NZAX & Media Release **14 June 2019**

PRELIMINARY FINANCIAL RESULTS FOR THE 12 MONTHS TO 31 MARCH 2019

Cooks coffee operations growth sustained amid reorganisation

SUMMARY

- Esquires store numbers increase to 117 from 93 at the same period a year ago.
- Cooks to migrate to the NZX main board on 24 June 2019
- Cooks continues to drive towards positive cashflow and earnings
- Revenue[1] drops 11.8% to $5.9 million with stronger constant currency global store sales[2] (up 10.9%) offset by the application of new revenue accounting standards and structural changes in franchises in the UK
- Net loss from continuing operations after tax rises to $4.7 million from $3.9 million reflecting growth investments, the costs from the proposed acquisition of Mojo and other one-off charges

Cooks Global Foods (NZAX.CGF) today reports strong growth in its global coffee operations has been diluted by restructuring initiatives and changes in reporting standards as it drives towards positive cashflow and earnings.

Revenue[1] for the 12 months to 31 March 2019 fell 11.8% to $5.9 million from $6.7 million in the same period a year ago. Revenue was supported by a 10.9% increase in constant currency sales[2] from the global coffee store network to $49.3 million from $44.5 million in the same period a year ago as store numbers expanded from 93 to 117.

However, these gains were offset by restructuring initiatives aimed at building growth momentum, including changes to the structuring of royalty programmes in the United Kingdom. The gains were also masked by new accounting standards that require Cooks to recognise revenue from new franchise agreements across the life of the agreement rather than in the year they are received. The 2018 financial year's figures have not been restated to reflect these changes.

Net losses before tax from continuing operations increased to $4.7 million from $3.9 million in the same period a year ago, reflecting lower revenue, costs associated with new initiatives to drive growth in the UK and Europe, a non-cash share of the Chinese joint venture's losses and write off's associated with the company's Romanian operations.

Higher finance and legal charges and costs associated with the proposed acquisition of the Mojo chain of coffee stores towards the end of the half year also weighed on earnings.

Cooks Executive Chairman Keith Jackson said: "During the second half of the year the company focused on strengthening the core businesses in UK and Ireland, which collectively generated more than 70% of the group's total revenue in 2019.

"The UK business was re-organised with a focus on developing regional master franchisees and the strengthening of operational management. To date two regions have been sold and the results are beginning to show through with faster growth in the current financial year as local developers ramp up activity.

"As signalled at the half year, the focus on the core business saw Cooks withdraw from the external design market and the closure of the Design Environments business. We are now focussed exclusively on internal design for our own franchised cafes and we are seeing cost savings from these initiatives flowing through to our results in the current financial year."

BALANCE SHEET

Cooks fully repaid its debt facilities with ANZ in early April with the majority repaid before 31 March 2019. At the end of the financial year the company had bank debt of $0.15 million down from $1.2 million at the same time last year.

Borrowings increased to $7.8 million from $4.7 million at the same time a year ago and include loans from entities associated with Executive Chairman Keith Jackson as well as certain convertible loan notes. Cooks continues to pursue alternative funding options to better reflect the appropriate mix of equity and debt requirements for the business.

CHINA BUSINESS CARRYING VALUE

Following discussions with the Financial Markets Authority, Cooks commissioned an independent valuation of the Chinese coffee joint venture, which valued Cooks' 21% stake at between $5.6 million and $6.8 million.

This figure is well in excess of the $2.7 million carrying value in the company's accounts. However, the Board resolved not to adjust the value at this time. Further details will be provided in the full year report.

NZX MIGRATION

Cooks has approval to migrate to the NZX on 24 June 2019. Cooks believes the move will help to lift its profile and boost liquidity in its shares. The approval follows the appointment of Paul Elliot to the board as an independent non-executive director.

OUTLOOK

Mr Jackson said directors are confident about the prospects for the business in the year ahead.

"Cooks continues to make progress putting its operations on a long-term footing. Recent restructuring initiatives began to deliver real benefits in the second half of the 2019 financial year and are continuing into the new financial year. We expect these improvements to see momentum build and drive Cooks towards generating positive cash flow and earnings."

