and equity		42,127	46,154	40,580

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 2020

	Six months Sept 2020 \$000's Unaudited	Six months Sept 2019 \$000's Unaudited	Year ended March 2020 \$000's Audited
Cash flow from operating activities			
Receipts from customers	9,588	16,975	39,944
Payments to suppliers, employees and other	(9,731)	(17,655)	(37,761)
Net cash used in operating activities	(143)	(680)	2,183
Cash flow from investing activities			
Purchase of property, plant and equipment and intangible assets	(419)	(330)	(845)
Repayment of related party payable	(400)		
Purchase of businesses		(10,906)	(10,962)
Net cash used in investing activities	(819)	(11,236)	(11,807)
Cash flow from financing activities			
Interest paid	(207)	(152)	(392)
Borrowings drawn down		8,210	7,432
Lease liabilities payments	(516)	(713)	(1,546)
Issue of shares	5,967	947	947
Net cash from financing activities	5,244	8,292	6,441
Net movement in cash held	4,282	(3,624)	(3,183)
Add: opening cash and liquid deposits	(597)	2,586	2,586
Closing cash and deposits	3,685	(1,038)	(597)

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

Moa Group Limited ('the Parent' or 'Company') and its subsidiaries (together 'the Group') operate in the hospitality sector, operating a number of premium restaurants and bars and in the beverage sector, brewing and distributing super premium craft beer and cider. The Company has operations in New Zealand and sells predominantly to the New Zealand market.

The condensed consolidated interim financial statements presented are those of Moa Group Limited and its subsidiaries (the "Group"). Moa Group Limited is a company domiciled in New Zealand, registered under the Companies Act 1993 and is a Financial Markets Conduct Act 2013 reporting entity in terms of the Financial Reporting Act 2013 under which the interim financial statements are prepared. 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). They comply with NZ IAS 34 Interim Financial Reporting and should be read in conjunction with the 31 March 2020 annual report available on the Group website at www.moabeer.com.

The Group's business is highly seasonal with the October to March period representing a disproportionate share of revenue and cash receipts. The address of its registered office is Level 1, 152 Quay Street, Auckland, 1142.

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.

3 Financial impact of COVID-19

While some economic impacts of the COVID-19 pandemic have manifested there remains significant uncertainty of the impact on the Group's operations. Accordingly, the assumptions that have been adopted due to the impact of COVID-19 are consistent with those outlined in the financial statements as at 31 March 2020. This has resulted in estimates being generated on the same basis as at 31 March 2020. One exception to this is that subsequent to 31 March 2020 the Group chose to pursue rent concessions at leased sites.

Wage subsidy

The Group received \$2.9m of wage subsidies which have been recognised as an offset to salaries and wages within employee expenses, in line with NZ IFRS 20 Government Grants.

Rent concessions

The Group received \$0.5m of rent relief as a direct consequence of the COVID-19 pandemic. The Group has treated the rent relief as a lease modification under NZ IFRS 16, with the lease liability and right of use assets revalued based on the relief granted. This rent relief varied in length and quantum by landlord, with the current relief expected to cease in December 2020.

4 Restructuring costs

Restructuring costs are one-off in nature, occur outside the normal course of business, and are unrelated to the Group's trading operations. These have been separated out on the face of the Statement of Comprehensive Income to allow the reader of these interim financial statements to understand the true operations for the period without the impact of these items. These items typically include the impairment or disposal of assets, costs related to restructuring or M&A activity, concept development or pre-opening costs for ventures, as well as those costs related to COVID-19 such as the closure costs of venues.

	Six months Sept 2020 \$000's	Six months Sept 2019 \$000's	Year ended March 2020 \$000's
Acquisition costs	5	56	237
Restructuring and other costs	207	124	546
Impairment and/or disposal of assets	254		
Concept development and pre-opening expenses	205		
Reassessment of contingent consideration (refer note 9)	(1,234)		(684)
	(563)	180	99

5 Share capital

Equity raise

On 7 April 2020, the Group issued 17.8 million shares raising \$2.5m and on 15 May 2020 a further 25.5 million shares were issued raising \$3.6m. In addition to the May equity raise, 15.7 million shares were issued as part of the agreed settlement for the Savor Group acquisition.

6 Segmental information

Segmental information is presented in respect of the Group's industry and geographical segments, and includes the businesses acquired during the period. Accordingly, there is no comparative information for the hospitality segment. The Group's primary place of business is New Zealand with some Moa Brewing sales to export markets. Export sales are individually and wholly immaterial and therefore do not require separate disclosure.

