

# GENERATIONNEXT

## FRANCHISE BRANDS

### GENERATION NEXT FRANCHISE BRANDS ANNOUNCES RESULTS FOR THE THIRD FISCAL QUARTER AND NINE MONTHS ENDED MARCH 31, 2017

*Franchisor Reports Bookings of \$6.2M and \$20.7M for the Three and Nine Months Ended March 31, 2017, Respectively*

**Wednesday May 31, 2017** – San Diego, CA - Generation NEXT Franchise Brands (OTCQB: VEND) reports franchise bookings for its third fiscal quarter and nine months ended March 31<sup>st</sup> 2017. The franchisor, whose Reis & Irvy's frozen yogurt robots launched in April of 2016, finished the three and nine months ended March 31, 2017, with bookings aggregating \$6.2 million and \$20.7 million, respectively. Additionally, the company added 34 and 133 new Reis and Irvy's franchisees, respectively, for the same periods.

Other notable items during the period are as follows:

- Accounts receivable aggregated \$13.7 million at March 31, 2017;
- Total assets aggregated \$17.5 million at March 31, 2017;
- Deferred revenues aggregated \$23.5 million at March 31, 2017;
- The company issued common stock for proceeds totaling \$480,000 during the quarter;
- Subsequent to March 31, 2017, the company issued common stock totaling \$980,000;
- We raised \$509,000 in debt proceeds during the nine months ended March 31, 2017 and also repaid \$334,000 in debt principal during the same period. Also, various of the company's loan agreements were extended through dates ranging from June 30, 2017 through December 31, 2017. Subsequent to March 31, 2017, the company also repaid an additional \$455,000 in debt principal;
- The company has launched a new subsidiary Generation Next Vending Robots for its direct sales program to national and regional chains as well as single site retail locations. These customers, which already own their location, will expand our sales opportunities and increase revenues. Typically, these will represent locations that do not meet the qualifications for our franchise network. Furthermore, the company will be offering equipment financing options through a third party vendor.
- We have initiated our international master license / distribution program, whereby we will partner with in-country operators to distribute our newly developed vending robots.

“We are extremely pleased with our first year of franchise sales for Reis & Irvy's. Our aggregate bookings of \$22.0 million have laid the foundation for the franchise programs future” stated Nick Yates, Chairman. “Now, as we prepare for the launch our direct sales program and our international master license / distribution program, we look to continue to expand our reach and revenues. In addition, our development partner's progress has allowed our manufacturing partner to provide us with a Q1fiscal 2018 production schedule allowing for our first order of approximately 200 Reis and Irvy's robots to begin rollout in September, 2017, followed by an aggressive month to month rollout thereafter. We are confident we can install for our franchisees all robots sold through our March 31, 2017 quarter and recognize the deferred revenues prior to the end of fiscal year 2018. And finally, we are moving in the right direction with our cash flow, as we were slightly negative from operating activities of \$38,000 during the nine months ended March 31, 2017, compared to a negative \$773,000 for the nine months ended March 31, 2016. Furthermore, we had overall positive cash flows of \$49,000 for the nine months ended March 31, 2017, compared to overall negative cash flows of \$171,000 for the same period in the prior year. We believe that we are on track to end fiscal 2017 cash flow positive and maintain this throughout fiscal year 2018.”

The company had revenues of \$3.8 million and \$4.4 million for the nine months ended March 31, 2017 and 2016, respectively. The decrease in revenues is directly related to the discontinuation of new franchise sales of subsidiary franchise concept Fresh Healthy Vending. Net loss for the nine months ended March 31, 2017 and 2016 was \$8.4 million and \$3.4 million, respectively. Included in the net loss for the nine months ended March 31, 2017 was research and development expenses of \$743,000 related to the development of the next generation frozen yogurt robot, \$1.6 million of marketing and advertising expense, \$2.9 million of personnel expense, \$1.0 of professional fees, and \$395,000 related to Robofusion license fees. Furthermore, the Company incurred an aggregate of \$1.2 million of non-cash discount accretion and derivative liability expense.

To learn more about Generation NEXT Franchise Brands or their family of brands, including Reis & Irvy's, Fresh Healthy Vending or 19 Degrees, please visit [www.gennextbrands.com](http://www.gennextbrands.com) or call toll free 888-902-7558.

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*This information is not intended as an offer to sell, or the solicitation of an offer to buy, a franchise. It is for information purposes only. No Reis & Irvy's franchises will be sold to any resident of any state until the offering has been exempted from the requirements of, or duly registered in and declared effective by, such state and the required FDD (if any) has been delivered to the prospective franchisee before the sale in compliance with applicable law. Currently, the following states in the United States regulate the offer and sale of franchises: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Oregon, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin. If you reside in one of these states, or even if you reside elsewhere, you may have certain rights under applicable franchise laws or regulations.*

### **Generation NEXT Franchise Brands**

Generation NEXT Franchise Brands, based in San Diego, California, is a publicly traded company on the OTC Markets trading under the symbol: VEND. Generation NEXT Franchise Brands is parent company to Fresh Healthy Vending LLC, the market's leading healthy-choice vending machine franchise, Reis and Irvy's, Inc., the world's first robotic frozen yogurt vending kiosk, 19 Degrees, a corporate-focused frozen yogurt robot brand and Generation NEXT Vending Robots, our newly established owner/operator model. The Company hosts over 350 active franchisees throughout the United States, Canada, Puerto Rico and the Bahamas, and continually looks to partner with like-minded entrepreneurs who share its vision.

#### *Cautionary note on forward-looking statements*

*Except for historical information contained in this release, statements in this release may constitute forward-looking statements regarding assumptions, projections, expectations, targets, intentions or beliefs about future events that are based on management's belief, as well as assumptions made by, and information currently available to, management. While the Company believes that expectations are based upon reasonable assumptions, there can be no assurances that goals, results and strategy will be realized. Numerous factors, including risks and uncertainties, terms and availability of financing, may affect actual results and may cause results to differ materially from those expressed in forward-looking statements made by the Company or on its behalf. In addition to statements, which explicitly describe risks and uncertainties, readers are urged to consider statements labeled with such terms as "believes," "belief," "expects," "intends," "feels," "anticipates," "proposes," "proposed," or "plans" to be uncertain and forward-looking. More detailed information on these and additional factors that could affect Generation NEXT's actual results are described in Generation NEXT's filings with the Securities and Exchange Commission, including its most recent Form 10-Q's for the quarterly periods ended March 31, 2017, December 31, 2016 and*

*September 30, 2016, and its annual report on Form 10-K for the fiscal year ended June 30, 2016. All forward-looking statements in this news release speak only as of the date of this news release and are based on Generation NEXT's current beliefs and expectations. Generation NEXT undertakes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.*