

Caffè Nero Ireland Limited

Report and Financial Statements

31 May 2025

Company Information

Registered No. 536731

Directors

G W Ford
B J Price
P Raclawski

Secretary

MFD Secretaries Limited

Auditor

Ernst & Young
City Quarter
Lapps Quay
Cork

Banker

HSBC Bank Plc
1 Grand Canal Square
Grand Canal Harbour
Dublin 2

Solicitor

Linklaters
1 Silk Street
London EC2Y 8HQ

Registered Office

32 Molesworth Street
Dublin 2

Registered No. 536731

Directors' report

The directors present their report and financial statements for Caffè Nero Ireland Limited ('the Company') for the year ended 31 May 2025.

Results and dividend

The Company generated a profit before tax of €187k (2024 – loss of €1k) and gross profit of €2,388k (2024 – €2,557k profit).

The results for the year are set out in the statement of profit or loss and other and no dividend is proposed.

Directors

The directors who served the Company during the year to the date of approving these financial statements for issue were as follows:

G W Ford

B J Price

Subsequent events

There has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operation of the Company.

Political donations

There were no political donations paid by the Company during the year.

Principal activity and review of the business

The Company was incorporated on 13 December 2013 and has been set-up as a trading Company for the trading activities in the Republic of Ireland of Caffè Nero, a high quality coffee bar group. In addition to its core range of high quality espresso-based coffees, Caffè Nero offers an array of pastries, baked goods, freshly made panini, sandwiches, salads and pastas, as well as cakes and biscotti.

The directors believe there are strong growth prospects in the branded coffee bar market in Ireland.

During FY25, the Company experienced continued positive momentum which was improved by controlling costs despite continued cost pressures. The Company enters FY26 optimistic following a year of positive EBITDA and continues sales growth.

Key performance indicators

The directors have assessed that the following KPIs are the most effective measures of progress towards achieving the Company's strategies and as such towards fulfilling the Company's objectives.

Like for like sales

The Company defines like for like sales as the growth in sales of stores open for more than 12 months compared to the previous year.

During the year ended 31 May 2025, 1 new store was opened, resulting in 21 operating stores trading at the end of the year.

Directors' report

Key performance indicators (continued)

Store profit (gross profit)

The Company continued its store opening programme which held sales however the impact of inflation on energy, food prices and wages meant that in FY25 the store profit measure decreased to €2.4m (FY24: €2.6m) representing a decrease of €0.2m.

Risk factors

The directors continually identify, evaluate and manage material risks and uncertainties faced by the Company, which could adversely affect the Company's business, operating results and financial condition. The directors consider the principal risks and uncertainties facing the business to comprise the following:

Company specific risks:

Risk	Mitigation
<p>Further Pandemics</p> <ul style="list-style-type: none"> • Risk of reduced staff levels due to impact of future pandemics. • Risk of reduced customer footfall due to government enforced trading restrictions and/or consumer confidence in health and safety measures. 	<ul style="list-style-type: none"> • Operational processes developed to manage Covid-19 impact can be reactivated quickly and are adaptable to other pandemic impacts. • All stores able to reactivate in-store Covid safety measures to protect staff and customers quickly. Including social distancing, Perspex screens, PPE for teams, hand sanitiser stations, enhanced cleaning regimes and clear signage for customers. • High-level plans able to be activated to manage local or national closures if necessary. Covenants with lenders can be temporarily halted if a lockdown is initiated. • Strong cash management processes and cost cutting at Company level to mitigate any further national lockdowns.
<p>Brand reputation</p> <ul style="list-style-type: none"> • Damage to the brand image due to failures in environmental health in the stores or contamination of products. • Risk of guests suffering from failure to deliver our allergens policies and procedures, or inaccurate or insufficient information provided to guests concerning allergens. 	<ul style="list-style-type: none"> • Strict cleaning and store maintenance procedures continuously reviewed and enforced at store level in conjunction with the business Health and Safety officer and with review by the business primary authority. • Clear Allergen policies and procedures established across all brands. • Detailed database built up by ingredient/supplier and testing of database including physical verification. • Allergen training continuously reviewed and regularly completed by all restaurant employees across all businesses. • Constantly updated Allergen manual and information available to all customers both on the company website and in physical form in each store.
<p>People attraction and retention</p> <ul style="list-style-type: none"> • Failure to attract, retain, or develop store teams and key head office individuals. • Availability of baristas 	<ul style="list-style-type: none"> • Implementation of robust recruitment process to ensure the quantity of hires is sufficient but to also protect the quality of hiring. • Continual review and updating of onboarding and induction process focused on core skills and employee engagement. • Career pathway plans discussed with all above store level employees. • Competitive employment propositions

Directors' report

<p>Supply chain management</p> <ul style="list-style-type: none"> • Risk of loss of key suppliers, jeopardising supply and availability. • Risk that the distribution network is unable to meet the demands of our stores. • Risk that the effects of climate change will disrupt the supply of coffee from overseas. 	<ul style="list-style-type: none"> • Products are sourced from multiple suppliers to mitigate risk. • Regular communication and dialogue with all logistics partners and key suppliers to review performance and assess risk. • Supply contracts in place with all key suppliers. • Regular supplier visits by Group Technical and Buying teams to check operations and procedures. • Contingency planograms and menus to mitigate for adjusted availability and to protect core product availability for customers.
<p>Breakdowns in internal controls through fraud or error</p>	<ul style="list-style-type: none"> • Strong internal control processes in place throughout the business. • Regular review of processes and systems to ensure a robust control environment is maintained. • Designated members responsible for communicating instances of fraud including how these were prevented and actions taken to ensure no repeat offences. • Regular team updates with the internal audit team to further highlight instances of fraud/error in the business and necessary actions taken.
<p>Hacking and Data Breaches</p> <ul style="list-style-type: none"> • Risk of external hackers compromising the Group IT network and attempting to blackmail the business. • Malicious electronic viruses which could cause IT systems to fail. 	<ul style="list-style-type: none"> • Installed third-party security monitoring system • Improved security processes have been put in place for all employees, including new system log-in procedures, password reset procedures, and improved ID authentication measures for all employees with access to the company server and system. • Increased training for all CN employees on the risks of viruses, plus online training on how to manage communication and attachments from unknown sources, how to confirm the identity of individuals communicating with employees, and controlling/limiting access to unsafe websites.
<p>Increases in costs</p> <ul style="list-style-type: none"> • Risk of inflationary pressure on the Group's costs and the current cost of living crisis and rising inflation. 	<ul style="list-style-type: none"> • Work collaboratively with our suppliers to find effective cost savings. • Revision of range of products being sold and ways to reengineer pricing of those products whilst maintaining brand standard. • Increase in price of products where appropriate.

