BURGERFUEL GROUP LIMITED

ANNUAL REPORT 2024

BURGERFUEL //

TABLE OF CONTENTS

BFG ANNUAL REPORT 2024 / **ANNUAL REPORT OF THE DIRECTORS**

CHAIRMAN AND CHIEF EXECUTIVES' REVIEW

FOR THE YEAR ENDED 31 MARCH 2024

Burger Fuel Group Limited Full Year Results for the 12 months ended 31st March 2024

Overview - FY24

The Directors of Burger Fuel Group Limited (BFG) present the results for the 12 months to 31 March 2024.

Net Profit after tax for the period was $1,327,077 representing a 47.4% increase on the previous year.

The FY24 profit result is the Company's strongest since listing on the NZX in 2007. It reflects the growth and investment strategies that the Board has implemented following the considerable disruption to the business from the Covid years FY20 to FY22 and into FY23.

BFG (unaudited) Total System Sales (all three brands, all regions) increased by 10.22% to $117.1M on the same period last year. The Group achieved solid store sales in FY24 bolstered by the opening of BurgerFuel Dunedin in April 2023 and with the introduction of delivery through BurgerFuel outlets. We also recorded a complete year of sales for BurgerFuel Rolleston which opened in October 2022.

Total income for the Group increased by 13.58% to $27.3M.

BFG RESULTS FOR THE PERIOD 1 APRIL 2023 TO 31 March 2024

	31 March 2024 $000	31 March 2023 $000
Operating Revenue*	26,248	22,891
Interest Income IFRS 16 non-occupied leases	1,031	1,089
COVID-19 Government wage subsidy	-	36
Total Income	27,279	24,016
Operating Expenses **	(22,948)	(20,368)
Depreciation Expense – IFRS 16 occupied leases	(982)	(829)
Interest Expense - IFRS 16 non-occupied leases	(1,031)	(1,089)
Interest Expense - IFRS 16 occupied leases	(432)	(471)
Total Expenses	(25,393)	(22,757)
Net Profit (Loss) Before Tax	1,886	1,259
Net Profit (Loss) After Tax***	1,327	900

* Revenue includes: Operating revenue and interest income.

** Expenses include: Operating expenses, depreciation, amortisation and interest expense.

*** The New Zealand entities had taxable income and were unable to utilise the foreign tax losses. The overseas entities had minimal tax.

As at 31 March 2024 there were 61 BurgerFuel restaurants operating in NZ (1 more than last year) and 4 operating in the Middle East (3 less than last year) excluding some third party "dark" kitchens operating in the UAE. In April 2024 the BurgerFuel Hereford Street store closed in Christchurch.

As at 31 March 2024 there were 4 Shake Out and 2 Winner Winner restaurants operating in NZ. The Group closed their underperforming company owned Winner Winner Takapuna store in May 2023 and the franchise agreement for the Winner Winner store in Pukekohe was terminated in March 2024.

Return of Capital

The record profit achieved in FY24 was a good result, however it would have been considerably more (circa 70% increase on FY23) had BFG not been required to incur costs to respond to the opposition that was filed in relation to the proposed return of capital (by pro-rata share cancellation) to all shareholders.

The return of capital by way of a scheme of arrangement was approved by 92% of votes of shareholders cast at a special shareholders meeting held on 14 December 2023. However, following the shareholder meeting, a notice of opposition against the proposed scheme was filed by a single shareholder. This was the only opposition and it resulted in a considerable amount of cost, delay, and disruption to the proposed capital return process and the business.

On 8 May 2024 a full day hearing was held at the High Court in Auckland to hear and determine BFG's application seeking Court approval of the proposed return of capital. On 27 May 2024 Justice Andrew issued his decision approving the proposed return of capital by way of a scheme of arrangement.

The Company spent at least $205,500 in FY24 on legal costs which can be attributed to the notice of opposition response. It should also be noted that the costs incurred by BFG to address and respond to the opposition are ongoing in the current FY25 financial year. Approximately a further $200,000 is expected to be incurred in relation to legal and professional adviser costs for this matter. These material costs have considerably diminished BFG's profit in both FY24 and expected profit in FY25.

Information on the proposed scheme of arrangement, shareholder vote, notice of opposition and approval of the scheme by the High Court may be found on the NZX or at https://www.burgerfuel.com/nz/investor-relations#shareholder-information.

CHAIRMAN AND CHIEF EXECUTIVES' REVIEW

FOR THE YEAR ENDED 31 MARCH 2024

THE YEAR'S RESULTS AND GROUP OUTLOOK

New Zealand

The BurgerFuel brand reached a significant milestone in FY24 and achieved over $100 million (unaudited) in NZ system sales. Total systemwide sales across New Zealand (68 restaurants, all 3 brands) increased by 14.32% on the previous year.

We opened BurgerFuel Dunedin in April 2023. This store has been well received. At this stage the proposed BurgerFuel Whanganui store is scheduled to open later in 2024.

Delivery services for BurgerFuel have been rolled out across the NZ system (except the Te Awamutu store) predominantly through UberEats (and Delivereasy for some of the regional towns). In FY24 the sales uptake was pleasing, however we are seeing some customer habits shifting from collecting their orders themselves, to now using a delivery service.

We had been reluctant to implement a delivery service for this reason of potential channel cannibalisation and due to concerns around delivery quality (time it takes to deliver our product). BurgerFuel burgers do not travel as well as pizza or other food offers that are more adaptable to transportation and to being re-heated at home. The additional delivery cost to customers is also significant. We expect that eventually delivery will not add much in the way of incremental sales to the total system. However, at this stage we will continue to offer this convenience option for those customers who desire and are prepared to pay for it.

Shake Out total store sales increased by 13.5% in FY24 mainly due to our new company owned Shake Out store in the Commercial Bay precinct, Auckland CBD. This store opened in November 2022 thus FY24 isn't benchmarking against a complete year. During the year we trialled a delivery only "dark" kitchen in Glendene, Auckland. While operationally it was a success, sales volumes were not enough to make this viable in the short term. It has however allowed us to develop the brand further and trial other channel options. For example, Shake Out is now available on a virtual basis (delivery only) in Wellington. We are currently monitoring the results of this trial.

Winner Winner total sales decreased by (28%) mainly due to the closure of our Takapuna company owned store in May 2023. Whilst Winner Winner is a great brand & product, this site never really performed. Affected by Covid and other factors, we decided to shut the store and minimise losses.

In March 2024, the Winner Winner Pukekohe store also ceased operation and the franchise agreement was terminated. This site opened strongly just before Covid, however, it never really recovered from that.

Winner Winner is more of a dine-in restaurant concept compared to BurgerFuel and Shake Out, and Covid hit it hard. We now have two stores under franchise, one in Wellington's Courtenay Place and one in Hamilton East, which is the original Winner Winner. There is no significant royalty income from these sites.

For the FY24 the two new brands represented 6.8% of total sales for the Group (7.15% of total NZ sales).

We love both the new brands Winner Winner and Shake Out. We elected to develop these because of the limited growth potential of BurgerFuel in New Zealand, which as we noted last year at the AGM, is a brand reaching maturity. The establishment of new brands takes considerable time and financial investment and accordingly this investment did impact our FY24 bottom line. In the current economic environment where costs remain high and consumers are not spending as much, we have elected to park the development of Winner Winner and focus on Shake Out, thereby reducing total investment costs and risk. We will continue our investment in Shake Out in FY25.

A big issue facing all retail occupants in New Zealand is the unrealistic rental increases being imposed by landlords who seek an ever-increasing expectation of rising rents. It has reached a point where a growing number of landlord expectations for retail rents are out of touch with reality and are simply unsustainable. More and more empty tenancies are appearing in many of the main streets of New Zealand and shopping mall footfall and spend are also down. The retailers' tills are simply not ringing to the point that makes it attractive to enter the growing number of food precincts that are springing up all over the country. This proliferation of food courts together with the overabundance of standalone food outlets, will no doubt provide challenges for both tenants and landlords in the coming year.

The Middle East

In April 2022 we appointed a new Master Licensee for the entire region. This is effectively a Development Agent (DA) Agreement structure. Our approach for rejuvenation in the Middle East is considerably different to the model that BFG built there in earlier years. The past structure of the Middle East meant that our master franchisee could not maintain a sustainable, financially viable model. Corporate models (where one company owns and operates all stores in the region) can be vulnerable and often do not provide the returns needed for them to keep investing. Poor site selection and increased competition also appeared to be a key factor in the demise of BurgerFuel Middle East.

Following an in depth review of the region we decided to salvage what we could of both BurgerFuel UAE and Saudi Arabia and continue with the brand under a new operating model that proposes to build a more secure franchise system by allowing less full scale corporate owned and operated stores and more cluster

CHAIRMAN AND CHIEF EXECUTIVES' REVIEW

FOR THE YEAR ENDED 31 MARCH 2024

(groups of 3) or if possible, individually owned and operated franchised stores, that build commitment and strength.

Our "franchisee first" approach to the development of the New Zealand system which has resulted in a strong and viable franchise model needs to be duplicated in the Middle East. Development will be slow, but we will also have less exposure to a master licence holder potentially electing to shut down numerous stores in one tranche, as occurred in the UAE. With a DA Agreement we receive less royalties, but this structure requires less investment. Our investment and support in this region is elective. We can elect not to invest at all.

In August 2023 the Dubai World Trade Centre store had a complete refit with a new BurgerFuel interior design. This new look, which is made up of various design elements, has been developed so that it can be incorporated progressively into any BurgerFuel store. It's a stage one concept that will be further developed and eventually rolled out in the New Zealand system over time.

BFG earnings from the Middle East have been non-existent in the past 2 years following Covid but we will now start receiving modest royalties from the MENA region from April 2024. We are hopeful that our Development Agent will commence growing the brand in this region in the later part of FY25, but this remains to be seen.

The Middle East system sales were down 35% in FY24. This is due to Saudi Arabia closing 3 underperforming stores. There are now 3 BurgerFuel stores operating in Saudi Arabia and 1 store in Dubai although Dubai also has some third party, dark kitchen delivery outlets.

Information Technology (IT) Development

Technology is a growing part of almost every business and certainly this can be said about our industry. Throughout FY24 the Group rolled out its own online ordering platform with an integrated loyalty app. This release went relatively smoothly and customer interaction with the loyalty app is going well. We have had a large uptake on the app and we can now engage with our customers directly, updating them on new specials, promotions and targeted loyalty perks. Loyalty is managed via our BF MPB (BurgerFuel miles per burger) rewards system.

The BFG IT platform is a result of the ongoing investment we have made and intend to keep making into proprietary IT systems. The stage one introduction of our own IT system has allowed us to reduce the use of services from some third-party providers, as their rates began to rise at levels which were concerning. As a franchisor it is always our goal to provide as many of the required services as possible directly to our franchisees, thereby reducing the need for SaaS (Software as a service) and other outside providers. This allows us better control over franchisee expenses and data.

We are pleased to advise that in November 2023 we were able to commence the monetising of our stage one IT investment by way of a monthly, sales percentage-based charge to the system, that allows BFG to earn revenue from this IT platform but ensures that our franchisees receive value for this service. This revenue assisted with our profit in the second half of FY24.

As part of our long-term investment strategy, we intend to continue investment into technology. We are currently investigating different approaches to IT investment which will include bolstering our current stage one BF app to a stage two level. We are also considering investment into other areas of technology that our business requires or could benefit from as we become more reliant on advances in technology

Governance - Directors

The Board are pleased to announce the appointment of two new independent directors Alan Gourdie (appointed 01 October 2023) and Tristram van der Meijden (appointed 11 April 2024). Details of these directors can be found on our website or on the NZX.

The FY24 year saw the retirement of Alan Dunn as an independent director and Chair Peter Brook has advised of his intention to retire later in the year. The Company will make an announcement regarding this and any other changes to the Board in due course.

Summary & Outlook

Despite the challenges posed throughout FY24 we believe the Group achieved a strong result. We note that we are experiencing rising costs of compliance in many areas of the business. These costs are not just those required to meet NZX listing requirements but increased legal and other advisers' costs as well as increased management time to ensure compliance is met. Disappointingly, BFG will have spent approximately $400,000 in various external costs (a bit less than one third of annual net profit after tax) and many weeks of management's time to address and respond to the single notice of opposition, against the proposed return of approximately $4M of tax-free capital to its shareholders.

The economy remains tough, and we are cautious about any form of crystal balling as to what we can expect in this current financial year. Hospitality is extremely challenging. On a store-by-store basis, in some locations, viable operating numbers are becoming harder to hit. By this we mean not only achieving same store sales growth but also achieving sustainable metrics around the ever-increasing operating costs which have grown considerably in the past 18 months with rent, labour, utilities, and cost of goods all rising substantially.

It is not possible to increase our retail prices to cover all rising costs as we believe we will lose customers by doing this, particularly given the cost-of-living crisis all New Zealanders are currently experiencing. There is a necessary balance that must always be achieved between retail pricing and franchisee/BFG margin. Costs need to be carefully apportioned taking a long-term view and protecting our customer base whilst also continuing to build value. If we feel it is necessary to absorb current or future rising costs, this will affect BFG profits in FY25.

The other significant issue we are facing is the escalating costs to build new restaurants. Since 2019 store construction costs have nearly doubled. In the last 18 months alone build

BFG ANNUAL REPORT 2024 / **ANNUAL REPORT OF THE DIRECTORS**

CHAIRMAN AND CHIEF EXECUTIVES' REVIEW

FOR THE YEAR ENDED 31 MARCH 2024

costs are up around 30%. The more expensive a store is to build, the less franchisees we can attract and the longer the return on investment takes for them to achieve. The BurgerFuel Whanganui store will potentially be the only new BurgerFuel store opening in FY25.

Across the Group we remain confident that we will achieve a reasonable level of sales in FY25, however judging by the current state of the economy and sales to date this year, we think this will be flat at best. This is simply the reality of the economy that is now biting hard and affecting a significant proportion of the population with a lack of disposable spend and interest rates looking set to remain at current levels for some time yet. We cannot predict how many of our customers will reduce their frequency or reduce their spend, or both, but we are seeing signs of both occurring in this financial year.

