

Growth and Profit Highlights of Cooks Coffee Six Months Trading

21 November 2024

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

Cooks Coffee Company (NZX:CCC; AQUIS:COOK), the international coffee focused café chain, announces its results for the six months ended 30 September 2024.

Period Highlights

- Group revenues increased by 27% to NZ\$2.74m (2024: NZ\$2.16m)
- Group EBITDA for the period was NZ\$0.826m compared to a loss of (NZ\$0.011m) last year
- Company Net Profit before tax was NZ\$0.53m compared to a loss of (NZ\$0.32m) last year
- Total store sales in the UK increased by 36% to NZ\$23.4m as the development in suburban areas and smaller market towns gained further momentum. Like for like sales in the UK were up +6.3%
- Total sales in Ireland increased +6% to NZ\$10.4m. Like for like sales in Ireland were up +2.9%
- Overall store sales for UK & Ireland increased +26% to NZ\$33.8m. Like for like sales were up +5.1%
- Operating stores at the end of September were 83 in UK & Ireland, up from 75 at the end of March 2024
- During the period NZ\$0.2m of debt reduction has occurred, with interest costs reducing by NZ\$0.08m compared to FY24

Post Period Events

Group store sales for the seven-week period to 17th November have maintained the positive momentum seen over the past six months with total store sales in the UK up 39.4% and in Ireland store sales up 17.9% compared to the previous year.

The Company remains dedicated to building the business based on ethical principles and community values. The Company was proud of the achievement of the Caerphilly store in Wales being awarded the best Ethical Café in Wales. This is an important recognition of the strong commitment the Company has to ethical practices.

The Esquires current share of stores is only 0.3% of the total café focused stores in the UK and the aim is to grow this to at least 0.5% by 2029. This shows the significant potential that

exists in the UK market where the café density is considerably lower per capita than in New Zealand.

Aiden Keegan, CEO of Cooks Coffee Company, commented:

“The Board is very pleased to report a strong period of growth for the Group resulting in a profitable performance in the period. This is testament to the commitment of all our franchisees and strong offering that we provide. The Group continues to open new stores in desirable locations which have all performed well to date.

The momentum experienced in the first half has continued and the Group expects to deliver a robust set of numbers for the full year.”

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Chairman's Statement

The positive trading performance in the first half of the financial year has continued into the second half of the financial year. This positive growth, largely driven by the opening of new franchised stores, has been the key factor in delivering a profitable EBITDA trading performance of NZ\$0.826m in the first half of this financial year compared to a loss last year.

Given the continued momentum, the Directors expect that the financial performance in the second half of the year will deliver another profit broadly similar to that which was achieved in the first half.

The Company's revenues are largely derived from the royalty contributions which are related to the sales that each site achieves. The focus of the Directors is to encourage and support the franchisees to grow and make sure that there is a solid pipeline of new stores in both core markets of UK & Ireland that will build upon the growth for FY25 to date.

Store sales trends have been very positive in recent times, with the Company benefitting from the 'working from home' trend, which we are confident will remain in one form or another as a permanent change in consumer behaviour in the post Covid environment.

The Company added a net eight new stores to the franchised network in the UK and Ireland during the six month period. The number of stores is expected to grow in the second half of the year, with eight further store openings planned in the UK and two in Ireland. We anticipate that this will take the total number of stores to around 90 in the UK and Ireland by the end of March 2025, with the total store numbers expected to reach 110 across the whole Group.

Esquires UK achieved record daily sales per store in October 2024 and, following a strong performance in the first six months, the Directors are confident that the business models are well suited to the current consumer market. These positive results are being achieved despite the concerns being expressed regarding the general economic outlook. The expansion of the successful Regional Development model will assist in accelerating growth in the network in the UK. The Company is seeking Regional Development partners for Scotland and Northern Ireland.

Business Performance

Esquires Coffee United Kingdom

UK store numbers were 68 at the end of September 2024, up from 60 as of 31 March 2024. Sales from the Esquires outlets for the six month period were up 36% compared to the same period in FY24.