Broader sector or macroeconomic risks:

- Increased competition in the markets in which the Company operates;
- A rise in interest rates which will affect the amount of interest payable on the wider Group's loans;
- Inflation, principally on energy and cost of goods sold;
- Adverse economic conditions in the Irish retail / leisure markets; and
- Tensions in the Middle East or Ukraine could affect consumer sentiment

The Company continually monitors exposure to these risks and has developed policies and appointed qualified personnel to mitigate exposure to these risks.

Directors' report

Future developments of the business

Following a return to strong levels of sales, and signs of the easing of inflationary pressures experienced during the year the Company is returning to its store growth schedule with a roll-out programme for FY26.

Going concern

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to meet its liabilities as they fall due for the foreseeable future. The directors have looked out to November 2026 to make their going concern assessment, being the period over which there is the most visibility. In forming this conclusion, the directors have received confirmation of parental support and that the Company's fellow group undertakings will not seek repayment of their intra-group loans presented as current liabilities until such time as the Company is able to repay these liabilities. The Company is controlled by the Nero Group Limited, and in making their assessment the directors have therefore concluded the going concern position of the Nero Group Limited, which is reproduced below.

The financial statements have been prepared on a going concern basis which assumes that the Group and Parent Company will be able to meet its liabilities as they fall due for the foreseeable future. The directors have looked out to November 2026 to make their going concern assessment, being the period over which there is the most visibility.

The directors have prepared detailed forecasts and cash flow projection models which have been stress tested to allow them to assess the going concern assumption. These forecasts indicate that the Group can continue as a going concern under a base case scenario and after stress tests are applied. These stress tests factored in current economic conditions including inflationary adjustments. As at the date of signing these accounts, the Group is ahead of its forecasts for the period starting 1 June 2025.

The results show a loss before taxation of £41.6m. However, this is after material non-cash finance costs, including those connected to rolled-up interest, IFRS 16 and fair value movements, as well as significant non-cash depreciation and amortisation charges which are reflective of a growing group with high annual capital expenditure. (A full reconciliation of the loss for the year to Unadjusted EBITDA and Brand EBITDA is shown in Note 4). The super senior and senior loans are not due for repayment during the going concern period. Beyond this period, the Directors also considered that the Group's £60m Revolving Credit Facility is due for repayment in December 2026 and have started the process of refinancing all of the Group's facilities (the larger part of which are not due for repayment until December 2027).

The Directors monitor the financial health of the group through cash generated through Brand EBITDA, which is set out in detail in note 4.1. This extent of non-cash impact to the Group P&L is expected to continue for the foreseeable future.

Having made due and careful enquiry, the directors have satisfied themselves that the Group and Parent Company should continue to adopt the going concern basis in preparing its financial statements.

Directors' report

Directors of the Company

The directors at the date of approving this report and those who served during the year are set out on page 1. During the year, the directors' interests in the share capital of The Nero Company, the most senior parent Company of the Group of which The Nero Group Ltd is a member, were as follows:

	<i>At 31 May 2025</i>	<i>At 31 May 2024</i>
	<i>£20 each</i>	<i>£20 each</i>
G W Ford (1) Ordinary Shares	16,416	16,150
G W Ford (1) Preference Shares	745	745
B J Price (2) Ordinary Shares	310	310

(1) G W Ford's interest in ordinary shares is registered as follows:

G W Ford	15,203
Paladin Partners 1	1,213

(2) B J Price's interest in ordinary shares is registered as follows:

Paladin Partners 1	310
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Additionally, B J Price has 495 shares in The Nero Company held on his behalf through an Employee Benefit Trust. G W Ford also holds 157 ordinary shares directly in Rome Intermediate Holdings Sarl, the immediate parent of which is The Nero Company.

Employees

The Company provides employees with information concerning trading, development and other appropriate matters through formal and informal briefings. Employees are consulted on a regular basis to ensure their views are taken into account in making decisions that are likely to affect their interests. Among the forums used to gather information are "village meetings" and "listening groups".

The Company gives full and fair consideration to the employment of disabled people, including the continuation in employment of employees who have become disabled. All employees are given equal opportunities for training and promotion, having regard to their particular aptitudes and abilities.

Financial instruments and risk management

The use of financial instruments exposes the Company to risks. The resultant risk and procedures in place to manage such risks are summarised below:

Credit risk

The Company limits its exposure to credit risk by only lending to fellow group companies who are considered low risk due to the strength of the enlarged group of which the Company is a member. The maximum credit risk exposure is represented by the carrying value of the amount due from group undertakings.

Liquidity risk

Exposure to liquidity risk arises on trade payables due to third parties and amounts owed to group companies. Exposure to liquidity risk is managed through regular review of the maturity of liabilities.

