

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED April 30, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE TRANSITION PERIOD FROM _____ TO _____

COMMISSION FILE NUMBER: 001-32491

COFFEE HOLDING CO., INC.

(Exact Name of Registrant as Specified in Its Charter)

Nevada

(State or other jurisdiction of
incorporation or organization)

11-2238111

(I.R.S. Employer
Identification No.)

3475 Victory Boulevard, Staten Island, New York

(Address of principal executive offices)

10314

(Zip Code)

(718) 832-0800

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Securities to be registered pursuant to Section 12(b) of the Act: **None**

Securities to be registered pursuant to Section 12(g) of the Act:

Title of each class

Common Stock, par value \$0.001 per share

Trading Symbol(s)

JVA

Name of each exchange on which registered

The Nasdaq Capital Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐
Non-accelerated filer ☒

Accelerated filer ☐
Smaller reporting company ☒
Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

5,708,599 shares of common stock, par value \$0.001 per share, are outstanding at June 10, 2024.

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PART I. FINANCIAL INFORMATION

COFFEE HOLDING CO., INC. CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	April 30, 2024	October 31, 2023
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,427,689	\$ 2,733,977
Accounts receivable, net of allowances of \$144,000 for 2024 and 2023	7,393,037	7,983,032
Receivable from sale of investment	—	3,150,000
Inventories	15,512,363	18,986,539
Due from broker	918,485	345,760
Prepaid expenses and other current assets	337,601	413,752
Prepaid and refundable income taxes	379,275	365,876
TOTAL CURRENT ASSETS	26,968,450	33,978,936
Building, machinery, and equipment, net	3,427,067	3,494,450
Customer list and relationships, net of accumulated amortization of \$270,500 and \$310,383 for 2024 and 2023, respectively	169,500	184,750
Trademarks and tradenames	327,000	327,000
Equity method investments	39,676	39,676
Right of use asset	2,572,703	2,696,159
Deferred income tax assets, net	1,276,702	1,341,407
Deposits and other assets	141,529	129,523
TOTAL ASSETS	\$ 34,922,627	\$ 42,191,901
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 4,223,661	\$ 5,206,442
Line of credit	3,000,000	9,620,000
Due to broker	394,430	292,407
Note payable - current portion	—	4,200
Lease liability - current portion	627,209	255,625
TOTAL CURRENT LIABILITIES	8,245,300	15,378,674
Note payable, net of current	4,325	3,034
Lease liabilities, net of current	2,501,749	2,974,579
Deferred compensation payable	126,979	120,523
TOTAL LIABILITIES	10,878,353	18,476,810
Commitments and Contingencies		
STOCKHOLDERS' EQUITY:		
Coffee Holding Co., Inc. stockholders' equity:		
Preferred stock, par value \$.001 per share; 10,000,000 shares authorized; none issued	\$ —	\$ —
Common stock, par value \$.001 per share; 30,000,000 shares authorized, 6,633,930 shares issued for 2024 and 2023; 5,708,599 shares outstanding for 2024 and 2023	6,634	6,634
Additional paid in capital	19,094,618	19,094,618
Retained earnings	9,821,044	9,491,861
Less: common stock held in treasury, at cost; 925,331 shares for 2024 and 2023	(4,633,560)	(4,633,560)
Total Coffee Holding Co., Inc. Stockholders' Equity	24,288,736	23,959,553
Noncontrolling interest	(244,462)	(244,462)
TOTAL STOCKHOLDERS' EQUITY	\$ 24,044,274	\$ 23,715,091

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY

\$ 34,922,627

\$ 42,191,901

The accompanying notes are an integral part of these condensed consolidated financial statements.

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COFFEE HOLDING CO., INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Six months ended April 30,		Three months ended April 30,	
	2024	2023	2024	2023
NET SALES	\$ 38,536,315	\$ 33,646,818	\$ 18,995,913	\$ 15,320,703
COST OF SALES	31,352,036	28,494,333	15,291,933	12,488,522
GROSS PROFIT	7,184,279	5,152,485	3,703,980	2,832,181
OPERATING EXPENSES				
Selling and administrative	6,319,625	6,013,188	3,629,578	3,071,747
Officers' salaries	314,393	324,775	141,052	144,888
TOTAL	6,634,018	6,337,963	3,770,630	3,216,635
INCOME (LOSS) FROM OPERATIONS	550,261	(1,185,478)	(66,650)	(384,454)
OTHER INCOME (EXPENSE)				
Interest income	34,413	3,113	34,406	6
Interest expense	(190,786)	(249,566)	(73,253)	(119,106)
(Loss) gain from equity method investments	—	(9,303)	6,024	(4,286)
Other income	—	234,041	—	—
TOTAL	(156,373)	(21,715)	(32,823)	(123,386)
INCOME (LOSS) BEFORE BENEFIT FOR INCOME TAXES	393,888	(1,207,193)	(99,473)	(507,840)
Expense (benefit) for income taxes	64,705	(315,250)	(77,632)	(148,000)
NET INCOME (LOSS)	\$ 329,183	\$ (891,943)	\$ (21,841)	\$ (359,840)
Basic and diluted (loss) earnings per share	\$ 0.06	\$ (0.16)	\$ —	\$ (0.06)
Weighted average common shares outstanding:				
Basic and diluted	5,708,599	5,708,599	5,708,599	5,708,599

The accompanying notes are an integral part of these condensed consolidated financial statements.

