

**cooks**  
coffee company

**20  
24**

# ANNUAL REPORT



[www.cookscoffeecompany.com](http://www.cookscoffeecompany.com)



# Table of Contents

Executive Chairman's Report	2
Directors' Report	9
Independent Auditors' Report	10
Consolidated Statement of Profit or Loss and Other Comprehensive Income	13
Consolidated Statement of Changes in Equity	15
Consolidated Statement of Financial Position	16
Consolidated Statement of Cash Flows	18
Notes to the Consolidated Financial Statements	19
Statutory Information and Corporate Governance	65
Corporate Governance Statement	711
Directory	83





# Chairman's Report

## Results for the year ended 31 March 2024

*An ethical café group with great cafes owned and run by local people.*

### Highlights

- Total franchisee store sales in UK & Ireland up 18% at NZ\$58.2m (FY23: NZ\$49.5m).
- UK store sales were up 21% at NZ\$38.3m (FY23: NZ\$31.6m), double the industry average of 9%.
- Ireland store sales up 11% at NZ\$19.9m, (FY23: NZ\$17.9m) compared to the industry growth of 1%.
- 75 Group sites in the UK and Ireland as at 31 March 2024, up from 64 as at 1 April 2023.
- Net store numbers growth in UK of 18% and 15% in Ireland versus industry growth of 4% in UK and 1% in Ireland.
- Group revenue, which is highly correlated to store sales, up 20% at NZ\$4.7m, NZ\$3.9m.
- EBITDA of NZ\$0.336m before impairment of receivables.
- Overall profit from Continuing operations was NZ\$0.866m after consideration of the foreign exchange translation reserve.
- The focus on suburbs and market towns has sheltered Esquires branded stores from the permanent changes in consumer behaviour post Covid, such as the working from home lifestyle change.
- The strategic direction plus the focus on organic coffee products and an enhanced food offering with local sourcing where possible, delivered by local owners of the franchised stores in – 'The local chain' has proved successful for the brand.
- Growth in the UK has been driven through strong performances by the Regional Developers in the Southeast, London, East England & East Midlands. The appointment of two new Regional Developers during FY24 for the North of England and the Southwest and South Wales will accelerate the growth in those regions.

- Appointment of Aiden Keegan as Group CEO. Aiden brings more than 20 years' experience with the company in both core markets of UK & Ireland to the role.
- Esquires Coffee Houses Ireland were awarded the Irish Enterprise Award for 2024 as the 'Best Modern Organic Coffee Shop Enterprise'.
- Esquires Coffee at Caerphilly was awarded the 'Best Sustainable Café Chain' in Gwent at the Welsh Enterprise Awards in 2023.
- Target store numbers for UK & Ireland by FY34 is 305.

Strong sales growth across our existing estate of coffee shops provides a solid base as we continue our expansion programme of new store openings. We have an exciting growth pathway clearly defined and have Aiden Keegan appointed to drive the future development of the business. Aiden is uniquely qualified for the role having spent 14 years as Operations Manager of the Irish business and almost six years since October 2018 as CEO of Esquires Coffee UK.

The figures reported below are for continuing business and the prior period has been restated to provide the appropriate comparative data.

## **Operational Business Performance**

### ***United Kingdom***

Esquires Coffee UK store numbers increased to 60 on 31 March 2024, from 51 as at 31 March 2023, with 13 new Esquires stores opened and 4 closed.

Store sales grew 21% with like for like sales up 6%. New outlets that were open for the full years FY23 and FY24 contributed 21.6% of total sales in FY24.

As at the end of June 2024 there are 65 stores operating in the UK, with new stores opened in Colliers Wood, Pinner and Ruislip in London, Newport in Wales, and Sudbury in Suffolk, since the beginning of the financial year.

Two new Regional Developers were appointed in the UK in FY24 with the first covering the Southwest of England and South Wales, and the other covering the North of England, including the North of Wales, Northwest, Yorkshire Humber, and the Northeast.

The Regional Developer model that has been operating in the Southeast of England since 2018 and in London, East England and the East Midlands since 2021, has proved very successful and is now being rolled out to the remainder of the UK. Regional Developers for Scotland and Northern Ireland are currently being sought.

## **Ireland**

Store sales increased by 11%, totalling NZ\$19.9m (FY23 NZ\$17.9m). Like for like store sales were up 6.8% versus FY23.

Outlet numbers at the end of the year were 15, a growth of 15%, with an encouraging pipeline of new stores in development for the balance of 2024 and beyond. Store numbers in Ireland have been restated from prior years to reflect actual locations even if the site itself has multiple points of sales. There are currently two sites with multiple sales points, Mullingar & Carrick on Shannon.

Sales in FY24 were affected by the impact of the fire in the Longford store that meant the store operated from temporary premises for most of the year. The franchisee and staff did a superb job, and sales were maintained at approximately 45% of normal levels. In addition, the Airside store at Swords in Dublin was closed for 17 weeks for a refurbishment programme

As at the 25<sup>th</sup> June 2024 there are 15 stores operating with a new store opened in Galway in April 2024 and the Mary St, Dublin store closing since the beginning of April.

## **Global**

Cooks operating revenue in the global segment was in line with the previous financial year as the international franchised markets continue to recover. New outlets were added in Pakistan and Portugal, with the Middle East markets closing two stores.

## **Balance Sheet**

Total equity in the Company was NZ\$(4.0)m reflecting primarily the non-cash loss on disposal relating to the voluntary liquidation of the Triple Two business, in particular the loss from the write off of the Triple Two goodwill and intangible assets.

## **Triple Two**

In September 2023, the Triple Two subsidiary was placed into voluntary liquidation.

Triple Two had numerous sites that were non-viable in a post Covid market environment as they were more central business district focused relative to the suburban and smaller town focus of Esquires stores. Information became available showing potential significant liabilities for the Company and this information showed that in addition to sites that were no longer viable that the ongoing revenue streams were well below expected levels. After seeking advice as to the options, it was determined that the only viable option was to place the subsidiary into voluntary liquidation.

The Triple Two investment was fully written off in the September FY24 half year accounts. This non-cash write-down has resulted in the company reporting NZ\$4.0m of negative equity in the full year accounts.

The Board believes that there is no further impact of the Triple Two liquidation going forward.

## **People**

The Company announced the appointment of Aiden Keegan as Group CEO in March with effect from 1<sup>st</sup> April 2024. Aiden has had 20 years' experience with the Esquires brand, spending 14 years in the operations team in Ireland and since October 2018 has been at the helm of the Company's largest subsidiary, Esquires Coffee UK.

After almost 25 years with the Company that he founded our Irish Managing Director, Tony McVerry advised of his intention to retire at the end of June 2024. He will be replaced by Brendan Duigenan. Brendan has been five years with Esquires in Ireland and has previously held senior roles in both AMT and Starbucks in Ireland.

As part of the planned relocation of the Board to the UK, Mike Hutcheson will retire from the Board in June 2024. Mike is a unique marketing talent who has given excellent service and advice to the Company over the last 10 years. The company will appoint new Directors based in the UK to further bolster the profile in the core market area.

These moves along with Aiden's elevation shows the strong focus that the Company is adopting on the core markets of UK and Ireland.

## **Environmental, Sustainability & Governance (ESG)**

We are dedicated to continuous innovation to maintain our competitive edge and uphold our reputation as the premier destination for coffee lovers. Our commitment to providing an exceptional coffee house experience goes hand in hand with our focus on sustainability and environmental responsibility.

### **Building a Sustainable Brand**

We prioritised fairness, integrity, and sustainability. At Cooks, innovation and exceptional service are key, alongside our environmental responsibility.

### **Vision for the Future**

We aim to lead the market with responsibly sourced coffee, fresh food, locally produced where practical, and eco-friendly practices.

Our efforts in action include:

- **Eco-Friendly Production:** Ensuring our coffee is organic and produced in harmony with the forest without the use of harmful chemicals.
- **Sustainable Coffee Sourcing:** Partnering with the world's first Carbon Neutral Gold Standard roastery.
- **Eco-friendly Disposables:** Offering recyclable cutlery, takeaway boxes, straws, serviettes, and compostable takeaway cups.
- **Food Waste Reduction:** Proud of our ongoing partnership with Too Good To Go to reduce waste and emissions.
  - **Surprise Bags:** Offer surplus food at great prices, preventing waste.
  - **Impact:** Saved 25,000 meals, equivalent to preventing CO2 emissions from charging 15 million smartphones

## Market Leadership with Responsibility

We address climate change by:

- Designing eco-friendly stores.
- Partnering with like-minded suppliers.
- Reducing our carbon footprint through energy-efficient practices.

## Financial Performance and ESG Initiatives

Our focus on quality and sustainability supports our growth.

Key initiatives include:

- Fairtrade and organic coffee.
- Carbon-neutral roasteries.
- Food waste reduction and sustainable innovations.

## Sustainability Pledge

While we know there is still a lot more to do, we're constantly exploring and contributing to ways to protect and invest in our planet.

We commit to:

- Achieving Net Zero by 2040.
- Aligning with the Paris Agreement.
- Adopting Science-Based Targets for emissions reduction.
- Promoting human rights and preventing modern slavery.

We pledge to intensify our efforts to promote sustainability in our operations, reduce waste, and support environmental conservation. We work closely with suppliers to align on Scope 1,2 and 3 reduction plans and share progress on environmental goals.

By prioritising environmental sustainability, social responsibility, and ethical governance, we aim to set a commendable standard for our peers and create a brighter, more sustainable future for all.

## **Outlook**

The FY25 financial year has begun strongly with five new stores opened in the UK and one in Ireland in the first 10 weeks. A trading update was issued on 17<sup>th</sup> June 2024 for the period that stated:

*“Esquires has experienced strong growth across both the UK and Ireland markets, with notable increases in sales and successful new store openings.*

### **UK and Ireland Combined Performance:**

- Overall Esquires store sales for the period increased by 23.7%.
- For the past seven weeks, Esquires branded stores in UK & Ireland achieved aggregate sales exceeding £600,000 each week and recorded over 80,000 transactions weekly. This level of performance had only been surpassed twice previously, including the Christmas week of last year.

### **UK Market:**

- Esquires Store Sales increased by 30.1%.
- Like-for-like sales grew by 5.5%.
- New stores opened since April 2023 contributed significantly, accounting for 34.6% of total sales in this period.
- Five new stores were opened in the UK in Colliers Wood, Newport, Sudbury, Pinner, and Ruislip during April & May 2024.

### **Ireland Market:**

- Esquires Store Sales increased by 11.7%.
- Like-for-like sales rose by 8.0%.
- New stores opened since April 2023 contributed 17.1% of total sales for the period.
- One new store was opened in Ireland: Galway – Wellpark in April 2024.

