

# Burger Fuel Group Limited

## Preliminary Full Year Results

### For The Year Ended 31 March 2023

## Chairman and Chief Executives' Review

### Burger Fuel Group Ltd Preliminary Full Year Results for the 12 months ended 31st March 2023

#### Overview – FY23

The Directors of Burger Fuel Group Limited (BFG) present the results for the 12 months to 31 March 2023. (The audit of these results is in the process of being finalised).

**Net Profit after tax for the period was \$900,418 representing a 56.3% increase on the previous year.**

This result reflects a strong sales year in FY23, with total Group sales back at pre Covid levels.

BurgerFuel Group (unaudited) Total System Sales (all three brands, all regions) increased by 12.77% to \$106.2M on the same period last year. The Group had strong store sales in FY23 which was helped with the opening of the BurgerFuel Cambridge & Rolleston stores in May 2022 and October 2022 respectively, delivery sales for Winner Winner and Shake Out, and the fact that we are benchmarking against reduced trading days in FY22, when the stores were closed due to Covid (August & September 2022). The CBD stores also had improved sales due to office workers returning to the city centres.

We expect the sales increase to continue into FY24 with the introduction of online delivery options for BurgerFuel being trialled across selected stores in the BurgerFuel system. However, we are conscious of the fact that the economic environment remains challenging, and this could impact sales.

Total income for the Group increased by 14.5% to \$24.0M.

#### BFG RESULTS FOR THE PERIOD 1 APRIL 2022 TO 31 March 2023

	31 March 2023	31 March 2022
	\$000	\$000
Operating Revenue *	22,891	19,275
Interest Income – IFRS 16 non-occupied leases	1,089	1,267
Covid Government wage subsidy	36	430
<b>Total Income</b>	<b>24,016</b>	<b>20,972</b>
Operating Expenses **	(20,368)	(17,689)
Depreciation Expense – IFRS 16 occupied leases	(829)	(780)
Interest Expense - IFRS 16 non-occupied leases	(1,089)	(1,267)
Interest Expense - IFRS 16 occupied leases	(471)	(488)
<b>Total Expenses</b>	<b>(22,757)</b>	<b>(20,224)</b>
Net Profit (Loss) Before Tax	1,259	748
Net Profit (Loss) After Tax ***	900	576

\* Revenue includes: Operating revenue and interest income but excludes Covid related Government support.

\*\* 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.

## **Overview – FY23 (continued)**

As at 31 March 2023 there were 60 BurgerFuel restaurants operating in NZ and 7 operating in the Middle East excluding third party “ghost” kitchens operating in the UAE. From 1 April 2022 the UAE now only has one store operating in Dubai, that being the World Trade Centre store which operates under our new licence holder.

As at 31 March 2023 there were 4 Shake Out and 4 Winner Winner restaurants operating in NZ which includes the opening of our new company owned Shake Out store in Auckland’s CBD Commercial Bay precinct.

## **The Year’s Results and Group Outlook**

### **New Zealand**

Total systemwide sales across New Zealand (68 restaurants, all 3 brands) increased by 19.10% on the previous year. We are also pleased to announce the opening of the new BurgerFuel Dunedin store in April 2023 (FY24). This store has been well received and to date is performing strongly.

Shake Out total store sales increased by 61.6% in FY23 mainly due to the introduction of delivery services in April 2022 and the opening of our company owned Shake Out store in the Commercial Bay precinct, downtown Auckland, in November 2022. This store is performing as expected but has had a few disruptions with the Christmas period and the extreme weather events occurring throughout 2023. Once again, we are benchmarking against less trading days in FY22.

Winner Winner total sales increased by 33.5%. this is also due to the introduction of delivery services and reduced sales in FY22. In May 2023 the board of directors decided to close our company owned Winner Winner store in Takapuna, Auckland. This site never really performed well, and its closure will reduce the ongoing losses in that location. Winner Winner is a great brand, but trading and growth in this brand was significantly affected by the Covid period. We learnt from this restaurant and as a result we are re-working our Winner Winner offer, to reduce complexity and ultimately to make the brand more scalable.

For the entire financial year, the two new brands represented 8.3% of total sales for the group (9.08% of total NZ sales).