We reiterate our primary, key growth strategies which are that we will remain investing in BurgerFuel, Shake Out and technology systems. This year will see more investment into all these areas. It is too early to determine where the economy will go in the next 6 months, but the sense is that as can be seen over most of the retail sector, it is likely that we will experience slower sales and ongoing compressed margins. If this continues, profits will be affected more than in FY24. That said, the Company intends to remain in profit in the current financial year.

We would like to thank all shareholders, staff, franchisees, suppliers and of course our valued customers for their continued support.

Best regards,

Peter Brook
Chairman

Josef Roberts
Group CEO

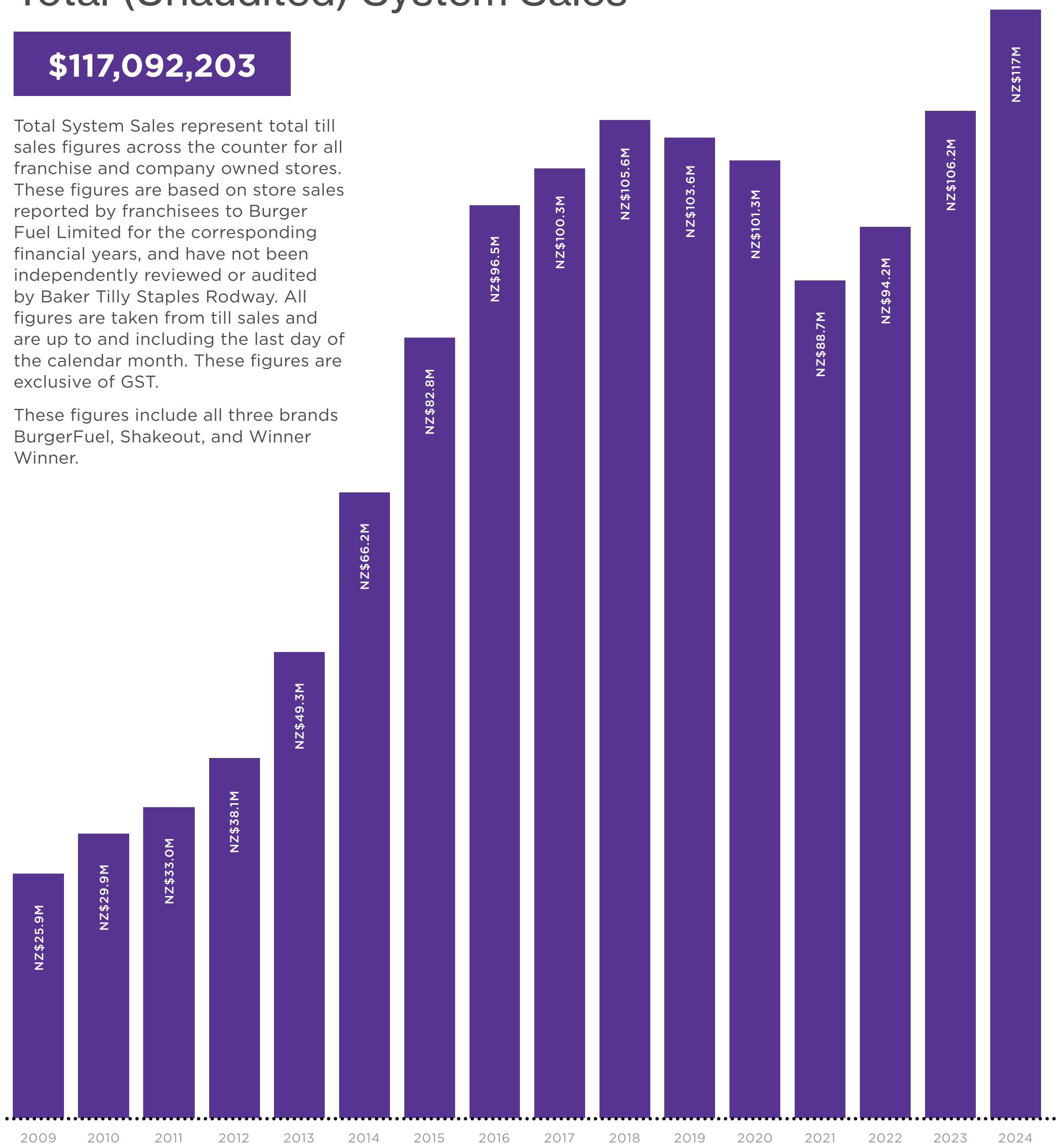
BURGER FUEL GROUP LIMITED FY24 TOTAL SYSTEM SALES

Total (Unaudited) System Sales

$117,092,203

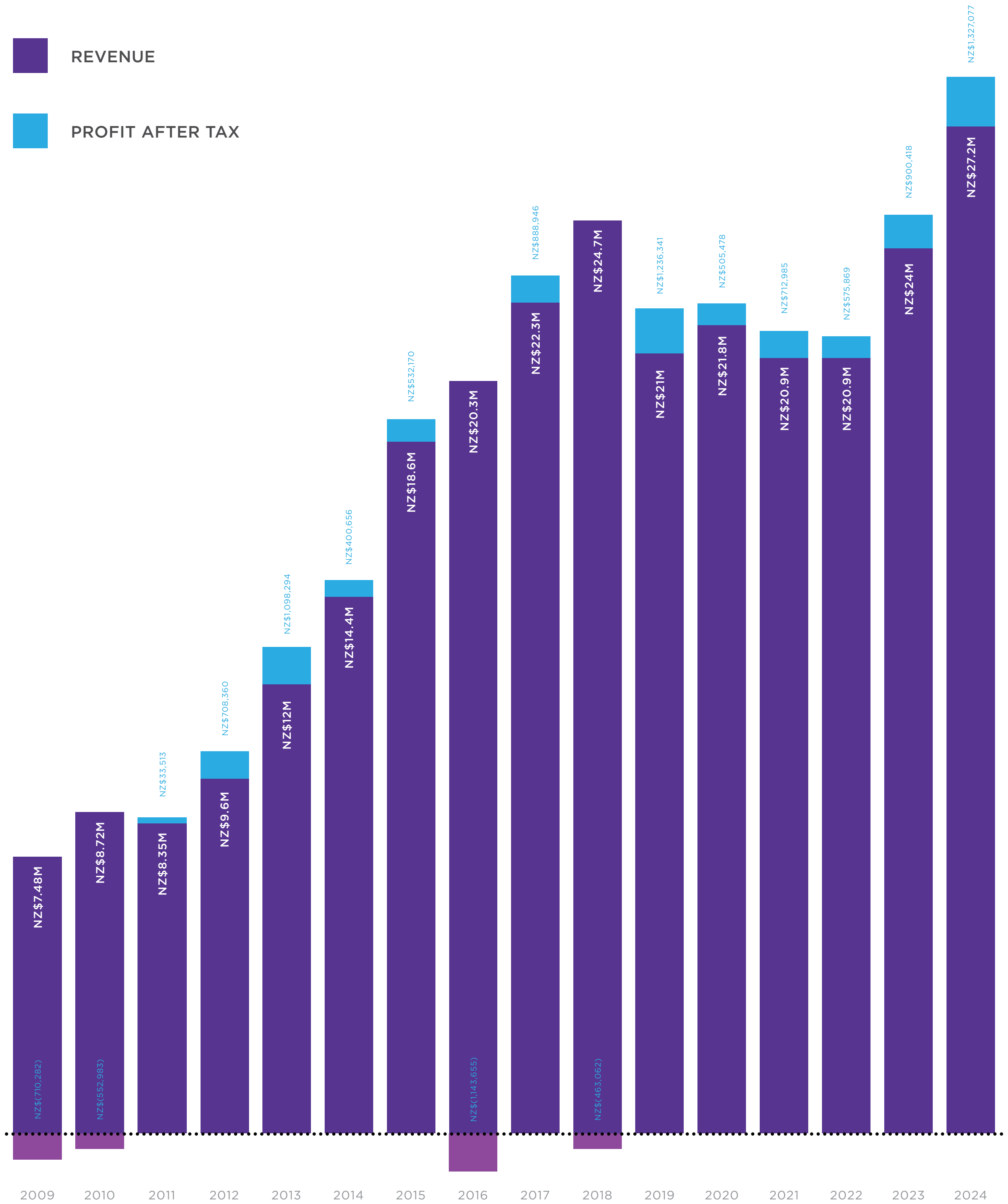
Total System Sales represent total till sales figures across the counter for all franchise and company owned stores. These figures are based on store sales reported by franchisees to Burger Fuel Limited for the corresponding financial years, and have not been independently reviewed or audited by Baker Tilly Staples Rodway. All figures are taken from till sales and are up to and including the last day of the calendar month. These figures are exclusive of GST.

These figures include all three brands BurgerFuel, Shakeout, and Winner Winner.



Financial years are from 1st April to 31st March. Total system sales represent total till sales figures across the counter for all franchise and company owned stores.

BURGER FUEL GROUP LIMITED FY24 REVENUE AND TRADING HISTORY



2024 THE BURGERFUEL GROUP BOARD

Josef **ROBERTS**

Group CEO

Josef is the Group CEO and is responsible for the overall direction and management of the business.

Former CEO and founder of Red Bull Australasia.

Tyrone **FOLEY**

Non-Independent Director

Tyrone was the BFG Group COO from 2011 to 2021.

He became a non-independent director in October 2021.

Tyrone's previous management roles have been with McDonald's and BP. He is currently the CEO of Libelle Group.

Mark **PIET**

Chief Financial Officer

Mark is the CFO & Company Secretary of BurgerFuel and has been with the company since 2008.

Mark is a chartered accountant & a member of Chartered Accountants Australia and New Zealand.

Prior to joining BurgerFuel, Mark worked for Deutsche Bank & The Economist in London.

Peter **BROOK**

Chairman Member & BFG Audit Committee

Peter has 20 years experience in the investment banking industry, retiring in 2000 to pursue his own business and consultancy activities.

Alan **GOURDIE**

Independent Director & Chair of Audit Committee

Alan has had an international career as CEO and Global Marketing Director for high-profile national and global organisations within the telecommunications and FMCG industries.

His career includes roles with the Heineken organisation and a number of New Zealand businesses, including the CEO for Telecom (Spark) Retail.

Burger **STIG**

Burger Driver

Stig

Level 9, 45 Queen Street,
Auckland 1010
PO Box 3899, Auckland 1140
New Zealand

T: +64 9 309 0463
E: auckland@bakertillysr.nz
W: www.bakertillysr.nz

bakertilly
STAPLES RODWAY

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF BURGER FUEL GROUP LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Burger Fuel Group Limited Company and its subsidiaries ('the Group') on pages 19 to 62, which comprise the consolidated statement of financial position as at 31 March 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and International Financial Reporting Standards ('IFRS').

Our report is made solely to the Shareholders of the Group. Our audit work has been undertaken so that we might state to the Shareholders of the Group those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Shareholders of the Group as a body, for our audit work, for our report or for the opinions we have formed.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor, our firm carries out other assignments for Burger Fuel Group Limited and its subsidiaries in the area of taxation compliance services. The provision of these other services has not impaired our independence.

bakertilly
STAPLES RODWAY

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter

Leases
 	
As disclosed in Note 18 of the Group's consolidated financial statements, the Group has lease liabilities of \$22.5m (2023: \$24.7m), right-of-use assets of \$5.9m (2023: \$6.7m) and lease receivables of \$15.7m (2023: \$17.1m).
 	
Lease liabilities, right-of-use assets and lease receivables were significant to our audit due to the size of the assets and liabilities and the subjectivity, complexity and uncertainty inherent in the application of NZ IFRS 16 Leases and the assumptions required by Management for the calculations of the lease balances.
 	
These calculations require estimates regarding the lease term and the discount rate. As well, Management has exercised their judgement in determining the recoverability of the lease receivables for the sublease arrangements.
	Our audit procedures, among others, included:
	• Understanding and evaluating the Group's internal controls relevant to the accounting estimates used to determine the expected term of the Group's leases and applicable incremental borrowing rates.
	• Evaluating Management's process relating to the identification, recording, recognition and measurement of leases within the scope of NZ IFRS 16 Leases.
	• Evaluating Management's judgements made in applying allowable practical expedients against the requirements of NZ IFRS 16.
	• Assessing the completeness of identified lease contracts by checking that all leased facilities were included in the calculation.
	• For new leases:
	  ◦ Agreeing key inputs in the lease calculation to the underlying lease agreements;
	  ◦ Recalculating the lease liability, right-of-use asset and lease receivable based on the key inputs and compared our recalculations to the balances recorded by the Group; and
	  ◦ Checking the appropriateness of the classification of the lease liability and lease receivable between current and non-current based on the remaining term of the lease.
	• For a sample of existing leases, evaluating Management's calculations for the subsequent measurement of the leases, including lease modifications and rent revisions.

bakertilly
STAPLES RODWAY

Key Audit Matter	How our audit addressed the key audit matter
	• Evaluating Management's estimates regarding terms of the leases and Management's consideration of options to extend or terminate the leases. • Evaluating Management's assessment of the incremental borrowing rates applied to individual leases or portfolios of leases. • Evaluating the inputs and any underlying assumptions with a view to identifying Management bias. • Evaluating Management's assessment of any indicators of impairment for the right of use assets in accordance with NZ IAS 36 Impairment of Assets. • Evaluating the recoverability of the lease receivable based on Management's assessment of impairment using the expected credit loss model in accordance with NZ IFRS 9 Financial Instruments. • Evaluating the disclosures (including the accounting policies and accounting estimates) related to leases which are included in the Group's consolidated financial statements.

bakertilly
STAPLES RODWAY

Key Audit Matter	How our audit addressed the key audit matter

Impairment assessment of Goodwill
As disclosed in Note 13 of the Group's consolidated financial statements, the Group has goodwill of $1.3m (2023: $1.3m), allocated across two (2023: two) cash-generating units ('CGUs').
Goodwill was significant to our audit due to the size of the assets and the subjectivity, complexity, and uncertainty inherent in the measurement of the recoverable amount of these CGUs for the purpose of the required annual impairment test. The measurement of a CGU's recoverable amount includes the assessment and calculation of its 'value in-use' or its fair value less costs to sell.
The annual impairment test involves complex and subjective estimates and judgements by Management on the future performance of the CGUs, discount rates applied to the future cash flow forecasts and future market and economic conditions.
	Our audit procedures, among others, included:
	• Evaluating Management's determination of the Group's CGUs based on our understanding of the nature of the Group's business and the economic environment in which the segments operate. We also analysed the internal reporting of the Group to assess how the CGUs are monitored and reported.
	• Challenging Management's assumptions and estimates used to determine the recoverable value of its goodwill, including those relating to forecasted revenue, cost, capital expenditure and discount rates, by adjusting for future events and corroborating the key market related assumptions to external data.
	• Procedures included:
	  • Evaluating the logic of the value-in-use calculations supporting Management's annual impairment test and testing the accuracy of these calculations;
	  • Evaluating Management's process regarding the preparation and review of forecasts;
	  • Comparing forecasts to Board approved forecasts;
	  • Evaluating the historical accuracy of the Group's forecasting to actual historical performance;
	  • Challenging and evaluating the forecast growth assumptions;
	  • Evaluating the inputs to the calculation of the discount rates applied;
	  • Engaging our own internal valuation experts to evaluate the reasonability of Management's discount rate;
	  • Evaluating the forecasts, inputs and underlying assumptions with a view to identifying Management bias;
	  • Evaluating Management's sensitivity analysis for reasonably possible changes in key assumptions; and
	  • Performing our own sensitivity analyses for reasonably possible changes in key assumptions, the two main assumptions being: the discount rate and forecast growth assumptions.
	• Evaluating the related disclosures (including the accounting policies and accounting estimates) about goodwill, and the risks attached to them which are included in the Group's consolidated financial statements.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 March 2024 (but does not include the consolidated financial statements and our auditor's report thereon).