*Esquires UK & Ireland store sales represented 89.3% of the company's franchised store sales from the global store network and the revenue for the year to 31<sup>st</sup> March 2024 accounted for 98.4% of the Company's revenue. As such, store sales and revenue figures quoted herein materially represent, and can be used as an indication of, the store sales revenue of the Company.*

*The expansion strategy, combined with strong like-for-like sales growth, demonstrates the Company's resilience and ability to attract and retain customers in both established and new*



*locations, as well as Cook Coffee's Esquires Organic Coffee Company's strong market position and the effectiveness of its customer engagement strategies."*

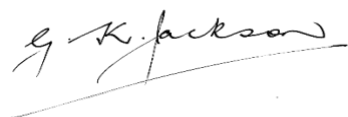
## **Summary**

The Board is encouraged by the strong growth for the Esquires brand which continues to exceed reported industry growth in both core markets and would like to acknowledge the dedicated performances of all the parties involved in the Group's activities delivering excellent service to our customers every day.

Target stores for the end of March 2025 are 98 with 80 in the UK and 18 in Ireland, a growth of 31% over the 75 operational at the end of March 2024. The Company is expecting to continue to grow at this rate of stores being added per annum to have more than 300 stores operational in UK and Ireland by FY34.

The Group's Esquires brand has a strong pipeline of opportunities as it continues its commitment to building an ethical café group with great cafes owned and run by local people. We look forward to making further progress and to an improved financial performance in the current financial year with the experienced Aiden Keegan at the helm.

In the core markets of UK & Ireland an estimated 200,000 customers are now being served each week by our great team led by our franchisees long with their staff, supported by Regional Developers in the UK and the company's great teams in both markets.



G.K. Jackson



# Directors' Report

The directors of Cooks Coffee Company Limited 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 2024.

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 2024 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 other than the voluntary liquidation of the Triple Two subsidiary, there were no material changes in the nature of the business undertaken by the Company in the past year.

# Independent auditor's report to the shareholders of Cooks Coffee Company Limited

## Report on the audit of the consolidated financial statements



### Our opinion on the consolidated financial statements

In our opinion, the accompanying consolidated financial statements of Cooks Coffee Company Limited (the Company) and its subsidiaries (the Group), present fairly, in all material respects:

- the consolidated financial position of the Group as at 31 March 2024, and
  - 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.

### What was audited?

We have audited the consolidated financial statements of the Group, which comprise:

- the consolidated statement of financial position as at 31 March 2024,
- the consolidated statement of profit or loss and other comprehensive income for the year then ended,
- the consolidated statement of changes in equity for the year then ended,
- the consolidated statement of cash flows for the year then ended, and
- notes to the consolidated financial statements, including material accounting policy information.

### 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 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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, the Company or any of its subsidiaries.

## Material uncertainty related to going concern

We draw attention to Note 4 in the consolidated financial statements, which indicates that the Group incurred a net loss from continuing operations \$356,000 for the year ended 31 March 2024 and, as of that date, the Group's current liabilities exceeded its current assets by \$2,966,000. As stated in Note 4, these events or conditions, along with other matters as set forth in Note 4, 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.

## 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 as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

1. Restatement	Area of focus (refer also to notes 5, 7 & 15)	How our audit addressed the key audit matter
	<p>The Group has re-stated the comparative figures presented for the year ended 31 March 2023 in relation to discontinued operations of the Triple Two subsidiary and the correction of Deferred revenue. The earliest opening balances at 1 April 2022 were also restated.</p> <p>Because of the significance to the financial statements of these events and the judgements and assumptions which need to be applied in re-presenting the financial information is the reason why we have given specific audit focus and attention to this area.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>Testing for compliance in the accounting treatment of the Triple Two disposal with the requirements of NZ IFRS 10 <i>Consolidated financial statements</i> and NZ IFRS 5 Non-current assets held for sale and <i>discontinued operations</i></li> <li>Undertaking detailed testing of the calculations prepared by management and tracing to underlying agreements and transactions for Deferred revenue</li> <li>Assessed that appropriate disclosure has been included in the financial statements</li> </ul>
2. Intangible assets	Area of focus (refer also to note 17)	How our audit addressed the key audit matter
	<p>The Group has \$2.8m of intangible assets for Global IP rights related to the franchise system.</p> <p>Because of the significance to the financial statements of these balances and the judgements and assumptions which need to be applied in determining the recoverable amounts of the cash generating units to which these intangibles are allocated is the reason why we have given specific audit focus and attention to this area.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>Analysed the key assumptions included in the Group's impairment assessment by comparison with historical data and trends</li> <li>Completed sensitivity analysis on key assumptions including the discount rate applied and revenue growth rates</li> <li>Assessed that appropriate disclosure has been included in the financial statements</li> </ul>



## Other information

The directors are responsible for the other information. The other information comprises the Chairman's report, the Directors report, and Statutory information and corporate governance for the year ended 31 March 2024, but does not include the consolidated financial statements and our auditor's report thereon. 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 for the consolidated financial statements

The directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS, 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 on behalf of the Group 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 the consolidated financial statements is located at the External Reporting Board's website: [Audit Report 1 » XRB](#). This description forms part of our auditor's report. The engagement director on the audit resulting in this independent auditor's report is Daren Wright.

## Restriction on distribution and use

This independent auditor's report is made solely to the shareholders, as a body. Our audit work has been undertaken so that we might state to the shareholders those matters which we are required to state to them in the independent 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 shareholders, as a body, for our audit work, this independent auditor's report, or for the opinions we have formed.

**William Buck Audit (NZ) Limited**  
Auckland

1 July 2024

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2024

	Notes	31 March 2024 \$'000	31 March 2023 Restated \$'000
<b>Continuing operations</b>			
Revenue	6	4,703	3,920
Grant and other income	6.1	230	283
Release of liabilities	6.2	-	337
Franchisee rebates and consumables		(125)	(122)
Depreciation and amortisation	18	(24)	(6)
Impairment loss on receivables	13	(133)	(142)
Net foreign exchange (losses)/gains		(29)	(110)
Employee costs	8	(1,979)	(1,577)
Other expenses	9	(2,464)	(2,184)
<b>Operating profit/(loss)</b>		<b>179</b>	<b>399</b>
Interest Income	23	1,347	1,127
Finance costs	10	(1,882)	(1,750)
<b>Profit/(Loss) before income tax</b>		<b>(356)</b>	<b>(224)</b>
Income tax (expense)/credit	11	-	113
<b>Profit/(Loss) for the year from continuing operations</b>		<b>(356)</b>	<b>(111)</b>
Net loss for the year from discontinued operations	15.1	(6,003)	(3,352)
<b>Net Profit/(Loss) for the year attributable to shareholders</b>		<b>(6,359)</b>	<b>(3,463)</b>
<b>Other comprehensive income</b>			
<b>Items that may be subsequently reclassified to profit or loss</b>			
Change in foreign currency translation reserve		1,097	883
Other comprehensive income after tax		1,097	883
<b>Total comprehensive Profit/(Loss) for the year attributable to shareholders</b>		<b>(5,262)</b>	<b>(2,580)</b>
<b>Total comprehensive Profit/(Loss) for the year attributable to Shareholders of the parent arises from:</b>			
- Continuing operations		866	772
- Discontinued operations		(6,128)	(3,352)
		<b>(5,262)</b>	<b>(2,580)</b>

**Loss per share:**

Basic and diluted loss per share (New Zealand Cents) from continuing and discontinued operations:	22.2	<b>(10.84)</b>	(6.24)
Basic and diluted loss per share (New Zealand Cents) from continuing operations:	22.2	<b>(0.61)</b>	(0.20)
Basic and diluted loss per share (New Zealand Cents) from discontinued operations:	22.2	<b>(10.23)</b>	(6.04)

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

# Consolidated Statement of Changes in Equity

For the year ended 31 March 2024

	Notes	Attributable to Equity holders of the Company				Total Equity \$'000
		Share Capital \$'000	Foreign currency translation reserve \$'000	Share based payment reserve \$'000	Accumulated Losses \$'000	
<b>Balance at 1 April 2022 - Previously reported</b>		56,897	88	2,401	(56,988)	2,398
FY22 Prior Year Restatement		-	-	-	(505)	(505)
<b>Balance at 1 April 2022 - Restated</b>		56,897	88	2,401	(57,493)	1,893
<b>Comprehensive loss for the year</b>						
Profit/(Loss) for the year - Restated		-	-	-	(3,463)	(3,463)
<b>Other comprehensive income</b>						
<b>Items that may be subsequently reclassified to profit or loss:</b>						
Change in foreign currency translation reserve		-	883	-	-	883
<b>Total comprehensive income/(loss) for the year</b>		-	883	-	(3,463)	(2,580)
<b>Transactions with owners of the Company</b>						
Issue of ordinary shares	22.1	1,448	-	-	-	1,448
<b>Total contributions by owners of the Company</b>		1,448	-	-	-	1,448
<b>Balance at 31 March 2023 - Restated</b>		<b>58,345</b>	<b>971</b>	<b>2,401</b>	<b>(60,956)</b>	<b>761</b>
<b>Comprehensive loss for the year</b>						
Profit/(Loss) for the year		-	-	-	(6,359)	(6,359)
<b>Other comprehensive income</b>						
<b>Items that may be subsequently reclassified to profit or loss:</b>						
Release of foreign currency translation reserve relating to Triple Two		-	(140)	-	-	(140)
Change in foreign currency translation reserve		-	1,237	-	-	1,237
<b>Total comprehensive income/(loss) for the year</b>		-	<b>1,097</b>	-	<b>(6,359)</b>	<b>(5,262)</b>
<b>Transactions with owners of the Company</b>						
Issue of ordinary shares	22.1	<b>500</b>	-	-	-	<b>500</b>
Change in share based payment reserve	22.3	-	-	<b>(2,401)</b>	<b>2,401</b>	-
<b>Total contributions by owners of the Company</b>		<b>500</b>	-	<b>(2,401)</b>	<b>2,401</b>	<b>500</b>
<b>Balance at 31 March 2024</b>		<b>58,845</b>	<b>2,068</b>	-	<b>(64,914)</b>	<b>(4,001)</b>

