



NEW ZEALAND'S EXCHANGE
TE PAEHOKO O AOTEAROA

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 Coffee Company Limited	
Reporting Period	12 months to 31 March 2022	
Previous Reporting Period	12 months to 31 March 2021	
Currency		
	Amount (000s)	Percentage change
Revenue from continuing operations	\$6,659	283.2%
Total Revenue	\$6,659	283.2%
Net profit/(loss) from continuing operations	\$649	125.6%
Total net profit/(loss)	\$339	113.3%
Interim/Final Dividend		
Amount per Quoted Equity Security	It is not proposed to pay a dividend.	
Imputed amount per Quoted Equity Security	N/A	
Record Date	N/A	
Dividend Payment Date	N/A	
	Current period	Prior comparable period
Net tangible assets per Quoted Equity Security	(\$0.19)	(\$0.50)
A brief explanation of any of the figures above necessary to enable the figures to be understood	Cooks undertook a 1 for 15 share consolidation on 31 March 2022. For comparability, the consolidation has been applied to Net Tangible Assets per Quoted Equity Security for the prior comparable period. Refer to attached financial results and commentary.	
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@cookscoffeecompany.com	
Date of release through MAP	30 May 2022	

Unaudited financial statements accompany this announcement.

Appendix 1 Release

30 May 2022



Cooks Coffee Company Limited

This document covers Cooks Coffee Company Limited's unaudited financial results for the year ended 31 March 2022

A: Cooks Coffee Company Limited Preliminary announcement for the year ended 31 March 2022

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

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. In the prior year, the Audit Report has made note of Material Uncertainty related to Going Concern.

The accounting policies used in the preparation of these financial statements are consistent with those used in the interim statements for the six months ended 30 September 2021, and in the audited financial statements for the year ended 31 March 2021.

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

B: Consolidated Statement of Financial Performance

	Unaudited Mar-22 \$NZ '000	Up / Down %	Audited. Mar-21 \$NZ '000
Revenue	6,569	283.2%	1,714
Cost of sales	(1,212)	(777.7%)	(138)
Gross profit	5,357	239.9%	1,576
Operating expenses and staff costs	(4,927)	(42.9%)	(3,449)
Impairment of provision credit losses	(123)	(155.9%)	(48)
Other income	449	(55.7%)	1,013
Operating profit/(loss) before depreciation and amortisation	756	183.2%	(908)
Depreciation and amortisation	(627)	23.4%	(819)
Operating profit/(loss)	129	107.4%	(1,727)
Interest Income	1,076	(6.2%)	1,147
Impairment of Goodwill	(5,528)	-	-
Finance costs	(1,296)	36.4%	(2,038)
Revaluation of contingent consideration payable	6,265	-	-
Profit/(Loss) before income tax	646	124.7%	(2,618)
Income tax benefit/(expense)	3	(96.2%)	79
Net Profit/(Loss) for the year from continuing operations	649	125.6%	(2,539)
Net Profit/(Loss) for the year from discontinued operations	(310)	(5457.8%)	(6)
Net Profit/(Loss) for the year	339	113.3%	(2,545)
Earnings Per Share (Cents per share):	0.05		(0.42)

C: Consolidated Statement of Financial Position

	Unaudited Mar-22 \$NZ '000	Up / Down %	Audited Mar-21 \$NZ '000
Assets			
Cash and cash equivalents	1,156		886
Trade and other receivables	1,303		4,615
Other current assets	806		1,274
Assets classified as held-for-sale	18		29
Property, plant and equipment	204		78
Right-of-use assets	3,163		715
Lease receivables	15,227		18,283
Other non-current assets	15		15
Total tangible assets	21,892	(15.5%)	25,895
Goodwill	5,913		11,569
Intangible assets	7,262		7,495
Total assets	35,067	(22.0%)	44,959
Liabilities			
Trade and other payables	8,269		12,356
Contingent Consideration	-		6,431
Lease liabilities	18,751		19,080
Borrowings - Loans	3,249		6,499
Other liabilities	481		1,008
Deferred tax liabilities	1,250		1,306
Total liabilities	32,000	31.4%	46,680
Net (liabilities)/assets	3,067	278.2%	(1,721)
Equity			
Share capital	56,789		52,220
Accumulated losses	(56,213)		(56,550)
Foreign currency translation reserve	90		208
Share based equity reserve	2,401		2,401
Total equity attributable to equity holders of the Company	3,067	278.2%	(1,721)
Total equity	3,067	278.2%	(1,721)
Net tangible assets per share	Cents (19.05)		Cents (49.66)

