

# HALF YEAR REPORT

for the six months ended 30 September 2024

## Summary

|                                               | <b>Unaudited<br/>Half year to<br/>30 September<br/>2024<br/>£'000</b> | <b>Unaudited<br/>Half year to<br/>30 September<br/>2023<br/>£'000</b> |
|-----------------------------------------------|-----------------------------------------------------------------------|-----------------------------------------------------------------------|
| Revenue                                       | <b>137,740</b>                                                        | 134,252                                                               |
| Profit before tax                             | <b>213</b>                                                            | 44                                                                    |
| Underlying EBITDA (see note below)            | <b>3,004</b>                                                          | 2,564                                                                 |
| Underlying profit before tax (see note below) | <b>452</b>                                                            | 259                                                                   |
|                                               | <b>Pence</b>                                                          | <b>Pence</b>                                                          |
| Underlying basic earnings per share           | <b>12.2</b>                                                           | 7.1                                                                   |
| Basic earnings per share                      | <b>5.7</b>                                                            | 1.1                                                                   |
| Interim dividend per Ordinary share           | <b>5.0</b>                                                            | 5.0                                                                   |

## Financial and operational review

- Underlying profit before tax of £0.45 million (2023: £0.26 million), including income of £0.14 million from the sale of a personalised numberplate
- Profit before tax of £0.21 million (2023: £0.04 million)
- Revenue increase of 3%
- Underlying basic earnings per share of 12.2 pence (2023: 7.1 pence)
- Basic earnings per share of 5.7 pence (2023: 1.1 pence)
- Interim ordinary dividend declared of 5.0 pence (2023: 5.0 pence)
- Net bank borrowings at 30 September 2024 of £11.5 million (2023: £9.5 million)

Simon Caffyn, Chief Executive, commented:

*"I am pleased that, despite increased costs and a difficult trading environment, we have improved our underlying EBITDA and profit before tax."*

## Enquiries:

Caffyns plc

Simon Caffyn, Chief Executive  
Mike Warren, Finance Director

Tel: 01323 730201

*Note: Underlying results exclude items that are unrelated to the primary motor trade business of the Company and which management therefore consider should be disclosed separately to enable a full understanding of the operating results. Non-underlying items comprise only profits and losses from disposal of freehold property, gains arising from lease extensions from freehold property, impairment charges against non-current assets, costs attributable to vacant properties held pending their disposal, net financing return and service cost on pension obligations in respect of the defined benefit pension scheme, which is closed to future accrual, and companywide operational restructuring and redundancy costs. All other activities are treated as underlying. Non-underlying items for the period totalled £0.2 million (2023: £0.2 million) and are detailed in Note 4 to these condensed consolidated financial statements. Underlying EBITDA of £3.0 million (2023: £2.5 million) represents Operating profit before non-underlying items of £1.9 million (2023: £1.5 million) and Depreciation and Amortisation of £1.1 million (2023: £1.0 million).*

## **INTERIM MANAGEMENT REPORT**

### **Summary**

The underlying profit before tax of £0.5 million for the half year ended 30 September 2024 ("the period"), which included income of £0.1 million from the sale at auction of a personalised numberplate, was an improvement on the £0.3 million profit reported last year. Given the economic backdrop and the changes in the motor retail marketplace, the Board considers the result a good outcome.

Our profit performance from new cars and aftersales in the period was strong although used car profitability remained severely constrained, mainly due to the continuing scarcity of supply of appropriately priced, one-to four-year-old cars. Customer demand for such cars remained robust but we were unable to fully pass on the increases to purchase prices resulting in lower margins. Taken together, total gross margins increased from the previous period by £1.3 million, or 8%. However, inflationary pressures on costs remained elevated and, in particular, the increase to the National Minimum Wage in April placed significant upward pressure on staffing costs, which alone increased by £0.7 million in the period. Utility costs remained at highly elevated levels in the period although our fixed term electricity and gas contracts ended on 30 September with unit pricing on the new electricity contract more than halving and with gas prices down by one-third. Funding charges also remained at high levels although, in time, further reductions in interest base rates should result in these costs receding.

Revenue for the period increased by 3% to £137.7 million (2023: £134.3 million), primarily due to the transition in the period by one manufacturer from an agency sales model back to a traditional wholesale model, adding approximately £4 million to revenue in comparison to the prior period.

The Company owns all but two of the freeholds of the properties from which it operates, and this provides the dual strengths of a strong asset base and minimal exposure to rent reviews.

The Company's defined-benefit pension scheme deficit, calculated in accordance with the requirements of IAS 19 Pensions, showed a welcome reduction of £2.4 million from the March 2024 year-end to £7.6 million at 30 September 2024. Increased contributions from the Company along with improved trends in membership actuarial experience from the March 2023 triannual valuation resulted in the narrowing of the deficit in the period.

Profit before tax for the period was £0.21 million (2023: £0.04 million) with basic earnings per share of 5.7 pence (2023: 1.1 pence). Underlying basic earnings per share were 12.2 pence (2023: 7.1 pence).

The Company has declared an interim dividend of 5.0 pence per Ordinary share, reflecting the performance for the period and the board's confidence in the prospects for the Company.

### **Operating review**

#### **New and used cars**

Our new car deliveries rose by 11% from the prior year period. Nationally, the Society of Motor Manufacturers and Traders reported a 1% increase in total new car registrations but a 9% fall in the retail and small business market segment in which we primarily operate. We are pleased that most of our brands performed ahead of the UK market.

Our used car sales volumes rose by 5% from the prior year period. Although customer demand remained buoyant, the lack of availability of appropriately priced used cars remained challenging resulting in higher purchase prices, which adversely affected margins. We continue to introduce innovations to enhance our supply of used cars and to improve margin retention.

## **Aftersales**

Our aftersales revenues rose by 8% in the period despite the recruitment of vehicle technicians remaining challenging and adversely affecting throughput levels. We continued to introduce improvements to our customer retention processes.

## **Operations**

During the period we saw further transitions by certain manufacturers towards agency distribution models, away from their traditional wholesale agreements. Under this new agency distribution model, the manufacturer transacts directly with the customer for the sale of new cars whilst we retain the handover process as an agent, for which we receive a fee. However, in June, Lotus Cars decided that their agency distribution model had not achieved its desired outcomes and, as a result, they transitioned back to a traditional wholesale agreement. The impact of the reversion to a wholesale agreement was to increase revenue in the period by some £4 million and to increase new car inventories by some £1 million. Of the brands that we represent, Volvo operates solely under an agency arrangement whilst the Volkswagen Audi Group brands distribute only certain of their electric models under agency arrangements. Lotus, MG and Vauxhall operate solely under traditional wholesale agreements.

As mentioned above, we are putting in place actions to increase our supply of used cars and to improve used car margins. We use market-driven data to secure better quality used cars with higher expected margins and faster selling times. Semi-automated systems speed up this process and improve the efficiency of the procurement of used cars enabling us to target a better sales performance.