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



# Consolidated Statement of Financial Position

As at 31 March 2024

		31 March 2024	31 March 2023 Restated	1 April 2022 Restated
	Notes	\$'000	\$'000	\$'000
<b>Current Assets</b>				
Cash and cash equivalents	12	1,174	445	1,156
Trade and other receivables	13	1,718	1,323	1,244
Lease receivables	23.1	2,892	2,155	2,755
Other current assets	13	1,049	1,550	606
<b>Current Assets</b>		<b>6,833</b>	<b>5,473</b>	<b>5,761</b>
<b>Non-Current Assets</b>				
Property, plant and equipment	18	92	142	150
Right-of-use assets	23.1	-	1,604	1,642
Lease receivables	23.1	20,163	17,427	16,488
Goodwill	7	-	3,072	5,457
Intangible assets	17	2,831	6,881	7,262
Other non-current financial assets		15	15	16
<b>Non-current assets</b>		<b>23,101</b>	<b>29,141</b>	<b>31,015</b>
<b>Total Assets</b>		<b>29,934</b>	<b>34,614</b>	<b>36,776</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Trade and other payables	19	4,521	4,440	4,518
Deferred revenue	20	580	1,507	2,335
Lease liabilities	23.1	2,892	2,382	2,920
Borrowings	21	1,806	2,108	2,892
Other Liabilities	21	-	560	565
<b>Current liabilities</b>		<b>9,799</b>	<b>10,997</b>	<b>13,230</b>
<b>Non-Current Liabilities</b>				
Deferred Revenue	20	2,696	1,505	763
Lease liabilities	23.1	20,163	18,932	18,226
Deferred tax liabilities	11	-	1,036	1,143
Borrowings	21	1,277	1,383	1,521
<b>Non-current liabilities</b>		<b>24,136</b>	<b>22,856</b>	<b>21,653</b>
<b>Total Liabilities</b>		<b>33,935</b>	<b>33,853</b>	<b>34,883</b>
<b>Net Assets/(Liabilities)</b>		<b>(4,001)</b>	<b>761</b>	<b>1,893</b>

**Equity**

Share capital	22.1	<b>58,845</b>	58,345	56,897
Accumulated losses		<b>(64,914)</b>	(60,956)	(57,493)
Foreign currency translation reserve		<b>2,068</b>	971	88
Share based equity reserve	22.3	-	2,401	2,401
<b>Total equity</b>		<b>(4,001)</b>	761	1,893

*The consolidated financial statements were approved for issue for and on behalf of the Board as at 1 July 2024. 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 2024

	Notes	31-Mar 2024 \$'000	31-Mar 2023 \$'000
<b>Operating activities</b>			
<i>Cash was provided from:</i>			
Receipts from customers		6,784	3,992
<i>Cash was applied to:</i>			
Interest cost		(527)	(526)
Payments to suppliers & employees		(4,572)	(3,847)
Discontinued operations		(612)	(103)
<b>Net cash provided from/(applied to) operating activities</b>	25	<b>1,073</b>	<b>(484)</b>
<b>Investing activities</b>			
<i>Cash was provided from:</i>			
Disposal of property, plant and equipment		12	-
<i>Cash was applied to:</i>			
Purchase of property, plant and equipment		(5)	(53)
Acquisition of intangible assets		-	-
Discontinued operations		(2)	(3)
<b>Net cash provided from/(applied to) investing activities</b>		<b>5</b>	<b>(56)</b>
<b>Financing activities</b>			
<i>Cash was provided from:</i>			
Proceeds from borrowings		810	100
Proceeds from share issue		107	587
<i>Cash was applied to:</i>			
Principal elements of lease payments		(24)	(175)
Repayment of borrowings		(1,047)	(575)
Discontinued operations		(195)	(108)
<b>Net cash provided from/(applied to) financing activities</b>		<b>(349)</b>	<b>(171)</b>
<b>Net increase/(decrease) in cash and cash equivalents held</b>			
Cash & cash equivalents at beginning of the year		445	1,156
Effect of exchange rate changes on foreign currency balances		-	-
Cash & cash equivalents at end of the year	12	<b>1,174</b>	445
<b>Composition of cash and cash equivalents:</b>			
Bank balances	12	<b>1,174</b>	445

*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”) 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.

## 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 and is listed on the Aquis Stock Exchange in the United Kingdom.

The address of its registered office 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 16.

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 2024 (“FY24”) were approved and authorised for issue by the Board of Directors on 1 July 2024.



### **3. Material accounting policy information**

#### **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 relates to material transactions, events or conditions.

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.

#### **3.3. Changes in accounting policies**

The accounting policies applied are consistent with those of the audited annual financial statements for CCC for the year ended 31 March 2023 ("FY23").

#### **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 2024. 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 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.

#### **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.

#### **Supplier incentives**

Supplier incentives are recognised in the period to which they relate. Where these have been received in advance of the period to which they relate, they are classified as deferred revenue and released in the relevant period.

#### **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. 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 the claim, it is deemed that the conditions have been met to make a claim for that payroll accounting period.

### **3.8. 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.

### **3.9. 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.

### **3.10. 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.

### **3.11. 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 30.2 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.

### **3.12. 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 17. As of 31 March 2024, the remaining useful life for Trademarks is 3 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.

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

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.

FY23 has been restated to show the Triple Two entities as discontinued, see note 5 for details.

### **3.14. 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 3.6),
- Share based payment reserve,
- Accumulated losses include all current and prior period results.

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.

### **3.15. 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 NZ IFRS 3. 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.

#### **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 FY24 to be appropriate. (See Note 4).

## **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 17.

### ***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 13 and 30.2). 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 30.2, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

## **4. Going concern**

The Group reported a loss for continuing operations of \$356,000 and operating net cash inflows/(outflows) from continuing operations of \$1,685,000 for FY24.

As at 31 March 2024, the Group has reported Net Liabilities of \$4,001,000 and current liabilities exceed current assets by \$2,966,000. Included in current liabilities is \$580,000 of Deferred Revenue.

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 & Ireland in FY25, with 6 sites already opened in the first quarter.
- The group is currently marketing the Regional Development rights for Scotland and Northern Ireland and expects to sell both regions in FY25.



- Regional Franchisees have contractual commitments to open a certain volume of new stores each year. The combination of these minimum performance obligations is 20 new stores per annum.
- Based on the company's current performances the average store sales in the UK are GBP£400,000 and the income that the Group derives per store in the first full year of trading is £20,000.
- The board notes that recent independent research reports show that the UK café industry grew at 3.6% in store numbers and 9.2% in sales value in 2023 whilst Esquires Coffee UK grew at more than double the industry growth rate in both measures. In Ireland the reported increase in the coffee focused café industry was 1.6% by store numbers. The UK market is expected to grow by 2.7% for the period to 2029 whilst in Ireland this growth is expected to be 2.6% CAGR.
- Budget for the FY25 projects a positive cash inflow of \$1,215,000.
- An allowance for the payment of institutional debt.
- The Group's ability to successfully conclude present discussions regarding the roll-over of existing debt as well as continued capital raises in both New Zealand and the United Kingdom.
- The Group's ability to raise equity funds 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.

Additional information to note include:

- The success of the Regional Developer for the Southeast UK, London, East England & East Midlands region in establishing eleven (11) new outlets in FY24 compared to the annual Minimum Performance Obligation ("MPO") of ten (10) new outlets for the regions.
- The sale of the Southwest Region including South Wales and Northern Regions including North Wales, Northwest England, Yorkshire/ Humber and Northeast England in the UK in late 2023 with the related contracted MPO's for both regions to achieve 10 new stores p.a. over the next 10-year period.
- In Ireland the model is direct between the company and the franchisee and the average store sales are higher based on a larger average footprint. The average new store numbers are planned to be 3 per annum over the next ten (10) years. The average income that the company derives per store in the first full year of trading is €50,000.
- Improvement in economic activity in the United Kingdom and Ireland and the continued lift in store revenue levels. The Board notes that as per the recent trading

update on 17<sup>th</sup> June that the like for like store sales for the first 10 weeks of FY25 rose 5.5% in the UK and 8.0% in Ireland.

- The Group has a Cash position of \$1,174,000 as at 31 March 2024.

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.

A material uncertainty exists which may cast significant doubt on the Group's ability to continue as a going concern for the foreseeable future and therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

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 Letter of Support from related parties of Keith Jackson, that they will continue to financially support the Group for the foreseeable future to enable it to continue trading. 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 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. Restatement of FY23

FY23 Consolidated Statement of Profit or Loss and Other Comprehensive Income has been restated to show the Triple Two entities as discontinued operations and also correct the deferred revenue recognition.

### 5.1. Discontinued operations

The Triple Two entities were effectively disposed of on 29<sup>th</sup> September 2023 when control passed to the administrators. As such, it has been presented as discontinued operations in FY24 in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and is not consolidated in the Consolidated Statement of Financial Position.

FY23 has been restated to show the Triple Two entities as discontinued in the Consolidated Statement of Profit or Loss and Other Comprehensive income. See note 15.1 for details of the performance of discontinued operations and note 7 for details of the loss on disposal of Triple Two.

### 5.2. Deferred Revenue

In FY23 and FY22, the deferred revenue, reserves and revenue were misstated as the income from regional developers was recognised on receipt of cash rather than over the term of the relevant agreement. The amounts were deemed to be material and if not corrected, would affect how the financial statements were read. The financial statements were therefore restated to show the correct values for deferred revenue, reserves and revenue.

		<b>31 March 2023 Restated</b>	<b>31 March 2023 Triple Two Restatement Increase/ (Decrease)</b>	<b>31 March 2023 Deferred Revenue Restatement Increase/ (Decrease)</b>	<b>31 March 2023 Previously Reported</b>
	<b>Notes</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Continuing operations</b>					
Revenue	6	3,920	(2,546)	(147)	6,613
<b>Operating profit/(loss)</b>		399	646	(147)	(100)

Loss per share:						
Basic and diluted loss per share (New Zealand Cents) from continuing and discontinued operations:			(6.24)			(5.97)
Basic and diluted loss per share (New Zealand Cents) from continuing operations:			(0.20)			(5.80)
Basic and diluted loss per share (New Zealand Cents) from discontinued operations:			(6.04)			(0.17)

	31 March 2023 Restated \$'000	FY23 Amounts restated \$'000	31 March 2023 Previously Reported \$'000	1 April 2022 Restated \$'000	FY22 Amounts restated \$'000	1 April 2022 Previously Reported \$'000
<b>Current Assets</b>						
Other current assets	1,550	739	811	18	-	18
<b>Non-Current Liabilities</b>						
Deferred Revenue	1,505	1,391	114	763	506	257
<b>Equity</b>						
<b>Accumulated losses</b>	(60,956)	(652)	(60,304)	(57,494)	(506)	(56,988)

## 6. Revenue

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

	Continuing Operations			Discontinued Operations		
	31-Mar 2024 \$'000	31-Mar 2023 Restated \$'000	31-Mar 2023 Previously Reported \$'000	31-Mar 2024 \$'000	31-Mar 2023 Restated \$'000	31-Mar 2023 Previously Reported \$'000
Recurring store franchise fees (royalties etc)	3,065	2,618	2,798	64	180	-
Supplier Incentives	1,178	957	958	-	-	-
New store construction & fitout income	5	19	1,533	618	1,514	-
Franchise fees	450	322	1,307	99	838	-
Sale of food & beverage	5	4	17	522	477	464
<b>Group revenue</b>	<b>4,703</b>	<b>3,920</b>	<b>6,613</b>	<b>1,303</b>	<b>3,009</b>	<b>464</b>

### **Recurring store franchise fees**

The Group receives royalties from franchisees to cover central and marketing services delivered under the franchise agreements issued which are calculated as a % of store sales, usually on a weekly basis.

