

## Chanticleer Holdings Reports Operating Results for Second Quarter Ended June 30, 2017

CHARLOTTE, NC – August 14, 2017 -- [Chanticleer Holdings, Inc.](#) (NASDAQ: HOTR) (“Chanticleer,” or the “Company”), owner, operator and franchisor of multiple branded restaurants in the U.S. and abroad, today announced financial results for the second quarter ended June 30, 2017.

### **Financial Highlights of the Second Quarter**

- Revenue increased 0.1% to \$10.77 million from \$10.75 million from Q2 16
  - *Sequential revenue growth of approximately 9% from Q1 17*
- Cost of sales as a percentage of restaurant sales was 34.0%, compared to 32.7% in the comparable quarter last year, on higher beef and chicken pricing.
- General and administrative expenses as a percentage of total revenue improved to 10.1% from 12.8% in the comparable quarter last year
  - *Company has reduced G&A levels by 50% during past 2 years as a result of integration and efficiency initiatives - lowest level in company history.*
  - *Sequential G&A reduction of approximately 21% from Q1 17*
- Operating loss from continuing operations was \$1.1 million (\$0.4 million excluding non-cash asset impairment charge) compared to \$0.4 million in the comparable quarter last year.
- Net loss attributable to Common Shareholders was \$1.4 million, (\$0.58) per share, compared to \$5.0 million, (\$2.35) per share in the comparable quarter last year.
  - *Sequential improvement from \$1.7million, (\$0.80) per share in Q1 17.*
- Restaurant EBITDA was \$1.2 million compared to \$1.4 million for the comparable quarter of last year.
  - *Sequential improvement of 31% from \$0.9 million Q1 17.*
- Adjusted EBITDA was \$246 thousand compared to \$195 thousand in the comparable quarter last year.
  - *Sequential improvement from negative \$0.3 million in Q1 17 to positive \$0.2 million*
- During the quarter, the Company opened two new Little Big Burger stores in Oregon, one new BGR location in Virginia, and expects to open a total of 8 to 12 new stores during 2017.
- The Company also announced the completion of a new \$6 million financing with certain strategic investors, two of whom are partnering with the Company for the continued roll out of Little Big Burger restaurants via joint ventures and franchising. \$5 million of proceeds was used to pay off, in full, the Florida Mezzanine note payable.

Mike Pruitt, Chairman and CEO of Chanticleer commented, “We are continuing to accelerate growth of our Little Big Burger Concept. Store revenue improved sequentially from the first quarter, but were down as compared to prior year periods as we saw softer traffic particularly in our East Coast locations this spring as compared to last spring. Our new Little Big Burger restaurants opened this year are generating above average sales and outperforming our expectations, which bodes well for continued growth of the brand as we enter new markets.”

“The refinancing our debt in May provides a better foundation on which to drive growth going forward and we are evaluating several initiatives to further enhance cash flow, reduce debt levels and improve the Company’s financial position in the second half. Those initiatives include closing underperforming stores and exploring the sale of non-core assets to drive cash flow and better position the Company for future growth in the US better burger market.”

“We are excited for the growth potential of the Little Big Burger Brand and remain on track to open 8-12 new company and franchise stores this year and expect to see meaningful improvement in consolidated EBITDA levels in the second half of the year.”

## **Conference Call**

**The Company will host a webcast and conference call on Monday, August 14, 2017 at 4:30 p.m. ET to discuss its results for the second quarter ended June 30, 2017.**

**To access the call, dial (888)-208-1815 approximately five minutes prior to the scheduled start time. International callers please dial (719) 457-2602. To access the webcast, including the quarterly slide presentation, log in to the following participate link <http://public.viavid.com/index.php?id=125865>.**

**A replay of the teleconference will be available until September 14, 2017 and may be accessed by dialing (844) 512-2921. International callers may dial (412)317-6671. Callers should use conference PIN: 8363268**

## **Use of Non-GAAP Measures**

Chanticleer Holdings, Inc. prepares its condensed consolidated financial statements in accordance with United States generally accepted accounting principles (“GAAP”). In addition to disclosing financial results prepared in accordance with GAAP, the Company discloses information regarding Adjusted EBITDA and Restaurant EBITDA, which differ from the term EBITDA as it is commonly used. In addition to adjusting net income (loss) from continuing operations to exclude taxes, interest, and depreciation and amortization, Adjusted EBITDA also excludes pre-opening and closing costs for our restaurants, non-cash expenses, transaction and severance related expenses, change in fair value of derivative liability and other income and expenses.