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COFFEE HOLDING CO., INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(UNAUDITED)

	Common Stock		Treasury Stock		Additional Paid-in Capital	Retained Earnings	Non- controlling Interest	Total
	Shares	Amount	Shares	Amount				
Balance, October 31, 2022	5,708,599	\$ 6,634	925,331	\$(4,633,560)	\$19,094,618	\$10,327,437	\$ (244,462)	\$24,550,667
Net loss	—	—	—	—	—	(532,103)	—	(532,103)
Balance, January 31, 2023	5,708,599	6,634	925,331	(4,633,560)	19,094,618	9,795,334	(244,462)	24,018,564
Net loss	—	—	—	—	—	(359,840)	—	(359,840)
Balance, April 30, 2023	5,708,599	\$ 6,634	925,331	\$(4,633,560)	\$19,094,618	\$ 9,435,494	\$ (244,462)	\$23,658,724
Balance October 31, 2023	5,708,599	\$ 6,634	925,331	\$(4,633,560)	\$19,094,618	\$ 9,491,861	\$ (244,462)	\$23,715,091
Net income	—	—	—	—	—	351,024	—	351,024
Balance January 31, 2024	5,708,599	6,634	925,331	(4,633,560)	19,094,618	9,842,885	(244,462)	24,066,115
Net loss	—	—	—	—	—	(21,841)	—	(21,841)
Balance, April 30, 2024	5,708,599	\$ 6,634	925,331	\$(4,633,560)	\$19,094,618	\$ 9,821,044	\$ (244,462)	\$24,044,274

The accompanying notes are an integral part of these condensed consolidated financial statements.

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COFFEE HOLDING CO., INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Six months ended April 30,	
	2024	2023
OPERATING ACTIVITIES:		
Net income (loss)	\$ 329,183	(891,943)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	306,706	283,585
Unrealized loss (gain) on commodities	(470,702)	(936,476)
Loss on equity method investments	—	9,303
Amortization of right to use asset	123,456	159,843
Deferred income taxes	64,705	(315,250)
Changes in operating assets and liabilities:		
Accounts receivable	589,995	1,212,055
Inventories	3,474,176	3,428,917
Prepaid expenses and other current assets	76,151	150,120
Prepaid and refundable income taxes	(13,399)	—
Lease liability	(101,246)	(135,730)
Deposits and other assets	(12,006)	—
Accounts payable and accrued expenses	(976,325)	(1,730,244)
Net cash provided by operating activities	<u>3,390,694</u>	<u>1,234,180</u>
Cash flows from investing activities:		
Purchases of machinery and equipment	(224,073)	(609,131)
Proceeds from sale of investment	3,150,000	—
Net cash used in investing activities	<u>2,925,927</u>	<u>(609,131)</u>
Cash flows from financing activities:		
Advances under bank line of credit	—	934,783
Cash overdraft	—	(876,148)
Principal payments on note payable	(2,909)	(2,762)
Principal payments under bank line of credit	(6,620,000)	(1,728,783)
Net cash used in financing activities	<u>(6,622,909)</u>	<u>(1,672,910)</u>
Net change in cash and cash equivalents	(306,288)	(1,047,861)
Cash and cash equivalents, beginning of period	<u>2,733,977</u>	<u>2,515,873</u>
Cash and cash equivalents and, end of period	<u>\$ 2,427,689</u>	<u>\$ 1,468,012</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW DATA:		
Interest paid	\$ 231,844	\$ 243,100
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Initial recognition of operating lease right of use asset	\$ —	\$ 146,416

The accompanying notes are an integral part of these condensed consolidated financial statements.

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COFFEE HOLDING CO., INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Note 1 - Business Activities

Coffee Holding Co., Inc. (the "Company") conducts wholesale coffee operations, including manufacturing, roasting, packaging, marketing and distributing roasted and blended coffees for private labeled accounts and its own brands, and it sells green coffee. The Company also manufactures and sells coffee roasters. The Company's core product, coffee, can be summarized and divided into three product categories ("product lines") as follows:

Wholesale Green Coffee: unroasted raw beans imported from around the world and sold to large and small roasters and coffee shop operators;

Private Label Coffee: coffee roasted, blended, packaged and sold under the specifications and names of others, including supermarkets that want to have their own brand name on coffee to compete with national brands; and,

Branded Coffee: coffee roasted and blended to the Company's own specifications and packaged and sold under the Company's eight proprietary and licensed brand names in different segments of the market.

The Company's private label and branded coffee sales are primarily to customers that are located throughout the United States with limited sales in Canada and certain countries in Asia. Such customers include supermarkets, wholesalers, and individually-owned and multi-unit retailers. The Company's unprocessed green coffee, which includes over 90 specialty coffee offerings, is sold primarily to specialty gourmet roasters and to coffee shop operators in the United States with limited sales in Australia, Canada, England and China.

The Company's wholesale green, private label, and branded coffee product categories generate revenues and cost of sales individually but incur selling, general and administrative expenses in the aggregate. There are no individual product managers and discrete financial information is not available for any of the product lines. The Company's product portfolio is used in one business and it operates and competes in one business activity and economic environment. In addition, the three product lines share customers, manufacturing resources, sales channels, and marketing support. Thus, the Company considers the three product lines to be one single reporting segment.

