ANNUAL REPORT

Cooks Coffee Company

(Formerly Cooks Global Foods Limited)

31 March 2022

Contents

Executive Chairman's Report

RESILIENT RECOVERY FROM COVID RESTRICTIONS

SUMMARY

During the last 2 years our teams have coped incredibly well with unprecedented and rapidly changing conditions. Our objectives at the beginning of the FY22 year was to prove that we could cope with the crisis and emerge both stronger and better as a business.

Our results for FY22 and the achievements of the business at all levels show that we have achieved both those goals and that we are building a solid platform for future growth. Along with all Directors I would like to take this opportunity to acknowledge the work done by our staff, franchisees and key business partners in rising to the challenges in such a positive manner.

We are planning for a full year of "normal" trading in all core markets and are confident that the positive trends that are evident in the FY22 performance will continue into FY23 and beyond.

- The Operating Profit for Continuing Operations was $0.233m, an improvement of $1.96m on the prior year loss of $1.727m
- The loss of $0.09 million for continuing business is a $2.339m improvement on a loss of $2.539m in the previous period. This turnaround is a result of the combination of the recovery in café sales particularly in the UK as government restrictions eased, the recovery in the new store opening program and a full year input of the Triple Two Coffee chain acquisition plus the benefits of prior restructuring, reduction of costs and a balance sheet restructuring.
- EBITDA for the year for continuing operations was $0.841m, an improvement of $1.722m compared to a loss the prior year of $0.908m.
- Store openings and other development activities were resumed as the government restrictions were lifted with the UK recovering strongly from July 2021. The company added a net 16 new outlets (17%) with 22 new stores added and 6 closed.
- Trading was positive when government restrictions were lifted with Esquires branded stores UK sales in FY22 being 123% of FY19 & 208% of FY21. Most restrictions in the UK were lifted in mid-July 2021 and this provided 8 months of "normal" trading for comparisons.
- Group revenue from trading increased 430% to $7.372 million.
    - With restrictions relaxed in the UK from mid-July 2021 to March 2022 sales & resulting royalties recovered.
    - Franchise fees that reflect the sale of new franchises and the opening of new outlets rose to $2.9m or 956% of FY21 levels as the market recovered.
- The UK market where the restrictions were eased in July 2021 has recovered strongly showing resilience with UK Esquires store sales for

calendar year 2022 to May being 123% of the pre covid 2019 sales for the same period.

- In Ireland once restrictions were lifted, in February 2022, Esquires store sales recovered immediately to 97% of the 2019 comparative for the February/March period. The full FY22 sales performance was 76% of the FY19 financial year illustrating the impact on sales of the restrictions that were in place.
- During the year the group undertook a capital restructuring which included a rights issue, placement of the shortfall and debt conversions. The combination of these activities improved the balance sheet which along with the performance showed $2.398m at 31st March 2022 compared to a negative equity of $1.721m as at 31st March 2021, an improvement of $4.119m
- Performance for Continuing Operations was a loss of $0.438m compared to the prior year of $2.546, an improvement of $2.108m
- The overall result for the year after all IFRS related adjustments was a loss of $0.558m compared to the prior year of a loss of $2.487m, an improvement of $1.929m.

BALANCE SHEET

Equity improved to positive $2.398m from negative ($1.721m) due to capital raising and debt conversions.

Borrowings reduced by $2.616m from $6.499m to $3.883m million at the same time a year ago. The reduction included the debt conversion of $2.0m by parties related to the Chairman, Keith Jackson along with other conversions and new capital being raised.

Management have assessed the Value in Use for the UK Triple Two business and as a result have determined a Goodwill impairment charge of $5.983 million. 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 assessing the FY23 to FY25 forecasts. Additionally, consideration was given to existing market constraints in the UK around materials and labour, as well as store stie availability and capacity constraints relating to the construction of new cafes.

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 quantum of contingent consideration likely to crystalise 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, $6.431 million of contingent consideration has been derecognised and written back against the previously recognised liability.

COMPARISON TO PRELIMINARY RESULT

The final audited result for the financial year ended 31 March 2022 for the Cooks Coffee Company Limited Group, has a Net Loss for the year of $0.438m. This compares to the Preliminary result released on 30th May, which reported unaudited results of a Net Profit for the year of $0.339m

With audit clearance on the evening of 29th June from the UK and final group clearance on 30th June, there have been several late, non-cash adjustments affecting the result and giving rise to the negative movement of $0.897m between the preliminary result and the final audited result released today. The most material adjustments relate to:

- A further impairment of Goodwill relating to the Triple Two UK business of NZ$0.455m arising from further review and discussions with the auditors. This has reduced the carrying value of Goodwill relating to the Triple Two business, acquired in FY2021, from NZ$11.6m to NZ$5.5m as at 31 March 2022.
- A restatement of interest to a related party after resolving a different interpretation with respect to the loan agreement and the accrual of interest. This has resulted in an additional interest expense of $743k.
- There have been several further UK adjustments relating to Deferred Revenue and Costs which have resulted in a net increase to the final group result partially offsetting the impact of the above two adjustments.

The final Net Loss for the group of $0.438m compares to the Net Loss in the prior year of $2.546m, a positive movement of $2.108m

THE UNITED KINGDOM

ESQUIRES COFFEE (UK)

Esquires UK store numbers increased to 47 at the end of March. During the year 4 new stores were opened and 2 were closed whilst 1 store was re-opened after a period of closure during covid.

Esquires St Neots Opening

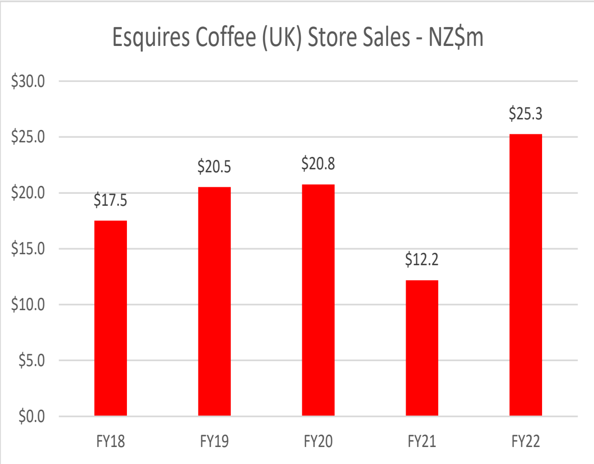

Esquires St Neots

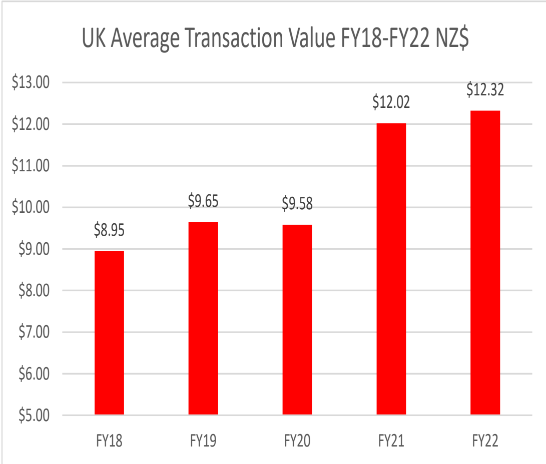

Esquires Caerphilly


Esquires Aylesbury

The following graph shows store sales for the 4 years FY18 to FY22 and illustrates the recovery when the Government restrictions eased in July 2021 meaning that 8 months of FY22 were trading in the "new normal" manner. For the period from August 2021 to March 2022 store sales were 131% of 2019 levels. This included a net 2 stores that were added during the period with 4 opening and 2 stores closing. Like for like sales were 1.5% ahead of 2019 levels.

The average value per transaction rose 26% to NZ$12.32 although actual transaction numbers were lower. We are seeing numbers steadily return to pre Covid levels as customers habits return to more what they were pre covid although we do expect lasting changes in consumer habits such as the growth in delivery and click & collect.





The new store pipeline is strong and the momentum that was present pre Covid has returned and the benefits of this will show in future years revenue streams.

During the financial year the company sold the Regional Development rights for the East Midlands & London regions as part of the strategy to engage with local people who know the areas and who can assist the company to accelerate growth. Income will be released in accordance with IFRS standards.

TRIPLE TWO COFFEE

The Triple Two network acquired in June 2020, opened 11 new stores and temporarily closed 2 during the financial year with 20 cafes operating at the end of the year.


Triple Two Newport

Triple Two Bristol

The new store pipeline is strong and a further 10 new outlets are planned to be in place by March 2023.

As the acquisition of Triple Two was completed in June 2020 we do not have comparative figures for the pre Covid era.

Triple Two was identified as a "rising star" by IGD Research in a report into the UK Coffee Sector.

UK SUMMARY

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

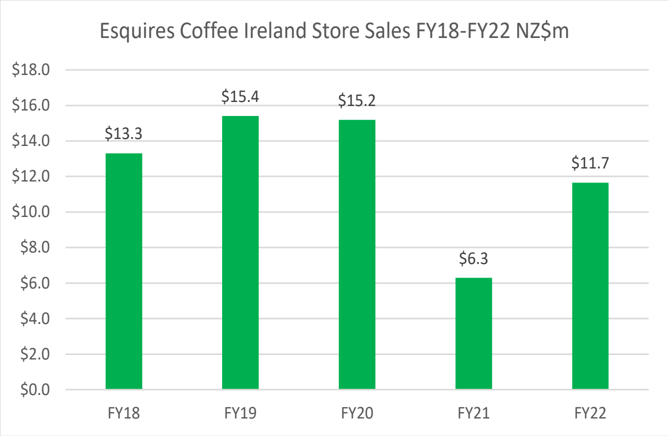
The Allegra Report into the UK Coffee market reported in January 2022 that:

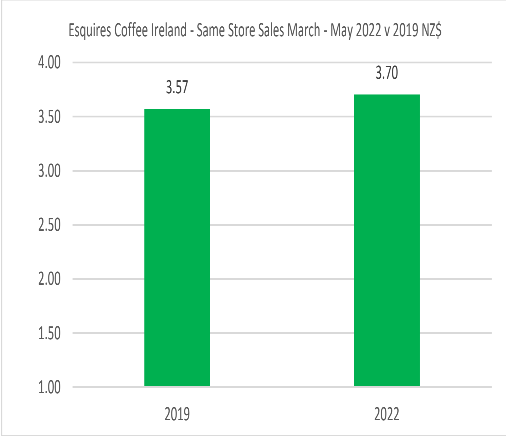
"*The UK branded coffee shop market has recovered faster than expected from the debilitating economic impact of the pandemic, with Allegra now estimating its value at £4.4 billion. With hospitality in full or partial lockdown for extended periods throughout 2020, a relatively less disruptive trading environment in 2021 along with renewed consumer desire for coffee out-of-home has enabled annual store sales to grow from a low 2020 base by 43%, bringing the total market to circa 87% of its pre-pandemic value. The branded UK coffee shop market has also returned to outlet growth and now stands at 9,540 in total, an annual increase of 324 rising by 3.5%."*

Esquires Coffee UK sales were 98% of 2019 levels which is outperforms the industry sales relationship of 87% of 2019 levels.

IRELAND

There were 15 outlets at the end of the current year. There is an encouraging pipeline of new stores in development for the balance of 2022 and beyond. Ireland has been operating under stricter regulations than the UK for much of FY22 and it wasn't until late February 2022 that the majority of restrictions were relaxed. This has meant that the sales patterns have been more affected than the UK but since the lifting of the restrictions we have seen a return to pre covid levels of like for like sales which provide confidence that the trends we have seen in the UK will be repeated in Ireland. The FY22 same store sales are 76% of FY19 and the chart on the right shows the same data for the March – May period when restrictions were lifted and these were 103.8% of 2019.






Esquires ILAC Dublin


Esquires Roscommon


Esquires Roscommon


Esquires Limerick


Esquires Longford

GLOBAL

Cooks operating revenue in the segment was $0.3 million compared to last year's operating revenue of $0.2 million.

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 flagship store was opened at the new international airport in February 2022. The business is developing rapidly as the Kingdom recovers from Covid with sales more than 3 times sales in 2021 for the January – April 2022 period.

Esquires Saudi Arabia Jeddah Airport

Esquires Saudi Arabia Jeddah Airport


Esquires Pakistan

FUTURE OUTLOOK

Cooks Coffee Company ('CCC') seeks to strengthen its position as the fourth largest coffee focused chain and the largest solely franchisor focused café chain in the UK & Ireland through organic growth of its franchises and further acquisitions of boutique and artisan coffee brands.

The company is building a group of ethical coffee chains all with community spirit. The very specific USP's within this include but are not limited to:

- Ethical:
  - Fairtrade & Organic coffee

   - Use of ethical and renewable design materials where possible
   - Certified carbon neutral coffee roasteries and direct links to coffee farmers
- Community spirit:
   - Franchisees are local and own their own business
   - Localised bespoke design
   - Supply linkages to local producers

These factors add up to what we believe is a unique offering that cannot be matched in UK / Ireland by any other chain operators.

CCC serves approximately 150,000 customers a week in the UK & Ireland with 75,000 transactions per week and assuming that there are 2 people per transaction. In the majority of cases these customers are loyal regular customers. Moving forward the company will undertake work to upgrade its digital suite of products to better interact with these customers and to drive new customers to the stores and to enhance our click & collect, loyalty programs and delivery services.

Whilst the company is ranked as the fourth largest coffee focused café chain, its share of outlets in the UK is less than 1% of the market of 9,780 branded café chains. Given that branded chains represent approximately 30% of the total market it is clear that there is significant potential to grow the business.

In Ireland CCC has approximately 2.3% of the market based on the latest Allegra data reporting 654 branded cafes in the Republic.

