

# Burger Fuel Group Limited

## Preliminary Full Year Results

### For The Year Ended 31 March 2022

Results for announcement to the market		
Name of issuer	Burger Fuel Group Limited	
Reporting Period	12 months to 31 March 2022	
Previous Reporting Period	12 months to 31 March 2021	
Currency	NZD	
	Amount (000s)	Percentage change
Revenue from continuing operations	\$ 20,972	0.01%
Total Revenue	\$ 20,972	0.01%
Net profit/(loss) from continuing operations	\$ 576	(19.2%)
Total net profit/(loss)	\$ 576	(19.2%)
Interim/Final Dividend		
Amount per Quoted Equity Security	Not Applicable	
Imputed amount per Quoted Equity Security	Not Applicable	
Record Date	Not Applicable	
Dividend Payment Date	Not Applicable	
	Current period	Prior comparable period
Net tangible assets per Quoted Equity Security	\$0.17	\$0.15
A brief explanation of any of the figures above necessary to enable the figures to be understood	The results reflect a second year of considerable COVID disruption including temporary store closures both during and after periods of lockdown. In addition, substantial costs associated with establishing our new brands (Winner Winner and Shake Out) were also incurred as well as exit costs associated with the termination of the Master License of the UAE and ongoing development assessment costs for that region.	
Authority for this announcement		
Name of person authorised to make this announcement	Mark Piet	
Contact person for this announcement	Mark Piet	
Contact phone number	021 453 333	
Contact email address	<a href="mailto:Mark.Piet@Burgerfuel.com">Mark.Piet@Burgerfuel.com</a>	
Date of release through MAP	30/05/2022	

# Burger Fuel Group Limited

## Preliminary Full Year Results

### For The Year Ended 31 March 2022

## Chairman and Chief Executives' Review

### Burger Fuel Group Ltd Preliminary Full Year Results for the 12 months ended 31st March 2022

#### Overview – FY22

The Directors of Burger Fuel Group Limited (BFG) present the results for the 12 months to 31 March 2022. The audit of these results is in the process of being finalised.

**Net Profit after tax for the period was \$575,869 representing a 19.2% decrease on the previous year.**

The results reflect a second year of considerable COVID disruption including temporary store closures both during and after periods of lockdown. In addition, substantial costs associated with establishing our new brands (Winner Winner and Shake Out) were also incurred as well as exit costs associated with the termination of the Master License of the UAE and ongoing development assessment costs for that region. These and other operating costs were partly offset with some Government support received by the Group.

As at 31 March 2022 the Group had no debt, and cash reserves of \$6.8M.

BurgerFuel Group (unaudited) Total System Sales (all three brands, all regions) increased by 6.22% to \$94.2M on the same period last year. The increase in sales is mainly due to benchmarking against reduced sales in April 2020 when the total system was closed for a month due to COVID. There were also reduced sales due to COVID store closures in FY22 (August & September) but not to the same extent. We had also opened the BurgerFuel Whangarei store in March 2021, and that store continues to perform well.

Total income for the Group increased by 0.01% to \$21.0M.

#### **BFG RESULTS FOR THE PERIOD 1 APRIL 2021 TO 31 March 2022**

	<b>31 March 2022</b>	<b>31 March 2021</b>
	\$000	\$000
Operating Revenue *	19,275	18,654
Interest Income – IFRS 16 non-occupied leases	1,267	1,381
COVID Government wage subsidy	430	934
<b>Total Income</b>	<b>20,972</b>	<b>20,969</b>
Operating Expenses **	(17,689)	(16,941)
Depreciation Expense – IFRS 16 occupied leases	(780)	(699)
Interest Expense - IFRS 16 non-occupied leases	(1,267)	(1,381)
Interest Expense - IFRS 16 occupied leases	(488)	(481)
Transfer from foreign currency reserve on windup of subsidiary	-	(131)
<b>Total Expenses</b>	<b>(20,224)</b>	<b>(19,633)</b>
Net Profit (Loss) Before Tax	748	1,336
Net Profit (Loss) After Tax ***	576	713

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

\*\* Expenses include: Operating expenses, depreciation, amortisation and interest expense but excludes the transfer from foreign currency reserve on windup of subsidiary.