Subsequent to the end of the period, in October, the Skoda brand was added alongside our existing Volkswagen dealership in Eastbourne and we are in the process of adding the CUPRA brand to our existing Volkswagen dealership in Worthing. In both cases, these brand additions to existing premises should allow for significantly enhanced throughputs with the need for only marginal cost increases.

## **Property**

Capital expenditure in the period was £0.5 million (2023: £1.8 million) and included assets in the course of construction of £0.2 million (2023: £1.2 million).

We operate primarily from freehold sites and our property portfolio provides additional stability to our business model. Annually, we obtain an independent assessment of the values of our freehold properties against their carrying value in our accounts and had an unrecognised surplus to carrying value of £10.7 million at 31 March 2024, our last financial year-end. The board does not consider there to have been any material movement in the value of the Company's freehold properties since the year-end.

Subsequent to the end of the period, the board exchanged contracts for the sale of the Company's freehold premises in Lewes. Completion of the sale is dependent on the successful outcome of ground surveys, to be carried out by the purchaser in the coming months. Currently, the main showroom and workshop is being utilised for our Lotus Sussex operation, while the side showroom is let to a third-party. The terms of the sale allow us to remain in occupation until the end of October 2025, ahead of an expected relocation of the business. Completion of the ground surveys must occur within a four-month period from exchange. The property has been disclosed as a Current asset in the Statement of Financial Position as an Asset held for sale.

## **Pensions**

The Company's defined-benefit pension scheme started the period with a net deficit of £10.0 million. The board has little control over the key assumptions in the valuation calculations as required by accounting standards and movements in yields of gilts and bonds can have a significant impact on the net funding position of the scheme. The actuary's estimate of the deficit reduced by £2.4 million to £7.6 million at 30 September 2024 (2023: increase of £0.7 million). Net of deferred tax, the net deficit at 30 September 2024 was £5.7 million (2023: £7.0 million).

During the period, the net present value of the Scheme's future pension liabilities fell by £3.7 million due to a combination of the payment of £2.4 million of pensions, an increase to the discount rate and positive membership actuarial experience from the most recent triennial actuarial valuation. This reduction was greater than the fall in the value of the Scheme's assets, producing the overall narrowing of the net deficit position of £2.4 million.

The pension cost under IAS 19 Pensions is recognised in the Condensed Consolidated Statement of Financial Performance and is charged as a non-underlying cost, amounting to £239,000 (2023: £215,000) for the period. As the Scheme is in deficit, the Company has in place a recovery plan which has been agreed with the trustees and which was last updated in June 2024. During the period, the Company made cash payments into the Scheme of £0.9 million (2023: £0.4 million), which included £0.5 million of an additional £1.0 million contribution to be made only in the current financial year. Future ongoing payments have been agreed to increase by 2.25% per annum.

## **Bank and other funding facilities**

The Company has banking facilities with HSBC, which comprise a term loan of £5.3 million, originally of £7.5 million, and a revolving-credit facility of £6.0 million, both of which become renewable in April 2026. HSBC also provides an overdraft facility of £3.5 million, renewable annually. In addition, there is an overdraft facility of £4.0 million provided by Volkswagen Bank, renewable annually. The Company also has a loan, originally of £0.4 million, from a manufacturer partner under their dealership development assistance programme. The loan is repayable over a five-year period to 2028.

The Company was cash generative during the period with £0.7 million (2023: £1.0 million) generated from operating activities. Working capital levels remained broadly unchanged in the period. Other than from operating activities, the primary cash outflows in the period were from capital expenditure, repayment of bank borrowings, lease payments and dividends. During the period, the Company utilised an additional £2 million of its borrowing facilities.

Bank borrowings, net of cash balances, at 30 September 2024 were £11.5 million (2023: £9.5 million), up from £11.3 million at 31 March 2024. As a proportion of shareholders' funds, bank borrowings, net of cash balances, were 38% at 30 September 2024 (2023: 31%).

## **Taxation**

The tax charge for the period has been based on an estimation of the effective tax rate on profits for the full financial year of 28% (2023: 31%). The current year effective tax rate is greater than the standard rate of corporation tax in force for the year of 25% due to certain items that are disallowable for corporation tax.

No payments of corporation tax were made in the period (2023: £28,000).

At 30 September 2024, the company recognised a deferred tax asset on the Statement of Financial Position of £0.1 million (2023: £0.2 million).

## **People**

The response from everyone in the Company to inflationary pressures and other marketplace challenges is commendable and the board would like to express its gratitude to them for their hard work and professional application. The efforts of our operational and support teams to continue to improve our efficiency will be instrumental in our ability to deliver a stronger second half performance.

## **Dividend**

The board remains confident in the prospects of the Company and, therefore, has declared an interim dividend of 5.0 pence per Ordinary share (2023: 5.0 pence per Ordinary share). This will be paid on 10 January 2025 to shareholders on the register at close of business on 13 December 2024. The Ordinary shares will be marked ex-dividend on 12 December 2024.

## **Strategy**

Our continuing strategy is to focus on representing premium and premium volume franchises as well as maximising opportunities for used cars and aftersales service, with an emphasis on delivering the highest quality of customer experience. We recognise that we operate in a rapidly changing environment and carefully monitor the appropriateness of this strategy while also seeking new opportunities to invest in the future growth of the business.

We concentrate on stronger market areas so as to deliver higher returns from fewer but larger sites. We are focusing on delivering performance improvement, particularly in our used car and aftersales operations.

## **Current trading and outlook**

Our forward-order book for new cars remains at healthy levels although concerns remain over whether manufacturers will place limits on the supply of new internal-combustion engine cars in the final months of 2024 to assist in achieving their Government-mandated targets for registrations of zero-emission cars in the 2024 calendar year. The addition of the Skoda franchise in Eastbourne and the CUPRA and SEAT franchises in Worthing will deliver increased sales and enhance profitability. We anticipate an improved used car performance in the second half, alongside significantly lower utility costs. Funding costs are also expected to reduce in line with falls in interest base rates. However, the increase to employers' National Insurance contributions will add to costs from April 2025.

Our balance sheet is appropriately funded, and our freehold property portfolio is a source of great stability. We continue to enhance our online presence, as well as improving our productivity and increasing the resilience of the business. We remain confident in the longer-term prospects for the Company and are ready to explore future business opportunities as they arise.