On September 29, 2022, the Company entered into a Merger and Share Exchange Agreement (the "Merger Agreement"), by and among the Company, Delta Corp Holdings Limited, a Cayman Islands exempted company ("Pubco"), Delta Corp Holdings Limited, a company incorporated in England and Wales ("Delta"), CHC Merger Sub Inc., a Nevada corporation and wholly owned subsidiary of Pubco ("Merger Sub"), and each of the holders of ordinary shares of Delta as named therein (the "Sellers"). Upon the terms and subject to the conditions set forth in the Merger Agreement, Merger Sub will merge with and into the Company, with the Company surviving as a direct, wholly-owned subsidiary of Pubco (the "Merger"). As a result of the Merger, each issued and outstanding share of the Company common stock, \$0.001 par value per share (the "Common Stock"), was cancelled and converted for the right of the holder thereof to receive one ordinary share, par value \$0.0001 of Pubco (the "Pubco Ordinary Shares"). There was a shareholder vote in April 2024 on the Merger Agreement that did not pass. An additional vote is expected to occur before the end of fiscal 2024.

Going Concern and Liquidity

The Company's line of credit will become due June 30, 2024, for which the Company is seeking to obtain a renewal of the financing arrangement prior to its maturity date. The agreement requires the Company to maintain compliance with certain financial covenants computed on a quarterly and annual basis. In previous periods the Company was not in compliance with these requirements. However, a waiver of all past defaults was received on May 24, 2024. As of April 30, 2024, the Company is in compliance with those financial covenants. The current balance outstanding as of April 30, 2024 was \$3.0 million. Until such time as the line of credit is renewed, this uncertainty continues to raise substantial doubt regarding the Company's ability to continue as a going concern and the ability to meet its obligations as they become due within the twelve months from the date the consolidated financial statements are issued.

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COFFEE HOLDING CO., INC. NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Note 2 – Basis Of Presentation And Significant Accounting Policy

The Company's fiscal year ends on October 31, of each calendar year. The accompanying interim condensed consolidated financial statements are unaudited and have been prepared on substantially the same basis as our annual consolidated financial statements for the fiscal year ended October 31, 2023. In the opinion of the Company's management, these interim condensed consolidated financial statements reflect all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair statement of our financial position, results of operations and cash flows for the periods presented. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from these estimates. The October 31, 2023 year-end condensed consolidated balance sheet data in this document was derived from audited consolidated financial statements. These condensed consolidated financial statements and notes included in this quarterly report on Form 10-Q does not include all disclosures required by U.S. generally accepted accounting principles ("U.S. GAAP") and should be read in conjunction with the Company's audited consolidated financial statements as of and for the year ended October 31, 2023 and notes thereto included in the Company's fiscal 2023 Annual Report on Form 10-K, filed with the Securities and Exchange Commission ("SEC") on February 9, 2024 (the "2023 10-K"). The results of operations and cash flows for the interim periods included in these condensed consolidated financial statements are not necessarily indicative of the results to be expected for any future period or the entire fiscal year.

The condensed consolidated financial statements include the accounts of the Company, the Company's subsidiaries, Organic Products Trading Company, LLC ("OPTCO"), Sonofresco, LLC ("SONO"), and Comfort Foods, Inc. ("CFI"). All significant inter-company transactions and balances have been eliminated in consolidation.

Significant Accounting Policies

The significant accounting policies used in the preparation of these condensed consolidated financial statements are disclosed in our 2023 10-K, and there have been no changes to the Company's significant accounting policies during the three and six months ended April 30, 2024.

Revenue Recognition

The Company recognizes revenue in accordance with the five-step model as prescribed by the Financial Accounting Standards Board ("FASB") Accounting Codification ("ASC") Topic 606 ("ASC 606") in which the Company evaluates the transfer of promised goods or services and recognizes revenue when its customer obtains control of promised goods or services in an amount that reflects the consideration which the Company expects to be entitled to receive in exchange for those goods or services. To determine revenue recognition for the arrangements that the Company determines are within the scope of ASC 606, the Company performs the following five steps: (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract and (5) recognize revenue when (or as) the entity satisfies a performance obligation.

The following table presents revenues by product line for the three and six months ended April 30, 2024 and 2023:

	Six Months Ended		Three Months Ended	
	April 30, 2024	April 30, 2023	April 30, 2024	April 30, 2023
Green	\$ 14,709,905	\$ 14,432,796	\$ 7,230,703	\$ 6,773,848
Packaged	23,826,410	19,214,022	11,765,210	8,546,855
Totals	\$ 38,536,315	\$ 33,646,818	\$ 18,995,913	\$ 15,320,703

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COFFEE HOLDING CO., INC. NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Recent Accounting Pronouncements – Adopted

The Company follows the FASB Accounting Standard Update (ASU) 2016-13 Financial Instruments – Credit Losses (Topic 326). This guidance requires entities to use a current expected credit loss impairment model rather than incurred losses. The Company considers factors such as credit quality, age of balances, historical experience and current and future economic conditions that may affect the Company's expectation of collectability in determining allowance for credit losses. The standard became effective for the Company on November 1, 2023. The adoption of this new guidance did not have a material impact on the Company's consolidated financial statements and related disclosures.