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

## **Overview – FY22 (continued)**

As at 31 March 2022 there were 58 BurgerFuel restaurants operating in NZ and 12 operating in the Middle East excluding third party “ghost” kitchens operating in the UAE. From the 1<sup>st</sup> April 2022 the UAE now only has the World Trade Centre store in operation, taking the MENA region store count to 9 stores.

There are 3 Shake Out and 4 Winner Winner restaurants operating in NZ.

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

### **New Zealand**

Total systemwide sales across New Zealand (65 restaurants, all 3 brands) increased by 5.67% on the previous year.

The COVID Alert Level 4 lockdown resulted in FY22 having 35 less days of trade in the Auckland region and 14 in the rest of the country. All stores were closed between 18 August and 31 August 2021, with the Auckland stores reopening on 22 September 2021. We also had reduced store hours across the system in the tail end of FY22 due to COVID staff shortages.

Shake Out total store sales increased by 6.3% in FY22 and we expect this increase to continue into FY23 with the introduction of online delivery options now being trialled. Delivery is also now available with the Winner Winner brand.

Winner Winner total sales increased by 6.8%. Winner Winner has a larger mix of dine-in customers and the constantly changing Alert Levels had a greater negative impact on Winner Winner, more so than our other two brands. The company owned store in Takapuna continues to remain challenging, however we remain optimistic about sales improvement in this store in FY23, providing COVID does not once again impact the Auckland region.

For the entire financial year, the two new brands represented 6.5% of total NZ sales for the group.

The establishment of new brands takes considerable time and financial investment and accordingly this investment has affected our bottom line. Unfortunately, with the ongoing impact of temporary COVID store closures and reduced hours we were unable to gain much traction with these brands in FY22. We do however believe that both brands have a future in New Zealand, however significant resources in terms of cash and management will need to continue in FY23. The future development of these brands in FY23 is very much dependant on the impact of COVID as well as general market conditions.

### **The Middle East**

The Middle East sales improved in FY22 with total sales up 10.0%. The drop in the Group’s royalty revenue from the Middle East reflects COVID support provided to our Middle Eastern partners.

As announced on 25 March 2022 our United Arab Emirates Master License holder AKI Group, ceased operating the BurgerFuel brand in the UAE on 1 April 2022. At present we continue to operate in the UAE with a single store at the World Trade Centre in Dubai and by way of third party “ghost” kitchens. Ultimately, we anticipate the operation of BurgerFuel Middle East will occur under, a yet to be finalised Development Agent (DA) agreement. This structure effectively appoints a Master Licensee for the entire region to one company that assumes responsibility for the appointment and operations of individual stores and regional franchisees.

BFG earnings from the Middle East have been diminishing for some years, but particularly since the arrival of COVID. The Group doesn’t anticipate generating any material income from the UAE region or the wider Middle East in the next couple of years, while this proposed new DA structure is embedded and tested. It should be noted that the Group incurred costs in FY22 in relation to both exiting the Master License agreement with AKI Group, as well as the ongoing assessment of this region for further growth.

BurgerFuel Saudi Arabia sales were up on FY21 even after closing two underperforming stores and the “ghost” kitchen operations. A new location was opened at Faisaliyah in December 2020 which contributed to these increased sales.

The future of the Middle East business remains uncertain. This territory will need to be completely redeveloped and although we have made an initial commitment to move forward on this, there can be no certainty of future returns from this region for some time yet.