The average per outlet store sales for the first six months increased 16% compared to FY24, reflecting the successful implementation of our strategy to enhance store locations.

The Regional Developer model in the UK has proved to be a significant driver of store growth, especially in the South & East of England. With two new Regional Developers being appointed in the second half, the Company expects to see the tangible results of their involvement develop over time.

During the year, two stores at Horsham and Dorking were renovated, with sales showing gains in excess of 50% in each store for the first three months of opening post renovations compared to prior year sales.

As of January 2024, industry specialists Allegra reported that the UK branded café market comprised of 10,199 stores with store sales of £5.3 billion which is projected to grow to £7.2 billion by 2029 with the numbers of branded stores estimated to be 11,629. There were 12,212 Independent cafés with store sales of £4.6 billion at January 2024 which is expected to grow to 13,214 stores with total sales of £5.6 billion by 2029. The total market for cafés in the UK is £9.9 billion and this is projected to grow to £12.9 billion by 2029. Branded café sales share is projected to grow from 53% in 2024 to 56% in 2029.

Esquires Ireland

Brendan Duigenan was appointed Managing Director in May 2024 following the retirement of Tony McVerry who founded the business in Ireland in 2002. Brendan has been with Esquires Coffee in Ireland for five years as Operations Manager and prior to that had extensive experience in senior roles in Starbucks and AMT Coffee in Ireland.

Brendan has recently appointed Barry Gardner as General Manager of Operations. Barry has excellent experience in the café business in Ireland and most recently has managed several cafes within the well known Arboretum group of Garden Centres.

The Galway (Eyre Square) store is now under new management with Agata Danielkiewicz, the franchisee in Limerick taking over both this store and the Limerick site from June 2024. Sales in the store have grown by 14% since the change and the Company is proud that the new owner has maintained the store's position as the best-loved coffee shop in Galway, holding the number one spot for cafés on TripAdvisor for the past several years.

According to Allegra, the Irish branded café market is reported to have 705 stores as at March 2024 and is projected to grow at 2.6% CAGR to 2029 when the numbers of branded stores are estimated to be 800. The Esquires current share of stores is 2.1% and the Company is planning to increase this to 3.75% by March 2029.

International

Store sales in Portugal where Esquires has two stores in Porto have grown by 44% over last year. The original store is 14% ahead of last year in sales whilst the franchisee has added a new store in the same general area of Porto.

In Pakistan, the Esquires business is growing under a new Master Franchisee with store sales for the six months to September at more than double the levels of 12 months ago. There are now 6 outlets in Karachi with growth plans to add more, along with moving into other regions of Pakistan based on the confidence gained in Karachi.

In Saudi Arabia, sales have declined as the Jeddah Airport contract for one of the two stores came to an end. The Airport accounts for more than 60% of the total sales in Saudi Arabia but, whilst this has had an impact in this region, it is not material to the Group.

ESG

The Board has established a formal ESG Committee with Elena Garside as Chair. The committee includes Directors and Senior management and will be an important body to oversee the Company's progress in this key area. Below are some examples of the strategies that are already in place.

- The Company's contract coffee roastery is believed to be the first roastery in the world to be certified carbon neutral and has achieved the carbon neutral Gold Standard.
- The Company's coffee is 100% Fairtrade and organic.
- Eco friendly thermal mugs & Keep Cups on sale with reduction in menu pricing when refilling.
- 100% recyclable disposable take out cups, paper bags and serviettes.
- Bio Ferma plant-based cleaning products with a view to replacing toxic chemicals.
- Biodegradable paper-based straws to replace plastic.
- Wooden cutlery and paper-based plates to replace plastic in certain locations.
- Digital menu screens to save on having to change paper-based menus.

Corporate - Transition to UK

The Company is continuing its planned transition to relocate the business to the UK where most of the business operates. This will improve efficient working practices and focus the business on its growth strategy in the core markets of UK and Ireland.

