



NZX ANNOUNCEMENT

27 October 2023

PROPOSED NZ\$4.077 MILLION CAPITAL RETURN TO SHAREHOLDERS

Burger Fuel Group Limited (BFG) proposes to return approximately NZ\$4.077 million to shareholders via a Court and shareholder sanctioned pro-rata share cancellation, which would return approximately NZ\$0.08 per share to shareholders on the record date.

BFG's balance sheet currently includes excess cash that the board of directors of BFG (Board) believes is over and above the cash needed for BFG's working capital requirements for the foreseeable future.

Since 2014 BFG has had surplus capital following the issue of 4,357,298 shares in BFG (New Shares) to Franchise Brands LLC (FBL) a company affiliated to the Subway® Corporation of USA on 28 February 2014 at \$1.35 per share raising \$5,882,352 of new capital to help fund BFG's plans to expand into the United States under a collaboration agreement with FBL. Following the death of the founder of Subway® in September 2015 the expansion plans stalled, and the collaboration agreement was terminated.

As part of the termination arrangements, BFG agreed to buy all of FBL's shares in BFG (including the New Shares) at \$0.37 per share in tranches during 2018 and 2019 resulting in a net capital surplus on the balance sheet after these transactions of \$3,675,910. At this time, BFG looked at possible utilisations of its unrestricted capital but did not consider that there were any transactions (including any material acquisitions or investments) that would be suitable for BFG to undertake.

In March 2020, the Covid-19 pandemic began in New Zealand. At the early stages of the pandemic the Board considered that all cash should remain in BFG until the pandemic was clearly over and BFG's business had returned to a foreseeable, regular trading pattern.

BFG has been through an extensive exercise to determine the best use of its excess cash. The Board does not believe that any suitable opportunities exist at present or are likely in the short to medium term for the full amount of the cash currently held within BFG.

After taking into account BFG's balance sheet structure, investment opportunities and operating outlook, the Board has determined that approximately NZ\$4.077 million be returned to shareholders by a pro rata return of capital effected by way of a Court and shareholder approved scheme of arrangement under Part 15 of the Companies Act 1993 (Scheme). The Board considers the proposed Scheme to be fair to all shareholders as it achieves a return of capital on a pro rata basis, with the result that the return of capital does not alter the shareholders' relative voting and distribution rights.

BFG will shortly be applying to the Court for initial orders to commence the approval process for the capital return. On receipt of initial orders BFG will provide shareholders with further information concerning the shareholder and Court approval processes and the expected timing of these and other key steps. It is currently expected that the whole process will take approximately 15 to 20 weeks.



Following the capital return BFG expects to have approximately NZ\$4.100 million of cash on hand (plus on-going earnings) to continue operating and growing its business.

ENDS

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