



NEW ZEALAND'S EXCHANGE
TE PAEHOKO O AOTEAROA

Template

Results announcement

(for Equity Security issuer/Equity and Debt Security issuer)

Updated as at 17 October 2019

Results for announcement to the market		
Name of issuer	Cooks Global Foods Limited	
Reporting Period	6 months to 30 September 2020	
Previous Reporting Period	6 months to 30 September 2019	
Currency	NZD	
	Amount (000s)	Percentage change
Revenue from continuing operations	\$1,641	-21.2%
Total Revenue	\$1,919	-50.7%
Net profit/(loss) from continuing operations	\$(1,041)	27.3%
Total net profit/(loss)	\$(1,207)	18.9%
Interim/Final Dividend		
Amount per Quoted Equity Security	\$0.00	
Imputed amount per Quoted Equity Security	\$0.00	
Record Date	Not Applicable	
Dividend Payment Date	Not Applicable	
	Current period	Prior comparable period
Net tangible assets per Quoted Equity Security	(0.55) cents	(1.35) cents
A brief explanation of any of the figures above necessary to enable the figures to be understood	Please see attached Half Year Report	
Authority for this announcement		
Name of person authorised to make this announcement	Keith Jackson	
Contact person for this announcement	Keith Jackson	
Contact phone number	+6421702509	
Contact email address	keith.jackson@cookglobalfoods.com	
Date of release through MAP	30/11/2020	

Unaudited financial statements accompany this announcement.



COOKS GLOBAL FOODS LIMITED

INTERIM REPORT

For the 6 months to 30 September 2020

Executive Chairman's Report

The first half of FY21 financial year was dominated by the impact of Covid-19 that slowed the positive momentum that the company had built up at the end of the FY20 year. Despite the Covid-19 lockdowns and the other related implications which reduced group sales by 50% from \$3.8 million to \$1.9 million compared to the same period last year the net operating loss increased only slightly from \$0.6 million to \$0.8 million and the overall loss from continuing operations reduced by \$391k from (\$1,432)k last year to (\$1,041)k in FY21. The comprehensive loss reduced by \$708k from (\$1,743)k to (\$1,035)k. This performance reflects the restructuring changes in the business that are being realized along with the impact of positive government support packages relating to Covid-19 plus the positive impact of the performance of Triple Two Coffee in the UK that was acquired in June 2020.

Whilst difficult to quantify exactly, the store closures and a period of time where stores were only able to partially open with takeout and delivery only saw lost store sales of an estimated \$10 million for the 6 months in the core markets of UK & Ireland. This translated directly to significantly reduced revenue from Royalties & product related rebates for the period and indirectly to the delay in new franchisees being acquired and new stores being opened and that were planned pre Covid-19. The company is confident that this growth trend will be recovered in FY22 and beyond as we are predicting a return to pre-Covid-19 trading from Q2 in 2021 onwards.

During the first half of the financial year the company focused on strengthening the core businesses with the sale of the Scarborough Fair business in New Zealand & Australia plus the acquisition of Triple Two in the UK.

STATEMENT OF FINANCIAL POSITION

At the end of the financial period the company had a positive bank balance of \$1.9 million.

Borrowings excluding IFRS16 adjustments for leases and contingent earn-out for acquiring Triple Two Coffee increased to \$7 million from \$5.5 million from last financial year. The increase includes additional loans from entities associated with 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.

OUTLOOK

The Directors are confident about the prospects for the business in the year ahead. Despite the impact of Covid-19 on the sector in general we have been encouraged by the resilience shown by the business in the post lockdown trading in UK & Ireland through the July – October period when outlets were allowed to open in an almost normal manner.

Restructuring initiatives instituted last year have delivered real benefits in the first half of the FY21 financial year and further benefits will be realized in the second half.

BUSINESS PERFORMANCE

THE UNITED KINGDOM

ESQUIRES BRAND

UK store numbers were 47 at the end of September up from 43 at the end of March 2020. Coffee store sales for the six months were down 42% on the prior year with transactions down 55% and the average transaction value up 28%. During the period most stores were closed for the April – June period and gradual re-opening was permitted for takeout only and with a more general reopening with sit in options available permitted from the first week in July.

At the end of September, the company had 10 stores open that were not open at the same time last year reflecting the strong new store program that is in place although due to the Covid influence the timing of opening for most of the new stores has been delayed by an average of 3-6 months.

Stores reopened at various times during July and for the months of August & September store sales were 18% up on the same period last year with transactions down 11% and the average transaction value up 32% on the prior year to \$12.97 reflecting the recovery in people wishing to reconnect with family & friends plus government programs such as Eat Out to Help Out (EOHO) that operated for Mondays- Wednesdays in August along with the reduction in VAT from 20% to 5% for hospitality purchases. The EOHO was limited to August but the VAT reduction will continue until the end of March 2021. Since the cessation of the EOHO program the transaction value has remained at the higher level as the company has adjusted its food offering to meet the changing consumer requirements.

