NZX & Media Release 31st May 2021

PRELIMINARY FINANCIAL RESULTS FOR THE 12 MONTHS TO 31 MARCH 2021

Positive trends offset by Covid-19 impact

SUMMARY

- Covid-19 impact on trading was significant in all markets during the year and led to delays in the store development and opening program.
- The acquisition of the fast-growing Triple Two Coffee business in June 2020 has added scale to the core UK market and placed CGF as the #4 Coffee focused chain in UK.
- Trading when outlets were fully open delivered higher revenue compared to prior years and industry comparisons.
- Total group revenue from continuing activities decreased 26.8% to $3.1 million.
- Net loss before tax from continuing operations was $3.6 million which was at the same level compared to the same period a year ago, reflecting the benefits of prior restructuring and reduction of costs against the reduction in revenue caused by Covid-19 lockdowns.
- Cash flow from operating activities was positive $1.2m compared to prior year of $0.2m
- Operating loss before depreciation, amortisation & finance charges was $2.2 million compared to prior year loss of $35k & the operating loss from continuing operations after tax increases to $2.8 million from net loss of $0.2 million last year.
- The revenue declines arising from Covid-19 lockdowns were partly offset by government support packages, particularly in the UK and Ireland.
- While there have been timing delays with new store openings, there have been no closures of existing stores or withdrawal from opening plans of any new stores through the global network attributable to Covid-19.
- The delays in store openings and other operational factors have resulted in a re-classification of revenue of $6.1m into Deferred Income.

Cooks Executive Chairman Keith Jackson said: Whilst the FY21 financial year has been dominated by the Covid-19 pandemic CGF's stores have been resilient in towns and suburbs. Vehicle accessed locations outperformed larger city centre outlets that were affected by the combination of working from home (WFH) a lack of tourists. That combination adversely impacted our stores in cities like Dublin, Windsor and Stratford on Avon. Independent industry research from Allegra Research in the UK showed that the Esquires UK brand outperformed the market in calendar year 2020 with sales down 29% compared to the industry decline of 39%.

The first half of the year saw a comprehensive lockdown for the April to June period in almost all markets in which we operate globally. This was followed by various levels of opening from July – October period but then followed by a second series of lockdowns.

Store sales for the period August – October period saw Esquires UK sales 16% up on the prior year, reflecting that business's more regional and suburban footprint. By comparison in Ireland our store sales were down 14% of the prior year in this period due to the significant impact of a lack of tourists and workers in the CBD in Dublin.

During the financial year the group opened six new stores in the UK and Ireland and one each in Saudi Arabia & Pakistan. We closed seven outlets (UK 1, Ireland 2 and Middle East 4). We had 100 outlets at the end of March 2021.

We had an outstanding team response to the challenges of Covid-19 from Franchisees and our UK and Irish teams.

BALANCE SHEET

Borrowings increased to $7.8 million from $5.5 million at the same time a year ago. These include loans from entities associated with Executive Chairman Keith Jackson as well as certain convertible loan notes. Cooks continues to pursue funding options to better reflect the appropriate mix of equity and debt requirements for the business.

Lease receivables of $18.7m and right-of-use assets of $0.9m, lease liabilities of $19.8m have been recognised this year under IFRS 16 Accounting Standard for Finance Leases and $1.3m of Current and $4.8m on Non-Current Liabilities was classified as Deferred Revenue.

Loans of $1.8m will be converted to equity under a commitment from parties related to the Chairman, Keith Jackson and approved by the Board but subject to shareholder approval at the 2021 AGM.

OPERATIONAL BUSINESS PERFORMANCE

THE UNITED KINGDOM

The United Kingdom entered lockdown from mid-March 2020 to early July and then from mid October 2020 through to mid-2021 and these restrictions are being eased at present. Indoor dining in groups of six has been permitted since 17th May 2021 and outdoor dining was permitted from 12th April 2020 with only delivery and contactless trading permitted prior to that. As a result, many of our franchised stores were temporarily closed for considerable periods of time and others operated as takeaway outlets only. Government support packages have meant that our franchisees were able to maintain their businesses through this period.

This meant that limited income from franchise fees was received by CGF as these relate directly to store sales. Despite store growth being paused due to Covid, the group has continued to build for the future.