In addition, Restaurant EBITDA also excludes management fee income, franchise revenue and general and administrative expenses. Adjusted EBITDA and restaurant EBITDA are not measures of performance defined in accordance with GAAP. However, adjusted EBITDA and restaurant EBITDA are used internally in planning and evaluating the company's operating performance and by the Company's creditors. Accordingly, management believes that disclosure of these metrics 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.

Adjusted EBITDA and Restaurant EBITDA should not be considered as alternatives to net loss or to net cash used in 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 net income (loss) to Adjusted EBITDA and 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, 2017, available online at [www.sec.gov](http://www.sec.gov).

## **About Chanticleer Holdings, Inc.**

Headquartered in Charlotte, NC, Chanticleer Holdings (HOTR), 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**

|   | <b>(Unaudited)</b>   |                          |
|---|----------------------|--------------------------|
|   | <b>June 30, 2017</b> | <b>December 31, 2016</b> |
| <b>ASSETS</b>   |                      |                          |
| Current assets:   |                      |                          |
| Cash  | \$ 377,695           | \$ 268,575               |
| Restricted cash   | 275,463              | -                        |
| Accounts and other receivables  | 330,055              | 524,481                  |
| Inventories   | 560,243              | 539,550                  |
| Prepaid expenses and other current assets   | 367,443              | 461,074                  |
| Assets held for sale, net   | 578,321              | -                        |
| <b>TOTAL CURRENT ASSETS</b>   | <b>2,489,220</b>     | <b>1,793,680</b>         |
| Property and equipment, net   | 10,342,514           | 11,513,693               |
| Goodwill  | 12,540,817           | 12,405,770               |
| Intangible assets, net  | 6,374,427            | 6,530,243                |
| Investments   | 800,000              | 800,000                  |
| Deposits and other assets   | 509,907              | 442,737                  |
| <b>TOTAL ASSETS</b>   | <b>\$ 33,056,885</b> | <b>\$ 33,486,123</b>     |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>   |                      |                          |
| Current liabilities:  |                      |                          |
| Accounts payable and accrued expenses   | \$ 5,040,696         | \$ 5,553,068             |
| Current maturities of long-term debt and notes payable  | 928,870              | 6,171,649                |
| Current maturities of capital leases payable  | 9,294                | 18,449                   |
| Due to related parties  | 194,350              | 194,350                  |
| Deferred rent   | 106,818              | 173,775                  |
| <b>TOTAL CURRENT LIABILITIES</b>  | <b>6,280,028</b>     | <b>12,111,291</b>        |
| Long-term debt, less current portion, net of discount and deferred financing costs of \$2,161,422 and \$0, respectively                       | 4,533,161            | 287,445                  |
| Convertible notes payable, net of debt discount (premium) of (\$17,156) and \$46,936, respectively  | 3,217,156            | 3,678,064                |
| Redeemable preferred stock: no par value, 62,876 and 19,050 shares issued and outstanding, net of discount of \$226,089 and \$0, respectively | 622,737              | 257,175                  |
| Deferred rent   | 2,207,160            | 1,961,751                |
| Deferred tax liabilities  | 1,559,074            | 1,485,554                |
| <b>TOTAL LIABILITIES</b>  | <b>18,419,316</b>    | <b>19,781,280</b>        |
| Commitments and contingencies   |                      |                          |
| Common stock subject to repurchase obligation; 0 and 56,290 shares issued and outstanding, respectively                                       | -                    | 349,000                  |
| Stockholders' equity:   |                      |                          |
| Preferred stock: no par value; authorized 5,000,000 shares; 62,876 and 19,050 issued and outstanding, respectively                            | -                    | -                        |
| Common stock: \$0.0001 par value; authorized 45,000,000 shares; issued and outstanding 2,500,534 and 2,139,424 shares, respectively           | 250                  | 213                      |
| Additional paid in capital  | 59,996,594           | 55,926,196               |
| Accumulated other comprehensive loss  | (966,489)            | (1,155,658)              |
| Accumulated deficit   | (45,357,031)         | (42,206,325)             |
| <b>Total Chanticleer Holdings, Inc, Stockholder's Equity</b>  | <b>13,673,324</b>    | <b>12,564,426</b>        |
| Non-Controlling Interests   | 964,245              | 791,417                  |
| <b>TOTAL STOCKHOLDERS' EQUITY</b>   | <b>14,637,569</b>    | <b>13,355,843</b>        |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>   | <b>\$ 33,056,885</b> | <b>\$ 33,486,123</b>     |