The longer-term plan to build upon the platform set out above will focus on strategies to build the existing network including, fully recovering from the Covid period, development of wholesale, building the store network by adding new stores, developing the evening trading opportunity, growing delivery in all dayparts & building our loyalty & customer relationship management tools through digital tools.

The company will also look to grow via synergistic acquisitions such as illustrated by the Triple Two transaction and through vertical integration where this is justified.

GOVERNANCE

Cooks Coffee added a new board member, Michael Ambrose an experienced and well-respected company director

DUAL LISTING OPPORTUNITY

As the company grows the Board believe that undertaking a dual listing in the UK will provide opportunities to grow shareholder value. The unique selling proposition as outlined above provides a good base for the company to establish a dual listing in the appropriate UK market that will provide the opportunity for UK consumers and investors to become part of the growth journey. The company is working to develop this opportunity and will keep shareholders informed as to progress.

OPERATING METRICS

Below are the key operating metrics for FY21 & FY22 showing the Covid related recovery in FY22. There were a net 23 new stores added to the network and 7 closures giving a net gain of 16 for the year.

NZ$m	FY21	FY22	%
CCC Outlet Sales (NZ$m)	$24.8	$49.8	200.6%
Transactions (millions)	2.1	4.0	190.4%
Average Transaction Value	$11.78	$12.42	105.4%

Store Numbers FY22	Stores at April 2021	Stores Opened during year	Stores Closed during year	Stores operational at 31st March 2022
ECUK	45	4	2	47
Triple Two	11	11	2	20
ECHI	13	3	1	15
Europe	1	0	0	1
Pakistan & Indonesia	5	0	0	5
Middle East	18	5	2	21
Total	**93**	**23**	**7**	**109**

SUMMARY

FY22 showed the resilience of the company's brands and the core markets of the UK and Ireland positioning the company well for future growth and development. The outlook is positive and projections for trading in FY23 are for the return to normal pre Covid-19 trading patterns for the full year.

Plans to grow shareholder value in the future include sustaining same store sales growth whilst building the existing franchisee network and adding synergistic acquisitions. The strategy includes disciplined investment for the next phase of growth in companies that align with the Cooks' core values and philosophies and that will enhance the earnings per share to grow shareholder value.

With store sales in UK & Ireland at 6% ahead of budget for the 3 months to June I am confident that the resilience shown through the Covid period and the positive recovery that has been seen when restrictions were lifted will continue. The significant opportunities for growth in core markets provide further confidence in the future despite the current challenges relating to supply chain issues and inflation in all markets. We believe that we are well positioned to withstand these pressures and build on the positive progress shown and delivered in FY22.

G K Jackson

Keith Jackson
Executive Chairman

Director's Report

The directors of Cooks Coffee Company Limited are pleased to present to shareholders the Annual Report and consolidated financial statements for Cooks Coffee Company Limited and its controlled entities (together the "Group") for the year ended 31 March 2022.

The directors are responsible for presenting consolidated financial statements in accordance with New Zealand law and generally accepted accounting practice, which give a true and fair view of the financial position of the Group as at 31 March 2022 and their financial performance and cash flows for the year ended on that date.

The directors consider that the consolidated financial statements of the Group have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

The directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Group and facilitate compliance of the consolidated financial statements with the Financial Markets Conduct Act 2013.

The directors consider they have taken adequate steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. The directors note that there were no material changes in the nature of the business undertaken by the Company in the past year.

Going Concern

The directors consider that using the going concern assumption is appropriate having reviewed cash flow projections of the Group which are based on several key assumptions such as the outcome of current funding discussions. Greater detail of the going concern assumptions and the cash generating initiatives currently underway are detailed in Note 4 of the consolidated financial statements.

Donations & Audit Fees

The Group made no donations during the past year. Amounts paid to William Buck for audit and other services are shown in Note 22 of the consolidated financial statements.

Other Statutory Information

Additional information required by the Companies Act 1993 is set out in the Regulatory Disclosures and Shareholder Information sections.

The directors present the consolidated financial statements set out in pages 19 to 82, of Cooks Coffee Company Limited and its controlled entities for the period 1 April 2021 to 31 March 2022.

The Board of Directors of Cooks Coffee Company Limited authorised these consolidated financial statements for issue on 30 June 2022.

William Buck

Cooks Coffee Company Limited

Independent auditor's report to the Shareholders

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Cooks Coffee Company Limited (the Company), formerly Cooks Global Foods Limited, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, Cooks Coffee Company Limited or any of its subsidiaries.

Material Uncertainty Related to Going Concern

We draw attention to Note 4 in the financial statements, which indicates that the Group incurred a total comprehensive loss of $558,000 for the year ended 31 March 2022 and, as of that date, the Group's current liabilities exceeded its current assets by $6,253,000. As stated in Note 4, these events or conditions, along with other matters set forth indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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William Buck Audit (NZ) Limited

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Refer to the paragraph above for Going Concern.

CONTINGENT CONSIDERATION	
Area of focus - Refer also to Note 31	**How our audit addressed it**
The Group acquired a significant subsidiary, Triple Two, in June 2020. The purchase price included a significant element of contingent consideration to be determined based on future earnings. The Group has recorded $6.4 million of income in the year ended 31 March 2022 as a result of a change in estimates underlying the amount previously recorded as a contingent consideration liability at 31 March 2021. This is significant to the financial results of the Group which is the reason why we have given specific audit focus and attention to this area.	Our audit procedures included: — Analysing the underlying Sales and Purchase agreement for the acquisition of Triple Two — Testing the calculation of the earn out for 2021 and the calculation for potential future earn out — Ensuring the accounting treatment was in compliance with International Financial Reporting Standards — Completed testing to obtain sufficient audit comfort that there was no contingent consideration liability at 31 March 2022 — Ensured appropriate disclosure has been included in the financial statements

INTANGIBLE ASSETS & GOODWILL	
Area of focus - Refer also to Note 15	**How our audit addressed it**
The Group has significant intangible assets relating to the Global franchise rights (excluding a few countries) of Esquires Coffee. The Group has assessed that the useful life of these intangible assets to be indefinite. The Group has significant intangible assets relating to the franchise rights of Triple Two that are amortised. In addition there is significant goodwill recorded arising from the acquisition of Triple Two. The group recorded an impairment of goodwill in the year ended 31 March 2022 of $6.0 million. The impairment and carrying value of these assets has a direct impact on the Operating profit and Equity of the Group which is the reason why we have given specific audit focus and attention to this area.	Our audit procedures included: — Assessed the useful life of the assets — Analysed the Group's impairment assessment — Performed stress testing of the key assumptions — Obtained independent expert advice on the methodology and discount rates applied — Ensured appropriate disclosure has been included in the financial statements

REVENUE RECOGNITION	
Area of focus - Refer also to Note 18	**How our audit addressed it**
The Group recognises revenue in accordance with NZ IFRS 15 *Revenue from Contracts with Customers.* The Group has a balance recorded of Deferred Revenue of $2.6 million at 31 March 2022. The timing of recognition of revenue is subject to management judgement which is why we have given specific audit focus and attention to this area.	Our audit procedures included: — Tested the impact of applying NZ IFRS 15 on the Group's various revenue streams — Tested key transactions relating to revenue recorded by the Group — Tested key transactions to underlying supporting documentation relating to deferred revenue recorded by the Group at 31 March 2022 — Ensured appropriate disclosure has been included in the financial statements

LEASES	
Area of focus - Refer also to Note 21	**How our audit addressed it**
The Group applies NZ IFRS 16 *Leases* which has a significant impact on the Group's financial statements. Accounting for leases requires management judgement. Lease liabilities represent 61% of total liabilities of the Group at 31 March 2022 which is why we have given specific audit focus and attention to this area.	Our audit procedures included: — Reviewed the detailed analysis prepared by independent accounting experts on the impact of NZ IFRS 16 on the Group's various leases — Tested key transactions relating to leases of the Group — Tested for completeness — Ensured appropriate disclosure has been included in the financial statements

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The directors are responsible for the other information in the Annual Report. The other information comprises the information in the Annual Report that accompanies the consolidated financial statements and the audit report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities

The directors are responsible on behalf of the entity for the preparation of consolidated financial statements that give a true and fair view in accordance with New Zealand equivalents to International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of these financial statements is located at the External Reporting Board (XRB) website at:

https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/

This description forms part of our independent auditor's report.

The engagement director on the audit resulting in this independent auditor's report is Darren Wright.

Restriction on Distribution and Use

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

William Buck

William Buck Audit (NZ) Limited
Auckland

30 June 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2022

	Notes	31 March 2022 $'000	31 March 2021 $'000
Continuing operations			
Revenue	5	**7,372**	1,714
Grant and other income	5	**449**	1,013
Raw materials and consumables used		**(1,628)**	(138)
Depreciation and amortisation	15,16,21	**(581)**	(819)
Impairment loss on receivables	11	**(227)**	(48)
Net foreign exchange (losses)/gains		**(230)**	370
Employee costs	6	**(2,502)**	(2,260)
Other expenses	7	**(2,420)**	(1,560)
Operating profit/(loss)		**233**	(1,727)
Interest Income	21	**1,145**	1,147
Finance costs	8,21	**(2,026)**	(2,039)
Reduction of contingent consideration payable	31	**6,431**	-
Impairment of goodwill	15	**(5,983)**	-
Profit/(Loss) before income tax		**(200)**	(2,618)
Income tax (expense)/credit	9	**110**	80
Profit/(Loss) for the year from continuing operations		**(90)**	(2,539)
Net loss for the year from discontinued operations	13.1	**(348)**	(7)
Net Profit/(Loss) for the year attributable to shareholders		**(438)**	(2,546)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Change in foreign currency translation reserve		**(120)**	58
Total comprehensive Profit/(Loss) for the year attributable to shareholders		**(558)**	(2,487)
Total comprehensive Profit/(Loss) for the year attributable to Shareholders of the parent arises from:			
- Continuing operations		**(210)**	(2,480)
- Discontinued operations	13.1	**(348)**	(7)
		(558)	(2,487)
Loss per share:			
Basic and diluted loss per share (New Zealand Cents) from continuing and discontinued operations:	20.2	**(0.01)**	(0.06)
Basic and diluted loss per share (New Zealand Cents) from continuing operations:	20.2	**(0.00)**	(0.06)
Basic and diluted loss per share (New Zealand Cents) from discontinued operations:	20.2	**(0.01)**	(0.00)

This statement should be read in conjunction with the notes to the consolidated financial statements.

COOKS COFFEE COMPANY LIMITED

Consolidated Statement of Changes in Equity

For the year ended 31 March 2022

	Notes	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
		Attributable to Equity holders of the Company						
Balance at 1 April 2020		45,549	150	2,401	(53,758)	(5,658)	(53)	(5,711)
Comprehensive loss for the year								
Profit/(Loss) for the year		-	-	-	(2,545)	(2,545)	-	(2,545)
Other comprehensive income								
Items that may be subsequently reclassified to profit or loss:								
Change in foreign currency translation reserve		-	58	-	-	58	-	58
Total comprehensive income/(loss) for the year		-	58	-	(2,545)	(2,487)	-	(2,487)
Transactions with owners of the Company								
Issue of ordinary shares	20.1	6,671	-	-	-	6,671	-	6,671
Ordinary shares to be issued		-	-	-	(53)	(53)	53	-
Change in share based payment reserve		-	-	-	(194)	(194)	-	(194)
Total contributions by owners of the Company		6,671	-	-	(247)	6,424	53	6,477
Balance at 31 March 2021		**52,220**	**208**	**2,401**	**(56,550)**	**(1,721)**	**-**	**(1,721)**
Comprehensive loss for the year								
Profit/(Loss) for the year		**-**	**-**	**-**	**(438)**	**(438)**	**-**	**(438)**
Other comprehensive income								
Items that may be subsequently reclassified to profit or loss:								
Change in foreign currency translation reserve		**-**	**(120)**	**-**	**-**	**(120)**	**-**	**(120)**
Total comprehensive income/(loss) for the year		**-**	**(120)**	**-**	**(438)**	**(558)**	**-**	**(558)**
Transactions with owners of the Company								
Issue of ordinary shares	20.1	**4,677**	**-**	**-**	**-**	**4,677**	**-**	**4,677**
Total contributions by owners of the Company		**4,677**	**-**	**-**	**-**	**4,677**	**-**	**4,677**
Balance at 31 March 2022		**56,897**	**88**	**2,401**	**(56,988)**	**2,398**	**-**	**2,398**

This statement should be read in conjunction with the notes to the consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 March 2022

	Notes	31 March 2022 $'000	31 March 2021 $'000
Current Assets			
Cash and cash equivalents	10	**1,156**	886
Trade and other receivables	11	**1,244**	4,615
Lease receivables	21.1	**2,755**	2,085
Other current assets	11	**588**	1,274
Assets classified as held-for-sale	13	**18**	29
Current Assets		**5,761**	8,888
Non-Current Assets			
Property, plant and equipment	16	**150**	78
Right-of-use assets	21.1	**1,642**	715
Lease receivables	21.1	**16,488**	16,198
Goodwill	15,31	**5,457**	11,569
Intangible assets	15	**7,262**	7,495
Other non-current financial assets		**15**	15
Non-current assets		**31,014**	36,071
Total Assets		**36,775**	44,959
Liabilities			
Current Liabilities			
Trade and other payables	17	**4,518**	5,401
Deferred revenue	18	**1,119**	5,196
Lease liabilities	21.1	**2,920**	1,941
Contingent consideration payable	31	**-**	6,431
Borrowings	19	**2,830**	3,505
Other Liabilities	19	**627**	646
Current liabilities		**12,014**	23,120
Non-Current Liabilities			
Deferred Revenue	18	**1,473**	1,760
Lease liabilities	21.1	**18,226**	17,138
Deferred tax liabilities	9	**1,143**	1,306
Borrowings	19	**1,053**	2,994
Other liabilities	19	**468**	362
Non-current liabilities		**22,363**	23,560
Total Liabilities		**34,377**	46,680
Net Assets/(Liabilities)		**2,398**	(1,721)
Equity			
Share capital	20.1	**56,897**	52,220
Accumulated losses		**(56,988)**	(56,550)
Foreign currency translation reserve		**88**	208
Share based equity reserve	20.3	**2,401**	2,401
Total equity		**2,398**	(1,721)

Director

Director

The consolidated financial statements were approved for issue for and on behalf of the Board as at 30 June 2022.