In July, we were delighted to welcome Gareth Lloyd-Jones and Gordon Robinson as Non-Executive Directors based in London. As planned, Mike Hutcheson and Paul Elliott stepped aside after long and excellent service as Directors. We have been grateful for the excellent contributions from Mike and Paul who have added considerable value. Gordon Robinson, an experienced Non-Executive Director has assumed the role of Chairman of the Audit & Risk Committee, Elena Garside is heading up the ESG committee and Gareth Lloyd-Jones who has extensive experience with franchising and public companies with his involvement in Tie Rack and Maddison Coffee has

taken on the role of building greater relationships with the capital markets in the UK along with the CEO and Chairman.

As reported in the Annual Report, the Company appointed Aiden Keegan as CEO with effect from 1st April 2024. Recently, Katherine Scott has been appointed CFO and both Aiden and Katherine have joined the Board as Executive Directors as is customary in the UK.

Summary and Outlook

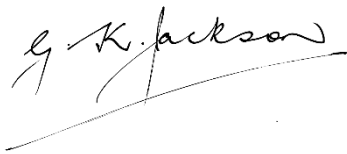
The Directors believe that the Company has turned a corner which is evidenced by its return to profitability. The prospects for the Company for the remainder of the financial year and beyond are encouraging as the trading momentum has continued and store sales trends have been very positive. There is a solid pipeline of new stores in both core markets of UK & Ireland.

The Cooks Coffee model being operated by Esquires is based on a locally focused franchised network and is very scalable in a capital light manner. With the focus on core markets, we believe that we have critical mass with an ability to grow rapidly in exciting growth markets.

In Ireland there is a solid pipeline of new store opportunities that we expect to deliver in the second half of the year.

The target of having 300 stores in the UK and Ireland within 10 years remains, and the solid base being established in these core markets will enable expansion in other attractive markets and provide the base for potential value enhancing opportunities that will add to shareholder value.

Given the solid pipeline of new stores, the Company expects that we will continue to grow the number of Esquires outlets operating in UK & Ireland by the end of March 2025 and we expect to have more than 100 stores operating during 2025. With the Company now firmly back into growth and encouraged by current trading we remain confident about the future prospects of the Group and view the future with optimism.



Keith Jackson

Executive Chairman

Note: The Company's reporting currency is New Zealand Dollars ("NZD")

**Unaudited Condensed Interim Statement of Change in Equity
For the six months ended 30 September 2024**

		30 September 2024	30 September 2023
	Notes	\$'000	\$'000
Continuing operations			
Revenue		2,579	2,040
Grant and other income		163	119
Raw materials and consumables used		(22)	(13)
Depreciation and amortisation		(11)	(32)
Impairment loss on receivables		(72)	-
Net foreign exchange (losses)/gains		(19)	(9)
Employee costs		(976)	(960)
Other expenses		(918)	(1,197)
Operating profit		724	(52)
Interest Income		765	657
Finance costs		(955)	(924)
Profit before income tax		534	(319)
Income tax (expense)/credit		-	-
Profit for the period from continuing operations		534	(319)
Net profit/(loss) for the period from discontinued operations		-	(5,272)
Net profit for the period attributable to shareholders		534	(5,591)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Change in foreign currency translation reserve		23	435
Total comprehensive profit/(loss) for the period attributable to shareholders		557	(5,156)
Total comprehensive income/(loss) for the period attributable to Shareholders of the parent arises from:			
- Continuing operations		557	190
- Discontinued operations		-	(5,346)
		557	(5,156)
Profit/(loss) per share:			
Basic and diluted profit/(loss) per share (New Zealand Cents) from continuing and discontinued operations:	3	0.87	(9.46)
Basic and diluted profit/(loss) per share (New Zealand Cents) from continuing operations:	3	0.87	(0.54)
Basic and diluted profit/(loss) per share (New Zealand Cents) from discontinued operations:	3	-	(8.92)

The attached notes form part of and are to be read in conjunction with these financial statements.