TRIPLE TWO BRAND

Triple Two is a rapidly growing brand that joined the group on 19th June 2020. At the end of September there were 12 stores operating and 2 more joined in October but were outside the reporting period. The brand expects to have more than 20 stores open by the end of March 2020.

The brand promise is “Real Food, Awesome Coffee” & the Mission as set out on the company’s website states:

“Our Mission Was Simple

1. To create a unique and highly appealing brand, with an interior to deliver justice to the branding.
2. To source a speciality quality coffee and make sure our baristas can execute it to the level required, whilst still providing the high street prices.
3. To make food from our kitchens all day, every day, and deliver nothing other than the absolute best to our customers, without compromise.”

The Triple Two brand philosophy and culture fits well alongside the Esquires positioning in the UK and the combined entity with currently more than 60 outlets open places the company within the top 5 coffee focused chains in the UK according to Allegra Research.

IRELAND

Store sales in Ireland for the six months were down 55% on last year with transactions down by 57% and the average value per transaction up by 6%. During the period, most stores were closed for most of the April to June period. Irish stores were permitted to open for sit down dining and in café seating from the last week in June until mid October, and by late in July most stores were operating in a near normal situation. For the months of August & September sales were down 19% on last year with transactions down 24% and the average value per transaction up 7%.

City centre stores in Dublin were significantly impacted by the combined effects of the absence of tourists and the lack of workers in the CBD area and sales for the August / September period were 31% of last year whereas for the cities outside Dublin the central city stores were 76% of last year. Retail Parks outside Dublin were 100% of last year v 80% for the Dublin store. Mall stores were 78% of last year which is encouraging as Mall seating was reduced from last year in the Malls with Malls being open for 6 days v the normal seven and at reduced hours.

The Irish Government imposed lockdowns again from mid-October for at least a six-week period with re-opening due to commence from 4th December.

GLOBAL

Sales in the Middle East, Pakistan, Indonesia & Canada reflected the trends in UK & Ireland and various government lockdowns were applied across the estate. These have almost all been lifted from September and trading is variable within a band of 80% - 110% of last year.

SUPPLY

The Scarborough Fair retail coffee & tea business was sold in July and details are included in the discontinued segment. Crux Products business was flat due to issues with international shipping that have delayed growth plans until there is more certainty around timetables and cost.

CORPORATE COSTS

Corporate cash costs reduced by 26% to \$438k for the period, a saving of \$150k. We expect this cost to further reduce in the second half of the year as the restructuring benefits come to fruition. With the sale of Scarborough Fair and the outsourcing of the finance function the existing corporate office had surplus space and we were able to assign the lease for the remaining period thereby reducing further the fixed costs.

SUMMARY

The company is encouraged by the performance in the first half of FY21 where in an environment where stores were closed for long periods of time the recovery once we were able to re-open has been very positive. Government support programs have assisted offset some of the impact but do not cover the projected performance that had been budgeted for pre Covid-19.

The new corporate overhead cost structure will be fully implemented from the first half of FY22 and this will further reduce the breakeven point significantly. The cost reductions along with the enhanced scale from the Triple Two acquisition and growth in UK & Ireland will put the company in a solid position to deliver positive results in FY22 assuming that the Covid-19 related trading patterns return to a more normal pattern from Q2 2021.

APPENDIX

The following are Non-GAAP reporting metrics which are used in this update:

Network (Store) Sales

Total store sales are the aggregate of sales of all Esquires branded coffee stores, whether franchised or 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. Total network store sales, therefore, have a correlation to the portion of revenue earned by Cooks Global Foods relating to recurring franchise fees. However, they 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.

Same Store Sales

Same store sales are the aggregate of all Esquires-branded coffee stores, whether franchised or owned across the company's global brand network that have been operational for at least a full two-year period for the purposes of like-for-like comparison between current and prior periods. The metric measures the improvement in existing store sales within the brand network, excluding new stores opened in the previous 24 months. Same store sales are not the same as revenue in the financial statements for Cooks Global Foods group but can indicate stable revenue growth in the brand network.

Constant Currency Network Store Sales

All references to sales and transaction values in this report are constant currency. This means prior year figures are converted at the same exchange rate as the current year to eliminate the effects of foreign exchange rate fluctuations.

Transactions

Transactions relate to the total individual transactions, which occur within Esquires branded coffee stores, whether franchised or owned. A transaction is defined as a single financial transaction for food, beverage or product that is processed through the point-of-sale system within a coffee store.

Average Transaction Value

Average transaction values are derived by dividing total Esquires coffee store sales by total transactions recorded over the period.

Total (Store) network

All stores whether owned (in full or as part of an associate, such as in the case of the China business) or franchised, which operate under a brand owned by companies within the Cooks Global Foods Group.

