



## ***BURGERFUEL GROUP - PRESS RELEASE***

**TUESDAY, 30 MAY 2023**

# **BURGER FUEL GROUP LIMITED PRELIMINARY FULL YEAR RESULTS FOR THE YEAR ENDED 31 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.

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.

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

	31 March 2023 \$000	31 March 2022 \$000
Operating Revenue *	22,891	19,275
Interest Income – IFRS 16 non-occupied leases	1,089	1,267
Covid-19 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.

## 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

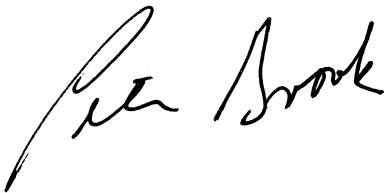
The FY23 year was another very challenging year. The hospitality sector was hit hard by the pandemic, staff shortages and increased costs, but given these circumstances we believe the Group achieved a solid performance and profit for the year.

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.

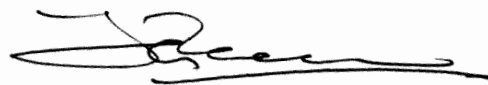
We expect growth in new stores to be modest with perhaps a few new stores across all brands occurring in FY24.

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

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