**Unaudited Condensed Interim Statement of Change in Equity
For the six months ended 30 September 2024**

	Notes	Attributable to Equity holders of the Company				Total Equity \$'000
		Share Capital \$'000	Foreign Currency Translation Reserve \$'000	Share Based Payment Reserve \$'000	Accumulated Profit/(Loss) \$'000	
Balance at 1 April 2023		58,345	971	2,401	(60,956)	761
Comprehensive income/(loss) for the year						
Gain/(Loss) for the year		-	-	-	(6,359)	(6,359)
Other comprehensive income						
Items that may be subsequently reclassified to profit or loss:						
Release of foreign currency translation reserve relating to Triple 2		-	(140)	-	-	(140)
Change in foreign currency translation reserve		-	1,237	-	-	1,237
Total comprehensive income/(loss) for the year		-	1,097	-	(6,359)	(5,262)
Transactions with owners of the Company						
Issue of ordinary shares		500	-	-	-	500
Change in share based payment reserve		-	-	(2,401)	2,401	-
Total contributions by owners of the Company		500	-	(2,401)	2,401	500
Balance at 31 March 2024		58,845	2,068	-	(64,914)	(4,001)
Balance at 1 April 2024						
Comprehensive income/(loss) for the period						
Gain/(Loss) for the period		-	-	-	534	534
Other comprehensive income						
Items that may be subsequently reclassified to profit or loss:						
Change in foreign currency translation reserve		-	23	-	-	23
Total comprehensive income/(loss) for the period		-	23	-	534	557

Transactions with owners of the Company

Issue of ordinary shares	433	-	-	-	433
Total contributions by owners of the Company	433	23	-	534	990
Balance at 30 September 2024	59,278	2,091	-	(64,380)	(3,011)

The attached notes form part of and are to be read in conjunction with these financial statements.

Unaudited Condensed Interim Statement of Financial Position
For the six months ended 30 September 2024

	30 September	31 March
	2024	2024
Notes	\$'000	\$'000
Assets		
Current Assets		
Cash and cash equivalents	211	1,174
Trade and other receivables	1,698	1,718
Lease receivables	3,499	2,892
Other current assets	1,042	1,049
Assets classified as held-for-sale	9	-
Current Assets	<u>6,459</u>	<u>6,833</u>
Non-Current Assets		
Property, plant and equipment	92	92
Right-of-use assets	-	-
Lease receivables	20,583	20,163
Goodwill	-	-
Intangible assets	2,831	2,831
Other non-current financial assets	15	15
Non-Current Assets	<u>23,521</u>	<u>23,101</u>
Total Assets	<u>29,980</u>	<u>29,934</u>
Liabilities		
Current Liabilities		
Trade and other payables	3,086	4,521
Deferred Revenue	544	580
Lease liabilities	3,499	2,892
Borrowings and other liabilities	1,614	1,806
Current Liabilities	<u>8,743</u>	<u>9,799</u>
Non-Current Liabilities		
Deferred Revenue	2,288	2,696
Lease liabilities	20,583	20,163
Deferred tax liabilities	-	-
Borrowings and other liabilities	1,377	1,277
Non-Current Liabilities	<u>24,248</u>	<u>24,136</u>
Total Liabilities	<u>32,991</u>	<u>33,935</u>
Net Assets/(Liabilities)	<u>(3,011)</u>	<u>(4,001)</u>

Equity			
Share capital	4	59,278	58,845
Accumulated losses		(64,380)	(64,914)
Foreign currency translation reserve		2,091	2,068
Share based equity reserve		-	-
Total Equity		(3,011)	(4,001)
Net tangible assets per share (New Zealand Cents)		(9.02)	(11.39)

The attached notes form part of and are to be read in conjunction with these financial statements.