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated Financial Statements

The Directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent fairly the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Matters Relating to the Electronic Presentation of the Audited Consolidated Financial Statements

This audit report relates to the consolidated financial statements of Burger Fuel Group Limited and its subsidiaries for the year ended 31 March 2024 included on Burger Fuel Group Limited's website. The Directors of Burger Fuel Group Limited are responsible for the maintenance and integrity of Burger Fuel Group Limited's website. We have not been engaged to report on the integrity of Burger Fuel Group Limited's website. We accept no responsibility for any changes that may have occurred to the consolidated financial statements since they were initially presented on the website.

The audit report refers only to the consolidated financial statements named above. It does not provide an opinion on any other information which may have been hyper linked to or from these consolidated financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited consolidated financial statements and related audit report dated 27 June 2024 to confirm the information included in the audited consolidated financial statements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of consolidated financial statements may differ from legislation in other jurisdictions.

The engagement partner on the audit resulting in this independent auditor's report is D I Searle.

Baker Tilly Staples Rodway

BAKER TILLY STAPLES RODWAY AUCKLAND
Auckland, New Zealand
27 June 2024

WINNER WINNER

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2024

	Note	2024	2023
		$	$
Revenue	4	25,949,980	22,799,659
COVID Government wage subsidy		-	35,606
Operating Expenses	5	(22,356,343)	(19,453,197)
Profit before Interest, Taxation, Depreciation and Amortisation		**3,593,637**	**3,382,068**
Depreciation on Property, Plant and Equipment	10	(361,020)	(648,444)
Depreciation on Right of Use Assets	18	(982,435)	(828,911)
Amortisation and impairment	13	(229,793)	(265,676)
		(1,573,248)	(1,743,031)
Profit before Interest and Taxation		**2,020,389**	**1,639,037**
Interest Income		297,754	91,600
Interest Income leases non-occupied	18	1,030,566	1,089,474
Interest Expense		-	(325)
Interest Expense leases occupied	18	(432,457)	(471,326)
Interest Expense leases non-occupied	18	(1,030,566)	(1,089,474)
		(134,703)	(380,051)
Profit before Taxation		**1,885,686**	**1,258,986**
Income Tax Expense	6	(558,609)	(358,568)
Net Profit attributable to shareholders		**1,327,077**	**900,418**
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Movement in Foreign Currency Translation Reserve	19	(5,425)	1,708
Total comprehensive income		**1,321,652**	**902,126**
Basic Earnings per Share (cents)	24	**2.64**	**1.79**
Diluted Earnings per Share (cents)	24	2.64	1.79

The attached notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

		2024	2023
Shareholders' equity	Note	$	$
Contributed equity	17	11,913,499	11,913,499
Retained earnings		1,536,329	209,252
Foreign currency translation reserve	19	(289,193)	(283,768)
		13,160,635	**11,838,983**
Current assets			
Cash and cash equivalents	16	9,571,160	8,202,024
Trade and other receivables	8	2,156,732	2,133,744
Prepaid expenses	28	215,548	-
Lease Receivable: non-occupied	18	1,499,901	1,482,830
Contract Asset		35,374	-
Inventories	9	657,211	578,993
Loans	12	18,440	16,189
		14,154,366	**12,413,780**
Non-current assets			
Property, plant and equipment	10	2,242,482	2,441,342
Right of use asset - leases	18	5,864,168	6,687,547
Contract Asset		384,100	-
Lease receivable non-occupied	18	14,214,413	15,602,844
Deferred tax asset	6	566,380	618,420
Loans	12	-	29,311
Intangible assets	13	2,048,342	2,056,255
		25,319,885	**27,435,719**
Total Assets		**39,474,251**	**39,849,499**
Current liabilities			
Trade and other payables	14	1,888,605	1,853,546
Contract Liability	14	250,958	195,072
Lease Liability	18	691,690	731,509
Lease Liability: non-occupied	18	1,499,901	1,482,830
Income tax payable		320,095	267,063
Provisions	15	472,386	345,692
		5,123,635	**4,875,712**

The attached notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

		2024	2023
Non-current liabilities	Note		
Contract Liability	14	807,740	610,240
Lease Liability	18	6,121,086	6,878,478
Lease Liability non-occupied	18	14,214,413	15,602,844
Provisions	15	46,742	43,242
		21,189,981	**23,134,804**
Total liabilities		**26,313,616**	**28,010,516**
Net assets		**13,160,635**	**11,838,983**
Net tangible assets per share ($ per share - non-GAAP measure)	27	0.21	0.18

For and on behalf of the Board who approved these financial statements for issue on 27 June 2024.

Director

Peter Brook
Chairman

Director

Josef Roberts
Group CEO

The attached notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2024

2024	Note	**Contributed Equity** $	**Foreign Currency Translation Reserve** $	**Retained earnings/ (accumulated losses)** $	**Total Equity** **$**
Balance as at 1 April 2023		11,913,499	(283,768)	209,252	**11,838,983**
Movement in foreign currency translation reserve recognised in other comprehensive income		-	(5,425)	-	**(5,425)**
Net Profit for the year ended 31 March 2024		-	-	1,327,077	**1,327,077**
Total comprehensive income		-	(5,425)	1,327,077	**1,321,652**
Balance as at 31 March 2024		**11,913,499**	**(289,193)**	**1,536,329**	**13,160,635**

2023	Note	**Contributed Equity** $	**Foreign Currency Translation Reserve** $	**Retained earnings/ (accumulated losses)** $	**Total Equity** **$**
Balance as at 1 April 2022		11,913,499	(285,476)	(691,166)	**10,936,857**
Movement in foreign currency translation reserve recognised in other comprehensive income		-	1,708	-	**1,708**
Net Profit for the year ended 31 March 2023		-	-	900,418	**900,418**
Total comprehensive income		-	1,708	900,418	**902,126**
Balance as at 31 March 2023		**11,913,499**	**(283,768)**	**209,252**	**11,838,983**

The attached notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2024

	Note	**2024** $	**2023** $
Cash flows from operating activities			
Receipts from customers		25,903,530	22,567,953
Government support		-	35,606
Interest received		260,251	91,600
Goods and services tax		(54,920)	54,443
Payments to suppliers & employees		(22,300,320)	(18,948,977)
Interest Paid		-	(325)
Interest on leases		(432,457)	(471,326)
Taxes Paid		(453,536)	(248,832)
Net cash flows provided from operating activities	25	**2,922,548**	**3,080,142**
Cash flows from investing activities			
Repayments of loans		27,060	28,830
Sale of property, plant and equipment		128,147	187,050
Acquisition of intangible assets	13	(221,880)	(427,050)
Acquisition of property, plant & equipment	10	(536,584)	(815,465)
Net cash flows applied to investing activities		**(603,257)**	**(1,026,635)**
Cash flows from financing activities			
Lease Liability Principal Component		(955,937)	(662,486)
Net cash flows applied to financing activities		**(955,937)**	**(662,486)**
Net movement in cash and cash equivalents		1,363,354	1,391,021
Exchange gains / (loss) on cash and cash equivalents		5,782	12,641
Opening cash and cash equivalents		8,202,024	6,798,362
Closing cash and cash equivalents	16	**9,571,160**	**8,202,024**

The attached notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

1) Reporting entities and statutory base

Burger Fuel Group Limited ("BFG") is a Company registered under the Companies Act 1993 and is listed with the New Zealand Stock Exchange (NZX). The Company is a Financial Markets Conduct (FMC) reporting entity for the purposes of the Financial Markets Conduct Act 2013 and its financial statements comply with that Act.

The financial statements presented are those of Burger Fuel Group Limited (the 'Group'). A list of its wholly owned subsidiaries is listed in note 11 of the financial statements.

The Group operates as a franchisor of gourmet burger and chicken restaurants and is a for-profit oriented entity, incorporated and domiciled in New Zealand.

2) Basis of preparation

Statement of Compliance
The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP") and the requirements of the Companies Act 1993, the Financial Reporting Act 2013 and the Financial Markets Conduct Act 2013. They comply with the New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), and other applicable Financial Reporting Standards as appropriate for, for-profit oriented entities. For the purposes of complying with NZ GAAP, the Group is a Tier 1 for-profit entity as defined in the XRB's Accounting Standards Framework. These financial statements also comply with International Financial Reporting Standards ("IFRS").

These financial statements are presented in New Zealand dollars ($), which is the Group's functional currency and they have been rounded to the nearest dollar.

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

The financial statements were approved by the Board of Directors on the date set out on page 21 of the Annual Report.

Basis of Measurement
These financial statements have been prepared under the historical cost convention and on a going concern basis.

Use of Estimates and Judgements
The preparation of financial statements in conformity with NZ IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. The principal areas of judgments in preparing these financial statements are set out below:

IFRS16 – Expected Lease Term
The Group has estimated the lease terms for the occupied and non-occupied leases will run to their final expiry, taking into account all optional exercise periods. This is based on the fact that the Group and franchisee spends a significant amount on the store fitout, thus it is in their best interest to extend the lease term for as long as possible while the asset is generating revenue. The Winner Winner Limited company owned store and the Shake Out Delivery Kitchen leases were terminated in March 2024. The leases are generally aligned with the 10-year franchise agreements.

Recoverability of lease receivables
The Group holds the head leases on 49 franchised Burger Fuel stores in New Zealand (Non-occupied leases). These have been sublet to the franchisees on the same terms and conditions and the franchisee is a guarantor of the lease. The liability of the lease passes to the franchisee and a number of these leases have default liability clauses included, which limits lease payments from 3 to 24 months. There are judgements involved in determining the recoverability of the lease receivable, based on the possible nonpayment of rent from the franchisee, who is the sublessee in this relationship.

Accounting for Income Tax
Preparation of the annual financial statements requires management to make estimates as to, amongst other things, the amount of tax that will ultimately be payable, the availability of losses to be carried forward and the amount of foreign tax credits it will receive in each of the jurisdictions it operates in.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses (where applicable) only to the extent that it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Actual results may differ from these estimates as a result of reassessment by management or taxation authorities.

Refer to note 6 for additional information on accounting for income tax.

Impairment of Goodwill
The Group reviews goodwill for impairment on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the Goodwill is allocated. Estimating the value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit in the forecasted period of 5 years and also to determine a suitable discount rate in order to calculate the present value of those cash flows. The Group's longer-term forecasts are subject to a higher level of uncertainty as it mostly depends on consumer spending, market conditions and level of competition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

For additional information on the impairment test, reference is made to note 13.1 - Intangible Assets.

3) Material accounting policies

The following is a summary of specific accounting policies adopted by the Group in the preparation of the financial statements that materially affect the measurement of financial performance, cash flows and the financial position.

a) Adoption of new & revised standards and interpretations
The Group adopted the amendments to NZ IAS 1 Presentation of Financial Statements, IFRS Practice Statement 2, and NZ IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors at the start of the current accounting period on 1 April 2023. The NZ IAS 1 amendment required the Group to disclose its 'material' accounting policies rather than its 'significant' accounting policies in its financial statements. The NZ IAS 8 amendment did not affect the financial or disclosure aspects of the Group's financial statements. No other new standards, amendments, or interpretations to existing standards effective from 1 April 2023 materially impacted the Group's financial statements or required retrospective adjustments.

b) Revenue Recognition
Revenue arises mainly from the sale of food and beverage products from our fast-casual stores that the Group owns directly and from franchise and royalty arrangements that it has in place with franchise holders both in New Zealand and offshore.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other contract liabilities in the statement of financial position.

Sale of goods
The Group is in the business of providing fast-casual food solutions to its customers and franchisees. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer or franchisee at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in its revenue arrangements, because it controls the goods or services before transferring them to the customer.

Management has determined the performance obligation to deliver the food & proprietary products is completed when control of goods passes to customer. Revenue is recognised at this time.

Franchise fees
The Group recognises revenue derived from its franchise operations in New Zealand and the Middle East on a straight-line basis over a period of time that the franchise agreement is in place, which is generally 10 years. This is the period of time over which the performance obligation, the use of the intellectual property, is satisfied. Payment is received annually over the term of the agreement.

The transaction price includes a variable price consideration for the possible transfer of franchise rights. This is unknown until a transfer transaction is completed. Given the high uncertainty of this transfer, the transaction price for a franchise contract is not adjusted for these transferred franchise rights until the Group is notified of the sale.

Royalties from Franchises and Master Licencing Arrangements (MLAs)
The Group recognises revenue derived from its Franchises, MLAs and Development Agent agreements over time, based on sales that are reported back to the Group on a monthly basis for sales that occurred in that month. Payment is received on a monthly basis.

The performance obligation, to provide access to the brand intellectual property, is satisfied over time. Royalty revenue is recognised as the underlying sales take place.