The establishment of new brands takes considerable time and financial investment and accordingly this investment has affected our bottom line. In addition, these new brands were both affected by almost 3 years of Covid disruptions. We do believe that both brands have a future in New Zealand, however significant resources in terms of cash and management will be needed to continue in FY24.

### **The Middle East**

In April 2022 we appointed a new Master Licensee for the entire region to one company that assumes responsibility for the appointment and operations of individual stores and regional franchisees. This is effectively a Development Agent (DA) Agreement structure.

Under the DA Agreement BFG will receive a share of royalties generated from BurgerFuel sales in the region. Each new store will be owned or franchised under the new DA agreement. The DA will be responsible for site selection and store construction as well as training and day to day operations. As previously advised, the Group incurred costs in FY23 in relation to setting up this new DA structure with a view to rebuilding the brand in the MENA region over future years.

The BurgerFuel store in Dubai will soon undergo a full refit which will reflect an updated store design. It is intended that this new look store will attract potential franchisees within the region and allow further franchising.

The future of MENA will be entirely dependent on the success of the new DA structure. Whilst BFG’s percentage share of royalties will be substantially lower than in previous years, our operational involvement will also be on a significantly reduced basis.

BFG earnings from the Middle East have been diminishing for some years, and the Group doesn’t anticipate generating any income from the Middle East until FY25.

The Middle East sales are down 29.1% in FY23. This is due to the previous UAE licence holder exiting the brand and closing 3 stores. Saudi Arabia also closed 2 underperforming stores in FY23 and 2 stores in FY24 and now have 4 stores operating in this region.

## Summary and Outlook

The FY23 year was another very challenging year. The hospitality sector was hit hard by the pandemic, staff shortages and increased costs, but given these circumstances we believe the Group achieved a solid performance and profit for the year.

At this stage the Group Performance over the next 12 months remains uncertain with the current worsening economic conditions but the recent sales growth is promising, as is the proposed trial of the delivery service for select BurgerFuel outlets.

We expect growth in new stores to be modest with perhaps a few new stores across all brands occurring in FY24.

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

## Consolidated Statement of Comprehensive Income

### For The Year Ended 31 March 2023

	2023	2022
	\$	\$
Revenue	22,799,659	19,251,105
Covid Government wage subsidy	35,606	430,292
Operating Expenses	(19,553,197)	(17,079,428)
Transfer from Foreign currency reserve on windup of subsidiary	-	-
<b>Profit before Interest, Taxation, Depreciation and Amortisation</b>	<b>3,282,068</b>	<b>2,601,969</b>
Depreciation on Property, Plant and Equipment	(648,444)	(470,161)
Depreciation on Right of Use Assets	(828,911)	(779,953)
Amortisation	(165,676)	(139,442)
	(1,643,031)	(1,389,556)
<b>Profit before Interest and Taxation</b>	<b>1,639,037</b>	<b>1,212,413</b>
Interest Income	91,600	23,579
Interest Income leases non-occupied	1,089,474	1,266,637
Interest Expense	(325)	-
Interest Expense leases occupied	(471,326)	(487,846)
Interest Expense leases non-occupied	(1,089,474)	(1,266,637)
	(380,051)	(464,267)
<b>Profit before Taxation</b>	<b>1,258,986</b>	<b>748,146</b>
Income Tax Expense	(358,568)	(172,277)
<b>Net Profit attributable to shareholders</b>	<b>900,418</b>	<b>575,869</b>
<b>Other comprehensive income:</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Movement in Foreign Currency Translation Reserve	1,708	12,684
<b>Total comprehensive income</b>	<b>902,126</b>	<b>588,553</b>
Basic Earnings per Share (cents)	<b>1.79</b>	<b>1.14</b>
Diluted Earnings per Share (cents)	1.79	1.14