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**Unaudited Condensed Interim Statement of Cash Flows
For the six months ended 30 September 2024**

	Notes	30-Sept 2024 \$'000	31-Mar 2024 \$'000
Operating activities			
<i>Cash was provided from:</i>			
Receipts from customers		2,328	6,784
<i>Cash was applied to:</i>			
Interest cost		(131)	(527)
Payments to suppliers & employees		(3,380)	(4,572)
Discontinued operations		-	(612)
Net cash provided from/(applied to) operating activities		(1,183)	1,073
Investing activities			
<i>Cash was provided from:</i>			
Disposal of property, plant and equipment		-	12
<i>Cash was applied to:</i>			
Purchase of property, plant and equipment		(9)	(5)
Acquisition of intangible assets		-	-
Discontinued operations		-	(2)
Net cash provided from/(applied to) investing activities		(9)	5
Financing activities			
<i>Cash was provided from:</i>			
Proceeds from borrowings		91	810
Proceeds from share issue		433	107
<i>Cash was applied to:</i>			
Principal elements of lease payments		48	(24)
Repayment of borrowings		(367)	(1,047)
Discontinued operations		-	(195)
Net cash provided from/(applied to) financing activities		205	(349)
Net increase/(decrease) in cash and cash equivalents held		(987)	729
Cash & cash equivalents at beginning of the year		1,174	445
Effect of exchange rate changes on foreign currency balances		24	-
Cash & cash equivalents at end of the year		211	1,174
Composition of cash and cash equivalents:			
Bank balances		211	1,174

Unaudited Condensed Interim Statement of Cash Flows For the six months ended 30 September 2024

The following is a reconciliation between profit after taxation for the period shown in the statement of comprehensive income and net cash flows applied to operating activities from continuing operations.

	30 September	31 March
	2024	2024
	\$'000	\$'000
Profit/(Loss) after tax	534	(356)
Add non-cash items:		
Depreciation and amortisation	11	24
Impairment loss	72	133
Net foreign exchange (losses)/gains	19	29
Add/(Less) movements in assets/liabilities:	(1,819)	1,855
Net cash flow applied to operating activities	(1,183)	1,685

The attached notes form part of and are to be read in conjunction with these financial statements.

**Notes to and forming part of the Unaudited Interim
Financial Statements
For the six months ended 30 September 2024**

The Group's reportable segments are business units deriving Royalties, Product Sales, Franchise Fees and New Store Construction Revenue from Franchisees in geographical locations.

The New Zealand segment represents the head office operation for the Group. The franchise coffee store business, operating under the Esquires brand, covers the New Zealand Global Franchise trading entity and all regions owned by third party Master Franchisees; and the UK and Ireland franchising business segment owned directly by the Group.

There were no discontinued operations in the six months ended 30 September 2024.

Segment information for the reporting period is as follows:

30 September 2024	Global franchising & retail \$'000	Continuing Operations		Total \$'000
		UK & IRE franchising \$'000	New Zealand \$'000	
Global operational splits				
Revenue	99	2,480	-	2,579
Grant and other income	10	153	-	163
Raw materials and consumables used	-	(22)	-	(22)
Depreciation and amortisation	-	(11)	-	(11)
Impairment loss on receivables	(41)	(31)	-	(72)
Net foreign exchange (losses)/gains	(3)	-	(16)	(19)
Employee costs	-	(807)	(169)	(976)
Other expenses	-	(534)	(384)	(918)
Operating profit/(loss)	65	1,228	(569)	724
Interest income	-	765	-	765
Finance costs	-	(788)	(167)	(955)
Profit/(loss) before income tax	65	1,205	(736)	534
Income tax (expense)/credit	-	-	-	-
Profit/(loss) for the period from continuing operations	65	1,205	(736)	534
Non-current assets				
Intangible assets	42	1,308	1,481	2,831
Property, plant and equipment	-	91	1	92

