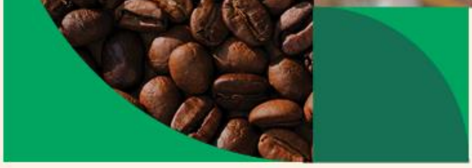
cooks
coffee company



Annual Report
31 March 2023

Contents to Consolidated Financial Statements

CHAIRMAN'S REPORT FY23

AN ETHICAL BUSINESS WITH COMMUNITY SPIRIT

Highlights of the FY23 year

- **Franchised store sales up 24%** at NZ$53.6m (£26.7m). Group royalty income is derived from these numbers.
- **Recurring Group revenue up 15%** at NZ$3.8m (£1.9m)
- **Group revenues** in the year of NZ$6.6m (£3.4m)
- **Period EBITDA** of NZ$0.75m (£0.38m).
- Net loss before tax of NZ$3.3m (£1.7m), reflecting the combined NZ$3.3m write down of receivables and impairment of goodwill and intangible assets relating to the Triple Two business.
- **84 Group sites in the UK and Ireland** as at 31 March 2023 up from 82 as at 31 March 2022
- **An additional 6 stores** have been opened in the UK and Ireland in the first quarter with further store openings planned.
- **Cooks Coffee dual listed on the AQUIS Growth** market in November 2022.
- **Elena Garside** appointed as the first UK based Non-executive Director.

Cooks Coffee Company (CCC) continued to see strong growth across its franchised store estate during the Period, with sales from its outlets in the UK up by 18% and up by 41% in Ireland compared to FY22.

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 Period and the prior financial year was 17%.

However, Group revenues for the Period decreased 10% to NZ$6.6m (£3.4m), reflecting the lower than anticipated one off revenue streams from the opening of new stores. New store related non-recurring revenues declined 30% to NZ$2.86m (£1.4m) from FY22. This corelates to the construction & fit out income that were delayed into FY24. 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.

A number of planned store openings during the year were delayed until the current financial year due to the effects of supply chain disruptions in Q3 and Q4 of FY23. These factors appear to be easing in FY24 and with a strong pipeline of prospective franchisees we are expecting to see good new store growth in the current financial year to build on our position as the fourth largest coffee focused café chain in the UK.

OPERATIONAL BUSINESS PERFORMANCE

UK & IRELAND

84 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 from 47 at 31 March 2022, with 7 new stores opened and 3 closed. FY23 store sales were up 15.6% on FY22.

The Triple Two network opened four new stores during the financial year and closed six with 18 Triple Two cafes operating at the end of the financial year. Store sales were up 30.1% on FY22.

In Ireland outlet numbers at the end of the year were 15 and there is an encouraging pipeline of new stores in development for the balance of 2023 and beyond. Store sales were up 41.2% on FY22 reflecting the post Covid recovery. The new store in the Tallaght shopping centre opened in February 2023 and the store which features the first digital ordering kiosks in the network has traded strongly since opening. Store number 16 opened in O'Connell St in Dublin in the first week of April in the refurbished Savoy Cinema complex and in late June a new store in Mary St. in the city opened.

GLOBAL

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

ESG
(ENVIRONMENTAL, SUSTAINABILITY & GOVERNANCE)

We are proud to present our commitment to Environmental, Sustainability, and Governance (ESG) in this annual report. We recognize the urgent need to address climate change and its impact on our planet, and we are dedicated to building a family of ethical brands with a strong community spirit. This chapter highlights our focus on ESG, the specific USPs that differentiate us, and the steps we are taking to create a sustainable future.

OUR COMMITMENT TO ESG:

Ethical Practices

- We prioritise Fairtrade and Organic coffee, ensuring that our supply chain supports sustainable farming practices and fair compensation for coffee farmers.
- We source and use ethical and renewable design materials whenever possible to reduce waste and minimise our environmental footprint.
- Our commitment to using leading carbon-neutral coffee roasteries with direct links to coffee farmers aligns with our goal of mitigating climate change and protecting natural habitats and wildlife.

Community spirit

- Our franchise model empowers local entrepreneurs who own and operate their own businesses, fostering a sense of community and supporting local economies.
- We embrace localised bespoke designs in our outlets, creating unique spaces that reflect the culture and character of the communities we serve.
- We establish supply linkages with local producers, promoting sustainability and supporting regional businesses.

We believe that our focus on ESG sets us apart from any other chain operators in the UK and Ireland.

OUR USP’S INCLUDE:

Ethical standards

- By offering Fairtrade and Organic coffee, we assure our customers that they are making an ethical choice when they choose Cooks.

- By using recyclable cups and packaging materials in our stores we aim to reduce waste and contribute to the circular economy.
- Through the Too Good to Go waste program actively participate in reducing food waste by sharing excess products with local homeless charities –
- Our commitment to using ethical and renewable design materials reflects our dedication to sustainability and reducing our environmental impact.

Certified Carbon Neutral Roastery

- Our direct links to coffee farmers enable us to protect natural habitats and wildlife, preserving biodiversity while providing high-quality coffee to our customers.
- Our certified carbon-neutral roastery demonstrates our commitment to combating climate change and reducing greenhouse gas emissions.

Steps Towards a Sustainable Future:

- We have established a Board sub-committee chaired by Elena Garside, who brings considerable expertise in environmental sustainability and governance.
- This sub-committee will oversee and guide our ESG initiatives, ensuring an open and transparent process to achieve our sustainability goals.

Goal Setting and Measurement:

- We will set specific goals and metrics to track our progress in areas such as waste reduction, energy efficiency, and greenhouse gas emissions.
- Regular reporting on our ESG performance will demonstrate our commitment to transparency and accountability.

MARKET POSITION & POTENTIAL

Whilst the company is ranked as the 4th largest coffee focused chain by outlet numbers, according to the Allegra report of January 2023, the share of outlets in the UK is less than 1% of the market of 9,780 branded café chains. Given that branded chains represent approximately 30% of the total market there is significant potential to grow the business in the UK & Ireland. The major focus will continue to be in market cities and towns along with suburban areas where the company and its franchisees are part of the local community.

In Ireland CCC has approximately 2.6% of the market based on recent Allegra data reporting 654 branded cafes in the Republic.

The longer-term strategy will focus on growing the store network and the company will also look to grow via synergistic acquisitions and through vertical integration where this is provides enhanced shareholder value. The Board will continue to monitor the performance of subsidiaries and swift action will be considered to address under performance.

Cooks is committed to leading the way in ESG, striving to build a sustainable future while offering a unique and unmatched experience to our customers. By focusing on ethical practices, community spirit, and environmental responsibility, we are confident that we can make a positive impact on our planet and set an example for the industry. Our Board will ensure that our ESG initiatives remain at the forefront of our corporate strategy, delivering long-term value for all stakeholders.

DUAL LISTING

The company listed on the AQUIS growth market in November 2022 as part of the strategy of building the business within the UK & Ireland. We will continue to monitor benefits of the dual listing and discuss these with our brokers and corporate advisors.

OPERATING METRICS – STORE NUMBERS

There were 16 new stores added to the network and 15 closures giving a net gain of one for the year. Closures in most cases were stores where the leases had come up for review and it was logical not to renew for certain specific locations given the changes in consumer behaviour in the post Covid market The store network is generally well placed to take advantage of these changes with the primary focus in suburban locations where the "working from home" trend is proving beneficial to the Cooks business model.

Store Numbers FY23	Stores @ April 2022	Stores Opened during the Year	Stores Closed during the year	Stores Operational at 31st March 2023
ECUK	47	7	3	51
Triple Two	20	4	6	18
ECHI	15	2	2	15
Europe	1	0	0	1
Pakistan & Indonesia	5	1	1	5
Middle East	21	2	3	20
	109	**16**	**15**	**110**

BALANCE SHEET

Total Equity in the Company reduced to NZ$1.4m (£0.7m) reflecting the write down of receivables and the non-cash impairment of goodwill related to the Triple Two business.

Management assessed the Value in Use for the UK Triple Two business unit and because of this assessment impaired Goodwill by $2.5m (approximately £1.2m). Main considerations for this impairment related to reassessing the forecasts and the likely slower than planned return to a higher growth environment.

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

PEOPLE

We have a great team of employees, master franchisees, franchisees & key business partners who contribute to the performance of the business daily. To ensure that we can continue to attract and retain the best people we may consider introducing a share ownership scheme to ensure the alignment of interests of management with shareholders as we strive to build shareholder value.

Along with all Directors I would like to take this opportunity to acknowledge the excellent work done by our dedicated teams during the financial year.