## Summary and Outlook

The FY22 year was another very challenging year under COVID. The hospitality sector was hit hard by the pandemic but given these circumstances we believe the Group turned in a reasonable performance, in that it was still able to maintain a profit for the year. At this stage the Group Performance over the next 12 months remains uncertain both with COVID but also with the current worsening economic conditions. Like every business in New Zealand, we are experiencing rapidly escalating cost pressures both in the supply chain, but also labour costs and shortages. We cannot see an end to this at present and believe that these increased costs are permanent and therefore will lead to increased prices as the year progresses. Price increases are set to occur right across our sector and also in the wider economy in general.

In regard to franchise opportunities in FY23, whilst we expect there to be some activity, it is unclear if the current economic conditions will yield potential suitable franchisees for new locations. Accordingly, we expect growth in new stores to be modest with perhaps a few new stores across all brands occurring in FY23. On the positive side, once again the past year has confirmed BurgerFuel's robustness as a well-established brand within New Zealand and we expect to at least maintain consumer demand (sales) in FY23 despite increased prices.

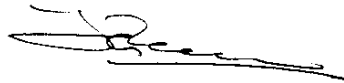
BurgerFuel Group in conjunction with its advisors KPMG continue to remain open to any future strategic options that may present themselves in FY23. The Board will keep the market updated with any material developments should they occur throughout the ongoing strategic review process.

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 2022

	2022	2021
	\$	\$
Revenue	19,251,105	18,615,623
COVID Government wage subsidy	430,292	934,020
Operating Expenses	(17,079,428)	(16,322,939)
Transfer from Foreign currency reserve on windup of subsidiary	-	(130,882)
<b>Profit before Interest, Taxation, Depreciation and Amortisation</b>	<b>2,601,969</b>	<b>3,095,822</b>
Depreciation on Property, Plant and Equipment	(470,161)	(477,008)
Depreciation on Right of Use Assets	(779,953)	(698,813)
Amortisation	(139,442)	(142,067)
	<u>(1,389,556)</u>	<u>(1,317,888)</u>
<b>Profit before Interest and Taxation</b>	<b>1,212,413</b>	<b>1,777,934</b>
Interest Income	23,577	38,816
Interest Income leases non-occupied	1,266,637	1,380,726
Interest Expense	2	(86)
Interest Expense leases occupied	(487,846)	(480,899)
Interest Expense leases non-occupied	(1,266,637)	(1,380,726)
	<u>(464,267)</u>	<u>(442,169)</u>
<b>Profit before Taxation</b>	<b>748,146</b>	<b>1,335,765</b>
Income Tax Expense	(172,277)	(622,780)
<b>Net Profit attributable to shareholders</b>	<b>575,869</b>	<b>712,985</b>
<b>Other comprehensive income:</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Movement in Foreign Currency Translation Reserve	12,684	12,257
<b>Total comprehensive income</b>	<b>588,553</b>	<b>725,242</b>
Basic Earnings per Share (cents)	<b>1.14</b>	<b>1.37</b>
Diluted Earnings per Share (cents)	1.14	1.37

# Burger Fuel Group Limited

## Consolidated Statement of Financial Position

### As at 31 March 2022


	2022	2021
<b>Shareholders' equity</b>	\$	\$
Contributed equity	11,913,499	11,913,499
Accumulated losses	(691,166)	(1,267,035)
Foreign currency translation reserve	(285,476)	(298,160)
	<b>10,936,857</b>	<b>10,348,304</b>
<b>Current assets</b>		
Cash and cash equivalents	6,798,362	7,114,119
Trade and other receivables	1,931,950	2,076,126
Income tax receivable	-	-
Lease Receivable: non-occupied	1,538,383	1,553,671
Inventories	762,383	548,352
Loans	11,034	127,722
	11,042,112	11,419,990
<b>Non-current assets</b>		
Property, plant and equipment	2,465,244	2,609,570
Right of use asset - leases	7,727,134	8,375,067
Lease receivable non-occupied	18,172,743	20,947,424
Deferred tax asset	576,743	615,988
Loans	63,296	109,928
Intangible assets	1,905,563	2,043,642
	30,910,723	34,701,619
<b>Total assets</b>	<b>41,952,835</b>	<b>46,121,609</b>
<b>Current liabilities</b>		
Trade and other payables	1,249,455	1,856,625
Contract Liability	234,448	283,965
Lease Liability	615,881	511,735
Lease Liability: non-occupied	1,538,383	1,553,671
Income tax payable	115,649	524,580
Provisions	350,337	438,163
	4,104,153	5,168,739
<b>Non-current liabilities</b>		
Contract Liability	830,615	1,245,448
Lease Liability	7,867,267	8,371,494
Lease Liability non-occupied	18,172,743	20,947,424
Provisions	41,200	40,200
	26,911,825	30,604,566
<b>Total liabilities</b>	<b>31,015,978</b>	<b>35,773,305</b>
<b>Net assets</b>	<b>10,936,857</b>	<b>10,348,304</b>