Training fees
The Group recognises revenue from training over time as each 12-week training course is provided to the new operators of franchises. Payment is received upfront when the new operator signs a franchise agreement.

Advertising revenue
The Group recognises advertising revenue derived from its Franchises and MLAs over time, based on sales that are reported back to the Group on a monthly basis for sales that occurred in that month. Payment is received on a monthly basis.

The performance obligation, to provide access to the brand intellectual property and advertising services, is satisfied over time. Advertising revenue is recognised as the underlying sales take place, in accordance with sales-based royalties. The Group provides marketing services to increase sales and brand exposure over the life of the agreement.

Property management fees
The Group recognises revenue from property management services on a straight-line basis over 12 months. This reflects the period of time over which the Group provides property management services to each franchise.

Other revenue
Other revenue includes incentives, bonuses and rebates received by the Group from its suppliers in relation to volume of goods and services that have been purchased by franchise holders. Rebate revenue is recognised when

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

3) Material accounting policies (Continued)

the sale of the underlying asset is completed. Other revenues are recognised when reliable estimates of the amounts due to the Group are deemed to be highly probable.

Online ordering (software) revenue
The Group recognises revenue derived from its Franchises over time, based on online sales that are reported back to the Group on a monthly basis for sales that occurred in that month. Payment is received on a monthly basis. The performance obligation, to provide access to the Groups online ordering platform, is satisfied over time.

Royalty revenue is recognised as the underlying sales take place.

Significant financing components
Using the practical expedient in NZ IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

c) Accounts Receivable

Trade receivables
The Group makes use of a simplified approach in accounting for trade receivables. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses.

The Group assesses the impairment of all its trade receivables on a specific as well as a collective basis in order to determine the allowance for credit losses.

Management has assessed the information available and concluded that no provision for expected credit losses was identified.

d) Inventories

Inventories are stated at the lower of cost and net realisable value after due consideration for excess and obsolete items. Cost is based on the first in, first out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location. Net realisable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

e) Financial Instruments

Loans Receivable and Lease Receivable at amortised cost
Management have assessed each counterparty as having a low risk of default and a strong capacity to meet their contractual cash flow obligations in the near term.

f) Share Capital

Ordinary Shares
Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

g) Property, Plant and Equipment

Recognition and Measurement
Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent Costs
The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit and loss as incurred.

Depreciation rates

Property, plant and equipment are stated at cost less accumulated depreciation. The following depreciation rates have been used:

Motor Vehicles	24% - 40% diminishing value
Leasehold Improvements	9% - 40% diminishing value
Computer Hardware	16% - 75% diminishing value
Furniture & Fittings	8% - 67% diminishing value
Kitchen Equipment	8% - 67% diminishing value
Office Equipment	8% - 67% diminishing value

Where an asset is disposed of, the gain or loss recognised in the Statement of Comprehensive Income is calculated as the difference between the sale price and the carrying amount of the asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

h) Leased Assets

As a lessee
The Group has elected to apply the practical expedient in accordance with IFRS 16, allowing for the combination of lease and non-lease components.

As a lessor
When the Group is an intermediate lessor (based on sub-leasing) it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a lease transfers substantially all of the risks and rewards incidental to the right-of-use asset, it is treated as a finance lease. These are classified as non-occupied leases in the financial statements.

The initial measurement of the present value of the lease liability is offset with a lease receivable, representing its right to receive lease payments from a sublessee.

Variable lease payments, such as percentage rent based on turnover, not included in the measurement of lease liabilities are recognised as an expense when incurred.

Leases of 12-months or less and leases of low value assets
Lease payments made in relation to leases of 12-months or less and leases of low value assets (for which a right of use asset and a lease liability has not been recognised) are recognised as an expense on a straight-line basis over the term of the lease.

i) Intangible Assets
The Group's intangible assets have finite useful lives with the exception of Goodwill and are stated at cost less accumulated amortisation. This class of intangible asset which includes brand assets, software and patents are amortised in the Statement of Comprehensive Income on a straight-line basis over the period during which benefits are expected to be derived, which is up to 10 years for trademarks. Where there has been an impairment in the value, the balance has been written off in the Statement of Comprehensive Income. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the intangible asset to which it relates. All other expenditure is recognised in the Statement of Comprehensive Income when incurred.

As part of a previous business combination, an acquirer may acquire a right that it had previously granted to the acquiree to use one or more of the acquirer's recognised or unrecognised assets. An example of such rights include a right to use the acquirer's trade name under a franchise agreement. A reacquired right is an identifiable intangible asset that the acquirer recognises separately from goodwill. Reacquired rights are initially valued at the present value of the expected future cash flows, and subsequently amortised on a straight-line basis over its useful life, being the remaining contractual period without considering contractual extension possibilities, but not exceeding 10 years.

The cost of self-constructed intangible assets includes the cost of direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. These self-constructed intangible assets have a useful life of 3 years.

j) Earnings and Net Tangible Assets Per Share
The Group also presents Net Tangible Assets Per Share (a non-GAAP measure) for its ordinary shares, and it is calculated by dividing the net tangible assets of the Group by the number of shares outstanding at the end of the year.

This is a non-GAAP measure, but the disclosure is required under the NZX listing rules.

k) Segment Reporting
Operating segments have been identified based on the information provided to the chief operating decision maker; being the Board of Directors.

The Group operates in two operating segments – these consist of the following geographical locations, New Zealand, and international markets.

l) Goodwill
Refer to Note 13.1 for a description of impairment testing procedures.

m) Impairment Testing of Goodwill, Other Intangible Assets and Non-financial Assets
For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

3) Material accounting policies (Continued)

exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows.

The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income.

Impairment losses for cash-generating units reduce first the carrying amount of any Goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of Goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount. Refer to note 13 for more details around the impairment testing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

4) Revenue

	2024	2023
	$	$
Sale of Goods	11,151,620	9,802,833
Franchising Fees	253,708	447,001
Training Fees	-	37,500
Royalties	6,781,499	5,868,406
Advertising Fees	4,863,227	4,308,488
Property Management Fees	62,000	59,000
Other Revenue	2,594,269	2,165,639
Gain on Sale of Fixed Assets (refer Note 10)	21,791	9
Foreign Exchange Gains	11,208	14,283
Online Ordering Income	210,658	-
Rent Relief on Non-Occupied Leases	-	96,500
	25,949,980	**22,799,659**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

5) Expenses

	2024	2023
	$	$
Operating expenses include:		
Cost of Sales	4,427,506	4,213,821
Rental and Operating Lease Costs	-	2,122
Loss on Disposal of Property, Plant and Equipment. (refer Note 10)	268,068	7,232
Loss on Disposal of intangible assets	-	10,683
Directors' Fees (refer Note 23)	178,667	163,250
Wages and Salaries	6,073,404	4,963,369
Contributions to a defined contribution plan	134,631	113,024
Key management personnel costs: (refer Note 23)		
- Salary and other short-term benefits	1,957,203	1,857,479
- Contributions to a defined contribution plan	35,604	32,612
Auditors' remuneration – Audit Services – Baker Tilly Staples Rodway:		
- Audit of Financial Statements	100,590	105,354
- Tax compliance services	28,825	25,335
Other Operating Expenses	2,589,580	3,948,804
Legal Expenses – Return of Capital Opposition	205,509	-
Rent Relief on Non-Occupied Leases	-	96,500
Write-off of obsolete stock (refer Note 9)	103,206	48,167
Advertising Expenditure	6,253,550	3,765,445
Impairment of Goodwill	-	100,000
	22,356,343	**19,453,197**

The above key management personnel costs include remuneration of the Group Chief Executive and the members of the executive team.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

6) Income tax

	2024	2023
	$	$
Taxation expense is represented by:		
Current Tax	506,655	400,245
Deferred Tax	51,954	(41,677)
	558,609	**358,568**
Profit / (Loss) before income tax expense	1,885,686	1,258,986
Timing differences & non-deductible expenses:		
50% entertainment	41,012	33,729
Non-deductible expenditure	255,950	17,513
Depreciation & Amortisation	(151,307)	183,247
IFRS 15 Deferred revenue	(165,923)	(255,751)
IFRS 16 Leases	26,168	166,423
Accruals	(14,587)	40,573
Prepayments	-	10,116
Make good provision	3,500	2,042
Holiday pay not paid out within 63 days	108,504	(8,828)
Impairment Loss	-	100,000
Other	12,171	17,181
	115,488	**306,245**
Taxable Profit / (Loss)	2,001,174	1,565,231
(Non-taxable) / Non-Deductible Middle East Income	-	16,746
Tax Losses utilised	(193,153)	(152,659)
Net Taxable Profit	1,808,021	1,429,318
Taxation at the company's effective tax rate	506,246	400,209
Deferred tax movement P&L	52,040	(41,677)
(Over) / Under Provision of Prior Period	323	36
Total income tax expense per statement of comprehensive income	**558,609**	**358,568**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

6) Income tax (Continued)

	2024	2023
Reconciliation of deferred tax asset:	$	$
Deferred tax on temporary differences		
Opening balance	618,420	576,743
Prior period adjustment	(87)	-
Provision for employee benefits	30,381	(2,472)
Provisions for make good	980	572
Depreciation & amortisation	(42,366)	51,309
Accruals	(4,084)	11,360
Deferred revenue	(44,192)	(68,524)
Impact of Leases	7,328	46,599
Prepayments	-	2,833
	566,380	**618,420**
Opening Balance	**618,420**	**576,743**
Charged to profit or loss	(51,954)	41,677
Prior period adjustment	(88)	-
Other	2	-
Closing Balance	**566,380**	**618,420**

The Group has $1,299,429 of unrecognised losses to be carried forward (2023: $1,643,637). The potential benefit of these losses is $389,828 (2023: $493,091 which has not been recognised in the financial statements. The losses carried forward relate to the Australian operations and are therefore in Australian dollars.

The Group has recognised a deferred tax asset of $566,380 (2023: $618,420) with respect to other temporary differences. This has been recognised as it is probable that future taxable profit will be available to allow the asset to be utilised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

7) Imputation credits

	2024	2023
	$	$
Opening balance	3,041,016	2,329,343
Add		
Tax payable	153,714	685,335
Resident withholding tax	74,313	26,468
	228,027	711,803
Deduct		
Income tax refund received	(513)	(130)
Closing balance	**3,268,530**	**3,041,016**

8) Trade and other receivables

	2024	2023
	$	$
Trade receivables	2,039,531	2,003,386
Allowance for impaired assets	-	-
	2,039,531	2,003,386
Prepayments	102,292	126,251
Sundry receivables	14,909	4,107
	2,156,732	**2,133,744**

Receivables denominated in currencies other than the presentation currency are Australian Dollars and they comprise 2.8% of the trade receivables (2023: 3.1%) The total receivables impaired for the 2024 financial year are Nil (2023: Nil).

BFG ANNUAL REPORT 2024 / **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

9) Inventories

	2024	2023
	$	$
Ingredients	182,110	160,344
Finished Goods	475,101	418,649
Total Inventory	**657,211**	**578,993**

Finished goods includes signage, kitchen equipment, computer equipment & proprietary products (BurgerFuel sauces & dry goods). During the year ended 31 March 2024, $103,206 of obsolete uniforms, signs and kitchen equipment were written off. (2023: $48,167).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

10) Property, plant & equipment

2024	Motor vehicles	Office equipment	Furniture & fittings	Computer Hardware	Kitchen Equipment	Leasehold Improvements	Total
	$	$	$	$	$	$	$
Cost							
Balance 1 April 2023	267,179	77,791	1,232,646	1,384,249	1,425,127	2,508,051	6,895,043
Additions	58,342	660	108,584	114,307	201,461	53,230	536,584
Disposals	(77,651)	-	(95,497)	(170,981)	(240,094)	(197,518)	(781,741)
Cost at 31 March 2024	**247,870**	**78,451**	**1,245,733**	**1,327,575**	**1,386,494**	**2,363,763**	**6,649,886**
Depreciation and impairment losses							
Balance 1 April 2023	234,689	62,465	928,302	1,095,720	710,757	1,421,768	4,453,701
Disposals	(76,421)	-	(40,813)	(158,003)	(90,591)	(41,489)	(407,318)
Depreciation for the year	24,850	2,518	46,263	173,253	138,378	(24,242)	361,020
Foreign exchange impact	-	-	-	-	-	-	-
Balance 31 March 2024	**183,118**	**64,983**	**933,752**	**1,110,970**	**758,544**	**1,356,037**	**4,407,404**
Net Book Value							
Balance 1 April 2023	32,490	15,326	304,344	288,529	714,370	1,086,283	2,441,342
Depreciation for the year	(24,850)	(2,518)	(46,263)	(173,253)	(138,378)	24,242	(361,020)
Additions	58,342	660	108,584	114,307	201,461	53,230	536,584
Disposals	(1,230)	-	(54,684)	(12,978)	(149,503)	(156,029)	(374,424)
Foreign exchange impact	-	-	-	-	-	-	-
Net Book Value at 31 March 2024	**64,752**	**13,468**	**311,981**	**216,605**	**627,950**	**1,007,726**	**2,242,482**

The gain on sale recorded in the Statement of Comprehensive Income was $21,791 (2023: $9), relating to the sale of Motor vehicles and kitchen equipment. The loss on sale recorded relates to the closure of Winner Winner Takapuna company owned store and the Shake Out delivery kitchen leasehold improvements $268,068 (2023: $7,232)

BFG ANNUAL REPORT 2024 / **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

10) Property, plant & equipment

2023	Motor vehicles	Office equipment	Furniture & fittings	Computer Hardware	Kitchen Equipment	Leasehold Improvements	Total
	$	$	$	$	$	$	$
Cost							
Balance 1 April 2022	338,979	78,179	1,191,755	1,282,617	1,211,218	2,267,101	6,369,849
Additions	33,424	909	44,432	263,570	232,180	240,950	815,465
Disposals	(105,224)	(1,297)	(3,541)	(161,938)	(18,271)	-	(290,271)
Cost at 31 March 2023	**267,179**	**77,791**	**1,232,646**	**1,384,249**	**1,425,127**	**2,508,051**	**6,895,043**
Depreciation and impairment losses							
Balance 1 April 2022	262,641	60,802	827,599	997,265	600,139	1,156,159	3,904,605
Disposals	(38,663)	(1,011)	(1,358)	(47,087)	(7,878)	-	(95,997)
Depreciation for the year	13,929	2,674	102,061	145,675	118,496	265,609	648,444
Foreign exchange impact	(3,218)	-	-	(133)	-	-	(3,351)
Balance 31 March 2023	**234,689**	**62,465**	**928,302**	**1,095,720**	**710,757**	**1,421,768**	**4,453,701**
Net Book Value							
Balance 1 April 2022	76,338	17,377	364,156	285,352	611,079	1,110,942	2,465,244
Depreciation for the year	(13,929)	(2,674)	(102,061)	(145,675)	(118,496)	(265,609)	(648,444)
Additions	33,424	909	44,432	263,570	232,180	240,950	815,465
Disposals	(66,561)	(286)	(2,183)	(114,851)	(10,393)	-	(194,274)
Foreign exchange impact	3,218	-	-	133	-	-	3,351
Net Book Value at 31 March 2023	**32,490**	**15,326**	**304,344**	**288,529**	**714,370**	**1,086,283**	**2,441,342**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

11) Investment in subsidiaries

The Parent Company's investment in the subsidiaries comprises shares at cost. All subsidiaries have a 31 March balance date.