Directors' report

Statement of disclosure of information to auditor

- a) to the best of each director's knowledge and belief, there is no relevant audit information of which the Company's auditor is unaware; and
- b) each director has taken all the steps a director might reasonably be expected to have taken to be aware of the relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

In accordance with section 383(2) of the Companies Act 2014, Ernst & Young, Chartered Accountants and statutory audit firm will continue in office.

Accounting records

The measures that the directors have taken to secure compliance with the requirements of sections 281 to 285 of the Companies Act 2014, with regard to the keeping of the accounting records, including the provision of appropriate resources to maintain adequate accounting records, including the appointment of personnel with appropriate qualifications, experience and expertise. Accounting records are held at Caffè Nero, 9-15 Neal Street, London, WC2H 9QL, and can be made available upon request at the registered office as set out on page 1.

On Behalf of the Board



Ben Price
Director

Statement of directors' responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Irish Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company and of its profit or loss for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors; and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and enable them to ensure that the financial statements comply with the Companies Act 2014. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. The directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Act 2014.



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAFFE NERO IRELAND LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Caffè Nero Ireland Limited ('the Company') for the year ended 31 May 2025, which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Shareholder's Equity and notes to the financial statements, including the material accounting policy information set out in note 1. The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards ('IFRS') as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 May 2025 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAFFE NERO IRELAND LIMITED

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2014

In our opinion, based solely on the work undertaken in the course of the audit, we report that:

- the information given in the directors' report for the financial year ended for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report, other than those parts relating to sustainability reporting where required by Part 28 of the Companies Act 2014, has been prepared in accordance with applicable legal requirements.

We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures required by sections 305 to 312 of the Act, which relate to disclosures of directors' remuneration and transactions are not complied with by the Company. We have nothing to report in this regard.



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAFFE NERO IRELAND LIMITED

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework that give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: https://iaasa.ie/wp-content/uploads/docs/media/IAASA/Documents/audit-standards/Description_of_auditors_responsibilities_for_audit.pdf. This description forms part of our auditor's report.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, appearing to read 'Rav Vithaldas', written over a horizontal line.

Rav Vithaldas
for and on behalf of
Ernst & Young Chartered Accountants and Statutory Audit Firm

Cork

27 November 2025

Statement of profit or loss and other comprehensive income

for the year ended 31 May 2025

	<i>Notes</i>	2025 €000	2024 €000
Revenue	2	12,204	12,092
Cost of sales		(9,816)	(9,535)
Gross Profit		2,388	2,557
Administrative expenses		(1,808)	(1,694)
Exceptional items	3	–	(13)
Operating Profit / (Loss)	3	580	850
Interest payable		(393)	(861)
Profit / (Loss) before tax		187	(11)
Income Tax	5	(116)	–
Profit / (Loss) for the year		71	(11)
Other comprehensive income		–	–
Total comprehensive Profit / (Loss)		71	(11)

All amounts in the profit and loss account derive from continuing operations

Statement of Financial Position

at 31 May 2025

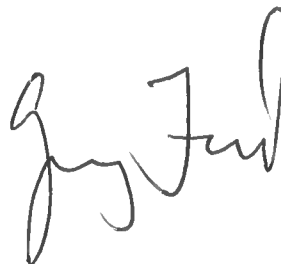
	Notes	2025 €000	2024 €000
Non-current assets			
Property, plant and equipment	6	3,546	3,113
Right of use asset	7	6,843	7,084
Intangible assets	8	31	24
		<u>10,420</u>	<u>10,221</u>
Current assets			
Inventories	9	131	119
Other receivables	10	163	390
Cash and cash equivalents		553	448
		<u>847</u>	<u>957</u>
Total assets		<u>11,267</u>	<u>11,178</u>
Equity and liabilities			
Equity			
Issued Capital	14	–	–
Retained earnings		<u>(3,507)</u>	<u>(3,578)</u>
Non-current liabilities			
Lease liabilities	7	8,056	7,703
Provisions	12	100	132
Current liabilities			
Trade and other payables	11	5,111	4,650
Lease liabilities	7	1,507	2,271
Total liabilities		<u>14,774</u>	<u>14,756</u>
Total equity and liabilities		<u>11,267</u>	<u>11,178</u>

The financial statements were approved by the Board of Directors on 6/10/25 and signed on its behalf by:



Ben Price
Director

Gerry Ford
Director



Statement of cash flows

for the year ended 31 May 2025

	2025 €000	2024 €000
Operating activities		
Loss on ordinary activities before taxation	187	(11)
Adjustments to reconcile profit for the year to net cash:		
Depreciation of property, plant and equipment	800	753
Impairment of property, plant and equipment	149	–
Disposal of property, plant and equipment	–	218
Depreciation of right of use assets	1,085	991
Impairment of right of use assets	–	–
IFRS 16 finance charge	393	861
Amortisation of intangible assets	11	1
Remeasurement of right of use assets	18	(823)
Remeasurement of lease liabilities	1	(230)
Tax paid	(82)	–
Unrealised profit or loss on foreign exchange	–	–
<i>Working capital adjustments:</i>		
(Decrease) in provisions	(32)	–
(Decrease) in inventories	(12)	(27)
(Increase) in receivables	199	446
Increase in trade and other payables	455	970
Net cash flow from operating activities	<u>3,172</u>	<u>3,149</u>
Investing activities		
Payments to acquire property, plant and equipment	(1,382)	(1,315)
Payments to acquire intangible fixed assets	(18)	(25)
Net cash flow used in investing activities	<u>(1,400)</u>	<u>(1,340)</u>
Financing activities		
Payments in relation to lease liabilities	(1,667)	(1,811)
Net cash flow used in financing activities	<u>(1,667)</u>	<u>(1,811)</u>
Net (decrease) in cash and cash equivalents	105	(2)
Cash and cash equivalents at 1 June 2024	448	450
Cash and cash equivalents at 31 May 2025	<u>553</u>	<u>448</u>

Statement of changes in shareholder's equity

for the year ended 31 May 2025

	<i>Share capital</i> €000	<i>Retained earnings</i> €000	<i>Total</i> €000
At 1 June 2023	–	(3,567)	(3,567)
Loss for the year	–	(11)	(11)
Other comprehensive income	–	–	–
Total comprehensive loss for the year	–	(11)	(11)
At 31 May 2024	–	(3,578)	(3,578)
Profit for the year	–	71	71
Other comprehensive income	–	–	–
Total comprehensive income for the year	–	71	71
At 31 May 2025	–	(3,507)	(3,507)

Notes to the financial statements

at 31 May 2025

1. Accounting policies

Corporate Information

The financial statements were authorised for issue by the board of the directors on Caffè Nero Ireland Limited (32 Molesworth Street, Dublin 2), is a private limited Company incorporated and domiciled in the Republic of Ireland.