Cooks Global Foods Limited
Unaudited Condensed Interim Statement of Comprehensive Income
For the six months ended 30 September 2020

		30 September 2020 \$'000	30 September 2019 \$'000
	Notes		
Continuing operations			
Revenue		1,641	2,083
Other income		-	2
Raw materials and consumables used		(138)	(74)
Depreciation and amortisation		(80)	(89)
Property related costs		(220)	(276)
Net foreign exchange (losses)/gains		(29)	145
Employee costs		(881)	(1,206)
Other expenses		(1,001)	(1,075)
Operating profit/(loss)		(708)	(491)
Finance costs		(333)	(672)
Share of net loss of associate accounted for using the equity method		-	(269)
Loss before income tax		(1,041)	(1,432)
Income tax (expense)/credit		-	-
Loss for the year from continuing operations		(1,041)	(1,432)
Net loss for the year from discontinued operations		(166)	(57)
Net loss for the year		(1,207)	(1,489)
Loss attributable to:			
- Shareholders of the parent		(1,221)	(1,484)
- non-controlling interests		14	(5)
		(1,207)	(1,489)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Change in foreign currency translation reserve		172	(254)
Other comprehensive income after tax		172	(254)
Total comprehensive loss for the year		(1,035)	(1,743)
Attributable to:			
- Shareholders of the parent		(1,049)	(1,738)
- non-controlling interests		14	(5)
		(1,035)	(1,743)
Total comprehensive loss for the year attributable to Shareholders of the parent arises from:			
- Continuing operations		(869)	(1,686)
- Discontinued operations		(166)	(57)
		(1,035)	(1,743)
Loss per share:			
Basic and diluted loss per share (New Zealand Cents) from continuing and discontinued operations:	2	(0.19)	(0.30)
Basic and diluted loss per share (New Zealand Cents) from continuing operations:	2	(0.16)	(0.29)
Basic and diluted loss per share (New Zealand Cents) from discontinued operations:	2	(0.03)	(0.01)

The attached notes form part of, and are to be read in conjunction with these financial statements

Cooks Global Foods Limited
Unaudited Condensed Interim Statement of Change in Equity
For the six months ended 30 September 2020

	Attributable to Equity holders of the Company						
	Share Capital \$'000	Foreign currency translation reserve \$'000	Share based payment reserve \$'000	Accumulated Losses \$'000	Total \$'000	Non- controlling interest \$'000	Total Equity \$'000
Balance at 1 April 2019	42,517	249	2,163	(48,550)	(3,621)	(78)	(3,699)
Comprehensive loss for the year							
Loss for the year	-	-	-	(5,208)	(5,208)	25	(5,183)
Other comprehensive income							
Items that may be subsequently reclassified to profit or loss:							
Change in foreign currency translation reserve	-	(99)	-	-	(99)	-	(99)
Change in share based payment reserve	-	-	238	-	238	-	238
Total comprehensive income/(loss) for the year	-	(99)	238	(5,208)	(5,069)	25	(5,044)
Transactions with owners of the Company							
Ordinary shares to be issued	3,032	-	-	-	3,032	-	3,032
Total contributions by owners of the Company	3,032	-	-	-	3,032	-	3,032
Balance at 31 March 2020	45,549	150	2,401	(53,758)	(5,658)	(53)	(5,711)
Balance at 1 April 2020	45,549	150	2,401	(53,758)	(5,658)	(53)	(5,711)
Comprehensive loss for the year							
Loss for the year	-	-	-	(1,221)	(1,221)	14	(1,207)
Other comprehensive income							
Items that may be subsequently reclassified to profit or loss:							
Change in foreign currency translation reserve	-	172	-	-	172	-	172
Total comprehensive income/(loss) for the year	-	172	-	(1,221)	(1,049)	14	(1,035)
Transactions with owners of the Company							
Issue of ordinary shares	6,671	-	-	-	6,671	-	6,671
Total contributions by owners of the Company	6,671	-	-	-	6,671	-	6,671
Balance at 30 September 2020	52,220	322	2,401	(54,979)	(36)	(39)	(75)

The attached notes form part of, and are to be read in conjunction with these financial statements

Cooks Global Foods Limited
Unaudited Condensed Interim Statement of Financial Position
For the six months ended 30 September 2020