### **Supplier Incentives**

Incentives from suppliers are recognised in the period to which they relate.

Where there are incentives received in advance of the period to which they relate, these are classified as deferred revenue and released in the relevant period.

### **New store construction & fit-out income**

For new stores where the Group manages and pays for the fit-out of the store, these costs are recharged along with design fees, project management fees and others relating to the fit out projects.

### **Franchise fees**

Included in franchise fees is the amortisation of deferred revenue related to the sale of country and regional franchises and revenue from the sale of store franchises. During FY24, the Group's franchisees opened net 11 new stores (FY23: 16).

### **Sale of food & beverage**

Purchases of food and beverages on behalf of franchisees are recharged along with marketing materials and sundry consumables.

## **6.1. Grant & other income**

There was no Grant income in FY24 (FY23 \$283,000). Other income of \$230,000 in FY24 mainly relates to franchisee recharges for equipment and licenses.

## **6.2. Release of liabilities**

The Group has analysed trade payables with a view of debt that is no longer payable and has released prior period expenses in FY23. In addition, other borrowings have been reviewed in detail, and amounts that are no longer payable due to non-performance counterparties, have been released to the profit and loss during FY23. No liabilities were released in FY24.

	<b>31-Mar 2024 \$'000</b>	<b>31-Mar 2023 \$'000</b>
<b>Release of liabilities</b>		
Trade and other payables	-	102
Other liabilities	-	235

## 7. Loss on disposal of Triple Two

The Triple Two entities were effectively disposed of on 29<sup>th</sup> September 2023 when control passed to the administrators.

Triple Two assets and liabilities were therefore not included in the Consolidated Statement of Financial Position but the loss on disposal was included in the net loss for the year from discontinued operations in the Consolidated Statement of Profit or Loss and Other Comprehensive Income along with the losses incurred by the Triple Two entities up to and including 29<sup>th</sup> September 2023.

The loss on disposal was calculated as follows:

	<b>29-Sep 2023 \$000</b>
Proceeds from sale of Triple Two	-
Net liabilities at disposal (see below)	2,896
Goodwill disposed of	(3,072)
Intangible Assets disposed of	(4,050)
Deferred tax liability disposed of	(1,036)
<b>Net loss on disposal</b>	<b><u>(5,262)</u></b>
Right of use assets	1,451
Lease Receivables	1,029
Trade and other receivables	352
Other assets	102
Trade and other payables	(1,149)
Lease Liabilities	(2,553)
Deferred Income	(832)
Deferred tax liability	(1,036)
Other liabilities	(260)
<b>Net liabilities at disposal</b>	<b><u>(2,896)</u></b>



## 8. Employee costs

Expenses recognised for employee costs are analysed below:

	Continuing Operations		Discontinued Operations	
	31- Mar	31-Mar	31-Mar	31-Mar
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Wages, salaries	<b>1,484</b>	1,322	<b>595</b>	1,089
Defined contribution funds	<b>269</b>	60	<b>(9)</b>	8
Other staff costs	<b>226</b>	195	<b>22</b>	38
<b>Employee remuneration</b>	<b>1,979</b>	1,577	<b>608</b>	1,135

## 9. Other expenses

Expenses recognised as other costs are analysed below:

	Continuing Operations		Discontinued Operations	
	31-Mar	31-Mar	31-Mar	31-Mar
	2024	2023	2024	2023
	\$'000	Restated \$'000	\$'000	Restated \$'000
Administration and other costs	<b>653</b>	711	<b>272</b>	48
Directors' fees	<b>181</b>	144	-	-
Selling, marketing and distribution costs	<b>462</b>	490	<b>24</b>	51
Management fees	<b>240</b>	240	-	-
Professional and consulting services	<b>600</b>	241	<b>480</b>	179
Travel costs	<b>328</b>	358	<b>59</b>	189
<b>Other expenses</b>	<b>2,464</b>	2,184	<b>835</b>	467

## 10. Finance costs

Finance costs for the reporting periods consist of the following:

	Continuing Operations		Discontinued Operations	
	31-Mar 2024 \$'000	31-Mar 2023 Restated \$'000	31-Mar 2024 \$'000	31-Mar 2023 Restated \$'000
Finance charges	15	16	5	4
Interest expense on leases	1,347	1,157	-	151
Interest on loans	520	577	7	9
<b>Finance costs</b>	<b>1,882</b>	<b>1,750</b>	<b>12</b>	<b>164</b>

## 11. 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 2024 \$'000	31-Mar 2023 Restated \$'000	31-Mar 2023 Previously Reported \$'000
Profit/(Loss) before tax from continuing operations	(356)	(224)	(3,333)
Loss before tax from discontinuing operations	(6,003)	(3,352)	(96)
	<b>(6,359)</b>	<b>(3,576)</b>	<b>(3,429)</b>
Domestic tax rate for Cooks Coffee Company Limited	<b>28%</b>	28%	28%
<b>Expected tax expense (income) on continuing operations</b>	<b>(100)</b>	(63)	(960)
Adjustment for tax-rate differences in foreign jurisdictions	(40)	5	5
<i>Adjustment for non-deductible expenses:</i>			
Relating to amortisation of intangible assets	-		775
Other non-deductible expenses	10	5	245
<b>Actual tax expense (income)</b>	<b>(130)</b>	<b>(53)</b>	<b>65</b>

**Tax expense (income) comprises:**

Current tax expense (income)	<b>(130)</b>	(53)	65
Deferred tax expense (income):			
- Origination and reversal of temporary differences	-	-	-
- Temporary difference relating to amortisation of intellectual property on acquisition	-	-	112
- Tax losses adjustment to prior period	<b>53</b>	81	(134)
- Tax Losses not recognised	<b>77</b>	(141)	158
- Unrecognised Tax Losses	-	-	(314)
<b>Income tax expense (income)</b>	<b>-</b>	<b>(113)</b>	<b>(113)</b>

Income tax expense (income) is attributable to:

Loss from continuing operations	-	-	(113)
Loss from discontinued operations	-	(113)	-
	<b>-</b>	<b>(113)</b>	<b>(113)</b>

At 31 March 2024, the Group has deferred tax liabilities of \$nil (FY23: \$1,036,000) relating to the Triple Two Franchise System in the UK.

**12. Cash and cash equivalents**

Cash and cash equivalents consist of the following:

	<b>31-Mar 2024 \$'000</b>	<b>31-Mar 2023 \$'000</b>
Cash at bank and in hand denominated in:		
NZD	<b>45</b>	8
EUR	<b>108</b>	73
GBP	<b>1,021</b>	364
<b>Cash and cash equivalents</b>	<b>1,174</b>	445

There are no restrictions on the cash and cash equivalents.

The Group had no overdraft banking facilities as at 31 March 2024 (FY23: \$NIL).

**13. 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 2024 to calculate the allowance for expected credit losses.

Trade and other receivables consist of the following:

	<b>31-Mar 2024 \$'000</b>	<b>31-Mar 2023 \$'000</b>
<b>Trade and other receivables</b>		
Trade receivables	1,794	1,549
Less: allowance for expected credit losses	(76)	(226)
<b>Net trade and other receivables</b>	<b>1,718</b>	<b>1,323</b>
<b>Movements in provision</b>		
Opening Balance	(226)	(378)
Bad Debts write-off	-	-
Release/(Additional allowance) for expected credit losses	150	152
<b>Closing Balance</b>	<b>(76)</b>	<b>(226)</b>

	<b>31-Mar 2024 \$'000</b>	<b>31-Mar 2023 \$'000</b>
<b>Impairment loss on receivables comprises of:</b>		
Release/(Additional allowance) for expected credit losses	150	152
Bad debts written off	(283)	(600)
<b>Impairment loss on receivables</b>	<b>(133)</b>	<b>(448)</b>

Debtors are reviewed each quarter and an assessment made of recoverability of all balances 90 days or older. Consideration is taken of any corresponding creditor balances, discussions to date with the debtor, payment plans agreed and being honoured. Based on this review, a provision for doubtful debts from 15% to 50% of the outstanding debt may be applied. At subsequent quarterly debtor reviews further provisioning will be applied depending on an assessment of the likelihood of the debtor to clear the balance.

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

	<b>31-Mar</b>	<b>31-Mar</b>
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Trade receivables</b>		
Current	<b>411</b>	283
31 to 60 days	<b>183</b>	151
61 to 90 days	<b>158</b>	220
> 90 days	<b>1,042</b>	895
<b>Trade receivables</b>	<b>1,794</b>	1,549

(a) Other current assets consist of the following:

	<b>31-Mar</b>	<b>31-Mar</b>
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Prepayments	<b>123</b>	208
Deferred Costs	<b>122</b>	186
Other short-term assets	<b>804</b>	1,156
<b>Other current assets</b>	<b>1,049</b>	1,550

Other short-term assets consist mainly of accrued income for the regional developer agreements.

## 14. Deferred Costs

In FY24, this relates solely to shares issued to a regional developer deferred over the life of the relevant agreement.

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

There are no remaining sites operated by the Group in the UK as the last one was exited in March 2024.

## 15.1. Financial performance and cash flow information of discontinued operations

The financial performance and cash flow information presented are for the year ended FY24 and FY23.