This statement should be read in conjunction with the notes to the consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2022

	Notes	31-Mar 2022 $'000	31-Mar 2021 $'000
Operating activities			
Cash was provided from:			
Receipts from customers		**6,363**	4,242
Cash was applied to:			
Interest cost		**(381)**	(210)
Payments to suppliers & employees		**(6,614)**	(3,996)
Net cash provided from/(applied to) operating activities	23	**(632)**	36
Investing activities			
Cash was provided from:			
Disposal of discontinued operation, net of cash disposed of		**-**	158
Acquisition of subsidiary, net of cash acquired		**-**	451
Cash was applied to:			
Purchase of property, plant and equipment		**(124)**	(103)
Acquisition of intangible assets		**(91)**	-
Net cash provided from/(applied to) investing activities		**(215)**	506
Financing activities			
Cash was provided from:			
Proceeds from borrowings		**981**	1,651
Proceeds from share issue		**902**	-
Cash was applied to:			
Principal elements of lease payments		**(165)**	(736)
Repayment of borrowings		**(608)**	(846)
Net cash provided from/(applied to) financing activities		**1,110**	69
Net increase/(decrease) in cash and cash equivalents held		**263**	611
Cash & cash equivalents at beginning of the year		**886**	255
Effect of exchange rate changes on foreign currency balances		**7**	20
Cash & cash equivalents at end of the year	10	**1,156**	886
Composition of cash and cash equivalents:			
Bank balances	10	**1,156**	886

This statement should be read in conjunction with the notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

1. Nature of operations

Cooks Coffee Company Limited ("CCC" or the "Company", formerly Cooks Global Foods Limited) and its controlled entities (the "Group") principal activity is the food and beverage industry with the primary focus being on operating a network of cafes internationally via franchised operations.

CCC changed its name from Cooks Global Foods Limited on 31 March 2022 and all references to the annual report this year are for CCC. Any previous reports will refer to Cooks Global Foods Limited.

2. General information and statement of compliance

Cooks Coffee Company Limited is the Group's ultimate parent company, is incorporated and domiciled in New Zealand and is listed on the Main board of the New Zealand stock exchange.

The address of its registered office and its principal place of business is 96 St Georges Bay Road, Parnell, Auckland, 1052, New Zealand.

Cooks Coffee Company Limited is a company registered under the Companies Act 1993 and is an FMC reporting entity under Part 7 of the Financial Markets Conduct Act 2013. The consolidated financial statements of the Group have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013 and the NZX Market Listing Rules.

The consolidated financial statements comprise the Company, its controlled entities and its associates (together the "Group"). See Note 14.1.

For the purposes of complying with NZ GAAP, the Group is a Tier 1 for-profit entity. The Company's consolidated financial statements comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS). They comply with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and IFRIC interpretations.

The information in the consolidated financial statements is presented in New Zealand dollars which is the functional currency of the ultimate parent company. Amounts in the consolidated financial statements have been rounded off to the nearest thousand, or in certain cases, the nearest dollar unless otherwise stated.

The consolidated financial statements for the year ended 31 March 2022 ("FY22") were approved and authorised for issue by the Board of Directors on 30 June 2022.

3. Summary of accounting policies

3.1. Going concern

The directors have prepared the consolidated financial statements on the going concern basis. In doing so significant judgement has been applied. For further details of these assumptions and associated material uncertainties refer to Note 4.

3.2. Overall considerations

The principal accounting policies applied in the preparation of these financial statements are set out in the accompanying notes where an accounting policy choice is provided by NZ IFRS, is new or has changed, is specific to the Group's operations or is significant or material.

These policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements have been prepared using the historic cost basis with the exception of certain financial assets and liabilities which are carried at fair value through the profit or loss. The measurement bases are more fully described in the accounting policies below.

COVID-19-Related Rent Concessions (Amendments to NZ IFRS 16)

Effective 1 June 2020, NZ IFRS 16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

(a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
(b) The reduction is lease payments affects only payments originally due on or before 30 June 2022; and
(c) There are is no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in NZ IFRS 16 in accounting for the concession.

Accounting for the rent concessions as lease modifications would have resulted in the Group remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liability recorded against the right-of-use asset. By applying the practical expedient, the Group is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

The effect of applying the practical expedient is disclosed in Note 21.1 for Leases.

3.3. Changes in accounting policies
The accounting policies applied are consistent with those of the audited annual financial statements for CCC (formerly Cooks Global Foods Limited) for the year ended 31 March 2021.

3.3.1 Comparatives
There have been a number of prior period comparatives which have been reclassified to make disclosure consistent with the current year.

3.4. Basis of consolidation
The Group consolidated financial statements consolidate those of the parent company and all its controlled entities as of 31 March 2022. The Group controls an entity if it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the consolidated financial statements of controlled entities have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of controlled entities acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

3.5.Foreign currency translation
Foreign currency transactions and balances
Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the date of the transaction).

Foreign operations
In the Group consolidated financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the NZD

are translated into NZD upon consolidation. The functional currencies of the entities in the Group have remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into NZD at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into NZD at the closing rate. Income and expenses have been translated into NZD at the average rate (the use of average rates is appropriate only if rates do not fluctuate significantly) over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal.

3.6. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the IRD. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis and, except for the GST components of investing and financing activities, are disclosed as operating cash flows.

3.7.Revenue

Revenue arises mainly from the franchise rights and royalty arrangements that the Group has in place with franchise holders. The Group also earns revenue from some franchisees in the establishment of their stores.

Under NZ IFRS 15, revenue from Contracts with Customers 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 deferred revenue 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.

The Group recognises revenue derived from the Franchise Agreements entered by into Triple Two Coffee at the point in time as opposed to over a period of time. Triple Two Coffee is a recently acquired master franchisor in the UK. The Group has considered, on the balance of facts, there is only one performance obligation for the contracts entered into by Triple Two. The transaction price is the Franchisee Fee charged in these contracts, includes three levels and has associated revenue recognition.

Types of Franchises	**Revenue recognition**
Standard franchise license	When franchisee staff are trained
Franchise license with variable management services such as site location or store design	Additional management services are provided
Franchise license with fitout as a "turn-key"	When store is opened and operational

Inactive stores

Management review on a periodic basis the contracts relating to inactive stores. These are defined as franchisees as no longer interested or able to open those new stores. The four specific areas to determine inactivity are 1) the agreement was signed more than 24 months from date determining if inactive 2) funds received in cash 3) non-refundable monies per the contract and 4) a specific review of that particular store that there are no circumstances of transfer or arrangement with subsequent deals relating to that franchisee or store. These are then recognised as revenue at that point in time.

Significant financing components

Using the practical expedient in NZ IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

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.

Grant Income & government subsidy

The accounting policy adopted is to recognise the grant income in the period to which the underlying furloughed staff costs relate to. The amount of the grant income (i.e., subsidy) is based on the difference between the actual hours a staff member worked compared to their contracted hours for a certain period. Therefore, within the period of claim, it is deemed that the conditions have been met to make a claim for that payroll accounting period.

3.8. Business Combinations and Goodwill

The Group applies the acquisition method in accounting for business combinations under IFRS 3.

The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement.

Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of

a) fair value of consideration transferred,

b) the recognised amount of any non-controlling interest in the acquiree and

c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (ie gain on a bargain purchase) is recognised in profit or loss immediately.

Please refer to Note 31 for further details on the Goodwill recognised in the acquisition of Triple Two Coffee.

3.9.Income taxes

Tax expense recognised in the statement of profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income, or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to or claims from Tax authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the consolidated financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in controlled entities is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in the statement of profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

3.10. Employment benefits

Defined contribution plans

The Group pays fixed contributions into independent entities in relation to several state plans and insurance arrangements for individual employees. The Group has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that relevant employee services are received.

Short-term employee benefits

Short-term employee benefits, including annual leave entitlement, are current liabilities included in employee benefits, measured at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

3.11. Impairment testing of other intangible assets, property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset’s or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. Any reversal of an impairment loss will be limited to what the carrying amount would have been, net of depreciation or amortisation, if no impairment had taken place. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group’s latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management’s assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units is charged pro rata to the other assets in the cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit’s recoverable amount exceeds its carrying amount.

3.12. Financial instruments

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Group's contractual rights to the cash flows from the financial assets expire or when the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Ordinary purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised when the Group's obligations specified in the contract expire or are discharged or cancelled.

Financial assets

Following NZ IFRS 9 treatment, the Group classifies its financial assets as those to be measured at amortised cost (loans, trade receivables and lease receivables), and those to be measured at fair value either through OCI or through profit or loss.

Financial assets that are stated at amortised cost are reviewed individually at balance date. In relation to the impairment of financial assets, NZ IFRS 9 requires an expected credit loss model ('ECL'). The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets i.e. a credit event does not have to have occurred before credit losses are recognised. The Group has adopted the simplified method for its ECL calculations. Refer to Note 28.2 Credit Risk.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade receivables, other debtors, cash and cash equivalents and loans and borrowings, which are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost.

Creditors and accruals are initially recognised at fair value and subsequently measured at amortised cost.

Interest income and expense

Interest income and expenses are reported on an accrual basis using the effective interest method.

3.13. Intangible assets
Recognition of intangible assets

Acquired intangible assets

Trademarks, global IP rights and rights acquired in a business combination that qualify for separate recognition are initially recognised as intangible assets at their fair values.

Subsequent measurement

Intangible assets not of an indefinite life are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in Note 3.11. As of 31 March 2022, the remaining useful life for Trademark is 6 years and the useful life for Franchise System is 12 years.

Intangible assets (Global IP rights) of an indefinite life are tested for impairment annually by comparing their carrying amount with their recoverable amount. An estimate of an assets recoverable amount made in a preceding period may be used in the impairment test for that asset in the current period provided certain criteria are met.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognised in profit or loss within other income or other expenses.

3.14. Property, plant and equipment

Property, plant and equipment (comprising fittings and furniture, plant and equipment and motor vehicles) are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Group’s management.

Property, plant and equipment are subsequently measured using the cost model: cost less subsequent depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of property, plant and equipment. The following useful lives are applied:

- Computer equipment: 2 - 5 years
- Furniture and fittings: 3 - 12 years
- Plant and equipment: 3 - 12 years
- Motor vehicles: 5 - 8 years.

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in the statement of profit or loss within other income or other expenses.

3.15. Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of Group operations are presented separately in the statement of profit or loss.

3.16. Equity, reserves and dividend payments

Share capital represents the consideration received for shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Other components of equity include the following:

- Foreign currency translation reserve – comprises foreign currency translation differences arising on the translation of consolidated financial statements of the Group's foreign entities into NZD (see Note 3.5),
- Share based payment reserve,
- Accumulated losses include all current and prior period results,
- Non-controlling interests.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

All transactions with owners of the parent are recorded separately within equity.

3.17. Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the consolidated financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses as follows:

Intangible assets

Intangible assets are recognised on business combinations if they are separable from the

acquired entity or give rise to other contractual/legal rights under IFRS3. The amounts of intangibles are estimated by using appropriate valuation techniques. The useful economic life of externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives. Please refer to note 31 for the intangible assets recognised from the acquisition of Triple Two Coffee.

Contingent consideration

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

The Group has measured its contingent consideration in relation to the earn-out provision for Triple Two Coffee acquisition based on the budgeted EBITDA for the calendar years from 2020 to 2022 as approved by the management.

Please refer to Note 31 for the contingent consideration recognised from the acquisition of Triple Two Coffee.

Impairment on Goodwill

The Group is required to test, at least on an annual basis, whether goodwill has suffered any impairment. Impairment loss incurred when the carrying amount of the goodwill more than its recoverable amount. The Group has determined the recoverable amount based on its value in use, being the budgeted cashflow at the Cash Generating Unit (CGU) level. The Group has determined the Goodwill at the CGU level, being the Triple Two Coffee Group as this is the smallest identifiable group of assets that generates cash inflows that are largely independent of the IP rights of the franchise system of Triple Two Coffee. Please refer to Note 15 for further disclosure of the impairment on Goodwill.

Going concern

The considered view of the Board of Directors of the Company is that, after making enquiries, we have a reasonable expectation that Cooks Coffee Company Limited (the Company) and Group have access to adequate resources to continue operations for the foreseeable future. For this reason, the Board of Directors considers the adoption of the going concern assumption in preparing the consolidated financial statements for the FY22 to be appropriate. (See Note 4).

Deferred Costs

The Group estimates the amount of direct labour costs pertaining to pre-opened franchises and in accordance with IFRS 15.

Leases

Extension and termination options

Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Incremental borrowing rates

Lease liabilities are measured by discounting the lease payments using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- Uses a build-up approach that starts with a risk-free interest rate, adjusted for the credit risk spread of the lessee. The credit risk spread is determined by reference to recent third-party financing received by the individual lessee, or indicative quotes obtained from the lessee's primary lender.
- Make adjustments specific to the lease, e.g. term, security, country and currency.