**Simon G M Caffyn**

Chief Executive

28 November 2024

## Condensed Consolidated Statement of Financial Performance

for the half year ended 30 September 2024

|                                                      | Note | Unaudited<br>Half year to<br>30 September<br>2024<br>Total<br>£'000 | Unaudited<br>Half year to<br>30 September<br>2023<br>Total<br>£'000 | Audited<br>Year ended<br>31 March<br>2024<br>Total<br>£'000 |
|------------------------------------------------------|------|---------------------------------------------------------------------|---------------------------------------------------------------------|-------------------------------------------------------------|
| <b>Revenue</b>                                       |      | <b>137,740</b>                                                      | 134,252                                                             | 262,084                                                     |
| Cost of sales                                        |      | (120,479)                                                           | (118,262)                                                           | (230,389)                                                   |
| <b>Gross profit</b>                                  |      | <b>17,261</b>                                                       | 15,990                                                              | 31,695                                                      |
| Operating expenses                                   |      | (15,679)                                                            | (14,641)                                                            | (30,518)                                                    |
| <b>Operating profit before other income</b>          |      | <b>1,582</b>                                                        | 1,349                                                               | 1,177                                                       |
| Other income (net)                                   | 3    | 324                                                                 | 153                                                                 | 356                                                         |
| Operating profit                                     |      | <b>1,906</b>                                                        | 1,502                                                               | 1,533                                                       |
| Operating profit before non-underlying items         |      | <b>1,915</b>                                                        | 1,513                                                               | 2,114                                                       |
| Non-underlying items within operating profit         | 4    | (9)                                                                 | (11)                                                                | (581)                                                       |
| <b>Operating profit</b>                              |      | <b>1,906</b>                                                        | 1,502                                                               | 1,533                                                       |
| Net finance expense                                  | 5    | (1,463)                                                             | (1,254)                                                             | (2,680)                                                     |
| Non-underlying net finance expense on pension scheme | 4    | (230)                                                               | (204)                                                               | (398)                                                       |
| Net finance expense                                  |      | <b>(1,693)</b>                                                      | (1,458)                                                             | (3,078)                                                     |
| Profit/(loss) before taxation                        |      | <b>213</b>                                                          | 44                                                                  | (1,545)                                                     |
| Profit/(loss) before tax and non-underlying items    |      | <b>452</b>                                                          | 259                                                                 | (566)                                                       |
| Non-underlying items within operating profit         | 4    | (9)                                                                 | (11)                                                                | (581)                                                       |
| Non-underlying net finance expense on pension scheme | 4    | (230)                                                               | (204)                                                               | (398)                                                       |
| <b>Profit/(loss) before taxation</b>                 |      | <b>213</b>                                                          | 44                                                                  | (1,545)                                                     |
| Taxation                                             | 6    | (59)                                                                | (14)                                                                | 341                                                         |
| <b>Profit/(loss) for the period</b>                  |      | <b>154</b>                                                          | 30                                                                  | (1,204)                                                     |
| <b>Earnings/(deficit) per share</b>                  |      |                                                                     |                                                                     |                                                             |
| Basic                                                | 7    | <b>5.7p</b>                                                         | 1.1p                                                                | (44.3)p                                                     |
| Diluted                                              | 7    | <b>5.7p</b>                                                         | 1.1p                                                                | (44.3)p                                                     |
| <b>Non-GAAP measure</b>                              |      |                                                                     |                                                                     |                                                             |
| Underlying basic earnings/(deficit) per share        | 7    | <b>12.2p</b>                                                        | 7.1p                                                                | (17.3)p                                                     |
| Underlying diluted earnings/(deficit) per share      | 7    | <b>12.2p</b>                                                        | 7.0p                                                                | (17.3)p                                                     |

## Condensed Consolidated Statement of Comprehensive Expense

for the half year ended 30 September 2024

|                                                                  | Note | Unaudited<br>Half year to<br>30 September<br>2024<br>£'000 | Unaudited<br>Half year to<br>30 September<br>2023<br>£'000 | Audited<br>Year to<br>31 March<br>2024<br>£'000 |
|------------------------------------------------------------------|------|------------------------------------------------------------|------------------------------------------------------------|-------------------------------------------------|
| <b>Profit/(loss) for the period</b>                              |      | <b>154</b>                                                 | <b>30</b>                                                  | <b>(1,204)</b>                                  |
| <b>Items that will never be reclassified to profit and loss:</b> |      |                                                            |                                                            |                                                 |
| Remeasurement of net pension scheme obligation                   | 12   | <b>1,717</b>                                               | (872)                                                      | (1,652)                                         |
| Deferred tax on remeasurement of pension scheme obligation       |      | <b>(429)</b>                                               | 218                                                        | 413                                             |
| <b>Other comprehensive income/(expense), net of tax</b>          |      | <b>1,288</b>                                               | <b>(654)</b>                                               | <b>(1,239)</b>                                  |
| <b>Total comprehensive income/(expense) for the period</b>       |      | <b>1,442</b>                                               | <b>(624)</b>                                               | <b>(2,443)</b>                                  |

## Condensed Consolidated Statement of Financial Position

at 30 September 2024

|                                                   | Note | Unaudited<br>30 September<br>2024<br>£'000 | Unaudited<br>30 September<br>2023<br>£'000 | Audited<br>31 March<br>2024<br>£'000 |
|---------------------------------------------------|------|--------------------------------------------|--------------------------------------------|--------------------------------------|
| <b>Non-current assets</b>                         |      |                                            |                                            |                                      |
| Right-of-use assets                               | 9    | 2,147                                      | 2,148                                      | 2,343                                |
| Property, plant and equipment                     | 9    | 38,356                                     | 39,121                                     | 38,714                               |
| Investment properties                             | 10   | 2,541                                      | 7,474                                      | 7,216                                |
| Interest in lease                                 |      | -                                          | 145                                        | 65                                   |
| Goodwill                                          |      | 286                                        | 286                                        | 286                                  |
| Deferred tax asset                                |      | 80                                         | 171                                        | 568                                  |
| <b>Total non-current assets</b>                   |      | <b>43,410</b>                              | <b>49,345</b>                              | <b>49,192</b>                        |
| <b>Current assets</b>                             |      |                                            |                                            |                                      |
| Inventories                                       |      | 43,644                                     | 38,950                                     | 42,251                               |
| Trade and other receivables                       |      | 8,937                                      | 6,903                                      | 7,310                                |
| Interest in lease                                 |      | 145                                        | 162                                        | 160                                  |
| Asset held for sale                               | 11   | 4,620                                      | -                                          | -                                    |
| Current tax recoverable                           |      | 191                                        | -                                          | 190                                  |
| Cash and cash equivalents                         |      | 2,080                                      | 2,739                                      | 438                                  |
| <b>Total current assets</b>                       |      | <b>59,617</b>                              | <b>48,754</b>                              | <b>50,349</b>                        |
| <b>Total assets</b>                               |      | <b>103,027</b>                             | <b>98,099</b>                              | <b>99,541</b>                        |
| <b>Current liabilities</b>                        |      |                                            |                                            |                                      |
| Interest-bearing overdrafts, loans and borrowings | 12   | 2,445                                      | 1,695                                      | 1,445                                |
| Trade and other payables                          |      | 48,635                                     | 42,485                                     | 45,597                               |
| Lease liabilities                                 | 12   | 423                                        | 422                                        | 501                                  |
| <b>Total current liabilities</b>                  |      | <b>51,503</b>                              | <b>44,602</b>                              | <b>47,543</b>                        |
| <b>Net current assets</b>                         |      | <b>8,114</b>                               | <b>4,152</b>                               | <b>2,806</b>                         |
| <b>Non-current liabilities</b>                    |      |                                            |                                            |                                      |
| Interest-bearing loans and borrowings             | 12   | 11,085                                     | 10,530                                     | 10,308                               |
| Lease liabilities                                 | 12   | 1,940                                      | 2,039                                      | 2,106                                |
| Preference shares                                 | 12   | 812                                        | 812                                        | 812                                  |
| Pension scheme obligation                         | 13   | 7,643                                      | 9,461                                      | 10,036                               |
| <b>Total non-current liabilities</b>              |      | <b>21,480</b>                              | <b>22,842</b>                              | <b>23,262</b>                        |
| <b>Total liabilities</b>                          |      | <b>72,983</b>                              | <b>67,444</b>                              | <b>70,805</b>                        |
| <b>Net assets</b>                                 |      | <b>30,044</b>                              | <b>30,655</b>                              | <b>28,736</b>                        |
| <b>Shareholders' equity</b>                       |      |                                            |                                            |                                      |
| Ordinary share capital                            |      | 1,439                                      | 1,439                                      | 1,439                                |
| Share premium                                     |      | 272                                        | 272                                        | 272                                  |
| Capital redemption reserve                        |      | 707                                        | 707                                        | 707                                  |
| Non-distributable reserve                         |      | 1,724                                      | 1,724                                      | 1,724                                |
| Retained earnings                                 |      | 25,902                                     | 26,513                                     | 24,594                               |
| <b>Total equity</b>                               |      | <b>30,044</b>                              | <b>30,655</b>                              | <b>28,736</b>                        |