SUMMARY

The performance in FY23 has highlighted the difference in the maturity and business model of the long-established Esquires brands that have been operating for more than 20 years and which have recurring income of approximately 85% of total revenues. In comparison, to the newer Triple Two brand has capital related income of approximately 90% of total revenues as it looks to build its store network. With recurring revenue growth continuing to be positive and generally above reported overall market growth and with a strong new store pipeline the company is well placed to build the business in a sustainable manner.

The Group has 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

DIRECTOR'S 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 2023.

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 2023 and their financial performance and cash flows for the year ended on that date.

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

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

The directors consider they have taken adequate steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The directors note that there were no material changes in the nature of the business undertaken by the Company in the past year.

Going Concern
The directors consider that using the going concern assumption is appropriate having reviewed cash flow projections of the Group.

Greater detail of the going concern assumptions and the cash generating initiatives currently underway are detailed in Note 4 of the consolidated financial statements.

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

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

The directors present the consolidated financial statements set out in pages 14 to 57, of Cooks Coffee Company Limited and its controlled entities for the period 1 April 2022 to 31 March 2023.

The Board of Directors of Cooks Coffee Company Limited authorised these consolidated financial statements for issue on 26 June 2023.

William Buck
ACCOUNTANTS & ADVISORS

Cooks Coffee Company Limited

Independent auditor’s report to the Shareholders

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Cooks Coffee Company Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards.

Basis for Opinion

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

Other than in our capacity as auditor we have no relationship with, or interests in, the Company or 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 loss from continuing operations of $3,220,000 for the year ended 31 March 2023 and, as of that date, the Group’s current liabilities exceeded its current assets by $6,263,000. 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.

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William Buck
ACCOUNTANTS & ADVISORS

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the 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.

INTANGIBLE ASSETS & GOODWILL	
Area of focus - Refer also to Note 15	**How our audit addressed it**
The Group has significant intangible assets relating to the Global franchise rights (excluding a few countries) of Esquires Coffee. The Group has assessed that the useful life of these intangible assets to be indefinite. The Group has significant intangible assets relating to the franchise rights of Triple Two that are amortised. In addition there is significant goodwill recorded arising from the acquisition of Triple Two. The group recorded an impairment of goodwill in the year ended 31 March 2023 of $2.5 million. Because of the significance to the financial statements of these balances and the judgements and assumptions which need to be applied in determining recoverable amounts is the reason why we have given specific audit focus and attention to this area.	Our audit procedures included: — Assessed the useful life of the assets — Analysed the Group's impairment assessment — Performed stress testing of the key assumptions — Obtained independent expert advice on the methodology and discount rates applied — Ensured appropriate disclosure has been included in the financial statements

LEASES	
Area of focus - Refer also to Note 21	**How our audit addressed it**
The Group applies NZ IFRS 16 *Leases* which has a significant impact on the Group's financial statements. Accounting for leases requires management judgement. Lease liabilities represent 66% of total liabilities of the Group at 31 March 2023 which is why we have given specific audit focus and attention to this area.	Our audit procedures included: — Tested key transactions relating to leases of the Group — Tested for modifications to Lease agreements and Incremental Borrowing Rate — Tested for completeness that all leases were included — Ensured appropriate disclosure has been included in the financial statements

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

The directors are responsible for the other information in the Annual Report. The other information comprises the Executive Chairman's Report, the Directors Report, Statutory Information and Company Directory, 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

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

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

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

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

A further description of our responsibilities for the audit of these financial statements is located at the External Reporting Board (XRB) website at: Audit Report 1 » XRB. This description forms part of our independent auditor's report.

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

WilliamBuck
ACCOUNTANTS & ADVISORS

Restriction on Distribution and Use

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

William Buck

William Buck Audit (NZ) Limited
Auckland

26 June 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2023

	Notes	31 March 2023 $'000	31 March 2022 $'000
Continuing operations			
Revenue	5	**6,613**	7,372
Grant and other income	5	**295**	449
Release of liabilities	5	**337**	-
Raw materials and consumables used		**(977)**	(1,628)
Depreciation and amortisation	15,16,21	**(850)**	(581)
Impairment loss on receivables	11	**(448)**	(227)
Net foreign exchange (losses)/gains		**(110)**	(230)
Employee costs	6	**(2,514)**	(2,442)
Other expenses	7	**(2,446)**	(2,480)
Operating profit/(loss)		**(100)**	233
Interest Income	21	**1,172**	1,145
Finance costs	8,21	**(1,908)**	(2,026)
Reduction of contingent consideration payable	31	**-**	6,431
Impairment of goodwill	15	**(2,497)**	(5,983)
Profit/(Loss) before income tax		**(3,333)**	(200)
Income tax (expense)/credit	9	**113**	110
Profit/(Loss) for the year from continuing operations		**(3,220)**	(90)
Net loss for the year from discontinued operations	13.1	**(96)**	(348)
Net Profit/(Loss) for the year attributable to shareholders		**(3,316)**	(438)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Change in foreign currency translation reserve		**883**	(120)
Other comprehensive income after tax		**883**	(120)
Total comprehensive Profit/(Loss) for the year attributable to shareholders		**(2,433)**	(558)
Total comprehensive Profit/(Loss) for the year attributable to Shareholders of the parent arises from:			
- Continuing operations		**(2,337)**	(210)
- Discontinued operations	13.1	**(96)**	(348)
		(2,433)	(558)
Loss per share:			
Basic and diluted loss per share (New Zealand Cents) from continuing and discontinued operations:	20.2	**(5.97)**	(0.07)
Basic and diluted loss per share (New Zealand Cents) from continuing operations:	20.2	**(5.80)**	(0.01)
Basic and diluted loss per share (New Zealand Cents) from discontinued operations:	20.2	**(0.17)**	(0.06)

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 2023

		Attributable to Equity holders of the Company				
	Notes	Share Capital $'000	Foreign currency translation reserve $'000	Share based payment reserve $'000	Accumulated Losses $'000	Total Equity $'000
Balance at 1 April 2021		52,220	208	2,401	(56,550)	(1,721)
Comprehensive loss for the year						
Profit/(Loss) for the year		-	-	-	(438)	(438)
Other comprehensive income						
Items that may be subsequently reclassified to profit or loss:						
Change in foreign currency translation reserve		-	(120)	-	-	(120)
Total comprehensive income/(loss) for the year		-	(120)	-	(438)	(558)
Transactions with owners of the Company						
Issue of ordinary shares	20.1	4,677	-	-	-	4,677
Total contributions by owners of the Company		4,677	-	-	-	4,677
Balance at 31 March 2022		**56,897**	**88**	**2,401**	**(56,988)**	**2,398**
Comprehensive loss for the year						
Profit/(Loss) for the year		**-**	**-**	**-**	**(3,316)**	**(3,316)**
Other comprehensive income						
Items that may be subsequently reclassified to profit or loss:						
Change in foreign currency translation reserve		**-**	**883**	**-**	**-**	**883**
Total comprehensive income/(loss) for the year		**-**	**883**	**-**	**(3,316)**	**(2,433)**
Transactions with owners of the Company						
Issue of ordinary shares	20.1	**1,448**	**-**	**-**	**-**	**1,448**
Change in share based payment reserve		**-**	**-**	**-**	**-**	**-**
Total contributions by owners of the Company		**1,448**	**-**	**-**	**-**	**1,448**
Balance at 31 March 2023		**58,345**	**971**	**2,401**	**(60,304)**	**1,413**

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

Consolidated Statement of Financial Position

As at 31 March 2023

	Notes	31 March 2023 $'000	31 March 2022 $'000
Current Assets			
Cash and cash equivalents	10	**445**	1,156
Trade and other receivables	11	**1,323**	1,244
Lease receivables	21.1	**2,155**	2,755
Other current assets	11	**795**	588
Assets classified as held-for-sale		**16**	18
Current Assets		**4,734**	5,761
Non-Current Assets			
Property, plant and equipment	16	**142**	150
Right-of-use assets	21.1	**1,604**	1,642
Lease receivables	21.1	**17,427**	16,488
Goodwill	15	**3,072**	5,457
Intangible assets	15	**6,881**	7,262
Other non-current financial assets		**15**	15
Non-current assets		**29,141**	31,014
Total Assets		**33,875**	36,775
Liabilities			
Current Liabilities			
Trade and other payables	17	**4,440**	4,518
Deferred revenue	18	**1,507**	2,335
Lease liabilities	21.1	**2,382**	2,920
Borrowings	19	**2,108**	2,892
Other Liabilities	19	**560**	565
Current liabilities		**10,997**	13,230
Non-Current Liabilities			
Deferred Revenue	18	**114**	257
Lease liabilities	21.1	**18,932**	18,226
Deferred tax liabilities	9	**1,036**	1,143
Borrowings	19	**1,383**	1,521
Non-current liabilities		**21,465**	21,147
Total Liabilities		**32,462**	34,377
Net Assets/(Liabilities)		**1,413**	2,398
Equity			
Share capital	20.1	**58,345**	56,897
Accumulated losses		**(60,304)**	(56,988)
Foreign currency translation reserve		**971**	88
Share based equity reserve	20.3	**2,401**	2,401
Total equity		**1,413**	2,398

G. K. Jackson

Director

Director

The consolidated financial statements were approved for issue for and on behalf of the Board as at 26 June 2023.