Impairment testing of intangible assets

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on various valuation models as deemed appropriate. Estimation uncertainty relates to assumptions and judgements used as disclosed in Note 15.

Carrying value of receivables

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue and makes assumptions to allocate an overall expected credit loss rate for each group. In making this judgement, the Group evaluates amongst other factors whether there is objective evidence of significant financial difficulty of individual customers or customer groups, whether there has been breach of contract such as default in payment terms, whether it has become probable that the customer or other party will enter into bankruptcy or other financial reorganisation, the disappearance of an active market for that customer because of financial difficulties, and national or local economic conditions that could impact on the customer (see Notes 11 and 28.2). Apart from historical collection rates, the Group also evaluates forward-looking information that is available. The allowance for expected credit losses, as disclosed in Note 28.2, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions (See Note 9).

4. Going Concern

The Group reported a loss for continuing operations of $90,000 (2021: loss $2,539,000) and operating net cash inflows/(outflows) of ($632,000) (2021: inflows of $36,000) for the FY22.

As at 31 March 2022 the Group has reported Net Assets of $2,398,000 (2021 Net Liabilities of $1,721,000) and current liabilities exceed current assets by an amount of $6,253,000 (2021: $14,231,000).

Included in current liabilities is $1,119,000 of Deferred Revenue. The deferred revenue is a non-cash item and will be recognised in revenue as the Group's franchisees open stores or when the services are provided.

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 and to continue trading 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:

- Opening multiple new stores in the United Kingdom in FY23, with two sites already opened in the first quarter;
- Increased economic activity and a shift back into pre-COVID levels of revenue within stores;
- The Group has a Cash position of $1,156,000 as at 31 March 2022.
- Budget for the FY23 projects a positive cash inflow of $1,581,000.
- An allowance for the payment of related party loans as well as institutional debt.
- The Group's ability to successfully conclude present discussions regarding the roll-over of existing debt as well as continued capital raises. These have been negotiated and finalised prior to 31 March 2022.
- The Group's ability to raise debt or equity funds as part of an overall strategy to re-gear the balance sheet as part of an overall restructuring plan.

- The ability of related parties of Keith Jackson to continue to provide funding as required, and market conditions which the Group operates in, including impacts of Covid-19.

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 create a material uncertainty 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 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 because of the recovery from the various government-imposed restrictions related to Covid-19, restructuring activities that have been undertaken along with reductions in corporate office costs, and the acquisition of Triple Two in the United Kingdom, to reduce the extent of cash outflow and improve profitability.

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 considering 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

5. Revenue

The Group's revenue is analysed as follows for each major category:

	Continuing Operations		Discontinued Operations	
	31-Mar 2022 $'000	31-Mar 2021 $'000	31-Mar 2022 $'000	31-Mar 2021 $'000
Royalties	**2,386**	736	**(14)**	1
Incentives from Suppliers	**886**	489	**-**	-
Franchise fees	**3,022**	307	**-**	-
Sale of Beverage	**328**	32	**377**	278
Other trading revenue	**749**	150	**257**	735
Group revenue	**7,372**	1,714	**620**	1,014

Franchise fees

Included in franchise fees is the amortisation of deferred revenue related to the sale of country and regional franchises and store franchises. During FY22, the Group's franchisees opened 16 new stores (2021:26).

Grant income

In FY22, there was grant and other income of $449,000 (FY21: $1,013,000) which included COVID-19 wage subsidies from the governments of United Kingdom, Ireland and New Zealand.

6. Employee costs

Expenses recognised for employee costs are analysed below:

	Continuing Operations		Discontinued Operations	
	31-Mar 2022 $'000	31-Mar 2021 $'000	31-Mar 2022 $'000	31-Mar 2021 $'000
Wages, salaries	**2,156**	2,007	**306**	371
Defined contribution funds	**44**	45	**3**	4
Other staff costs	**301**	208	**10**	22
	2,502	2,260	**319**	397

7. Other expenses

Expenses recognised as other costs are analysed below:

	Continuing Operations		Discontinued Operations	
	31-Mar 2022 $'000	31-Mar 2021 $'000	31-Mar 2022 $'000	31-Mar 2021 $'000
Administration and other costs	**858**	354	**313**	506
Directors fees	**92**	80	**-**	-
Selling and distribution costs	**25**	-	**-**	-
Management fees	**180**	100	**-**	-
Marketing costs	**456**	299	**4**	-
Professional and consulting services	**386**	539	**13**	73
Travel costs	**422**	188	**-**	-
	2,419	1,560	**329**	579

8. Finance costs

Finance costs for the reporting periods consist of the following:

	Continuing Operations		Discontinued Operations	
	31-Mar 2022 $'000	31-Mar 2021 $'000	31-Mar 2022 $'000	31-Mar 2021 $'000
Finance charges	**29**	15	**3**	1
Interest expense on leases	**1,183**	1,250	**35**	-
Interest on loans	**814**	774	**-**	-
	2,026	2,039	**38**	1

9. Income Tax and Deferred Tax

The major components of tax expense and the reconciliation of the expected tax expense /credit based on the domestic effective tax rate of Cooks Coffee Company Limited at 28% and the reported tax expense/credit in profit or loss are as follows:

	31-Mar 2022 $'000	31-Mar 2021 $'000
Profit/(Loss) before tax from continuing operations	**(200)**	(2,618)
Loss before tax from discontinuing operations	**(348)**	(7)
	(548)	(2,625)
Domestic tax rate for Cooks Global Foods Limited	**28%**	28%
Expected tax expense (income)	**(153)**	(735)
Adjustment for tax-rate differences in foreign jurisdictions	**(61)**	183
Adjustment for non-deductible expenses:		
Relating to amortisation of intangible assets	**-**	2
Other non-deductible expenses	**218**	9
Actual tax expense (income)	4	(541)
Tax expense (income) comprises:		
Current tax expense (income)	**(25)**	(541)
Deferred tax expense (income):		
- Origination and reversal of temporary differences	**(14)**	(7)
- Temporary difference relating to amortisation of intellectual property on acquisition	**(129)**	(80)
- Tax losses adjustment to prior period	**75**	(355)
- Tax Losses not recognised	**107**	927
- Unrecognised Tax Losses	**(124)**	(24)
Income tax expense (income)	**(110)**	(80)
Income tax expense (income) is attributable to:		
Loss from continuing operations	**(110)**	(80)
Loss from discontinued operations	**-**	-
	(110)	(80)

The Group has computed tax losses within each jurisdiction since acquisition as follows:

	31-Mar 2022 $'000	31-Mar 2021 $'000
New Zealand	**8,852**	8,746
United Kingdom	**8,986**	9,911
Ireland	**949**	1,130
Canada	**163**	162
Australia	**328**	328
	19,278	20,276

At 31 March 2022, the Group has deferred tax liabilities relating to acquired Franchise System in the UK amounting to $1.14m (FY2021: $1.30m). The

deferred tax liabilities are not expected to crystallise within the next 12 months.

10. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	31-Mar 2022 $'000	31-Mar 2021 $'000
Cash at bank and in hand denominated in:		
NZD	**222**	1
EUR	**101**	85
GBP	**833**	800
Cash and cash equivalents	**1,156**	886

There are no restrictions on the cash and cash equivalents.

The Group had no overdraft banking facilities as at 31 March 2022 (2021: $NIL).

11. Trade and other receivables and other current assets

Trade and other receivables are initially recognised at the fair value of the amounts to be received, plus transaction costs (if any).

The Group has recognised expected credit losses in the Statement of Profit or Loss and Other Comprehensive Income by applying the simplified impairment approach, whereby upon initial measurement of the trade receivables, the Group considers all credit losses that are expected to occur during the lifetime of the receivable. The Group has reviewed the historical ageing analysis of gross trade receivables and considered forward looking macro-economic factors, by geographic region, to determine the expected credit loss rate. This rate is applied to outstanding gross trade receivables as at 31 March 2022 to calculate the allowance for expected credit losses.

(a) Trade and other receivables consist of the following:

	31-Mar 2022 $'000	31-Mar 2021 $'000
Trade and other receivables		
Trade receivables	**1,622**	4,766
Less: provision for expected credit losses	**(378)**	(151)
Net trade and other receivables	**1,244**	4,615
Movements in provision		
Opening Balance	**(151)**	(103)
Bad Debts write-off	**-**	25
Additional provision for expected credit losses	**(227)**	(73)
Closing Balance	**(378)**	(151)

(b) As at 31 March the ageing of trade receivables is as follows:

	31-Mar 2022 $'000	31-Mar 2021 $'000
Trade receivables		
Current	**53**	702
31 to 60 days	**103**	763
61 to 90 days	**221**	454
> 90 days	**1,244**	2,847
	1,622	4,766

(c) Other current assets consist of the following:

	31-Mar 2022 $'000	31-Mar 2021 $'000
Prepayments	**304**	112
Deferred Costs	**254**	1,131
Other short-term assets	**30**	31
Other current assets	**588**	1,274

Deferred Costs represent project costs capitalised against revenue that has not yet been earned by Triple Two Coffee. Please refer to Note 12.

12. Deferred Costs

Triple Two under their contract of service with their franchisees have staff working on specific projects and contracts to expand their brand through these franchisees. The performance obligation (under IFRS 15) is attributed to the opening of a store and/or specific obligations if shopfit income is not stipulated. The deferred costs are from the specific staff who work to complete these performance obligations or contribute their time to the specific contracts.

Under this methodology, wage costs of personnel directly related to the services (and for valuation purposes their salary) and direct costs has been capitalised in line with store openings and contracts entered in to with various franchisees and has been recorded as deferred costs in the Balance Sheet. This includes staff and project management, property design and training.

13. Assets and liabilities classified as held-for-sale and discontinued operations

The Group had previously classified certain operations as discontinued. During FY22, the Group has sold the Lancaster store. The Group has one store classified as discontinued operating at Sunderland. It is expected that this will be sold during FY23 with negotiations under way to discharge the lease over the current site.

13.1. Financial performance and cash flow information of discontinued operations

The financial performance and cash flow information presented are for the year ended FY22 and FY21.

	31-Mar 2022 $'000	31-Mar 2021 $'000
Results of discontinued operation		
Revenue	**620**	732
Other income	**-**	380
Raw materials and consumables used	**(183)**	(145)
Depreciation and amortisation	**(100)**	-
Property related costs	**-**	-
Net foreign exchange (losses)/gains	**-**	4
Employee costs	**(319)**	(397)
Other expenses	**(329)**	(579)
Operating loss	**(311)**	(6)
Finance costs	**(3)**	(1)
Interest on bank and other borrowings	**(34)**	-
Loss before income tax	**(348)**	(7)
Income tax (expense)/credit	**-**	-
Loss for the year from discontinued operation	**(348)**	(7)
Cash flows used in discontinued operation		
Net cash used in operating activities	**(138)**	158
Net cash used in investing activities	**-**	-
Net cash used in financing activities	**-**	-
Net cash flows for the year	**(138)**	158

14. Interests in other entities

14.1. Interests in material subsidiaries

	Country	% Holding 2022	2021	Principal activity
Bishops Café Limited	England	100	100	Food and beverage
Esquires Coffee UK Limited	England	100	100	Food and beverage
Esquires Real Estate (UK) Limited	England	100	100	Store Lease Holding
Esquires Coffee Houses Ireland Limited	Ireland	100	100	Food and beverage
Esquires Coffee Houses Europe Limited	Ireland	100	100	Master Franchisor - Holding Master Franchise Agreement
Triple Two Holdings Limited	UK	100	100	Holding Company
Triple Two Coffee Franchise Limited	UK	100	100	Master Franchisor - Holding Master Franchise Agreement
TTC Contractors Limited	UK	100	100	Fit Out and Construction
Triple Two Coffee London Limited	UK	100	100	Store Lease Holding
Triple Two Coffee Property Limited	UK	100	100	Store Lease Holding

15. Intangible Assets

The Group acquired trademarks, Global Intellectual Property rights (“Global IP Rights”) and Goodwill through business acquisitions. During FY21 the Group acquired Triple Two Franchise System in the UK. Please refer to Note 31.

	Trademarks $'000	Global IP Rights $'000	Franchise Rights $'000	Total $'000
Cost				
Balance at 1 April 2020	92	3,245	-	**3,337**
Additions	1	-	4,950	**4,951**
Balance at 31 March 2021	**93**	**3,245**	**4,950**	**8,288**
Additions	-	-	91	**91**
Balance at 31 March 2022	**93**	**3,245**	**5,041**	**8,379**
Accumulated amortisation				
Balance at 1 April 2020	(63)	(434)	-	(497)
Amortisation charge for the year	(10)	-	(286)	(296)
Balance at 31 March 2021	**(73)**	**(434)**	**(286)**	**(793)**
Amortisation charge for the year	-	-	(324)	**(324)**
Balance at 31 March 2022	**(73)**	**(434)**	**(610)**	**(1,117)**
Carrying amounts				
At 31 March 2021	20	2,811	4,664	**7,495**
At 31 March 2022	**20**	**2,811**	**4,431**	**7,262**

Management assessed the recoverable amounts of the Group’s Global IP Rights asset using ‘value in use’ calculations to assess for any impairment.

Global IP rights were tested for impairment using discounted cash flow projections based on management approved forecasts for a 2-year period.

Key assumptions in the models were:

- FY23 reflects the full recovery to pre-Covid levels in UK and Ireland markets with the key assumption being that there will be no more long-term lockdowns that will impact on the ability of the franchise store network to operate in a normal manner. Store openings contribute to

one-off income and royalties and marketing fees based off existing and new stores (17 new stores in United Kingdom and 8 in Ireland);
- FY24 year on year revenue growth that relates to FY23 being a full year of “normal trading” in core markets and the benefits of the new store acquisition program (16 new stores in United Kingdom and 3 in Ireland);
- Long term growth rate of 1.5% per annum from FY23 onwards;
- exchange rates of 0.58 (NZD/EURO) and 0.51 (NZD/GBP); and
- a discount rate of 13.26% per annum.