Recent Accounting Pronouncements – Not Yet Adopted

In October 2023, the FASB issued Accounting Standards Update (“ASU”) 2023-06, “Disclosure Improvements – Codification Amendments in Response to the SEC’s Disclosure Update and Simplification Initiative.” This standard affects a wide variety of Topics in the Codification. The effective date for each amendment will be the date on which the SEC’s removal of that related disclosure from Regulation S-X or Regulation S-K becomes effective. Early adoption is prohibited. The Company does not expect the adoption of this standard to have a material impact on the Company’s consolidated financial statements and related disclosures.

In November 2023, the FASB issued ASU 2023-07, “Segment Reporting – Improving Reportable Segment Disclosures (Topic 280).” The standard is intended to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant expenses. The standard requires disclosure to include significant segment expenses that are regularly provided to the CODM, a description of other segment items by reportable segment, and any additional measures of a segment’s profit or loss used by the CODM when deciding how to allocate resources. The standard also requires all annual disclosures currently required by ASC Topic 280 to be included in interim periods. This standard is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted and requires retrospective application to all prior periods presented in the financial statements. The Company is currently evaluating the impact of this standard on its consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU 2023-09, “Improvements to Income Tax Disclosures,” a final standard on improvements to income tax disclosures. The standard requires disaggregated information about a reporting entity’s effective tax rate reconciliation as well as information on income taxes paid. The standard is effective for fiscal years beginning after December 15, 2024, with early adoption permitted and should be applied prospectively. The Company is currently evaluating the impact of this standard on its consolidated financial statements and related disclosures.

Note 3 - Inventories

Inventories at April 30, 2024 and October 31, 2023 consisted of the following:

	April 30, 2024	October 31, 2023
Packed coffee	\$ 1,963,575	\$ 3,582,935
Green coffee	11,339,870	13,151,993
Roasters and parts	504,816	537,108
Packaging supplies	1,704,102	1,714,503
Totals	<u>\$ 15,512,363</u>	<u>\$ 18,986,539</u>

Note 4 - Commodities Held By Broker

The Company has used, and intends to continue to use in a limited capacity, short term coffee futures and options contracts primarily for the purpose of partially hedging and minimizing the effects of changing green coffee prices and to reduce cost of sales.

The commodities held by broker represent the market value of the Company’s trading account, which consists of options and futures contracts for coffee held with a brokerage firm. The Company uses options and futures contracts, which are not designated or qualifying as hedging instruments, to partially hedge the effects of fluctuations in the price of green coffee beans. Options and futures contracts are level 1 investments recognized at fair value in the condensed consolidated financial statements with current recognition of gains and losses on such positions. The Company’s accounting for options and futures contracts may impact earnings volatility in any particular period. The Company records all open contract positions on the condensed consolidated balance sheets at fair value in the due from and due to broker line items and typically do not offset these assets and liabilities.

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COFFEE HOLDING CO., INC. NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

The Company classifies its options and future contracts as trading securities and accordingly, realized and unrealized holding gains and losses are included in the statement of operations as a component of cost of sales.

The Company recorded realized and unrealized gains and losses respectively, on these contracts as follows:

	Three Months Ended April 30,	
	2024	2023
Gross realized gains	\$ 214,080	\$ 247,983
Gross realized losses	(734,947)	(626,311)
Unrealized gains, net	653,538	164,455
Total	<u>\$ 132,671</u>	<u>\$ (213,873)</u>

	Six Months Ended April 30,	
	2024	2023
Gross realized gains	\$ 781,774	\$ 376,908
Gross realized losses	(769,770)	(1,292,361)
Unrealized gains, net	470,702	936,476
Total	<u>\$ 482,706</u>	<u>\$ 21,023</u>

Note 5 - Line of Credit

On April 25, 2017 the Company and OPTCO (together with the Company, collectively referred to herein as the “Borrowers”) entered into an Amended and Restated Loan and Security Agreement (the “A&R Loan Agreement”) and Amended and Restated Loan Facility (the “A&R Loan Facility”) with Sterling National Bank (“Sterling”) (later acquired by Webster Financial Corp. (“Webster”), which consolidated (i) the financing agreement between the Company and Sterling, dated February 17, 2009, as modified, (the “Company Financing Agreement”) and (ii) the financing agreement between Company, as guarantor, OPTCO and Sterling, dated March 10, 2015 (the “OPTCO Financing Agreement”), amongst other things.

On March 17, 2022, the Company reached an agreement for a new loan modification agreement and credit facility which extended the maturity date to June 29, 2022. The facility was then approved for a two-year extension. All other terms of the A&R Loan Agreement and A&R Loan Facility remained the same.

On June 28, 2022, the Company reached an agreement for a new loan modification agreement and credit facility with Webster. The terms of the new

agreement, among other things: (i) provided for a new maturity date of June 30, 2024, and (ii) changed the interest rate per annum to SOFR plus 1.75% (with such interest rate not to be lower than 3.50%). All other terms of the A&R Loan Agreement and A&R Loan Facility remained the same.

The Company is required to maintain certain financial covenants with respect to the A&R Loan Agreement. The Company was not in compliance with such requirements as of October 31, 2023. The Company received a waiver from the lender on May 24, 2024 for all past defaults. The A&R Loan Agreement was also modified on March 15, 2023 to, among other things: (i) provide for a requirement for subordination agreements if necessary, and (ii) change the terms of transactions with affiliates from a dollar limitation to allowable in the ordinary course of business, (iii) established a new covenant for a fixed charge coverage ratio. The Company is currently in discussion with the lender to extend the term of the A&R Loan Agreement.

