

August 14, 2019



Chanticleer Holdings Reports Operating Results for the Quarter Ended June 30, 2019 and the First Half 2019 Operating Results

CHARLOTTE, N.C., Aug. 14, 2019 (GLOBE NEWSWIRE) -- [Chanticleer Holdings, Inc.](#) (NASDAQ: BURG) ("Chanticleer," or the "Company"), owner, operator and franchisor of multiple branded restaurants in the U.S. and abroad, today announced financial results for the quarter ended June 30, 2019.

Financial Highlights for the Quarter Ended June 30, 2019 and for the First Half of 2019

- Revenue was \$10.7 million in the second quarter of 2019 compared with \$10.4 million in the second quarter of 2018. Revenue was \$20.9 million in the first six months of 2019 compared with \$20.4 million in the second half of 2018.
- Cost of sales as a percentage of restaurant sales increased to 33.9% in the second quarter of 2019 compared to 33.2% in the second quarter of 2018. Cost of sales as a percentage of restaurant sales was 33.5% in the first half of 2019 compared with 33.3% in the first half of 2018.
- Operating loss was \$3.0 million in the second quarter of 2019 compared to \$420,000 in the second quarter of 2018. Operating loss was \$4.7 million in the first half of 2019 compared to \$2.8 million in the first half of 2018. These operating losses are primarily driven by non-cash impairment charges related to closing underperforming units in sub premium locations, eliminating deep discounting across all brands, streamlining delivery processes while greatly reducing delivery costs, improving employee benefits for all team members, partnering with legal and other consulting costs to win a hard fought union campaign and ramping up marketing spend around our new loyalty platforms. The Company expects its investment in these initiatives to drive significant operational improvements in the second half of 2019.
- Net loss attributable to Common Shareholders was \$3.2 million (\$0.83 per share) in the second quarter of 2019, compared to net loss of \$788,000 (\$0.23 per share) in the second quarter of 2018. For the first half of 2019, net loss attributable to Common Shareholders was \$5.1 million (\$1.34 per share) compared to \$3.4 million (\$1.02 per share) in the first half of 2018.
- Non-GAAP Restaurant EBITDA was \$757,000 in the second quarter of 2018 compared to \$1.2 million in the second quarter of 2018. Non-GAAP Restaurant EBITDA was \$1.4 million in the first half of 2019 compared to \$2.2 million in the first half of 2018.
- During the first half of 2019, the Company opened two new Little Big Burger locations along with the opening of a Little Big Burger in the concession area of the Charlotte Motor Speedway. The Company opened another new Little Big Burger location in July 2019. The Company plans on opening another Little Big Burger location in 2019 as well.
- The Company closed two underperforming company-owned locations in the first half of 2019 and closed an additional two underperforming company-owned locations in July 2019 which resulted in non-cash impairment charges. These closures are expected to contribute to improved operating performance in future periods.
- The Company completed a \$6.1 million equity rights offering, including the settlement of \$3.1 million outstanding debt which was converted to equity. This financing significantly improves the Company's balance sheet and provides additional working capital.

Mike Pruitt, Chairman and CEO of Chanticleer commented, "With the recent successful strengthening of our balance sheets including a \$3.1 million reduction in debt while adding nearly \$3 million of cash in July, we are positioned well for the balance of the year. Successfully winning the recent union vote in Oregon took considerable time and resources. With that now behind us and numerous initiatives taken earlier this year focused on delivery, technology, loyalty and our employees, we are starting to see early return on investment. We were particularly pleased to report that Little Big Burgers July same store sales were up 3%.

With Fred, Patrick and Troy, I continue to believe we have put together an outstanding executive team capable of stewarding the Company's future growth both operationally and financially. We expect to report meaningful increases in both revenues and EBITDA throughout the balance of 2019 and look forward to providing an update on the ongoing discussions around the acquisition of the previously disclosed acquisition."

Conference Call

The Company will host a webcast and conference call on Wednesday, August 14, 2019 at 4:30 p.m. ET.

To access the call, dial 1-877-407-0784 approximately five minutes prior to the scheduled start time. International callers please dial 1-201-689-8560. To access the webcast, log into the following link: <http://public.viavid.com/player/index.php?id=135824>

A replay of the teleconference will be available until September 14, 2019 and may be accessed by dialing 1-844-512-2921. International callers may dial 1-412-317-6671. Callers should use conference PIN: 13693696.

Use of Non-GAAP Measures

Chanticleer Holdings, Inc. prepares its condensed consolidated financial statements in accordance with accounting principles generally accepted in the United States ("GAAP"). In addition to disclosing financial results prepared in accordance with GAAP, the Company discloses information regarding Restaurant EBITDA, which differs from the term EBITDA, as it is commonly used, which excludes taxes, interest, and depreciation and amortization.

