

cooks
coffee company

ESQUIRES
THE ORGANIC COFFEE CO.

TRIPLE TWO
REAL FOOD, AWESOME COFFEE



**REPORT TO
SHAREHOLDERS**

2022/2023

**FOR THE 6 MONTHS
TO 30 SEPTEMBER 2022**

INTERIM REPORT

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[29] November 2022

COOKS COFFEE COMPANY

Unaudited financial results for the six months ended 30 September 2022

Cooks Coffee Company (NZX:CCC; AQUIS:COOK), the international coffee focused café chain, is pleased to announce its interim results for the six months ended 30 September 2022.

Period Highlights

- Revenue from operational trading increased by 37% to \$1.93m versus H1 FY22 (H1 2022 \$1.41m)
- Overall revenue declined to \$3.10 million (H1 FY22 \$3.66 million) as a result of the timing of recognising capital revenues on store openings. This revenue is expected to be recognised in the second half of the financial year as planned new stores open up
- Profit from continuing operations increased by 14% to \$146,000 versus H1 FY22 \$128,000
- Full year revenue and profit on track to meet expectations

Post Period Highlights

- Pipeline of store openings robust underpinned by strong consumer demand
- Dual Listing on London based AQUIS Growth Market completed on 2 November 2022
- Approximately \$1m raised through a rights issue, with fund raising process ongoing, including through a convertible note issue of up to \$2m
- Elena Garside appointed as a UK based Non-executive Director
- Craig Brown appointed as Chief Financial Officer, a non-board position

Note: The Company's reporting currency is New Zealand Dollars ("NZ\$")

CHAIRMAN'S STATEMENT

The period was one of significant development for the Group as we continued to build a group of ethical coffee chains with community spirit. Our Esquires and Triple Two brands continue to perform well and I am delighted with our consistent outperformance of the market, thanks to the efforts of our staff, franchisees and their teams.

Revenue from trading operations grew by 37% in the first half of the year ("FY23") compared to last year, driven by new store openings and like for like sales improvements in the existing stores.

Overall store numbers at the end of September 2022 were 111, a net gain of four stores during the six-month period, with the number of stores in the UK and Ireland growing to 85 and the total of 26 stores in the franchised regions outside of the UK and Ireland remaining unchanged.

The Company added seven outlets and closed three to the franchised network in the UK and Ireland during the period, under both the Esquires and Triple Two brands. The number of stores is expected to grow in the second half of the year, with nine store openings planned in the UK and two in Ireland which we anticipate will take the store numbers to 96 in the UK and Ireland by the end of March 2023.

Revenue from new store openings reduced to \$1.17m in the period (H1 FY22 \$2.25m) as the opening of a number of planned new stores shifted into the second half of the financial year. The targeted overall new store openings for the full financial year remains on track and capital revenue from new store openings recognised in the second half is expected to recover the first half shortfall.

Profit from continuing operations grew 14% to \$146,000 for the period.



KEITH JACKSON
CHAIRMAN

CHAIRMAN'S STATEMENT

BUSINESS PERFORMANCE

UNITED KINGDOM

Esquires

UK store numbers were 50 at the end of September 2022, up from 47 as at 31 March 2022. Sales from the Esquires outlets for the six months were up 35% on the pre covid period from April to September 2019 and up 20% on the same period in FY22. Record sales per store per day have been recorded in September and again, post period end, in October.

Triple Two

Triple Two joined the Group on 19 June 2020. At the end of September 2022 there were 20 stores operating. The brand expects to have more than 25 stores open by the end of March 2023. Comparative sales with 2019 are not available, however sales for the six-month period to September 2022 were 60% ahead of the FY22 first six months. Triple Two achieved record sales per store per day in August and this was exceeded in October.



IRELAND

Store sales in Ireland for the period were at a similar level to the same period in 2019 and 104% up on the same period in FY22. This shows a resilient recovery after the Covid restrictions were lifted in Ireland in February 2022. Sadly, the excellent Longford café suffered a devastating fire in September 2022 when a fryer caught fire. The building and café were totally destroyed but will be rebuilt. However, in the short term the franchisees and staff after just six weeks have established a temporary container outlet on the site and leased a vacant warehouse to enable seating for customers.



(From left to right:
Tony McVerry, Managing Director, Ireland and Europe,
Dina, Manager at Esquires Longford,
Fergal McGovern, franchisee of Esquires Longford and Roscommon.)

