

Results announcement

(for Equity Security issuer/Equity and Debt Security issuer)

Updated as at 17 October 2019

Results for announcement to the market		
Name of issuer	Cooks Coffee Company Limited	
Reporting Period	12 months to 31 March 2023	
Previous Reporting Period	12 months to 31 March 2022	
Currency		
	Amount (000s)	Percentage change
Revenue from continuing operations	\$6,613	(10.3%)
Total Revenue	\$6,613	(10.3%)
Net profit/(loss) from continuing operations	(\$3,108)	(3353.3%)
Total net profit/(loss)	(\$3,204)	(631.5%)
Interim/Final Dividend		
Amount per Quoted Equity Security	It is not proposed to pay a dividend.	
Imputed amount per Quoted Equity Security	Not Applicable.	
Record Date	Not Applicable.	
Dividend Payment Date	Not Applicable.	
	Current period	Prior comparable period
Net tangible assets per Quoted Equity Security	Cents Per Security (12.36)	Cents Per Security (17.30)
A brief explanation of any of the figures above necessary to enable the figures to be understood	None.	
Authority for this announcement		
Name of person authorised to make this announcement	Keith Jackson	
Contact person for this announcement	Keith Jackson	
Contact phone number	021 702 509	
Contact email address	Keith.Jckson@cookscoffeecompany.com	
Date of release through MAP	30/05/2023	

Unaudited financial statements accompany this announcement.

Appendix 1 Release

30 May 2023



Cooks Coffee Company Limited

This document covers Cooks Coffee Company Limited's unaudited financial results for the year ended 31 March 2023

A: Cooks Coffee Company Limited Preliminary announcement for the year ended 31 March 2023

Preliminary unaudited full year report on consolidated results (including the results for the previous corresponding year) in accordance with Listing Rule 10.4.2 are recorded below.

This report has been prepared in a manner which complies with generally accepted accounting practice and gives a true and fair view of the matters to which the report relates, and is based on unaudited financial statements. In the prior year, the Audit Report has made note of Material Uncertainty related to Going Concern.

The accounting policies used in the preparation of these financial statements are consistent with those used in the interim statements for the six months ended 30 September 2022, and in the audited financial statements for the year ended 31 March 2022.

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

B: Consolidated Statement of Financial Performance

	Unaudited Mar-23 \$NZ '000	Up / Down %	Audited Mar-22 \$NZ '000
Revenue	6,613	(10.3%)	7,372
Cost of sales	(977)	40.0%	(1,628)
Gross profit	5,636	(1.9%)	5,744
Operating expenses and staff costs	(5,070)	1.6%	(5,152)
Impairment loss on receivables	(448)	(97.4%)	(227)
Other income	632	40.8%	449
Operating profit/(loss) before depreciation and amortisation	750	(7.9%)	814
Depreciation expense	(469)	(82.5%)	(257)
Operating profit/(loss)	281	(49.6%)	557
Interest Income	372	(67.5%)	1,145
Amortisation of intangible assets	(381)	17.6%	(324)
Impairment of Goodwill	(2,385)	60.1%	(5,983)
Finance costs	(1,108)	45.3%	(2,026)
Revaluation of contingent consideration payable	-	-	6,431
Profit/(Loss) before income tax	(3,221)	1510.5%	(200)
Income tax benefit/(expense)	113	2.7%	110
Net Profit/(Loss) for the year from continuing operations	(3,108)	(3353.3%)	(90)
Net Profit/(Loss) for the year from discontinued operations	(96)	72.4%	(348)
Net Profit/(Loss) for the year	(3,204)	(631.5%)	(438)
Earnings Per Share (Cents per share):	(5.77)		(1.04)

C: Consolidated Statement of Financial Position**Assets**

Cash and cash equivalents
Trade and other receivables
Other current assets
Assets classified as held-for-sale
Property, plant and equipment
Right-of-use assets
Lease receivables
Other non-current assets

Total tangible assets

Goodwill
Intangible assets
Total assets

Liabilities

Trade and other payables
Lease liabilities
Borrowings - Loans
Other liabilities
Deferred tax liabilities

