

REPORT FOR THE 12 MONTHS TO 31 MARCH 2022

## Cooks re-building with positive recovery from Covid-19

### SUMMARY

- Cooks Coffee Company reports net profit before tax from both continuing and discontinued operations was \$0.34 million which compared to the prior period loss of \$2.62m. The results reflect the recovery of café sales particularly in the UK, the full year contribution of the Triple Two acquisition and the benefits of prior restructuring and reduction of costs.
- The recovery in café sales in the UK where government restrictions on trading were relaxed from mid-July 2021 was positive with store sales in FY22 being 123% of the pre covid FY2019 year.
- In Ireland where the government restrictions did not relax until February 2022 the store sales were 75% of FY2019 figures. Store sales for Q4 (January – March) in Ireland were 97% of FY2019 equivalent. The trend points to sales recovering above pre covid levels providing that restrictions remain lifted.
- The acquisition of the fast-growing Triple Two Coffee business in June 2020 has added scale to the core UK market and placed Cooks as the #4 Coffee focused café chain in the UK according to Allegra Research. Triple Two had 20 cafes at the end of March 2022.
- Total group revenue from continuing activities increased 283.2% to \$6.7 million.
- Cooks completed steps to restructure the balance sheet and with a combination of cash injections and debt to share conversions, company debt has been reduced by \$3.3m as at 31<sup>st</sup> March 2022.
- Total Equity in the company improved to a positive \$3.1m from negative equity of \$1.7m last year.
- With much of its business activity in the United Kingdom and Ireland, the company is planning for a potential dual public listing in the UK in the near future.
- The company has changed its name to Cooks Coffee Company to better reflect the business that it is involved in and undertook a 15:1 share conversion on 30<sup>th</sup> March 2022.
- The company has appointed to the Board Michael Ambrose, who is an experienced and well-respected company director.

Cooks Executive Chairman Keith Jackson said that the year was the beginning of the recovery from the impact of the Covid-19 pandemic with the UK showing strong resilience, the recovery was expected to continue, and the store growth was expected to resume as Cooks works to consolidate its position as the 4<sup>th</sup> largest coffee focused café chain in the UK.

## **BALANCE SHEET**

Total Equity in the company improved to a positive of \$3.1m from a negative position of \$1.7m last year. This improvement arose primarily from capital raising and debt conversions.

Borrowings reduced by \$3.3m from \$6.5m last year to \$3.2m this year. The reduction included the debt conversion of \$2m by parties related to the Chairman, Keith Jackson along with other debt to share conversions and some debts paid down.

Management assessed the Value in Use for the UK Triple Two business unit and as a result of this assessment impaired Goodwill by \$5.5m. Main considerations for this impairment related to reassessing forecasts off the back of the Covid pandemic and the likely slow return to a more normalised business environment.

Contingent consideration was also reviewed against the terms of the original acquisition agreement for the Triple Two business and the forecast earnout likely to crystallise with the final earn out period ending 31 December 2022. This review resulted in \$6.3m of contingent consideration payable being derecognised and an appropriate reduction in the previously recognised liability.

## **OPERATIONAL BUSINESS PERFORMANCE**

### **THE UNITED KINGDOM**

Esquires UK store numbers increased to 47 at the end of March. During the year, 3 new stores were opened and 2 were closed whilst 1 store was re-opened after a period of closure during covid.

### **TRIPLE TWO COFFEE**

The Triple Two network that was acquired in June 2020, opened 10 new stores during the financial year and there were 20 cafes operating at the end of the financial year. Triple Two was identified as a “rising star” by IGD (Institute of Grocery Distribution) in a report into the UK Coffee Sector.

## UK SUMMARY

With 67 stores operating at the end of March the group are the 4<sup>th</sup> largest coffee focused café chain in the UK after Costa, Starbucks & the Caffe Nero group, based on Allegra Research data. The growth pathway remains positive and with the combined Esquires and Triple Two brands we believe we have a scalable business with critical mass and are well placed to deliver strong and sustainable results.

## IRELAND

Outlet numbers at the end of the year were 15 and there is an encouraging pipeline of new stores in development for the balance of 2022 and beyond.

## GLOBAL

Cooks operating revenue in the segment was \$0.3 million compared to last year's operating revenue of \$0.2 million as the international franchised markets recovered in the Middle East in particular.

Saudi Arabia expanded with the addition of new stores in Mecca and Jeddah where a new store was opened at the new international airport in February 2022.

## SUMMARY

FY22 has shown the benefits of the resilience of the company's brands and the strength of its core markets in the UK and Ireland that position the company well for future growth and development.



## ABOUT COOKS COFFEE COMPANY

Cooks Global Foods operates in world markets and is listed on the NZX market operated by NZX Limited in New Zealand under the code CCC. It owns the intellectual property and master franchising rights to Esquires Coffee Houses worldwide (excluding New Zealand and Australia) & Triple Two Coffee globally. Cooks currently operates or franchises: Esquires Coffee in the United Kingdom, Ireland, Portugal, Bahrain, Kuwait, Saudi Arabia, Jordan, Pakistan & Indonesia; Triple Two Coffee in the United Kingdom and for more information visit: [www.cookscoffeecompany.com](http://www.cookscoffeecompany.com)