Esquires UK store numbers increased to 46 at the end of March. During the year 7 stores were opened and 2 were closed. Constant currency Esquires Coffee store sales for the year were $12.3m which was 60% of the $20.6 million in the same period a year prior. For the period August to October 2020 when all stores were open and trading as per "normal" Esquires Coffee store sales were 16% ahead of the same period for the prior year. This trend has been seen in recent weeks as the restrictions have been relaxed with sales in the first week of stores being able to welcome customers to sit indoors (in socially distanced groups with a maximum number of 6 people) being 14% higher than the same week in 2019.

TRIPLE TWO COFFEE

The Triple Two network that was acquired in June 2020, opened 2 new stores in Manchester and Lakeside in Essex during the financial year and saw growth pre-Xmas with new franchisees being signed up and store fit out work being undertaken for stores to open once the restrictions in the UK were relaxed. This will translate to royalty revenue when the stores are opened and royalty generation from trading. Store opening activity has resumed in FY22 with five new outlets opened in April and May 2021 with another four in the pipeline to be opened in 2021.

Triple Two Coffee's operating result was impacted by an IFRS 15 adjustment to recognise deferred income of $3.2m. This deferred income will be released into the accounts as the relevant stores open in the future.

UK SUMMARY

With 60 stores operating at the end of March the group are the 4th largest coffee focused café chain in the UK after Costa, Starbucks and the Caffe Nero group (based on Allegra Research data). The growth pathway remains positive and as the UK recovers from Covid-19 impacts we look forward to seeing the pre-Covid momentum return and with the combined Esquires and Triple Two brands we believe that we have a scalable business with critical mass and are well placed to deliver strong and sustainable results.

IRELAND & EUROPE

The Esquires network in Ireland added a new outlet in December 2020 in the Ilac Shopping Centre in Dublin which replaced the nearby Savoy outlet which was closed when the landlord decided to upgrade the Savoy Movie theatre complex. The same franchisee established the Ilac store which opened with many of the staff transferring to the new outlet. Outlet numbers at the end of the year were 13 and there is an encouraging pipeline of new stores in development for the balance of 2021 subject to the current program for the removal of Covid-19 restrictions being implemented.

Constant currency total store sales in Ireland were 41% of the FY20 year with the major impact being in the central city locations, particularly Dublin. Retail Parks that are in smaller and more rural locations were 59% of prior year whilst Shopping Centres that were often closed due to the restrictions were 29% of prior year.

The region posted an operating loss of $79k compared against an operating profit of $0.128 million in the same period a year ago.

European business development initiatives have been delayed due to the Covid-19 impact and the existing outlet in Porto in Portugal was significantly affected by Covid lockdowns during the year.

GLOBAL

Cooks operating revenue in the segment was $0.15 million compared to last year operating revenue of $1.4 million, with the fall relating to discontinued international product sales to the Middle East. The global business posted an operating loss of $0.26m compared to an operating profit of $0.6 million in the same period a year ago. The reduction in revenue was offset by significantly lower staffing costs, legal costs and consulting fees than incurred in the prior year. In particular, there was a significant reduction in staffing related to the Design business, equating to a comparative cost saving of $0.7 million.

SUPPLY

Revenue in the supply business decreased by $37k from the same period a year ago. Crux Products recorded weaker sales, due largely to the timing of shipments and the logistics challenges related to Covid factors that were experienced globally. Supply operating profit was $18k compared to $0.124 million at the same time a year ago.

CORPORATE

Corporate costs were $0.8 million as compared to $1.2 million last year last year due to overall reduced expenses, particularly in relation to legal and consulting fees.

Finance and foreign exchange translation costs were $0.8m compared to $0.7m last year.

During the year the overall corporate costs were reduced due to the simplification of the business and the sale of non-core business units. The benefits that will flow from the restructuring are expected to continue to build in future years.

China

CGF has held a minority interest in a Chinese joint venture for several years. That joint venture has been developing cafes, self-serve coffee machines and a coffee roastery in Mainland China.

The joint venture partners have been called on to provide additional capital to fund growth in the joint venture. This has caused the Board of CGF to re-consider the investment. CGF has spent the last 12-18 months withdrawing from non-core business to focus on Esquires and Triple Two in our key European markets. Accordingly, rather than allocating capital to the Chinese joint venture, CGF has decided to withdraw from the joint venture and transfer its interest to the other joint venture partners for nil consideration.

This has not had any impact on the financial statements of CGF for the current financial year as the value of the joint venture interest was written off in FY20.