REST OF THE WORLD

Sales in all markets have been showing recovery following the Covid period with Saudi Arabia leading the way with store sales up 86% for the period compared to FY22.

CHAIRMAN'S STATEMENT

CORPORATE

DUAL LISTING ON AQUIS GROWTH MARKET

Cooks Coffee was delighted to complete a dual listing on the AQUIS Growth Market, post period end, on 2 November 2022, as the hundredth company to list on this market. The Directors believe that this will be positive for shareholders and build liquidity and value over time, in particular, as the growth ambitions and values of Cooks and AQUIS are aligned. Cooks was provided with fast-track access to AQUIS, based on the existing New Zealand listing, saving both time and cost. The company is listed under the ticker code COOK on AQUIS.



(From left to right: Elena Garside new UK Director with Aiden Keegan MD Great Britain(right) and David Hodgetts MD Triple Two Coffee.)

CAPITAL RAISING

The Company undertook a rights Issue, post period end, in October 2022 at 36 cents per share and raised approximately \$1.0m via cash and debt conversions. The Company is currently seeking to place the shortfall.

In addition, the Company received an unsolicited approach to market a convertible note of up to \$2.0m and this process will conclude on 22 December 2022.



CHAIRMAN'S STATEMENT

CORPORATE

PEOPLE

Appointment of new UK based Non-executive Director – Elena Garside

The Board are delighted to welcome Elena as the Company's first UK based Director. Elena "rang the gong" to signify the official admission on Aquis and the commencement of trading. Elena has significant experience in financial and ESG communications with a focus on advising on current and emerging trends within these fields, including responsible investing, and sustainable finance. Her clients have included FTSE 100 and FTSE 250 companies, as well as privately owned businesses and global corporations.



Elena Garside

Chief Financial Officer

The Company appointed Craig Brown as CFO from 1 October 2022. Craig had been CFO of the Group previously and has an excellent knowledge and understanding of the Company, its people and business model. In the first step toward consolidating the Group's finance functions in the UK we have additionally appointed Abby Haran as a UK based financial controller to work with Craig and streamline the Group's finance activities in the UK and Ireland.



Craig Brown

CHAIRMAN'S STATEMENT

SUMMARY AND OUTLOOK

The Directors believe the prospects for the business in the balance of the financial year and beyond are strong. The Company is committed to building the business based on ethical principles and community values. Store sales trends have been very positive in recent times, with the Company benefiting from the 'working from home' trend, which we are confident will remain in one form or another and there is a solid pipeline of new stores.

With both the Esquires and Triple Two brands achieving record daily sales per store in October 2022, following strong performances in the first six months, the Directors are confident that the business models are well suited to the current consumer market and these results are being achieved despite the concerns being expressed regarding the general economic outlook. The Cooks Coffee model is based on a franchised network and is very scalable in a capital light manner. With the focus on core markets, we believe that we have critical mass with an ability to grow.

We are continuing to seek to raise further capital in order to accelerate our growth and we believe that we can achieve growing profitability in a sustainable manner. We look forward to providing further updates in due course.

Keith Jackson

Executive Chairman

ENQUIRIES

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Cooks Coffee Company Limited
Unaudited Condensed Interim Statement of Comprehensive Income
For the six months ended 30 September 2022

	30 September 2022 \$'000	30 September 2021 \$'000	
	Notes		
Continuing operations			
Revenue	3,099	3,665	
Grant and other income	122	337	
Raw materials and consumables used	(318)	(857)	
Depreciation and amortisation	(38)	(30)	
Net foreign exchange (losses)/gains	(131)	(48)	
Employee costs	(1,238)	(1,328)	
Other expenses	(1,008)	(1,113)	
Operating profit	<u>488</u>	<u>626</u>	
Finance costs	(342)	(498)	
Profit before income tax	<u>146</u>	<u>128</u>	
Income tax (expense)/credit	-	-	
Profit for the period from continuing operations	<u>146</u>	<u>128</u>	
Net profit/(loss) for the period from discontinued operations	(60)	(69)	
Net profit for the period attributable to shareholders	<u>86</u>	<u>59</u>	
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Change in foreign currency translation reserve	(24)	(48)	
Total comprehensive profit/(loss) for the period attributable to shareholders	<u>62</u>	<u>11</u>	
Total comprehensive income/(loss) for the period attributable to Shareholders of the parent arises from:			
- Continuing operations	122	80	
- Discontinued operations	(60)	(69)	
	<u>62</u>	<u>11</u>	
Profit/(loss) per share:			
Basic and diluted profit/(loss) per share (New Zealand Cents) from continuing and discontinued operations:	2	0.16	0.01
Basic and diluted profit/(loss) per share (New Zealand Cents) from continuing operations:	2	0.28	0.02
Basic and diluted profit/(loss) per share (New Zealand Cents) from discontinued operations:	2	(0.12)	(0.01)

