

30 May 2024



Cooks Coffee Company Limited

This document covers Cooks Coffee Company Limited's unaudited financial results for the year ended 31 March 2024

**A: Cooks Coffee Company Limited
Preliminary announcement for the year ended 31 March 2024**

Preliminary unaudited full year report on consolidated results (including the results for the previous corresponding year) in accordance with Listing Rule 3.5.1 are recorded below.

This report has been prepared in a manner which complies with generally accepted accounting practice and gives a true and fair view of the matters to which the report relates, and is based on unaudited financial statements.

The accounting policies used in the preparation of these financial statements are consistent with those used in the interim statements for the six months ended 30 September 2023, and in the audited financial statements for the year ended 31 March 2023.

The Listed Issuer has a formally constituted Audit & Risk Committee of the Board of Directors.

B: Consolidated Statement of Financial Performance

	Unaudited		Unaudited -	Audited -
	Mar-24	Up / Down	restated	Previously
	\$NZ '000	%	Mar-23	Reported
			\$NZ '000	Mar-23
				\$NZ '000
Revenue	4,667	19.0%	3,921	6,613
Cost of sales	(123)	(0.3%)	(123)	(977)
Gross profit	4,544	19.7%	3,798	5,636
Operating expenses and staff costs	(4,474)	34.8%	(3,320)	(5,070)
Impairment loss on receivables	(133)	(6.4%)	(142)	(448)
Other income	266	(57.1%)	620	632
Operating profit/(loss) before depreciation and amortisation	203	(78.8%)	956	750
Depreciation expense	(24)	319.6%	(6)	(469)
Operating profit/(loss)	179	(81.2%)	951	281
Interest Income	1,347	19.5%	1,127	1,172
Amortisation of intangible assets	0		0	(381)
Impairment of Goodwill	-		0	(2,497)
Finance costs	(1,882)	7.5%	(1,750)	(1,908)
Revaluation of contingent consideration payable	-		-	0
Profit/(Loss) before income tax	(356)	(208.7%)	327	(3,333)
Income tax benefit/(expense)	-	(100.0%)	113	113
Net Profit/(Loss) for the year from continuing operations	(356)	(180.8%)	440	(3,220)
Net Profit/(Loss) for the year from discontinued operations	(6,003)	53.8%	(3,903)	(96)
Net Profit/(Loss) for the year	(6,359)	83.6%	(3,463)	(3,316)
Earnings Per Share (Cents per share):	(10.87)		(6.24)	(5.97)

C: <u>Consolidated Statement of Financial Position</u>	Unaudited		Unaudited -	Audited -
	Mar-24	Up / Down	restated	Previously
	\$NZ '000	%	Mar-23 \$NZ '000	Reported Mar-23 \$NZ '000
Assets				
Cash and cash equivalents	1,174		445	445
Trade and other receivables	1,718		1,323	1,323
Other current assets	330		1,534	795
Assets classified as held-for-sale	9		16	16
Property, plant and equipment	92		142	142
Right-of-use assets	-		1,604	1,604
Lease receivables	23,055		19,582	19,582
Other non-current assets	137		15	15
Total tangible assets	26,515	7.5%	24,661	23,922
Goodwill	0		3,072	3,072
Intangible assets	2,831		6,881	6,881
Total assets	29,346	(15.2%)	34,614	33,875
Liabilities				
Trade and other payables	7,209		7,452	6,061
Lease liabilities	23,055		21,314	21,314
Borrowings - Loans	3,035		3,491	3,491
Other liabilities	48		560	560
Deferred tax liabilities	-		1,036	1,036
Total liabilities	33,347	1.5%	33,853	32,462
Net assets/(liabilities)	(4,001)	625.8%	761	1,413
Equity				
Share capital	58,845		58,345	58,345
Accumulated losses	(64,914)		(60,956)	(60,304)
Foreign currency translation reserve	2,068		971	971
Share based equity reserve	0		2,401	2,401
Total equity attributable to equity holders of the Company	(4,001)	626.0%	761	1,413
Net tangible assets per share				
	Cents (11.39)		Cents (13.43)	Cents (12.36)

D: <u>Statement of Changes in Equity</u>	Unaudited		Unaudited -	Audited -
	Mar-24	Up / Down	restated	Previously
	\$NZ '000	%	Mar-23 \$NZ '000	Reported Mar-23 \$NZ '000
Profit/(Loss) for the period	(6,359)	(631.5%)	(3,463)	(3,316)
Net increase in issued share capital	500		1,448	1,448
Foreign currency translation reserve	1,097		883	883
Movements in equity for the period	(4,762)	320.7%	(1,132)	(985)
Equity at start of the period	761		1,894	2,398
Share based payment reserve	-		-	-
Equity at end of the period	(4,001)	(625.3%)	761	1,413

E: <u>Consolidated Statement of Cash Flows</u>	Unaudited		Unaudited -	Audited -
	Mar-24	Up / Down	restated	Previously
	\$NZ '000	%	Mar-23 \$NZ '000	Reported Mar-23 \$NZ '000
Profit/(Loss) for the period	(6,359)	(83.6%)	(3,463)	(3,316)
Add/(Less):				
Depreciation expense	24		469	469
Impairment loss on receivables	133		448	448
Net foreign exchange (losses)/gains	29		110	110
Revaluation of contingent consideration payable	-		-	-
Impairment of goodwill	-		2,497	2,497
Amortisation of intangible assets	-		381	381
Net movements in working capital	1,591		(926)	(1,073)
Loss on disposal of subsidiaries	5,262		-	-
Net cash flow from operating activities	680	(240.5%)	(484)	(484)
Net cash flow from investing activities	5	108.9%	(56)	(56)
Net cash flow from financing activities	44	(125.7%)	(171)	(171)
Net (decrease)/increase in cash held	729	(202.5%)	(711)	(711)
Opening bank balance	445		1,156	1,156
Effect of exchange rate changes on foreign currency balances	-		-	-
Closing bank balance	1,174		445	445
Made up as follows:				
Cash and cash equivalents	1,174	163.8%	445	445