The recoverable amount for Global IP rights was assessed by management to be above its existing carrying value with no impairment required. Management’s assessment is that a change in a key assumption would not impact the carrying value to exceed the recoverable amount.

Goodwill:

	Goodwill $'000
Cost	
Balance at 1 April 2020	-
Additions	11,569
Balance at 31 March 2021	**11,569**
Impairment	(5,983)
FX Translation Adjustment	(129)
Balance at 31 March 2022	**5,457**
Carrying amounts	
At 31 March 2021	11,569
At 31 March 2022	**5,457**

The Group recorded Goodwill in the business combination of Triple Two Coffee on 19 June 2020. Refer to Note 31. The Group is required to test, on an annual basis, whether goodwill has suffered any impairment.

The carrying amount of Goodwill is allocated to Triple Two Coffee as the separate cash generated unit (CGU). Recoverable amount is determined based on the “value in use” calculations for Triple Two Coffee. The use of this method requires the estimation of future cash flows for projected three years and the determination of a discount rate in order to calculate the present value of the cash flows.

The key assumptions in the models were:

- 12 new franchisee stores opened per year and additional vans;
- FY23 reflects the recovery to pre-Covid levels in UK with the key assumption being 11 franchisees and 2 vans sold. Royalties thereon provide a level of recurring revenue;
- FY24 reflects the key assumption of 12 franchisees and 2 vans sold;

- FY25 again reflects the key assumption of 12 franchisees and 2 vans sold;
- Long term growth rate of 2.5% per annum from FY23 onwards;
- Exchange rates of 0.53 (NZD/GBP); and
- A post-tax discount rate of 14.00% per annum.

The recoverable amount for Goodwill ($5.9m) was assessed by management to be lower than its existing carrying value. This is a reduction in forecasts provided in FY21 due to a material debtor pulling out of franchise deals. This has significantly adjusted forecasts.

16. Property, plant and equipment

	Furniture & Fittings $'000	Plant & Equipment $'000	Computer Equipment $'000	Motor Vehicles $'000	Total $'000
Cost					
Balance at 1 April 2020	156	187	316	-	**659**
Additions	7	36	47	14	**104**
Disposals	(126)	(198)	(322)	-	**(646)**
Assets classified as held for sale and other disposals	(29)	-	-	-	**(29)**
Balance at 31 March 2021	**8**	**26**	**40**	**14**	**88**
Balance at 1 April 2021	8	26	40	14	**88**
Additions	19	-	63	39	**121**
Disposals	(15)	(36)	-	(6)	**(58)**
Assets classified as held for sale	-	-	-	-	**-**
Balance at 31 March 2022	**11**	**(10)**	**103**	**47**	**151**
Accumulated depreciation					
Balance at 1 April 2020	(138)	(112)	(264)	-	**(514)**
Depreciation	(25)	(22)	(33)	(1)	**(81)**
Disposals	573	11	-	-	**584**
Assets classified as held for sale	-	-	-	-	**-**
Balance at 31 March 2021	**410**	**(123)**	**(297)**	**(1)**	**(10)**
Balance at 1 April 2021	410	(123)	(297)	(1)	**(10)**
Depreciation	(3)	(5)	(18)	(10)	**(36)**
Disposals	11	28	7	-	**46**
Balance at 31 March 2022	**418**	**(101)**	**(308)**	**(11)**	**(1)**
Carrying amounts					
At 31 March 2021	418	(97)	(256)	13	77
At 31 March 2022	**430**	**(111)**	**(205)**	**36**	**150**

17. Trade and other payables

Trade and other payables recognised are all short-term and consist of the following:

Trade and other payables	31-Mar 2022 $'000	31-Mar 2021 $'000
- Trade payables	**2,323**	3,042
- Related party payables	**723**	556
- Other payables	**1,473**	1,803
	4,518	5,401
Trade payables		
Within Terms	**496**	638
Overdue	**1,827**	2,404
	2,323	3,042

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value. Refer to Note 28.1 on foreign currency risk.

18. Deferred revenue

Below is the breakdown of the current and non-current deferred revenue as presented in the Balance Sheet.

	UK & Ireland Franchising $'000	Global Franchising & Design $'000	Total $'000
Opening balance as of 1 April 2020	**1,116**	**287**	**1,403**
Additions/(Decreases) during the year	4,220	-	4,220
Additions from business acquisition	1,749	-	1,749
Recognised as revenue during the year	(357)	(59)	(416)
Closing balance as of 31 March 2021	**6,728**	**228**	**6,956**
- Current	5,138	58	5,196
- Non Current	1,590	170	1,760

	UK & Ireland Franchising $'000	Global Franchising & $'000	Total $'000
Opening balance as of 1 April 2021	**6,728**	**228**	**6,956**
Additions/(Decreases) during the year	(1,066)	-	(1,066)
Recognised as revenue during the year	(3,240)	(58)	(3,298)
Closing balance as of 31 March 2022	**2,422**	**170**	**2,592**
- Current	1,061	58	1,119
- Non Current	1,360	112	1,473

As part of the revenue recognition policy of inactive stores (refer note 3.7), $779,000 was recognised in the profit and loss during the year. $2,422,000 remains outstanding as currently unsatisfied performance obligations.

19. Borrowings and other liabilities

	Current 2022 $'000	Non-Current 2022 $'000	Current 2021 $'000	Non-Current 2021 $'000
Finance Loans	**2,018**	**467**	2,629	458
Related Party Loans*	**875**	**1,053**	880	2,888
Hire Purchase	**3**	**-**	-	10
Payable for acquistion of subsidary*	**562**	**-**	642	-
	3,458	**1,520**	4,151	3,356

* Further information relating to related party loans and other related party liabilities are set out in Note 24.

During the year $2,000,000 (Nikau Trust) and $45,000 (Weihai Station) of related party debt was converted to share capital.

Fair value

The fair value of current borrowings approximates to the carrying amount and the impact of discounting is not significant.

20. Equity

20.1. Share Capital

The share capital of Cooks Coffee Company Limited consists of issued ordinary shares. All shares are equally eligible to receive dividends and the repayment of capital. The shares have no par value.

Movements of share capital	**31-Mar-22**	**31-Mar-21**
Number of Shares issued:	**No. of Shares**	**No. of Shares**
Ordinary shares opening balance	627,833,831	525,979,949
Ordinary shares issued	103,317,794	101,853,882
Ordinary shares consolidation	(678,092,130)	-
Total ordinary shares authorised at 31 March	53,059,495	627,833,831

Movements of share capital	**31-Mar-22**	**31-Mar-21**
Value of Shares issued:	**$'000**	**$'000**
Ordinary shares opening balance	52,220	45,549
Ordinary shares issued less share issue expenses	3,799	6,671
Total ordinary shares authorised at period end	56,019	52,220

During the year ended FY22, the company issued 103,317,794 new shares (2021: 101,853,883) bringing the total issued shares to 775,890,965 which were consolidated into 15:1 as at 30 March 2022. The company now has 51,726,160 quoted shares and 1,333,333 non-voting shares on issues. There were no shares cancelled during FY22 (FY21: Nil).

During the year, Esquires UK purchased the shares from the existing Triple Two Coffee Group shareholders for $879,000.

20.2. Loss per share

The calculation of basic and diluted loss per share for the year ended FY22 was based on the weighted average number of ordinary shares on issue. The calculation of diluted earnings per share for the year ended FY22 was based on the weighted average number of ordinary shares.

The weighted average numbers of shares are calculated below:

	31-Mar-22	**31-Mar-21**
Weighted average ordinary shares issued	**631,060,729**	602,412,181
Weighted average potentially dilutive options issued	**-**	-
Basic and diluted loss per share (New Zealand Cents) from continuing and discontinued operations:	**(0.07)**	(0.42)
Basic and diluted loss per share (New Zealand Cents) from continuing operations:	**(0.01)**	(0.42)
Basic and diluted loss per share (New Zealand Cents) from discontinued operations:	**(0.06)**	-
Net tangible assets per share (New Zealand Cents)	**(1.64)**	(3.45)

Weighted average number of shares	**31-Mar-22**	**31-Mar-21**
Number of Shares issued:	**No. of Shares**	**No. of Shares**
Ordinary shares opening balance	602,412,181	489,509,248
Ordinary shares issued	28,648,549	112,902,933
Ordinary shares bought back on-market and cancelled	-	-
Total ordinary shares authorised at 31 March	631,060,729	602,412,181

Due to the share consolidation, a retrospective adjustment to the loss per share is outlined below based on the ordinary shares at 31 March 2022 being 53,059,495.

	31-Mar-22	**31-Mar-21**
Ordinary shares issued	**53,059,495**	**41,855,589**
Basic and diluted loss per share (New Zealand Cents) from continuing and discontinued operations:	**(0.01)**	**(0.06)**
Basic and diluted loss per share (New Zealand Cents) from continuing operations:	**(0.00)**	**(0.06)**
Basic and diluted loss per share (New Zealand Cents) from discontinued operations:	**(0.01)**	**(0.00)**
Net tangible assets per share (New Zealand Cents)	**(0.20)**	**(0.50)**

20.3. Share based payment reserve

Movement in Share based payment reserve

	31-Mar 2022 $'000	31-Mar 2021 $'000
Esquires Coffee Ireland Limited share-based payment		
Opening balance	2,401	2,401
Amount expensed during current vesting period	-	-
Adjustment based on best available estimate	-	-
Closing balance	**2,401**	**2,401**

- The Earn-Out relating to the acquisition of the Irish business (Esquires Coffee Houses Ireland) in 2013 was fully vested at 31 March 2021.
- No earn-out payment has been made as at 31 March 2022.
- The earn-out payment will be settled by the issue of Cooks shares.

20.4. Shares held by ESOP / Treasury shares

There were 3,388,837 shares held on trust at 31 March 2022 (562,486 at 31 March 2021).

The shares held by the ESOP are expected to be issued under share option contracts. The shares are held for the intention of share conversions to be executed in FY23.

Consideration paid/received for the purchase/sale of treasury shares is recognised directly in equity.

21. Leases

The Group leases stores and office premises from various third-party landlords and subsequently re-lease them to the franchisees under separate lease contracts. This lease arrangement is limited to the franchises in the UK and Ireland only. Lease contracts are typically made for fixed periods of 5 to 15 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Right-of-Use Assets

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.

Costs included in the measurement of the right-of-use asset comprise the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the lessee; and
- an estimate of the restoration costs to be incurred by the lessee, recognised and measured applying NZ IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Depreciation is charged so as to write off the cost of assets, over the lease term using the straight-line method.

Lease Liabilities

The lease liability is initially measured at the present value of the future lease payments over the lease term 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 lessee's incremental borrowing rate, being the rate that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Generally, the Group uses the lessee's incremental borrowing rate as the discount rate.
Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a discount rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee’s incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from:

- A change in an index or a discount rate;
- A change in the estimate of the amount expected to be payable under a residual value guarantee;
- Changes in the 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
- A lease modification that is 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 options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

As a result of the Covid-19 pandemic, the International Accounting Standards Board (IASB) has introduced a narrow -scope amendments to IFRS16 to offer relief to lessees in accounting for lease modifications that arise as a direct result of Covid-19. The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if all of the following conditions are met:

a. The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
b. Any reduction in lease payments affects only payments originally due on or before 30 June 2022.
c. There is no substantive change to other terms and conditions of the lease.

The Group has elected to utilise the practical expedient for all rent concessions that arises as a direct consequence of the COVID-19 pandemic.

<u>Finance Lease Receivables</u>
Where the sublease 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 finance 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).

Lease payments included in the measurement of net investment comprise the following:

- fixed payments (including in-substance fixed payments), less any lease incentives payable;

- variable lease payment that are based on an index or a rate;
- any residual value guarantees provided to the lessor;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The finance lease receivable is subsequently increased by the interest income on the finance 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.

21.1. Amounts recognised in the Statement of Financial Position

The Statement of Financial Position shows the following amounts relating to leases:

Right-of-use assets

	31-Mar 2022 $'000	31-Mar 2021 $'000
Property		
Cost	1,663	2,973
Less: Accumulated depreciation	(948)	(505)
Net book value as at 1 April	715	2,468
Additions	1,321	18
Remeasurement of lease liability	-	(297)
Movement in FX	3	54
Depreciation expense	(221)	(442)
Disposal	(176)	(1,086)
Net book value as at 31 March	**1,642**	715
Cost	**2,811**	1,663
Less: Accumulated depreciation	**(1,169)**	(948)
Net book value as at 31 March	**1,642**	715

The right-of-use assets relate to the three corporate-operated stores which are expected to be franchised in the UK. In prior year the right-of-use assets also included the corporate office however this was vacated during FY21 and the lease was taken over by an unrelated third party.

Lease liabilities

	31-Mar 2022 $'000	31-Mar 2021 $'000
Current	2,920	1,941
Non-current	18,226	17,138
	21,146	**19,079**

The finance lease payable to the landlords that are fall due at the end of reporting period are $2.2m which is the same as the finance lease receivables and are recorded in the payable (refer Note 17).

Finance lease receivables

	31-Mar 2022 $'000	31-Mar 2021 $'000
Current	2,755	2,085
Non-current	16,488	16,198
	19,243	**18,283**

The average effective Incremental Borrowing Rate in FY22 is 5.7% per annum (2021: 5.8% per annum)

The finance lease receivables that fall due at the end of the reporting period are $1.8m which are recorded in receivables. Management has reviewed all the leases from lease receivable from a collectability point of view and no impairment is required.