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

Cooks Coffee Company Limited
Unaudited Condensed Interim Statement of Change in Equity
For the six months ended 30 September 2022

	<u>Attributable to Equity holders of the Company</u>				
	Share Capital	Foreign Currency Translation Reserve	Share Based Payment Reserve	Accumulated Profit /(Loss)	Total Equity
Notes	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 April 2021	52,220	208	2,401	(56,550)	(1,721)
Comprehensive income/(loss) for the year					
Loss for the year	-	-	-	(438)	(438)
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss:					
Change in foreign currency translation reserve	-	(120)	-	-	(120)
Total comprehensive income/(loss) for the year	-	(120)	-	(438)	(558)
Transactions with owners of the Company					
Issue of ordinary shares	4,677	-	-	-	4,677
Total contributions by owners of the Company	4,677	-	-	-	4,677
Balance at 31 March 2022	56,897	88	2,401	(56,988)	2,398
Balance at 1 April 2022	56,897	88	2,401	(56,988)	2,398
Comprehensive income/(loss) for the period					
Gain/(Loss) for the period	-	-	-	86	86
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss:					
Change in foreign currency translation reserve	-	(24)	-	-	(24)
Total comprehensive income/(loss) for the period	-	(24)	-	86	62
Transactions with owners of the Company					
Total contributions by owners of the Company	-	-	-	-	-
Balance at 30 September 2022	56,897	64	2,401	(56,902)	2,460

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

Cooks Coffee Company Limited
Unaudited Condensed Interim Statement of Financial Position
For the six months ended 30 September 2022

	30 September	31 March
	2022	2022
Notes	\$'000	\$'000
Assets		
Current Assets		
Cash and cash equivalents	782	1,156
Trade and other receivables	1,375	1,244
Lease receivables	2,147	2,755
Other current assets	1,104	588
Assets classified as held-for-sale	18	18
Current Assets	<u>5,426</u>	<u>5,761</u>
Non-Current Assets		
Property, plant and equipment	152	150
Right-of-use assets	1,686	1,642
Lease receivables	16,920	16,488
Goodwill	5,457	5,457
Intangible assets	7,262	7,262
Other non-current financial assets	15	15
Non-Current Assets	<u>31,492</u>	<u>31,014</u>
Total Assets	<u>36,918</u>	<u>36,775</u>
Liabilities		
Current Liabilities		
Trade and other payables	5,365	4,518
Deferred Revenue	867	1,119
Lease liabilities	2,386	2,920
Borrowings and other liabilities	3,140	3,457
Current Liabilities	<u>11,758</u>	<u>12,014</u>
Non-Current Liabilities		
Deferred Revenue	1,694	1,473
Lease liabilities	18,425	18,226
Deferred tax liabilities	1,182	1,143
Borrowings and other liabilities	1,399	1,521
Non-Current Liabilities	<u>22,700</u>	<u>22,363</u>
Total Liabilities	<u>34,458</u>	<u>34,377</u>
Net Assets	<u>2,460</u>	<u>2,398</u>
Equity		
Share capital	4 56,897	56,897
Accumulated losses	(56,902)	(56,988)
Foreign currency translation reserve	64	88
Share based equity reserve	2,401	2,401
Total Equity	<u>2,460</u>	<u>2,398</u>
Net tangible assets per share (New Zealand Cents)	<u>(19.33)</u>	<u>(19.45)</u>

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

Cooks Coffee Company Limited
Unaudited Condensed Interim Statement of Cash Flows
For the six months ended 30 September 2022