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union as applicable for the year ended 31 May 2025, applied in accordance with the provisions of the Companies Act 2014.

Going concern

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to meet its liabilities as they fall due for the foreseeable future. The directors have looked out to November 2026 to make their going concern assessment, being the period over which there is the most visibility. In forming this conclusion, the directors have received confirmation of parental support and that the Company's fellow group undertakings will not seek repayment of their intra-group loans presented as current liabilities until such time as the Company is able to repay these liabilities. The Company is controlled by the Nero Group Limited, and in making their assessment the directors have therefore concluded the going concern position of the Nero Group Limited, which is reproduced below.

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The Directors monitor the financial health of the group through cash generated through Brand EBITDA, which is set out in detail in note 4.1. This extent of non-cash impact to the Group P&L is expected to continue for the foreseeable future.

Having made due and careful enquiry, the directors have satisfied themselves that the Group and Parent Company should continue to adopt the going concern basis in preparing its financial statements.

Basis of preparation

The financial statements have been prepared on a historical cost basis and are presented in Euros and all values are rounded to the nearest thousand euros (€000) except as otherwise indicated.

Notes to the financial statements

at 31 May 2025

1. Accounting policies (continued)

New standards and interpretations not yet applied

At the date of the authorisation of these financial statements, the Company has not applied the following new and revised IFRSs that have been issued but are not yet effective and had not yet been adopted by the Board:

- Lack of exchangeability – Amendments to IAS 21 (effective date 1 January 2025)
- Classification and Measurement of Financial Instruments - Amendments to IFRS9 and IFRS7 (effective date 1 January 2026)
- Presentation and Disclosure in Financial Statements - Amendments to IFRS18 (effective date 1 January 2027)

The Directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Company in future years.

New standards effective for the current financial year

There has been no material impact on the Financial Statements as a result of:

- Classification of non-current liabilities with covenants – Amendments to IAS 1 (effective date 1 January 2024)

No 2024 amounts have been restated as a result of these standards becoming effective nor have the current year figures changed as a result of their application.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the balances reported for assets and liabilities at the balance sheet date and the amounts reported for revenues and expenses during the year. The nature of estimation means that actual outcomes could differ from those estimates.

In the application of the Company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements

The following are the critical judgements (apart from those involving estimations), that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in financial statements:

Legal claims and contingency liabilities

Management judgement along with legal counsel advice is required to determine the risk of any claims brought against the Company crystallising into a future liability. When it is more likely than not that a

claim will be lost by the Company and a material liability will crystallise, a provision is recorded in the financial statements. Where there is a risk of losing a material case but it is more likely than not to crystallise the Company discloses a contingent liability in its financial statements.

Notes to the financial statements

at 31 May 2025

1. Accounting policies (continued)

Estimates and assumptions

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year are the carrying value of property, plant and equipment (note 6), the carrying value of right-of-use-assets and lease liabilities (note 7), the estimation of useful lives of property and the accurate estimate of accruals (note 11). The Company identifies whether fixed assets are impaired on an annual basis and this requires an assessment of whether indicators of impairment exist or estimation of the value in use of the cash generating units to which the goodwill is allocated. This also involves estimation of future cash flows and choosing a suitable discount rate.

The following are also sources of estimation uncertainty for the Company:

Electricity provision – where electricity invoices have not yet been received for sites, the Company provides for the estimated electricity charge based on invoices received for sites in similar locations and of similar size.

Dilapidation provision – The Company provides a set amount per site in relation to costs which may be payable for dilapidations. The amount provided per site is based on amounts which have historically been payable on similar sites within the wider Caffè Nero group.

Timing of revenue recognition and allowance for expected credit losses

The Company operates a customer loyalty programme that carries an entitlement to free coffee (note 11). A contract liability is recognised for entitlements awarded but not yet redeemed. IFRS 15 introduces a change in the valuation of this entitlement: from the standalone fair value to the relative standalone selling prices (note 11). The Company estimates the standalone selling price of points awarded under the customer loyalty programme based on the value of the points to the customer adjusted for expected redemption rates. As points issued under the programme do not expire, such estimates are subject to uncertainty. At 31 May 2025, the estimated liability for unredeemed points was approximately €0.04m (2024 – €0.07m), which is presented within deferred income (in current liabilities).

Fixed asset useful lives

An annual review of the fixed asset register to ensure residual values, useful lives and depreciation methodologies are appropriate requires management to use reasonable judgements. These judgements can have a material impact on how the capital cost of equipment is expensed to the income statement and therefore on the results of the business. Further details given on note 6.

Leases – estimating the incremental borrowing rate

The company cannot readily determine the interest rate implicit in its leases, therefore it uses its incremental borrowing rate (IBR) to measure its lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term and with a similar security, the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment. The IBR reflects what the company would have paid which requires estimation when no observable rate is available. The Company estimates its IBR using observable inputs such as market interest rates, the borrowing rate of another entity within the wider group ('The Nero Group Ltd') and is required to make certain specific estimates and judgements.