	Notes	30 September 2020 \$'000	31 March 2020 \$'000
Current Assets			
Cash and cash equivalents		1,862	255
Trade and other receivables		4,421	951
Inventories		25	53
Lease receivables		1,726	1,670
Other current assets		317	608
Assets classified as held-for-sale		359	422
Current Assets		8,710	3,959
Non-Current Assets			
Goodwill		17,297	-
Intangible assets		2,835	2,840
Property, plant and equipment		510	145
Right-of-use assets		2,103	2,468
Lease receivables		16,572	16,653
Other non-current financial assets		746	15
Non-current assets		40,063	22,121
Total Assets		48,773	26,080
Liabilities			
Current Liabilities			
Trade and other payables		8,355	3,996
Deferred Revenue		103	211
Lease liabilities		2,133	2,112
Borrowings and other liabilities		3,336	3,431
Current liabilities		13,927	9,750
Non-Current Liabilities			
Deferred Revenue		1,158	1,192
Lease liabilities		18,388	18,758
Borrowings and other liabilities		15,375	2,091
Non-current liabilities		34,921	22,041
Total Liabilities		48,848	31,791
Net Assets/(Liabilities)		(75)	(5,711)
Equity			
Share capital	4	52,220	45,549
Accumulated losses		(54,979)	(53,758)
Foreign currency translation reserve		322	150
Share based equity reserve		2,401	2,401
Equity attributable to owners of the parent		(36)	(5,658)
Non-controlling interests		(39)	(53)
Total equity		(75)	(5,711)

The attached notes form part of, and are to be read in conjunction with these financial statements.

Cooks Global Foods Limited
Unaudited Condensed Interim Statement of Cash Flows
For the six months ended 30 September 2020

	30-Sep 2020	31-Mar 2020
Notes	\$'000	\$'000
Operating activities		
<i>Cash was provided from:</i>		
Receipts from customers	4,252	12,824
<i>Cash was applied to:</i>		
Interest cost	(707)	(1,414)
Payments to suppliers & employees	(2,977)	(11,217)
Net cash provided from/(applied to) operating activities	568	193
Investing activities		
<i>Cash was provided from:</i>		
Disposal of discontinued operation, net of cash disposed of	158	-
Acquisition of subsidiary, net of cash acquired	643	-
<i>Cash was applied to:</i>		
Purchase of property, plant and equipment	(307)	(80)
Acquisition of intangible assets	-	(8)
Net cash provided from/(applied to) investing activities	494	(88)
Financing activities		
<i>Cash was provided from:</i>		
Proceeds from borrowings	953	1,712
<i>Cash was applied to:</i>		
Principal elements of lease payments	(345)	(1,855)
Repayment of borrowings	(74)	-
Net cash provided from/(applied to) financing activities	534	(143)
Net increase/(decrease) in cash and cash equivalents held	1,596	(38)
Cash & cash equivalents at beginning of the year	255	302
Effect of exchange rate changes on foreign currency balances	(11)	(9)
Cash & cash equivalents at end of the year	1,862	255
Composition of cash and cash equivalents:		
Bank balances	1,862	255
	1,862	255

The attached notes form part of, and are to be read in conjunction with these financial statements.

Cooks Global Foods Limited
Unaudited Condensed Interim Statement of Cash Flows
For the six months ended 30 September 2020

The following is a reconciliation between loss after taxation for the period shown in the statement of comprehensive income and net cash flows from operating activities.

	30-Sep	31-Mar
	2020	2020
	\$'000	\$'000
Loss after tax	(1,207)	(5,183)
Add non-cash items:		
Depreciation and amortisation	80	760
Share of losses of associate	-	168
Impairment of investment in associate	-	2,520
Add/(Less) movements in assets/liabilities:		
Inventories	28	166
Trade and other receivables	(2,130)	(655)
Lease receivables	(56)	1,427
Other short-term assets	354	153
Trade payables	3,681	(7)
Other liabilities	(74)	750
Contract liabilities	(108)	94
Net cash flow applied to operating activities	568	193

The attached notes form part of, and are to be read in conjunction with these financial statements.

Cooks Global Foods Limited
Notes to and forming part of the Unaudited Interim Financial Statements
For the six months ended 30 September 2020

Management currently identifies the Group's products and service lines in various geographical locations as its operating segments.

The franchise coffee store business, operating under the Esquires brand, covers geographic segments in the UK, Ireland and Global (covering the NZ Franchise trading entity and all regions owned by third party Master Franchisees). Principal income streams for the franchise business are royalties, coffee product and other retail sales, design and other franchise fees. The supply segment represents the supply of tea/coffee/beverages (through the Scarborough Fair business) and facilitates trade between China and New Zealand and other countries (using its Crux Products business).

Segment information for the reporting period is as follows:

30 September 2020	Continuing operations						Total \$'000
	Global franchising & design \$'000	UK franchising \$'000	Middle East franchising & retail \$'000	Europe franchising & retail \$'000	Supply \$'000	Corporate \$'000	
Global operational splits							
Revenue	68	1,160	(6)	350	22	47	1,641
Other income	-	-	-	-	-	-	-
Raw materials and consumables used	-	(138)	-	-	-	-	(138)
Depreciation and amortisation	(5)	(31)	-	(3)	-	(41)	(80)
Property related costs	-	(196)	-	(13)	-	(11)	(220)
Net foreign exchange (losses)/gains	(29)	-	-	-	-	-	(29)
Employee costs	(76)	(460)	-	(168)	(8)	(169)	(881)
Other expenses	(91)	(433)	-	(219)	-	(258)	(1,002)
Operating (loss)/profit	(133)	(98)	(6)	(53)	14	(432)	(709)
Finance costs	-	(4)	-	(1)	-	(328)	(333)
Share of net loss of associate accounted for using the equity method	-	-	-	-	-	-	-
Loss before income tax	(133)	(102)	(6)	(54)	14	(760)	(1,041)
Income tax (expense)/credit	-	-	-	-	-	-	-
Loss for the year from continuing operations	(133)	(102)	(6)	(54)	14	(760)	(1,041)
Non-current assets							
Intangible assets	42	845	-	467	-	1,481	2,835
Property, plant and equipment	13	453	-	25	-	19	510