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 2023

	Notes	31-Mar 2023 $'000	31-Mar 2022 $'000
Operating activities			
Cash was provided from:			
Receipts from customers		**7,070**	6,363
Cash was applied to:			
Interest cost		**(526)**	(381)
Payments to suppliers & employees		**(7,028)**	(6,614)
Net cash provided from/(applied to) operating activities	23	**(484)**	(632)
Investing activities			
Cash was applied to:			
Purchase of property, plant and equipment		**(56)**	(124)
Acquisition of intangible assets		**-**	(91)
Net cash provided from/(applied to) investing activities		**(56)**	(215)
Financing activities			
Cash was provided from:			
Proceeds from borrowings		**100**	981
Proceeds from share issue		**587**	902
Cash was applied to:			
Principal elements of lease payments		**(175)**	(165)
Repayment of borrowings		**(683)**	(608)
Net cash provided from/(applied to) financing activities		**(171)**	1,110
Net increase/(decrease) in cash and cash equivalents held		**(711)**	263
Cash & cash equivalents at beginning of the year		**1,156**	886
Effect of exchange rate changes on foreign currency balances		**-**	7
Cash & cash equivalents at end of the year	10	**445**	1,156
Composition of cash and cash equivalents:			
Bank balances	10	**445**	1,156

This statement should be read in conjunction with the 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 14.1.

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

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

The consolidated financial statements for the year ended 31 March 2023 ("FY23") were approved and authorised for issue by the Board of Directors on 26 June 2023.

3. Summary of accounting policies

3.1. Going concern

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

3.2. Overall considerations

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

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

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

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

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

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

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

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

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

3.3.Changes in accounting policies

The accounting policies applied are consistent with those of the audited annual financial statements for CCC for the year ended 31 March 2022.

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 2023. 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 .

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

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

Inactive stores

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

Significant financing components

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

Other revenue

Other revenue includes services to independent franchisees or other third parties received by the Group. Other revenues are recognised when reliable estimates of the amounts due to the Group are deemed to be highly probable.

Grant Income & government subsidy

The accounting policy adopted is to recognise the grant income in the period to which the underlying furloughed staff costs relate. 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. Business Combinations and Goodwill

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

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

Acquisition costs are expensed as incurred.

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

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

a) fair value of consideration transferred,

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

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

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

3.9. Income taxes

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

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

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

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

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

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

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

3.10. Employment benefits

Defined contribution plans

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

Short-term employee benefits

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

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

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

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

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

3.12. Financial instruments

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

Financial assets

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

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

Non-derivative financial instruments

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

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

Interest income and expense

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

3.13 Intangible assets

Recognition of intangible assets

Acquired intangible assets

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

Subsequent measurement

Intangible assets not of an indefinite life are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in Note 3.11. As of 31 March 2023, the remaining useful life for Trademark is 4 years and the useful life for Franchise System is 10 years.

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

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

3.14 Property, plant and equipment

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

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

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

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

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

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

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

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

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

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

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

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

3.13. 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.

3.17 Significant management judgement in applying accounting policies and estimation uncertainty

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

Intangible assets

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

Contingent consideration

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

The Group has measured its contingent consideration in relation to the earn-out provision for Triple Two Coffee acquisition based on the budgeted EBITDA for the calendar years from 2020 to 2022 as approved by the management. Please refer to Note 31 for the contingent consideration recognised from the acquisition of Triple Two Coffee.

Impairment on Goodwill

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

Going concern

The considered view of the Board of Directors of the Company is that, after making enquiries, we have a reasonable expectation that Cooks Coffee Company Limited (the Company) and Group have access to adequate resources to continue operations for the foreseeable future. For this reason, the Board of Directors considers the adoption of the going concern assumption in preparing the consolidated financial statements for the FY23 to be appropriate. *(See Note 4).*

Deferred Costs

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

Leases

Extension and termination options

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

Critical judgements in determining the lease term

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

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

Incremental borrowing rates

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

To determine the incremental borrowing rate, the Group:

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

Impairment testing of intangible assets

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

Carrying value of receivables

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

Recognition of deferred tax assets

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

4. Going concern

The Group reported a loss for continuing operations of $3,220,000 (2022: $90,000) and operating net cash inflows/(outflows) of ($484,000) (2022: ($632,000) for FY23.

As at 31 March 2023, the Group has reported Net Assets of $1,413,000 (2022: $2,398,000) and current liabilities exceed current assets by an amount of $6,263,000 (2022: $7,469,000).

Included in current liabilities is $806,000 of Deferred Revenue. The deferred revenue is a non-cash item and will be recognised in revenue as the Group's franchisees open stores or when the services are provided.

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

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

- Opening multiple new stores in the United Kingdom & Ireland in FY24, with six sites already opened in the first quarter.
- The successful conclusion of existing negotiations for new Esquires Regional Developers.
- Improvement in economic activity in the United Kingdom and Ireland and the continued lift in store revenue levels.
- The Group has a Cash position of $445,000 as at 31 March 2023.
- Budget for the FY24 projects a positive cash inflow of $600,000.
- An allowance for the payment of related party loans as well as institutional debt.
- The Group's ability to successfully conclude present discussions regarding the roll-over of existing debt as well as continued capital raises in both New Zealand and the United Kingdom.
- The Group's ability to raise debt or 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.

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

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

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

The Directors are also confident that operating cash flows will continue to improve because of the recovery from the various government-imposed restrictions related to Covid-19, restructuring activities that have been undertaken along with reductions in corporate office costs, to reduce the extent of cash outflow and improve profitability.

The Directors continue to consider other opportunities to further improve the Group's cash position which include discussing collaborations with partners overseas, negotiations with potential strategic equity partners, investigating new facility lines, ongoing discussions in the UK and Ireland relating to potential acquisitions, rationalising the business wherever possible to concentrate on core business activity and greater focus on improving existing core business activities.

After considering all available information, the Directors have concluded that there are reasonable grounds to believe that the forecasts and plans are achievable, the Group will be able to pay its debts as and when they become due and payable, there is sufficient headroom in available cash resources, and the basis of preparation of the financial report on a going concern basis is appropriate.

Should the Group be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the consolidated financial statements. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the Group be unable to continue as a going concern and meets its debts as and when they fall due.

5.Revenue

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

	Continuing Operations		Discontinued Operations	
	31-Mar 2023 $'000	31-Mar 2022 $'000	31-Mar 2023 $'000	31-Mar 2022 $'000
Recurring store franchise fees (royalties, incentives etc)	**3,756**	3,271	**-**	(14)
New store construction & fitout income	**1,533**	1,780	**-**	257
Franchise fees	**1,307**	1,872	**-**	-
Sale of food & beverage	**17**	449	**464**	377
Group revenue	**6,613**	7,372	**464**	620

Franchise fees

Included in franchise fees is the amortisation of deferred revenue related to the sale of country and regional franchises and store franchises. During FY23, the Group's franchisees opened 16 new stores (2022: 16).

Grant income

In FY23, there was grant income of $295,000 relating to the wage subsidy from the Ireland Government due to Covid-19 pandemic. In FY22 there was grant income of $449,000 relating to the wage subsidy from Governments due to Covid-19 pandemic in the United Kingdom, Ireland, and New Zealand.

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 FY2023. 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 FY2023.