BUSINESS PERFORMANCE

THE UNITED KINGDOM

UK store numbers increased to 41 at the end of March up from 35 at the same time a year ago. Meanwhile, constant currency coffee store sales for the year increased 17% to $20.6 million from $17.6 million in the same period a year ago. The region also saw a 10% increase in transaction volumes and a 7% increase in average transaction values.

The UK business has a new strategy to establish regional franchises and as part of this, it has restructured the regional franchise fee and royalty schedule to better incentivise franchisees.

This change – coupled with the change in accounting standard - has had a short-term effect of lowering Cooks revenues in the UK segment, which fell to $2.6 million from $3.0 million in the same time a year ago. However, over the longer term, the royalty changes are projected to significantly accelerate revenue and profit growth.

Operating losses in the UK division were $0.8 million, down from an operating profit of $0.2 million in the same period a year ago. In addition to the change in the royalty schedule and the accounting standards, the fall reflected the costs associated with the opening of a company-owned flagship store in Putney in South West London.

The store has a strong local community engagement, and a high level of food focus. It is setting the standard for Esquires in the UK. It also serves as a hub for regional training and administration.

EUROPE (IRELAND)

Constant currency total store sales in the region were $16.4 million, 19.4% ahead of the same period a year ago. This result was driven by 16% growth constant currency store sales in Ireland itself as three new stores came on stream late in the period.

Cooks revenue in the European segment increased to $1.2 million from $1.0 million in the same period a year ago, despite the change to the accounting standards.

However, the gains were diluted by difficulties in the Romanian business where the regional franchisee has failed to live up to expectations. Consequently, the region posted an operating loss of $0.2 million compared to an operating profit of $0.2 million in the same period a year ago

GLOBAL

Constant currency sales of the Esquires Coffee store network included in the global segment increased 5.6% to $9.4 million from $8.9 million in the same period a year ago. Strong gains in the Middle East and Asia were offset by weakness in Canada. Pakistan had a positive first year of operations and is cautiously expanding.

Cooks operating revenue in the segment fell from $1.9 million to $1.4 million, with the fall largely due to the revenue accounting standard. The global business posted an operating loss of $0.7 million compared to an operating profit of $0.4 million in the same period a year ago, again reflecting the change to the accounting standard.

SUPPLY AND CORPORATE

Revenue at the supply businesses was largely flat on the same period a year ago at $0.8 million with strong gains in revenue in the new carbon-neutral Grounded coffee brand offset by weakness in Scarborough Fair's other brands. The Crux supply business also recorded weaker sales, and this was due largely to the timing of shipments to and from its customers offshore.

Operating losses rose to $0.35 million compared to $0.30 million at the same time a year ago with the increase relating to investment in the Grounded coffee brand. Corporate costs rose by 12% to $1.6 million from $1.4 million last year, due to the costs associated with the planned acquisition of Mojo.

CHINA

The Chinese business is now treated as an equity-accounted associate following its transition to a new joint venture last year. Cooks has an effective 21% stake in the business and booked a $0.4 million non-cash share of the venture's losses for the year.

After a long period of reorganisation momentum is building in China. In the three-month period to the end of March 2019 the Chinese business opened 21 outlets, all of which were the new style 'express' outlets. Total outlets at the end of the period increased to 31 from 18 at the same time a year ago.

For further information:

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ABOUT COOKS GLOBAL FOODS

Cooks Global Foods operates in world markets and is listed on the NZAX market operated by NZX Limited in New Zealand under the code CGF. It owns the intellectual property and master franchising rights to Esquires Coffee Houses worldwide (excluding New Zealand and Australia). Cooks currently operates or franchises Esquires Coffee in Canada, the United Kingdom, Ireland, Portugal, Romania, Bahrain, Kuwait, Saudi Arabia, Jordan, Pakistan, Indonesia and China. For more information visit: www.cooksglobalfoods.com

[1] Revenue for the 12 months to 31 March 2019 has been restated to reflect the introduction of the new NZ IFRS 15 standard. Please refer to note K(c) in the attached Appendix 1 disclosure. The 2018 figures record revenue under the old standard.