	30-Sep	31-Mar
	2022	2022
Notes	\$'000	\$'000
Operating activities		
<i>Cash was provided from:</i>		
Receipts from customers	2,937	6,363
<i>Cash was applied to:</i>		
Interest cost	(283)	(381)
Payments to suppliers & employees	(2,680)	(6,614)
Net cash provided from/(applied to) operating activities	<u>(26)</u>	<u>(632)</u>
Investing activities		
<i>Cash was applied to:</i>		
Purchase of property, plant and equipment	(2)	(124)
Acquisition of intangible assets	-	(91)
Net cash provided from/(applied to) investing activities	<u>(2)</u>	<u>(215)</u>
Financing activities		
<i>Cash was provided from:</i>		
Proceeds from borrowings	-	981
Proceeds from share issue	-	902
<i>Cash was applied to:</i>		
Principal elements of lease payments	(60)	(165)
Repayment of borrowings	(235)	(608)
Capital raising costs	(52)	-
Net cash provided from/(applied to) financing activities	<u>(347)</u>	<u>1,110</u>
Net increase/(decrease) in cash and cash equivalents held	(375)	263
Cash & cash equivalents at beginning of the year	1,156	886
Effect of exchange rate changes on foreign currency balances	1	7
Cash & cash equivalents at end of the year	<u>782</u>	<u>1,156</u>
Composition of cash and cash equivalents:		
Bank balances	<u>782</u>	<u>1,156</u>

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

Cooks Coffee Company Limited
Unaudited Condensed Interim Statement of Cash Flows
For the six months ended 30 September 2022

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

	30-Sep	31-Mar
	2022	2022
	\$'000	\$'000
Profit/(Loss) after tax	86	(438)
Add non-cash items:		
Deferred tax		
Depreciation and amortisation	38	581
Impairment loss	-	227
Net foreign exchange (losses)/gains	131	230
Revaluation of contingent consideration payable	-	(6,431)
Impairment of goodwill	-	5,983
Add/(Less) movements in assets/liabilities:		
Trade and other receivables	734	3,371
Other short-term assets	(516)	696
Trade payables	(847)	(883)
Contract liabilities	31	(4,137)
Other liabilities	317	169
Net cash flow applied to operating activities	<u>(26)</u>	<u>(632)</u>

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

Cooks Coffee Company Limited
Notes to and forming part of the Unaudited Interim Financial Statements
For the six months ended 30 September 2022

The Group's reportable segments are business units deriving Royalties, Product Sales, Franchise Fees and New Store Construction Revenue from Franchisees in geographical locations.

The New Zealand segment represents the head office operation for the Group. The franchise coffee store business, operating under the Esquires and Triple Two brands, covers the New Zealand Global Franchise trading entity and all regions owned by third party Master Franchisees; and the UK and Ireland franchising business segment owned directly by the Group.

The Group has also separated operating segments for the business activities intended to be sold (now relating to one owned Esquires store in the UK).

Segment information for the reporting period is as follows:

30 September 2022	Continuing operations			Total
	Global franchising & retail	UK & IRE franchising	New Zealand	
	\$'000	\$'000	\$'000	\$'000
Global operational splits				
Revenue	106	2,993	-	3,099
Grant and other income	-	122	-	122
Raw materials and consumables used	-	(318)	-	(318)
Depreciation and amortisation	-	(37)	(1)	(38)
Net foreign exchange (losses)/gains	48	-	(179)	(131)
Employee costs	-	(1,055)	(183)	(1,238)
Other expenses	508	(1,115)	(401)	(1,008)
Operating profit/(loss)	662	590	(764)	488
Finance costs	(1)	(7)	(334)	(342)
Profit/(loss) before income tax	661	583	(1,098)	146
Income tax (expense)/credit	-	-	-	-
Profit/(loss) for the period from continuing operations	661	583	(1,098)	146
Non-current assets				
Intangible assets	42	5,739	1,481	7,262
Property, plant and equipment	-	148	4	152
Goodwill	-	5,457	-	5,457

30 September 2022	Discontinued operations	
	UK retail	Total
	\$'000	\$'000
Global operational splits		
Revenue	160	160
Raw materials and consumables used	(58)	(58)
Depreciation and amortisation	(1)	(1)
Employee costs	(92)	(92)
Other expenses	(65)	(65)
Operating profit/(loss)	(56)	(56)
Interest Income	-	-
Finance costs	(4)	(4)
Profit/(loss) before income tax	(60)	(60)
Income tax (expense)/credit	-	-
Loss for the period from discontinued operations	(60)	(60)

Non-current assets		
Intangible assets	6	6
Property, plant and equipment	18	18

Cooks Coffee Company Limited
Notes to and forming part of the Unaudited Interim Financial Statements
For the six months ended 30 September 2022