	31-Mar 2023 $'000	31-Mar 2022 $'000
Release of liabilities		
Trade and other payables	**102**	-
Other liabilities	**235**	-

6. Employee costs

Expenses recognised for employee costs are analysed below:

	Continuing Operations		Discontinued Operations	
	31-Mar 2023 $'000	31-Mar 2022 $'000	31-Mar 2023 $'000	31-Mar 2022 $'000
Wages, salaries	**2,230**	2,096	**181**	306
Defined contribution funds	**65**	44	**3**	3
Other staff costs	**219**	301	**13**	10
Employee remuneration	**2,514**	2,442	**197**	319

7. Other expenses

Expenses recognised as other costs are analysed below:

	Continuing Operations		Discontinued Operations	
	31-Mar 2023 $'000	31-Mar 2022 $'000	31-Mar 2023 $'000	31-Mar 2022 $'000
Administration and other costs	**560**	858	**199**	313
Directors fees	**144**	92	**-**	-
Selling, marketing and distribution costs	**537**	481	**5**	4
Management fees	**240**	240	**-**	-
Professional and consulting services	**418**	387	**2**	12
Travel costs	**547**	422	**-**	-
Other expenses	**2,446**	2,480	**206**	329

8. Finance costs

Finance costs for the reporting periods consist of the following:

	Continuing Operations		Discontinued Operations	
	31-Mar 2023 $'000	31-Mar 2022 $'000	31-Mar 2023 $'000	31-Mar 2022 $'000
Finance charges	**16**	29	**4**	3
Interest expense on leases	**1,307**	1,183	**-**	35
Interest on loans	**585**	814	**2**	-
Finance costs	**1,908**	2,026	**6**	38

9. Income Tax and Deferred Tax

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

	31-Mar 2023 $'000	31-Mar 2022 $'000
Profit/(Loss) before tax from continuing operations	**(3,333)**	(200)
Loss before tax from discontinuing operations	**(96)**	(348)
	(3,429)	(548)
Domestic tax rate for Cooks Coffee Company Limited	**28%**	28%
Expected tax expense (income)	**(960)**	(153)
Adjustment for tax-rate differences in foreign jurisdictions	**5**	(61)
Adjustment for non-deductible expenses:		
Relating to amortisation of intangible assets	**775**	-
Other non-deductible expenses	**245**	218
Actual tax expense (income)	65	4
Tax expense (income) comprises:		
Current tax expense (income)	**65**	(25)
Deferred tax expense (income):		
- Origination and reversal of temporary differences	**-**	(14)
- Temporary difference relating to amortisation of intellectual property on acquisition	**112**	(129)
- Tax losses adjustment to prior period	**(134)**	75
- Tax Losses not recognised	**158**	107
- Unrecognised Tax Losses	**(314)**	(124)
Income tax expense (income)	**(113)**	(110)
Income tax expense (income) is attributable to:		
Loss from continuing operations	**(113)**	(110)
Loss from discontinued operations	**-**	-
	(113)	(110)

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

	31-Mar 2023 $'000	31-Mar 2022 $'000
Cash at bank and in hand denominated in:		
NZD	**8**	222
EUR	**73**	101
GBP	**364**	833
Cash and cash equivalents	**445**	1,156

10. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	31-Mar 2023 $'000	31-Mar 2022 $'000
Cash at bank and in hand denominated in:		
NZD	**8**	222
EUR	**73**	101
GBP	**364**	833
Cash and cash equivalents	**445**	1,156

There are no restrictions on the cash and cash equivalents.
The Group had no overdraft banking facilities as at 31 March 2023 (2022: $NIL).

11. Trade and other receivables and other current assets

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

The Group has recognised expected credit losses in the Statement of Profit or Loss and Other Comprehensive Income by applying the simplified impairment approach, whereby upon initial measurement of the trade receivables, the Group considers all credit losses that are expected to occur during the lifetime of the receivable. The Group has reviewed the historical ageing analysis of gross trade receivables and considered forward looking macro-economic factors, by geographic region, to determine the expected credit loss rate. This rate is applied to outstanding gross trade receivables as at 31 March 2023 to calculate the allowance for expected credit losses.

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

	31-Mar 2023 $'000	31-Mar 2022 $'000
Trade and other receivables		
Trade receivables	**1,549**	1,622
Less: provision for expected credit losses	**(226)**	(378)
Net trade and other receivables	**1,323**	1,244
Movements in provision		
Opening Balance	**(378)**	(151)
Bad Debts write-off	**-**	-
Release/(Additional provision) for expected credit losses	**152**	(227)
Closing Balance	**(226)**	(378)

	31-Mar 2023 $'000	31-Mar 2022 $'000
Impairment loss on receivables comprises of:		
Release/(Additional provision) for expected credit losses	**152**	(227)
Bad debts written off	**(600)**	-
Impairment loss on receivables	**(448)**	(227)

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 up to 25% a time will be applied depending on an assessment of the likelihood of the debtor to clear the balance.

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

	31-Mar 2023 $'000	31-Mar 2022 $'000
Trade receivables		
Current	**283**	53
31 to 60 days	**151**	103
61 to 90 days	**220**	221
> 90 days	**895**	1,245
Trade receivables	**1,549**	1,622

(c) Other current assets consist of the following:

	31-Mar 2023 $'000	31-Mar 2022 $'000
Prepayments	**208**	304
Deferred Costs	**186**	254
Other short-term assets	**401**	30
Other current assets	**795**	588

Deferred Costs represent project costs capitalised against revenue that has not yet been earned by Triple Two Coffee. Please refer to Note 12. Other short-term assets consist mainly of sundry debtors and refundable deposits due within the next 12 months. Included in sundry debtors is a $255k receivable from a related party with respect to issued capital not yet paid. The full amount was received subsequent to year end. See Notes 20.1 and 24.1.

12. Deferred Costs

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

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

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

There is 1 remaining site operated by the Group in the UK. The Group is negotiating the store lease and intends to exit in FY24.

Financial performance and cash flow information of discontinued operations

The financial performance and cash flow information presented are for the year ended FY23 and FY22.

	31-Mar 2023 $'000	31-Mar 2022 $'000
Results of discontinued operation		
Revenue	**464**	620
Other income	**-**	-
Raw materials and consumables used	**(149)**	(183)
Depreciation and amortisation	**(3)**	(100)
Employee costs	**(198)**	(319)
Other expenses	**(205)**	(329)
Operating loss	**(91)**	(311)
Finance costs	**(3)**	(3)
Interest on bank and other borrowings	**(2)**	(34)
Loss before income tax	**(96)**	(348)
Income tax (expense)/credit	**-**	(100)
Loss for the year from discontinued operation	**(96)**	(448)
Cash flows used in discontinued operation		
Net cash used in operating activities	**(90)**	(138)
Net cash used in investing activities	**-**	-
Net cash used in financing activities	**-**	-
Net cash flows for the year	**(90)**	(138)

14. Interests in other entities

Interests in material subsidiaries

	Country	% Holding 2023	2022	Principal activity
Bishops Café Limited	England	100	100	Food and beverage
Esquires Coffee UK Limited	England	100	100	Food and beverage
Esquires Real Estate (UK) Limited	England	100	100	Store Lease Holding
Esquires Coffee Houses Ireland Limited	Ireland	100	100	Food and beverage
Esquires Coffee Houses Europe Limited	Ireland	100	100	Master Franchisor - Holding Master Franchise Agreement
Triple Two Holdings Limited	UK	100	100	Holding Company
Triple Two Coffee Franchise Limited	UK	100	100	Master Franchisor - Holding Master Franchise Agreement
TTC Contractors Limited	UK	100	100	Fit Out and Construction

15. Intangible Assets

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

	Trademarks $'000	Global IP Rights $'000	Franchise Rights $'000	Total $'000
Cost				
Balance at 1 April 2021	93	3,245	4,950	8,288
Additions	-	-	91	91
Balance at 31 March 2022	93	3,245	5,041	8,379
Additions	-	-	-	**-**
Balance at 31 March 2023	**93**	**3,245**	**5,041**	**8,379**
Accumulated amortisation				
Balance at 1 April 2021	(73)	(434)	(286)	(793)
Amortisation charge for the year	-	-	(324)	(324)
Balance at 31 March 2022	(73)	(434)	(610)	(1,117)
Amortisation charge for the year	-	-	(381)	**(381)**
Balance at 31 March 2023	**(73)**	**(434)**	**(991)**	**(1,498)**
Carrying amounts				
At 31 March 2022	20	2,811	4,431	7,262
At 31 March 2023	**20**	**2,811**	**4,050**	**6,881**

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

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

Key assumptions in the models were:

- FY24 reflects a full recovery to pre-Covid levels in UK and Ireland markets with the key assumption being that there will be
- no more long-term lockdowns that will impact on the ability of the franchise store network to operate in a normal manner. Store openings contribute to one-off income and royalties and marketing fees based off existing and new stores (16 new stores in United Kingdom and 2 in Ireland);
- FY25 year on year revenue growth that relates to FY23 being a full year of "normal trading" in core markets and the benefits of the new store acquisition program (20 new stores in United Kingdom and 4 in Ireland);
- Long term growth rate of 2.0% per annum from FY24 onwards;
- exchange rates of 0.60 (NZD/EURO) and 0.51 (NZD/GBP); and
- a discount rate of 13.2% per annum.