30 September 2020	Discontinued operations				Total \$'000
	UK retail \$'000	USA franchising & retail \$'000	Supply \$'000		
Global operational splits					
Revenue	157	-	121		278
Other income	-	-	95		95
Raw materials and consumables used	(44)	-	(126)		(170)
Depreciation and amortisation	(215)	-	-		(215)
Property related costs	4	-	-		4
Net foreign exchange (losses)/gains	-	-	3		3
Employee costs	(63)	-	(4)		(67)
Other expenses	(46)	4	6		(36)
Operating (loss)/profit	(207)	4	95		(108)
Finance costs	(57)	-	(1)		(58)
Share of net loss of associate accounted for using the equity method	-	-	-		-
Loss before income tax	(264)	4	94		(166)
Income tax (expense)/credit	-	-	-		-
Loss for the year from discontinued operations	(264)	4	94		(166)
Non-current assets					
Intangible assets	-	-	-		-
Assets held for Sale	379	-	43		422

Cooks Global Foods Limited
Notes to and forming part of the Unaudited Interim Financial Statements
For the six months ended 30 September 2020

30 September 2019	Continuing operations						Total
	Global franchising & design	UK franchising	Middle East franchising & retail	Europe franchising & retail	Supply	Corporate	
Global operational splits	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	79	918	16	966	104	-	2,083
Other income	-	-	-	-	-	2	2
Raw materials and consumables used	(1)	(3)	-	(3)	(67)	-	(74)
Depreciation and amortisation	(12)	(34)	-	(3)	-	(40)	(89)
Property related costs	(209)	8	-	222	-	(297)	(276)
Net foreign exchange (losses)/gains	140	(45)	-	(149)	-	199	145
Employee costs	(449)	192	(520)	1,255	(7)	(1,677)	(1,206)
Other expenses	(1,206)	207	91	1,209	241	(1,617)	(1,075)
Operating (loss)/profit	(1,658)	1,242	(412)	3,497	270	(3,430)	(491)
Finance costs	(233)	8	(233)	496	(46)	(663)	(672)
Share of net loss of associate accounted for using the equity method	(269)	-	-	-	-	-	(269)
Loss before income tax	(2,160)	1,250	(646)	3,993	224	(4,093)	(1,432)
Income tax (expense)/credit	-	-	-	-	-	-	-
Loss for the year from continuing operations	(2,160)	1,250	(646)	3,993	224	(4,093)	(1,432)
Non-current assets							
Intangible assets	62	873	-	482	-	1,505	2,922
Property, plant and equipment	17	472	-	25	2	420	936

30 September 2019	Discontinued operations			
	UK retail	USA franchising & retail	Supply	Total
Global operational splits	\$'000	\$'000	\$'000	\$'000
Revenue	1,169	-	639	1,808
Other income	-	-	-	-
Raw materials and consumables used	(302)	-	(606)	(908)
Depreciation and amortisation	(228)	-	(2)	(230)
Property related costs	60	-	(63)	(3)
Net foreign exchange (losses)/gains	-	-	42	42
Employee costs	192	(213)	(349)	(371)
Other expenses	162	(23)	(584)	(445)
Operating (loss)/profit	1,052	(235)	(923)	(106)
Finance costs	144	-	(94)	49
Share of net loss of associate accounted for using the equity method	-	-	-	-
Loss before income tax	1,196	(235)	(1,018)	(57)
Income tax (expense)/credit	-	-	-	-
Loss for the year from discontinued operations	1,196	(235)	(1,018)	(57)
Non-current assets				
Intangible assets	-	-	-	-
Assets held for Sale	2,486	-	9	2,495

Cooks Global Foods Limited
Notes to and forming part of the Unaudited Interim Financial Statements
For the six months ended 30 September 2020

1. General information

Cooks Global Foods Limited (“Company” or “Parent”), together with its subsidiaries (the “Group”) operate in the food and beverage industry.

The Company is a limited liability company incorporated and domiciled in New Zealand and is listed on the NZX Main Market board of the New Zealand stock exchange.

Statutory base

The Company is registered under the Companies Act 1993 and is a FMC reporting entity under part 7 of the Financial Markets Conduct Act 2013.

Reporting framework

The unaudited interim financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (“IFRS”) and other applicable New Zealand Reporting Standards as appropriate for profit-oriented entities. The financial statements comply with IFRS. These policies have been consistently applied to all periods presented, unless otherwise noted.