During FY22 there were lease modifications on sites in Bradford, Windsor and Shepherds Bush, United Kingdom. The lease in Harlow, United Kingdom was surrendered. There were also rent concessions on sub-leased properties which was passed through by both landlord and tenant. The Covid-19 practical expedient for rent concessions was $131,247 in FY22.

During FY21 the rent written off by utilising the Covid-19 practical expedient for rent concessions was $219,000. The rent relief was due to challenges faced by the tenants due to Covid19 lockdown.

21.2. Amounts recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income

The Consolidated Statement of Profit or Loss and Other Comprehensive Income shows the following amounts relating to leases:

	31-Mar 2022 $'000	31-Mar 2021 $'000
As a lessee:		
Interest expense on lease liabilities	1,183	1,250
Depreciation expense on right-of-use assets (included in depreciation and amortisation)	212	443
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in administrative and other costs)	-	-
Income from subleasing right-of-use assets:		
Interest income from subleases classified as finance leases	1,145	1,147

The total cash outflow for leases to franchisee landlords in 2022 was $372,000 (2021 was $736,000).

21.3. Maturity analysis of lease payments

Lease liabilities as the lessee:

	31-Mar 2022 $'000	31-Mar 2021 $'000
Less than one year	2,920	1,941
One to five years	6,894	8,285
More than five years	11,332	8,853
Total undiscounted lease liabilities	**21,146**	**19,079**

Finance lease arrangements as the lessor:

	31-Mar 2022 $'000	31-Mar 2021 $'000
Year 1	3,874	3,175
Year 2	3,232	3,047
Year 3	3,396	2,940
Year 4	3,033	2,817
Year 5	2,786	2,641
Onwards	8,254	10,214
Lease payments	24,575	24,834
Unguaranteed residual values	-	-
Gross investment in the lease	24,575	24,834
Less: unearned finance income	(5,332)	(6,551)
Present value of minimum lease payments receivable	19,243	18,283
Net investment in the lease	**19,243**	**18,283**

22. Fees paid to auditor

The Auditor of the Group for 31 March 2022 is William Buck Audit (NZ) Ltd. The auditor for UK firms is Rouse Partners LLP.

	31-Mar 2022 $'000	31-Mar 2021 $'000
Audit of financial statements		
- Statutory Audit	**122**	83
- Overseas firms	**231**	64
Total fees paid to auditor	**353**	147

23. Reconciliation of cash flows from operating activities

	31-Mar 2022 $'000	31-Mar 2021 $'000
Profit/(Loss) after tax	**(438)**	(2,545)
Add non-cash items:		
Depreciation and amortisation	**581**	819
Impairment loss	**227**	48
Net foreign exchange (losses)/gains	**230**	(370)
Revaluation of contingent consideration payable	**(6,431)**	-
Impairment of goodwill	**5,983**	-
Add/(Less) movements in assets/liabilities:		
Inventories	**-**	34
Trade and other receivables	**3,371**	(5,514)
Lease receivables	**-**	-
Other short-term assets	**696**	651
Trade payables	**(883)**	1,410
Contract liabilities	**(4,137)**	5,553
Other liabilities	**167**	(50)
Net cash flow applied to operating activities	**(632)**	36

24. 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, Jackson & Associates Limited, Ascension Capital and Weihai Station Limited and a trustee of Nikau Trust.

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

Paul Elliott is a director of Elliott Capital Advisors Limited.

Michael Ambrose is a director of Ashville Consultancy Limited.

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.

Aiden Keegan is a director of Esquires Coffee UK Limited.

Graham Hodgetts is a director of Triple Two Coffee Holdings Limited.

Sezan Walker is a director of Triple Two Coffee Holdings Limited.

David Hodgetts is a director of Triple Two Coffee Holdings Limited.

Alistair Tillen is a director of Triple Two Coffee Holdings Limited.

Number of shares held by directors and other related parties:

	31-Mar 2022	31-Mar 2021
Jiajiayue Holding Group	**10,591,374**	148,203,944
Keith Jackson (including associated parties)	**11,675,660**	110,240,494
Yunnan Metropolitan Construction Investment Group Co Ltd	**6,714,643**	100,719,640
Graham Hodgetts	**3,547,910**	53,218,654
CCC Employee Share Trust	**3,388,837**	562,486
Alistair Tillen	**1,337,681**	20,065,215
David Hodgetts	**808,041**	12,120,612
Sezan Walker	**804,646**	12,069,685
Michael Ambrose	**333,333**	-
Paul Elliott	**226,296**	-
Mike Hutcheson	**63,509**	986,980
Maretha McVerry	**38,246**	573,687
Lighthouse Ventures Holdings Limited	**30,369**	455,533
Aiden Keegan	**14,166**	212,488

24.1. Transactions with related parties

The following transactions occurred with related parties during the year:

	31-Mar 2022 $'000	31-Mar 2021 $'000
Purchases of goods and services		
Purchase of management services	**180**	100
Interest paid to related parties	**300**	202
Other transactions		
Funding loans advanced by related parties	**(662)**	717

The above values are exclusive of GST or VAT if any.

24.2. Balances outstanding with related parties

	31-Mar 2022 $'000	31-Mar 2021 $'000
Outstanding balances arising from purchases of goods and services		
Entities controlled by key management personnel	723	556
Loans and other payables to related parties		
Balance beginning of the year	**4,410**	2,894
Loans advanced	**(662)**	717
Reclassification from/(to) other liabilities	**-**	(80)
Other liability to related parties from business acquisitions	**-**	650
Loans converted to equity	**(2,000)**	-
Net foreign exchange effects	**(23)**	52
Interest charged	**450**	379
Interest paid	**(300)**	(202)
Balance end of period	**1,875**	4,410

The above values are inclusive of GST or VAT if any.

The reduction in loans advanced relates to Nikau Trust converting $2,000,000 of loans into equity at 3.0 cents per share.

24.3. Transactions with directors and senior management personnel

Key management of the Group are the executive members of Cooks Coffee Company Limited's Board of Directors and senior management. Directors and senior management personnel payments (exclusive of GST if any) made during the year includes the following expenses:

	31-Mar 2022 $'000	31-Mar 2021 $'000
Directors fees	**92**	80
Salaries, wages and contractor payments	**515**	333
	607	413

25. Segment reporting

The Group's reportable segments are business units deriving Royalties and Product Sales to Franchisees in geographical locations. New Zealand segment represents head office operation for the Group.

The Group has also separated operating segments for the business activities intended to be sold.

Segment information for the reporting period is as follows:

Continuing operations				
31/03/2022	**Global franchising & retail**	**UK & IRE franchising**	**New Zealand**	**Total**
Global operational splits	**$'000**	**$'000**	**$'000**	**$'000**
Revenue	255	7,115	1	**7,372**
Grant and other income	-	449	-	**449**
Raw materials and consumables used	-	(1,628)	-	**(1,628)**
Depreciation and amortisation	(1)	(577)	(3)	**(581)**
Impairment Loss	(123)	(104)	-	**(227)**
Net foreign exchange (losses)/gains	(4)	(171)	(55)	**(230)**
Employee costs	(64)	(2,060)	(378)	**(2,502)**
Other expenses	(42)	(1,684)	(694)	**(2,420)**
Operating (loss)/profit	**21**	**1,339**	**(1,128)**	**233**
Finance costs	(15)	10	(875)	**(881)**
Reduction of contingent consideration payable	-	6,431	-	**6,431**
Impairment of goodwill	-	(5,983)	-	**(5,983)**
Profit/(Loss) before income tax	**6**	**1,797**	**(2,003)**	**(200)**
Income tax (expense)/credit	-	110	-	**110**
Profit/(Loss) for the year from continuing operations	**6**	**1,907**	**(2,003)**	**(90)**
Non-current assets				
Intangible assets	42	5,740	1,481	**7,263**
Property, plant and equipment	1	146	3	**150**
Right of use assets	-	1,641	-	**1,641**
Goodwill	-	5,457	-	**5,457**

Discontinued operations			
31/03/2022	**UK retail**	**Supply**	**Total**
Global operational splits	**$'000**	**$'000**	**$'000**
Revenue	620	-	**620**
Grant and other income	-	-	**-**
Raw materials and consumables used	(183)	-	**(183)**
Depreciation and amortisation	(100)	-	**(100)**
Net foreign exchange (losses)/gains	-	-	**-**
Employee costs	(319)	-	**(319)**
Other expenses	(329)	-	**(329)**
Operating (loss)	**(311)**	**-**	**(311)**
Finance costs	(3)	-	**(3)**
Loss on available for sale assets	-	-	**-**
Interest on bank and other borrowings	(34)	-	**(34)**
Share of net loss of associate accounted for using the equity method	-		**-**
Loss before income tax	**(348)**	**-**	**(348)**
Income tax (expense)/credit	-	-	**-**
Loss for the year from discontinued operations	**(348)**	**-**	**(348)**
Non-current assets			
Property, plant and equipment	6	-	**6**
Assets held for Sale	18	-	**18**

Continuing operations				
31/03/2021	Global franchising & design	UK & IRE franchising	New Zealand	Total
Global operational splits	**$'000**	**$'000**	**$'000**	**$'000**
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)	**-**
Net foreign exchange (losses)/gains	19	-	351	**370**
Employee costs	(182)	(1,899)	(178)	**(2,260)**
Other expenses	(338)	(701)	(569)	**(1,607)**
Operating (loss)	**(331)**	**(983)**	**(413)**	**(1,726)**
Finance costs	(2)	(114)	(776)	**(892)**
Loss before income tax	**(333)**	**(1,097)**	**(1,189)**	**(892)**
Income tax (expense)/credit	-	80	-	80
Loss for the year from continuing operations	**(333)**	**(1,017)**	**(1,189)**	**(812)**
Non-current assets				
Intangible assets	32	5,981	1,481	**7,495**
Property, plant and equipment	1	71	6	**78**
Right of use assets	-	715	-	**715**
Goodwill	-	11,569	-	**11,569**

Discontinued operations			
31/03/2021	UK retail	Supply	Total
Global operational splits	**$'000**	**$'000**	**$'000**
Revenue	626	106	732
Other income	282	98	380
Raw materials and consumables used	(62)	(83)	(145)
Net foreign exchange (losses)/gains	-	4	4
Employee costs	(393)	(4)	(397)
Other expenses	(579)	-	(579)
Operating (loss)/profit	**(127)**	**121**	**(6)**
Finance costs	-	(1)	(1)
Share of net loss of associate accounted for using the	**(127)**	**120**	**(7)**
Income tax (expense)/credit	-	-	-
Loss for the year from discontinued operations	**(127)**	**120**	**(7)**
Non-current assets			
Assets held for Sale	29	-	**29**

26. Contingencies

Contingent Liabilities

There were no contingent liabilities as at 31 March 2022 (2021: $nil).

27. Capital commitments

There were no capital commitments as at 31 March 2022 (2021: $nil).

28. Financial risk management

Due to the broad range of the Group's activities, there is exposure to a variety of financial risks:

- Market risk (including currency risk and interest rate risk);
- Credit risk; and
- Liquidity risk

The Group's risk management programme focuses on minimising the potential adverse effects of these risks. The Group's business is primarily denominated in foreign currencies. The Group holds New Zealand dollars and other currencies to settle transactions in the normal course of business.

28.1. Market risk

Foreign Currency Risk

The Group operates internationally and is exposed to foreign currency risk arising from various currency exposures. Although the NZD remains the main currency for corporate funding and Group reporting, the transactions denominated in NZD is diminishing as the growth in the overseas market outweighs the operations in the New Zealand market, especially with the purchase of Triple Two business in the UK. As disclosed in Note 25 Segment Reporting, the revenue generated from the Corporate segment which is denominated in NZD is only $784 or 0.01% of the total group revenue of $7.3 million. This indicates that the Group's exposure to foreign currency risk has increased considerably.

A significant amount of the Group's transactions are carried out other than in New Zealand Dollars. The Group has debt or liabilities denominated in foreign currency which is not hedged. Exposures to currency exchange rates arise from the Group's overseas company holdings (Ireland and United Kingdom), and foreign currency denominated income for New Zealand domiciled companies (royalties, store openings, design and other franchise fees, product sales). These are primarily denominated in European currency (EURO) and Pound Sterling (GBP).

As disclosed in note 25 Segmental Reporting, global franchising and design and UK & Ireland franchising are all primarily transacted in foreign currency.

Management has performed a sensitivity analysis for any potential foreign currency risk faced by the group. Based on the current year results, in the event that the NZD weakens against GBP and GBP/NZD exchange rate decreases by 5%, the impact on the group result is the profit will be increased by $82,000. If the GBP/NZD exchange rate increase by 5%, the group profit will be reduced by $74,000

In the event that the NZD weakens against the Euro and EURO/NZD exchange rate decreases by 5%, the impact on the group result is the profit will be increased by $18,000. If the EURO/NZD exchange rate increase by 5%, the group profit will be reduced by $16,000.

28.2. Credit Risk

Credit risk is managed on a Group basis. The Group generally trades with franchises and banking counterparties who are well established. Receivables balances are managed by and reported regularly to senior management according to the Company's credit management policies and procedures. The amount outstanding at the reporting date represents the maximum exposure to credit risk.

Trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 24 months before 31 March 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has evaluated available forward-looking information and has concluded that there is no indication that historical loss rates should be adjusted. For FY22 management had decided to make an additional provision for expected credit losses of $122,850 for Bahrain and Kuwait royalties. The provision for impairment of other receivables has increased from $268,000 in 2021 to $378,000 in 2022 as shown on Note 11 (a).