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested.

Notes to the financial statements

at 31 May 2025

1. Accounting policies (continued)

Impairment of non-financial assets

The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the wider Group ('The Nero Group Ltd').

Intangible assets

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired separately from a business are carried initially at cost. Intangible assets have a finite life and are amortised on a straight-line basis over their expected useful lives, as follows:

Software	–	3 years
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The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable in making the asset capable of operating as intended.

Depreciation

Depreciation is provided on property, plant and equipment at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the balance sheet date of each asset evenly over its expected useful life, as follows:

Leasehold improvements	–	over the lease term
Furniture, fittings and equipment	–	over 3 to 5 years

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable immediately and are written down to their recoverable amount. The asset's residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset is included in the statement of comprehensive income in the period of derecognition.

Impairment

An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, an impairment loss is recognised as an expense in the statement of comprehensive income. Impairment is determined as follows;

Notes to the financial statements

at 31 May 2025

1. Accounting policies (continued)

- (a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previous recognised in the statement of comprehensive income;
- (b) For assets carried at cost, impairment is the difference between the carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset; and
- (c) For assets carried at amortised cost, impairment is the difference between the carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Leases

Company as a lessee

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the statement of comprehensive income on a straight-line basis over the lease term.

The Company leases various retail properties. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value for the following lease payments:

- Fixed payments, less any lease incentives receivable
- Payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

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

Lease payments are allocated firstly to finance costs and the remaining to principal. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Lease liabilities are remeasured:

- where there is a change in the assessment of exercise of an option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- where the lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

When the lease liability is remeasured, an equivalent adjustment is made to the right-of-use asset unless its carrying amount is reduced to zero, in which case any remaining amount is recognised in profit or loss. Right-of-use assets are measured at cost comprising the following:

Notes to the financial statements

at 31 May 2025

1. Accounting policies (continued)

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are generally depreciated over the asset's useful life which is the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term. The respective leased assets are included in the balance sheet based on their nature. Payments associated with short-term leases, low-value leases and turnover rents are recognised on a straight-line basis as an operating expense in the income statement. Short-term leases are leases with a lease term of 12 months or less and low-value leases are leases on assets with a value of less than €6,000.

Cash and short term deposits

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand and bank balances.

Inventories

Inventories are stated at the lower of cost and net realisable value. Inventories comprise food and packaging goods for resale. The Company applies a weighted average cost method of inventory valuation. Net realisable value comprises the actual or estimated selling price (net of trade discounts), less all costs to be incurred.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Financial assets

Financial assets are recognised when the Company becomes party to contracts that give rise to them and are classified as financial assets at fair value through profit or loss as appropriate. The Company determines the classification of its financial assets at initial recognition and re-evaluates this designation at each financial year end. When financial assets are recognised initially they are measured at fair value, being the transaction price, plus in the case of financial assets not at fair value through the profit or loss, directly attributable transaction costs.

All regular way purchases and sales of financial assets are recognised on the trade date, being the date that the Company commits to purchase or sell the asset. Regular way transactions require delivery of assets within the timeframe generally established by regulation or convention in the market place. The subsequent measurement of financial assets depends on their classification, as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as trading assets and have not been designated as either fair value through profit and loss or available-for-sale. Such assets are carried at amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognised in the

Notes to the financial statements

at 31 May 2025

1. Accounting policies (continued)

statement of comprehensive income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Trade receivables

Trade receivables are non interest-bearing and are recognised initially at fair value, and subsequently at amortised cost using the effective interest rate method, less provision for impairment.

Impairment and collectability of financial assets

An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, an impairment loss is recognised as an expense in the statement of comprehensive income. Impairment is determined as follows;

- (a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previous recognised in the statement of comprehensive income;
- (b) For assets carried at cost, impairment is the difference between the carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset; and
- (c) For assets carried at amortised cost, impairment is the difference between the carrying amount and the present value of future cash flows discounted at the original effective interest rate.
- (d) For trade and other receivables, the Company applies the simplified approach permitted by IFRS 9, with lifetime expected credit losses (ECLs) recognised from initial recognition of the receivable. These assets are grouped, based on shared credit risk characteristics and days past due, with ECLs for each grouping determined, based on the Company's historical credit loss experience. Adjustments are made for factors specific to each receivable, general economic conditions and expected changes in forecast conditions.

Financial liabilities

When a financial asset or financial liability is initially recognised, an entity shall measure it at its fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

After initial recognition, all financial liabilities at amortised cost using the effective interest method, except for:

- financial liabilities at fair value through profit or loss; and

financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or are accounted for using the continuing involvement approach.

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Derecognition of financial assets and liabilities

A financial asset or liability is generally derecognised when the contract that gives rise to it is settled, sold or cancelled or expires.

Notes to the financial statements

at 31 May 2025

1. Accounting policies (continued)

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in the statement of comprehensive income.

Revenue recognition

Revenue is income arising from the sale of goods and services in the ordinary course of the Company's activities, net of value added taxes. Revenue is recognised when performance obligations are satisfied and control has transferred to the customer. For the majority of revenue streams, there is a low level of judgement applied in determining the transaction price or the timing of transfer of control, which is typically at the point of sale.

Sale of goods

The sale of goods represents the vast majority of the Company's revenue. The performance obligation is satisfied upon transfer of control to the customer which is at the point of sale in store.

Customer loyalty programme

The Company operates a loyalty points programme which entitles customers to a point for each cup of coffee purchased from its stores. Nine points can then be redeemed for a free coffee. The loyalty points issued by Caffè Nero are a separate performance obligation providing a material right to a future discount. The total transaction price (sales price of goods) is allocated to the loyalty points and the goods sold based on their relative standalone selling prices, with the points standalone price based on the value of the points to the customer, adjusted for expected redemption rates (breakage). The amount allocated to loyalty points is deferred as a contract liability within accruals and deferred income. Revenue is recognised as the points are redeemed by the customer.

