

**NZX Release**

**30 May 2023**

**Cooks Coffee**

("Cooks Coffee", the "Company" or the "Group")

**Preliminary results for the year ended 31 March 2023**

*Building a family of brands with community spirit*

Cooks Coffee (NZX:CCC; AQUIS:COOK), the international coffee focused cafe chain and parent company of the Esquires and Triple Two brands, which is dual listed on the Aquis Growth Market in London and the NZX in New Zealand, announces the Company's Preliminary Report for the financial year ended 31 March 2023.

**Highlights**

- Total Franchisee store sales in the UK and Ireland businesses up 24% at NZ\$53.6m (£27.6m). Group royalty income is derived from these numbers.
- Recurring Group revenue up 15% at NZ\$3.8m (£2.0m)
- Group revenues in the Year of NZ\$6.6m (£3.4m) down 10% on prior year NZ\$7.4m (£3.8m)
- EBITDA of NZ\$0.75m (£0.39m), impacted by credit impairment of NZ\$0.45m (£0.23m)
- Net loss before tax of NZ\$3.2m (£1.7m), reflecting the combined NZ\$3.2m write down of receivables and impairment of goodwill and intangible assets relating to the Triple Two business
- 86 cafe sites in the UK and Ireland as at 31 March 2023 up from 82 as at 31 March 2022
- Cooks Coffee dual listed on the AQUIS Growth market in November 2022
- Appointed Elena Garside as a UK based Non-executive Director
- An additional 5 stores have been opened in the UK and Ireland post year end with further store openings planned

Cooks Coffee continued to see strong growth across its estate during the year, with its Franchisees' outlet sales in the UK up by 18% and up by 41% in Ireland. Like for like sales were up 13% in the UK and 29% in Ireland, reflecting in part the timing of the removal of Covid restrictions in each country. The overall increase in sales from stores that operated in the reported financial year and the prior financial year was 17%.

Group revenues for the year decreased 10% to NZ\$6.6m (£3.4m), reflecting lower than anticipated one off revenue streams from the opening of new stores. These non-recurring

revenues declined 30% to NZ\$2.86m (£1.48m) from the prior year. The non-recurring revenues in the previous financial year included income relating to the release of franchise fees on hold over the Covid period as well as a significant number of new stores opened by Triple Two. New store construction and fit out work is a feature of the Triple Two model, which operates an internal construction company. With a lesser number of stores opened during the year income was down but there remains a strong pipeline of prospective franchisees and with operational improvements in the business it is expected that growth will continue in the future.

A number of planned store openings during the 31 March 2023 financial year (“FY23”) were deferred into the new financial year due to the effects of supply chain disruptions in Q3 and Q4, which now appear to be easing. In addition, the Group has a strong pipeline of further new stores planned for the current financial year to build on its position as the fourth largest coffee focused café chain in the UK.

**Commenting, Cooks Coffee Executive Chairman Keith Jackson said:** “We are pleased to report strong sales growth across our existing estate of coffee stores as we continue our expansion programme of new store openings. Whilst the delay in certain store openings, particularly in the Triple Two business and the consequential impact of the loss of capital related revenues, has impacted the Group’s financial performance for the year ended 31 March 2023, this has been a transformational period for the Group. We have emerged strongly from the pandemic, which clearly impacted our business. We look forward with confidence to an improved financial performance in the current financial year and to updating on further progress, in particular in relation to the numerous store openings we have planned.”

## **Operational Business Performance**

### *UK & Ireland*

86 Group sites in the UK and Ireland as at 31 March 2023, up from 82 as at 31 March 2022.

Esquires Coffee UK store numbers increased to 51 at 31 March 2023, from 47 as at 31 March 2022, with seven new Esquires stores opened and 3 closed.

The Triple Two network opened four new stores during the year and closed six with 18 Triple Two cafes operating at the end of the financial year.

In Ireland, outlet numbers at the end of the year were 17 and there is an encouraging pipeline of new stores in development for the balance of 2023 and beyond.

## *Global*

Cooks operating revenue in the global segment was in line with the previous financial year as the international franchised markets continue to recover, with Saudi Arabia showing growth at an accelerated rate.

## *Balance Sheet*

Total equity in the company reduced to NZ\$1.4m (£0.7m) reflecting the NZ\$3.2m write down of receivables and the impairment of goodwill and intangible assets relating to the Triple Two business.

The Directors assessed the 'value in use' for the Triple Two business unit as at 31 March 2023 and as a result of this assessment impaired goodwill by NZ\$2.4m (£1.2m). The main considerations for this impairment related to reassessing forecasts and the likely slower than planned return to a higher growth environment. Cooks is addressing structural issues with the Triple Two business to improve the mix between recurring revenue and one-off new store related income streams.

Group share capital increased by NZ\$1.4m (£0.7m) during the year, a combination of debt conversion and cash, whilst borrowings reduced by NZ\$0.7m (£0.4m).

## **Summary**

The year has shown the benefits of the resilience of the Company's franchise model and the importance of establishing recurring revenue streams. Through the opening of additional outlets and the continuing support provided to the Group's existing network, the Group intends to grow its current base and continue to build a strong network of quality outlets.

The performance in the year has also highlighted the difference in the maturity and business models of the long-established Esquires brand, that has been operating for more than 20 years, and the newer Triple Two brand. Esquires has recurring revenues of approximately 85% of its total revenues as compared to Triple Two that has new store related revenues of approximately 90% of its total revenues as it looks to build the store network.

The Group has two strong brands and an exciting pipeline of opportunities as it continues its commitment to building a family of ethical brands with community spirit. We look forward to making further progress and to an improved financial performance in the current financial year.



**Keith Jackson**  
**Executive Chairman**

## **About Cooks Coffee**

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