## Condensed Consolidated Statement of Changes in Equity

for the half year ended 30 September 2024 (unaudited)

|                                                  | Share<br>capital<br>£'000 | Share<br>premium<br>£'000 | Capital<br>redemption<br>reserve<br>£'000 | Non-<br>distributable<br>reserve<br>£'000 | Retained<br>earnings<br>£'000 | Total<br>equity<br>£'000 |
|--------------------------------------------------|---------------------------|---------------------------|-------------------------------------------|-------------------------------------------|-------------------------------|--------------------------|
| <b>At 1 April 2024</b>                           | 1,439                     | 272                       | 707                                       | 1,724                                     | 24,594                        | 28,736                   |
| <b>Total comprehensive income</b>                |                           |                           |                                           |                                           |                               |                          |
| Profit for the period                            | -                         | -                         | -                                         | -                                         | 154                           | 154                      |
| Other comprehensive income                       | -                         | -                         | -                                         | -                                         | 1,288                         | 1,288                    |
| <b>Total comprehensive income for the period</b> | -                         | -                         | -                                         | -                                         | 1,442                         | 1,442                    |
| Transactions with owners:                        |                           |                           |                                           |                                           |                               |                          |
| Dividends                                        |                           |                           |                                           |                                           | (136)                         | (136)                    |
| Issue of shares - SAYE                           | -                         | -                         | -                                         | -                                         | 2                             | 2                        |
| <b>At 30 September 2024 (unaudited)</b>          | <b>1,439</b>              | <b>272</b>                | <b>707</b>                                | <b>1,724</b>                              | <b>25,902</b>                 | <b>30,044</b>            |

for the half year ended 30 September 2023 (unaudited)

|                                                   | Share<br>capital<br>£'000 | Share<br>premium<br>£'000 | Capital<br>redemption<br>reserve<br>£'000 | Non-<br>distributable<br>reserve<br>£'000 | Retained<br>earnings<br>£'000 | Total<br>equity<br>£'000 |
|---------------------------------------------------|---------------------------|---------------------------|-------------------------------------------|-------------------------------------------|-------------------------------|--------------------------|
| <b>At 1 April 2023</b>                            | 1,439                     | 272                       | 707                                       | 1,724                                     | 27,520                        | 31,662                   |
| <b>Total comprehensive income/(expense)</b>       |                           |                           |                                           |                                           |                               |                          |
| Profit for the period                             | -                         | -                         | -                                         | -                                         | 30                            | 30                       |
| Other comprehensive expense                       | -                         | -                         | -                                         | -                                         | (654)                         | (654)                    |
| <b>Total comprehensive expense for the period</b> | -                         | -                         | -                                         | -                                         | (624)                         | (624)                    |
| Transactions with owners:                         |                           |                           |                                           |                                           |                               |                          |
| Dividends                                         | -                         | -                         | -                                         | -                                         | (404)                         | (404)                    |
| Share-based payment                               | -                         | -                         | -                                         | -                                         | 21                            | 21                       |
| <b>At 30 September 2023 (unaudited)</b>           | <b>1,439</b>              | <b>272</b>                | <b>707</b>                                | <b>1,724</b>                              | <b>26,513</b>                 | <b>30,655</b>            |

for the year ended 31 March 2024 (audited)

|                                                 | Share<br>capital<br>£'000 | Share<br>premium<br>£'000 | Capital<br>redemption<br>reserve<br>£'000 | Non-<br>distributable<br>reserve<br>£'000 | Retained<br>earnings<br>£'000 | Total<br>equity<br>£'000 |
|-------------------------------------------------|---------------------------|---------------------------|-------------------------------------------|-------------------------------------------|-------------------------------|--------------------------|
| <b>At 1 April 2023</b>                          | 1,439                     | 272                       | 707                                       | 1,724                                     | 27,520                        | 31,662                   |
| <b>Total comprehensive expense</b>              |                           |                           |                                           |                                           |                               |                          |
| Loss for the year                               | -                         | -                         | -                                         | -                                         | (1,204)                       | (1,204)                  |
| Other comprehensive expense                     | -                         | -                         | -                                         | -                                         | (1,239)                       | (1,239)                  |
| <b>Total comprehensive expense for the year</b> | -                         | -                         | -                                         | -                                         | (2,443)                       | (2,443)                  |
| Transactions with owners:                       |                           |                           |                                           |                                           |                               |                          |
| Dividends                                       | -                         | -                         | -                                         | -                                         | (539)                         | (539)                    |
| Issue of shares - SAYE                          | -                         | -                         | -                                         | -                                         | 220                           | 220                      |
| Purchase of our shares                          | -                         | -                         | -                                         | -                                         | (195)                         | (195)                    |
| Share-based payment                             | -                         | -                         | -                                         | -                                         | 31                            | 31                       |
| <b>At 31 March 2024 (audited)</b>               | <b>1,439</b>              | <b>272</b>                | <b>707</b>                                | <b>1,724</b>                              | <b>24,594</b>                 | <b>28,736</b>            |