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exception: deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each balance sheet date. Deferred tax assets and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred taxes relate to the same taxation authority and that authority permits the Company to make a single net payment.

Notes to the financial statements

at 31 May 2025

1. Accounting policies (continued)

Capital instruments

Ordinary shares, share premium and capital contribution are classified as equity instruments. Other instruments are classified as liabilities if they contain an obligation to transfer economic benefits and if not they are included in equity.

Pensions

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

Exceptional items

Exceptional items are defined as those items that, by virtue of their unusual nature or size, warrant separate additional disclosure in the financial statements in order to fully understand the performance of the company.

2. Revenue

Revenue, which is stated net of value added tax, represents amounts received from the sale of goods from the Company's principal continuing activity, being the operation of high quality Italian coffee bars.

All revenue is derived in Euro and arises in the Republic of Ireland.

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	2025	2024
	€000	€000
Store sales	12,412	12,460
Customer loyalty programme	(208)	(368)
Total revenue from contracts with customers	<u>12,204</u>	<u>12,092</u>

All revenue from contracts with customers is recognised on transfer of goods at a point in time.

Notes to the financial statements

at 31 May 2025

3. Operating profit

Operating profit before taxation is stated after charging:

	2025	2024
	€000	€000
Foreign exchange	18	32
Depreciation of property, plant and equipment	800	753
Depreciation of right of use assets	1,103	991
Impairment of property, plant and equipment	149	-
Exceptional item – see note 3.1	-	13
Finance charges payable on lease liabilities	393	861

Auditor's remuneration for 2025 (and 2024) has been met by another group company. The fees for non-audit services for 2025 (and 2024) have also been met by another group company.

No remuneration was paid or is payable to the directors in their capacity as directors of the Company. Two directors of this Company are also directors of a fellow group undertaking, Nero Holdings Limited, who paid the directors remunerations and pension contributions of €1.1m (2024 – €1.1m) in respect of services to the enlarged UK group (Nero Holdings Limited, Caffè Nero Ireland Limited & Nero Coffee Roasting Limited) of which the Company is a member. It is not possible to identify the proportion of these remunerations that relate to services to this Company.

The remaining director was remunerated £nil (2024 – £nil) for services to Caffè Nero Ireland Limited, but was remunerated by fellow group undertaking Green Coffee Sp z.o.o.

3.1 Exceptional items

Amounts recognised within exceptional items in the Statement of Comprehensive Income during the year are as follows:

	2025	2024
	€000	€000
Exceptional costs and income		
Professional Advisory Fees	-	(13)
Exceptional items (pre-tax)	-	(13)
Tax impact of exceptional items	-	-
Exceptional items (post-tax)	-	(13)

In FY24, the directors concluded these costs were immaterial to the financial statements and non-recurring in nature.

Notes to the financial statements

at 31 May 2025

4. Staff costs

	2025	2024
	€000	€000
Wages and salaries	3,850	3,638
Social security costs	381	361
	<u>4,231</u>	<u>3,999</u>

The average monthly number of employees during the year was as follows:

	2025	2024
	No.	No.
Operational	197	177
Administration	3	3
	<u>200</u>	<u>180</u>

5. Income tax

(a) The major components of income tax expense for the years ended 31 May 2025 and 2024 are:

	2025	2024
	€000	€000
Company profit or loss		
Current income tax charge	(33)	-
Current income tax in respect of prior years	(83)	-
Deferred income tax debit / (credit)	-	-
Income tax credit/ (debit) reported in the statement of comprehensive income	<u>(116)</u>	<u>-</u>

Tax on ordinary activities multiplied by the standard rate of corporation tax in the UK of 25% (2024 – 25%).

Notes to the financial statements

at 31 May 2025

5. Income tax (continued)

(b) Factors affecting tax on loss for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 25% (2024 – 25%). The differences are explained below:

	2025	2024
	€000	€000
Profit/(loss) on ordinary activities before tax	187	(11)
Tax on ordinary activities multiplied by the standard rate of corporation tax in the UK of 25% (2024 – 25%).	47	(3)
Effects of:		
Fixed asset timing differences	-	34
Net expenses not deductible for tax purposes	-	-
Benefit of tax incentives	-	-
Tax losses/temp. differences for which no deferred income tax asset was recognised	(115)	(89)
Effects of group relief/other reliefs	28	58
Non qualifying depreciation	7	-
Deferred tax not recognised	-	-
Adjustments in respect of prior years	(83)	-
Income tax credit /(debit) reported in the statement of comprehensive income	<u>(116)</u>	<u>-</u>

(c) Company deferred tax

Deferred tax recognised in the financial statements and the temporary differences not recognised are as follows:

	2025		2024	
	€000	€000	€000	€000
	Recognised	Not recognised	Recognised	Not recognised
Accelerated capital allowances	-	(81)	-	(24)
Temporary differences	-	(98)	-	(130)
Losses	-	-	-	-
Adjustment for prior period	-	(2,579)	-	-
	<u>-</u>	<u>(2,758)</u>	<u>-</u>	<u>(154)</u>

Deferred tax assets are recognised once it is considered more likely than not that they will be recoverable against future taxable trading profits arising in the Company. The potential impact of these assets becoming recoverable on the deferred tax balances at 31 May 2025 is expected to be €690k (2024 – €39k).