\$000's	Hospitality	Brewing	Group	Total
<i>For the six months ended 30 September 2020</i>				
Revenue	4,876	5,023		9,899
Earnings before depreciation, amortisation, interest, tax and abnormal items	1,327	(261)	(380)	686
Depreciation and amortisation	(1,005)	(221)		(1,226)
Non-current assets	32,513	2,350		34,863
Capital expenditure	(419)			(419)
<i>For the six months ended 30 September 2019</i>				
Revenue	11,306	6,703		18,009
Earnings before depreciation, amortisation, interest, tax and abnormal items	1,494	(774)	(387)	333
Depreciation and amortisation	(907)	(286)		(1,193)
Non-current assets	34,415	3,244		37,659
Capital expenditure	(206)	(124)		(330)
<i>For the year ended 31 March 2020</i>				
Revenue	24,090	14,183		38,273
Earnings before depreciation, amortisation, interest, tax and abnormal items	2,487	(1,440)	(1,037)	10
Depreciation and amortisation	(2,112)	(554)		(2,666)
Non-current assets	33,664	2,602		36,266
Capital expenditure	(637)	(208)		(845)

7 Intangible asset impairment

The Group performed its annual impairment testing of goodwill at 31 March 2020, which included a number of conservative assumptions for the impact of COVID-19. While the Group's performance over the period has decreased compared to the prior year, it is an improvement on the assumptions that were made as part of the annual impairment test. Management has considered these assumptions 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.

8 Banking

In April 2020, the Group was granted a six month principal repayment and covenant holiday by its banking partner, representing a total of \$0.8m of payments. In September 2020, this was extended for a further three months, to the end of December 2020

9 Related party payables and unissued capital

At 31 March 2020, the Group recognised unissued capital of approximately \$2m as part of the consideration for the purchase of Savor Group. This capital was issued on 15 May 2020 as part of the rights issue. The exercise price of these shares was amended to be \$0.14, in exchange for the cancellation of the contingent portion of the consideration that amounted to \$1.23m at 31 March 2020. The release of the contingent consideration has been recognised as part of restructuring costs in the Consolidated Statement of Comprehensive Income.

	Six months Sept 2020 \$000's	Six months Sept 2019 \$000's	Year ended March 2020 \$000's
10 Reconciliation of net earnings to net cash from operating activities			
Net profit(loss) after tax	(415)	(1,605)	(4,041)
Add back:			
Interest paid	207	152	392
Supplier loans received		500	500
Add/(Less) non-cash items:			
Depreciation and amortisation	1,226	1,193	2,666
Non-cash interest on lease liability and deferred consideration	231	412	894
Amortisation of contract liabilities	93	111	215
(Gain)/loss on disposal property, plant and equipment	124		69
Impairment of fixed assets	131		
Reassessment of contingent consideration	(1,234)		(684)
Movements in working capital:			
Trade and other receivables	218	(1,144)	1,807
Inventories	768	553	(659)
Trade and other payables	(1,492)	(852)	1,024
Net cash from operating activities	(143)	(680)	2,183

11 Financial statements presentation

The Group acquired Savor Group on 1 April 2019 and Non Solo Pizza on 30 September 2019. Given the short space of time between the acquisition of Non Solo Pizza and releasing the prior year interim financial statements, there were some liabilities that came to light after the interim financial statements had been released. The comparative figures in the Balance Sheet have been corrected for the final balances of trade and other payables and goodwill, a total adjustment of \$145,000.

In addition, the Group recognised a right of use asset and lease liability for Non Solo Pizza at both 30 September 2019 and 31 March 2020. Since the date of those financial statements, the Group became aware of a miscalculation in the lease term used for Non Solo Pizza. The right of use asset and lease liability have both been corrected in these financial statements, with a total adjustment of approximately \$300,000 to each balance. There was no impact on the Statement of Comprehensive Income as a result of this change.

12 Subsequent events

On 30 October 2020, the Group acquired the business operations of MBP Hospitality Limited located at 44 Tamaki Drive, Mission Bay, Auckland for total consideration of \$0.6m, being the value of the net assets.

As signalled at the Annual Shareholders Meeting on 23 September 2020, Moa Brewing Company Limited has been impacted by some product quality issues with its contract brewing partner, bStudio Limited. The Group has made constructive progress to resolve the matter and the reported results reflect the Group's assessment of the likely outcome which is expected to be resolved by 31 March 2021.