## Condensed Consolidated Cash Flow Statement

for the half year ended 30 September 2024

|                                                                                              | Unaudited<br>Half year to<br>30 September<br>2024<br>£'000 | Unaudited<br>Half year to<br>30 September<br>2023<br>£'000 | Audited<br>Year to<br>31 March<br>2024<br>£'000 |
|----------------------------------------------------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------|-------------------------------------------------|
| <b>Cash flows from operating activities</b>                                                  |                                                            |                                                            |                                                 |
| Profit/(loss) before taxation                                                                | 213                                                        | 44                                                         | (1,545)                                         |
| Adjustments for:                                                                             |                                                            |                                                            |                                                 |
| Net finance expense and pension scheme service cost                                          | 1,693                                                      | 1,458                                                      | 3,078                                           |
| Depreciation of property, plant and equipment, investment properties and right-of-use assets | 1,089                                                      | 1,035                                                      | 2,702                                           |
| Cash payments into the defined-benefit pension scheme                                        | (915)                                                      | (425)                                                      | (831)                                           |
| Profit on disposal of property, plant and equipment                                          | -                                                          | -                                                          | (41)                                            |
| Share-based payments                                                                         | -                                                          | 21                                                         | 31                                              |
| (Increase)/decrease in inventories                                                           | (1,393)                                                    | 535                                                        | (2,262)                                         |
| (Increase)/decrease in receivables                                                           | (1,627)                                                    | 218                                                        | (189)                                           |
| Increase/(decrease) in payables                                                              | 3,046                                                      | (676)                                                      | 1,944                                           |
| Cash generated from operations                                                               | 2,106                                                      | 2,210                                                      | 2,887                                           |
| Net tax paid                                                                                 | -                                                          | (28)                                                       | (68)                                            |
| Interest paid                                                                                | (1,403)                                                    | (1,201)                                                    | (2,700)                                         |
| Net cash generated from operating activities                                                 | 703                                                        | 981                                                        | 119                                             |
| <b>Investing activities</b>                                                                  |                                                            |                                                            |                                                 |
| Proceeds generated on disposal of property, plant and equipment                              | -                                                          | -                                                          | 57                                              |
| Purchases of property, plant and equipment                                                   | (481)                                                      | (1,754)                                                    | (2,575)                                         |
| Receipt from investment in lease                                                             | 93                                                         | 93                                                         | 185                                             |
| Net cash used in investing activities                                                        | (388)                                                      | (1,661)                                                    | (2,333)                                         |
| <b>Financing activities</b>                                                                  |                                                            |                                                            |                                                 |
| Unsecured revolving credit facility utilised                                                 | 2,500                                                      | -                                                          | 1,000                                           |
| Unsecured revolving credit facility repaid                                                   | (1,500)                                                    | -                                                          | (1,000)                                         |
| Secured revolving credit facility received                                                   | 1,000                                                      | -                                                          | -                                               |
| Secured loans repaid                                                                         | (188)                                                      | (437)                                                      | (875)                                           |
| Unsecured loan received                                                                      | -                                                          | 350                                                        | 350                                             |
| Unsecured loans repaid                                                                       | (35)                                                       | -                                                          | (35)                                            |
| Issue of shares – SAYE scheme                                                                | 2                                                          | -                                                          | 220                                             |
| Purchase of own shares for treasury                                                          | -                                                          | -                                                          | (195)                                           |
| Dividends paid                                                                               | (136)                                                      | (404)                                                      | (539)                                           |
| Repayment of capital element of lease liabilities                                            | (316)                                                      | (316)                                                      | (500)                                           |
| Net cash generated/(used) in financing activities                                            | 1,327                                                      | (807)                                                      | (1,574)                                         |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                                  | <b>1,642</b>                                               | <b>(1,487)</b>                                             | <b>(3,788)</b>                                  |
| Cash and cash equivalents at beginning of period                                             | 438                                                        | 4,226                                                      | 4,226                                           |
| <b>Cash and cash equivalents at end of period</b>                                            | <b>2,080</b>                                               | <b>2,739</b>                                               | <b>438</b>                                      |

# Notes to the Condensed Consolidated Financial Statements

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for the half year ended 30 September 2024

## 1. GENERAL INFORMATION

Caffyns plc is a company domiciled in the United Kingdom. The address of the registered office is Meads Road, Eastbourne, East Sussex BN20 7DR.

These condensed consolidated financial statements for the half year to 30 September 2024 and similarly for the half year to 30 September 2023 are unaudited. They do not include all the information required for full annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended 31 March 2024.

The comparative financial information for the year ended 31 March 2024 in these condensed consolidated financial statements does not constitute statutory accounts for that year. The statutory accounts for 31 March 2024 have been delivered to the Registrar of Companies. The Auditor's report on those accounts was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

These condensed consolidated financial statements have been reviewed by the Company's auditor and a copy of their review report is set out at the end of these statements.

These consolidated interim financial statements were approved by the directors on 28 November 2024.

## 2. ACCOUNTING POLICIES

The annual financial statements of Caffyns plc are prepared in accordance with UK-adopted International Accounting Standards. The set of condensed consolidated financial statements included in this half-yearly financial report has been prepared in accordance with UK-adopted International Accounting Standard 34 'Interim Financial Reporting'. As required by the disclosure guidance and transparency rules of the Financial Conduct Authority, this set of condensed consolidated financial statements has been prepared in accordance with the accounting policies set out in the Annual Report for the year ended 31 March 2024.

### Segmental reporting

Based upon the management information reported to the Group's chief operating decision maker, the Chief Executive, in the opinion of the directors, the Group only has one reportable segment. There are no major customers amounting to 10% or more of the Group's revenue. All revenue and non-current assets derive from, or are based in, the United Kingdom.

### Basis of preparation: Going concern

These condensed consolidated financial statements have been prepared on a going concern basis, which the directors consider appropriate for the reasons set out below.

The directors have considered the going concern basis and have undertaken a detailed review of trading and cash flow forecasts for a period of one year from the date of approval of these condensed consolidated financial statements. This has focused primarily on the achievement of the banking covenants associated with the term loan and revolving credit facilities provided by HSBC, which cover levels of interest, borrowing and freehold property security. For the period, one-year temporary covenant tests are in place which require the Company to achieve minimum cumulative Senior EBITDA hurdles, which are £Nil for the quarter ended 30 June 2024, £1.0 million for the half-year ending 30 September 2024, £1.5 million for the nine months ending 31 December 2024 and £3.0 million for the full financial year ending 31 March 2025. These covenant tests at 30 June and 30 September 2024 were passed and the directors expect to pass the tests on 31 December 2024 and 31 March 2025.

With effect from 30 June 2025, the previous covenant tests relating to interest and borrowing levels, which are outlined below, will then be reapplied. Any failure of a covenant test would render the borrowing facilities from HSBC to become repayable on demand, at the option of the lender.