Notes to the financial statements

at 31 May 2025

6. Property, plant and equipment

	<i>Leasehold improvements</i> €000	<i>Furniture, fittings and equipment</i> €000	<i>Total</i> €000
Cost:			
At 1 June 2024	6,902	2,165	9,067
Additions	737	645	1,382
Disposals	-	-	-
At 31 May 2025	<u>7,639</u>	<u>2,810</u>	<u>10,449</u>
Depreciation:			
At 1 June 2024	4,121	1,833	5,954
Provided during the year	618	182	800
Impairment	55	94	149
At 31 May 2025	<u>4,794</u>	<u>2,109</u>	<u>6,903</u>
Net book value:			
At 31 May 2025	<u>2,845</u>	<u>701</u>	<u>3,546</u>
At 1 June 2024	<u>2,781</u>	<u>332</u>	<u>3,113</u>

Assets with a nil net book value but a gross cost of €2.9m (2024 – €1.8m) are on the FAR that are still in use by the Company at 31 May 2025.

The directors have chosen to assess all property, plant and equipment for impairment in accordance with IAS 36.

The approach to impairment reviews remains unchanged from previous years and relies primarily on value in use calculations based on cash flow projections approved by senior management.

For the current period, value in use estimates have been prepared on the basis of the 'base case' forecast described in Note 1 under 'Going concern'.

In this base case forecast, it is assumed that trading performance will continue to grow with a terminal growth rate of 2.75%.

Discount rates as used in the value in use calculations are estimated with reference to the wider Caffè Nero Group's weighted average cost of capital. For 2025, a discount rate of 10.0% has been applied to discount future cash flow projections (2024 – 9.5%).

A charge of €149k (2024 – €nil) was recorded against Property, Plant & Equipment ('PPE') which impacts the administrative expenses line in the Statement of Comprehensive income (note 3). This was due to a refinement of the calculation used by the group to be reasonable to all stores. No further charge €nil (2024 – €nil) against right-of-use assets (see note 7).

Notes to the financial statements

at 31 May 2025

7. Right-of-use assets and lease liabilities

	€000
Right-of-use assets at 1 June 2024	7,084
Additions	862
Depreciation	(1,085)
Re-measurements	(18)
Impairments	–
Right-of-use assets at 31 May 2025	<u>6,843</u>
	€000
Lease liabilities at 1 June 2024	(9,974)
Additions	(862)
Finance charges	(393)
Cash payments made	1,667
Re-measurements	(1)
Lease liabilities at 31 May 2025	<u>(9,563)</u>

Within the lease liabilities at 31 May 2025, €1.5m (2024 – €2.3m) is presented as current.

Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most leases:

- 'Right of use assets' are classified as non current assets. Depreciation and impairment is similar to measurement of owned assets; and
- 'Lease liabilities' are classified under current and non-current loans and borrowings. Interest is recognised as finance costs in the Statement of Comprehensive Income.

The directors have chosen to assess all assets for impairment in accordance with IAS 36. The approach to impairment reviews remains unchanged from previous years and relies primarily on value in use calculations based on cash flow projections approved by senior management. See further details in Note 6.

The expense relating to variable lease payments not included in the measurement of lease liabilities is €68k.

The total cash outflows for leases are €1.7m in 2025.

Notes to the financial statements

at 31 May 2025

8. Intangible assets

	<i>Software</i>	<i>Total</i>
	<i>€000</i>	<i>€000</i>
Cost:		
At 1 June 2024	26	26
Additions	18	18
Disposals	–	–
At 31 May 2025	<u>44</u>	<u>44</u>
Amortisation:		
At 1 June 2024	2	2
Charge for the year	11	11
Disposals	–	–
At 31 May 2025	<u>13</u>	<u>13</u>
Net book value:		
At 31 May 2025	<u>31</u>	<u>31</u>
At 1 June 2024	<u>24</u>	<u>24</u>

9. Inventories

	<i>2025</i>	<i>2024</i>
	<i>€000</i>	<i>€000</i>
Goods for resale	<u>131</u>	<u>119</u>

During the year the cost of inventories recognised as an expense were €2,352k (2024 – €2,630k).

10. Other receivables

	<i>2025</i>	<i>2024</i>
	<i>€000</i>	<i>€000</i>
Amounts due from group undertakings (note 16)	20	130
Prepayments	118	96
Deferred tax asset	–	–
Trade receivables	25	80
Other receivables	–	56
Corporation tax	–	28
	<u>163</u>	<u>390</u>

The intercompany balances stated above are non-interest bearing, unsecured and repayable on demand.

Notes to the financial statements

at 31 May 2025

11. Trade and other payables

	2025	2024
	€000	€000
Trade payables	735	528
Other payables	604	435
Deferred income	39	65
Taxation and social security	7	–
VAT creditor	118	390
Amounts due to fellow group companies (note 16)	221	(74)
Amounts due to immediate parent undertaking (note 16)	3,387	3,306
	<u>5,111</u>	<u>4,650</u>

The intercompany balances stated above are non-interest bearing, unsecured and repayable on demand.

Amounts due to immediate parent undertaking includes amounts due from Nero Coffee Roasting Ltd (£921k), this is due to the expectation that the amounts between parent company Nero Holdings, fellow subsidiary Nero Coffee Roasting and Caffè Nero Ireland, will be settled net.

Included in deferred income are contract liabilities of €0.04m (2024 – €0.07m) representing the transaction price allocated to loyalty points not yet redeemed.

FY24's VAT creditor included 332k in respect of an underpayment of VAT following the rate change in September 2023.

11.1 Customer loyalty programme transactions

	2025	2024
	€000	€000
At 1 June	65	65
Customer loyalty points issued in the year	182	368
Customer loyalty points redeemed in the year	(208)	(368)
At 31 May	<u>39</u>	<u>65</u>

These amounts relate to the accrual and release of customer loyalty point transactions. As at 31 May 2025, the estimated liability for unredeemed points amounted to €0.04m (2024 – €0.07m).