# Burger Fuel Group Limited

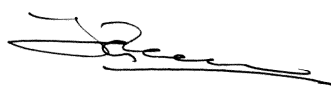
## Consolidated Statement of Financial Position As at 31 March 2022

	2022	2021
Net tangible assets per share (\$ per share)	0.17	0.15

For and on behalf of the Board who approved these financial statements for issue on 30th May 2022.



**Director**



**Director**

# Burger Fuel Group Limited

## Consolidated Statement of Changes in Equity

### For The Year Ended 31 March 2022

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>

2021

	Contributed Equity \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total Equity \$
<b>Balance as at 1 April 2020</b>	<b>13,594,825</b>	<b>(441,299)</b>	<b>(1,980,020)</b>	<b>11,173,506</b>
Buyback and cancellation of ordinary shares	(1,681,326)	-	-	<b>(1,681,326)</b>
Reclassification of FX translation reserve on windup of USA subsidiary	-	130,882	-	<b>130,882</b>
Movement in foreign currency translation reserve recognised in other comprehensive income	-	12,257	-	<b>12,257</b>
Net Profit for the year ended 31 March 2021	-	-	712,985	<b>712,985</b>
Total comprehensive income	-	12,257	712,985	<b>725,242</b>
<b>Balance as at 31 March 2021</b>	<b>11,913,499</b>	<b>(298,160)</b>	<b>(1,267,035)</b>	<b>10,348,304</b>



# Burger Fuel Group Limited

## Consolidated Statement of Cash Flows

### For The Year Ended 31 March 2022

	2022	2021
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers	19,286,019	18,552,954
COVID Government wage subsidy	445,301	445,133
Interest received	23,577	38,816
Goods and services tax	84,103	(79,859)
Payments to suppliers & employees	(18,502,590)	(15,587,996)
Interest	2	(86)
Interest on leases	(459,677)	(452,073)
Taxes	(541,965)	187,245
<b>Net cash flows provided from operating activities</b>	<b>334,770</b>	<b>3,104,134</b>
<b>Cash flows from investing activities</b>		
Repayments from suppliers & staff	163,320	70,816
Sale of property, plant and equipment	77,576	122,015
Acquisition of intangible assets	(1,364)	(7,264)
Advances to franchisee and staff	-	-
Acquisition of property, plant & equipment	(383,584)	(690,933)
<b>Net cash flows applied to investing activities</b>	<b>(144,052)</b>	<b>(505,366)</b>
<b>Cash flows from financing activities</b>		
Lease Liability	(505,496)	(397,744)
Share buyback & cancellation	-	(700,000)
<b>Net cash flows applied to financing activities</b>	<b>(505,496)</b>	<b>(1,097,744)</b>
<b>Net movement in cash and cash equivalents</b>	<b>(314,778)</b>	<b>1,501,024</b>
<b>Exchange gains / (loss) on cash and cash equivalents</b>	<b>(979)</b>	<b>42,928</b>
<b>Opening cash and cash equivalents</b>	<b>7,114,119</b>	<b>5,570,167</b>
<b>Closing cash and cash equivalents</b>	<b>6,798,362</b>	<b>7,114,119</b>

# Burger Fuel Group Limited

## SEGMENT REPORTING

### Operating Segments

The Group operates in four 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.