Under the Company's interest cover covenant test, it is required to make underlying profits before senior interest (that being paid to HSBC and VW Bank on its term loan and revolving credit facility borrowings), corporation tax, depreciation and amortisation ("senior EBITDA") for a rolling twelve-month period which is at least four times the level of senior interest. Under the borrowings test, the Company's borrowings from HSBC and VW Bank on its term loan and revolving credit facilities must be less than 375% of its senior EBITDA. When this covenant test is reapplied on 30 June 2025 the covenant multiple will be increased from 375% to 400%.

The Company's final covenant test over its levels of freehold property security requires that the level of its bank borrowings do not exceed 70% of the independently assessed value of its charged freehold properties. This test was passed at 30 September 2024 and will remain in place throughout the remainder of the period, and beyond. Property values would need to reduce by some two-thirds before this covenant test became at risk of failure.

Once reapplied on 30 June 2025, these covenants will then continue to be tested quarterly. Financial modelling for the coming twelve-month period has allowed the directors to conclude that there is satisfactory headroom in the Company's banking covenants.

The directors have also given consideration to the future uncertainties in the state of the UK economy, as well as to cost pressures which might impact the business such as future increases to staffing costs from rises in the National Minimum Wage and employers' National Insurance, from business rates and from increases to funding costs from higher interest base rates.

The directors have also considered the Company's working capital requirements. The Company meets its day-to-day working capital requirements through short-term vehicle stocking loans, a bank overdraft and revolving-credit facility, and medium-term revolving credit facilities and term loans. At 30 September 2024, the medium-term banking facilities included a term loan with an outstanding balance of £5.3 million and a revolving credit facility of £6.0 million from HSBC, its primary bankers, with both facilities being next renewable in March 2026. HSBC also makes available a short-term overdraft facility of £3.5 million, which is renewed annually each August. The Company also has a short-term revolving-credit facility of £4.0 million, which is renewed annually each November, from Volkswagen Bank. In the opinion of the directors, there is a reasonable expectation that all facilities will be renewed at their scheduled expiry dates. The failure of a covenant test would render these facilities repayable on demand at the option of the lender. At 30 September 2024 the Company held cash in hand balances of £2.1 million and had undrawn borrowing facilities of £5.5 million, all of which are immediately available.

The directors have a reasonable expectation that the Company has adequate resources and headroom against its covenant tests to be able to continue in operational existence for the foreseeable future and for at least twelve months from the date of approval of this Interim Report. For those reasons, they continue to adopt the going concern basis in preparing these condensed consolidated financial statements.

### **Non-underlying items**

Non-underlying items comprise only profits and losses from disposal of freehold property, gains arising from lease extensions from freehold property, impairment charges against non-current assets, costs attributable to vacant properties held pending their disposal, net financing return and service cost on pension obligations in respect of the defined benefit pension scheme, which is closed to future accrual, and companywide operational restructuring and redundancy costs.

All other activities are treated as underlying.

### 3. OTHER INCOME (NET)

|                                           | Unaudited<br>Half year to<br>30 September<br>2024<br>£'000 | Unaudited<br>Half year to<br>30 September<br>2023<br>£'000 | Audited<br>year to<br>31 March<br>2024<br>£'000 |
|-------------------------------------------|------------------------------------------------------------|------------------------------------------------------------|-------------------------------------------------|
| Rent receivable                           | 186                                                        | 153                                                        | 315                                             |
| Gain on sale of personalised numberplate  | 138                                                        | -                                                          | -                                               |
| Gain on disposal of tangible fixed assets | -                                                          | -                                                          | 41                                              |
| <b>Total other income</b>                 | <b>324</b>                                                 | <b>153</b>                                                 | <b>356</b>                                      |

### 4. NON-UNDERLYING ITEMS

|                                                                 | Unaudited<br>Half year to<br>30 September<br>2024<br>£'000 | Unaudited<br>Half year to<br>30 September<br>2023<br>£'000 | Audited<br>year to<br>31 March<br>2024<br>£'000 |
|-----------------------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------|-------------------------------------------------|
| Other income:                                                   |                                                            |                                                            |                                                 |
| Net gain on disposal of property, plant and equipment           | -                                                          | -                                                          | 41                                              |
| Within operating expenses:                                      |                                                            |                                                            |                                                 |
| Service cost on pension scheme                                  | (9)                                                        | (11)                                                       | (18)                                            |
| Property impairments                                            | -                                                          | -                                                          | (604)                                           |
|                                                                 | (9)                                                        | (11)                                                       | (622)                                           |
| Total non-underlying items within operating profit              | (9)                                                        | (11)                                                       | (581)                                           |
| Net finance expense on pension scheme                           | (230)                                                      | (204)                                                      | (398)                                           |
| Total non-underlying items within profit/(loss) before taxation | (239)                                                      | (215)                                                      | (979)                                           |

### 5. NET FINANCE EXPENSE

|                                              | Unaudited<br>Half year to<br>30 September<br>2024<br>£'000 | Unaudited<br>Half year to<br>30 September<br>2023<br>£'000 | Audited<br>year to<br>31 March<br>2024<br>£'000 |
|----------------------------------------------|------------------------------------------------------------|------------------------------------------------------------|-------------------------------------------------|
| Interest in lease interest receivable        | (12)                                                       | (10)                                                       | (21)                                            |
| Interest receivable on cash deposits         | (7)                                                        | (17)                                                       | -                                               |
| Interest payable on bank borrowings          | 509                                                        | 450                                                        | 920                                             |
| Interest payable on inventory stocking loans | 827                                                        | 687                                                        | 1,454                                           |
| Interest on lease liabilities                | 60                                                         | 63                                                         | 133                                             |
| Financing costs amortised                    | 50                                                         | 45                                                         | 122                                             |
| Preference dividends                         | 36                                                         | 36                                                         | 72                                              |
| <b>Finance expense</b>                       | <b>1,463</b>                                               | <b>1,254</b>                                               | <b>2,680</b>                                    |

## 6. TAXATION

|                                                                        | Unaudited<br>Half year to<br>30 September<br>2024<br>£'000 | Unaudited<br>Half year to<br>30 September<br>2023<br>£'000 | Audited<br>year to<br>31 March<br>2024<br>£'000 |
|------------------------------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------|-------------------------------------------------|
| <b>Current UK corporation tax</b>                                      |                                                            |                                                            |                                                 |
| Charge/(credit) for the period                                         | -                                                          | -                                                          | (152)                                           |
| Adjustments recognised in the period for current tax of prior periods  | -                                                          | -                                                          | -                                               |
| Total current tax charge/(credit)                                      | -                                                          | -                                                          | (152)                                           |
| <b>Deferred tax</b>                                                    |                                                            |                                                            |                                                 |
| Origination and reversal of timing differences                         | 53                                                         | 39                                                         | (201)                                           |
| Change in corporation tax rate                                         | -                                                          | -                                                          | 36                                              |
| Adjustments recognised in the period for deferred tax of prior periods | 6                                                          | (25)                                                       | (24)                                            |
| Total deferred tax charge/(credit)                                     | 59                                                         | 14                                                         | (189)                                           |
| Total tax charged/(credited) in the Income Statement                   | 59                                                         | 14                                                         | (341)                                           |