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

|   | Three Months Ended    |                       | Six Months Ended      |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
|   | June 30, 2017         | June 30, 2016         | June 30, 2017         | June 30, 2016         |
| <b>Revenue:</b>   |                       |                       |                       |                       |
| Restaurant sales, net   | \$ 10,524,787         | \$10,525,629          | \$ 20,177,941         | \$ 20,330,320         |
| Gaming income, net  | 107,520               | 97,978                | 213,588               | 197,511               |
| Management fee income   | 24,993                | 25,000                | 49,983                | 50,000                |
| Franchise income  | 108,017               | 103,387               | 183,803               | 285,939               |
| <b>Total revenue</b>  | <b>10,765,317</b>     | <b>10,751,994</b>     | <b>20,625,315</b>     | <b>20,863,770</b>     |
| <b>Expenses:</b>  |                       |                       |                       |                       |
| Restaurant cost of sales  | 3,579,558             | 3,445,116             | 6,770,947             | 6,695,086             |
| Restaurant operating expenses   | 5,855,410             | 5,737,168             | 11,529,971            | 11,252,183            |
| Restaurant pre-opening and closing expenses   | 90,761                | -                     | 105,196               | 7,555                 |
| General and administrative expenses   | 1,084,422             | 1,374,835             | 2,460,042             | 3,049,714             |
| Asset impairment charge   | 633,962               | -                     | 633,962               | -                     |
| Depreciation and amortization   | 602,659               | 577,942               | 1,196,039             | 1,148,382             |
| <b>Total expenses</b>   | <b>11,846,772</b>     | <b>11,135,061</b>     | <b>22,696,157</b>     | <b>22,152,920</b>     |
| <b>Operating loss from continuing operations</b>  | <b>(1,081,455)</b>    | <b>(383,067)</b>      | <b>(2,070,842)</b>    | <b>(1,289,150)</b>    |
| <b>Other (expense) income</b>   |                       |                       |                       |                       |
| Interest expense  | (504,706)             | (650,479)             | (908,842)             | (1,251,406)           |
| Change in fair value of derivative liabilities  | -                     | 513,439               | -                     | 1,129,101             |
| Gain (loss) on debt refinancing   | 267,512               | -                     | (95,310)              | -                     |
| Other income (expense)  | (21)                  | (27,706)              | 12,212                | (19,969)              |
| Total other expense   | (237,216)             | (164,746)             | (991,940)             | (142,274)             |