Each of the A&R Loan Facility and A&R Loan Agreement contains covenants, subject to certain exceptions, that place annual restrictions on the Borrowers' operations, including covenants relating to debt restrictions, capital expenditures, indebtedness, minimum deposit restrictions, tangible net worth, net profit, leverage, employee loan restrictions, dividend and repurchase restrictions (common stock and preferred stock), and restrictions on intercompany transactions. The outstanding balance on the Company's lines of credit were \$3,000,000 and \$9,620,000 as of April 30, 2024 and October 31, 2023, respectively.

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COFFEE HOLDING CO., INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Note 6 – Income Taxes

The Company accounts for income taxes pursuant to the asset and liability method which requires deferred income tax assets and liabilities to be computed for temporary differences between the financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. The income tax provision or benefit is the tax incurred for the period plus or minus the change during the period in deferred tax assets and liabilities.

As of April 30, 2024 and October 31, 2023, the Company did not have any unrecognized tax benefits or open tax positions. The Company's practice is to recognize interest and/or penalties related to income tax matters in income tax expense. As of April 30, 2024 and October 31, 2023, the Company had no accrued interest or penalties related to income taxes. The Company currently has no federal or state tax examinations in progress.

The Company files a U.S. federal income tax return and California, Colorado, Connecticut, Florida, Idaho, Illinois, Kansas, Louisiana, Massachusetts, Michigan, Montana, New Jersey, New York, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, and Virginia state tax returns.

Note 7 – Earnings (Loss) Per Share

The Company presents "basic" and "diluted" earnings per common share pursuant to the provisions included in the authoritative guidance issued by FASB, "Earnings per Share," and certain other financial accounting pronouncements. Basic earnings per common share were computed by dividing net income (loss) by the sum of the weighted-average number of common shares outstanding. Diluted earnings per common share is computed by dividing the net income (loss) by the weighted-average number of common shares outstanding plus the dilutive effect of common shares issuable upon exercise of potential sources of dilution.

The weighted average common shares outstanding used in the computation of basic and diluted earnings per share were 5,708,599 for the three and six months ended April 30, 2024 and 2023. The Company had granted 1,000,000 options in the second quarter of 2019, which have not been included in the calculation of diluted earnings per share due to their anti-dilutive nature, as the options were out of the money (the exercise price is higher than the market price).

Note 8 - Commitments And Contingencies

Legal Proceedings

The Company and its subsidiaries are not involved in any pending proceedings other than ordinary routine litigation incidental to their business. Management believes none of these proceedings, if determined adversely, would have a material effect on the business or financial condition of the Company or its subsidiaries.

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COFFEE HOLDING CO., INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Note 9 – Leases

The following summarizes the Company's operating leases:

Assets	2024	2023
Right-of-use operating lease assets	\$ 2,572,703	\$ 2,858,346
Total lease assets	<u>\$ 2,572,703</u>	<u>\$ 2,858,346</u>
 Liabilities	 2024	 2023
Current lease liability	\$ 627,209	\$ 137,222
Non-current lease liability	2,501,749	3,230,204
Total lease liability	<u>\$ 3,128,958</u>	<u>\$ 3,367,426</u>

The amortization of the right-of-use asset for the three months ended April 30, 2024 and 2023 was \$ 83,096 and \$80,180, respectively. The amortization of the right-of-use asset for the six months ended April 30, 2024 and 2023 was \$123,456 and \$159,843, respectively.

The weighted-average remaining lease term and the weighted-average discount rate of our leases were as follows:

Weighted average remaining lease term (in years)	10.8
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Maturities of lease liabilities by year for our operating leases are as follows:

2024	\$	588,365
2025		400,868
2026		376,679
2027		367,788
2028		305,648
Thereafter		2,052,475
Total lease payments		4,091,823
Less: imputed interest		(962,865)
Present value of operating lease liabilities	\$	3,128,958

In June 2021, the Company purchased a facility in Colorado for \$ 900,321 that it was previously leasing. On the date of purchase, the Company wrote off the carrying value of the right-of-use asset and lease liability associated with this facility of \$242,888.

In December 2022, the Company extended its lease at its subsidiary Sonofresco in Washington through December 2023. As a result, on the date of the modification the Company increased its right-of-use asset and lease liability by \$40,797 as of January 31, 2023. In December 2023, the Company extended its lease at its subsidiary Sonofresco in Washington through December 2024. As a result, on the date of the modification the Company increased its right-of-use asset and lease liability by \$41,962 as of January 31, 2024.

In March 2023, the Company extended its lease at its subsidiary Organics Products Trading Company in Washington through March 2026. As a result, on the date of the modification the Company increased its right-of-use asset and lease liability by \$105,619.

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COFFEE HOLDING CO., INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Note 10 – Related Party Transactions

The Company has engaged its 40% former partner in Generation Coffee Company LLC ("GCC") as an outside contractor (the "Partner"). Included in contract labor expense are expenses incurred by the Partner during the three and six months ended April 30, 2023 of \$94,037 and \$56,851 for the processing of finished goods. There were no expenses incurred by the Partner in the three and six months ended April 30, 2024.