30 September 2023	Continuing Operations			Total
	Global franchising & retail	UK & IRE franchising	New Zealand	
	\$'000	\$'000	\$'000	\$'000
Global operational splits				
Revenue	36	2,006	(2)	2,040
Grant and other income	-	119	-	119
Raw materials and consumables used	-	(13)	-	(13)
Depreciation and amortisation	-	(31)	(1)	(32)
Net foreign exchange (losses)/gains	4	5	(18)	(9)
Employee costs	-	(873)	(87)	(960)
Other expenses	(88)	(411)	(698)	(1,197)
Operating profit/(loss)	(48)	802	(806)	(52)
Finance costs	-	(18)	(249)	(267)
Profit/(loss) before income tax	(48)	784	(1,055)	(319)
Income tax (expense)/credit	-	-	-	-
Profit/(loss) for the period from continuing operations	(48)	784	(1,055)	(319)
Non-current assets				
Intangible assets	42	1,308	1,481	2,831
Property, plant and equipment	-	98	2	100

30 September 2023	Discontinued operations	
	Franchising & retail	Total
	\$'000	\$'000
Global operational splits		
Revenue	1,074	1,074
Raw materials and consumables used	(258)	(258)
Depreciation and amortisation	(6)	(6)
Employee costs	(494)	(494)
Other expenses	(791)	(791)
Operating profit/(loss)	(475)	(475)
Finance costs	(9)	(9)
Loss on disposal of subsidiary	(4,788)	(4,788)
Profit/(loss) before income tax	(5,272)	(5,272)
Income tax (expense)/credit	-	-
Profit/(loss) for the period from continuing operations	(5,272)	(5,272)

Non-current assets
Property, plant and equipment

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1. General information

Cooks Coffee Company Limited (“Company” or “Parent”), together with its subsidiaries (the “Group”) operate in the food and beverage industry.

The Company is a limited liability company incorporated and domiciled in New Zealand and is listed on the NZX Main Market board of the New Zealand stock exchange.

Statutory base

The Company is registered under the Companies Act 1993 and is an FMC reporting entity under part 7 of the Financial Markets Conduct Act 2013.

Reporting framework

The unaudited interim financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (“IFRS”) and other applicable New Zealand Reporting Standards as appropriate for profit-oriented entities. The financial statements comply with IFRS. These policies have been consistently applied to all periods presented, unless otherwise noted.

These financial statements for the six months ended 30 September 2024 have been prepared in accordance with NZ IAS 34, Interim Financial Reporting and should be read in conjunction with the financial statements published in the Annual Report for the year ended 31 March 2024. They also comply with the International Accounting Standard 34 interim Financial Reporting (IAS 34).

2. Changes in significant accounting policies

Except as described below, the accounting policies applied by the Group in these consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 March 2024. The Group has not applied any standards, amendments and interpretations that are not yet effective.

3. Profit/(loss) per share

Basic profit/(loss) per share is calculated by dividing the profit/(loss) attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding for the period.

Diluted profit/(loss) per share is determined by dividing the profit/(loss) attributable to ordinary shareholders and the weighted average number of shares outstanding for the effects of any dilutive potential ordinary shares.

Net tangible assets per share is determined by dividing the net asset value of the Group, adjusted by the intangible assets, and the number of shares issued at the end of the period.

The weighted average numbers of shares are calculated below:

	30 September 2024	31 March 2024
Weighted average ordinary shares issued	61,348,261	58,526,330
Weighted average potentially dilutive options issued	-	-
Basic and diluted profit/(loss) per share (New Zealand Cents) from continuing and discontinued operations:	0.87	(10.84)
Basic and diluted profit/(loss) per share (New Zealand Cents) from continuing operations:	0.87	(0.61)
Basic and diluted profit/(loss) per share (New Zealand Cents) from discontinued operations:	-	(10.23)
Net tangible assets per share (New Zealand Cents)	(9.02)	(11.39)

4. Share Capital

The share capital of Cooks Global Foods Limited consists of issued ordinary shares, each share representing one vote at the company's shareholder meetings. The par value is nil (2024: nil). All shares are equally eligible to receive dividends and the repayment of capital.