F: Material Acquisition of Subsidiaries

N/A

G: Material Disposal of Subsidiaries

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(a) Name of subsidiary entity	Triple Two Coffee Holdings Ltd
(b) Percentage of ownership held	100.00%
(c) Contribution to consolidated profit for the period	-\$36
(d) Date from which such contribution has been calculated	31/03/2023
(e) Contribution to consolidated profit/(loss) for the previous corresponding period	\$10
(f) Date from which such contribution has been calculated	31/03/2022
(g) Date of disposal	29/09/2023
(a) Name of subsidiary entity	Triple Two Coffee Franchise Ltd
(b) Percentage of ownership held	100.00%
(c) Contribution to consolidated profit for the period	-\$568
(d) Date from which such contribution has been calculated	31/03/2023
(e) Contribution to consolidated profit/(loss) for the previous corresponding period	-\$324
(f) Date from which such contribution has been calculated	31/03/2022
(g) Date of disposal	29/09/2023
(a) Name of subsidiary entity	Triple Two Coffee Property Ltd
(b) Percentage of ownership held	100.00%
(c) Contribution to consolidated profit for the period	-\$122
(d) Date from which such contribution has been calculated	31/03/2023
(e) Contribution to consolidated profit/(loss) for the previous corresponding period	-\$215
(f) Date from which such contribution has been calculated	31/03/2022
(g) Date of disposal	29/09/2023
(a) Name of subsidiary entity	Triple Two Coffee London Ltd
(b) Percentage of ownership held	100.00%
(c) Contribution to consolidated profit for the period	\$0
(d) Date from which such contribution has been calculated	31/03/2023
(e) Contribution to consolidated profit/(loss) for the previous corresponding period	\$31
(f) Date from which such contribution has been calculated	31/03/2022
(g) Date of disposal	29/09/2023
(a) Name of subsidiary entity	TT Contractors Ltd
(b) Percentage of ownership held	100.00%
(c) Contribution to consolidated profit for the period	\$402
(d) Date from which such contribution has been calculated	31/03/2023
(e) Contribution to consolidated profit/(loss) for the previous corresponding period	\$318
(f) Date from which such contribution has been calculated	31/03/2022
(g) Date of disposal	29/09/2023

H: Material Investment in Associate

N/A

I: Issued and Quoted Securities at End of Current Period

Category of Securities Issued	Number	Quoted
ORDINARY SHARES:		
Total number of shares on issue	60,002,448	58,795,448
Shares issued during the current period	2,706,263	2,706,263
Shares cancelled during the current period	3,388,837	3,388,837
Shares bought back during the current period	41,326	41,326

On 31 March 2024, Cooks Coffee Company Limited has 58,795,448 quoted shares and 1,207,000 non-voting shares on issue.

J: Comments by Directors

- (a) Material factors affecting the revenues and expenses of the group for the current full year or half year
Refer to Commentary.
- (b) Significant trends or events since the end of the current full year or half year
Refer to Commentary.
- (c) Changes in accounting policies since last Annual Report and/or last Half Yearly to be disclosed:
Nil
- (d) Critical Accounting Policies - Management believes the following to be critical accounting policies. That is they are both important to the portrayal of the Issuer's financial condition and results, as they require management to make judgments and estimates about matters that they are inherently uncertain
 - Treatment of Leases
 - Revenue from Contracts with Customers
 - Discontinued Operations
 - Impairment of Assets
 - Amortisation of Intangibles and Goodwill
 - Contingent Consideration

NZ IFRS 16 "Leases"

a) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. 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.

The lease liability 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, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal or termination options. The assessment of whether the Group is reasonably certain to exercise such options impact the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset, or the right-of-use asset in the case of a sublease. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Where the lease is classified as an operating lease, the Group recognises the lease payments from the operating lease as income on a straight-line basis.

NZ IFRS 15 "Revenue from Contracts with Customers"

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

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. Payment is received upfront upon signing the franchise contract.

The transaction price includes a variable price consideration for the possible transfer of franchise rights. This is unknown until and if the transaction is completed. Given the high uncertainty of this transfer, the transaction price for franchise contracts is not adjusted for these transferred franchise rights. Revenue from the sale of individual café franchises is recognised over time.

The Group recognises Franchise Fees derived from the franchise agreement entered by Triple Two Coffee at the point in time when The Group recognises the Territory Fee 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. Payment is received upon signing the franchise contract.

Revenue from Contracts with Suppliers

The Group recognises revenue derived from supplier contracts relating to coffee supply purchases over the period of the contract.

Regional Developer Agreements

The Group recognises revenue derived from regional development sales over the life of the contract, which is generally 10 years.

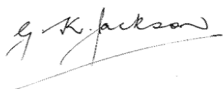
Other Revenue

Other revenue includes services to independent franchisees or third parties received by the Group.

Discontinued Operations

The UK Sunderland store was sold in March 2024 and is classified under discontinued operations. Following the effective disposal on 29th September 2023 of the Triple Two businesses when they were taken over by court appointed administrators in the UK, the Triple Two business has also been reclassified as a discontinuing operation and the FY2023 results restated accordingly.

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30 May 2024

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(signed by) Authorised Officer of Listed Issuer

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(date)