Lease receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all lease receivables.

To measure the expected credit losses, lease receivables have been grouped based on shared credit risk characteristics.

The expected loss rates are based on the historical credit losses experienced for each credit risk group within a period of 24 months before 31 March 2022. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has evaluated available forward-looking information and has concluded that there is no indication that historical loss rates should be adjusted.

28.3. Liquidity Risk

The Group maintains regular forecasts of liquidity based on expected cash flows. The table below analyses the Group's financial liabilities into relevant groups based on the remaining period at the reporting date to the end of the contractual date. The amounts disclosed are the contractual undiscounted cash flows.

At 31 March 2022	Less than 1 year $'000	Between 1 and 5 years $'000	Over 5 years $'000	Carrying Amount $'000
Trade payables	2,323	-	-	**2,323**
Related party payables	723	-	-	**723**
Other payables	1,473	-	-	**1,473**
Short term finance loans	2,583	467	-	**3,050**
Related party loans	875	1,053	-	**1,928**
Lease Liabilities	2,920	6,894	11,332	**21,146**
	10,896	**8,414**	**11,332**	**30,642**

At 31 March 2021	Less than 1 year $'000	Between 1 and 5 years $'000	Over 5 years $'000	Carrying Amount $'000
Trade payables	3,042	-	-	3,042
Related party payables	556	-	-	556
Other payables	1,803	-	-	1,803
Short term finance loans	3,292	468	-	3,739
Related party loans	879	2,889	-	3,768
Lease Liabilities	3,066	12,186	10,500	19,079
	12,638	15,543	10,500	31,987

For further details in relation to the liquidity risk refer to Note 4.

28.4. Capital risk management

The Group's objectives when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure. The Group currently monitors capital based on cash requirements and, in order to maintain or adjust the capital structure, generally issues new shares to investors through share issues. The Group and the Company have not been subject to any externally imposed capital requirements during the period.

The Group is currently in need of additional capital injections to be able to execute its strategy. It is planning to obtain injections in FY23 in addition to that raised and debt conversions in FY22. For further details of this refer to Note 4.

29. Financial instruments by category

	31-Mar 2022 $'000	31-Mar 2021 $'000
Financial assets at amortised cost		
Cash and cash equivalents	**1,156**	886
Trade and other receivables	**1,244**	4,615
Lease receivables	**19,243**	18,283
	21,643	23,784
Financial liabilities at amortised cost		
Trade payables	**2,323**	3,042
Borrowings and other liabilities	**4,978**	7,507
Lease liability	**21,146**	19,079
Related party payables	**723**	556
	29,170	30,183
Finacial liabilities at fair value through profit or loss		
Contingent consideration	**-**	6,431
	-	6,431

30. Fair value measurement

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

	31-Mar 2022 $'000	31-Mar 2021 $'000
Financial liabilities at fair value through profit or loss		
Contingent consideration		
Level 3		
Opening balance	**6,431**	-
Fair Value		6,431
Reduction of contingent consideration payable	**(6,431)**	-
Closing balance	**-**	6,431

The only financial instrument measured at fair value was Contingent Consideration of $Nil at 31.3.22 (31.3.21 $6,431,000 Level 3).

31. Business Combination

TRIPLE TWO ACQUISITION

i) Contingent consideration

The Group acquired Triple Two Coffee in June 2020.

There is an earn-out provision agreement in place with the shareholders of Triple Two whereby Triple Two can increase their consideration received by improving on the performance of the base year, which was calendar year 2019, and in any calendar year from 2020 to 2022. The basis of calculating contingent consideration is on net cash receipts and payments within the Triple Two group for each respective period.

The group owes the vendors $562,000 as part of the original purchase price. This will be settled during FY23.

With respect to 2021, a key franchisee did not materialise after commitments were made resulting in management's re-assessment of contingent consideration for calendar year 2021. As the franchisee did not proceed with the proposed store, management determined that there was no contingent consideration payable for 2021.

Utilising this data from calendar year 2021, as well as a conservative forecast for calendar year 2022, management has since reviewed the profit levels in line with the sale and purchase agreement and come to an agreement that at the time of filing this annual report, no additional contingent consideration is expected to be paid by Cooks Coffee Company Ltd

This results in a $6.4m write off to the Profit and Loss statement and with no further contingent consideration liability remining on the Balance Sheet (2021: $6.4m).

Forecasts still indicate profitability and cash flow positivity on an ongoing basis for the Triple Two group.

ii) Additional updates

10 new Triple Two Coffee stores were opened during the year which was a positive improvement on last year (2 during FY21). Management forecast 10 store openings as a minimum going forward, year on year.

32. Post-reporting date events

There is no post-reporting date event to be disclosed.

Statistical Information and Corporate Governance

Directors Relevant Interests in Company Securities as at 31 March 2022

Substantial Security Holder	Shares Held
Graeme Keith Jackson, Patricia Frances Jackson & Philip Mack Picot	11,675,660
Mike Hutcheson	118,389
Paul Valentine Mark Elliott	226,296
Michael Ambrose	333,333
Total Number of Shares Held:	**12,353,678**

Director Dealings in Company Securities

There have been the following transactions in respect of Cooks Coffee Company Limited (**CCC** or **Company**) securities by directors of the Company (**Directors**) in the 12 months ending 31 March 2022:

Director	Dealings
Mr. Graeme Keith Jackson	Mr. Graeme Keith Jackson is the beneficial holder of 11,675,660 ordinary shares in the Company currently held by Graeme Keith Jackson, Patricia Frances Jackson & Philip Mack Picot.

Interests Register

CCC has D&O insurance which ensures that generally, Directors and officers will incur no monetary loss as a result of actions undertaken by them. CCC has entered an indemnity in favour of its Directors for the purposes of Section 162 of the Companies Act 1993.

Use of Company Information

The Board received no notices from Directors wishing to use Company information received in their capacity as Directors which would not have been ordinarily available.

Other Director Interests

Other directorships held during the FY22 held by CCC Directors:

Graeme Keith Jackson	
Arana Holdings Limited	Esquires Middle East & Africa IP Holdings Limited
Ascension Capital Limited	Esquires Northern Cyprus Limited
CFG Employee Share Trust Limited CFG	Esquires NZ Franchise Holdings Limited
Employee Share Trust Limited	Esquires Office Limited
Weihai Station Limited	Esquires Oman Limited
Cooks Investment Holdings Limited	Esquires Pakistan Limited
Cooks Supply Limited	Esquires Port Denarau Marina Limited
Crux Products Limited	Esquires Portugal Limited
Dairy Farm Investments (Ruawhata) Limited	Esquires Qatar Limited
Esquires Asia Limited	Esquires Romania Limited
Esquires Bahrain Limited	Esquires Saudi Arabia Limited
Esquires Canada IP Limited	Esquires Supply No 2 Limited
Esquires China Limited	Esquires Turkey Limited
Esquires Coffee China Limited	Esquires U.A.E. Limited
Esquires Coffee India Limited	Esquires UK 1 Limited
Esquires Coffee Malaysia IP Holdings Limited	Franchise Development Limited
Esquires Coffee Supply Limited	Franchise Holdings NZ Limited
Esquires Egypt Limited	Franchise Management NZ Limited
Esquires EP & Bahrain Limited	Jackson & Associates Limited
Esquires Fiji Limited	LSD Global Limited
Esquires Global IP Holdings Limited	Nikau Trust
Esquires India Limited	Resnik Corporation Limited
Esquires Indonesia Limited	Scarborough Fair Limited
Esquires Iraq IP Holdings Limited	Esquires Jordan Limited
Esquires Kuwait Limited	Esquires Malaysia Limited

Michael George Rae Hutcheson	
2 Life Limited	Lighthouse Ventures Limited
Eschool Holdings Limited	Lonely Cow Wines Holdings Limited
Eschool Limited	AUT Ventures
Hotfoot Retail Services Limited	Image Centre Limited
Ice Capital Investments Limited	Tangible Media Limited
Image Centre Holdings Limited	The Lighthouse Ideas Company Limited
Carthage Corporation Limited	Patiki Farming Limited

Michael George Ambrose	
Arvida Group Limited	Sirocco Trustees Todd Limited
Southern Fruits International GP Limited	Sirocco Trustees 2008 Limited
Sirocco Trustees Phillips Limited	Sirocco Trustees Lindoc Limited
Sirocco Trustees McCallum-Clark Limited	Sirocco Trustees Fairview Limited
Sirocco Trustees Jacobson Limited	Sirocco Trustees Prycie Limited
Sirocco Trustees Macpherson Limited	Sirocco Trustees Donaldson Limited
Sirocco Trustees No 10 Limited	Sirocco Trustees Gane Limited
Sirocco Trustees No 1 Limited	Sirocco Trustees Aramowicz Limited
Almonte Holdings Limited	Sirocco Trustees Clark Limited
Ashville Consultancy Limited	Sirocco Trustees Randolph Limited
Sirocco Trustees Glasson Limited	Garra International Limited
Sirocco Trustees DLM Limited	Deltop Holdings Limited
Sirocco Trustees Cooper Limited	Australian Lobster Company (GP) Limited
Sirocco Trustees Sbft Limited	FLC Trustee Limited
Sirocco Trustees Huntley Limited	Lobster Management GP Limited
Sirocco Trustees Goleman Limited	Deep Creek Fruits GP Limited
Melrose Equities Limited	Dirocco Trustees Waters Limited
Sirocco Trustees Aws Limited	Dirocco Trustees Nikau Limited
Sirocco Trustees May Limited	Arvida Group Limited
Chateau Marlborough Hotel 2014 Limited	Sirocco Trustees Beneagle Limited
Chateau Marlborough Holdings 2014 Limited	Sirocco Trustees Celmins Limited
Fiordland Lobster Company Limited	Sirocco Trustees Windermere Limited
Sirocco Trustees Kimberley Limited	Sirocco Trustees Church Lane Limited
Sirocco Trustees Dufner Limited	Sirocco Trustees Henderson Limited
Sirocco Trustees Murray Mcarthur Limited	Senior Move Managers Limited

Paul Valentine Mark Elliott	
Agribusiness Investments NZ Limited	Elliott Capital Advisors Limited
Agribusiness Solutions NZ Limited	Parawai Point Trustees Limited
Ignite Finance Limited	Revive Finance Limited
Ignite Solutions Limited	Ignite Nominees Limited

Peihuan Wang	
Shanghai Shiban Supply Chain Co. Ltd	Spar China Group LTD.
Jiajiayue Group Limited. (China)	Weihai Station Limited
Jiajiayue Holding Group Limited (CHINA)	

Alex Qiang Kui	
Caiyun International Investment Limited	Australia YMCI Pty Limited
Top Spring International Holding Limited	

Spread of Quoted Security Holders as at 31 March 2022:

RANGE	SHAREHOLDERS		SHARES	
	NUMBER	%	NUMBER	%
1-1,000	364	57.05%	56,737	0.11%
1,001-5,000	111	17.40%	261,679	0.49%
5,001-10,000	36	5.64%	259,340	0.49%
10,001-50,000	67	10.50%	1,538,604	2.90%
50,001-100,000	21	3.29%	1,475,662	2.78%
100,001 and over	39	6.11%	49,467,471	93.23%
TOTAL	**638**	**100.00**	**53,059,493**	**100.00**

20 Largest Holdings of Equity Securities

As at 31 March 2022:

Rank	Investor Name	Total Units	% Issued Capital
1	Graeme Keith Jackson, Patricia Frances Jackson & Philip Mack Picot	11,675,660	22.00%
2	Jiajiayue Holding Group	10,591,374	19.96%
3	Yunnan Health AND Tourism	6,714,643	12.65%
4	Graham Hodgetts	3,547,910	6.69%
5	CCC Employee Share Trust	3,388,837	6.39%
6	Adg Investments Limited	2,813,317	5.30%
7	Alistair Tillen	1,337,681	2.52%
8	Suhua He	927,679	1.75%
9	David Hodgetts	808,041	1.52%
10	Sezan Walker	804,646	1.52%
11	PKB Trustees Limited	800,000	1.51%
12	Scott Francis Vernon	555,556	1.05%
13	Shuxin Zhang	415,218	0.78%
14	Peter James Kirton	333,715	0.63%
15	Michael Ambrose	333,333	0.63%
16	Sanjac Holdings Limited	333,333	0.63%
17	FNZ Custodians Limited	313,655	0.59%
18	New Zealand Central Securities	304,662	0.57%
19	Anne Margaret Mervis	301,432	0.57%
20	Paul Valentine Mark Elliott	226,296	0.43%

SUBSTANTIAL PRODUCT HOLDERS

The following information is provided in compliance with section 293 of the Financial Markets Conduct Act 2013 and is stated as at 31 March 2022. The total number of voting financial products of Cooks Coffee Company Limited at that date was 53,059,493 and ordinary shares are the only such product on issue.

EMPLOYEE REMUNERATION

During the accounting period, the following number of CCC's employees/independent contractors (not being a director) received remuneration and other benefits in that person's capacity as employee/independent contractor of CCC, the value of which exceeded $100,000 per annum:

Remuneration ranges **For CCC Group:**	**Number of employees** **2022**	**Number of employees** **2021**
100,000 – 109,999	**1**	**-**
110,000 – 119,999	**2**	**1**
130,000 – 139,999	**-**	**1**
140,000 – 149,999	**-**	**-**
160,000 – 169,999	**-**	**-**
170,000 – 179,999	**-**	**1**
180,000 – 189,999	**1**	**1**
190,000 – 199,999	**-**	**-**
200,000 – 209,999	**-**	**1**

DIRECTOR REMUNERATION AND OTHER BENEFITS

During the accounting period, the Directors of the Company received the following remuneration:

Name	**Directors' Fees**	**Executive Salary**	**Share based payments**
Mike Hutcheson	39,600	-	-
Graeme Keith Jackson	-	240,000	-
Paul Elliott	40,000	-	-
Michael Ambrose	13,333		
Peihuan Wang	-	-	-
Alex Qiang Kui	-	-	-

Donations

No donations were made in the 12-month financial period ended 31 March 2022.