Subsidiary Companies	Country of Incorporation	Interest Held 2024	Interest Held 2023
BF Lease Company Limited	New Zealand	100%	100%
BF Lease Company No 1 Limited - removed	New Zealand	-	100%
BF Lease Company No 2 Limited - removed	New Zealand	-	100%
BF Lease Company No 3 Limited	New Zealand	100%	100%
BF Lease Company No 4 Limited	New Zealand	100%	100%
BF Lease Company No 5 Limited	New Zealand	100%	100%
BF Lease Company No 6 Limited	New Zealand	100%	100%
BF Lease Company No 7 Limited	New Zealand	100%	100%
BF Lease Company No 8 Limited	New Zealand	100%	100%
BF Lease Company No 9 Limited	New Zealand	100%	100%
BF Lease Company No 10 Limited	New Zealand	100%	100%
BF Lease Company No 11 Limited	New Zealand	100%	100%
BF Lease Company No 12 Limited	New Zealand	100%	100%
BF Lease Company No 13 Limited	New Zealand	100%	100%
BF Lease Company No 14 Limited	New Zealand	100%	100%
BF Lease Company No 15 Limited - removed	New Zealand	-	100%
BF Lease Company No 16 Limited - removed	New Zealand	-	100%
BF Lease Company No 17 Limited	New Zealand	100%	100%
BF Lease Company No 18 Limited	New Zealand	100%	100%
BF Lease Company No 19 Limited	New Zealand	100%	100%
BF Lease Company No 20 Limited	New Zealand	100%	100%
BF Lease Company No 21 Limited	New Zealand	100%	100%
BF Lease Company No 22 Limited - removed	New Zealand	-	100%
BF Lease Company No 23 Limited	New Zealand	100%	100%
BF Lease Company No 24 Limited	New Zealand	100%	100%
BF Lease Company No 25 Limited	New Zealand	100%	100%
BF Lease Company No 26 Limited	New Zealand	100%	100%
BF Lease Company No 27 Limited	New Zealand	100%	100%
BF Lease Company No 28 Limited	New Zealand	100%	100%
BF Lease Company No 29 Limited	New Zealand	100%	100%
BF Lease Company No 30 Limited	New Zealand	100%	100%
BF Lease Company No 31 Limited - removed	New Zealand	-	100%
BF Lease Company No 32 Limited	New Zealand	100%	100%
BF Lease Company No 33 Limited - removed	New Zealand	-	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

Subsidiary Companies	Country of Incorporation	Interest Held 2024	Interest Held 2023
BF Lease Company No 34 Limited	New Zealand	100%	100%
BF Lease Company No 35 Limited	New Zealand	100%	100%
BF Lease Company No 36 Limited	New Zealand	100%	100%
BF Lease Company No 37 Limited	New Zealand	100%	100%
BF Lease Company No 38 Limited	New Zealand	100%	100%
BF Lease Company No 39 Limited	New Zealand	100%	100%
BF Lease Company No 40 Limited	New Zealand	100%	100%
BF Lease Company No 41 Limited	New Zealand	100%	100%
BF Lease Company No 42 Limited	New Zealand	100%	100%
BF Lease Company No 44 Limited	New Zealand	100%	100%
BF Lease Company No 45 Limited - removed	New Zealand	-	100%
BF Lease Company No 46 Limited - removed	New Zealand	-	100%
BF Lease Company No 47 Limited - removed	New Zealand	-	100%
BF Lease Company No 48 Limited - removed	New Zealand	-	100%
Burger Fuel Group Lease Limited (formally BF Lease Company No 49 Limited)	New Zealand	100%	100%
Burger Fuel Worldwide Limited (formally BF Lease Company No 50 Limited)	New Zealand	100%	100%
Burger Fuel (Dubai) NZ Limited	New Zealand	100%	100%
Burger Fuel International Limited	New Zealand	100%	100%
Burger Fuel (Australia) Pty Limited	New Zealand	100%	100%
Burger Fuel (Australia) No2 Pty Limited	New Zealand	100%	100%
Burger Fuel International Management Limited	New Zealand	100%	100%
Burger Fuel Limited	New Zealand	100%	100%
BurgerFuel Henderson Limited	New Zealand	100%	100%
Burger Fuel Takapuna Limited	New Zealand	100%	100%
Winner Winner Limited	New Zealand	100%	100%
Shake Out Limited	New Zealand	100%	100%
Concept Brands Limited	New Zealand	100%	100%
Shake Out Commercial Bay Limited	New Zealand	100%	100%
Shake Out Container Limited	New Zealand	100%	100%
Burger Fuel Pty Limited	Australia	100%	100%
Burger Fuel Australia Pty Limited	Australia	100%	100%
BFG Delivery Kitchen Limited (formally BF Lease Company No 43 Limited)	New Zealand	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

11) Investment in subsidiaries (Continued)

The principal activities of the subsidiaries are:

Burger Fuel Limited – Franchise systems – gourmet burger restaurants.

Burger Fuel International Limited – Holds patents, trademarks and licences and holds the international Master Franchise Agreements.

Burger Fuel International Management Limited – Owns the BurgerFuel Australia operation and holds the international Master Franchise Agreements.

Burger Fuel (Australia) Pty Limited – Non trading.

Burger Fuel (Australia) No2 Pty Limited – Non trading.

Burger Fuel Australia Pty Limited – Non trading.

Burger Fuel Pty Limited – Administration.

Burger Fuel (Dubai) NZ Limited – was the holding company of the subsidiary in Dubai (Burger Fuel (ME) DMCC).

BurgerFuel Henderson Limited – New Zealand based company trading as restaurant.

Burger Fuel Takapuna Limited – New Zealand based company trading as restaurant.

Winner Winner Limited – New Zealand based company trading as restaurant.

Shake Out Limited – New Zealand based company trading as restaurant.

Concept Brands Limited - Franchise systems – Shake Out and Winner Winner brands.

Shake Out Commercial Bay Limited – New Zealand based company trading as restaurant.

Shake Out Container Limited – New Zealand based company trading as mobile restaurant.

BFG Delivery Kitchen Limited – Shake Out delivery Only kitchen.

All other companies are head lease holders for store premises in New Zealand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

12) Loans

	2024	2023
	$	$
Loans to Third Parties		
Advance to Franchisee	18,440	45,500
Total Loans	**18,440**	**45,500**

Advances to Franchisee

The advance to a franchisee is to assist with developing the new Shake Out brand. The loan is interest bearing at 5.7% (2023: 5.7%).

These advances have been assessed by management and there is no impairment or expected credit losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

13) Intangible assets

2024	Brand Assets	Goodwill	Reacquired Rights	Computer Software	Patent	Trade Marks	Total
	$	$	$	$	$	$	$
Cost							
Balance 1 April 2023	221,333	1,639,279	250,760	414,985	17,896	760,516	**3,304,769**
Disposals	-	-	-	-	-	-	**-**
Acquisitions	-	-	-	205,929	610	15,341	**221,880**
Balance at 31 March 2024	221,333	1,639,279	250,760	620,914	18,506	775,857	**3,526,649**
Amortisation							
Balance 1 April 2023	121,120	315,000	167,172	32,967	13,541	598,714	**1,248,514**
Disposals	-	-	-	-	-	-	**-**
Impairment *	-	-	-	-	-	-	**-**
Current year amortisation	19,142	-	27,862	136,364	1,425	45,000	**229,793**
Balance 31 March 2024	140,262	315,000	195,034	169,331	14,966	643,714	**1,478,307**
Net Book Value							
Balance 1 April 2023	100,213	1,324,279	83,588	382,018	4,355	161,802	**2,056,255**
Disposals	-	-	-	-	-	-	**-**
Impairment *	-	-	-	-	-	-	**-**
Additions	-	-	-	205,929	610	15,341	**221,880**
Amortisation	(19,142)	-	(27,862)	(136,364)	(1,425)	(45,000)	**(229,793)**
Net Book Value at 31 March 2024	**81,071**	**1,324,279**	**55,726**	**451,583**	**3,540**	**132,143**	**2,048,342**

* Impairment of goodwill on the Takapuna Burger Fuel store 2024: Nil (2023: $100,000)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

13) Intangible assets (Continued)

2023	Brand Assets	Goodwill	Reacquired Rights	Computer Software	Patent	Trade Marks	Total
	$	$	$	$	$	$	$
Cost							
Balance 1 April 2022	221,333	1,639,279	250,760	-	17,896	777,488	**2,906,756**
Disposals/adjustment	-	-	-	-	-	(29,037)	**(29,037)**
Acquisitions	-	-	-	414,985	-	12,065	**427,050**
Balance at 31 March 2023	221,333	1,639,279	250,760	414,985	17,896	760,516	**3,304,769**
Amortisation							
Balance 1 April 2022	101,979	215,000	139,310	-	12,083	532,821	**1,001,193**
Disposals/adjustment	-	-	-	-	-	(18,355)	**(18,355)**
Impairment *	-	100,000	-	-	-	-	**100,000**
Current year amortisation	19,141	-	27,862	32,967	1,458	84,248	**165,676**
Balance 31 March 2023	121,120	315,000	167,172	32,967	13,541	598,714	**1,248,514**
Net Book Value							
Balance 1 April 2022	119,354	1,424,279	111,450	-	5,813	244,667	**1,905,563**
Disposals/adjustment	-	-	-	-	-	(10,682)	**(10,682)**
Impairment *	-	(100,000)	-	-	-	-	**(100,000)**
Additions	-	-	-	414,985	-	12,065	**427,050**
Amortisation	(19,141)	-	(27,862)	(32,967)	(1,458)	(84,248)	**(165,676)**
Net Book Value at 31 March 2023	**100,213**	**1,324,279**	**83,588**	**382,018**	**4,355**	**161,802**	**2,056,255**

The reacquired rights will be amortised over the life of the franchise agreement at the time of purchase being 9.5 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

13.1) Impairment testing

Impairment

The goodwill of the two cash generating units (CGU's) (BurgerFuel Takapuna and BurgerFuel Henderson stores) have been tested for impairment. Based on the impairment testing results, no impairment loss on Goodwill is recorded in the 2024 financial year (2023: $100,000 for Burger Fuel Takapuna). Estimation uncertainty relates to assumptions about current value or operating results and the determination of a suitable discount rate. For the purpose of annual impairment testing, goodwill is allocated to the following cash-generating units, which are the units expected to benefit from the synergies of the business combinations in which the Goodwill arises.

	2024	2023
	$	$
New Zealand Retail – Henderson Store	586,427	586,427
Impairment of Henderson Goodwill	-	-
New Zealand Retail – Takapuna Store	737,852	837,852
Impairment of Takapuna Goodwill	-	(100,000)
Goodwill allocation at 31 March	1,324,279	1,324,279

The recoverable amounts of the cash-generating units were determined based on the higher of the value-in-use and fair value less cost of disposal calculations, covering a detailed forecast period of 5 years of expected cash flows for the units' remaining useful lives using the growth rates determined by management.

Management assessed the impact of reduced economic activity and lower revenues due to slower economic growth on the valuation of the Group's financial and non-financial assets (i.e. impairment assessment of cash generating units).

The Group has prepared revised cash flow forecasts for the purposes of the Group's annual impairment testing of goodwill and brand. This assessment has confirmed the carrying value of goodwill and brand assets as at 31 March 2024.

The present value of the expected cash flows of each segment is determined by applying a suitable discount rate.

	Growth Rates		Discount Rates	
	2024	2023	2024	2023
New Zealand Retail – Henderson Store	2.0%	2.0%	16.8%	17.0%
New Zealand Retail – Takapuna Store	2.0%	2.0%	16.7%	16.9%

BFG ANNUAL REPORT 2024 / **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

13.2) Growth rates

The growth rates reflect the long-term average growth rates for the product line and industry of the segments (all publicly available). The Group is expecting the FY25 revenue growth rates combined across the two CGU's to be 7.6% based on the introduction of delivery services. (FY24 26.4%)

13.3) Discount rates

The discount rates reflect appropriate adjustments relating to market risk and specific risk factors of each unit and these are pre-tax discount rates.

13.4) Cash flow assumptions

The forecasts assume that New Zealand will have no further restrictions placed on the business operations during the forecast period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

14) Trade and other payables and contract liabilities

	2024	2023
	$	$
Trade payables	1,638,192	1,421,654
Payroll liabilities	-	104,979
GST payable	195,355	250,275
Accrued expenses	55,058	76,638
	1,888,605	**1,853,546**

Contract Liability	**Franchise Fees**	**MLA**	**Total**
Balance 01 April 2023	617,641	187,671	805,312
Franchise fees booked to Balance Sheet in FY24	499,311	-	499,311
Revenue recognised - Franchise fees	(220,933)	(24,992)	(245,925)
Balance 31 March 2024	**896,019**	**162,679**	**1,058,698**
Balance 01 April 2022	852,400	212,663	1,065,063
Franchise fee refund	(8,000)	-	(8,000)
Revenue recognised - Franchise fees	(226,759)	(24,992)	(251,751)
Balance 31 March 2023	**617,641**	**187,671**	**805,312**

The contract liability represents the remaining balance of franchise and MLA fees spread over the life of the agreement which is typically 10 & 20 years in length, respectively. The franchises of 7 New Zealand stores expired and were renewed or were terminated and re issued due to a sale and purchase of the franchise in FY24.