Based on this work the recoverable amount ($4.8m) 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.

Goodwill:

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment.

The carrying amount of Goodwill is allocated to Triple Two Coffee as the separate cash generated unit (CGU). Recoverable amount is determined based on the "value in use" calculations for Triple Two Coffee. The use of this method requires the estimation of future cash flows for projected 2 years and the determination of a discount rate in order to calculate the present value of the cash flows.

	Goodwill $'000
Cost	
Balance at 1 April 2022	11,569
Additions	-
Balance at 31 March 2023	**11,569**
Impairment	(5,983)
FX Translation Adjustment	(129)
Balance at 31 March 2022	**5,457**
Impairment	**(2,497)**
FX Translation Adjustment	**112**
Balance at 31 March 2023	**3,072**
Carrying amounts	
At 31 March 2022	5,457
At 31 March 2023	**3,072**

The key assumptions in the models were:

- 6 new franchisee stores opened in FY24 and FY25, and 7 in FY26;
- FY24 reflects a full recovery to pre-Covid levels in UK with the key assumption being a lower number of franchisees sold (than forecast in prior years) as the business is restructured to transition to a model with a lesser reliance on non-recurring new store revenue streams. Recurring revenue streams such as royalties to represent a stronger focus than in the past especially as the business builds an expanded network of stores;
- FY25 and FY26 builds on prior year new store growth (increasing the royalty revenue stream) but assumes a similar level of new franchisee store growth as a key assumption;
- Long term growth rate of 2.0% per annum from FY24 onwards;
- exchange rates of 0.51 (NZD/GBP); and
- a post-tax discount rate of 14.7% per annum.

Based on this work the recoverable amount for Goodwill was assessed by management to be lower than its existing carrying value. This reflects a poorer trading result in FY23 due to a lesser number of new store openings than originally forecast and a resulting revision to forecasts to reflect more conservative new store opening numbers in FY24 – FY26 and the operational improvements underway in the business. At 31 March 2023, the value in use of the Triple Two Coffee CGU is $4,772,983 (£2,415,607).

16. Property, plant and equipment

	Furniture & Fittings $'000	Plant & Equipment $'000	Computer Equipment $'000	Motor Vehicles $'000	Total $'000
Cost					
Balance at 1 April 2021	31	240	147	23	441
Additions	19	-	63	39	121
Disposals	(15)	(36)	-	(6)	(57)
Balance at 31 March 2022	35	204	210	56	505
Balance at 1 April 2022	35	204	210	56	**505**
Additions	12	19	23	2	**56**
Disposals	(34)	(99)	(31)	(44)	**(208)**
Balance at 31 March 2023	**13**	**124**	**202**	**14**	**353**
Accumulated depreciation					
Balance at 1 April 2021	(36)	(212)	(115)	(2)	(365)
Depreciation	(3)	(5)	(18)	(10)	(36)
Disposals	11	28	7	-	46
Balance at 31 March 2022	(28)	(189)	(126)	(12)	(355)
Balance at 1 April 2022	(28)	(189)	(126)	(12)	**(355)**
Depreciation	(1)	(18)	(26)	(4)	**(49)**
Disposals	27	114	42	10	**193**
Balance at 31 March 2023	**(2)**	**(93)**	**(110)**	**(6)**	**(211)**
Carrying amounts					
At 31 March 2022	7	15	84	44	**150**
At 31 March 2023	**11**	**31**	**92**	**8**	**142**

17. Trade and other payables

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

Trade and other payables	31-Mar 2023 $'000	31-Mar 2022 $'000
- Trade payables	**3,138**	2,323
- Related party payables	**441**	723
- Other payables	**861**	1,472
Trade and other payables	**4,440**	4,518
Trade payables		
Within Terms	895	496
Overdue	2,243	1,827
Trade payables	**3,138**	2,323

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

18. Deferred revenue

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

	UK & Ireland Franchising $'000	Global Franchising & Design $'000	Total $'000
Opening balance as of 1 April 2021	6,728	228	6,956
Additions/(Decreases) during the year	(1,066)	-	(1,066)
Recognised as:			
Franchise fees during the year	(1,872)	(58)	(1,930)
New store construction & fitout income during the year	(1,368)	-	(1,368)
Closing balance as of 31 March 2022	2,422	170	2,592
- Current	2,277	58	2,335
- Non Current	145	112	257

	UK & Ireland Franchising $'000	Global Franchising & Design $'000	Total $'000
Opening balance as of 1 April 2022	**2,422**	**170**	**2,592**
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 during the year	**(1,014)**	**-**	**(1,014)**
Closing balance as of 31 March 2023	**1,581**	**40**	**1,621**
- Current	**1,497**	**10**	**1,507**
- Non Current	**84**	**30**	**114**

As part of the revenue recognition policy of inactive stores (refer Note 3.7), $841,000 (2022: $779,000) was recognised in the profit and loss during the year. $1,581,000 (2022: $2,422,000) remains outstanding as currently unsatisfied performance obligations.

	Current 2023 $'000	Non-Current 2023 $'000	Current 2022 $'000	Non-Current 2022 $'000
Borrowings				
Finance Loans	**1,242**	**350**	2,017	468
Related Party Loans*	**866**	**1,033**	875	1,053
	2,108	**1,383**	2,892	1,521
Other liabilities				
Hire Purchase	**-**	**-**	3	-
Payable for acquisition of Triple Two Coffee	**560**	**-**	562	-
	560	**-**	565	-
Borrowings and other liabilities	**2,668**	**1,383**	3,457	1,521

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

During the 2022 year $2,000,000 (Nikau Trust) and $63,000 (Weihai Station) of related party debt was converted to share capital.

Fair value

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

20. Equity

20.1 Share Capital

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

Movements of share capital	**31-Mar-23**	**31-Mar-22**
Number of Shares issued:	**No. of Shares**	**No. of Shares**
Ordinary shares opening balance	53,059,495	627,833,831
Ordinary shares issued	7,666,854	103,317,794
Ordinary shares consolidation	-	(678,092,130)
Total ordinary shares authorised at 31 March	60,726,349	53,059,495

Movements of share capital	**31-Mar-23**	**31-Mar-22**
Value of Shares issued:	**$'000**	**$'000**
Ordinary shares opening balance	56,897	52,220
Ordinary shares issued less share issue expenses	1,448	4,677
Total ordinary shares authorised at period end	58,345	56,897

During the year ended FY23, the company issued 7,666,854 new shares (2022: 53,059,495) bringing the total issued shares to 60,726,349. The company now has 59,519,349 quoted shares and 1,207,000 non-voting shares on issues. There were no shares cancelled during FY23 (FY22: Nil).

During the FY22 year, Esquires UK purchased the shares from the existing Triple Two Coffee Group shareholders for $879,000. This does not form part of share capital, but forms part of other reserves within the consolidated group.

20.2 Loss per share

The calculation of basic and diluted loss per share for the year ended FY23 was based on the weighted average number of ordinary shares on issue. The calculation of diluted earnings per share for the year ended FY23 was based on the weighted average number of ordinary shares.

	31-Mar-23	**31-Mar-22**
Weighted average ordinary shares issued	**55,526,579**	631,060,729
Weighted average potentially dilutive options issued	**-**	-
Basic and diluted loss per share (New Zealand Cents) from continuing and discontinued operations:	**(5.97)**	**(0.07)**
Basic and diluted loss per share (New Zealand Cents) from continuing operations:	**(5.80)**	**(0.01)**
Basic and diluted loss per share (New Zealand Cents) from discontinued operations:	**(0.17)**	**(0.06)**
Net tangible assets per share (New Zealand Cents)	**(12.36)**	**(17.30)**

The weighted average numbers of shares are calculated below:

Weighted average number of shares	**31-Mar-23**	**31-Mar-22**
Number of Shares issued:	**No. of Shares**	**No. of Shares**
Ordinary shares opening balance	53,059,495	602,412,181
Ordinary shares issued	2,467,084	28,648,549
Ordinary shares bought back on-market and cancelled	-	-
Total ordinary shares authorised at 31 March	55,526,579	631,060,729

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

	31-Mar-23	31-Mar-22
Ordinary shares issued	**60,726,349**	**53,059,495**
Basic and diluted loss per share (New Zealand Cents) from continuing and discontinued operations:	**(5.46)**	**(0.83)**
Basic and diluted loss per share (New Zealand Cents) from continuing operations:	**(5.30)**	**(0.17)**
Basic and diluted loss per share (New Zealand Cents) from discontinued operations:	**(0.16)**	**(0.66)**
Net tangible assets per share (New Zealand Cents)	**(12.36)**	**(17.30)**

20.3 Share based payment reserve

Movement in Share based payment reserve	31-Mar 2023 $'000	31-Mar 2022 $'000
Esquires Coffee Ireland Limited share-based payment		
Opening balance	**2,401**	2,401
Amount expensed during current vesting period	**-**	-
Adjustment on best available estimate	**-**	-
Closing balance	**2401**	2,401

- No earn-out payment has been made as at 31 March 2023.
- The earn-out payment will be settled by the issue of Cooks shares.