Restaurant EBITDA also excludes pre-opening and closing costs of our restaurants, non-cash expenses, transaction and severance related expenses, operating results of restaurants closed during the period, other income and expenses, management fee income, franchise revenue and general and administrative expenses. Restaurant EBITDA is not a measure of performance defined in accordance with GAAP. However, restaurant EBITDA is used internally in planning and evaluating the company's operating performance and by the Company's creditors. Accordingly, management believes that disclosure of this metric offers investors, bankers and other stakeholders an additional view of the company's operations that, when coupled with the GAAP results, provides a more complete understanding of the Company's financial results.

Restaurant EBITDA should not be considered as an alternative to net loss or to net cash flows from operating activities as a measure of operating results or of liquidity. It may not be comparable to similarly titled measures used by other companies, and it excludes financial information that some may consider important in evaluating the company's performance. A reconciliation of GAAP operating income (loss) to Restaurant EBITDA is included in the accompanying financial schedules.

For further information, please refer to Chanticleer's Quarterly Report on Form 10-Q to be filed with the SEC on or about August 14, 2019, available online at www.sec.gov.

About Chanticleer Holdings, Inc.

Headquartered in Charlotte, NC, Chanticleer Holdings (BURG), owns, operates and franchises fast casual and full-service restaurant brands, including American Burger Company, BGR – Burgers Grilled Right, Little Big Burger, Just Fresh and Hooters.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of The Private Securities Litigation Reform Act of 1995. These statements include projections, predictions, expectations or statements as to beliefs or future events or results or refer to other matters that are not historical facts. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that could cause the actual results to differ materially from those contemplated by these statements. The forward-looking statements contained in this press release are based on various factors and were derived using numerous assumptions. In some cases, you can identify these forward-looking statements by the words "anticipate", "estimate", "plan", "project", "continuing", "ongoing", "target", "aim", "expect", "believe", "intend", "may", "will", "should", "could", or the negative of those words and other comparable words.

Our operations involve risks and uncertainties, many of which are outside our control, and any one of which, or a combination of which, could materially affect our results of operations and whether the forward-looking statements ultimately prove to be correct. Forward-looking statements in this press release include, without limitation, statements reflecting management's expectations for future financial performance and operating expenditures,

expected growth, profitability and business outlook, increased sales and marketing expenses, and the expected results from the integration of our acquisitions.

Forward-looking statements are only current predictions and are subject to known and unknown risks, uncertainties, and other factors that may cause our actual results, levels of activity, performance, or achievements to be materially different from those anticipated by such statements. These factors include, but are not limited to, the Company's ability to manage growth; integrate acquisitions; manage debt; meet development goals; and other important risks and uncertainties referenced and discussed under the heading titled "Risk Factors" in the Company's filings with the Securities and Exchange Commission. Although we believe that the expectations reflected in the forward-looking statements contained in this press release are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements.

The statements in this press release are made as of the date of this press release, even if subsequently made available by the Company on its website or otherwise. The Company does not assume any obligations to update the forward-looking statements provided to reflect events that occur or circumstances that exist after the date on which they were made.

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**Chanticleer Holdings, Inc. and Subsidiaries
 Condensed Consolidated Balance Sheets**

| | (Unaudited) | |
|--|--------------------------|------------------------------|
| | June 30, 2019 | December 31, 2018 |
| ASSETS | | |
| Current assets: | | |
| Cash | \$ 579,006 | \$ 629,871 |
| Restricted cash | 336 | 335 |
| Accounts and other receivables, net | 518,930 | 387,239 |
| Inventories | 421,045 | 478,314 |
| Prepaid expenses and other current assets | 249,853 | 179,377 |
| TOTAL CURRENT ASSETS | 1,769,170 | 1,675,136 |
| Property and equipment, net | 9,012,388 | 10,467,841 |
| Operating lease assets | 17,712,994 | - |
| Goodwill | 11,274,818 | 11,280,465 |
| Intangible assets, net | 4,887,580 | 5,123,159 |
| Investments | 365,000 | 800,000 |
| Deposits and other assets | 401,659 | 446,639 |
| TOTAL ASSETS | \$ 45,423,609 | \$ 29,793,240 |
| LIABILITIES AND EQUITY | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | \$ 9,527,741 | \$ 7,386,506 |
| Current maturities of long-term debt and notes payable | 6,619,671 | 3,740,101 |
| Current maturities of convertible notes payable | - | 3,000,000 |
| Current operating lease liabilities | 3,594,747 | - |
| Due to related parties | 137,408 | 185,726 |
| TOTAL CURRENT LIABILITIES | 19,879,567 | 14,312,333 |
| Long-term debt | - | 3,000,000 |
| Redeemable preferred stock: no par value, 62,876 shares issued and outstanding, net of discount of \$156,523 and \$173,914, respectively | 692,303 | 674,912 |