12. Provisions

	<i>Dilapidation provision</i>	<i>Electricity provision</i>	<i>Total</i>
	€000	€000	€000
At 1 June 2024	–	132	132
Arising during the year	26	(58)	(32)
At 31 May 2025	<u>26</u>	<u>74</u>	<u>100</u>
Non-current	<u>26</u>	<u>74</u>	<u>100</u>
Current	<u>–</u>	<u>–</u>	<u>–</u>

Notes to the financial statements

at 31 May 2025

12. Provisions (continued)

Provisions for dilapidations are based on the future expected repair costs required to restore the Company's leased buildings to their fair condition at the end of their respective lease terms. Provisions for dilapidations are recognised on a lease by lease basis and are based on the best estimate of the likely committed cash outflow. Provisions are based on assumptions concerning the timing of cash flows, dependent on the remaining term of the leases, which is up to 7.5 years. A dilapidation provision of €26k was recognised in the year.

The electricity provision relates to expected future electricity payments, which, as yet have not been invoiced, and has been based on assumptions concerning electricity payable on comparable sites, which may still be payable for up to 5 years.

13. Financial instruments

The Company's principal financial instruments are trade payables, cash, lease liabilities and amounts due to and from group companies and arise directly from its operations.

Fair values

Set out below is a comparison by category of carrying amounts and fair values of the Company's financial instruments that are carried in the financial statements.

	<i>Carrying amount 2025 €000</i>	<i>Fair value 2025 €000</i>	<i>Carrying amount 2024 €000</i>	<i>Fair value 2024 €000</i>
<i>Financial assets</i>				
Cash and cash equivalents	553	553	448	448
Amounts due from group companies	20	20	130	130
<i>Financial liabilities at amortised cost</i>				
Trade and other payables	1,339	1,339	802	802
Lease liabilities	9,563	9,563	8,803	8,803
Amounts due to group companies	<u>3,608</u>	<u>3,608</u>	<u>3,232</u>	<u>3,232</u>

The main risk arising from the use of financial instruments is liquidity risk. The directors review and agree policies for managing these risks and these policies are summarised below.

Liquidity risk

The Company limits its exposure to liquidity risk by ensuring funds from shareholder are available. Trade payables are normally settled within 30 to 120 days of purchase.

The Company has received confirmation from its group creditors that they will not seek repayment of their debt until the Company is able to meet these liabilities.

Year ended 31 May 2025

	<i>On Demand €000</i>	<i>Within 1 year €000</i>	<i>1–5 years €000</i>	<i>More than 5 years €000</i>	<i>Total €000</i>
Trade and other payables		<u>1,339</u>			<u>1,339</u>

Notes to the financial statements

at 31 May 2025

13. Financial instruments (continued)

Year ended 31 May 2024

	<i>On Demand</i>	<i>Within 1 year</i>	<i>1–5 years</i>	<i>More than 5 years</i>	<i>Total</i>
	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>
Trade and other payables		802			802

Capital Management

Capital comprises shareholder's equity and financing from the Company's parent undertakings. The primary objective of the Company's capital management policy is to ensure that the Company has adequate capital to support the business. The Company monitors the cost of the various sources of capital on an ongoing basis and manages cost through planning future alternative sources of capital. The Company has no externally imposed capital restrictions.

14. Issued capital

	<i>No.</i>	<i>2025</i> <i>€000</i>	<i>No.</i>	<i>2024</i> <i>€000</i>
Authorised				
Ordinary shares of €1 each	100	–	100	–
	<i>No.</i>	<i>2025</i> <i>€000</i>	<i>No.</i>	<i>2024</i> <i>€000</i>
Issued and fully paid				
Ordinary shares of €1 each	100	–	100	–

15. Contingent liability

The Company is part of a group which had provided an unlimited cross guarantee in favour of the bankers of an intermediate parent, The Nero Group Ltd, in the prior year covering the term loans of The Nero Group Ltd and certain subsidiaries, in the current year covering the term loans of Caffè Nero Group Holdings Ltd and Rome Bidco Ltd. The carrying value of these loans at 31 May 2025 was £489m (2024 – £436m). The Company is dependent upon the support of other group companies to continue as a going concern. The group companies have confirmed their continued support for at least 12 months following the date of approval of these financial statements.

Notes to the financial statements

at 31 May 2025

16. Related party transactions

During the year the Company entered into transactions in the ordinary course of business with other companies in the group. At 31 May 2025, the amounts outstanding between the Company and its related party group entities at year end are as follows:

	<i>Sales/(purchases) to related parties</i>		<i>Amounts owed (by)/to Caffè Nero Ireland Limited</i>	
	<i>2025</i>	<i>2024</i>	<i>2025</i>	<i>2024</i>
	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>
Rome Bidco Limited	–	–	20	20
Nero Coffee Roasting Limited	–	–	921	921
Caffè Nero Americas Limited	–	–	–	6
Caffè Nero Ventures Limited	(276)	–	(221)	41
Caffè Nero Sweden	–	–	–	34
Nero Holdings Limited	–	–	(4,308)	(4,124)
	<u>(276)</u>	<u>–</u>	<u>(3,588)</u>	<u>(3,102)</u>

17. Ultimate parent undertaking and controlling party

At the year end, the ownership structure is as follows:

Immediate parent undertaking	Nero Holdings Ltd ⁽¹⁾
Parent undertaking of the smallest group for which group financial statements are prepared	Caffè Nero Group Holdings Ltd ⁽¹⁾
Parent undertaking of the largest group for which group financial statements are prepared	The Nero Group Ltd ⁽¹⁾
Largest shareholder of The Nero Company	G W Ford ⁽²⁾

(1) Copies of the group financial statements for The Nero Group Ltd and Caffè Nero Group Holdings Ltd can be obtained from 9–15 Neal Street, London, WC2H 9QL.

(2) G W Ford is the largest shareholder of the Company.

18. Subsequent Events

There has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operation of the Company.

19. Approval of financial statements

The financial statements were approved and authorised for issue by the board of directors on 6th October 2025.