Debt re-financing

CGF entered new debt facilities of approximately $500,000 with Summit Capital Limited and has now repaid all facilities with ANZ Bank.

SUMMARY

CGF had generated significant momentum in the second half of FY20 and this had begun to show benefits in scale and profitability. The first stages of these benefits were evidenced in the result for the FY20 year. Our permanent restructuring changes completed during the last 12 months have significantly reduced the overhead costs of the group and the group is positioned well for future profitability.

The Covid-19 pandemic has been unfortunate to say the least and at this time we cannot accurately determine the full longer-term impact. We believe that the business model is sound with the focus on clearly defined core business areas that we can scale up and we are well placed to emerge from the outbreak with our ability to respond to local customer preferences through the franchise network placing us well for the recovery.

G. K. Jackson

ABOUT COOKS GLOBAL FOODS

Cooks Global Foods operates in world markets and is listed on the NZX 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 the United Kingdom, Ireland, Portugal, Bahrain, Kuwait, Saudi Arabia, Jordan, Pakistan & Indonesia. For more information visit: www.cooksglobalfoods.com

Appendix 1 release

30 May 2021

Cooks Global Foods Limited

This document covers Cooks Global Food Limited's unaudited financial results for the year ended 31 March 2021

A:

(CGF) : Cooks Global Foods Limited	
Results for announcement to the market	
Reporting Period	12 months ended 31 March 2021
Previous Reporting Period	12 months ended 31 March 2020

	Amount ($NZ'000)	Percentage change
Revenue from continuing ordinary activities	$3,066	-26.8%
Loss from continuing activities after tax attributable to security holders	-$3,650	-1.5%
Loss from discontinued activities after tax attributable to security holders	-$161	14.7%
Net loss attributable to security holders	-$3,811	26.8%

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 2021

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 2020 and in the audited financial statements for the year ended 31 March 2020.

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

C: **Consolidated Statement of Financial Performance**	Unaudited Mar-21 $NZ '000	Up / Down %	Audited. Mar-20 $NZ '000
Revenue	3,066	-26.8%	4,190
Cost of sales	(925)	-595.3%	(133)
Gross profit	**2,141**	**-47.2%**	**4,057**
Operating expenses and staff costs	(4,328)	-5.5%	(4,104)
Impairment of intangible assets	-		-

Other income	0	-100.0%	12
Operating profit/(loss) before depreciation and amortisation	**(2,187)**	**-6148.4%**	**(35)**
Depreciation and amortisation	(568)	-203.9%	(187)
Operating profit/(loss)	**(2,755)**	**-1141.1%**	**(222)**
Share of net loss of associates accounted for using the equity method	-	**100.0%**	(168)
Impairment of investment of associates	-	**100.0%**	(2,520)
Finance costs	(895)	-30.3%	(687)
Loss before income tax	**(3,650)**	**-1.5%**	**(3,597)**
Income tax benefit/(expense)	**-**	**100.0%**	7
Net loss for the year from continuing operations	**(3,650)**	**-1.7%**	**(3,590)**
Net loss for the year from discontinued operations	**(161)**	**89.9%**	**(1,593)**
Net loss for the year	**(3,811)**	**26.5%**	**(5,183)**
Earnings Per Share (Cents per share):	**(0.63)**		**(1.06)**

D: Consolidated Statement of Financial Position

	Unaudited Mar-21 $NZ '000	Up / Down %	Audited Mar-20 $NZ '000
Assets			
Cash and cash equivalents	1,492		255
Trade and other receivables	5,328		951
Inventories	19		53
Other current assets	284		608
Current tax assets	-		-
Assets classified as held-for-sale	25		422
Property, plant and equipment	198		145
Deferred tax assets	-		-
Investment in Associates	(0)		-
Right-of-use assets	991		2,468
Lease receivables	18,666		18,323
Other non-current assets	15		15
Total tangible assets	**27,018**	**16.3%**	**23,240**
Goodwill	6,238		0
Intangible assets	**12,202**	**329.7%**	**2,840**
Total assets	**45,458**	**74.3%**	**26,080**
Liabilities			
Trade and other payables	13,612		5,399
Bank overdraft	0		0
Lease liabilities	19,809		20,870
Borrowings and other liabilities	7,833		5,522
Deferred tax liabilities	-		-
Total liabilities	**41,253**	**29.8%**	**31,791**
Net (liabilities)/assets	**4,204**	**-173.6%**	**(5,711)**
Equity			
Share capital	52,121		45,549
Accumulated losses	(57,569)		(53,758)
Foreign currency translation reserve	(546)		150
Share based equity reserve	10,251		2,401
Total equity attributable to equity holders of the Company	**4,257**	**-175.2%**	**(5,658)**
Non-controlling interests	(53)		(53)
Total equity	**4,204**	**-173.6%**	**(5,711)**
	Cents		***Cents***
Net tangible assets per share	**(2.27)**		**(1.75)**

