BURGERFUEL WORLDWIDE PRESS RELEASE

Thursday, 14th June 2018

BURGER FUEL WORLDWIDE LTD PRELIMINARY FULL YEAR RESULTS FOR THE YEAR ENDED 31 MARCH 2018

OVERVIEW - FY18

The Directors of BurgerFuel Worldwide (BFW) present the audited results for the 12 months to 31 March 2018.

Group Operating Revenue increased by 10.9% to $24.8M. BurgerFuel Total (unaudited) System Sales are up 5.0% to $105M.

Net loss after tax for the period was ($463,062) representing a decrease of 152% on last year.

The reported loss is due to the costs associated with the initial establishment and later exiting of the USA, which all occurred within the period.

The Group has no debt, and cash reserves of $6.3M.

Group Operating Revenue increased by 10.9% on the same period last year. This revenue is largely comprised of long-term recurring royalties, sales and additional sales generated from the US company owned store which opened in May 2017 and was sold in early March 2018.

As at 31 March 2018 there were 80 BurgerFuel stores operating worldwide.

BFW RESULTS FOR THE PERIOD 1 APRIL 2017 TO 31 MARCH 2018

	31 March 2018	**31 March 2017**
	$000	$000
Operating Revenue*	24,774	22,343
Operating Expenses**	(24,809)	(21,229)
Net Profit/(Loss) Before Tax	(35)	1,114
Net Profit/(Loss) After Tax***	(463)	889

* 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.

THE YEAR TO DATE AND GROUP OUTLOOK.

AUSTRALASIAN REGION

System sales across New Zealand (55 restaurants) and Australia (2 restaurants) increased by 6.7%

The New Zealand market remains strong, with the BurgerFuel brand continuing to receive high levels of customer support across the country.

As previously communicated, whilst the Board sees some potential for the development of additional BurgerFuel outlets in NZ, concentration is on the development of other brands, like Winner Winner, the chicken concept which was announced late last year. To prepare for this, as well as stimulate financial growth for the Group, FY18 saw a drive forward in operational excellence, franchising, systemisation and increasing cost efficiencies.

While sales continue to grow year-on-year, new store openings in New Zealand have slowed as the market approaches its potential in terms of store numbers. While we continue franchising, the focus has also turned to the growth of the business and brand by maximising the potential of the current BurgerFuel sites, as well as the development of new opportunities.

In Australia, as previously communicated, reasonable operating margins have been difficult to achieve despite every effort to move towards profit in this very competitive market with high operating costs. Thus, in FY18 the process to close all remaining franchised stores in Australia commenced and this is expected to be completed in the coming months. These store closures are not material to the Group.

MIDDLE EASTERN REGION (MENA)

In the Middle East, total revenue is down for FY18, but the region continues to be a good contributor for us and we are seeing progress in some areas.

Retail occupancy costs remain extremely high in most parts of the Middle East, especially Dubai. To lessen the effects of this, our strategy with our Master Franchisees in MENA is now to relocate the high rent stores to lower rent, key residential areas, thereby reducing overheads, while maintaining customer reach. To further assist this strategy, our partners in Dubai have been driving forward with the development of the home delivery service so as to highlight the convenience aspect of the brand in this competitive city.

While the entire retail sector in the UAE continues to experience a downturn, as well as a heavy proliferation of competitor concepts, our business is operating quite well and remains a good contributor for the Group at this stage.

Our franchised business in Saudi Arabia has continued to see good growth in sales and this can be largely attributed to a continued increase in BurgerFuel marketing activity, as well as the on-going effects of the revitalisation of the Saudi economy. Like our other Middle Eastern markets, Saudi Arabia is also facing high retail rent and increasing labour costs and as such, our partners in Saudi are also relocating high rent stores as well as implementing store re-design strategies to maximise space, reduce overhead and increase local customer reach.

In Iraq, sales for the store in Baghdad performed reasonably well in FY18 and the brand has continued to grow in popularity, standing out in a revitalised market that is currently free from a proliferation of American chains. Our partners in Iraq opened a second store in Baghdad in early FY19.