	<b>31-Mar 2024 \$'000</b>	<b>31-Mar 2023 \$'000</b>
<b>Results of discontinued operation</b>		
Revenue	<b>1,303</b>	3,009
Other income	<b>29</b>	12
Raw materials and consumables used	<b>(334)</b>	(1,002)
Depreciation and amortisation	<b>(8)</b>	(847)
Impairment loss on receivables	<b>(109)</b>	(306)
Employee costs	<b>(608)</b>	(1,135)
Other expenses	<b>(837)</b>	(467)
<b>Operating loss</b>	<b>(564)</b>	(736)
Finance costs	-	-
Interest on bank and other borrowings	<b>(13)</b>	(119)
Impairment goodwill	-	(2,497)
Loss on write off of intercompany balances with Triple two	<b>(164)</b>	-
Loss on disposal of subsidiary	<b>(5,262)</b>	-
<b>Loss before income tax</b>	<b>(6,003)</b>	(3,352)
Income tax (expense)/credit	-	-
<b>Loss for the year from discontinued operation</b>	<b>(6,003)</b>	(3,352)
<b>Cash flows used in discontinued operation</b>		
Net cash used in operating activities	<b>(612)</b>	(103)
Net cash used in investing activities	<b>(2)</b>	(3)
Net cash used in financing activities	<b>(195)</b>	(108)
<b>Net cash flows for the year</b>	<b>(809)</b>	(214)

## 16. Interests in other entities

### Interests in material subsidiaries

	<b>Country</b>	<b>% Holding</b>		<b>Principal activity</b>
		<b>2024</b>	<b>2023</b>	
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



## 17. Intangible Assets

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 5-year period.

The Global IP rights relate to the Esquires franchise system which is applied to all territories, and therefore the cash generating unit ("CGU") considered when assessing the 'value in use' of this asset includes all activity of the group that generates royalty income.

The key assumptions in the models for cash flow projections are those driving the sales forecast. These have been set based on management's previous experience of store openings and the franchisee markets in the UK and Ireland; multiple years of historical sales data for individual stores both in terms of revenue streams and geographical location and regional developer data on store openings per year.

Main assumptions in the UK sales forecast include:

- FY25 – 18 new stores @ average annualised store sales (adjusted for the projected opening date) of £350,000 p.a. Note that for the first 12 weeks of FY25 the new stores opened are averaging annualised sales of £426,640.
- FY26 – 21 new stores @ average annualised store sales (adjusted for the projected opening date) of £400,000 p.a.
- FY27 – 21 new stores @ average annualised store sales (adjusted for the projected opening date) of £400,000 p.a.
- The 3-year period is phased to equate to 60 new stores which is based on the contractual obligations of the 3 existing Regional Developers. This does not include any allowance for Scotland or Northern Ireland Regional Developers that are currently being advertised for.
- All royalty rates for new stores based on 3.0% to the company and rebates are based on 1.8%

The sales forecast for Ireland was based on:

- Projections based on 3 new stores p.a. each year at an average sales per store of €700,000 p.a. Store openings spread throughout the year.
- Royalty rates for new stores based on 7.0% to the company and rebates are based on 2.4%

Other key assumptions in the models for cash flow projections were:

- FY24 being a full year of “normal trading” in core markets and the benefits of the new store acquisition program.
- Long term growth rate of 2.0% per annum from FY28 onwards;
- Exchange rate of 0.474 (NZD/GBP);
- Pre-tax discount rate of 13.2% per annum increased by 1% to 14.2% to recognise intangible asset dependency.

## Trademarks, Global IP Rights and Franchise Rights:

The Group acquired trademarks, Global Intellectual Property rights (“Global IP Rights”) and Franchise Rights through business acquisitions.

	<b>Trademarks</b>	<b>Global IP</b>	<b>Franchise</b>	
	<b>\$'000</b>	<b>Rights</b>	<b>Rights</b>	<b>Total</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Cost</b>				
Balance at 1 April 2022	93	3,245	5,041	8,379
Additions	-	-	-	-
<b>Balance at 31 March 2023</b>	<b>93</b>	<b>3,245</b>	<b>5,041</b>	<b>8,379</b>
Additions	-	-	-	-
Disposal of subsidiary	-	-	(5,041)	(5,041)
<b>Balance at 31 March 2024</b>	<b>93</b>	<b>3,245</b>	<b>-</b>	<b>3,338</b>
<b>Accumulated amortisation</b>				
<b>Balance at 1 April 2022</b>	<b>(73)</b>	<b>(434)</b>	<b>(610)</b>	<b>(1,117)</b>
Amortisation charge for the year	-	-	(381)	<b>(381)</b>
<b>Balance at 31 March 2023</b>	<b>(73)</b>	<b>(434)</b>	<b>(991)</b>	<b>(1,498)</b>
Amortisation charge for the year	-	-	-	-
Disposal of subsidiary	-	-	991	<b>991</b>
<b>Balance at 31 March 2024</b>	<b>(73)</b>	<b>(434)</b>	<b>-</b>	<b>(507)</b>
<b>Carrying amounts</b>				
At 31 March 2023	20	2,811	4,050	6,881
<b>At 31 March 2024</b>	<b>20</b>	<b>2,811</b>	<b>-</b>	<b>2,831</b>

Based on the ‘value in use’ calculations, the recoverable amount (\$2.8m) 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.

## 18. Property, plant and equipment

	<b>Furniture &amp; Fittings \$'000</b>	<b>Plant &amp; Equipment \$'000</b>	<b>Computer Equipment \$'000</b>	<b>Motor Vehicles \$'000</b>	<b>Total \$'000</b>
<b>Cost</b>					
Balance at 1 April 2022	35	204	210	56	505
Additions	12	19	23	2	56
Disposals	(34)	(99)	(31)	(44)	(208)
<b>Balance at 31 March 2023</b>	<b>13</b>	<b>124</b>	<b>202</b>	<b>14</b>	<b>353</b>
Balance at 1 April 2023	13	124	202	14	<b>353</b>
Additions	1	1	3	-	<b>5</b>
Disposals	(5)	(67)	(39)	(14)	<b>(125)</b>
<b>Balance at 31 March 2024</b>	<b>9</b>	<b>58</b>	<b>166</b>	<b>-</b>	<b>233</b>
<b>Accumulated depreciation</b>					
Balance at 1 April 2022	(28)	(189)	(126)	(12)	(355)
Depreciation	(1)	(18)	(26)	(4)	(49)
Disposals	27	114	42	10	193
<b>Balance at 31 March 2023</b>	<b>(2)</b>	<b>(93)</b>	<b>(110)</b>	<b>(6)</b>	<b>(211)</b>
Balance at 1 April 2023	(2)	(93)	(110)	(6)	<b>(211)</b>
Depreciation	(1)	(9)	(20)	(1)	<b>(31)</b>
Disposals	-	55	39	7	<b>101</b>
<b>Balance at 31 March 2024</b>	<b>(3)</b>	<b>(47)</b>	<b>(91)</b>	<b>-</b>	<b>(141)</b>
<b>Carrying amounts</b>					
At 31 March 2023	11	31	92	8	<b>142</b>
<b>At 31 March 2024</b>	<b>6</b>	<b>11</b>	<b>75</b>	<b>-</b>	<b>92</b>

## 19. Trade and other payables

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

	<b>31-Mar 2024 \$'000</b>	<b>31-Mar 2023 \$'000</b>
<b>Trade and other payables</b>		
- Trade payables	<b>3,014</b>	3,138
- Related party payables	<b>649</b>	441
- Other payables	<b>858</b>	861
<b>Trade and other payables</b>	<b>4,521</b>	4,440

**Trade payables**

Within Terms	701	895
Overdue	2,313	2,243
<b>Trade payables</b>	<b>3,014</b>	<b>3,138</b>

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value. Refer to Note 30.1 on foreign currency risk.

**20. Deferred revenue**

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

	<b>UK &amp; Ireland Franchising \$'000</b>	<b>Global Franchising &amp; Design \$'000</b>	<b>Total \$'000</b>
<b>Opening balance as of 1 April 2022 as previously reported</b>	2,422	170	2592
<b>Restatement of deferred revenue</b>	506	-	506
<b>Closing balance as of 1 April 2022 (Restated)</b>	2,928	170	3,098
Additions/(Decreases) during the year	1,480	-	1,480
Recognised as:			
Franchise fees during the year	(1,307)	(130)	(1,437)
New store construction & fitout income	(1,014)	-	(1,014)
during the year			
Restatement of deferred revenue	885	-	885
<b>Closing balance as of 31 March 2023 (Restated)</b>	2,972	40	3,012
- Current	1,497	10	1,507
- Non Current	1,475	30	1,505

	UK & Ireland Franchising \$'000	Global Franchising & Design \$'000	Total \$'000
<b>Opening balance as of 1 April 2023 as restated</b>	2,972	40	3,012
Additions/(Decreases) during the year	2,186	-	2,186
Recognised as:			
Franchise fees during the year	(369)	-	(369)
Disposal of subsidiary	(1,553)	-	(1,553)
<b>Closing balance as of 31 March 2024</b>	<b>3,236</b>	<b>40</b>	<b>3,276</b>
- Current	570	10	580
- Non Current	2,666	30	2,696

With the disposal of Triple Two Coffee, the deferred revenue is now made up of regional developer fees being recognised over the term of the agreement and loyalty bonuses from suppliers, also being recognised over the term of the agreement.

The restatement relates to regional developer fees that were recognised as income in error in prior years.

## 21. Borrowings and other liabilities

	Current 31-Mar 2024 \$'000	Non- Current 31-Mar 2024 \$'000	Current 31-Mar 2023 \$'000	Non- Current 31-Mar 2023 \$'000
<b>Borrowings</b>				
Finance Loans	921	210	1,242	350
Related Party Loans*	885	1,067	866	1,033
	<b>1,806</b>	<b>1,277</b>	2,108	1,383
<b>Other liabilities</b>				
Payable for acquisition of Triple Two Coffee	-	-	560	-
	-	-	560	-
<b>Borrowings and other liabilities</b>	<b>1,806</b>	<b>1,277</b>	2,668	1,383

\* Further information relating to related party loans and other related party liabilities are set out in Note 26.

## Fair value

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

## 22. Equity

### 22.1. 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.

<b>Movements of share capital</b>	<b>31-Mar-24</b>	<b>31-Mar-23</b>
	<b>No. of</b>	<b>No. of</b>
<i>Number of Shares issued:</i>	<b>Shares</b>	<b>Shares</b>
Ordinary shares opening balance	60,726,349	53,059,495
Ordinary shares issued	2,706,262	7,666,854
Ordinary shares cancelled	(3,388,837)	-
Ordinary shares buyback	(41,326)	-
Ordinary shares consolidation	-	-
<b>Total ordinary shares authorised at 31 March</b>	<b>60,002,448</b>	<b>60,726,349</b>
	<b>31-Mar-24</b>	<b>31-Mar-23</b>
<i>Value of Shares issued:</i>	<b>\$'000</b>	<b>\$'000</b>
Ordinary shares opening balance	58,345	56,897
Ordinary shares buyback	(5)	-
Ordinary shares issued less share issue expenses	505	1,448
<b>Total ordinary shares authorised at period end</b>	<b>58,845</b>	<b>58,345</b>

During the year ended FY24, the company issued 2,706,262 new shares, bought back 41,326 shares and cancelled 3,388,837 shares (2023 cancelled shares: nil) bringing the total issued shares to 60,002,448 (FY23: 60,726,349). The company now has 58,795,448 quoted shares and 1,207,000 non-voting shares on issues.