These financial statements for the six months ended 30 September 2020 have been prepared in accordance with NZ IAS 34, Interim Financial Reporting and should be read in conjunction with the financial statements published in the Annual Report for the year ended 31 March 2020. They also comply with the International Accounting Standard 34 interim Financial Reporting (IAS 34).

2. Changes in significant accounting policies

Except as described below, the accounting policies applied by the Group in these consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 March 2020. The Group has not applied any standards, amendments and interpretations that are not yet effective.

3. Loss per share

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding for the period.

Diluted loss per share is determined by dividing the loss attributable to ordinary shareholders and the weighted average number of shares outstanding for the effects of any dilutive potential ordinary shares.

Net tangible assets per share is determined by dividing the net asset value of the Group, adjusted by the intangible assets, and the number of shares issued at the end of the period.

The company issued 101,853,883 ordinary shares to acquire Triple Two Coffee at an issue price of NZ\$0.0655 per share on 19 June 2020.

No shares were cancelled during the period.

The company potentially can issue additional 11,301,951 shares at NZ\$0.0655 subject to Triple Two Coffee’s EBITDA for the financial year ended 31 December 2020. This is the Second Completion Payment forming the initial consideration for acquiring Triple Two Coffee. The company will pay out the Second Completion Payment of NZ\$740,278 in cash if the EBITDA for the financial year ended 31 December 2020 is NZ\$850,575 or above. If the EBITDA is less than the above target, the Second Completion Payment shall be payable by shares stated above.

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As the condition subject to the EBITDA has not been met at the period ended 30 September 2020, the company didn't include the contingently issuable shares in the calculations of the Basis EPS nor Diluted EPS.

	30-Sep-20	30-Sep-19
Weighted average ordinary shares issued	628,393,469	489,509,248
Basic and diluted loss per share (New Zealand Cents) from continuing and discontinued operations:	(0.19)	(0.30)
Basic and diluted loss per share (New Zealand Cents) from continuing operations:	(0.16)	(0.29)
Basic and diluted loss per share (New Zealand Cents) from discontinued operations:	(0.03)	(0.01)
Net tangible assets per share (New Zealand Cents)	(0.55)	(1.35)

4. Share Capital

The share capital of Cooks Global Foods Limited consists of issued ordinary shares, each share representing one vote at the company's shareholder meetings. The par value is nil (2020: nil). All shares are equally eligible to receive dividends and the repayment of capital.

Movements of share capital	30-Sep-20	31-Mar-20
	No. of	No. of
	Shares	Shares
<i>Number of Shares issued:</i>		
Ordinary shares opening balance	525,979,949	489,509,248
Ordinary shares issued	101,853,883	36,470,701
Total ordinary shares authorised at 31 March	627,833,832	525,979,949
Movements of share capital	30-Sep-20	31-Mar-19
	\$'000	\$'000
<i>Value of Shares issued:</i>		
Ordinary shares opening balance	45,549	42,517
Ordinary shares issued less share issue expenses	6,671	3,032
Total ordinary shares authorised at period end	52,220	45,549

At 30 September 2020, \$nil of the ordinary share capital is unpaid (31 March 2020: \$nil).

5. Related party transactions

The Group's related parties include the directors and senior management personnel of the Group and any associated parties as described below.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received.

Keith Jackson is a director of Cooks Investment Holdings Limited, TRS Investments Limited, Dairy Farm Investments Limited, Dairy Farm Investments (Ruawhata) Limited, Jackson & Associates Limited, Weihai Station Limited and a trustee of Nikau Trust.

Mike Hutcheson is a director of Image Centre Limited and Lighthouse Ventures Holdings Limited.

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Peihuan Wang is a director of Jiajiayue Holding Group Limited and Weihai Station Limited.

Tony McVerry is a director of Esquires Coffee Houses Ireland Limited.

Transactions with related parties

	30-Sep	31-Mar
	2020	2020
	\$'000	\$'000
<i>Purchases of goods and services</i>		
Purchase of management services	-	180
<i>Interest paid to related parties</i>	39	341
<i>Other transactions</i>		
Subscriptions for new ordinary shares	-	2,668
Funding loans advanced by related parties	520	1,792

Balances outstanding with related parties

	30-Sep	31-Mar
	2020	2020
	\$'000	\$'000
Outstanding balances arising from purchases of goods and services		
Entities controlled by key management personnel	457	457
Loans to/from related parties		
Loans to related party		
Beginning of the year	-	-
End of period	-	-
Loans from related party		
Beginning of the year	2,894	2,621
Loans advanced	520	1,792
Reclassification from finance loans	-	871
Satisfaction of related party receivables	-	(2,668)
Net foreign exchange effects	-	(50)
Interest charged	111	383
Interest paid	(39)	(55)
End of period	3,486	2,894

Director transactions

	30-Sep	31-Mar
	2020	2020
	\$'000	\$'000
Directors fees	40	80
Salaries, wages and contractor payments	425	986
	465	1,066

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6. Capital Commitments, Contingent Liabilities

There were no capital commitments as at 30 September 2020 (31 March 2020: \$nil).