20.4 Shares held by ESOP / Treasury shares

There were 3,888,837 shares held on trust at 31 March 2023 (3,388,837 at 31 March 2022).

The shares held by the ESOP are expected to be issued under share option contracts.

The shares are held for the intention of share conversions to be executed in FY24.

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

21 Leases

The Group leases stores and office premises from various third-party landlords and subsequently re-lease them to the franchisees under separate lease contracts. This lease arrangement is limited to the franchises in the UK and Ireland only. Lease contracts are typically made for fixed periods of 5 to 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.

Right-of-Use Assets

The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

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

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

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

Lease Liabilities

The lease liability is initially measured at the present value of the future lease payments over the lease term that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate, being the rate that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

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

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

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

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

- A change in an index or a discount rate;
- A change in the estimate of the amount expected to be payable under a residual value guarantee;
- Changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a

termination option is reasonably certain not to be exercised; or

- A lease modification that is not accounted for as a separate lease.

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

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

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

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

The finance lease receivable is subsequently increased by the interest income on the finance lease receivable and decreased by lease payment received. It is remeasured when there is a lease modification that is not accounted for as a separate lease.

21.1 Amounts recognised in the Statement of Financial Position

The Statement of Financial Position shows the following amounts relating to leases:
Right-of-use assets

	31-Mar 2023 $'000	31-Mar 2022 $'000
Property		
Cost	**2,811**	1,663
Less: Accumulated depreciation	**(1,169)**	(948)
Net book value as at 1 April	**1,642**	715
Additions	**656**	1,321
Remeasurement of lease liability	**7**	-
Movement in FX	**59**	3
Depreciation expense	**(423)**	(221)
Disposal	**(337)**	(176)
Net book value as at 31 March	**1,604**	1,642
Cost	**3,196**	2,811
Less: Accumulated depreciation	**(1,592)**	(1,169)
Net book value as at 31 March	**1,604**	1,642

The right-of-use assets relate to the one (FY22: three) corporate-operated stores which are expected to be franchised in the UK.

Lease liabilities

	31-Mar 2022 $'000	31-Mar 2022 $'000
Current	**2,382**	2,920
Non-current	**18,932**	18,226
Total lease liabilities	**21,314**	21,146

Finance lease receivables

	31-Mar 2023 $'000	31-Mar 2022 $'000
Current	**2,155**	2,755
Non-current	**17,427**	16,488
Total finance lease receivables	**19,582**	19,243

The average effective Incremental Borrowing Rate in FY23 is 5.7% per annum (2022: 5.7% per annum).

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

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

	31-Mar 2023 $'000	31-Mar 2022 $'000
As a lessee:		
Interest expense on lease liabilities	**1,307**	1,183
Depreciation expense on right-of-use assets (included in depreciation and amortisation)	**423**	221
Income from subleasing right-of-use assets:		
Interest income from subleases classified as finance leases	**1,172**	1,145

The total cash outflow for leases to franchisee landlords in 2023 was $372,000 (2022 was $372,000).

21.3 Maturity analysis of lease payments

Lease liabilities as the lessee:

	31-Mar 2023 $'000	31-Mar 2022 $'000
Less than one year	**2,382**	2,920
One to five years	**9,371**	6,894
More than five years	**9,561**	11,332
Total undiscounted lease liabilities	**21,314**	21,146

Finance lease arrangements as the lessor:

	31-Mar 2023 $'000	31-Mar 2022 $'000
Year 1	**3,346**	3,874
Year 2	**3,193**	3,232
Year 3	**3,226**	3,396
Year 4	**3,023**	3,033
Year 5	**2,520**	2,786
Onwards	**11,344**	8,254
Lease payments	**26,652**	24,575
Unguaranteed residual values	**-**	-
Gross investment in the lease	**26,652**	24,575
Less: unearned finance income	**(7,070)**	(5,332)
Present value of minimum lease payments receivable	**19,582**	19,243
Net investment in the lease	**19,582**	19,243

22 Fees paid to auditor

The Auditor of the Group for 31 March 2023 is William Buck Audit (NZ) Ltd. The auditor for UK firms is Rouse Partners LLP.

	31-Mar 2023 $'000	31-Mar 2022 $'000
Audit of financial statements		
- Statutory Audit	**120**	122
- Overseas firms	**118**	231
Total fees paid to auditor	**238**	353

23. Reconciliation of cash flows from operating activities

	31-Mar 2023 $'000	31-Mar 2022 $'000
Profit/(Loss) after tax	**(3,316)**	(438)
Add non-cash items:		
Deferred tax		
Depreciation	**469**	200
Amortisation of intangible assets	**381**	381
Impairment loss on receivables	**448**	227
Net foreign exchange gains/(losses)	**110**	230
Revaluation of contingent consideration payable	**-**	(6,431)
Impairment of goodwill	**2,497**	5,983
Release of liabilities	**(337)**	-
Add/(Less) movements in assets/liabilities:	**(736)**	(784)
Net cash flow applied to operating activities	**(484)**	(632)

24 Related party transactions

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

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

- **Keith Jackson** is a director of Cooks Investment Holdings Limited, Jackson & Associates Limited, Ascension Capital and Weihai Station Limited and a trustee of Nikau Trust.
- **Mike Hutcheson** is a director of Image Centre Limited and Lighthouse Ventures Holdings Limited.
- **Paul Elliott** is a director of Elliott Capital Advisors Limited.
- **Michael Ambrose** is a director of Ashville Consultancy Limited.
- **Peihuan Wang** is a director of Jiajiayue Holding Group Limited and Weihai Station Limited.
- **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.
- **Graham Hodgetts** was a director of Triple Two Coffee Holdings Limited who resigned in May .
- **Sezan Walker** is a director of Triple Two Coffee Holdings Limited.
- **David Hodgetts** is a director of Triple Two Coffee Holdings Limited.
- **Alistair Tillen** was a director of Triple Two Coffee Holdings Limited who resigned in May.

Number of shares held by directors and other related parties:

	31-Mar 2023	31-Mar 2022
Keith Jackson (including associated parties)	**13,066,049**	11,675,660
Jiajiayue Holding Group	**10,591,374**	10,591,374
Yunnan Metropolitan Construction Investment Group Co Ltd	**6,714,643**	6,714,643
Crown KJ Nominees Limited	**4,086,769**	-
Graham Hodgetts	**3,587,760**	3,547,910
CCC Employee Share Trust	**3,388,837**	3,388,837
Alistair Tillen	**1,353,621**	1,337,681
David Hodgetts	**819,996**	808,041
Sezan Walker	**816,606**	804,646
Michael Ambrose	**700,000**	333,333
Paul Elliott	**226,296**	226,296
Mike Hutcheson	**88,020**	88,020
Maretha McVerry	**38,246**	38,246
Lighthouse Ventures Holdings Limited	**30,369**	30,369
Aiden Keegan	**14,166**	14,166

24.1 Transactions with related parties

The following transactions occurred with related parties during the year:

	31-Mar 2023 $'000	**31-Mar 2022 $'000**
Purchases of goods and services		
Purchase of management services	**240**	240
Interest paid to related parties	**314**	300
Other transactions		
Related party receivables	**255**	-
Subscriptions for new ordinary shares	**500**	-
Funding loans advanced by related parties	**39**	(662)

The above values are exclusive of GST or VAT if any. The sum of $255k receivable at the end of the financial year, included in other current assets, was due from Jiajiayue Holding Group with respect to issued capital not yet paid. The $255k was received in full subsequent to year end. See Notes 11.1 and 20.1.

Related party, Jackson & Associates Limited, converted $500k of outstanding receivables owing into equity. See Note 20.1.