NZ Franchise fees are now received annually over franchise term, rather than as an upfront franchise fee.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

15) Provisions

	2024	2023
	$	$
Store Closure Provision (non current)		
Opening balance	43,242	41,200
Provisions made during the year	3,500	2,042
	46,742	**43,242**
Holiday Pay Provision (current)		
Opening balance	345,696	350,337
Provisions made during the year	805,086	589,067
Provisions used during the year	(678,396)	(593,712)
	472,386	**345,692**
Total Provisions	**519,128**	**388,934**

Store Closure Provision
This is the make good provision that is set aside to cover the costs of returning premises that are occupied by BurgerFuel back to their original condition, after taking into account the normal wear and tear of these premises.

Holiday Pay Provision
This is the allocation of the 8% annual leave entitlement that each full-time and part-time employee is entitled to as part of their employment, which is accrued throughout the year.

16) Cash and cash equivalents

	2024	2023
	$	$
Cash at bank	4,329,752	2,643,348
Cash on deposit	5,241,408	5,558,676
	9,571,160	**8,202,024**

At balance date there is $58,012 (2023: $114,923) in restricted cash for bonds issued to the NZX and a lease guarantee bond. Refer note 21 for further information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

17) Contributed equity

	Number of Shares		Share Capital	
	2024	2023	2024	2023
			$	$
Opening ordinary shares on issue	50,336,863	50,336,863	11,913,499	11,913,499
Share buyback and cancellation	-	-	-	-
Authorised & issued ordinary shares on issue at 31 March	**50,336,863**	**50,336,863**	**11,913,499**	**11,913,499**

Burger Fuel Group Limited was listed on the New Zealand Alternative Stock Exchange (NZAX) on 27 July 2007. The Group migrated to the main board (NZX) on the 1st July 2019. The Company has 50,336,863 (2023: 50,336,863) authorised and fully paid ordinary shares on issue. All shares have equal voting rights and share equally in dividends and any surplus on winding up. The shares have no par value.

No Dividends were paid in the 2024 financial year (2023: NIL).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

18) Right of use assets, lease receivable and lease liabilities

In addition to the head office company owned stores & warehouse leases (Occupied leases), the Group at 31 March 2024 holds the head leases on 49 franchised Burger Fuel stores in New Zealand (Non-occupied leases). These have been sublet to the franchisees on the same terms and conditions as the head leases. These are considered finance leases and the net investment in the lease is recorded as a receivable. Expected credit losses have been reviewed and no impairments noted.

2024

	Non-Occupied	Vehicle Leases	Occupied	Total
Right of Use Assets				
Opening balance	-	212,826	6,474,721	6,687,547
Remeasurements of ROU assets*	-	2,506	156,550	159,056
Depreciation	-	(97,343)	(885,092)	(982,435)
Right of use Asset as at 31 March 2024	**-**	**117,989**	**5,746,179**	**5,864,168**

* Remeasurements of ROU assets include vehicle and property leases and lease changes.

2023

	Non-Occupied	Vehicle Leases	Occupied	Total
Right of Use Assets				
Opening balance	-	230,813	7,496,321	7,727,134
Remeasurements of ROU assets*	-	76,289	(286,965)	(210,676)
Depreciation	-	(94,276)	(734,635)	(828,911)
Right of use Asset as at 31 March 2023	**-**	**212,826**	**6,474,721**	**6,687,547**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

18) Right of use assets, lease receivable and lease liabilities (Continued)

2024	**Non-Occupied**	**Vehicle Leases**	**Occupied**	**Total**
Lease Receivable				
Opening Balance	17,085,674	-	-	17,085,674
Remeasurements of existing lease receivables**	61,884	-	-	61,884
Interest income	1,030,566	-	-	1,030,566
Rent payments	(2,463,810)	-	-	(2,463,810)
Rent Relief Covid	-	-	-	-
Lease Receivable as at 31 March 2024	**15,714,314**	**-**	**-**	**15,714,314**

** Remeasurements of existing lease receivables are lease changes and non-occupied leases exited. The group exited 1 non-occupied head leases in FY24.

2023	**Non-Occupied**	**Vehicle Leases**	**Occupied**	**Total**
Lease Receivable				
Opening Balance	19,711,126	-	-	19,711,126
Remeasurements of existing lease receivables**	(1,168,949)	-	-	(1,168,949)
Interest income	1,089,474	-	-	1,089,474
Rent payments	(2,449,477)	-	-	(2,449,477)
Rent Relief Covid	(96,500)	-	-	(96,500)
Lease Receivable as at 31 March 2023	**17,085,674**	**-**	**-**	**17,085,674**

2024	**Non-Occupied**	**Vehicle Leases**	**Occupied**	**Total**
Lease Liability				
Opening balance	(17,085,674)	(222,424)	(7,387,563)	(24,695,661)
Remeasurements of existing lease liabilities	(61,884)	(2,173)	57,746	(6,311)
Interest	(1,030,566)	(9,526)	(422,931)	(1,463,023)
Rent payments	2,463,810	109,654	1,064,441	3,637,905
Rent Relief Covid	-	-	-	-
Lease Liability as at 31 March 2024	**(15,714,314)**	**(124,469)**	**(6,688,307)**	**(22,527,090)**

2023	**Non-Occupied**	**Vehicle Leases**	**Occupied**	**Total**
Lease Liability				
Opening balance	(19,711,126)	(239,005)	(8,244,143)	(28,194,274)
Remeasurements of existing lease liabilities	1,168,949	(76,198)	289,646	1,382,397
Interest	(1,089,474)	(13,009)	(458,317)	(1,560,800)
Rent payments	2,449,477	105,788	1,025,251	3,580,516
Rent Relief Covid	96,500	-	-	96,500
Lease Liability as at 31 March 2023	**(17,085,674)**	**(222,424)**	**(7,387,563)**	**(24,695,661)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

18) Right of use assets, lease receivable and lease liabilities (Continued)

	Non-Occupied	**Vehicle Leases**	**Occupied**	**Total**
Maturity analysis – undiscounted				
Less than one year	2,437,190	91,721	974,990	3,503,901
Between one and five years	8,288,385	40,439	3,862,035	12,190,859
More than five years	10,826,018	-	3,794,972	14,620,990
Lease Liability as at 31 March 2024	**21,551,593**	**132,160**	**8,631,997**	**30,315,750**

The cash impact of the occupied leases (rent), short term low value asset, and Motor vehicle lease payments in 2024 is $1,174,095 (2023: $1,131,039). This increase is mainly due to our new company owned Shake Out store in the Commercial Bay precinct in Auckland CBD, the exit of the Winner Winner Takapuna lease & rent increases on existing sites.

The group has 4 stores that have variable lease payments based on sales turnover that are not included in the measurement for lease liability above, as the base rent was not exceeded or was capped. This was Nil in 2024 (2023: Nil).

Contractual Lease Commitments
The lease liability under IFRS 16 takes the lease term to its expiry as it is Management's intention to use the asset's to date of final expiry.

The actual legal commitment as per the legal obligations of the lease is $5,091,246 (2023: $6,339,290). This reduction in lease obligation is due to renewal terms in the lease agreement and limited liability clauses.

	Non-Occupied	**Vehicle Leases**	**Occupied**	**Total**
Limited Liability No Discount FY24				
Less than one year	2,131,568	85,721	708,642	2,925,931
Between one and five years	1,491,346	38,748	635,221	2,165,315
More than five years	-	-	-	-
31 March 2024	**3,622,914**	**124,469**	**1,343,863**	**5,091,246**

	Non-Occupied	**Vehicle Leases**	**Occupied**	**Total**
Limited Liability No Discount FY23				
Less than one year	2,225,888	100,553	799,384	3,125,825
Between one and five years	2,143,262	121,871	888,799	3,153,932
More than five years	4,643	-	54,890	59,533
31 March 2023	**4,373,793**	**222,424**	**1,743,073**	**6,339,290**

The Group holds the head lease over 50 of 69 sites in NZ. The lease on the franchised sites are then licensed to its franchisees under the same terms and conditions. At balance date, the current annual rent expense of leases under this arrangement including occupied leases, was $3,446,908 (2023: $3,543,994).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

19) Foreign currency translation reserve

Nature and Purpose of Reserves:

Foreign Currency Translation Reserve

Translation differences arising on the translation of the results of subsidiaries with functional currencies other than New Zealand dollars are recognised directly in the Foreign Currency Translation Reserve. The cumulative amounts are released to profit or loss upon disposal of these subsidiaries.

20) Financial instruments and risk management

Financial risk management
Management provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk), credit risk, liquidity risk and cash flow interest rate risk.

The Management reports quarterly to the Group's audit committee, who monitors risk and policies implemented to mitigate risk exposures.

Market risk
The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Market risk exposures are analysed by sensitivity analysis. There has not been significant change to BurgerFuel's exposure to market risks or the manner in which it manages and measures the risk.

Foreign currency risk management
The Group's foreign exchange risk is limited to its Australian Dollar bank accounts and the trading of its Australian subsidiaries. It maintains amounts in these foreign bank accounts and transfers funds when foreign exchange rates are favourable.

Foreign currency sensitivity analysis
The following table details the Group's sensitivity to a 10% increase and decrease in the NZ dollar against the Australian dollar. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at year end for a 10% change in foreign currency rates.

The sensitivity analysis includes external loans as well as loans to foreign operations within the Group. A positive number below indicates an increase in profit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

20) Financial instruments and risk management (Continued)

GROUP

	10% Strengthening		10% Weakening	
	2024	2023	2024	2023
	$000	$000	$000	$000
Profit / (Loss) before tax	5	5	(6)	(6)
Equity	4	4	(4)	(4)

Interest rate sensitivity analysis
The sensitivity analysis below has been determined based on the exposure to interest rates at the balance date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance date was outstanding for the whole year. A 100-basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If the interest rates on cash and cash equivalents had been 100 basis points higher and all other variables were held constant, the Group's operating result for the year ended 31 March 2024 would have been $95,712 higher (2023: $82,020 higher).

Interest rate risk
The Group has cash flow interest rate risk from financial instruments that attract interest. Interest rate risk is the risk that the value of the Group's assets and liabilities will fluctuate due to changes in market interest rates. The Group is exposed to interest rate risk primarily through its cash balances and advances.

The Group manages its interest rate risk by maintaining minimal variable rate cash balances. Excess cash resources are placed into fixed rate term deposits where appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

20) Financial instruments and risk management (Continued)

Interest rate risk profile

2024	Weighted average effective interest rate %	Greater than 1 year	Less than 1 year	Non - interest bearing	Total
		$	$	$	$
Financial Assets					
Cash and cash equivalent	1.13%	-	9,571,160	-	**9,571,160**
Advance to Franchisee	5.70%	-	18,440	-	**18,440**
Trade and other receivables	-	-	-	2,269,987	**2,269,987**
Lease Receivable - non occupied	9.14%	14,214,413	1,499,901	-	**15,714,314**
		14,214,413	**11,089,501**	**2,269,987**	**27,573,901**
Financial Liabilities					
Trade payables	-	-	-	1,888,605	**1,888,605**
Lease Liability – Occupied	5.90%	6,082,337	605,970	-	**6,688,307**
Lease Liability – Vehicles	4.95%	38,748	85,721	-	**124,469**
Lease Liability – Non-occupied	9.14%	14,214,413	1,499,901	-	**15,714,314**
		20,335,498	**2,191,592**	**1,888,605**	**24,415,695**

2023	Weighted average effective interest rate %	Greater than 1 year	Less than 1 year	Non - interest bearing	Total
		$	$	$	$
Financial Assets					
Cash and cash equivalent	1.14%	-	8,202,024	-	**8,202,024**
Advance to Franchisee	5.70%	23,466	22,034	-	**45,500**
Trade and other receivables	-	-	-	2,007,493	**2,007,493**
Lease Receivable - non occupied	6.30%	15,602,844	1,482,830	-	**17,085,674**
		15,626,310	**9,706,888**	**2,007,493**	**27,340,691**
Financial Liabilities					
Trade payables	-	-	-	1,853,546	**1,853,546**
Lease Liability – Occupied	5.90%	6,756,607	630,956	-	**7,387,563**
Lease Liability – Vehicles	4.95%	121,871	100,553	-	**222,424**
Lease Liability – Non-occupied	6.30%	15,602,844	1,482,830	-	**17,085,674**
		22,481,322	**2,214,339**	**1,853,546**	**26,549,207**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

20) Financial instruments and risk management (Continued)

Credit risk

Credit risk is the risk that the counter party to a transaction with the Group will fail to discharge its obligations, causing the Group to incur a financial loss. The Group has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The credit ratings of its counterparties are continuously monitored by management and the aggregate value of transactions concluded is spread amongst approved counterparties.

Financial instruments that potentially subject the Group to concentrations of credit risk consist principally of cash, trade debtors, loans and advances.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained. The maximum credit risk exposures are:

	Group	
	2024	2023
	$	$
Cash and bank balances	9,571,160	8,202,024
Loans, advances and receivables	2,288,427	2,052,993
Lease Receivable	3,622,914	4,373,793

Maximum exposures are net of any recognised provisions, and at balance date no loans or advances are considered to be impaired (2023: $Nil). No trade receivables are impaired in FY23 with no further amounts past due (2023: Nil).

Cash

The Group's major concentration of credit risk relates to cash deposits with ASB Limited in New Zealand and CBA Bank Limited in Australia.

Receivables

The Group has a credit policy, which is used to manage its exposure to credit risk. As part of this policy, limits on exposures have been set, lending is subject to defined criteria and loans are monitored on a regular basis. The trade receivable are payable on the 10th of the following month and loans are subject to a loan agreement which stipulates monthly repayments or payable on demand. No security is held.

Capital management

The Group's capital includes share capital, reserves and retained earnings as shown in the Statements of Financial Position. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the required capital structure the Group may issue new shares, sell assets to reduce debt and/or adjust amounts paid to investors.