| | | |
|---|----------------------|----------------------|
| Deferred rent | - | 2,297,199 |
| Long-term operating lease liabilities | 16,800,480 | - |
| Deferred revenue | 1,007,531 | 1,174,506 |
| Deferred tax liabilities | 119,915 | 76,765 |
| TOTAL LIABILITIES | 38,499,796 | 21,535,715 |
| Commitments and contingencies (see Note 13) | | |
| Equity: | | |
| Preferred stock: no par value; authorized 5,000,000 shares; 62,876 issued and outstanding | - | - |
| Common stock: \$0.0001 par value; authorized 45,000,000 shares; issued and outstanding 7,014,023 and 3,715,444 shares, respectively | 703 | 373 |
| Additional paid in capital | 71,210,203 | 64,756,903 |
| Common stock subscribed, unissued | 300 | - |
| Subscriptions receivable | (2,694,530) | - |
| Accumulated other comprehensive loss | (232,110) | (202,115) |
| Accumulated deficit | (62,270,344) | (57,124,673) |
| Total Chanticleer Holdings, Inc. Stockholders' Equity | 6,014,222 | 7,430,488 |
| Non-Controlling Interests | 909,591 | 827,037 |
| TOTAL EQUITY | 6,923,813 | 8,257,525 |
| TOTAL LIABILITIES AND EQUITY | \$ 45,423,609 | \$ 29,793,240 |

Chanticleer Holdings, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations (Unaudited)

| | Three Months Ended | | Six Months Ended | |
|---|---------------------------|--------------------|-------------------------|--------------------|
| | June 30, | June 30, | June 30, | June 30, |
| | 2019 | 2018 | 2019 | 2018 |
| Revenue: | | | | |
| Restaurant sales, net | \$10,378,518 | \$10,185,159 | \$20,288,546 | \$19,954,667 |
| Gaming income, net | 109,536 | 81,122 | 225,621 | 174,277 |
| Management fee income | 25,000 | 24,999 | 50,000 | 49,998 |
| Franchise income | 197,719 | 108,644 | 344,376 | 216,497 |
| Total revenue | 10,710,773 | 10,399,924 | 20,908,543 | 20,395,439 |
| Expenses: | | | | |
| Restaurant cost of sales | 3,515,186 | 3,376,693 | 6,792,765 | 6,652,868 |
| Restaurant operating expenses | 6,557,415 | 5,640,614 | 12,987,959 | 11,226,763 |
| Restaurant pre-opening and closing expenses | 76,713 | 96,770 | 142,888 | 199,652 |
| General and administrative expenses | 1,714,399 | 1,121,666 | 3,212,017 | 2,315,083 |
| Asset impairment charge | 1,277,590 | 54,212 | 1,369,081 | 1,731,267 |
| Depreciation and amortization | 554,016 | 530,314 | 1,096,417 | 1,070,993 |
| Total expenses | 13,695,319 | 10,820,269 | 25,601,127 | 23,196,626 |
| Operating loss | (2,984,546) | (420,345) | (4,692,584) | (2,801,187) |
| Other expense | | | | |
| Interest expense | (167,520) | (629,858) | (379,290) | (1,264,939) |
| Other income (expense) | (177,771) | 7,605 | (196,045) | 5,490 |
| Total other expense | (345,291) | (622,253) | (575,335) | (1,259,449) |
| Loss before income taxes | (3,329,837) | (1,042,598) | (5,267,919) | (4,060,636) |

| | | | | |
|---|-----------------------|---------------------|-----------------------|-----------------------|
| Income tax benefit (expense) | (5,829) | 236,798 | (56,410) | 572,995 |
| Consolidated net loss | (3,335,666) | (805,800) | (5,324,329) | (3,487,641) |
| Less: Net loss attributable to non-controlling interests | 118,867 | 45,340 | 234,458 | 129,747 |
| Net loss attributable to Chanticleer Holdings, Inc. | \$ (3,216,799) | \$ (760,460) | \$ (5,089,871) | \$ (3,357,894) |
| Dividends on redeemable preferred stock | (28,006) | (28,007) | (55,800) | (55,801) |
| Net loss attributable to common shareholders of Chanticleer Holdings, Inc. | \$ (3,244,805) | \$ (788,467) | \$ (5,145,671) | \$ (3,413,695) |
| Net loss attributable to Chanticleer Holdings, Inc. per common share, basic and diluted: | \$ (0.83) | \$ (0.23) | \$ (1.34) | \$ (1.02) |
| Weighted average shares outstanding, basic and diluted | 3,926,879 | 3,494,803 | 3,835,661 | 3,331,296 |