24.2 Balances outstanding with related parties

	31-Mar 2023 $'000	31-Mar 2022 $'000
Outstanding balances arising from purchases of goods and services		
Entities controlled by key management personnel	**441**	723
Loans to related parties		
Balance beginning of the year	**1,875**	4,410
Loans advanced	**39**	(662)
Loans converted to equity	**-**	(2,000)
Net foreign exchange effects	**(1)**	(23)
Interest charged	**243**	450
Interest paid	**(314)**	(300)
Balance end of period	**1,842**	1,875
Other liabilities to related parties		
Balance beginning of the year	**562**	562
Net foreign exchange effects	**(2)**	-
Balance end of period	**560**	562
Other receivables from related parties		
Issued capital not yet received	**255**	-

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

In FY22, the reduction in loans advanced relates to Nikau Trust converting $2,000,000 of loans into equity at 3.0 cents per share pre the 15:1 share consolidation or the equivalent of NZ$0.45 cents per share..

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.

24.3 Transactions with directors and senior management personnel

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

	31-Mar 2023 $'000	31-Mar 2022 $'000
Directors' fees	**144**	92
Short-term employee benefits	**1,010**	515
Share based payments	**29**	-
	1,183	607

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

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

Segment information for the reporting period is as follows:

Continuing operations				
31/03/2023	**Global franchising & retail**	**UK & IRE franchising**	**New Zealand**	**Total**
Global operational splits	**$'000**	**$'000**	**$'000**	**$'000**
Revenue	237	6,376	-	**6,613**
Grant and other income	-	295	-	**295**
Release of liabilities	-	-	337	**337**
Raw materials and consumables used	-	(977)	-	**(977)**
Depreciation and amortisation	-	(847)	(3)	**(850)**
Impairment loss on receivables	(124)	(324)	-	**(448)**
Net foreign exchange (losses)/gains	(9)	(23)	(78)	**(110)**
Employee costs	-	(2,295)	(219)	**(2,514)**
Other expenses	(16)	(1,242)	(1,188)	**(2,446)**
Operating (loss)/profit	**88**	**963**	**(1,151)**	**(100)**
Finance costs, net	(1)	(164)	(571)	**(736)**
Impairment of goodwill	-	(2,497)	-	**(2,497)**
Profit/(Loss) before income tax	**87**	**(1,698)**	**(1,722)**	**(3,333)**
Income tax (expense)/credit	-	113	-	**113**
Profit/(Loss) for the year from continuing operations	**87**	**(1,585)**	**(1,722)**	**(3,220)**
Non-current assets				
Intangible assets	42	5,358	1,481	**6,881**
Property, plant and equipment	84	58	-	**142**
Right of use assets	-	1,604	-	**1,604**
Goodwill	-	3,072	-	**3,072**

Discontinued operations		
31/03/2023	**UK retail**	**Total**
Global operational splits	**$'000**	**$'000**
Revenue	464	**464**
Raw materials and consumables used	(149)	**(149)**
Depreciation and amortisation	(3)	**(3)**
Employee costs	(198)	**(198)**
Other expenses	(205)	**(205)**
Operating (loss)	**(91)**	**(91)**
Finance costs, net	(3)	**(3)**
Interest on bank and other borrowings	(2)	**(2)**
Loss before income tax	**(96)**	**(96)**
Income tax (expense)/credit	-	**-**
Loss for the year from discontinued operations	**(96)**	**(96)**
Non-current assets		
Property, plant and equipment	14	**14**
Assets held for Sale	7	**7**

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

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

26 Contingencies
Contingent Liabilities

There were no contingent liabilities as at 31 March 2023 (2022: $nil).

27 Capital commitments

There were no capital commitments as at 31 March 2023 (2022: $nil).

28 Financial risk management

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

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

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

28.1 Market risk

Foreign Currency Risk
The Group operates internationally and is exposed to foreign currency risk arising from various currency exposures. Although the NZD remains the main currency for corporate funding and Group reporting, the transactions denominated in NZD is diminishing as the growth in the overseas market outweighs the operations in the New Zealand market, especially with the purchase of Triple Two business in the UK. As disclosed in Note 25 Segment Reporting, there was no revenue generated from the New Zealand segment which is denominated in of the total group revenue of $6.6 million. This indicates that the Group's exposure to foreign currency risk has increased considerably.

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

As disclosed in Note 25 Segmental Reporting, global franchising and 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 $5,259. If the GBP/NZD exchange rate increase by 5%, the group profit will be reduced by $4,888.

In the event that the NZD weakens against the Euro and EURO/NZD exchange rate increases or decreases by 5%, there would be an impact of less than $1,000 on the Group profit result for the current year.

28.2 Credit Risk

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

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

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

The expected loss rates are based on the payment profiles of sales over a period of 24 months before 31 March 2023 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has evaluated available forward-looking information and has concluded that there is no indication that historical loss rates should be adjusted. For FY23 management had decided to make an additional provision for expected credit losses of $122,850 for Bahrain and Kuwait royalties. The provision for impairment of other receivables has increased from $378,000 in 2022 to $703,000 in 2023 as shown on Note 11 (a).

Lease receivables

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

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

The expected loss rates are based on the historical credit losses experienced for each credit risk group within a period of 24 months before 31 March 2023. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has evaluated available forward-looking information and has concluded that there is no indication that historical loss rates should be adjusted.

28.3 Liquidity Risk

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

At 31 March 2023	Less than 1 year $'000	Between 1 and 5 years $'000	Over 5 years $'000	Carrying Amount $'000
Trade payables	3,138	-	-	**3,138**
Related party payables	441	-	-	**441**
Other payables	1,473	-	-	**1,473**
Short term finance loans	2,583	352	-	**2,935**
Related party loans	866	1,033	-	**1,899**
Lease Liabilities	2,920	9,371	9,561	**21,314**
	11,421	**10,756**	**9,561**	**31,200**

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

28.4 Capital risk management

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

The Group is currently in need of additional capital injections to be able to execute its strategy. It is planning to obtain injections in FY24 in addition to that raised and debt conversions in FY23. For further details of this refer to Note 4.

29 Financial instruments by category

	31-Mar 2023 $'000	31-Mar 2022 $'000
Financial assets at amortised cost		
Cash and cash equivalents	**445**	1,156
Trade and other receivables	**1,323**	1,244
Lease receivables	**19,582**	19,243
	21,350	21,643
Financial liabilities at amortised cost		
Trade payables	**3,138**	2,323
Borrowings and other liabilities	**4,051**	4,979
Lease liability	**21,314**	21,146
Related party payables	**441**	723
	28,944	29,171

30 Fair value measurement

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

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

	31-Mar 2023	31-Mar 2022
Financial liabilities at fair value through profit or loss	**$'000**	**$'000**
Contingent consideration		
Level 3		
Opening balance	**-**	6,431
Fair Value		
Reduction of contingent consideration payable	**-**	(6,431)
Closing balance	**-**	-

The only financial instrument measured at fair value was Contingent Consideration of $Nil at 31 March 23 (31 March 22: $Nil).

31 Business Combination

TRIPLE TWO ACQUISITION

i) Contingent consideration

The Group acquired Triple Two Coffee in June 2020.

There was an earn out provision in the sale and purchase agreement which provided the opportunity for the vendors to increase their consideration by improving on the performance of the business over a two-year period from acquisition date and ending on 31 December 2022.

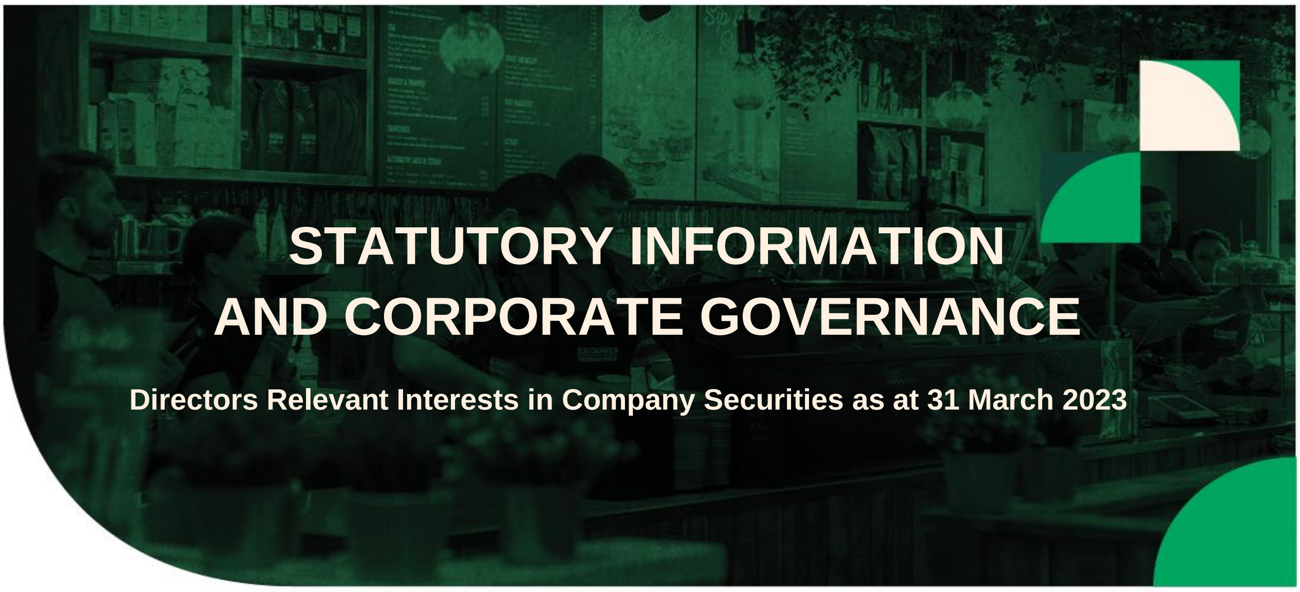
At the end of FY22, management reviewed the profit levels in line with the sale and purchase agreement and determined, in agreement with the vendors, that based on performance to date and projections to the end of the earn-out period, no additional consideration was expected to be paid by CCC (and which has subsequently crystalised and been confirmed with the earn-out period having now ended).