### 22.2. Loss per share

The calculation of basic and diluted loss per share for the year ended FY24 was based on the weighted average number of ordinary shares on issue. The calculation of diluted earnings per share for the year ended FY24 was based on the weighted average number of ordinary shares.



	31-Mar-24	31-Mar-23
Weighted average ordinary shares issued	58,526,330	55,526,579
Basic and diluted loss per share (New Zealand Cents) from continuing and discontinued operations:		
Basic and diluted loss per share (New Zealand Cents) from continuing operations:	(10.84)	(6.24)
Basic and diluted loss per share (New Zealand Cents) from discontinued operations:	(0.61)	(0.20)
Net tangible assets per share (New Zealand Cents)	(10.23)	(6.04)
	(11.39)	(13.43)
Total loss attributable to shareholders	(6,359)	(3,463)
Loss from continuing operations	(356)	(111)
Loss from discontinued operations	(6,003)	(3,352)

The weighted average numbers of shares are calculated below:

<b>Weighted average number of shares</b>	<b>31-Mar-24</b>	<b>31-Mar-23</b>
	<b>No. of</b>	<b>No. of</b>
	<b>Shares</b>	<b>Shares</b>
<i>Number of Shares issued:</i>		
Ordinary shares opening balance	60,726,349	53,059,495
Ordinary shares issued	422,569	2,467,084
Ordinary shares cancelled	(2,611,071)	-
Ordinary shares bought back on-market and cancelled	(11,517)	-
<b>Total ordinary shares authorised at 31 March</b>	<u>58,526,330</u>	<u>55,526,579</u>

### 22.3. Share based payment reserve

#### Movement in Share based payment reserve

	31-Mar 2024 \$'000	31-Mar 2023 \$'000
<b>Esquires Coffee Ireland Limited share-based payment</b>		
Opening balance	2,401	2,401
Earn-out agreement cancelled and reserve written back to retained earnings	(2,401)	-
<b>Closing balance</b>	<u>-</u>	<u>2,401</u>

- No earn-out payment (to be settled by the issue of Cooks shares) has been made as at 31 March 2024 and the earn-out agreement was cancelled during the year with the share based payment reserve being written back to retained earnings.

#### 22.4. Shares held by ESOP / Treasury shares

3,888,837 shares held on trust were cancelled in the year (3,388,837 at 31 March 2023) with a further 165,225 issued.

### 23. Leases

The Group leases stores and office premises from various third-party landlords and subsequently re-leases 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 10 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. The Group has concluded that it retains control of the leased properties which have been sub-leased to franchisees.

#### 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 payments 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 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.

## Finance Lease Receivables

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 payments 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.

### **23.1. Amounts recognised in the Statement of Financial Position**

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

#### **Right-of-use assets**

	-	<b>31-Mar 2024 \$'000</b>	<b>31-Mar 2023 \$'000</b>
<b>Property</b>			
Cost		<b>3,196</b>	2,811
Less: Accumulated depreciation		<b>(1,592)</b>	(1,169)
Net book value as at 1 April		<b>1,604</b>	1,642

Additions	-	656
Remeasurement of lease liability	-	7
Movement in FX	-	59
Depreciation expense	-	(423)
Disposal	<b>(1,604)</b>	<b>(337)</b>
<b>Net book value as at 31 March</b>	<b>-</b>	<b>1,604</b>
Cost	-	3,196
Less: Accumulated depreciation	-	(1,592)
<b>Net book value as at 31 March</b>	<b>-</b>	<b>1,604</b>

There are no right-of-use assets (FY23: one) relating to corporate-operated stores in the UK.

### Lease liabilities

	<b>31-Mar</b>	<b>31-Mar</b>
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Current	<b>2,892</b>	2,382
Non-current	<b>20,163</b>	18,932
<b>Total lease liabilities</b>	<b>23,055</b>	21,314

### Finance lease receivables

	<b>31-Mar</b>	<b>31-Mar</b>
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Current	<b>2,892</b>	2,155
Non-current	<b>20,163</b>	17,427
<b>Total finance lease receivables</b>	<b>23,055</b>	19,582

The average effective Incremental Borrowing Rate in FY24 is 5.7% per annum (FY23: 5.7% per annum).

## 23.2. 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:

	<b>31-Mar 2024 \$'000</b>	<b>31-Mar 2023 \$'000</b>
<b>As a lessee:</b>		
Interest expense on lease liabilities	<b>1,347</b>	1,126
Depreciation expense on right-of-use assets (included in depreciation and amortisation)	-	423
Interest income from subleases classified as finance leases	<b>1,347</b>	1,127

The total cash outflow for leases to franchisee landlords in FY24 was \$nil (FY23 was \$372,000).

## 23.3. Maturity analysis of lease payments

### Lease liabilities as the lessee:

	<b>31-Mar 2024 \$'000</b>	<b>31-Mar 2023 \$'000</b>
Less than one year	<b>2,892</b>	2,382
One to five years	<b>12,429</b>	9,371
More than five years	<b>7,734</b>	9,561
<b>Total lease liabilities</b>	<b>23,055</b>	21,314

### Finance lease arrangements as the lessor:

	<b>31-Mar 2024 \$'000</b>	<b>31-Mar 2023 \$'000</b>
Year 1	<b>4,296</b>	3,346
Year 2	<b>4,573</b>	3,193
Year 3	<b>4,517</b>	3,226
Year 4	<b>4,235</b>	3,023
Year 5	<b>3,599</b>	2,520
Onwards	<b>9,788</b>	11,344
Lease payments	<b>31,008</b>	26,652

Gross investment in the lease	<b>31,008</b>	26,652
Less: unearned finance income	<b>(7,953)</b>	(7,070)
Present value of minimum lease payments receivable	<b>23,055</b>	19,582
<b>Net investment in the lease</b>	<b>23,055</b>	19,582

## 24. Fees paid to auditor

The Auditor of the Group for 31 March 2024 is William Buck Audit (NZ) Ltd. The auditor for UK firms is Rouse Partners LLP.

	<b>31-Mar 2024 \$'000</b>	<b>31-Mar 2023 \$'000</b>
<b>Audit of financial statements</b>		
- Statutory Audit	<b>81</b>	120
- Overseas firms	<b>37</b>	118
<b>Total fees paid to auditor</b>	<b>118</b>	238

## 25. Reconciliation of cash flows from operating activities

	<b>31-Mar 2024 \$'000</b>	<b>31-Mar 2023 \$'000</b>
<b>Profit/(Loss) after tax</b>	<b>(356)</b>	(111)
<b>Add non-cash items:</b>		
Depreciation	<b>24</b>	6
Amortisation of intangible assets		-
Impairment loss on receivables	<b>133</b>	142
Net foreign exchange gains/(losses)	<b>29</b>	110
Revaluation of contingent consideration payable	-	-
Impairment of goodwill	-	-
Release of liabilities	-	(337)
<b>Add/(Less) movements in assets/liabilities:</b>	<b>1,855</b>	(191)
<b>Net cash flow applied to operating activities from continuing operations</b>	<b>1,685</b>	(381)



## 26. 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 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.
- **Elena Garside** is a director of Garside & Garside Ltd.
- **Tony McVerry** is a director of Esquires Coffee Houses Ireland Limited.
- **Aiden Keegan** is a director of Esquires Coffee UK Limited.

Number of shares held by directors and other related parties:

	<b>31st March 2024</b>	<b>31st March 2023</b>
Keith Jackson (including related parties)	13,316,049	13,066,049
Jiajiayue Holding Group (including related parties)	10,591,374	10,591,374
Yunan Health & Tourism Holdings	6,714,643	6,714,643
Crown KJ Nominees	4,086,769	4,086,769
CCC Employee Trust	165,225	3,388,837
Michael Ambrose	1,050,000	700,000
Paul Elliott	552,129	226,296
Michael Hutcheson (including related parties)	88,020	118,389
Aiden Keegan	114,166	14,166
Maretha Mc Verry	38,246	38,246

## 26.1. Transactions with related parties

The following transactions occurred with related parties during the year:

	31-Mar 2024 \$'000	31-Mar 2023 \$'000
<b>Purchases of goods and services</b>		
Purchase of management services	240	240
Interest paid to related parties	282	314
<b>Other transactions</b>		
Related party receivables	-	255
Subscriptions for new ordinary shares	181	500
Funding loans advanced by related parties	210	39

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

During the year, the following related parties converted outstanding receivable owing into equity:

- Jackson & Associates Limited, converted \$50,000 into 250,000 ordinary shares.
- Paul Elliot, converted \$61,333 into 325,833 ordinary shares.
- Michael Ambrose, converted \$70,000 into 350,000 ordinary shares.

## 26.2. Balances outstanding with related parties

	31-Mar 2024 \$'000	31-Mar 2023 \$'000
<b>Outstanding balances arising from purchases of goods and services</b>		
Entities controlled by key management personnel	649	441
<b>Loans from related parties</b>		
Balance beginning of the year	1,842	1,875
Loans advanced	210	39
Loans repaid	(60)	-
Net foreign exchange effects	8	(1)
Interest charged	234	243
Interest paid	(282)	(314)
<b>Balance end of period</b>	<b>1,952</b>	<b>1,842</b>

<b>Other liabilities to related parties</b>		
Balance beginning of the year	<b>560</b>	562
Contingent liability disposed of	<b>(560)</b>	
Net foreign exchange effects	-	(2)
<b>Balance end of period</b>	<b>-</b>	<b>560</b>
<b>Other receivables from related parties</b>		
Issued capital not yet received	-	255

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

Related party loans and liabilities either have no interest or carry interest rates ranging from 10% - 15% pa. They have terms of either being on-call or subordinated debt and with an option of conversion to equity if mutually agreed. There is no security for these related party loans and liabilities, though one of the related parties has provided personal property as security to one of the third-party loans owed by the company.