D: Statement of Changes in Equity

	Unaudited Mar-22 \$NZ '000	Up / Down %	Audited Mar-21 \$NZ '000
Profit/(Loss) for the period	339	113.4%	(2,545)
Net increase in issued share capital	4,568		6,671
Foreign currency translation reserve	(119)		58
Option to purchase own shares	-		(194)
Movements in equity for the period	4,788	20.0%	3,990
Equity at start of the period	(1,721)		(5,711)
Share based payment reserve	-		-
Equity at end of the period	3,067	278.2%	(1,721)

E: Consolidated Statement of Cash Flows

	Unaudited Mar-22 \$NZ '000	Up / Down %	Audited Mar-21 \$NZ '000
Profit/(Loss) for the period	339	113.3%	(2,545)
Add/(Less):			
Depreciation & Amortisation	627		819
Impairment of Goodwill	5,528		-
Reduction in contingent consideration payable	(6,265)		-
Net movements in working capital	(324)		2,337
Net cash flow from operating activities	(95)	(115.5%)	611
Net cash flow from investing activities	32	102.2%	(1,445)
Net cash flow from financing activities	333	(77.3%)	1,465
Net (decrease)/increase in cash held	270	(57.2%)	631
Opening bank balance	886		255
Closing bank balance	1,156		886
Made up as follows:			
Cash and cash equivalents	1,156	30.4%	886

F: **Material Acquisition of Subsidiaries** N/A

G: **Material Disposal of Subsidiaries** N/A

H: **Material Investment in Associate** N/A

I: **Issued and Quoted Securities at End of Current Period**

Category of Securities Issued	Number	Quoted
ORDINARY SHARES:		
Total number of shares on issue	53,059,493	51,726,160
Shares issued during the current period (pre-Consolidation)	168,058,569	148,058,569

Share Consolidation

On 30 March 2022, Cooks Coffee Company Limited consolidated its shares on a 15:1 basis. Cooks has 51,726,160 quoted shares and 1,333,333 non-voting shares on issue.

J: **Comments by Directors**

- (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:

Nil

- (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

- Treatment of Leases
- Revenue from Contracts with Customers
- Discontinued Operations
- Impairment of Assets
- Amortisation of Intangibles and Goodwill
- Contingent Consideration

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 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.

NZ IFRS 15 "Revenue from Contracts with Customers"

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.

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.

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 contracts is not adjusted for these transferred franchise rights. Revenue from the sale of individual café franchises is recognised over time.

The Group recognises Franchise Fees derived 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 Fees. 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 upon signing the franchise contract.

Other Revenue

Other revenue includes services to independent franchisees or third parties received by the Group.

Discontinued Operations

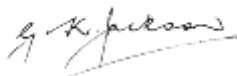
The UK Sunderland store is the last in discontinued operations still to be closed, as the Lancaster store closed in February 2022. The lease for this store is currently being renegotiated, and the Group expect this to be sold in FY2023.

Goodwill Impairment

Management have assessed the Value in Use for the UK Triple Two business and as a result have determined a Goodwill impairment charge of \$5.528m. Management reviewed actual performance since the date of acquisition against the original forecasts, impacted by the Covid pandemic and key receivables being written off during the year, when reassessing the FY23 and FY24 forecasts. Additionally, consideration was given to existing market constraints in the UK around materials and labour, as well as store site availability and capacity constraints relating to the construction of new cafes.

Contingent Consideration

Based on the terms of the original Sale and Purchase Agreement relating to the acquisition of the UK Triple Two business, management have reviewed the likely quantum of contingent consideration likely to crystallise at the end of the final earn out period. This assessment takes into account actual cash flows generated relating to periods already completed, and revisiting cash flow forecasts to the end of the last earn out period (31 December 2022), using management's knowledge of Triple Two business performance to date, and the likely impact on remaining forecast figures of the current economic environment. As a result of this review, \$6.158m of contingent consideration has been derecognised and written back against the previously recognised liability.