This resulted in a $6.3m write off to the P&L last year and no further consideration liability on the Balance Sheet at 31 March 2022.

32 Post-reporting date events

On 22 June 2023, the Company acquired and cancelled all the shares held by the ESOP. Following the acquisition and cancellation, the Company will have 56,130,511 quoted shares on issue.

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



STATUTORY INFORMATION AND CORPORATE GOVERNANCE

Directors Relevant Interests in Company Securities as at 31 March 2023

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 2023. 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
Graeme Keith Jackson, Patricia Frances Jackson & Philip Mack Picot	**11,551,757**
Jackson & Associates Limited	**1,512,792**
Michael Ambrose	**700,000**
Paul Valentine Mark Elliott	**226,296**
Mike Hutcheson	**88,020**
Total Number of Shares Held:	14,078,865

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 2023:

Director	Dealings
Mr. Graeme Keith Jackson	Mr. Graeme Keith Jackson is the beneficial holder of 11,551,757 ordinary shares in the Company currently held by Graeme Keith Jackson, Patricia Frances Jackson & Philip Mack Picot.

Mr. Michael Ambrose	Mr. Michael Ambrose is the beneficial holder of 700,000 ordinary shares in the Company currently held by Michael John Ambrose & Russell Kelvin David Rodgers

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 FY23 held by CCC Directors:

Graeme Keith Jackson	
Arana Holdings Limited	Cooks Investment Holdings Limited
Ascension Capital Limited	Dairy Farm Investments Limited
Weihai Holding Limited	Dairy Farm Investments (Ruawhata) Limited
Jackson & Associates Limited	Nikau Trust

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

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

Paul Valentine Mark Elliott	
Agribusiness Investments NZ Limited	Elliott Capital Advisors Limited
Agribusiness Solutions NZ Limited	Revive Finance Limited
Ignite Finance Limited	Restore Finance Limited
Ignite Solutions Limited	Ignite Nominees Limited

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

Elena Garside	
Garside & Garside Ltd	

Spread of Quoted Security Holders as at 31 March 2023:

	Shareholders		Shares	
Range	**Number**	**%**	**Number**	**%**
1 - 1,000	305	50.25	40,143	0.06
1,001 - 5,000	137	22.57	302,645	0.50
5,001 - 10,000	32	5.27	236,833	0.39
10,001 - 50,000	70	11.53	1,572,071	2.59
50,001 - 100,000	21	3.46	1,487,878	2.45
100,001 and over	42	6.92	57,086,779	94.01
Total	**607**	**100.00**	**60,726,349**	**100.00**

20 Largest Holdings of Equity Securities as at 31 March 2023:

Rank	Investor Name	Total Units	% Issued Capital
1	Graeme Keith Jackson & Patricia Frances Jackson & Phillip Mack Picot	11,551,757	19.02%
2	Jiajiayue Holding Group Limited	10,591,374	17.44%
3	Yunnan Health AND Tourism Holdings Group Co. Ltd	6,714,643	11.06%
4	Crown Kj Nominees Limited	4,086,769	6.73%
5	Graham Hodgetts	3,587,760	5.91%
6	CCC Employee Share Trust Limited	3,388,837	5.58%
7	Adg Investments Limited	2,813,317	4.63%
8	Link Market Services Trustees (Nominees) Limited	1,546,277	2.55%
9	Jackson & Associates Limited	1,512,792	2.49%
10	Alistair Tillen	1,353,621	2.23%
11	Scott Francis Vernon & Wyndham Trustees Limited	1,242,812	2.05%
12	Suhua He	927,679	1.53%
13	PKB Trustees Limited	925,648	1.52%
14	David Hodgetts	819,996	1.35%
15	Sezan Walker	816,606	1.34%
16	New Zealand Central Securities	737,951	1.22%
17	Michael John Ambrose & Russell Kelvin David Rodgers	700,000	1.15%
18	Vsa Capital	406,532	0.67%
19	Shuxin Zhang	365,645	0.60%
20	Peter James Kirton	333,715	0.55%

EMPLOYEE REMUNERATION

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

Remuneration ranges	Number of employees	Number of employees
For CCC Group:	**2023**	**2022**
100,000 – 109,999	**1**	1
110,000 – 119,999	**2**	2
130,000 – 139,999	**1**	-
140,000 – 149,999	**2**	-
180,000 – 189,999	**1**	1
220,000 – 229,999	**1**	-
240,000 – 249,999	**1**	-
260,000 – 269,999	**2**	-

DIRECTOR REMUNERATION AND OTHER BENEFITS

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

Name	Directors' Fees	Executive Salary	Share based payments
Mike Hutcheson	39,600	-	-
Graeme Keith Jackson	-	210,000	-
Paul Elliott	40,000	-	-
Michael Ambrose	40,000		
Elena Garside	24,294	-	-

Donations

No donations were made in the 12-month financial period ended 31 March 2023.

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

The board 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:

	As at 31 March 2023			**As at 31 March 2022**		
	Directors	Officers	Employees	Directors	Officers	Employees
Female	1	-	19	-	-	13
Male	5	1	12	6	1	13
Total	**6**	**1**	**31**	**6**	**1**	**26**

Director Training

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

Separation of the Chair and Managing Director

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

Principle 3 – Board Committees

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

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

Directors

Name	Status	Current/Resigned	Sub-committee membership	Attendance*
Keith Jackson	*Chairman & CEO Executive*	Appointed 18/8/08	Audit & Finance	11
Paul Elliott	*Non-Executive Independent*	Appointed 30/5/19	Audit & Finance	10
Mike Hutcheson	*Non-Executive Independent*	Appointed 3/10/13	Audit & Finance	10
Michael Ambrose	*Non-Executive Independent*	Appointed 29/11/21	Audit & Finance	11
Peihuan Wang	*Non-Executive Independent*	Appointed 29/4/16	-	3
Alex Qiang Kui	*Non-Executive Independent*	Appointed 27/2/19 Resigned 27/09/22	-	1
Elena Garside	*Non-Executive Independent*	Appointed 7/11/22	-	2

Audit and Risk Committee

The Audit and Risk Committee Charter sets out the objectives of the Audit and Risk Committee which are to provide assistance to the board in fulfilling its responsibilities in relation to the company's financial reporting, internal 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.

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 is considers adequate to meet insurable risks. The board of CCC will continue to regularly consider any potential risks and its risk management processes and adapt these should the nature and size of the business change in the future. While CCC is comfortable this approach to risk is sufficient, it does not comply with recommendation 6.1 of the Code as it does not have a formal risk management framework.

Health and Safety

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

Principle 7 – Auditors

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

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

Principle 8 – Shareholder rights and relations

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

Information for Shareholders

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

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

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

Communicating with Shareholders

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

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

DIRECTORY

Company number:	2089337
Year of incorporation:	2008
Registered office:	Level 1, 96 St Georges Bay Road, Parnell, Auckland, 1052
Nature of business:	Food & beverage industry
Directors:	Graeme Keith Jackson Michael George Ambrose Michael George Rae Hutcheson Peihuan Wang Paul Valentine Mark Elliott Elena Garside (Appointed 2 Nov 2022) Alex Qiang Kui (Resigned 27 Sep 2022)
Solicitors:	Chapman Tripp, Auckland
Bankers:	ANZ Bank, Auckland
Auditors:	William Buck Audit (NZ) Limited
Share registry:	Link Market Services Limited Auckland

cooks
coffee company