In Egypt, the political climate and its effect on the economy proved unviable for our licence holders in this market and accordingly our partners made the move in FY18 to close their remaining stores. At this point in time there are no plans to reopen in Egypt. These closures are not material to the Group.

In summary, while revenue is down for the MENA region, the Board remains positive about parts of the region, especially if we can lessen the effects of high retail rents via strategic store relocations. As always, we do caution the market every year that our outlook in any of these regions can change quickly due to the ongoing potential for volatility in the Middle East. As such, we will continue to monitor all of these markets closely and keep the market informed of any significant developments.

UNITED STATES

The first BurgerFuel USA store in Indianapolis has now been open for just over 12 months. At the end of FY18, the Master Licence Agreement for BurgerFuel USA was sold to BurgerFuel founder, Chris Mason. This was decided due to the fact that without a US partner, the board considered that development alone in this vast market would take too long and would require too much capital for a potentially unknown return.

The agreement included the purchase of the single company-owned store in Indianapolis. As part of the agreement, Chris Mason resigned from the BFW Board of Directors in order to ensure that independent governance at board level was maintained and also to allow Chris's focus to remain firmly on the development of the USA only.

Under the Master Licence Agreement, BFW will receive some royalties and territory fees from the American business if and when it progresses. The agreement does not require BFW to support the USA to any significant extent and is regarded as a "low support" license agreement. Should the USA expansion prove to be unsuccessful, the USA rights will revert back to BFW in 3 years.

Exiting the USA in a developer and store owner capacity and passing the reigns to Chris Mason to continue development under licence, has allowed BFW to return to its primary function as a Master Franchisor. This frees up capital and will allow BFW to focus on the development of our strong New Zealand market, as well as on the exploration of new opportunities in New Zealand. The board is of the opinion that it can in this coming year, focus on the financial growth of the Group.

OUTLOOK

FY18 was a pivotal one for the Group, with the first USA based store opening, the purchase of the Winner Winner brand, and the sale of the USA master licence agreement, and single Indianapolis based store, to BurgerFuel founder, Chris Mason.

In the past couple of years, it has become clear to the board, that international development has become an expensive and ultra-competitive proposition. The board is of the view that the growth potential for BFW lays here in New Zealand, where we have intimate knowledge of the market and the ability to move the Group forward into profit.

It is likely that BurgerFuel Worldwide will undergo a name change in the near future as it diminishes its international activity and focusses on becoming a multi brand business in New Zealand. The board is very positive about the opportunities available to us in New Zealand and looks forward to sharing more news of other potential business activities outside of the BurgerFuel brand, over the coming year.

On the 11th June 2018, it was announced that an agreement has been reached between BFW and Franchise Brands (FB) whereby BFW will purchase 3,143,355 shares equating to 5.27% of the total shares on issue, for USD$790,667 utilising cash reserves. This transaction is subject to a 10-day notice period.

To complete the transaction, BFW will cancel 3,143,355 shares thereby reducing the total number of shares in the company from 59,633,550 to 56,490,195. The board is comfortable with the level or shares being purchased by BFW and due to the cancellation of these shares, every BFW shareholder will benefit by gaining an increase in their proportionate equity holding, without the need to outlay any cash.

The acquisition of the Winner Winner brand in December 2017 marks a new era for BFW, as the Group looks to diversify into the development of other brands, utilising our company strengths in franchising, marketing and systemisation. In addition to developing and franchising the Winner Winner brand, BFW has another concept in incubation and hopes to share more news around this new brand shortly.

The Group is focused on profit and growth, as well as development in new areas beyond the BurgerFuel brand. We thank all shareholders for their support and we look forward to an exciting year ahead.

Best regards

Peter Brook
Chairman

Josef Roberts
Group CEO

For further information please contact:
Kate McGahan
021 858 619
communications@burgerfuel.com
www.burgerfuel.com