# Burger Fuel Group Limited

## Consolidated Statement of Financial Position

### As at 31 March 2023

	2023	2022
<b>Shareholders' equity</b>	\$	\$
Contributed equity	11,913,499	11,913,499
Accumulated losses	209,252	(691,166)
Foreign currency translation reserve	(283,768)	(285,476)
	<b>11,838,983</b>	<b>10,936,857</b>
<b>Current assets</b>		
Cash and cash equivalents	8,202,024	6,798,362
Trade and other receivables	2,133,744	1,931,950
Lease Receivable: non-occupied	1,456,504	1,538,383
Inventories	578,993	762,383
Loans	16,189	11,034
	12,387,454	11,042,112
<b>Non-current assets</b>		
Property, plant and equipment	2,441,342	2,465,244
Right of use asset - leases	6,687,547	7,727,134
Lease receivable non-occupied	15,629,170	18,172,743
Deferred tax asset	618,420	576,743
Loans	29,311	63,296
Intangible assets	2,056,255	1,905,563
	27,462,045	30,910,723
<b>Total assets</b>	<b>39,849,499</b>	<b>41,952,835</b>
<b>Current liabilities</b>		
Trade and other payables	1,853,546	1,249,455
Contract Liability	195,072	234,448
Lease Liability	659,714	615,881
Lease Liability: non-occupied	1,456,504	1,538,383
Income tax payable	267,063	115,649
Provisions	345,692	350,337
	4,777,591	4,104,153
<b>Non-current liabilities</b>		
Contract Liability	610,240	830,615
Lease Liability	6,950,273	7,867,267
Lease Liability non-occupied	15,629,170	18,172,743
Provisions	43,242	41,200
	23,232,925	26,911,825
<b>Total liabilities</b>	<b>28,010,516</b>	<b>31,015,978</b>
<b>Net assets</b>	<b>11,838,983</b>	<b>10,936,857</b>

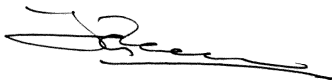
**Burger Fuel Group Limited**  
**Consolidated Statement of Financial Position**  
**As at 31 March 2023**

	2023	2022
Net tangible assets per share (\$ per share)	0.18	0.17

For and on behalf of the Board who approved these financial statements for issue on 30th May 2023.



**Director**



**Director**

# Burger Fuel Group Limited

## Consolidated Statement of Changes in Equity

### For The Year Ended 31 March 2023

2023

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

2022

	Contributed Equity \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total Equity \$
<b>Balance as at 1 April 2021</b>	<b>11,913,499</b>	<b>(298,160)</b>	<b>(1,267,035)</b>	<b>10,348,304</b>
Movement in foreign currency translation reserve recognised in other comprehensive income	-	12,684	-	<b>12,684</b>
Net Profit for the year ended 31 March 2022	-	-	575,869	<b>575,869</b>
Total comprehensive income	-	12,684	575,869	<b>588,553</b>
<b>Balance as at 31 March 2022</b>	<b>11,913,499</b>	<b>(285,476)</b>	<b>(691,166)</b>	<b>10,936,857</b>

# Burger Fuel Group Limited

## Consolidated Statement of Cash Flows

### For The Year Ended 31 March 2023

	2023	2022
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers	22,567,953	19,286,019
Covid Government wage subsidy	35,606	445,301
Interest received	91,600	23,579
Goods and services tax	54,443	84,103
Payments to suppliers & employees	(18,948,977)	(18,502,590)
Interest Paid	(325)	-
Interest on leases	(471,326)	(459,677)
Taxes (paid/refund)	(248,832)	(541,965)
<b>Net cash flows provided from operating activities</b>	<b>3,080,142</b>	<b>334,770</b>
<b>Cash flows from investing activities</b>		
Repayment of loans	28,830	163,320
Sale of property, plant and equipment	187,050	77,576
Acquisition of intangible assets	(427,050)	(1,364)
Acquisition of property, plant & equipment	(815,465)	(383,584)
<b>Net cash flows applied to investing activities</b>	<b>(1,026,635)</b>	<b>(144,052)</b>
<b>Cash flows from financing activities</b>		
Lease Liability Capital Component	(662,486)	(505,496)
<b>Net cash flows applied to financing activities</b>	<b>(662,486)</b>	<b>(505,496)</b>
<b>Net movement in cash and cash equivalents</b>	<b>1,391,021</b>	<b>(314,778)</b>
<b>Exchange gains / (loss) on cash and cash equivalents</b>	<b>12,641</b>	<b>(979)</b>
<b>Opening cash and cash equivalents</b>	<b>6,798,362</b>	<b>7,114,119</b>
<b>Closing cash and cash equivalents</b>	<b>8,202,024</b>	<b>6,798,362</b>



# Burger Fuel Group Limited

## 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. New Zealand's segment result is also due to the amortisation of intangible assets.