The tax charge/(credit) arises as follows:

|                           | Unaudited<br>Half year to<br>30 September<br>2024<br>£'000 | Unaudited<br>Half year to<br>30 September<br>2023<br>£'000 | Audited<br>year to<br>31 March<br>2024<br>£'000 |
|---------------------------|------------------------------------------------------------|------------------------------------------------------------|-------------------------------------------------|
| On normal trading         | 118                                                        | 68                                                         | (96)                                            |
| Non-underlying items      | (59)                                                       | (54)                                                       | (245)                                           |
| Total tax charge/(credit) | 59                                                         | 14                                                         | (341)                                           |

Taxation of trading items for the half year has been provided at an effective rate of taxation of 28% (2023: 31%) expected to apply to the full year. This effective rate is higher than the standard rate of corporation tax in force of 25% due to certain items that are deemed disallowable for corporation tax.

## 7. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the earnings attributable to Ordinary shareholders divided by the weighted average number of shares in issue during the period. Treasury shares are treated as cancelled for the purposes of this calculation.

The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares and the post-tax effect of dividends and/or interest, on the assumed conversion of all dilutive options and other dilutive potential Ordinary shares.

Reconciliations of the earnings and the weighted average number of shares used in the calculations are set out below.

|                                                 | <b>Unaudited<br/>Half year to<br/>30 September<br/>2024<br/>£'000</b> | Unaudited<br>Half year to<br>30 September<br>2023<br>£'000 | Audited<br>year to<br>31 March<br>2024<br>£'000 |
|-------------------------------------------------|-----------------------------------------------------------------------|------------------------------------------------------------|-------------------------------------------------|
| <b>Basic</b>                                    |                                                                       |                                                            |                                                 |
| Profit/(loss) after tax for the period          | <b>154</b>                                                            | 30                                                         | (1,204)                                         |
| Basic earnings/(deficit) per share              | <b>5.7p</b>                                                           | 1.1p                                                       | (44.3)p                                         |
| Diluted earnings/(deficit) per share            | <b>5.7p</b>                                                           | 1.1p                                                       | (44.3)p                                         |
| <b>Underlying</b>                               |                                                                       |                                                            |                                                 |
| Profit/(loss) before tax                        | <b>213</b>                                                            | 44                                                         | (1,545)                                         |
| Adjustment: Non-underlying items (note 4)       | <b>239</b>                                                            | 215                                                        | 979                                             |
| Underlying profit/(loss) for the period         | <b>452</b>                                                            | 259                                                        | (566)                                           |
| Taxation on normal trading (note 6)             | <b>(118)</b>                                                          | (68)                                                       | 96                                              |
| Underlying earnings                             | <b>334</b>                                                            | 191                                                        | (470)                                           |
| Underlying basic earnings/(deficit) per share   | <b>12.2p</b>                                                          | 7.1p                                                       | (17.3)p                                         |
| Underlying diluted earnings/(deficit) per share | <b>12.2p</b>                                                          | 7.0p                                                       | (17.3)p                                         |

The number of fully paid Ordinary shares in issue at the period-end was 2,879,298 (2023: 2,879,298). Excluding the shares held for treasury, the weighted average shares in issue for the purposes of the earnings per share calculation were 2,726,811 (2023: 2,696,485).

The directors consider that underlying earnings per share figures provide a better measure of comparative performance.

## 8. DIVIDENDS

### Ordinary shares of 50 pence each

An interim dividend of 5.0 pence per Ordinary share has been declared and will be paid to shareholders on 10 January 2025 to those shareholders on the register at the close of business on 13 December 2024. The Ordinary shares will be marked ex-dividend on 12 December 2024. An interim dividend of 5.0 pence per Ordinary share was declared in respect of the half-year ended 30 September 2023. No final dividend was declared in respect of the year ended 31 March 2024.

### Preference shares

Preference dividends were paid in October 2024. The next preference dividends are payable in April 2025. The cost of the preference dividends has been included within finance costs (see note 5).

## 9. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

The following is a reconciliation of changes in the balances of Property, plant and equipment and Right-of-Use assets.

### Property, plant and equipment:

|                                              | <b>Unaudited<br/>Half year to<br/>30 September<br/>2024<br/>£'000</b> | <b>Unaudited<br/>Half year to<br/>30 September<br/>2023<br/>£'000</b> | <b>Audited<br/>year to<br/>31 March<br/>2024<br/>£'000</b> |
|----------------------------------------------|-----------------------------------------------------------------------|-----------------------------------------------------------------------|------------------------------------------------------------|
| Property, plant and equipment at 1 April     | 38,714                                                                | 38,145                                                                | 38,145                                                     |
| Less: Depreciation charges                   | (839)                                                                 | (778)                                                                 | (1,589)                                                    |
| Less: Impairment charges                     | -                                                                     | -                                                                     | (400)                                                      |
| Less: Net book value of disposals            | -                                                                     | -                                                                     | (17)                                                       |
| Add: Purchases                               | 481                                                                   | 1,754                                                                 | 2,575                                                      |
| Property plant and equipment at 30 September | <b>38,356</b>                                                         | 39,121                                                                | 38,714                                                     |

Purchases in the period included assets in the course of construction of £193,000 (2023: £1,233,000).

### Right-of-use assets:

|                                           | <b>Unaudited<br/>Half year to<br/>30 September<br/>2024<br/>£'000</b> | <b>Unaudited<br/>Half year to<br/>30 September<br/>2023<br/>£'000</b> | <b>Audited<br/>year to<br/>31 March<br/>2024<br/>£'000</b> |
|-------------------------------------------|-----------------------------------------------------------------------|-----------------------------------------------------------------------|------------------------------------------------------------|
| Right-of-use assets at 1 April            | 2,343                                                                 | 2,348                                                                 | 2,348                                                      |
| Less: Amortisation of right-of-use assets | (196)                                                                 | (200)                                                                 | (398)                                                      |
| Add: Purchases                            | -                                                                     | -                                                                     | 393                                                        |
| Right-of-use assets at 30 September       | <b>2,147</b>                                                          | 2,148                                                                 | 2,343                                                      |

## 10. INVESTMENT PROPERTIES

The following is a reconciliation of changes in the balances of Investment properties.