Movement of share capital	30 September 2024	31 March 2024
<i>Number of Shares issued:</i>	No. of Shares	No. of Shares
Ordinary shares opening balance	60,002,449	60,726,348
Ordinary shares issued	4,736,222	2,706,263
Ordinary shares cancelled	-	(3,430,163)
Total ordinary shares authorised at end of period	64,738,671	60,002,449

Movements of share capital	30 September 2024	31 March 2024
<i>Value of Shares issued:</i>	\$'000	\$'000
Ordinary shares opening balance	58,845	58,345
Ordinary shares buyback	-	(5)
Ordinary shares issued less share issue expenses	433	505
Total ordinary shares authorised at period end	59,278	58,845

The company now has 64,238,671 quoted shares and 500,000 non-voting shares on issue at 30 September 2024. During the year 4,736,222 shares were issued on 9 August 2024 at a value of \$530,500.

At 30 September 2024, \$nil of the ordinary share capital is unpaid (31 March 2024: \$nil).

5. 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, Weihai Station Limited and a trustee of Nikau Trust.

Mike Hutcheson is a director of Image Centre Limited and Lighthouse Ventures Holdings Limited, resigned 10 July 2024.

Paul Elliott is a director of Elliott Capital Advisors Limited, resigned 30th September 2024.

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, retired 30 May 2024.

Aiden Keegan is a director of Esquires Coffee UK Limited.

Gareth Lloyd-Jones is a director of Argentine Steak House, Buenasado (Reading), High Road Restaurant Group, The Small & Friendly Pub Co, Taga Restaurant, The Arnold Foundation for Rugby School.

Gordon Robinson is a director of Sterling BAPC Ltd, KCR Residential REIT PLC and Vector Capital PLC.

Transactions with related parties

	30 September 2024 \$'000	31 March 2024 \$'000
Purchases of goods and services		
Purchase of management services	120	240
Interest paid to related parties	171	282
Other transactions		
Related party receivables	-	-
Subscriptions for new ordinary shares	-	181
Funding loans advanced by related parties	-	210

Balances outstanding with related parties

	30 September 2024 \$'000	31 March 2024 \$'000
Outstanding balances arising from purchases of goods and services		
Entities controlled by key management personnel	724	649
Loans to related parties		
Beginning of the year	1,952	1,842
Loans advanced	-	210
Loans repaid	-	(60)
Net foreign exchange effects	(24)	8
Interest charged	129	234
Interest paid	(171)	(282)
Balance end of period	1,886	1,952
Other receivables from related parties		
Beginning of the year	-	560
Contingent liability disposed of	-	(560)
Net foreign exchange effects	-	-
Other receivables from related parties		
Issued capital not yet received	-	-

Director transactions

	30 September 2024 \$'000	31 March 2024 \$'000
Directors' fees	62	181
Salaries, wages and contractor payments	494	898
Share based payments	-	-
	556	1,079

6. Capital Commitments, Contingent Liabilities

There were no capital commitments as at 30 September 2024 (31 March 2024: \$nil).

There were no changes in capital commitments, contingent liabilities and contingent assets that would require disclosure for the six months ended 30 September 2024 (31 March 2024: \$nil).

7. Going Concern

The Group reported a comprehensive gain of \$557,000 (2023: \$(5,156,000)) for the six-month period to 30 September 2024. The prior year included the write down of \$4,788,000 related to the impairment of the Triple Two investment.

Operating net cash outflow for the six-month period to 30 September 2024 was \$(1,183,000). For the twelve-month period ended 31 March 2024 the net cash inflow for continuing operations was \$1,685,000.

As at 30 September 2024 the Group has reported Net Liabilities of \$3,011,000 (at 31 March 2024: \$4,001,000) and current liabilities exceed current assets by an amount of \$2,284,000 (at 31 March 2024: \$2,966,000).

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 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 in FY25, with ten new sites opened in the first half of the year, and in excess of a further six sites confirmed for the second half of the year.
- Group's ability to successfully conclude remaining discussions regarding the roll-over of existing debt.
- Group's ability to raise further debt or equity funds as a strategy to re-gear the balance sheet as part of the overall restructuring plan that is still in progress.
- 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.

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 have 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 as a result of the activities that are being undertaken 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, 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.