### 26.3. 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:

	<b>31-Mar 2024 \$'000</b>	<b>31-Mar 2023 \$'000</b>
Short-term employee benefits	<b>1,079</b>	1,154
Share based payments	-	29
	<b>1,079</b>	<b>1,183</b>

## 27. 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**

<b>31/03/2024</b>	<b>Global franchising &amp; retail \$'000</b>	<b>UK &amp; IRE franchising \$'000</b>	<b>New Zealand \$'000</b>	<b>Total \$'000</b>
<b>Global operational splits</b>				
Revenue	76	4,593	34	<b>4,703</b>
Grant and other income	-	230	-	<b>230</b>
Franchisee rebates and consumables used	-	(123)	-	<b>(123)</b>
Depreciation and amortisation	-	(22)	(1)	<b>(23)</b>
Impairment loss on receivables	-	(133)	-	<b>(133)</b>
Net foreign exchange (losses)/gains	2	(0)	(32)	<b>(30)</b>
Employee costs	-	(1,846)	(133)	<b>(1,979)</b>
Other expenses	(90)	(1,059)	(1,317)	<b>(2,466)</b>
<b>Operating (loss)/profit</b>	<b>(12)</b>	<b>1,640</b>	<b>(1,449)</b>	<b>179</b>
Finance costs, net	-	(23)	(512)	<b>(535)</b>
<b>Profit/(Loss) before income tax</b>	<b>(12)</b>	<b>1,617</b>	<b>(1,961)</b>	<b>(356)</b>
Income tax (expense)/credit	-	-	-	-
<b>Profit/(Loss) for the year from continuing operations</b>	<b>(12)</b>	<b>1,617</b>	<b>(1,961)</b>	<b>(356)</b>
<b>Non-current assets</b>				
Intangible assets	42	1,308	1,481	<b>2,831</b>
Property, plant and equipment	-	91	1	<b>92</b>

For discontinued operations, see note 15.1

## Continuing operations - Restated

31/03/2023	Global franchising & retail \$'000	UK & IRE franchising \$'000	New Zealand \$'000	Total \$'000
<b>Global operational splits</b>				
Revenue	237	3,683	-	<b>3,920</b>
Grant and other income	-	283	-	<b>283</b>
Release of liabilities	-	-	337	<b>337</b>
Franchisee rebates and consumables used	-	(122)	-	<b>(122)</b>
Depreciation and amortisation	-	(3)	(3)	<b>(6)</b>
Impairment loss on receivables	(124)	(18)	-	<b>(142)</b>
Net foreign exchange (losses)/gains	(9)	(23)	(78)	<b>(110)</b>
Employee costs	-	(1,358)	(219)	<b>(1,577)</b>
Other expenses	(17)	(981)	(1,186)	<b>(2,184)</b>
<b>Operating (loss)/profit</b>	<b>87</b>	<b>1,461</b>	<b>(1,149)</b>	<b>399</b>
Finance costs, net	(1)	(51)	(571)	<b>(623)</b>
<b>Profit/(Loss) before income tax</b>	<b>86</b>	<b>1,410</b>	<b>(1,720)</b>	<b>(224)</b>
Income tax (expense)/credit	-	113	-	<b>113</b>
<b>Profit/(Loss) for the year from continuing operations</b>	<b>86</b>	<b>1,523</b>	<b>(1,720)</b>	<b>(111)</b>
<b>Non-current assets</b>				
Intangible assets	42	1,308	1,481	<b>2,831</b>
Property, plant and equipment	-	104	3	<b>107</b>

<b>Discontinued operations – Restated</b>	
<b>31/03/2023</b>	<b>UK retail</b>
<b>Global operational splits</b>	<b>\$'000</b>
Revenue	3,009
Other income	12
Franchisee rebates and consumables used	(1,002)
Depreciation and amortisation	(466)
Impairment loss on receivables	(306)
Employee costs	(1,135)
Other expenses	(467)
<b>Operating (loss)</b>	<b>(355)</b>
Finance costs, net	(119)
Amortisation of intangible assets	(381)
Impairment of goodwill	(2,497)
<b>Loss before income tax</b>	<b>(3,352)</b>
Income tax (expense)/credit	-
<b>Loss for the year from discontinued operations</b>	<b>(3,352)</b>
<b>Non-current assets</b>	
<b>Intangible assets</b>	4,050
Property, plant and equipment	35
Right of use assets	1,604
Assets held for Sale	7
Goodwill	3,072

## 28. Contingent Liabilities

There were no contingent liabilities as at 31 March 2024 (FY23: \$nil).

## 29. Capital commitments

There were no capital commitments as at 31 March 2024 (FY23: \$nil).

## 30. 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.

### **30.1. 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 number of transactions denominated in NZD is diminishing as the growth in the overseas market outweighs the operations in the New Zealand market. As disclosed in Note 27 Segment Reporting, there was no revenue generated from the New Zealand segment which indicates that the Group's exposure to foreign currency risk has increased considerably.

A significant amount of the Group's transactions are carried out in currencies 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 27 Segmental Reporting, global franchising and retail 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 \$12,460. If the GBP/NZD exchange rate increases by 5%, the group profit will be reduced by \$24,920.

In the event that the NZD weakens against the Euro and EURO/NZD exchange rate increases or decreases by 5%, the impact on the group result is the profit will be decreased by \$4,956. If the EUR/NZD exchange rate increases by 5%, the group profit will be increased by \$9,912.

More significant is the revaluation of the intercompany balances on consolidation as these are denominated in GBP and Euro in the UK and Ireland companies and, due to the large



balances involved, result in a large movement going through the foreign currency translation reserve. In FY24, both the GBP and Euro weakened against the NZD (by 6.8% and 3.6% respectively) resulting in an increase to the foreign currency translation reserve of \$1,097,000 (FY23: \$971,000).

### **30.2. 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 NZ 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 2024 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.

#### *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 2024. 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.

### 30.3. 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.

<b>At 31 March 2024</b>	<b>Less than 1 year \$'000</b>	<b>Between 1 and 5 years \$'000</b>	<b>Over 5 years \$'000</b>	<b>Carrying Amount \$'000</b>
Trade payables	3,014	-	-	<b>3,014</b>
Related party payables	649	-	-	<b>649</b>
Other payables	858	-	-	<b>858</b>
Short term finance loans	1,132	-	-	<b>1,132</b>
Related party loans	1,007	1,178	-	<b>1,852</b>
Lease Liabilities	4,279	16,149	9,851	<b>23,055</b>
	<b>10,939</b>	<b>17,327</b>	<b>9,851</b>	<b>30,560</b>

<b>At 31 March 2023</b>	<b>Less than 1 year \$'000</b>	<b>Between 1 and 5 years \$'000</b>	<b>Over 5 years \$'000</b>	<b>Carrying Amount \$'000</b>
Trade payables	3,318	-	-	<b>3,318</b>
Related party payables	441	-	-	<b>441</b>
Other payables	1,473	-	-	<b>1,473</b>
Short term finance loans	2,685	352	-	<b>3,037</b>
Related party loans	988	1,144	-	<b>2,132</b>
Lease Liabilities	4,075	12,699	11,823	<b>21,146</b>
	<b>12,980</b>	<b>14,195</b>	<b>11,823</b>	<b>31,547</b>

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

### 30.4. 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, 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 FY25 in addition to that raised and debt conversions in FY24. For further details of this refer to Note 4.

### 31. Financial instruments by category

	<b>31-Mar 2024 \$'000</b>	31-Mar 2023 \$'000
<b>Financial assets at amortised cost</b>		
Cash and cash equivalents	<b>1,174</b>	445
Trade and other receivables	<b>1,718</b>	1,323
Lease receivables	<b>23,055</b>	19,582
	<b>25,947</b>	21,350
<b>Financial liabilities at amortised cost</b>		
Trade payables	<b>3,014</b>	3,138
Borrowings and other liabilities	<b>3,083</b>	4,051
Lease liability	<b>23,055</b>	21,314
Related party payables	<b>649</b>	441
	<b>29,801</b>	28,944

### 32. Post-reporting date events

There are no post-reporting date events to be disclosed.

# Statutory Information and Corporate Governance

## 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 2024. The total number of voting financial products of Cooks Coffee Company Limited at that date was 59,519,349 and ordinary shares are the only such product on issue.

Substantial Security Holder	Shares Held
<b>Graeme Keith Jackson, Patricia Frances Jackson &amp; Philip Mack Picot</b>	<b>11,551,757</b>
<b>Jackson &amp; Associates Limited</b>	<b>1,762,792</b>
<b>Michael Ambrose</b>	<b>1,050,000</b>
<b>Paul Valentine Mark Elliott</b>	<b>552,129</b>
<b>Mike Hutcheson</b>	<b>88,020</b>
Total Number of Shares Held:	15,004,698

## 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 2024:

- Jackson & Associates Limited, converted \$50,000 into 250,000 ordinary shares.
- Paul Elliot, converted \$61,333 into 325,833 ordinary shares.
- Michael Ambrose, converted \$70,000 into 350,000 ordinary shares.

## 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 FY24 held by CCC Directors:

<b>Graeme Keith Jackson</b>	
<b>Arana Holdings Limited</b>	Cooks Investment Holdings Limited
<b>Ascension Capital Limited</b>	Dairy Farm Investments Limited
<b>Weihai Holding Limited</b>	Dairy Farm Investments (Ruawhata) Limited
<b>Jackson &amp; Associates Limited</b>	Nikau Trust

<b>Michael George Rae Hutcheson</b>	
<b>2 Life Limited</b>	Image Centre Publishing Limited
<b>Eschool Holdings Limited</b>	Patiki Farm Limited
<b>Eschool Limited</b>	Raye Blumenthal Freedman Trust
<b>Attain Limited</b>	Hunch Limited
<b>Hotfoot Retail Services Limited</b>	Tangible Media Limited
<b>Graeme Dingle Endowment Fund</b>	The Lighthouse Ideas Company Limited
<b>Image Centre Holdings Limited</b>	Tradewinds Investment Trust

<b>Michael George Ambrose</b>	
<b>Minoce Investments Limited</b>	Garra International Limited
<b>Chateau Marlborough Hotel 2014 Limited</b>	Australian Lobster Company (GP) Limited
<b>Deep Creek Fruits GP Limited</b>	Deltop Holdings Limited
<b>Arvida Group Limited</b>	FLC Trustee Limited
<b>Southern Fruits International GP Limited</b>	Lobster Management GP Limited
<b>Melrose Equities Limited</b>	Australia Quota Holdings GP Limited
<b>Almonte Holdings Limited</b>	Silverstream lifestyle Retirement Village Limited
<b>Ashville Consultancy Limited</b>	Senior Move Managers Limited
<b>Chateau Marlborough Holdings 2014 Limited</b>	Fiordland Lobster Company Limited

<b>Paul Valentine Mark Elliott</b>	
<b>Agribusiness Investments NZ Limited</b>	Elliott Capital Advisors Limited
<b>Agribusiness Solutions NZ Limited</b>	Revive Finance Limited
<b>Ignite Finance Limited</b>	Restore Finance Limited