### Investment properties:

|                                                      | <b>Unaudited<br/>Half year to<br/>30 September<br/>2024<br/>£'000</b> | <b>Unaudited<br/>Half year to<br/>30 September<br/>2023<br/>£'000</b> | <b>Audited<br/>year to<br/>31 March<br/>2024<br/>£'000</b> |
|------------------------------------------------------|-----------------------------------------------------------------------|-----------------------------------------------------------------------|------------------------------------------------------------|
| Investment properties at 1 April                     | 7,216                                                                 | 7,531                                                                 | 7,531                                                      |
| Less: Depreciation charges                           | (55)                                                                  | (57)                                                                  | (111)                                                      |
| Less: Impairment charges                             | -                                                                     | -                                                                     | (204)                                                      |
| Transferred to Current assets as Asset held for sale | (4,620)                                                               | -                                                                     | -                                                          |
| Investment properties at 30 September                | <b>2,541</b>                                                          | 7,474                                                                 | 7,216                                                      |

## 11. ASSET HELD FOR SALE

|                                        | Unaudited<br>Half year to<br>30 September<br>2024<br>£'000 | Unaudited<br>Half year to<br>30 September<br>2023<br>£'000 | Audited<br>year to<br>31 March<br>2024<br>£'000 |
|----------------------------------------|------------------------------------------------------------|------------------------------------------------------------|-------------------------------------------------|
| Assets held for sale at 1 April        | -                                                          | -                                                          | -                                               |
| Transferred from Investment properties | 4,620                                                      | -                                                          | -                                               |
| Asset held for sale at 30 September    | <b>4,620</b>                                               | -                                                          | -                                               |

On 29 October, the board exchanged contracts for the sale of the Company's freehold premises in Lewes. Completion of the sale is dependent on the successful outcome of ground surveys, which must be completed within a four-month period from exchange.

Management's judgement at the balance sheet date was that the transaction was reasonably certain to complete and would do so within a twelve-month period. Accordingly, the property has been reclassified from Investment Properties and shown as an Asset held for sale within Current assets. The property is shown at the expected sale proceeds to be received less costs of disposal.

## 12. LOANS AND BORROWINGS

|                                             | Bank and<br>other<br>loans<br>£'000 | Revolving<br>credit<br>facilities<br>£'000 | Lease<br>liabilities<br>£'000 | Preference<br>shares<br>£'000 | Liabilities<br>arising from<br>financing<br>activities<br>£'000 | Bank and<br>cash<br>balances<br>£'000 | Net<br>debt<br>£'000 |
|---------------------------------------------|-------------------------------------|--------------------------------------------|-------------------------------|-------------------------------|-----------------------------------------------------------------|---------------------------------------|----------------------|
| At 1 April 2024 (audited)                   | 5,753                               | 6,000                                      | 2,607                         | 812                           | <b>15,172</b>                                                   | (438)                                 | <b>14,734</b>        |
| Cash movement                               | (223)                               | 2,000                                      | (316)                         | -                             | <b>1,461</b>                                                    | (1,642)                               | <b>(181)</b>         |
| Non-cash movement                           | -                                   | -                                          | 72                            | -                             | <b>72</b>                                                       | -                                     | <b>72</b>            |
| <b>At 30 September 2024<br/>(unaudited)</b> | <b>5,530</b>                        | <b>8,000</b>                               | <b>2,363</b>                  | <b>812</b>                    | <b>16,705</b>                                                   | <b>(2,080)</b>                        | <b>14,625</b>        |
| Current liabilities/(assets)                | 445                                 | 2,000                                      | 423                           | -                             | <b>2,868</b>                                                    | (2,080)                               | <b>788</b>           |
| Non-current liabilities                     | 5,085                               | 6,000                                      | 1,940                         | 812                           | <b>13,837</b>                                                   | -                                     | <b>13,837</b>        |
| <b>At 30 September 2024</b>                 | <b>5,530</b>                        | <b>8,000</b>                               | <b>2,363</b>                  | <b>812</b>                    | <b>16,705</b>                                                   | <b>(2,080)</b>                        | <b>14,625</b>        |

## 13. PENSIONS

The pension scheme deficit reflects a defined benefit obligation that has been updated to reflect its valuation as at 30 September 2024. This has been calculated by a qualified actuary using a consistent valuation method to that which was adopted in the audited financial statements for the year ended 31 March 2024 and in the period to 30 September 2023, and which complies with the accounting requirements of IAS 19 Pensions (revised).

The net liability for defined benefit obligations decreased from £10,036,000 at 31 March 2024 to £7,643,000 at 30 September 2024. The reduction of £2,393,000 comprised the net charge to the Condensed Consolidated Statement of Financial Performance of £239,000, a net positive remeasurement adjustment credited to the Condensed Consolidated Statement of Comprehensive Income of £1,717,000 and employer contributions of £915,000.

Asset values fell in the period, by £1,346,000, including divestments to pay pension transfers and benefits in the period of £2,361,000. The net present value of pension liabilities also fell, by £3,739,000, due to the combination of pensions settled in the period, experience gains from the triannual valuation in March 2023 and an increase in the rate applied to discount the Scheme's liabilities, from 4.8% at 31 March 2024 to 5.0% at 30 September 2024.

#### **14. RISKS AND UNCERTAINTIES**

There are a number of potential risks and uncertainties which could have a material impact on the Group's performance over the remaining six months of the financial year and could cause actual results to differ materially from expected and historical results. The board believes these risks and uncertainties to be consistent with those disclosed in our latest Annual Report, including the effect of changes to interest base rates on the UK economy and their impact on the Group's defined benefit pension scheme, liquidity and financing, the Group's dependency on its manufacturers and their stability and ability to supply new car product, used car prices and regulatory compliance.

#### **15. CAPITAL COMMITMENTS**

At 30 September 2024, the Company had capital commitments of £0.06 million (2023: £0.6) million.

#### **16. RESPONSIBILITY STATEMENT**

We confirm that to the best of our knowledge:

- a) these condensed consolidated financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting';
- b) these condensed consolidated financial statements include a fair review of the information required by DTR 4.2.7R of the disclosure guidance and transparency rules (indication of important events during the first six months and their impact on the set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year); and
- c) the Half Year Report includes a fair review of the information required by DTR 4.2.8R of the disclosure and guidance transparency rules (disclosure of related parties' transactions and changes therein).

By order of the board

**S G M Caffyn**

Chief Executive

**M Warren**

Finance Director

28 November 2024

# INDEPENDENT REVIEW REPORT

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to Caffyns plc

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2024 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2024 which comprises the Condensed Consolidated Statement of Financial Performance, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Statement of Financial Position, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Cash Flow Statement, and the related notes to the Consolidated Unaudited interim Financial Statements.

## Basis for conclusion

We conducted our review in accordance with Revised International Standard on Review Engagements (UK) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("ISRE (UK) 2410 (Revised)"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

## Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410 (Revised), however future events or conditions may cause the group to cease to continue as a going concern.

## Responsibilities of directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the company'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 company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statement in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

**Use of our report**

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

**BDO LLP**

Chartered Accountants  
London, UK

28 November 2024

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(with registered number OC305127).