30 September 2021	Continuing operations			Total
	Global franchising & retail	UK & IRE franchising	New Zealand	
	\$'000	\$'000	\$'000	\$'000
Global operational splits				
Revenue	120	3,522	23	3,665
Grant and other income	-	257	80	337
Raw materials and consumables used		(857)	-	(857)
Depreciation and amortisation		(28)	(2)	(30)
Employee costs		(1,128)	(200)	(1,328)
Other expenses	(1)	(816)	(344)	(1,161)
Operating profit/(loss)	119	950	(443)	626
Interest Income			-	-
Finance costs	(9)	(5)	(484)	(498)
Profit/(loss) before income tax	110	945	(927)	128
Profit/(loss) for the period from continuing operations	110	945	(927)	128
Non-current assets				
Intangible assets	20	4,891	2,789	7,700
Property, plant and equipment	1	137	5	143
Goodwill	-	11,715	-	11,715

30 September 2021	Discontinued operations	
	UK retail	Total
	\$'000	\$'000
Global operational splits		
Revenue	287	287
Other income	11	11
Raw materials and consumables used	(79)	(79)
Net foreign exchange (losses)/gains	(154)	(154)
Employee costs	-	-
Other expenses	(133)	(133)
Operating profit/(loss)	(68)	(68)
Finance costs	-	-
Loss before income tax	(68)	(68)
Loss for the period from discontinued operations	(68)	(68)
Non-current assets		
Intangible assets	-	-
Property, plant and equipment	71	71

Cooks Coffee Company Limited
Notes to and forming part of the Unaudited Interim Financial Statements
For the six months ended 30 September 2022

1. General information

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

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

Statutory base

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

Reporting framework

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

These financial statements for the six months ended 30 September 2022 have been prepared in accordance with NZ IAS 34, Interim Financial Reporting and should be read in conjunction with the financial statements published in the Annual Report for the year ended 31 March 2022. They also comply with the International Accounting Standard 34 interim Financial Reporting (IAS 34).

2. Changes in significant accounting policies

Except as described below, the accounting policies applied by the Group in these consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 March 2022. The Group has not applied any standards, amendments and interpretations that are not yet effective.

3. Profit/(loss) per share

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

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

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

The weighted average numbers of shares are calculated below:

	30-Sep-22	31-Mar-22
Weighted average ordinary shares issued	53,059,493	631,060,729
Weighted average potentially dilutive options issued	-	-
Basic and diluted profit/(loss) per share (New Zealand Cents) from continuing and discontinued operations:	0.16	(0.07)
Basic and diluted profit/(loss) per share (New Zealand Cents) from continuing operations:	0.28	(0.01)
Basic and diluted profit/(loss) per share (New Zealand Cents) from discontinued operations:	(0.12)	(0.06)
Net tangible assets per share (New Zealand Cents)	(19.33)	(1.64)

Cooks Coffee Company Limited
Notes to and forming part of the Unaudited Interim Financial Statements
For the six months ended 30 September 2022

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 53,059,493.

	30-Sep-22	31-Mar-22
Weighted average ordinary shares issued	53,059,493	53,059,493
Basic and diluted profit/(loss) per share (New Zealand Cents) from continuing and discontinued operations:	0.16	(0.83)
Basic and diluted profit/(loss) per share (New Zealand Cents) from continuing operations:	0.28	(0.17)
Basic and diluted profit/(loss) per share (New Zealand Cents) from discontinued operations:	(0.12)	(0.66)
Net tangible assets per share (New Zealand Cents)	(19.33)	(19.45)

4. Share Capital

The share capital of Cooks Global Foods Limited consists of issued ordinary shares, each share representing one vote at the company's shareholder meetings. The par value is nil (2022: nil). All shares are equally eligible to receive dividends and the repayment of capital.

Movements of share capital	30-Sep-22	31-Mar-22
<i>Number of Shares issued:</i>	No. of Shares	No. of Shares
Ordinary shares opening balance	53,059,495	627,833,831
Ordinary shares issued	-	103,317,794
Ordinary shares consolidation	-	(678,092,130)
Total ordinary shares authorised at end of period	<u>53,059,495</u>	<u>53,059,495</u>

Movements of share capital	30-Sep-22	31-Mar-22
<i>Value of Shares issued:</i>	\$'000	\$'000
Ordinary shares opening balance	56,897	52,220
Ordinary shares issued less share issue expenses	-	4,677
Total ordinary shares authorised at period end	<u>56,897</u>	<u>56,897</u>

During the year ended 31 March 2022, 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 issue at 30 September 2022. There were no shares cancelled.