Chanticleer Holdings, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows (Unaudited)

| | Six Months Ended | |
|--|--------------------------|--------------------------|
| | June 30, 2019 | June 30, 2018 |
| Cash flows from operating activities: | | |
| Net loss | \$(5,324,329) | \$(3,487,641) |
| Adjustments to reconcile net loss to net cash flows from operating activities: | | |
| Depreciation and amortization | 1,096,417 | 1,070,993 |
| Amortization of operating lease assets | 931,722 | - |
| Asset impairment charges | 1,369,081 | 1,731,267 |
| Write-off investment in HOA | 435,000 | - |
| Common stock and warrants issued for services | 23,747 | 129,767 |
| Stock based compensation | 111,087 | - |
| Loss on investments | 29,239 | - |
| Gain on tax settlements | (204,162) | - |
| Amortization of debt discount and discount on preferred stock | 17,391 | 591,830 |
| Change in assets and liabilities: | | |
| Accounts and other receivables | (137,789) | (241,772) |
| Prepaid and other assets | (78,295) | (412,423) |
| Inventory | 41,205 | 60,093 |
| Accounts payable and accrued liabilities | 2,449,648 | 849,132 |
| Change in amounts payable to related parties | (48,318) | - |
| Deferred income taxes | 43,150 | (572,994) |
| Operating lease liabilities | (941,131) | - |
| Deferred revenue | (166,975) | - |
| Deferred rent | - | (119,089) |
| Net cash flows from operating activities | <u>(353,312)</u> | <u>(400,837)</u> |
| Cash flows from investing activities: | | |
| Purchase of property and equipment | (518,619) | (664,801) |
| Proceeds from tenant improvement allowances | 141,860 | - |
| Cash paid for acquisitions | - | (30,000) |
| Proceeds from sale of assets | 173,977 | - |
| Net cash flows from investing activities | <u>(202,782)</u> | <u>(694,801)</u> |
| Cash flows from financing activities: | | |
| Proceeds from sale of common stock and warrants | - | 1,687,184 |
| Loan proceeds | 304,174 | - |

| | | |
|--|-------------------|---------------------|
| Loan repayments | (347,680) | (207,531) |
| Distributions to non-controlling interest | (27,583) | (42,603) |
| Contributions from non-controlling interest | 575,000 | 750,000 |
| Net cash flows from financing activities | 503,911 | 2,187,050 |
| Effect of exchange rate changes on cash | 1,319 | (17,763) |
| Net increase (decrease) in cash and restricted cash | (50,864) | 1,073,649 |
| Cash and restricted cash, beginning of period | 630,206 | 438,493 |
| Cash and restricted cash, end of period | \$ 579,342 | \$ 1,512,142 |

Chanticleer Holdings, Inc. and Subsidiaries
Reconciliation of Operating Loss to Restaurant EBITDA
(Unaudited)

| | Three Months Ended | | Six Months Ended | |
|--|---------------------------|---------------------|-------------------------|----------------------|
| | June 30, | June 30, | June 30, | June 30, |
| | 2019 | 2018 | 2019 | 2018 |
| Operating loss | \$(2,984,546) | \$ (420,345) | \$(4,692,584) | \$(2,801,187) |
| General and administrative expenses | 1,714,399 | 1,121,666 | 3,212,017 | 2,315,083 |
| Franchise revenues | (197,719) | (108,644) | (344,376) | (216,497) |
| Management fee revenue | (25,000) | (24,999) | (50,000) | (49,998) |
| Depreciation and amortization | 554,016 | 530,314 | 1,096,417 | 1,070,993 |
| Restaurant pre-opening and closing expenses | 76,713 | 96,770 | 142,888 | 199,652 |
| Operating results of restaurants closed in period | 230,924 | - | 400,536 | - |
| Additional non-cash expenses impacting operating results | 110,530 | - | 301,655 | - |
| Asset impairment charge | 1,277,590 | 54,212 | 1,369,081 | 1,731,267 |
| Restaurant EBITDA | \$ 756,907 | \$1,248,974 | \$ 1,435,634 | \$ 2,249,313 |



Source: Chanticleer Holdings, Inc.