In January 2005, the Company established the "Coffee Holding Co., Inc. Non-Qualified Deferred Compensation Plan." Currently, there is only one participant in the plan: the Company's Chief Executive Officer. Within the plan guidelines, this employee is deferring a portion of his current salary and bonus. The assets are held in a separate trust. The deferred compensation payable represents the liability due to the Chief Executive Officer of the Company. The assets were \$126,979 and \$243,238 at April 30, 2024 and October 31, 2023, respectively, and are included in the Deposits and other assets in the accompanying balance sheets. The deferred compensation liability at April 30, 2024 and October 31, 2023 were \$126,979 and \$243,238, respectively.

Note 11 - Stockholders' Equity

Treasury Stock

The Company utilizes the cost method of accounting for treasury stock. The cost of reissued shares is determined under the last-in, first-out method. The Company did not purchase any shares during the three and six months ended April 30, 2024 and the year ended October 31, 2023.

Stock Options

The Company has an incentive stock plan, the 2013 Equity Compensation Plan (the "2013 Plan"), and on April 19, 2019, has granted 1,000,000 stock options to employees, officers and non-employee directors from the 2013 Plan each with an exercise price of \$5.43. Options granted under the 2013 Plan may be Incentive Stock Options or Nonqualified Stock Options, as determined by the Administrator at the time of grant. No options were granted, forfeited or expired during the three and six months ended April 30, 2024 or for the year ended October 31, 2023.

The Company recorded no stock-based compensation expense for the three and six months ended April 30, 2024 and April 30, 2023, as all stock option awards were fully vested as of the beginning of the reporting period.

Note 12 - Subsequent Events

The Company has evaluated all subsequent events through June [X], 2024, the date on which the condensed consolidated financial statements were available for use.

Staten Island Lease

On May 1, 2024, the Company entered into an amended lease agreement in Staten Island, NY. which changed the lease termination date to April 30, 2029. The amended lease commenced on May 1, 2024. Total commitment, net of tenant incentives expected to be received, under the lease is estimated to be approximately \$628 thousand. The Company will recognize the related right-of-use asset and lease liability at the lease commencement date.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Cautionary Note on Forward-Looking Statements

Some of the matters discussed under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operation," "Business," "Risk Factors" and elsewhere in this annual report include forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. We have based these forward-looking statements upon information available to management as of the date of this Form 10-Q and management's expectations and projections about future events, including, among other things:

- our dependency on a single commodity could affect our revenues and profitability;
- our success in expanding our market presence in new geographic regions;
- the effectiveness of our hedging policy may impact our profitability;
- the success of our joint ventures;
- our success in implementing our business strategy or introducing new products;
- our ability to attract and retain customers;
- our ability to obtain additional financing;
- our ability to comply with the restrictive covenants we are subject to under our current financing;
- the effects of competition from other coffee manufacturers and other beverage alternatives;
- the impact to the operations of our Colorado facility;
- general economic conditions and conditions which affect the market for coffee;
- our expectations regarding, and the stability of, our supply chain, including potential shortages or interruptions in the supply or delivery of green coffee;
- the macro global economic environment;
- our ability to maintain and develop our brand recognition;
- the impact of rapid or persistent fluctuations in the price of coffee beans;
- fluctuations in the supply of coffee beans;
- the volatility of our common stock; and
- other risks which we identify in future filings with the Securities and Exchange Commission (the "SEC").

In some cases, you can identify forward-looking statements by terminology such as "may," "should," "could," "predict," "potential," "continue," "expect," "anticipate," "future," "intend," "plan," "believe," "estimate" and similar expressions (or the negative of such expressions). Any or all of our forward looking statements in this quarterly report and in any other public statements we make may turn out to be wrong. They can be affected by inaccurate assumptions we might make or by known or unknown risks and uncertainties. Consequently, no forward-looking statement can be guaranteed. In addition, we undertake no responsibility to update any forward-looking statement to reflect events or circumstances that occur after the date of this quarterly report.

Overview

We are an integrated wholesale coffee roaster and dealer in the United States and one of the few coffee companies that offers a broad array of coffee products across the entire spectrum of consumer tastes, preferences and price points. As a result, we believe that we are well-positioned to increase our profitability and endure potential coffee price volatility throughout varying cycles of the coffee market and economic conditions.

Our operations have primarily focused on the following areas of the coffee industry:

- the sale of wholesale specialty green coffee;
- the roasting, blending, packaging and sale of private label coffee;
- the roasting, blending, packaging and sale of our eight brands of coffee; and
- sales of our tabletop coffee roasting equipment.

Our operating results are affected by a number of factors including:

- the level of marketing and pricing competition from existing or new competitors in the coffee industry;
- our ability to retain existing customers and attract new customers;

- our hedging policy;
- fluctuations in purchase prices and supply of green coffee and in the selling prices of our products; and
- our ability to manage inventory and fulfillment operations and maintain gross margins.

Our net sales are driven primarily by the success of our sales and marketing efforts and our ability to retain existing customers and attract new customers. For this reason, we have made, and will continue to evaluate, strategic decisions to acquire and invest in measures that are expected to increase net sales.

Our sales are affected by the price of green coffee. We purchase our green coffee from dealers located primarily within the United States. The dealers supply us with coffee beans from many countries, including Colombia, Mexico, Kenya, Indonesia, Brazil and Uganda. The supply and price of coffee beans are subject to volatility and are influenced by numerous factors which are beyond our control. For example, in Brazil, which produces approximately 40% of the world's green coffee, the coffee crops are historically susceptible to frost in June and July and drought in September, October and November. However, because we purchase coffee from a number of countries and are able to freely substitute one country's coffee for another in our products, price fluctuations in one country generally have not had a material impact on the price we pay for coffee. Accordingly, price fluctuations in one country generally have not had a material effect on our results of operations, liquidity and capital resources. Historically, because we generally have been able to pass green coffee price increases through to customers, increased prices of green coffee generally result in increased net sales, irrespective of sales volume.