At 30 September 2022, \$nil of the ordinary share capital is unpaid (31 March 2022: \$nil).

5. Related party transactions

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

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

Keith Jackson is a director of Cooks Investment Holdings Limited, 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.

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.

Cooks Coffee Company Limited
Notes to and forming part of the Unaudited Interim Financial Statements
For the six months ended 30 September 2022

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.

Transactions with related parties

	30-Sep 2022 \$'000	31-Mar 2022 \$'000
<i>Purchases of goods and services</i>		
Purchase of management services	90	180
<i>Interest paid to related parties</i>	118	300
<i>Other transactions</i>		
Funding loans advanced by related parties	-	(662)

Balances outstanding with related parties

	30-Sep 2022 \$'000	31-Mar 2022 \$'000
<i>Outstanding balances arising from purchases of goods and services</i>		
Entities controlled by key management personnel	827	723
<i>Loans and other payables to related parties</i>		
Beginning of the year	1,875	4,410
Loans advanced	3	(662)
Loans converted to equity	-	(2,000)
Net foreign exchange effects	3	(23)
Interest charged	118	450
Interest paid	(157)	(300)
End of period	<u>1,842</u>	<u>1,875</u>

Director transactions

	30-Sep 2022 \$'000	31-Mar 2022 \$'000
Directors fees	60	92
Salaries, wages and contractor payments	296	515
	<u>356</u>	<u>607</u>

6. Capital Commitments, Contingent Liabilities

There were no capital commitments as at 30 September 2022 (31 March 2022: \$nil).

There were no changes in capital commitments, contingent liabilities and contingent assets that would require disclosure for the six months ended 30 September 2022 (31 March 2022: \$nil).

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7. Going Concern

The Group reported a comprehensive profit of \$62,000 (2021: \$11,000) for the six-month period to 30 September 2022.

Operating net cash outflow for the six-month period to 30 September 2022 was \$26,000. For the twelve-month period ended 31 March 2022 the net cash outflow was \$632,000.

As at 30 September 2022 the Group has reported Net Assets of \$2,460,000 (at 31 March 2022: \$2,398,000) and current liabilities exceed current assets by an amount of \$6,332,000 (at 31 March 2022: \$6,253,000).

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

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

- Opening multiple new stores in the United Kingdom in FY23, with a net four new sites already opened in the first half of the year, and in excess of a further ten sites confirmed for the second half of the year.
- Group's ability to successfully conclude remaining discussions regarding the roll-over of existing debt.
- Group's ability to raise further debt or equity funds as a strategy to re-gear the balance sheet as part of the overall restructuring plan that is still in progress.
- The ability of related parties of Keith Jackson to continue to provide funding as required, and market conditions which the Group operates in, including any further impact of Covid-19, existing recessionary pressures, and the economic impact of the current Ukrainian/Russian conflict.

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

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

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

The Directors are also confident that operating cash flows will continue to improve as a result of the recovery from the various government imposed restrictions related to Covid-19, restructuring activities that have been undertaken, and the disposal of remaining assets held for sale in the UK, 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, and greater focus on improving existing core business activities.

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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.

8. Subsequent Events

As a result of a rights issue undertaken in October (and part allotment under associated shortfall placement) the Group issued an additional 2,797,814 new ordinary shares on the 2nd of November 2022. These shares were issued at a price of NZ\$0.36 (£0.18) per share. In addition, and to ensure compliance with the Takeovers Code, the Trustees of the Nikau Trust agreed with the company to reclassify 1,035,667 of their existing ordinary shares as non-voting shares, reducing the number of ordinary shares on issue.

These shares were issued for cash and as a set off against debts owed by the Group.

As previously forecast, the Group completed its dual listing on the Access Segment of the Aquis Stock Exchange ("AQSE") Growth Market, with trading commencing on 2nd November 2022. Ordinary shares now trade on AQSE under the ticker "COOK".

COMPANY DIRECTORY

Company number: 2089337
Year of incorporation: 2008
Registered office: Level 1, 96 St Georges Bay Road
Parnell, Auckland, 1052
Nature of business: Food & beverage industry



DIRECTORS

Graeme Keith Jackson
Michael George Rae Hutcheson
Michael Ambrose
Elena Garside
Paul Elliott
Peihuan Wang



SOLICITORS

Chapman Tripp, Auckland



BANKERS

ANZ Bank, New Zealand



AUDITORS

William Buck Audit (NZ) Limited



SHARE REGISTRY

Link Market Services Limited, Auckland