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.

2023	New Zealand	International	Consolidated
	\$	\$	\$
<b>Revenue</b>			
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	4,215,561	-	4,215,561
Foreign exchange gain	19,764	(5,481)	14,283
Sundry income	2,146,255	112,320	2,258,575
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
<b>Total Revenue</b>	<b>23,884,502</b>	<b>131,837</b>	<b>24,016,339</b>
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	165,676	-	165,676
<b>Segment Result before Income Tax</b>	<b>1,637,057</b>	<b>(378,071)</b>	<b>1,258,986</b>
<b>Income Tax Expense</b>	<b>358,568</b>	<b>-</b>	<b>358,568</b>
<b>Segment Assets</b>	<b>39,660,424</b>	<b>189,075</b>	<b>39,849,499</b>
<b>Segment Liabilities</b>	<b>27,986,575</b>	<b>23,941</b>	<b>28,010,516</b>

### Acquisition of Property, Plant & Equipment & Intangible Assets

<b>Other</b>	<b>1,231,832</b>	<b>-</b>	<b>1,231,832</b>
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# Burger Fuel Group Limited

## SEGMENT REPORTING (CONTINUED)

2022	New Zealand	International	Consolidated
	\$	\$	\$
<b>Revenue</b>			
Sales	8,035,134	42,140	8,077,274
Royalties	4,933,041	45,580	4,978,621
Franchising fees	236,599	249,754	486,353
Training fees	-	-	-
Property management fees	57,000	-	57,000
Advertising fees	3,507,309	-	3,507,309
Foreign exchange gain	(2,749)	(10,972)	(13,721)
Sundry income	2,016,172	327	2,016,499
Rent Relief on Non-Occupied Leases	141,770	-	141,770
Interest received	23,551	26	23,577
Interest Leases	1,266,637	-	1,266,637
Covid Government wage subsidy	430,292	-	430,292
<b>Total Revenue</b>	<b>20,644,756</b>	<b>326,855</b>	<b>20,971,611</b>
Interest Expense	2	-	2
Interest Expense Leases Occupied	487,846	-	487,846
Interest Expense Leases non occupied	1,266,637	-	1,266,637
Depreciation	463,451	6,710	470,161
Depreciation Leases	779,953	-	779,953
Amortisation	139,442	-	139,442
<b>Segment Result before Income Tax</b>	<b>634,351</b>	<b>113,795</b>	<b>748,146</b>
<b>Income Tax Expense</b>	<b>172,277</b>	<b>-</b>	<b>172,277</b>
<b>Segment Assets</b>	<b>41,724,930</b>	<b>227,905</b>	<b>41,952,835</b>
<b>Segment Liabilities</b>	<b>30,960,790</b>	<b>55,188</b>	<b>31,015,978</b>
<b><u>Acquisition of Property, Plant &amp; Equipment &amp; Intangible Assets</u></b>			
<b>Other</b>	<b>384,948</b>	<b>-</b>	<b>384,948</b>

# **Burger Fuel Group Limited**

## **Company Directory**

### **As at 31 March 2023**

#### **NZ Companies Office - Registered Office**

Burger Fuel Group Limited  
66 Surrey Crescent  
Grey Lynn  
Auckland 1021

#### **Accountants**

KPMG  
18 Viaduct Harbour Avenue,  
Auckland 1140

#### **Company Number**

1947191

Bridgepoint Group Accounting Pty Ltd

Suite 301, 8 West Street,

North Sydney

NSW 2060

Australia

#### **Date of Incorporation**

14-Jun-07

#### **Directors**

Peter Brook - Chairman (Independent)

Alan Dunn (Independent)

Josef Roberts (Executive)

Tyrone Foley (Non-Independent)

#### **Auditors**

Baker Tilly Staples Rodway

Level 9, Tower Centre

45 Queen Street

Auckland 1010

#### **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 \*

\*Ceased providing services to the Group on 25 July 2022.