There were no changes in capital commitments, contingent liabilities and contingent assets that would require disclosure for the six months ended 30 September 2020 (31 March 2020: \$nil).

7. Going Concern

The Group reported a loss of \$1,207,000 (2019: \$1,489,000) and operating cash inflows of \$568,000 (2019: cash outflows of -\$718,000) for the six-month period to 30 September 2020.

As at 30 September 2020 the Group has reported Net Liabilities of \$75,000 (2019: Net Liabilities of \$5,286,000) and current liabilities exceed current assets by an amount of \$5,217,000 (2019: \$6,237,000).

The ability of the Group to pay its debts as they fall due and to realise their assets and extinguish their liabilities in the normal course of business at the amounts stated in the consolidated financial statements has been considered by the Directors in the adoption of the going concern assumption during the preparation of these financial statements.

The Directors forecast that the Group can manage its cash flow requirements at levels appropriate to meet its cash commitments for the foreseeable future being a period of at least 12 months from the date of authorisation of these consolidated financial statements. In reaching this conclusion, the Directors have considered the achievability of the plans and assumptions underlying those forecasts. The key assumptions include the:

- Group's ability to successfully conclude present discussions regarding the roll-over of existing debt (NZ\$2.4 million).
- Group's ability to successfully conclude the sale of at least one of the regional development areas currently being offered for sale in the UK at a value that will realise at least NZ\$450,000.
- Sale of one European Master Franchise Agreement for at least \$350,000.
- Group's ability to raise debt or equity funds as part of an overall strategy to re-gear the balance sheet as part of the overall restructuring plan that is in progress.
- The ability of related parties of Keith Jackson to continue to provide funding as required
- Market conditions which the Group operates in, including impacts of Covid-19.

After considering the uncertainties described above the Directors have reasonable expectation that the Group has sufficient headroom in its cash resources and shareholder support to allow the Group to continue to operate for the foreseeable future or alternatively it can manage its working capital requirements to create additional required headroom.

Any significant departure from the above assumptions may cast significant doubt over the ability to continue as a going concern for the foreseeable future.

Whilst the Directors acknowledge that there are capital raising, credit, exchange and liquidity risks in the global economic market in which the Group operates, they are confident that additional capital or funding will be sourced by the Group. In particular, the Directors have received a confirmation from related parties of Keith Jackson, that they will continue to financially support the Group for the foreseeable future. They note the Group has a track record of obtaining financial support from cornerstone investors and related parties and, where necessary, negotiating the deferment of debt repayments.

The Directors are also confident that operating cash flows will continue to improve as a result of the restructuring activities that have been undertaken, most recently with the sale of the Scarborough Fair

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business in NZ along with reductions in corporate office costs, the acquisition of Triple Two in the United Kingdom, to improve profitability and reduce the extent of cash outflow.

The Directors continue to consider other opportunities to further improve the Group's cash position which include discussing collaborations with partners overseas, negotiations with potential strategic equity partners, investigating new facility lines, ongoing discussions in the UK and Ireland relating to

potential acquisitions, rationalising the business wherever possible to concentrate on core business activity and greater focus on improving existing core business activities.

After taking into account all available information, the Directors have concluded that there are reasonable grounds to believe that the forecasts and plans are achievable, the Group will be able to pay its debts as and when they become due and payable, there is sufficient headroom in available cash resources, and the basis of preparation of the financial report on a going concern basis is appropriate.

Should the Group be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the consolidated financial statements. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the Group be unable to continue as a going concern and meets its debts as and when they fall due.

8. Gain on Disposal of Discontinue Operation

In July 2020, the Group sold Scarborough Fair tea and Grounded coffee brands to Toasted Coffee Roasters, an Auckland based specialty coffee roaster that was established in 2001. Cooks is confident that the alignment of the Scarborough Fair & Grounded brands with Toasted Coffee Roasters philosophy and commitment will provide an exciting and successful new chapter for these high quality, ethical brands with dedicated customers.

As disclosed in CGF's preliminary results for the 12 months to 31 March 2020 with no café operations in New Zealand that provided synergies for the FMCG business operated under the Scarborough Fair tea and Grounded coffee brands it was determined that these were non-core.

The major focus of the Cooks business is on the operation of franchised cafés in UK, Ireland & Europe and providing support to master franchise partners in the Middle East, Pakistan, Canada & Indonesia.