[2] Total store sales are the aggregate of sales of all Esquires branded coffee stores, whether franchised or partially/fully owned, across the company's global brand network. Cooks derives income from its franchised stores from franchise related fees, primarily related to these sales levels as well as store sales for those stores directly owned by the company, except in China. Total network store sales, therefore, have a correlation to the portion of revenue earned by Cooks Global Foods relating to recurring franchise fees. Chinese sales are also indicative of the potential value residing in the Chinese venture. However, total network sales are not and should not be confused with the revenue of Cooks Global Foods which is reported in its financial statements as the two do not directly correlate.

Appendix 1 release

14 June 2019

Cooks Global Foods Limited

This document covers Cooks Global Food Limited's unaudited financial results for the year ended 31 March 2019

A:

(CGF) : Cooks Global Foods Limited	
Results for announcement to the market	
Reporting Period	12 months ended 31 March 2019
Previous Reporting Period	12 months ended 31 March 2018

	Amount ($NZ'000)	Percentage change
Revenue from continuing ordinary activities	$5,936	-11.8%
Loss from continuing activities after tax attributable to security holders	-$4,682	-189.2%
Loss from discontinued activities after tax attributable to security holders	$0	100.0%
Net loss attributable to security holders	-$4,672	-25.2%

Interim Dividend		Amount per security	Imputed amount per security
No interim dividend has been declared for this reporting period.		$0.0000	$0.00000
CGF has no dividend reinvestment plan currently in operation.			

Record Date	N/A
Dividend Payment Date	N/A

Comments:
Refer to commentary in attached release.

B: Cooks Global Foods Limited
Preliminary announcement for the year ended 31 March 2019

Preliminary unaudited full year report on consolidated results (including the results for the previous corresponding year) in accordance with Listing Rule 10.4.2.

This report has been prepared in a manner which complies with generally accepted accounting practice and gives a true and fair view of the matters to which the report relates and is based on **unaudited** financial statements.

The accounting policies used in the preparation of these financial statements are consistent with those used in the interim financial statements for the six months ended 30 September 2018 and in the audited financial statements for the year ended 31 March 2018.

The Listed Issuer has a formally constituted Audit & Risk Committee of the Board of Directors.

C: Consolidated Statement of Financial Performance

	Unaudited Mar-19 $NZ '000	Up / Down %	Audited. Mar-18 $NZ '000
Revenue	5,936	-11.8%	6,728
Cost of sales	(1,171)	-9.5%	(1,069)
Gross profit	**4,765**	**-15.8%**	**5,659**
Operating expenses and staff costs	(8,185)	-29.0%	(6,343)
Other income	5	-86.5%	37
Operating profit before depreciation and amortisation	**(3,415)**	**-427.8%**	**(647)**
Depreciation and amortisation	(264)	-8.0%	(244)
Operating loss	**(3,679)**	**-312.9%**	**(891)**
Share of net loss of associates accounted for using the equity method	**(399)**	**-43.0%**	(279)
Finance costs	(604)	-34.5%	(449)
Loss before income tax	**(4,682)**	**-189.2%**	**(1,619)**
Net loss for the year from continuing operations	**(4,682)**	**-189.2%**	**(1,619)**
Net loss for the year from discontinued operations	**-**	**100.0%**	**(2,243)**
Net loss for the year	**(4,682)**	**-21.2%**	**(3,862)**
Earnings Per Share (Cents per share):	**(0.95)**		**(0.79)**