The Group is not subject to any externally imposed capital requirements.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds at short notice to meet commitments associated with financial instruments. The Group maintains sufficient funds to meet the commitments based on historical and forecasted cash flow requirements. The exposure is being reviewed on an ongoing basis from daily procedures to monthly reporting.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of short, medium and long-term funding and liquidity management requirements. Liquidity risk is managed by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. All payables are due within 6 months of balance date (2023: 6 months).

The Group expects to meet its obligations from operating cash flows and proceeds of maturing financial assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

21) Commitments

Capital Commitments

At 31 March 2024, the Group has no contractual commitments (2023: Nil).

Indemnity / Guarantees

BurgerFuel has deposits in place to cover certain commitments the banks have provided:

	2024	2023
	Total future minimum payments	Total future minimum payments
	$	$
NZX Bond	20,000	20,000
Lease guarantee bond	38,012	94,923
	58,012	**114,923**

22) Contingencies

The Group has no contingencies at balance date (2023: Nil).

BFG ANNUAL REPORT 2024 / **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

23) Related party transactions

Transactions with Related Parties

During the year the following related party transactions took place:

Group	Relationship	Nature of transaction	2024 $	2023 $
SIAM Ventures Limited	KMP	Consultancy Expenses Paid	770,399	770,399
Peter Brook	Director	Director Fees	77,000	77,000
Trumpeter Consulting Limited	Director	Director Fees	36,667	55,000
Tyrone Foley	Director	Director Fees	35,000	31,250
Alan Gourdie	Director	Director Fees	30,000	-
Neo Corporate Trustees Limited	KMP	Head Office Rental	534,968	522,389
Trumpeter Consulting Limited	Director	Consultancy Expenses Paid	-	-
Tyrone Foley	Director	Consultancy Expenses Paid	-	57,594

The BurgerFuel Group Chief Executive Officer is the sole director of SIAM Ventures Limited and a director of Neo Corporate Trustees Limited. The Chief Executive Officer receives consultancy fees relating to his remuneration which is paid to SIAM Ventures Limited. The above remuneration excludes reimbursement of costs incurred on behalf of the group.

The head office rental is for the BurgerFuel Head Quarters located at 66 Surrey Crescent, Grey Lynn, Auckland. The annual rental is paid to Neo Corporate Trustees Limited on behalf of the Neo Trust as the building owners. The head office rental and leases are periodically reviewed and assessed by an independent registered valuer and approved by the Board.

Key Management Compensation

Key management personnel (KMP) compensation costs include remuneration of the Group Chief Executive, Directors and the members of the executive team. The compensation paid or payable to key management for employee services is shown above.

	2024	2023
	$	$
Salaries and other short-term employee benefits	1,957,203	1,857,479
KiwiSaver Employer Contribution	35,604	32,612
	1,992,807	**1,890,091**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

24) Earnings per share

The basic earnings per share are calculated by dividing the profit attributed to owners of the Group by the weighted average number of ordinary shares in issue during the year.

	2024	2023
	$	$
Surplus / (Deficit) attributable to the owners of the Group	1,327,077	900,418
Weighted average number of ordinary shares on issue	50,336,863	50,336,863
Basic earnings / (loss) per share (cents)	2.64	1.79
Diluted earnings /(loss) per share (cents)	2.64	1.79

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. There is no difference between the basic and diluted number of shares on issue

25) Reconciliation of net surplus after taxation to net cash flows provided from operating activities

	2024	2023
	$	$
Net profit after tax	1,327,077	900,418
Add: Non-cash items		
Amortisation	229,793	165,676
Depreciation	361,020	648,444
Depreciation on ROU asset	982,435	828,911
Deferred tax asset	52,040	(41,677)
Loss on disposal of property, plant and equipment	268,068	7,232
Loss on disposal of intangibles	-	10,683
Unrealised exchange loss / (gain)	(11,208)	(14,283)
Impairment of Goodwill	-	100,000
Contract Asset and Liability Franchise Fees	(3,163)	-
	1,878,985	**1,704,986**

BFG ANNUAL REPORT 2024 / NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

25) Reconciliation of net surplus after taxation to net cash flows provided from operating activities (Continued)

	2024	2023
Add: Items classified as investing or financing activities		
Gain on sale of assets	(21,791)	(9)
Add: Working capital movements		
(Increase) / decrease in trade and other receivables	(238,536)	(201,794)
(Increase) / decrease in inventories	(78,218)	183,390
(Decrease) / increase in taxation payable	53,032	151,414
Increase/ (decrease) in accounts payable and accruals, provisions and contract liability	1,999	341,737
	(261,723)	474,747
Net cash flows provided from operating activities	**2,922,548**	**3,080,142**

26) Segment reporting

Operating Segments

The Group operates in two operating segments; these operating segments have been divided into the following geographical regions, New Zealand and International markets. All the segment's operations are made up of franchising fees, royalties and sales to franchisees. The segments are in the business of Franchise Systems - Gourmet Burger Restaurants.

The amounts provided to the Board with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

26) Segment reporting (Continued)

2024	New Zealand	International	Consolidated
	$	$	$
Revenue			
Sales	11,151,620	-	**11,151,620**
Royalties	6,781,499	-	**6,781,499**
Franchising fees	228,717	24,991	**253,708**
Training fees	-	-	**-**
Property management fees	62,000	-	**62,000**
Advertising fees	4,863,227	-	**4,863,227**
Foreign exchange gain	-	11,208	**11,208**
Sundry income	2,616,060	-	**2,616,060**
Online Ordering	210,658	-	**210,658**
Interest received	297,625	129	**297,754**
Interest Leases	1,030,566	-	**1,030,566**
Total Revenue	**27,241,972**	**36,328**	**27,278,300**
Interest Expense	-	-	**-**
Interest Expense Leases Occupied	432,457	-	**432,457**
Interest Expense Leases non occupied	1,030,566	-	**1,030,566**
Depreciation	361,020	-	**361,020**
Depreciation Leases	982,435	-	**982,435**
Amortisation & impairment	229,793	-	**229,793**
Segment Result before Income Tax	2,170,588	(284,902)	**1,885,686**
Income Tax Expense	558,609	-	**558,609**
Segment Assets	39,075,015	399,236	**39,474,251**
Segment Liabilities	26,289,478	24,138	**26,313,616**

Acquisition of Property, Plant & Equipment & Intangible Assets.

Other	758,464	-	**758,464**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

26) Segment reporting (Continued)

2023	New Zealand	International	Consolidated
	$	$	$
Revenue			
Sales	9,802,833	-	**9,802,833**
Royalties	5,868,406	-	**5,868,406**
Franchising fees	422,010	24,991	**447,001**
Training fees	37,500	-	**37,500**
Property management fees	59,000	-	**59,000**
Advertising fees	4,308,488	-	**4,308,488**
Foreign exchange gain	19,764	(5,481)	**14,283**
Sundry income	2,053,328	112,320	**2,165,648**
Rent Relief on Non-Occupied Leases	96,500	-	**96,500**
Interest received	91,593	7	**91,600**
Interest Leases	1,089,474	-	**1,089,474**
Covid Government wage subsidy	35,606	-	**35,606**
Total Revenue	**23,884,502**	**131,837**	**24,016,339**
Interest Expense	325	-	**325**
Interest Expense Leases Occupied	471,326	-	**471,326**
Interest Expense Leases non occupied	1,089,474	-	**1,089,474**
Depreciation	648,444	-	**648,444**
Depreciation Leases	828,911	-	**828,911**
Amortisation & impairment	265,676	-	**265,676**
Segment Result before Income Tax	1,637,057	(378,071)	**1,258,986**
Income Tax Expense	358,568	-	**358,568**
Segment Assets	39,660,424	189,075	**39,849,499**
Segment Liabilities	27,986,575	23,941	**28,010,516**

Acquisition of Property, Plant & Equipment & Intangible Assets.

Other	1,242,515	-	**1,242,515**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

27) Net tangible asset per share (Non-GAAP Measure)

The net tangible asset per share is calculated by dividing the net tangible assets of the Group by the total number of ordinary shares in issue during the year. This is a non-GAAP measure, but the disclosure is required under the NZX listing rules.

	2024	2023
	$	$
Assets	17,895,769	16,076,278
Current lease receivable non-occupied – IFRS16	1,499,901	1,456,504
Right of use assets – Leases	5,746,179	6,474,721
Right of use assets – vehicles	117,989	212,826
Non-current lease receivable non-occupied – IFRS16	14,214,413	15,629,170
Total Assets	39,474,251	39,849,499
Liabilities	(3,786,526)	(3,314,855)
Lease Liabilities	(6,688,307)	(7,387,563)
Lease Liabilities – vehicles	(124,469)	(222,424)
Lease Liabilities – non-occupied	(15,714,314)	(17,085,674)
Total Liabilities	(26,313,616)	(28,010,516)
Net Assets	13,160,635	11,838,983
Less Intangible Assets and deferred tax asset	(2,614,722)	(2,674,675)
Net Tangible Assets	**10,545,913**	**9,164,308**
Total ordinary shares on issue	50,336,863	50,336,863
Net Tangible Assets per share ($ per Share)	0.21	0.18

28) Subsequent Events

The return of capital by way of a scheme of arrangement was approved by 92% of votes of shareholders cast at a special shareholders meeting held on 14 December 2023. On 8 May 2024 a full day hearing was held at the High Court at Auckland to hear and determine BFG's application seeking Court approval of the proposed return of capital. On 27 May 2024 Justice Andrew issued his decision approving the proposed return of capital by way of a scheme of arrangement.

$215,547 of direct costs relating to the process of the scheme will be deducted from equity in the Consolidated Statement of Financial Position when the $4,077,286 distribution is made in June 2024. 15,101,076 shares were cancelled on 5 June 2024, leaving 35,235,787 shares on issue (31 March 2024 50,336,863).

No other subsequent events.

SHAREHOLDER INFORMATION

FOR THE YEAR ENDED 31 MARCH 2024

Remuneration of Directors	2024 12 Months	2023 12 Months
	$	$
Peter Brook	77,000	77,000
Josef Roberts*	770,399	770,399
Alan Dunn	36,667	55,000
Tyrone Foley	35,000	31,250
Alan Gourdie	30,000	-

* Josef Roberts' remuneration is independently assessed by one of New Zealand's leading CEO salary and remuneration specialists and following their recommendations, set by the Board.

Remuneration of Employees (Excluding Executive Directors)	2024 12 Months Number of Employees	2023 12 Months Number of Employees
$100,000-$110,000	1	2
$110,001-$120,000	3	1
$120,001-$130,000	2	3
$130,001-$140,000	2	1
$140,001-$150,000	3	4
$170,001-$180,000	-	1
$180,001-$190,000	1	-
$190,001-$200,000	-	1
$200,001-$210,000	1	-
$220,001-$230,000	-	2
$230,001-$240,000	1	-
$260,001-$270,000	1	-
$270,001-$280,000	-	1
$290,001-$300,000	1	-

Statement of Directors and Officers Interests

Directors and Officers held the following equity securities in the Company:

	Beneficially held at 31/03/24	Non-beneficially held at 31/03/24	Beneficially held at 31/03/23	Non-beneficially held at 31/03/23
Peter Brook	336,596	-	336,596	-
Josef Roberts	33,376,335	-	33,376,335	-
Alan Dunn (Retired)	324,656	-	324,656	-
Tyrone Foley	14,874	-	14,874	-
Alan Gourdie	369,296	-	369,296	-
Mark Piet (Officer)	21,667	-	21,667	-

There were no share transactions with the Directors and Officers during the year. Directors are not required to own BFG shares, but all directors are shareholders.

SHAREHOLDER INFORMATION

FOR THE YEAR ENDED 31 MARCH 2024

Substantial Product Holders

The following information is given pursuant to section 293 of the Financial Markets Conduct Act 2013. As at 31 March 2024, details of the Substantial Product Holders in the company and their relevant interests in the company's shares are as follows:

Substantial Product Holder	Number of Voting Securities	%
JCR Capital Limited and 730 Trustee Company Limited as co-trustees of the JCR Investment Trust *	30,939,393	61.50%
E & P Foundation Trustee Limited	2,572,138	5.10%
Christopher Simon Mason and Christopher John Mills as trustees for the Mason Family Trust	2,516,844	5.00%

*Mason Roberts Holdings Limited is the legal holder (as bare trustee) of these shares.

Mason Roberts Holdings Limited is also the legal holder (as bare trustee) of shares beneficially owned by CMJR Trustee Ltd and GL JCR CMJR Guardian Ltd as co-trustees of the CMJR Trust.

The total number of shares legally held by Mason Roberts Holdings Limited (as bare trustee) as at 31 March 2024 was 33,376,335 (66.3%).

The total number of voting securities of the Company on issue at 31 March 2024 was 50,336,863 fully paid ordinary shares.