E: Statement of Changes in Equity

	Unaudited Mar-21 $NZ '000	Up / Down %	Audited Mar-20 $NZ '000
Loss for the period	(3,811)	**26.8%**	(5,208)

Net increase in issued share capital	6,572		3,032
Foreign currency translation reserve	(696)		(99)
Non-controlling interests	-		25
Movements in equity for the period	**2,064**	**191.8%**	**(2,250)**
Equity at start of the period	**(5,711)**		(3,699)
Share based payment reserve	**7,850**		238
Equity at end of the period	**4,204**	**-173.6%**	**(5,711)**

F: Consolidated Statement of Cash Flows

	Unaudited Mar-21 $NZ '000	Up / Down %	Audited Mar-20 $NZ '000
Loss for the period	(3,811)	**26.5%**	(5,183)
Add/(Less):			
Depreciation & amortisation	568		760
Impairment of intangibles	-		2,520
Share of losses of associates	-		168
Net movements in working capital	4,458		1,928
Net cash flow from operating activities	**1,215**	**-529.5%**	**193**
Net cash flow from investing activities	**(1,445)**	**-1542.0%**	**(88)**
Net cash flow from financing activities	**1,465**	**-1124.5%**	**(143)**
Net (decrease)/increase in cash held	**1,237**	**-2731.9%**	**(47)**
Opening bank balance	**255**		**302**
Closing bank balance	**1,492**	**-485.2%**	**255**
Made up as follows:			
Cash and cash equivalents	**1,492**		255
Bank overdraft	**0**		0
	1,492	**-485.1%**	**255**

G: Material Acquisition of Subsidiaries

(a)	Name of associate entity	**Triple Two Coffee**
(b)	Percentage of ownership held	**100.00%**
(c)	Contribution to consolidated loss for the period	**-$1,739**
(d)	Date from which such contribution has been calculated	**31/03/2021**
(e)	Contribution to consolidated profit/(loss) for the previous corresponding period	**N/A**
(f)	Date from which such contribution has been calculated	**19/06/2020**
(g)	Date of disposal	**N/A**

H: Material Disposal of Subsidiaries

(a)	Name of associate entity	**Scarborough Fair**
(b)	Percentage of ownership held	**100.00%**
(c)	Contribution to consolidated profit for the period	**$38**
(d)	Date from which such contribution has been calculated	**31/03/2021**
(e)	Contribution to consolidated profit/(loss) for the previous corresponding period	**N/A**
(f)	Date from which such contribution has been calculated	**N/A**
(g)	Date of disposal	**24/07/2020**

I: Material Investment in Associate

J: Issued and Quoted Securities at End of Current Period

Category of Securities Issued	Number	Quoted
ORDINARY SHARES:		
Total number of shares in issue	**627,833,832**	**627,833,832**
Issued during the current period	**101,853,883**	**-**

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: N/A

(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

Impairment of Assets
Amortisation of Intangibles
Discontinued Operations

NZ IFRS 16 "Leases"

a) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is:

- a change in future lease payments arising from a change in an index or rate;
- a change in the estimate of the amount expected to be payable under a residual value guarantee;
- changes in assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised; or
- any other change in the future lease payments or the lease term due to a lease modification that's not accounted for as a separate lease.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal or termination options. The assessment of whether the Group is reasonably certain to exercise such options impact the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset, or the right-of-use asset in the case of a sublease. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Where the lease is classified as an operating lease, the Group recognises the lease payments from the operating lease as income on a straight-line basis.