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>

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

<b>Other</b>	384,948	-	<b>384,948</b>
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# Burger Fuel Group Limited

## SEGMENT REPORTING (CONTINUED)

2021	New Zealand	International	Consolidated
	\$	\$	\$
<b>Revenue</b>			
Sales	7,728,400	47,595	<b>7,775,995</b>
Royalties	4,662,874	158,807	<b>4,821,681</b>
Franchising fees	242,742	55,262	<b>298,004</b>
Training fees	30,000	-	<b>30,000</b>
Property management fees	57,000	-	<b>57,000</b>
Advertising fees	3,340,587	435	<b>3,341,022</b>
Foreign exchange gain	97,739	(68,014)	<b>29,725</b>
Sundry income	1,841,177	36,283	<b>1,877,460</b>
Rent Relief on Non-Occupied Leases	384,736	-	<b>384,736</b>
Interest received	38,050	766	<b>38,816</b>
Interest Leases	1,380,726	-	<b>1,380,726</b>
COVID Government wage subsidy	934,020	-	<b>934,020</b>
<b>Total Revenue</b>	<b>20,738,051</b>	<b>231,134</b>	<b>20,969,185</b>
Interest Expense	153	(67)	<b>86</b>
Interest Expense Leases Occupied	480,899	-	<b>480,899</b>
Interest Expense Leases non occupied	1,380,726	-	<b>1,380,726</b>
Depreciation	474,279	2,729	<b>477,008</b>
Depreciation Leases	698,813	-	<b>698,813</b>
Amortisation	142,067	-	<b>142,067</b>
<b>Segment Result before Income Tax</b>	<b>1,532,323</b>	<b>(196,558)</b>	<b>1,335,765</b>
<b>Income Tax Expense</b>	<b>622,780</b>	<b>-</b>	<b>622,780</b>
<b>Segment Assets</b>	<b>45,754,882</b>	<b>366,727</b>	<b>46,121,609</b>
<b>Segment Liabilities</b>	<b>35,649,636</b>	<b>123,669</b>	<b>35,773,305</b>
<b>Other</b>	<b>698,197</b>	<b>-</b>	<b>698,197</b>

# **Burger Fuel Group Limited**

## **Company Directory**

### **As at 31 March 2022**

#### **Registered Office**

Grant Thornton New Zealand Limited  
152 Fanshawe Street  
Auckland 1011

#### **Company Number**

1947191

#### **Date of Incorporation**

14 June 2007

#### **Directors**

Peter Brook - Chairman (Independent)  
Alan Dunn (Independent)  
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

#### **Auditor**

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

#### **Solicitors**

Dentons Kensington Swan, 18 Viaduct Harbour Avenue, Auckland 1011.  
Buddle Findlay, PwC Tower, 188 Quay Street, PO Box 1433, Auckland 1140.  
Wiggin and Dana LLP, Two Liberty Place, 50 S. 16th Street, Suite 2925, PA, 19102, USA.  
Corporate Counsel Limited Solicitors, P.O Box 37-322, Parnell, Auckland 1151.  
Wynn Williams PO Box 2401, Shortland Street, Auckland 1140.  
EMA (Employers & Manufacturers Association) 145 Khyber Pass Road, Grafton, Auckland 1023.

#### **Accountants**

Grant Thornton New Zealand Limited  
Level 4  
152 Fanshawe Street  
Auckland 1011

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

Citrin Cooperman  
529 Fifth Avenue  
New York, NY 10017  
USA

#### **KPMG**

18 Viaduct Harbour Avenue,  
Auckland 1140

#### **Bankers**

ASB Bank Limited  
CBA Bank Limited (Australia)  
Emirates NBD (UAE)  
Bank of America Merrill Lynch (USA)