<b>Ignite Solutions Limited</b>	Ignite Nominees Limited
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<b>Peihuan Wang</b>	
<b>Shanghai Shibao Supply Chain Co. Ltd</b>	Spar China Group LTD.
<b>Jiajiayue Group Limited. (China)</b>	Weihai Station Limited
<b>Jiajiayue Holding Group Limited (CHINA)</b>	

<b>Elena Garside</b>	
<b>Garside &amp; Garside Ltd</b>	

**Spread of Quoted Security Holders as at 31 March 2024 including voting and non-voting shares:**

<b>Range</b>	<b>Shareholders</b>		<b>Shares</b>	
	Number	%	Number	%
<b>1-1,000</b>	4	1.36	1,490	0.00
<b>1,001-5,000</b>	125	42.37	279,069	0.47
<b>5,001-10,000</b>	33	11.19	246,467	0.41
<b>10,001-50,000</b>	69	23.39	1,558,443	2.60
<b>50,001-100,000</b>	21	7.12	1,464,025	2.44
<b>100,001 and over</b>	43	14.58	56,452,954	94.08
<b>Total</b>	295	100.00	60,002,448	100.00

## 20 Largest Holdings of Equity Securities as at 9 May 2024 including voting and non-voting shares:

Rank	Investor Name	Total Units	% Issued Capital
1	Keith Jackson Interests	13,314,549	22.19%
2	Jiajiayue Holding Group Interests	10,591,374	17.65%
3	Yunnan Health and Tourism	6,714,643	11.19%
4	Crown KJ Nominees Limited	4,086,769	6.81%
5	Graham Hodgetts	3,657,204	6.10%
6	Adg Investments Limited	2,813,317	4.69%
7	Alistair Tillen	1,353,621	2.26%
8	Scott Francis Vernon &	1,242,812	2.07%
9	Link Market Services Trustees	1,236,350	2.06%
10	Michael John Ambrose &	1,050,000	1.75%
11	Suhua He	927,679	1.55%
12	PKB Trustees Limited	925,648	1.54%
13	David Hodgetts	819,996	1.37%
14	Sezan Walker	816,606	1.36%
15	New Zealand Depository Nominee	791,447	1.32%
16	Esquires Coffee Holdings	786,752	1.31%
17	Paul Valentine Mark Elliott	552,129	0.92%
18	Trinity Portfolio Limited	514,767	0.86%
19	Imoya Investments Limited	440,000	0.73%
20	New Zealand Central Securities	436,647	0.73%
<b>Total - Top 20</b>		<b>53,072,310</b>	<b>88.45%</b>



## 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	Number of Employees 2024	Number of Employees 2023
\$100,000-\$120,000	1	3
\$120,000-\$140,000	1	1
\$140,000-\$160,000	-	2
\$160,000-\$180,000	2	-
\$180,000-\$200,000	1	1
\$220,000-\$240,000	-	2
\$260,000-\$280,000	1	2

## Director Remuneration and Other Benefits

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

Remuneration	Directors' Fees	Executive Salary	Share based payments
Mike Hutcheson	39,600	-	-
Graeme Keith Jackson	-	240,000	-
Paul Elliot	40,000	-	-
Michael Ambrose	40,000	-	-
Elena Garside	61,603	-	-

### Donations

No donations were made in the 12-month financial period ended 31 March 2024.

# 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.

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 dated 17 June 2022 (Code). CCC has elected not to report against the updated NZX Corporate Governance Code dated 1 April 2023.

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 2023 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, 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 considers 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: These numbers have been restated from last year’s report to take account of the Triple Two staff in 2023 given the voluntary liquidation and the sale of the Sunderland café in February 2024.

	As at 31 March 2024			As at 31 March 2023		
	Directors	Officers	Employees	Directors	Officers	Employees
<b>Female</b>	1	1	6	1	-	11
<b>Male</b>	5	-	7	5	1	9
<b>Total</b>	6	1	13	6	1	20

## 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

As reported in the Chairman’s report above the company has appointed a Group CEO with effect from 1<sup>st</sup> April 2024.

## 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*
<b>Keith Jackson</b>	<i>Chairman Not Independent</i>	Appointed 18/8/08	Audit & Finance	5
<b>Paul Elliott</b>	<i>Non-Executive Independent</i>	Appointed 30/5/19	Audit & Finance	5
<b>Mike Hutcheson</b>	<i>Non-Executive Independent</i>	Appointed 3/10/13	Audit & Finance	5
<b>Michael Ambrose</b>	<i>Non-Executive Independent</i>	Appointed 29/11/21	Audit & Finance	5
<b>Peihuan Wang</b>	<i>Non-Executive Not-Independent</i>	Appointed 29/4/16	-	4
<b>Elena Garside</b>	<i>Non-Executive Independent</i>	Appointed 7/11/22	-	4

### Keith Jackson, Executive Chairman

Keith has an extensive background in management and governance with particular emphasis on the food and dairy industries. He was CEO of Tegel Foods for 16 years, Deputy Chairman of Ernest Adams and Managing Director of Independent Dairy Producers, a fresh milk company. He was also a founding partner of Dairy Farm Investments and Dairyland Products.

In 2008 he founded Cooks via a merger of four companies and the company acquired the global rights to the Esquires Coffee brand (excluding Australia and New Zealand) in 2013.

### Michael Ambrose, Independent Director

Michael is an experienced Company Director, business consultant & Chartered Accountant with a broad range of governance, financial, general management, strategic & IPO skills.

Michael was the creator & founding Director of Arvida Group Ltd. This Public Company was listed in 2014 and is comprised of 32 Retirement Villages and Aged Care facilities.



He is also a Director of Fiordland Lobster Company & related Companies, Chairman of the international board of Garra International Limited, a meat & chicken trading company which has its head office in Brazil, Chairman of the Board of Deep Creek Fruits LP, a start-up Cherry operation that acquired 140 hectares of land in Central Otago which has now been planted & irrigated following the initial capital raise from 37 investors totalling \$16.1 million. Chairman of the Board of Chateau Hotel Marlborough Ltd, Chairman of Senior Move Managers Limited, which provides a complete relocation service to seniors moving house or into Retirement Villages or individual homes.

### **Elena Garside, Independent Director**

Elena who is UK-based, 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 started her career in journalism before becoming a PR consultant with Bankside Consultants, Hudson Sandler, and New Century Media.

Elena is the founder and CEO of Garside & Garside Limited which consults on ESG, media relations and reputational matters. She holds a degree in journalism from St Petersburg State University and the London College of Communication.

### **Mike Hutcheson, Independent Director**

Mike co-founded leading advertising agencies; Colenso BBDO and Hutcheson Knowles Marinkovich, culminating his advertising career in Auckland as Managing Director of Saatchi and Saatchi.

He has written five books including his latest on creative ways to reinvent yourself post Covid. He has been named Business Columnist of the Year in the Magazine Publisher's Awards. He is a director of a number of private and public companies and is a regular television guest and commentator. In 2021 he was inducted into the Marketing Hall of Fame.

He has a Master of Philosophy degree (1st Class Hons) – his thesis was on the Alchemy of Innovation in New Zealand business He is a Fellow of the Chartered Institute of Marketing and in 2017 he was appointed an Adjunct Professor at Auckland University of Technology.

### **Paul Elliott, Independent Director**

Paul Elliott has extensive experience as CEO and CFO of major New Zealand corporates, including MetLife care, Zespri, Pacific Retail Group and, more recently, Asset Finance Limited, a regional non-bank deposit taker. He has served as a director of both publicly-listed and privately held companies and is a chartered member of the New Zealand Institute of Directors.

For the past nine years he has been a partner in a boutique corporate finance business, Time Capital NZ. During that time, he has acted as advisor in a number of business acquisitions and turnaround assignments and has managed due diligence projects on behalf of several mergers. He continues to provide advisory services to New Zealand corporates and several high-net-worth individuals as a partner in Time Capital.

### **Peihuan Wang, Director**

Peihuan Wang is currently the Chairman and General Manager of Shandong Jiajiayue Investment Holdings Co. Limited and Vice President of the China Chain Store and Franchise Association. Mr Wang has been the recipient of a number of awards in China including 'the National Quality Excellent Manager', 'Person of the Year - Chinese Chain Industry', 'Person of the Year - Chinese Retail Industry', and 'Weihai City Mayor's Quality Award'. Mr Wang is of Chinese nationality and resides in the Shandong Province. He brings a wealth of knowledge to the Board. JJY operates more than 1,000 supermarkets in China and employs more than 50,000 staff.

### **Board Skills Matrix**

The six individuals who sit at our board table have diverse insights, backgrounds and views. As individuals they are each highly regarded with various specialist skills and wide experiences. The Board have a common vision for the future of the business with multiple disciplines and individual experiences in many sectors and markets that are brought to the table.

All Directors except Messrs Jackson & Wang are independent.

As reported above Mike Hutcheson will retire in June as part of the transition of the Board to the UK where the company's operations are based.

Directors followed the recommendations in the NZX Corporate Governance Code during the financial year to 31<sup>st</sup> March 2024.

## Directors Fee Pool

The total pool of Directors fees is NZ\$250,000. Total fees paid in FY24 were NZ\$180,000. There are no additional benefits although it is planned to introduce a share options plan for Directors and Senior Managers in the future.

## 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 control's structure, risk management systems and the external audit function.

The audit committee currently comprises Paul Elliott (as Chair), Keith Jackson, 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.

## **Audit Rotation**

The company note that the lead Audit Managing Partner has now completed 5 years with Cooks. As part of the company's focus on the UK & Ireland and with the operating businesses being outside New Zealand it is planned to relocate the Audit to the UK for the next financial year.

## **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.

## 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 it 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 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 21 days before the meeting each year.

## Company Directory

<b>Company number:</b>	<b>2089337</b>
<b>Year of incorporation:</b>	2008
<b>Registered office:</b>	Level 1, 96 St Georges Bay Road, Parnell, Auckland, 1052
<b>Nature of business:</b>	Food & beverage industry
<b>Directors:</b>	Graeme Keith Jackson Michael George Ambrose Michael George Rae Hutcheson Peihuan Wang Paul Valentine Mark Elliott Elena Garside
<b>Solicitors:</b>	Chapman Tripp, Auckland
<b>Bankers:</b>	ANZ Bank, Auckland and ASB Bank, Auckland
<b>Auditors:</b>	William Buck Audit (NZ) Limited
<b>Share registry:</b>	MUFG Pension and Market Services (was called Link Market Services Limited), Auckland and Aquis Exchange Ltd, UK