Twenty Largest Security Holders as at 31 March 2024

Shareholder	Number of Shares	%
MASON ROBERTS HOLDINGS LIMITED	33,376,335	66.31%
E & P FOUNDATION TRUSTEE LIMITED	2,572,138	5.11%
MASON TRUSTEE LIMITED & CHRISTOPHER SIMON MASON & CHRISTOPHER RONALD JOHN MILLS	2,516,844	5.00%
FORSYTH BARR CUSTODIANS LIMITED	1,266,660	2.52%
NEW ZEALAND DEPOSITORY NOMINEE LIMITED	1,028,327	2.04%
CUSTODIAL SERVICES LIMITED	497,654	0.99%
ASB NOMINEES LIMITED	475,000	0.94%
LAPHROAIG TRUSTEE COMPANY (NZ) LIMITED	370,963	0.74%
JBWERE (NZ) NOMINEES LIMITED	369,296	0.73%
PETER CLYNTON BROOK	336,596	0.67%
TRUMPETER TRUSTEES (2007) LIMITED	324,656	0.64%
ALASTAIR ROSS ARMSTRONG	259,250	0.52%
BRIAN KELLY LIMITED	250,000	0.50%
PLATEAU GROUP LIMITED	198,501	0.39%
STERLING NOMINEES LIMITED	150,292	0.30%
JI ZOU	143,263	0.28%
JOSEPH DANIEL BOTHA	122,057	0.24%
BRAD WILLIAM MCFARLANE	107,755	0.21%
ROBERT WALLACE MONTGOMERY DOWLER & ROSEMARY ELIZABETH DOWLER	100,000	0.20%
FORSYTH BARR CUSTODIANS LIMITED	78,158	0.16%
	44,543,745	**88.50%**

SHAREHOLDER INFORMATION

FOR THE YEAR ENDED 31 MARCH 2024

Domicile of Security Holdings

Location	Holders	Units	Units %
New Zealand	2,174	50,014,721	94.11%
Australia	88	187,934	3.81%
United Arab Emirates	3	48,017	0.13%
U.S.A.	14	29,433	0.61%
United Kingdom	13	26,750	0.56%
Canada	5	7,058	0.22%
Hong Kong	1	5,000	0.04%
Singapore	1	3,500	0.04%
Austria	1	2,000	0.04%
China	1	2,000	0.04%
Czech Republic	1	2,000	0.04%
France	1	2,000	0.04%
Ireland	1	1,600	0.04%
Norway	1	1,000	0.04%
Reunion	1	1,000	0.04%
South Africa	1	1,000	0.04%
Taiwan	1	1,000	0.04%
Hungary	1	550	0.04%
Switzerland	1	300	0.04%
Total	**2,310**	**50,336,863**	**100.0%**

Spread of Security Holders

Range	Holders	Units	Units %
1 - 499	196	56,639	0.1%
500 - 999	154	100,136	0.2%
1,000 - 1,999	1,239	1,359,442	2.7%
2,000 - 4,999	453	1,143,611	2.3%
5,000 - 9,999	132	759,744	1.5%
10,000 - 49,999	110	2,008,137	4.0%
50,000 - 99,999	7	443,567	0.9%
100,000 - 499,999	14	3,705,283	7.4%
500,000 - 999,999	0	0	0.0%
1,000,000 Over	5	40,760,304	81.0%
Total	**2,310**	**50,336,863**	**100.0%**

CORPORATE GOVERNANCE

FOR THE YEAR ENDED 31 MARCH 2024

The Board of Directors is responsible for the corporate governance of the Group. "Corporate Governance" involves the direction and control of the business by the Directors and the accountability of Directors to shareholders and other stakeholders for the performance of the Group and compliance with applicable laws and standards.

The group has followed the recommendations in the NZX Corporate Governance Code during the relevant financial year, full details can be found on our website;

https://www.burgerfuel.com/nz/investor-relations#company-documents

Role of the Board

The Board is elected by the Shareholders of the Company. A Director must not hold office (without re-election) past the third annual meeting following the Directors appointment or 3 years, whichever is longer. The Directors to retire are those who wish to retire, or those who have been longest in office since last being elected, subject to voting.

The Board of Directors is responsible for the overall direction of Burger Fuel Group Limited's business and affairs on behalf of all shareholders. The Board's key role is to ensure that corporate management is continuously and effectively striving for above-average performance, taking account of risk.

The Board:

- Establishes the objectives of Burger Fuel Group Limited;
- Approves major strategies for achieving these objectives;
- Oversees risk management and compliance;
- Sets in place the policy framework within which BurgerFuel operates; and
- Monitors management performance against this background.

The Board has delegated the day-to-day leadership and management of the Group to the Group Chief Executive Officer, Chief Operating Officer and the Chief Financial Officer.

The Board monitors financial results and compares them to annual plans and forecasts / budgets on a regular basis, and on a quarterly basis reviews the Group's performance against its strategic planning objectives.

Board size and Composition

The size and composition of the Board is determined by the Company's constitution. As at 31 March 2024, there were four Directors and a Chief Financial Officer / Company Secretary. The Chairman of the Board and the Chairman of the Audit Committee are non-executive and independent of the role of the Chief Executive Officer and Chief Financial Officer.

Directors and Officers diversity

NZX listed issuers are required to report quantitative data on the gender breakdown of Directors and Officers at the financial year end. The policy behind the rule is to provide information to allow investors to maintain an informed view of diversity as a factor relevant to an Issuer's expected performance.

	2024		2023	
	Male	**Female**	**Male**	**Female**
Directors	4	-	4	-
Executive / Leadership Team	5	1	5	1
Total Head Office Staff	22	20	21	17

Audit Committee

(i) Risk Management
The Audit Committee is required to establish a framework of internal control mechanisms to ensure proper management of the Group's affairs and that key business and financial risks are identified and controls and procedures are in place to effectively manage those risks. The Audit Committee is accountable to the Board for the recommendation of the external auditors, directing and monitoring the audit function and reviewing the adequacy and quality of the annual audit process.

(ii) Additional Assurance
The Committee provides the Board with additional assurance regarding the accuracy of financial information for inclusion in the Group's annual report, including the financial statements. The Committee is also responsible for ensuring that Burger Fuel Group Limited has an effective internal control framework. These controls include the safeguarding of assets, maintaining proper accounting records, complying with legislation, including resource management and health and safety issues, ensuring the reliability of financial information and assessing and overviewing business risk. The Committee also deals with governmental and New Zealand Stock Exchange requirements.

(iii) Share Trading Policy
The Company has adopted a formal Securities Trading Policy ("Policy") to address insider trading requirements.

The Policy is modelled on the Listed Companies Association Securities Trading Policy and Guidelines and is administered by the Audit Committee and restricts share trading in a number of ways.

(iv) Insurance and Indemnification
Burger Fuel Group Limited provides indemnity insurance cover to directors, officers and employees of the Group except where there is conduct involving a wilful breach of duty, improper use of inside information or criminality.

CORPORATE GOVERNANCE

FOR THE YEAR ENDED 31 MARCH 2024

Directors & Officers Board & Audit Committee Attendance Record

Directors	Board Meetings	Audit Committee Meetings	Special Meetings
Peter Brook (Board Chair & Independent Director)	6	3	2
Josef Roberts (CEO Executive Director)	6	3	2
Alan Dunn (Audit Committee Chair & Independent Director)	2	1	2
Tyrone Foley (Non independent Director) *	6	3	2
Alan Gourdie (Audit Committee Chair & Independent Director)	3	2	1
Officer			
Mark Piet (Chief Financial Officer / Company Secretary) *	6	3	2

*Tyrone Foley and Mark Piet are not part of the Audit Committee they are observers and are not involved in any of the decision making.

The composition of the Audit committee is Alan Gourdie, Peter Brook and Josef Roberts.

Peter Brook, Alan Dunn and Alan Gourdie are considered by the Board to be independent directors, as defined under the NZX Listing Rules, as at 31 March 2024. This determination has been made on the basis that neither Peter Brook, Alan Dunn or Alan Gourdie are employees of the Group, nor do they have any 'Disqualifying Relationship' as that term is defined in the Listing Rules.

Alan Dunn retired as a Director on 24 November 2023 and Alan Gourdie was appointed as a director on 1 October 2023. Alan Gourdie became the Chair of the Audit Committee.

Constitution
A full copy of the Company's constitution is available on the Company's website (www.burgerfuel.com).

Board Remuneration
Directors are entitled to Directors' fees, reasonable travelling, accommodation and other expenses incurred in the course of performing duties or exercising powers as Directors. Aggregate fees payable to the Board will not exceed $180,000 per annum, excluding the Group Chief Executive and Chief Financial Officer/Company Secretary.

Peter Brook, the Chairman, receives an annual fee of $77,000, Alan Dunn (retired) the independent, non-executive Director received an annual fee of $55,000, Tyrone Foley Non-Independent Director $35,000 and Alan Gourdie independent director $60,000 pa ($30,000 for a part year in FY24). The Company Secretary attends to all company secretarial and corporate governance matters.

There are currently no, short or long term incentives, share options, or retirement benefits for the directors & CEO.

Conflict of Interest
The Board has guidelines dealing with the disclosure of interests by Directors and the participation and voting at Board meetings where any such interests are discussed. The Group maintains an interests register in which particulars of certain transactions and matters involving Directors must be recorded.

There have been no political donations by the company.

CORPORATE GOVERNANCE

FOR THE YEAR ENDED 31 MARCH 2024

Sustainability
Burger Fuel Group is committed to developing long term value creation. As part of this commitment, Burger Fuel Group's Board is focused on building a sustainable future for its business, people, customers and communities by doing what is right.

We recognise the importance of playing our part in the transition to a decarbonised and circular economy and have been continuing to chip away at initiatives to help us understand and reduce our impact with the support of our sustainability consultants at Go Well Consulting

The Group has assessed its carbon footprint and is looking at ways to reduce this where it can. The Group is also continually reviewing the supply chain to source mostly local products, have 100% compostable packaging and also have composting in stores to divert waste from landfill.

Our focus over the past year has largely been around circular waste management in our stores.

We are trialling compost collections in our company owned stores in Ponsonby and Takapuna, with the intention of rolling this out across all stores in the coming year (where possible).

We have also trialled using local rescued bread, carrots, venison and cherries on our limited-edition menu items to challenge perception around food waste in NZ.

The nature of our business makes it difficult to be carbon neutral (without buying offsetting carbon credits), but we are we are constantly assessing this, as new equipment and processes come to market.

COMPANY DIRECTORY

FOR THE YEAR ENDED 31 MARCH 2024

NZ Companies Office
Registered Office
Burger Fuel Group Limited
66 Surrey Crescent
Grey Lynn
Auckland 1021

Company Number
1947191

Date of Incorporation
14-Jun-07

Directors
Peter Brook - Chairman (Independent)
Alan Dunn (Independent) – retired 24/11/2023
Alan Gourdie (Independent) – appointed 01/10/2023
Josef Roberts (Executive)
Tyrone Foley (Non-Independent)

Board Executives
Mark Piet
(Chief Financial Officer / Company Secretary)

Business Headquarters
66 Surrey Crescent
Grey Lynn
Auckland 1021

Bankers
ASB Bank Limited
CBA Bank Limited (Australia)

Solicitors
Dentons Kensington Swan, 18 Viaduct Harbour Avenue, Auckland 1011.

Buddle Findlay, HSBC Tower, 188 Quay Street, PO Box 1433, Auckland 1140.

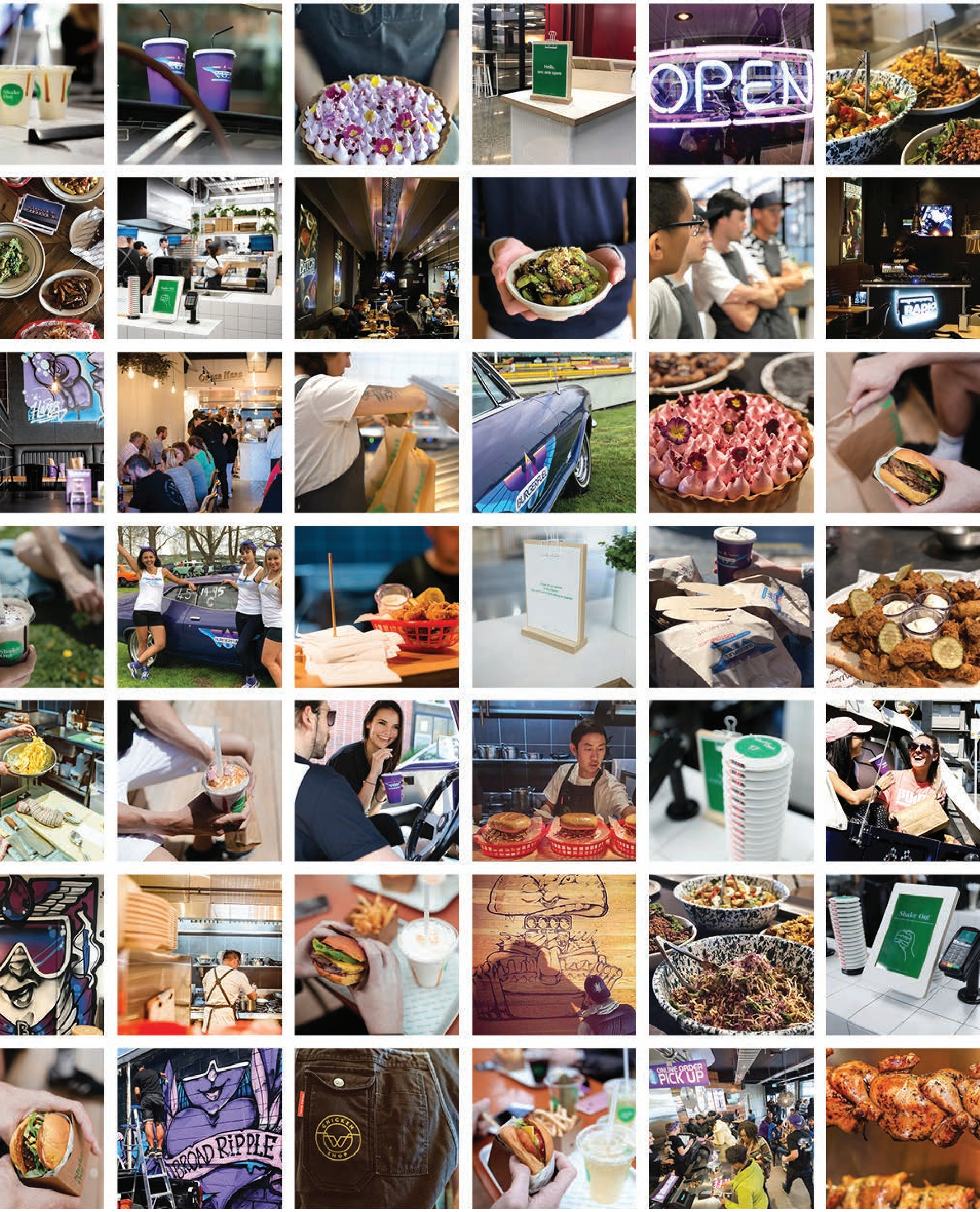
Wynn Williams PO Box 2401, Shortland Street, Auckland 1140.

Corporate Counsel Limited Solicitors, P.O Box 37-322, Parnell, Auckland 1151

Accountant
KPMG
18 Viaduct Harbour Avenue,
Auckland 1140

Bridgepoint Group Accounting Pty Ltd
Suite 301, 8 West Street,North Sydney
NSW 2060
Australia

Auditors
Baker Tilly Staples Rodway Auckland
Level 9, Tower Centre
45 Queen Street
Auckland 1010



Shake Out

WINNER WINNER

WWW.BURGERFUELGROUP.COM