The supply and price of coffee beans are subject to volatility and are influenced by numerous factors which are beyond our control. Historically, we have used, and intend to continue to use in a limited capacity, short-term coffee futures and options contracts primarily for the purpose of partially hedging the effects of changing green coffee prices. In addition, we acquired, and expect to continue to acquire, futures contracts with longer terms, generally three to four months, primarily for the purpose of guaranteeing an adequate supply of green coffee. Realized and unrealized gains or losses on options and futures contracts are reflected in our cost of sales. Gains on options and futures contracts reduce our cost of sales and losses on options and futures contracts increase our cost of sales. The use of these derivative financial instruments has generally enabled us to mitigate the effect of changing prices. We believe that, in normal economic times, our hedging policies remain a vital element to our business model not only in controlling our cost of sales, but also giving us the flexibility to obtain the inventory necessary to continue to grow our sales while trying to minimize margin compression during a time of historically high coffee prices.

However, no strategy can entirely eliminate pricing risks and we generally remain exposed to losses on futures contracts when prices decline significantly in a short period of time, and we would generally remain exposed to supply risk in the event of non-performance by the counterparties to any of our futures contracts. Although we have had net gains on options and futures contracts in the past, we have incurred significant losses on options and futures contracts during some recent reporting periods. In these cases, our cost of sales has increased, resulting in a decrease in our profitability or increase our losses. Such losses have and could in the future materially increase our cost of sales and materially decrease our profitability and adversely affect our stock price. If our hedging policy is not effective, we may not be able to control our coffee costs, we may be forced to pay greater than market value for green coffee and our profitability may be reduced. Failure to properly design and implement an effective hedging strategy may materially adversely affect our business and operating results. If the hedges that we enter do not adequately offset the risks of coffee bean price volatility or our hedges result in losses, our cost of sales may increase, resulting in a decrease in profitability or increased losses. As previously announced, as a result of the volatile nature of the commodities markets, we have and are continuing to scale back our use of hedging and short-term trading of coffee futures and options

contracts, and intend to continue to use these practices in a limited capacity going forward.

Recent Developments

On September 29, 2022, Coffee Holding Co., Inc, a Nevada corporation ("JVA"), entered into a Merger and Share Exchange Agreement (the "Merger Agreement"), by and among JVA, Delta Corp Holdings Limited, a Cayman Islands exempted company ("Pubco"), Delta Corp Holdings Limited, a company incorporated in England and Wales ("Delta"), CHC Merger Sub Inc., a Nevada corporation and wholly owned subsidiary of Pubco ("Merger Sub"), and each of the holders of ordinary shares of Delta as named therein (the "Sellers"). Upon the terms and subject to the conditions set forth in the Merger Agreement, Merger Sub will merge with and into JVA, with JVA surviving as a direct, wholly-owned subsidiary of Pubco (the "Merger"). On June 29, 2023, JVA, Pubco, Delta, Merger Sub and the Sellers entered into Amendment 1 to the Merger Agreement (the "First Amendment"). On January 4, 2024, JVA, Pubco, Delta, Merger Sub and the Sellers entered into Amendment 2 to the Merger Agreement (the "Second Amendment").

As a result of the Merger, each issued and outstanding share of JVA common stock, \$0.001 par value per share (the "JVA Common Stock"), will be cancelled and converted for the right of the holder thereof to receive one ordinary share, par value \$0.0001 of Pubco (the "Pubco Ordinary Shares").

As a condition to the Merger, Pubco shall also acquire all of the issued and outstanding Delta securities from the Sellers in exchange for Pubco Ordinary Shares (the "Exchange" and, collectively with the Merger and the other transactions contemplated by the Merger Agreement, the "Transactions"). As a result of the Transactions, JVA and Delta will each become direct, wholly-owned subsidiaries of Pubco, with JVA stockholders receiving approximately \$31.5 million (or 4.79%) worth of Pubco Ordinary Shares (the "Merger Consideration") and Delta stockholders receiving approximately \$625 million (or 95.21%) worth of Pubco Ordinary Shares (the "Exchange Consideration" and collectively with the Merger Consideration, the "Business Combination Consideration"), subject to certain adjustments, at an implied diluted value per share of \$5.50. The Business Combination Consideration may be adjusted if Delta closes certain acquisitions prior to the closing of the Transactions. The Merger Agreement also includes an earn-out to existing stockholders of Delta, consisting of \$50 million of additional Pubco Ordinary Shares, which will be released to Delta stockholders if and when Delta achieves \$70 million or greater of net income for fiscal year ending 2023.

At the effective time of the Merger (the "Merger Effective Time"), each award of options to purchase JVA Common Stock (each, a "JVA Stock Option") that is outstanding, whether vested or unvested, will be cancelled and substituted with option(s) to purchase Pubco Ordinary Shares to be granted under the Pubco equity plan (the "Substituted Options"). The Substituted Options will represent the right to purchase that number of shares of Pubco Ordinary Shares equal to the number of shares of JVA Common Stock underlying such JVA Stock Option immediately prior to the Merger Effective Time with a per-share exercise price of such Substituted Option equal to the exercise price per JVA Common Stock subject to such JVA Stock Option immediately prior to the Merger Effective Time.