D: Consolidated Statement of Financial Position

	Unaudited Mar-19 $NZ '000	Up / Down %	Audited Mar-18 $NZ '000
Assets			
Cash and cash equivalents	450		714
Trade and other receivables	670		2,760
Inventories	219		154
Other assets	761		616
Property, plant and equipment	787		359
Investments accounted for using the equity method	2,688		3,087
Other non-current assets	15		15
Total tangible assets	**5,590**	**-27.5%**	**7,705**
Intangible assets	**2,843**	**-3.6%**	**2,948**
Total assets	**8,432**	**-20.8%**	**10,653**
Liabilities			
Trade and other payables	6,244		4,604
Bank overdraft	148		1,180
Borrowings and other liabilities	7,771		4,686
Total liabilities	**14,163**	**35.3%**	**10,470**
Net (liabilities)/assets	**(5,731)**	**-3231.5%**	**183**
Equity			
Share capital	42,517		42,687
Accumulated losses	(48,419)		(42,535)
Foreign currency translation reserve	249		99
Total equity attributable to equity holders of the Company	**(5,653)**	**-2352.0%**	**251**
Non-controlling interests	(78)		(68)
Total equity	**(5,731)**	**-3231.5%**	**183**
	Cents		***Cents***
Net tangible assets per share	**(1.75)**		**(0.56)**

E: Statement of Changes in Equity

	Unaudited Mar-19 $NZ '000	Up / Down %	Audited Mar-18 $NZ '000
Loss for the period	(4,682)	**-21.2%**	(3,862)
Net increase in issued share capital	(170)		4,812
Foreign currency translation reserve	150		(656)
Non-controlling interests	-		(308)
Movements in equity for the period	**(4,702)**	**-33482.7%**	**(14)**
Equity at start of the period	**183**		197
IFRS 15 Revenue adjustment to Accumulated Losses	**(1,212)**		-
Equity at end of the period	**(5,731)**	**-3231.5%**	**183**

F: Consolidated Statement of Cash Flows

	Unaudited Mar-19 $NZ '000	Up / Down %	Audited Mar-18 $NZ '000
Loss for the period	(4,682)	**-21.2%**	(3,862)
Add/(Less):			
Depreciation & amortisation	264		495
Share of losses of associates	399		279
Losses from discontinued operations	-		609
Net movements in working capital	2,103		1,055
Net cash flow from operating activities	**(1,916)**	**-34.6%**	**(1,424)**
Net cash flow from investing activities	**(34)**	**92.7%**	**(465)**
Net cash flow from financing activities	**2,718**	**-11.4%**	**3,067**
Net (decrease)/increase in cash held	**768**	**-34.8%**	**1,178**
Opening bank balance	**(466)**		**(1,644)**
Closing bank balance	**302**	**164.8%**	**(466)**
Made up as follows:			
Cash and cash equivalents	**450**		714
Bank overdraft	**(148)**		(1,180)
	302	**164.8%**	**(466)**

G: Material Acquisition of Subsidiaries

N/A

H: Material Disposal of Subsidiaries

N/A

I: Material Investment in Associate

(a)	Name of associate entity	**Shanghai Yinshi Food and Beverage Management Company Limited**
(b)	Percentage of ownership held	**20.97%**
(c)	Contribution to consolidated loss for the period	**-$399,000**
(d)	Date from which such contribution has been calculated	**1/04/2018**
(e)	Contribution to consolidated profit/(loss) for the previous corresponding period	**-$279,000**
(f)	Date from which such contribution has been calculated	**1/10/2017**
(g)	Date of disposal	**N/A**

J: Issued and Quoted Securities at End of Current Period

Category of Securities Issued	Number	Quoted
ORDINARY SHARES:		
Total number of shares in issue	**489,509,248**	**489,509,248**
Issued during the current period	-	-

K: Comments by Directors

If no report in any section, state NIL. If insufficient space below, provide details in the form of notes to be attached to this report.

(a) Material factors affecting the revenues and expenses of the group for the current full year or half year

Refer to Commentary.

(b) Significant trends or events since the end of the current full year or half year

Refer to Commentary.

(c) Changes in accounting policies since last Annual Report and/or last Half Yearly to be disclosed:

NZ IFRS 15 "REVENUE FROM CONTRACT WITH CUSTOMERS"

NZ IFRS 15 Introduces a five-step process for revenue recognition with the core principle being for entities to recognise revenue to depict the transfer of goods and services to customers in amounts that reflect the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group elected to apply the retrospective cumulative effect method, with no restatement of comparative period amounts. The cumulative effect of applying the new standard is included as an adjustment to the opening balance of retained earnings recognised in the Statement of Changes in Equity for the twelve months ended 31 March 2019.