30/05/2022

(signed by) Authorised Officer of Listed Issuer

(date)

Appendix 2 Release
Cooks Coffee Company Limited



	Continuing Operations			
	Unaudited	Unaudited	Unaudited	Total \$'000
	Global Franchising & Retail	UK & IRE Franchising	New Zealand	
	\$'000	\$'000	\$'000	
31/03/2022				
Global operational splits				
Revenue	255	6,313	1	6,569
Other income	-	449	-	449
Raw materials and consumables used	-	(1,212)	-	(1,212)
Depreciation and amortisation	(1)	(623)	(3)	(627)
Property related costs	-	129	(1)	128
Net foreign exchange (losses)/gains	(4)	(3)	(55)	(62)
Employee costs	(64)	(2,186)	(378)	(2,628)
Other expenses	(165)	(1,627)	(695)	(2,487)
Operating Profit/(Loss)	21	1,240	(1,131)	130
Finance costs	(18)	(71)	(131)	(220)
Loss on available for sale assets	-	-	-	-
Revaluation of contingent consideration payable	-	6,265	-	6,265
Impairment of goodwill	-	(5,528)	-	(5,528)
Profit/(Loss) before income tax	3	1,906	(1,262)	647
Income tax (expense)/credit	-	2	-	2
Profit/(Loss) for the year from continuing operations	3	1,908	(1,262)	649
Non-current assets				
Intangible assets	42	5,739	1,481	7,262
Property, plant and equipment	1	200	3	204
Goodwill	-	6,239	-	6,239

	Discontinued Operations			
	Unaudited	Unaudited	Unaudited	Total \$'000
	UK Retail	USA Franchising & Retail	Supply	
	\$'000	\$'000	\$'000	
31/03/2022				
Global operational splits				
Revenue	620	-	-	620
Other income	-	-	-	-
Raw materials and consumables used	(183)	-	-	(183)
Depreciation and amortisation	(100)	-	-	(100)
Property related costs	(182)	-	-	(182)
Net foreign exchange (losses)/gains	(0)	-	-	(0)
Employee costs	(319)	-	-	(319)
Other expenses	(110)	-	-	(110)
Operating Profit/(Loss)	(274)	-	-	(274)
Finance costs	(4)	-	-	(4)
Loss on available for sale assets	(32)	-	-	(32)
Revaluation of contingent consideration payable	-	-	-	-
Impairment of goodwill	-	-	-	-
Profit/(Loss) before income tax	(310)	-	-	(310)
Income tax (expense)/credit	-	-	-	-
Profit/(Loss) for the year from discontinued operations	(310)	-	-	(310)
Non-current assets				
Intangible assets	-	-	-	-
Assets held for Sale	18	-	-	18

31/03/2021	Continuing Operations			
	Audited	Audited	Audited	Total \$'000
	Global Franchising & Retail	UK & IRE Franchising	New Zealand	
	\$'000	\$'000	\$'000	
Global operational splits				
Revenue	212	1,502	-	1,714
Other income	(2)	938	77	1,013
Raw materials and consumables used	-	(138)	-	(138)
Depreciation and amortisation	(12)	(762)	(45)	(819)
Property related costs	(27)	76	(49)	(0)
Net foreign exchange (losses)/gains	19	-	351	370
Employee costs	(182)	(1,899)	(178)	(2,260)
Other expenses	(338)	(701)	(569)	(1,607)
Operating Profit/(Loss)	(330)	(983)	(413)	(1,727)
Finance costs	(2)	(114)	(776)	(892)
Impairment of investment in associate	-	-	-	-
Share of net loss of associate accounted for using the equity method	-	-	-	-
Profit/(Loss) before income tax	(332)	(1,097)	(1,190)	(2,619)
Income tax (expense)/credit	-	80	-	80
Profit/(Loss) for the year from continuing operations	(332)	(1,017)	(1,190)	(2,539)
Non-current assets				
Intangible assets	32	5,981	1,481	7,495
Property, plant and equipment	1	71	6	78
Goodwill	-	11,569	-	11,569

31/03/2021	Discontinued Operations			
	Audited	Audited	Audited	Total \$'000
	UK Retail	USA Franchising & Retail	Supply	
	\$'000	\$'000	\$'000	
Global operational splits				
Revenue	626	-	106	732
Other income	282	-	98	380
Raw materials and consumables used	(62)	-	(83)	(145)
Depreciation and amortisation	-	-	-	-
Property related costs	-	-	-	-
Net foreign exchange (losses)/gains	-	-	4	4
Employee costs	(393)	-	(4)	(397)
Other expenses	(579)	-	-	(579)
Operating Profit/(Loss)	(126)	-	121	(5)
Finance costs	-	-	(1)	(1)
Impairment of investment in associate	-	-	-	-
Share of net loss of associate accounted for using the equity method	-	-	-	-
Profit/(Loss) before income tax	(126)	-	120	(6)
Income tax (expense)/credit	-	-	-	-
Profit/(Loss) for the year from discontinued operations	(126)	-	120	(6)
Non-current assets				
Intangible assets	-	-	-	-
Assets held for Sale	29	-	-	29