| Loss from continuing operations before income taxes   | <b>(1,318,672)</b>    | <b>(547,813)</b>      | <b>(3,062,782)</b>    | <b>(1,431,424)</b>    |
| <b>Income tax expense</b>   | <b>(109,531)</b>      | <b>(51,405)</b>       | <b>(113,328)</b>      | <b>(85,393)</b>       |
| <b>Loss from continuing operations</b>  | <b>(1,428,201)</b>    | <b>(599,217)</b>      | <b>(3,176,110)</b>    | <b>(1,516,817)</b>    |
| <b>Discontinued operations</b>  |                       |                       |                       |                       |
| Loss from discontinued operations, net of tax   | -                     | (556,528)             | -                     | (1,235,909)           |
| Loss on write down of net assets  | -                     | (3,876,161)           | -                     | (3,876,161)           |
| <b>Consolidated net loss</b>  | <b>(1,428,201)</b>    | <b>(5,031,906)</b>    | <b>(3,176,110)</b>    | <b>(6,628,887)</b>    |
| Less: Net loss attributable to non-controlling interest of continuing operations                | 56,328                | (21,375)              | 77,171                | 14,365                |
| <b>Net loss attributable to Chanticleer Holdings, Inc.</b>                                      | <b>\$ (1,371,873)</b> | <b>\$ (5,053,281)</b> | <b>\$ (3,098,939)</b> | <b>\$ (6,614,522)</b> |
| <b>Net loss attributable to Chanticleer Holdings, Inc.:</b>                                     |                       |                       |                       |                       |
| Loss from continuing operations   | \$ (1,371,873)        | \$ (620,592)          | \$ (3,098,939)        | \$ (1,502,452)        |
| Loss from discontinued operations   | -                     | (4,432,689)           | -                     | (5,112,070)           |
| <b>Net loss attributable to Chanticleer Holdings, Inc.</b>                                      | <b>\$ (1,371,873)</b> | <b>\$ (5,053,281)</b> | <b>\$ (3,098,939)</b> | <b>\$ (6,614,522)</b> |
| Dividends on redeemable preferred stock   | (27,622)              | -                     | (51,769)              | -                     |
| <b>Net loss attributable to common shareholders of Chanticleer Holdings, Inc.</b>               | <b>\$ (1,399,495)</b> | <b>\$ (5,053,281)</b> | <b>\$ (3,150,708)</b> | <b>\$ (6,614,522)</b> |
| <b>Net loss attributable to Chanticleer Holdings, Inc. per common share, basic and diluted:</b> | <b>\$ (0.58)</b>      | <b>\$ (2.35)</b>      | <b>\$ (1.40)</b>      | <b>\$ (3.09)</b>      |
| <b>Continuing operations attributable to common stockholders, basic and diluted</b>             | <b>\$ (0.58)</b>      | <b>\$ (0.29)</b>      | <b>\$ (1.40)</b>      | <b>\$ (0.70)</b>      |
| <b>Discontinued operations attributable to common stockholders, basic and diluted</b>           | <b>\$ -</b>           | <b>\$ (2.06)</b>      | <b>\$ -</b>           | <b>\$ (2.39)</b>      |
| Weighted average shares outstanding, basic and diluted  | 2,432,313             | 2,152,282             | 2,257,767             | 2,143,003             |