CORPORATE GOVERNANCE STATEMENT

Cooks Coffee Company Limited (**CCC**) believes in the benefit of good corporate governance and the value it provides for shareholders and other stakeholders. CCC is committed to ensuring that the company meets best practice corporate governance principles, to the extent that it is appropriate for the nature of CCC's operations.

The board of CCC is responsible for establishing and implementing the company's corporate governance frameworks, and is committed to fulfilling this role in accordance with best practice having regard to applicable laws, the NZX Corporate Governance Code and the Financial Markets Authority Corporate Governance – Principles and Guidelines.

As at 31 March 2020, CCC has implemented policies and processes to establish, shape and maintain appropriate governance standards and behaviours throughout CCC that aligns with the NZX Corporate Governance Code 2017 (**Code**). CCC's approach to applying the recommendations outlined in the Code is set out below. This statement is set out in the order of the principles detailed in the Code and explains how CCC is applying the Code's recommendations. CCC is in compliance with the Code, with the exception of recommendations 2.8 and 6.1 for the reasons explained below.

Principle 1 – Code of ethical behaviour

"Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation."

Code of Ethics

The Board Charter, Code of Ethics and Code of Conduct establish the standards of ethical behaviour expected of Directors and staff. The Board expects Directors, management and staff to personally subscribe to these values and use them as a guide to make decisions. The Audit and Risk Committee has responsibility for monitoring compliance with internal processes, including compliance with the Code of Ethics.

Directors are expected to ensure the potential for conflicts of interests is minimised by restricting involvement in other businesses or in private capacities that could lead to a conflict. In considering matters affecting the Company, Directors are required to disclose any actual or potential conflicts. Where a conflict or potential conflict is disclosed, the Director takes no further part in receipt of information or participation in discussions on that matter. The Board maintains an interests' register and it is reviewed at each board meeting.

Should any member of staff have concerns regarding practices that may conflict with the Code of Conduct they are able to raise the matter with the

Chair, as appropriate, on a confidential basis. Directors would raise any concerns regarding compliance with the Code of Ethics with the Chair. The Chair of the Board and the Chair of the Audit and Risk Committee note there have been no financial matters raised in this respect in the 2022 financial year.

Financial Product Trading

Directors, officers, employees and contractors are restricted in their trading of Cooks Coffee Company securities and must comply with the Financial Products Trading Policy and Guidelines which is available on the Website.

Principle 2 – Board composition and performance

"To ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspectives."

Board Charter

The Board of Directors of the Company is elected by the shareholders to supervise the management of the Company. The Board establishes the Company's objectives, overall policy framework within which the business of the Company is conducted and confirms strategies for achieving these objectives. The Board also monitors performance and ensures that procedures are in place to provide effective internal financial control.

The Board is responsible for guiding the corporate strategy and direction of the Company and has overall responsibility for decision making. The Board has delegated responsibility for implementing the Board's strategy and for managing the operations of the Company to the Chairman.

CCC's board operates under a written charter which defines the respective functions and responsibilities of the board, focusing on the values, principles and practices that provide the corporate governance framework. The charter complies with the relevant recommendations in the Code and is reviewed annually.

The board uses committees to address certain matters that require detailed consideration. The board retains ultimate responsibility for the function of its committees and determines their responsibilities.

Nomination and appointment of directors

In accordance with CCC's constitution and NZX Listing Rules, the directors are required to retire by rotation and may offer themselves for re-election by shareholders each year. Procedures for the appointment and removal of directors are also governed by the Board Charter. CCC does not maintain a separate nomination committee, given the current size and nature of CCC's business, director nominations and appointments are the responsibility of the full board.

Written Agreements with directors

CCC intends to enter written agreements with any newly appointed directors establishing the terms of their appointment.

Director Information and Independence

The Board currently comprises of five Directors including the Chairman & Chief Executive Officer, Keith Jackson. The Board met five times during the year on a formal basis. The Audit and Finance Committee meetings are held outside these meetings on a regular basis as required.

The board takes into account guidance provided under the NZX Listing Rules in determining the independence of directors. Director independence is considered annually. Directors are required to inform the board as soon as practicable if they think their status as an independent director has (or may have) changed.

The directors that the board considers are independent and information in respect of directors' ownership interests is contained in this annual report.

Diversity

Cooks recognises the wide-ranging benefits that diversity brings to an organisation and its workplaces. Cooks' endeavours to ensure diversity at all levels of the organisation to ensure a balance of skills and perspectives are available in the service of our shareholders and customers. To this end, the Board is committed to fostering a culture that embraces diversity.

The Board also has the responsibility of monitoring and promoting the diversity of staff and associated corporate culture, including requiring that recruitment and selection processes at all levels are appropriately structured so that a diverse range of candidates are considered and to avoid conscious and unconscious biases that might discriminate against certain candidates.

The gender balance of the Group's Directors, officers and all employees were as follows:

	As at 31 March 2021			As at 31 March 2022		
	Directors	Officers	Employees	Directors	Officers	Employees
Female	-	-	13	-	-	13
Male	5	1	13	6	1	13
Total	**5**	**1**	**26**	**6**	**1**	**26**

Director Training

All directors are responsible for ensuring they remain current in understanding their duties as directors. Where necessary, CCC will support directors to help develop and maintain directors' skills and knowledge relevant to performing their role.

Separation of the Chair and Managing Director

Due to the size and nature of CCC and its cash flow requirements CCC does not comply with 2.8 of the Code, the chair of the board and managing director are not separate people.

Principle 3 – Board Committees

"The board should use committees where this will enhance its effectiveness in key areas, while still retaining board responsibility."

Given the small scale of the company and board, the board currently has one standing committee, the Audit and Risk committee. This committee operates under a specific charter which is approved by the Board and will be reviewed annually. Any recommendations made by these committees are recommendations to the board.

Directors

Name	Status	Current/Resigned	Sub-committee membership	Attendance *
Keith Jackson	*Chairman & CEO Executive*	Appointed 18/8/08	Audit, Finance & Marketing	5
Paul Elliott	*Non-Executive Independent*	Appointed 30/5/19	Audit & Finance	5
Mike Hutcheson	*Non-Executive Independent*	Appointed 3/10/13	Marketing	5
Michael Ambrose	*Non-Executive Independent*	Appointed 29/11/21	Audit & Finance	2
Peihuan Wang	*Non-Executive Independent*	Appointed 29/4/16	-	2
Alex Qiang Kui	*Non-Executive Independent*	Appointed 27/2/19	-	2

Audit and Risk Committee

The Audit and Risk Committee Charter sets out the objectives of the Audit and Risk Committee which are to provide assistance to the board in fulfilling its responsibilities in relation to the company's financial reporting, internal controls structure, risk management systems and the external audit function.

The audit committee currently comprises Keith Jackson, Paul Elliott, Mike Hutcheson and Michael Ambrose. Paul Elliott, Mike Hutcheson and Michael Ambrose are considered Independent Directors for the purposes of NZX Listing

Rule 2.1.1. All members of the Audit and Risk Committee have appropriate financial experience and an understanding of the industry in which CCC operates.

The Audit and Risk Committee focusses on audit and risk management and specifically addresses responsibilities relative to financial reporting and regulatory compliance. The Audit and Risk Committee is accountable for ensuring the performance and independence of the external auditor, including that CCC provides for 5-yearly rotation of either the external auditor or the lead audit partner.

The committee provides a forum for the effective communication between the board and external auditors. The responsibilities of the committee include:

- reviewing the appointment of the external auditor, the annual audit plan, and addressing any recommendations from the audit;
- reviewing any financial information to be issued to the public; and
- ensuring that appropriate financial systems and internal controls are in place.

The Audit and Risk Committee may have in attendance the Managing Director and/or others including the external auditor as required from time to time.

Takeover Response Protocol

The board has protocols in place that set out the procedure to be followed if there is a takeover offer for CCC. This procedure is set out in the board charter.

Principle 4 – Reporting and Disclosure

"The board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures."

Continuous Disclosure

The board focusses on providing accurate, adequate and timely information both to existing shareholders and the market generally. This enables all investors to make informed decisions about CCC.

CCC, as a company listed on the NZX Main Board, has an obligation to comply with the disclosure requirements under the NZX Listing Rules, and the Financial Markets Conduct Act 2013. CCC has a Continuous Disclosure Policy designed to ensure this occurs. CCC recognises that these requirements aim to provide equal access for all investors or potential investors to material price-sensitive information concerning issuers or their financial products. This in turn promotes confidence in the market. The Continuous Disclosure Policy outlines the obligations for CCC in satisfying the disclosure requirements. CCC's Disclosure Officer (currently the Chair) is responsible for ensuring compliance with the NZX continuous disclosure requirements and overseeing and co-ordinating disclosure to the exchange.

Financial Reporting

The Board monitors:

- available cash in the Company to ensure there are sufficient funds available to satisfy debts as they fall due; and
- the continued support of the Company's principal creditors, to ensure their continued support of the Company and continued intention to not call up amounts owing to them.

The Board is committed to keeping the market and its shareholders informed of all material information relating to the Company through meeting the obligations imposed under the Listing Rules and relevant legislation such as the Financial Markets Conduct Act 2013.

CCC seeks to make disclosures in a timely and balanced way to ensure transparency in the market and equality of information for investors. The Company also recognises the benefits of providing other releases that broaden the market's knowledge of the Company's business and financial performance and seeks, where appropriate, to use communications that achieve this objective.

The website is a key channel for the distribution of Cooks' information and is updated after documents are disclosed on the NZX.

The Chair of the Board and the CEO are responsible for the day to day management of ensuring these obligations are met. The Board will review compliance with the continuous disclosure obligations at every board meeting.

Cooks was referred by NZX to the NZ Markets Disciplinary Tribunal (Tribunal) and in a determination dated 4 February 2020, the Tribunal found that Cooks Coffee Company Limited (CCC) breached NZX Listing Rule 3.6.1 by filing its 2019 Annual Report 5 business days late. The Tribunal ordered that CCC pay a financial penalty of $35,000, pay the costs of NZX and the Tribunal, and be publicly censured.

Principle 5 – Remuneration

"The remuneration of directors and executives should be transparent, fair and reasonable."

Directors' Remuneration

The Remuneration Committee makes recommendations to the board on remuneration matters in keeping with the Remuneration Policy which outlines the key principles that influence CCC's remuneration practices. The committee is also responsible for making recommendations to the board on the remuneration of the Chair.   Directors' fees are determined by the board on the recommendation of the committee within the aggregate director remuneration pool approved by shareholders.

Details of remuneration paid to directors are disclosed in this annual report.

Principle 6 –Risk Management

"Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks."

The board considers its material risks are any decision to realise or make new investments and to carefully manage cash flow. The Managing Director reports regularly to the full board on these key risks, and operating expenses are kept to a bare minimum.

Key risk management tools used by CCC include the Audit and Risk Committee function and outsourcing certain functions to service providers (such as legal and audit). CCC also maintains insurance policies that is considers adequate to meet insurable risks. The board of CCC will continue to regularly consider any potential risks and its risk management processes and adapt these should the nature and size of the business change in the future. While CCC is comfortable this approach to risk is sufficient, it does not comply with recommendation 6.1 of the Code as it does not have a formal risk management framework.

Health and Safety

The board does not consider it necessary to maintain a specific health and safety committee. The full board of CCC recognise the importance of health and safety considerations, and will continue to assess any risks, management and performance in this regard in the future.

Principle 7 – Auditors

"The board should ensure the quality and independence of the external audit process."

The Audit and Risk Committee makes recommendations to the board on the appointment of the external auditor as set out in Audit and Risk Committee Charter. The committee also monitors the independence and effectiveness of the external auditor and reviews and approves any non-audit services performed by the external auditor.

Principle 8 – Shareholder rights and relations

"The board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer."

Information for Shareholders

The Company aims to ensure that shareholders are informed of all major developments affecting the Company affairs. Information is communicated to shareholders in the Annual Report, Interim Report, and regular NZX announcements, including major share transactions, acquisitions, store expansion and new franchises and any personnel changes of significance.

The company website provides an overview of the business and information about CCC. This information includes details of investments, latest news, investor information, key corporate governance information, and copies of significant NZX announcements. The website also provides profiles of the directors and the senior executive team. Copies of previous annual reports, financial statements, and results presentations are available on the website.

Shareholders have the right to vote on major decisions of the company in accordance with requirements set out in the Companies Act 1993 and the NZX Listing Rules.

Communicating with Shareholders

CCC endeavours to communicate regularly with its shareholders through its market updates and other investor communications. The company receives questions from time to time from shareholders, and has processes in place to ensure shareholder communications are responded to in a timely and accurate manner. CCC's website sets out appropriate contact details for communications from shareholders, including the phone number and email address of the Chair, Keith Jackson. CCC provides the opportunity for shareholders to receive and send communications by post or electronically.

CCC sends the annual shareholders notice of meeting and publishes it on the company website as soon as possible and at least 28 days before the meeting each year.

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 Ambrose Michael George Rae Hutcheson Peihuan Wang Paul Valentine Mark Elliott Alex Qiang Kui
Solicitors:	Duncan Cotterill Wellington
Bankers:	ANZ Bank, Auckland
Auditors:	William Buck Audit (NZ) Limited
Share registry:	Link Market Services Limited Auckland