Total liabilities**Net assets/(liabilities)****Equity**

Share capital
Accumulated losses
Foreign currency translation reserve
Share based equity reserve
Total equity attributable to equity holders of the Company

Net tangible assets per share

Unaudited		Audited
Mar-23	Up / Down	Mar-22
\$NZ '000	%	\$NZ '000
445		1,156
1,323		1,244
793		588
16		18
142		150
1,604		1,642
19,582		19,243
17		15
23,922	(0.6%)	24,056
3,072		5,457
6,881		7,262
33,875	(7.9%)	36,775
6,061		7,110
21,314		21,146
3,141		3,883
910		1,095
1,036		1,143
32,462	5.6%	34,377
1,413	41.1%	2,398

58,345		56,897
(60,192)		(56,988)
859		88
2,401		2,401
1,413	41.1%	2,398

Cents
(12.36)

Cents
(17.30)

D: Statement of Changes in Equity**Profit/(Loss) for the period**

Net increase in issued share capital
Foreign currency translation reserve

Movements in equity for the period**Equity at start of the period**

Share based payment reserve

Equity at end of the period

Unaudited	Up / Down	Audited
Mar-23	%	Mar-22
\$NZ '000		\$NZ '000
(3,204)	(631.5%)	(438)
1,448		4,677
771		(120)
(985)	(123.9%)	4,119
2,398		(1,721)
-		-
1,413	(41.1%)	2,398

E: Consolidated Statement of Cash Flows**Profit/(Loss) for the period****Add/(Less):**

Depreciation expense
Impairment loss on receivables
Net foreign exchange (losses)/gains
Revaluation of contingent consideration payable
Impairment of goodwill
Amortisation of intangible assets
Net movements in working capital

Net cash flow from operating activities**Net cash flow from investing activities****Net cash flow from financing activities****Net (decrease)/increase in cash held****Opening bank balance**

Effect of exchange rate changes on foreign currency balances

Closing bank balance**Made up as follows:**

Cash and cash equivalents

Unaudited	Up / Down	Audited
Mar-23	%	Mar-22
\$NZ '000		\$NZ '000
(3,204)	(631.5%)	(438)
469		257
448		227
110		230
-		(6,431)
2,385		5,983
381		324
(1,073)		(784)
(484)	(23.4%)	(632)
(56)	74.0%	(215)
(171)	(115.4%)	1,110
(711)	(370.3%)	263
1,156		886
-		7
445		1,156
445	(61.5%)	1,156

F: Material Acquisition of Subsidiaries N/A

G: Material Disposal of Subsidiaries N/A

H: Material Investment in Associate N/A

I: Issued and Quoted Securities at End of Current Period

Category of Securities Issued	Number	Quoted
ORDINARY SHARES:		
Total number of shares on issue	60,726,349	59,519,349
Shares issued during the current period	7,666,854	7,666,854

On 31 March 2023, Cooks Coffee Company Limited has 59,519,349 quoted shares and 1,207,000 non-voting shares on issue.

J: Comments by Directors

(a) Material factors affecting the revenues and expenses of the group for the current full year or half year

Refer to Commentary.

(b) Significant trends or events since the end of the current full year or half year

Refer to Commentary.

(c) Changes in accounting policies since last Annual Report and/or last Half Yearly to be disclosed:

Nil

(d) Critical Accounting Policies - Management believes the following to be critical accounting policies. That is they are both important to the portrayal of the Issuer's financial condition and results, as they require management to make judgments and estimates about matters that they are inherently uncertain

- Treatment of Leases
- Revenue from Contracts with Customers
- Discontinued Operations
- Impairment of Assets
- Amortisation of Intangibles and Goodwill
- Contingent Consideration

NZ IFRS 16 "Leases"

a) As a lessee

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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

b) As a lessor

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

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

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

NZ IFRS 15 "Revenue from Contracts with Customers"

Under NZ IFRS 15 Revenue from Contracts with Customers, revenue is recognised either at a point in time or over time, or when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Royalty income from Franchise or Master Franchise Agreements (MFAs)

The Group recognises royalty revenue derived from its Franchises and MFAs at a point in time, based on sales by Franchisees that are reported back to Company on a monthly basis for sales that occurred in that month.