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

|  | Six Months Ended  |                   |
|--|-------------------|-------------------|
|  | June 30, 2017     | June 30, 2016     |
| <b>Cash flows from operating activities:</b>   |                   |                   |
| Net loss   | \$ (3,176,110)    | \$ (6,628,887)    |
| Net loss from discontinued operations  | -                 | 5,112,070         |
| Net loss from continuing operations  | (3,176,110)       | (1,516,817)       |
| Adjustments to reconcile net loss from continuing operations to net cash provided by (used in) operating activities: |                   |                   |
| Depreciation and amortization  | 1,196,039         | 1,148,382         |
| Asset impairment charge  | 633,962           |                   |
| Gain on debt refinancing   | 95,310            | -                 |
| Common stock and warrants issued for services  | 154,318           | 24,510            |
| Common stock and warrants issued for interest  | -                 | 349,000           |
| Amortization of debt discount  | 408,359           | 726,317           |
| Change in assets and liabilities:  |                   |                   |
| Accounts and other receivables   | 194,426           | 32,395            |
| Prepaid and other assets   | 26,460            | 140,440           |
| Inventory  | (20,693)          | 73,315            |
| Accounts payable and accrued liabilities   | (19,125)          | 502,777           |
| Change in amounts payable to related parties   | -                 | 197,000           |
| Derivative liabilities   | -                 | (1,129,101)       |
| Deferred income taxes  | 73,520            | 67,841            |
| Deferred rent  | 178,453           | (257,507)         |
| Net cash provided by (used in) operating activities from continuing operations                                       | (255,081)         | 358,551           |
| Net cash used in operating activities from discontinued operations   | -                 | (75,000)          |
| Net cash provided by (used in) operating activities  | (255,081)         | 283,551           |
| <b>Cash flows from investing activities:</b>   |                   |                   |
| Purchase of property and equipment   | (984,301)         | (392,829)         |
| Cash paid for acquisitions, net of cash acquired   | -                 | (72,215)          |
| Proceeds from sale of investments  | -                 | 8,902             |
| Net cash used in investing activities from continuing operations   | (984,301)         | (456,142)         |
| <b>Cash flows from financing activities:</b>   |                   |                   |
| Proceeds from sale of preferred stock  | 591,651           | -                 |
| Payments related to sale of preferred stock  | (258,153)         | -                 |
| Loan proceeds  | 6,598,161         | 125,000           |
| Payment of deferred financing costs  | (293,294)         |                   |
| Loan repayments  | (5,478,494)       | (206,267)         |
| Proceeds from convertible debt   | -                 |                   |
| Capital lease payments   | (14,551)          | (10,783)          |
| Contribution of non-controlling interest   | 500,000           | 46,911            |
| Net cash provided by (used in) financing activities from continuing operations                                       | 1,645,320         | (45,139)          |
| Effect of exchange rate changes on cash  | (21,355)          | (23,474)          |
| <b>Net increase (decrease) in cash and restricted cash</b>   | <b>384,583</b>    | <b>(241,204)</b>  |
| <b>Cash and restricted cash, beginning of period</b>   | <b>268,575</b>    | <b>1,224,415</b>  |
| <b>Cash and restricted cash, end of period</b>   | <b>\$ 653,158</b> | <b>\$ 983,211</b> |

**Chanticleer Holdings, Inc. and Subsidiaries**  
**Reconciliation of Net Loss to EBITDA**  
**(Unaudited)**

|  | Three Months Ended  |                     | Six Months Ended    |                     |
|--|---------------------|---------------------|---------------------|---------------------|
|  | June 30, 2017       | June 30, 2016       | June 30, 2017       | June 30, 2016       |
| <b>Consolidated net loss</b>                   | \$ (1,428,201)      | \$ (599,217)        | \$ (3,176,110)      | \$ (1,516,817)      |
| Interest expense                               | 504,706             | 650,479             | 908,842             | 1,251,406           |
| Income tax                                     | 109,531             | 51,405              | 113,328             | 85,393              |
| Depreciation and amortization                  | 602,659             | 577,942             | 1,196,039           | 1,148,382           |
| <b>EBITDA</b>                                  | <b>\$ (211,305)</b> | <b>\$ 680,609</b>   | <b>\$ (957,901)</b> | <b>\$ 968,364</b>   |
| Restaurant pre-opening and closing expenses    | 90,761              | -                   | 105,196             | 7,555               |
| Change in fair value of derivative liabilities | -                   | (513,439)           | -                   | (1,129,101)         |
| (Gain) loss on debt refinancing                | (267,512)           | -                   | 95,310              | -                   |
| Asset impairment charge                        | 633,962             | -                   | 633,962             | -                   |
| Transaction and severance related expenses     | -                   | -                   | 92,750              | 98,399              |
| Other income (expense)                         | 21                  | 27,706              | (12,212)            | 19,969              |
| <b>Adjusted EBITDA</b>                         | <b>\$ 245,927</b>   | <b>\$ 194,876</b>   | <b>\$ (42,895)</b>  | <b>\$ (34,814)</b>  |
| General and administrative expenses            | 1,084,422           | 1,374,835           | 2,387,292           | 2,951,315           |
| Franchise revenues                             | (108,017)           | (103,387)           | (183,803)           | (285,939)           |
| Management fee revenue                         | (24,993)            | (25,000)            | (49,983)            | (50,000)            |
| <b>Restaurant EBITDA</b>                       | <b>\$ 1,197,339</b> | <b>\$ 1,441,324</b> | <b>\$ 2,110,611</b> | <b>\$ 2,580,562</b> |