This adjustment to opening retained earnings & trade and other payables, for the Franchise & Licence fee income was $1,212,000 and will be spread over the life of the existing franchise & licence agreements. From the 1st April 2018 any new franchise income or licence fee income will be spread over the life of the agreement.

For the 12 months ending 31 March 2019, the additional income generated from this IFRS 15 adjustment amounts to $204,000 and is included in the segment information as Revenue. The above has no cash effect to the Group and the change is for financial reporting purposes only.

NZ IFRS 9 "FINANCIAL INSTRUMENTS"

NZ IFRS 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of NZ IAS 39.

The Group considers financial assets to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. Based on historic information and experience, the Group has assessed that there is low risk with its financial assets.

(d) Critical Accounting Policies - Management believes the following to be critical accounting policies. That is they are both important to the portrayal of the Issuer's financial condition and results, as they require management to make judgments and estimates about matters that they are inherently uncertain

None.

(e) Management's discussion and analysis of financial condition, result and/or operations (optional) - this section should contain forward looking statements that should outline where these involve risk and uncertainty

Refer to Commentary.

14-Jun-19

(signed by) Authorised Officer of Listed Issuer (date)

COOKS GLOBAL FOODS LIMITED
SEGMENT INFORMATION
FOR THE YEAR ENDED 31 MARCH 2019

	Continuing operations					
	Unaudited	**Unaudited**	**Unaudited**	**Unaudited**	**Unaudited**	**Unaudited**
Global operational splits	**Global franchising & design $'000**	**UK franchising & retail $'000**	**Europe franchising & retail $'000**	**Supply $'000**	**Corporate $'000**	**Total $'000**
Revenue	1,360	2,591	1,167	818	-	**5,936**
Other income	1	-	-	1	3	**5**
Cost of inventories sold	(56)	(435)	(2)	(678)	-	**(1,171)**
Depreciation and amortisation	(29)	(188)	(36)	(1)	(10)	**(264)**
Impairment of intangible assets	-	-	-	-	-	**-**
Other expenses	(1,985)	(2,797)	(1,337)	(487)	(1,579)	**(8,185)**
Operating loss for the year	(709)	(829)	(208)	(347)	(1,586)	**(3,679)**
Non-current assets						
Intangible assets	50	845	467	-	1,481	**2,843**
Property, plant and equipment	19	715	24	12	17	**787**

FOR THE YEAR ENDED 31 MARCH 2018

	Continuing operations					
	Audited	**Audited**	**Audited**	**Audited**	**Audited**	**Audited**
Global operational splits	**Global franchising & design $'000**	**UK franchising & retail $'000**	**Ireland franchising & retail $'000**	**Supply $'000**	**Corporate $'000**	**Total $'000**
Revenue	1,937	2,964	989	838	-	**6,728**
Other income	-	36	-	-	1	**37**
Cost of inventories sold	(205)	(192)	-	(672)	-	**(1,069)**
Depreciation and amortisation	(35)	(162)	(35)	(1)	(11)	**(244)**
Other expenses	(1,264)	(2,452)	(762)	(464)	(1,401)	**(6,343)**
Operating profit/(loss) for the year	433	194	192	(299)	(1,411)	**(891)**
Non-current assets						
Intangible assets	69	901	498	-	1,480	**2,948**
Property, plant and equipment	27	285	25	3	19	**359**

FOR THE YEAR ENDED 31 MARCH 2018

	Discontinued operations		
	Audited	**Audited**	**Audited**
Global operational splits	**China franchising & retail $'000**	**Supply $'000**	**Total $'000**
Revenue	1,746	46	**1,792**
Other income	270	45	**315**
Cost of inventories sold	(804)	(11)	**(815)**
Other expenses	(2,429)	(11)	**(2,440)**
Operating profit/(loss)	(1,217)	69	**(1,148)**
Loss on sale of subsidiary after income tax	(1,086)	-	**(1,086)**
Operating profit/(loss) for the year	(2,303)	69	**(2,234)**
Non-current assets			
Intangible assets	2,137	-	**2,137**
Property, plant and equipment	570	-	**570**