Where the lease is classified as a finance lease, the Group recognises the assets held under a finance lease in its statement of financial position and present them as a lease receivable at an amount equal to the net investment in the lease. The net investment in the lease is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or in the case of a sublease, if the interest rate implicit in the sublease cannot be readily determined, the discount rate used for the head lease (adjusted for any initial direct costs associated with the sublease). The lease receivable is subsequently increased by the interest income on the lease receivable and decreased by lease payment received. It is remeasured when there is a lease modification that is not accounted for as a separate lease.

NZ IFRS 15 "Revenue from Contracts with Customers"

Revenue arises mainly from the sale of food and beverage products from our artisan style coffee stores that the Group owns directly and from franchise and royalty arrangements that it has in place with franchise holders.
Under NZ IFRS 15 Revenue from Contracts with Customers, revenue is recognised either at a point in time or over time, or when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.
The transaction price for a contract excludes any amounts collected on behalf of third parties.
The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position.

Royalty income from Franchise or Master Franchise Agreements (MFAs)

The Group recognises royalty revenue derived from its Franchises and MFAs at a point in time, based on sales by Franchisees that are reported back to Company on a monthly basis for sales that occurred in that month.

Incentives from Suppliers

The Group recognises incentives from suppliers derived from its Franchises at a point in time, based on purchases by Franchisees that are reported back to Company on a monthly basis for purchases that occurred in that month.

Franchise fees

The Group recognises revenue derived from its Country & Regional franchise operations on a straight-line basis over a period of time that the franchise agreement is in place, which is generally 10 years. This is the period of time over which the performance obligation is satisfied. Payment is received upfront upon signing the franchise contract.
The transaction price includes a variable price consideration for the possible transfer of franchise rights. This is unknown until and if the transaction is completed. Given the high uncertainty of this transfer, the transaction price for franchise contract is not adjusted for these transferred franchise rights. Revenue from the sale off individual café franchises is recognised over time.

The Group recognises Franchise Fees derives from the franchise agreement entered by Triple Two Coffee at the point in time when the franchised store is open for trading with the exception for Territory Fee. This is on the basis that Triple Two Coffee has satisfied all its performance obligations specified in its agreements for the Franchise Fees. Payment is received upfront upon signing the franchise contract.

The Group recognises the Territory Fee over a period of time that the franchise agreement is in place, which is generally 10 years. This is the period of time over which the performance obligation is satisfied. Payment is received upfront upon signing the franchise contract.

Sale of Beverages

The Group is in the business of providing artisan style coffee solutions to its customers and franchisees. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer or franchisee at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group has concluded that it is the principal in its revenue arrangements, because it controls the goods or services before transferring them to the customer.
Management has determined the performance obligation to deliver the food & proprietary products is completed when control of goods passes to customer, revenue is recognised at this time.

Other revenue

Other revenue includes services to independent franchisees or other third parties received by the Group. Other revenues are recognised when reliable estimates of the amounts due to the Group are deemed to be highly probable.

(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.

G. K. Jackson

31/05/2021

(signed by) Authorised Officer of Listed Issuer

(date)

NZX NEW ZEALAND'S EXCHANGE TE PAEHOKO O AOTEAROA

Results announcement

Results for announcement to the market		
Name of issuer	Cooks Global Foods Limited	
Reporting Period	12 months to 31 March 2021	
Previous Reporting Period	12 months to 31 March 2020	
Currency	NZD	
	Amount (000s)	**Percentage change**
Revenue from continuing operations	$3,066	-26.8%
Total Revenue	$3,788	-46.87%
Net profit/(loss) from continuing operations	-$3,650	-1.5%
Total net profit/(loss)	-$3,811	26.8%
Interim/Final Dividend		
Amount per Quoted Equity Security	The company does not propose to pay a dividend at this time.	
Imputed amount per Quoted Equity Security	Not Applicable	
Record Date	Not Applicable	
Dividend Payment Date	Not Applicable	
	Current period	**Prior comparable period**
Net tangible assets per Quoted Equity Security	-2.27 cents	-1.75 cents
A brief explanation of any of the figures above necessary to enable the figures to be understood	This announcement is extracted from CGF's unaudited financial statements for the 12 months ended 31 March 2021. A copy of these unaudited financial statements is attached to this announcement.	
Authority for this announcement		
Name of person authorised to make this announcement	Keith Jackson	
Contact person for this announcement	Keith Jackson	
Contact phone number	021 702 509	
Contact email address	keith.jackson@cooksglobalfoods.com	
Date of release through MAP	31 May 2021	

Unaudited financial statements accompany this announcement.