Gain on disposal of discontinued operation was determined as follows:

	NZD
	'000
Cash consideration received	158
Other consideration received	-
Total consideration received	<u>158</u>
Cash disposed of	-
Net cash inflow on disposal of discontinued operation	<u>158</u>
Net assets disposed (other than cash)	
Stock in Trade	28
Intangibles - Capitalised expenses	<u>35</u>
	63
Gain on disposal of discontinued operation	95

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9. Business Combination during the period

TRIPLE TWO ACQUISITION

The Group acquired the fast growing Triple Two Café chain in June 2020. Triple Two Coffee franchises 13 cafes in the UK and has been one of the most highly recruited franchises in the UK since the start of 2019. Triple Two currently operate across a number of regions in the UK, with the initial flagship store opening in Swindon in August 2016. They now have several sites trading in major towns, cities and shopping centres across the UK, such as London, Colchester, Oxford, Cheltenham, Cirencester and Hove. Due to the unrivalled demand the brand has seen, there is currently a strong pipeline of sites expected to open by the end of 2020.

Triple Two originated from seeing an opportunity in the market to create a brand where customers can enjoy speciality quality coffee alongside freshly prepared grab and go style food in a relaxing, modern and unique environment.

“The Triple Two model is to create a business that gives customers an experience where they can get great coffee and fantastic food. We will also look to accelerate our focus in our 'cafe bar' style sites, retail range, online coffee subscriptions and international expansion, with our first unit in Paris anticipated to still open this year.”

The acquisition fits with building scale and critical mass in our core UK market area.

On 19th June 2020, CGF acquired 100% of the issued shares in Triple Two Coffee Holdings Limited, Triple Two Coffee franchises 13 cafes in the UK, for consideration of 100% of the share capital in exchange for 102 million CGF shares and £386,425. This cash payment is due in early 2021 and is payable in shares if targeted EBITDA is not reached in 2020. There is an earn out provision whereby the vendors can increase their consideration by improving on the performance in the base year which was 2019. The acquisition is expected to increase the group's market share and reduce cost through economies of scale. The synergistic business will also provide profitability and add cashflow to the Esquires Coffee UK Group.

The operating results and assets and liabilities of the acquired company has been consolidated to the Group from 19th June 2020.

(i) Purchase consideration and fair value of net assets acquired

Details of the consideration transferred are:

Purchase consideration	NZD '000
Cash payable	387
Shares issued	6,671
Contingent consideration	<u>11,407</u>
Total purchase consideration	<u>18,465</u>

100% of the share capital was acquired in exchange for CGF shares.

The price was being settled with an issue of 101,853,883 shares in Cooks at \$0.0655 a share, based on 7.25 times the underlying profit in 2019 of \$1.029m which equates to the sum of £3,477,825 (being 90% of 7.25 x the 2019 EBITDA).

The final price will be based on 7.25 times the best underlying profit achieved by Triple Two over the four calendar years ending in 2022.

The provisionally determined fair values of the assets and liabilities of Triple Two Coffee Holdings at the date of acquisition are as follows:

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	NZD'000
Cash and cash equivalents	643
Property, plant and equipment	354
Other assets	21
Receivables	768
Payables	(457)
Other payables	(223)
Borrowings	<u>63</u>
Net identifiable assets acquired	1,169
Add: goodwill and intangible assets	<u>17,296</u>
Net assets acquired	<u>18,465</u>

The fair value of intangible assets with the IP rights of the franchise system has yet to be determined. None of the goodwill and intangible assets are expected to be deductible for tax purposes.

The group has engaged a qualified valuer to perform a valuation of the intangible assets of Triple Two which will be presented in the 2021 annual report.

- (ii) Contingent consideration
There is an earn out provision whereby Triple Two can increase their consideration by improving on the performance in the base year which was calendar year 2019 and in any year from 2020 to 2022.

The estimated total consideration based on the current forecasted results will be NZD \$18.5m if the budgeted EBITDA from CY2020-2022 are achieved, with the consideration estimated to be 40% shares and 60% cash.

- (iii) Acquisition-related costs
Acquisition-related costs of \$31,000 will be included in administrative expenses in the statement of profit or loss in the reporting period ending 31 March 2021.
- (iv) Information not disclosed as not yet available
At the time the financial statements were authorised for issue, CGF had not yet completed the accounting for the acquisition of Triple Two Coffee Holdings Limited. It is also not yet possible to provide detailed information about their latest financial results and any contingent liabilities of the acquired entity.

10.Subsequent Events

There were no material events subsequent to the end of the six-month period ended 30 September 2020 that would require disclosure.

Company Directory

Company number:	2089337
Year of incorporation:	2008
Registered office:	Level 1, 96 St Georges Bay Road Parnell, Auckland, 1052
Nature of business:	Food & beverage industry
Directors:	Graeme Keith Jackson Michael George Rae Hutcheson Peihuan Wang Paul Valentine Mark Elliott Qiang Kui
Solicitors:	Duncan Cotterill Wellington
Bankers:	ANZ Bank, Auckland
Auditors:	Williams Buck Audit (NZ) Limited
Share registry:	Link Market Services Limited Auckland