Franchise fees

The Group recognises revenue derived from its Country & Regional franchise operations on a straight-line basis over a period of time that the franchise agreement is in place, which is generally 10 years. This is the period of time over which the performance obligation is satisfied. Payment is received upfront upon signing the franchise contract.

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

The Group recognises Franchise Fees derived from the franchise agreement entered by Triple Two Coffee at the point in time when the The Group recognises the Territory Fee over a period of time that the franchise agreement is in place, which is generally 10 years. This is the period of time over which the performance obligation is satisfied. Payment is received upon signing the franchise contract.

Other Revenue

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

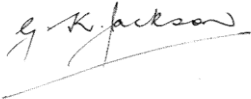
Discontinued Operations

The UK Sunderland store is the last in discontinued operations still to be closed. The lease for this store is currently being renegotiated, and the Group expect this to be sold in FY2024.

Goodwill Impairment

Management have assessed the Value in Use for the UK Triple Two business and as a result have determined a Goodwill impairment charge of \$2.385m. Management reviewed actual performance since the date of acquisition against the original forecasts, impacted initially by the Covid pandemic and with key receivables being written off, when reassessing the FY24, FY25 and FY26 forecasts. Additionally, consideration was given to existing market constraints in the UK, such as those associated with the supply of materials and labour, which could potentially impact on the construction and fit-out of new cafes.

.....
.....
.....
.....



30 May 2023

(signed by) Authorised Officer of Listed Issuer

(date)

Appendix 2 Release
Cooks Coffee Company Limited



31/03/2023	Continuing Operations			
	Unaudited	Unaudited	Unaudited	Total
	Global Franchising & Retail	UK & IRE Franchising	New Zealand	
	\$'000	\$'000	\$'000	\$'000
Global operational splits				
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 expense	-	(466)	(3)	(469)
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 profit/(loss)	88	1,344	(1,151)	281
Finance costs	(1)	(164)	(571)	(736)
Amortisation of intangible assets	-	(381)	-	(381)
Impairment of goodwill	-	(2,385)	-	(2,385)
Profit/(loss) before income tax	87	(1,586)	(1,722)	(3,221)
Income tax (expense)/credit	-	113	-	113
Profit/(loss) for the year from continuing operations	87	(1,473)	(1,722)	(3,108)
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

31/03/2023	Discontinued Operations	
	Unaudited	Total
	UK Retail	
	\$'000	\$'000
Global operational splits		
Revenue	464	464
Other income	-	-
Raw materials and consumables used	(149)	(149)
Depreciation expense	(3)	(3)
Property related costs	-	-
Net foreign exchange (losses)/gains	-	-
Employee costs	(198)	(198)
Other expenses	(205)	(205)
Operating loss	(91)	(91)
Finance costs	(5)	(5)
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

31/03/2022	Continuing Operations			
	Audited Global Franchising & Retail	Audited UK & IRE Franchising	Audited New Zealand	Total
	\$'000	\$'000	\$'000	\$'000
Global operational splits				
Revenue	255	7,116	1	7,372
Grant and other income	-	449	-	449
Raw materials and consumables used	-	(1,628)	-	(1,628)
Depreciation expense	(1)	(253)	(3)	(257)
Impairment loss on receivables	(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 profit/(loss)	21	1,665	(1,129)	557
Finance costs	(15)	10	(875)	(880)
Reduction of contingent consideration payable	-	6,431	-	6,431
Amortisation of intangible assets	-	(324)	-	(324)
Impairment of goodwill	-	(5,983)	-	(5,983)
Profit/(loss) before income tax	6	1,799	(2,005)	(200)
Income tax (expense)/credit	-	110	-	110
Profit/(loss) for the year from continuing operations	6	1,909	(2,005)	(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

31/03/2022	Discontinued Operations	
	Audited UK Retail	Total
	\$'000	\$'000
Global operational splits		
Revenue	620	620
Raw materials and consumables used	(183)	(183)
Depreciation expense	(100)	(100)
Employee costs	(319)	(319)
Other expenses	(329)	(329)
Operating loss	(311)	(311)
Finance costs	(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 an equipment	6	6
Assets held for Sale	18	18