Prior to execution of the Merger Agreement, JVA's board of directors (the "Board") unanimously (i) determined that the terms and provisions of the Merger Agreement and the transactions contemplated therein, including the Merger and Transactions, are fair, advisable to and in the best interests of JVA and its stockholders, (ii) approved the Merger Agreement and related Transactions, (iii) directed that the adoption of the Merger Agreement be submitted to a vote at a meeting of the stockholders of JVA, and (iv) resolved to recommend that JVA's stockholders adopt the Merger Agreement.

JVA, Pubco, Delta and the Sellers have made customary representations and warranties in the Merger Agreement and have agreed to customary covenants regarding the operation of their respective businesses prior to the closing of the transactions contemplated thereby. Consummation of the Merger is subject to customary closing conditions, including, without limitation, (i) approval of the Merger Agreement and the transactions contemplated thereunder by a majority of JVA's stockholders (the "JVA Stockholder Approval"), (ii) the absence of any law or order that prevents or prohibits the consummation of the Transaction, (iii) obtaining all requisite governmental authorizations, (iv) effectiveness of the Registration Statement of Pubco on Form F-4, and (v) approval of the listing of Pubco Ordinary Shares on the Nasdaq Capital Market.

From the date of the Merger Agreement until October 19, 2022 (the "Go-Shop Period"), JVA had the right to initiate, solicit, facilitate and encourage any inquiry or the making of any proposals or offers that would constitute an acquisition proposal involving more than fifteen percent (15%) of JVA's assets or outstanding shares of common stock or in which the stockholders of JVA immediately preceding the contemplated transaction would hold less than eighty-five percent (85%) of the voting equity interest of the surviving company (each or any combination of the foregoing, a "Takeover Proposal"), including by way of providing access to non-public information to any third party pursuant to a non-disclosure agreement. Following the expiration of the Go-Shop Period, JVA ceased such activities and be subject to customary "no-shop" restrictions on its ability to solicit a Takeover Proposal from third parties and to provide non-public information to and engage in discussions with a third party in relation to a Takeover Proposal, except that JVA may continue to engage in the aforementioned activities with third parties from whom JVA has received a Takeover Proposal that the Board has determined constitutes or is reasonably likely to lead to a Superior Proposal (as defined below) and has determined that the failure to take such actions would be inconsistent with the Board's fiduciary duties.

Prior to obtaining JVA Stockholder Approval, the Board may change its recommendation that stockholders vote to adopt the Merger Agreement (a "Change in Recommendation") (i) in response to any material event or change in circumstances with respect to JVA that was not actually known or reasonably foreseeable by JVA prior to the date of the Merger Agreement (an "Intervening Event") that the Board determines in good faith (after consultation with its financial advisor and outside legal counsel) that the failure to change its recommendation in such circumstances would be reasonably likely to violate its fiduciary duties to the stockholders of JVA under applicable law or (ii) if JVA has received a Takeover Proposal involving more than fifty percent (50%) of JVA's assets or outstanding shares of common stock or in which the stockholders of JVA immediately preceding the contemplated transaction would hold less than fifty percent (50%) of the voting equity interest of the surviving company, that the Board determines in good faith (after consultation with its financial advisor and outside legal counsel) is reasonably likely to be consummated in accordance with its terms and, among other things, if consummated, would be more favorable from a financial point of view to JVA's stockholders than the Transactions (a "Superior Proposal") (in which case JVA may also terminate the Merger Agreement to enter into such Superior Proposal, subject to certain conditions including payment of the JVA Termination Fee, as described below).

Before the Board may change its recommendation in connection with an Intervening Event or a Superior Proposal, or terminate the Merger Agreement to accept a Superior Proposal, JVA must provide Delta prompt written notice of its decision to make a Change in Recommendation and for at least five (5) business days after such notice, JVA will negotiate with Delta to enable Delta to revise the terms of the Merger Agreement so that the Takeover Proposal no longer constitutes a Superior Proposal. Each time modifications to any material term of such alternative acquisition proposal determined to be a Superior Proposal are made, JVA must notify Pubco of such modification and such five (5) business day period will recommence.

The Merger Agreement may be terminated by each of Delta and of JVA under certain circumstances, including, among others by either Delta or JVA if the Merger has not been consummated by April 1, 2024 (the "Outside Date"). If the Merger Agreement is terminated under certain circumstances, including, among others, as a result of breach by either JVA or Delta of their respective representations, warranties or covenants in the Merger Agreement, whereby JVA or Delta, respectively, may be entitled to a termination fee in the amount of \$750,000 plus disbursements of all documented, out-of-pocket expenses up to \$250,000. In addition, if JVA terminates the Merger Agreement to accept a Takeover Proposal or the Board (i) adversely changes its recommendation to the stockholders of JVA regarding the adoption of the Merger Agreement or (ii) supports the approval of any JVA Takeover Proposal,

then Delta shall be entitled to a termination fee of \$1.3 million and plus a disbursement of reasonable expenses up to \$2 million (the "JVA Termination Fee").

The equityholders of Delta and JVA will have certain customary registration rights with respect to the Pubco Ordinary Shares to be received in the transaction pursuant to the terms of a registration rights agreement, dated September 29, 2022 (the "Registration Rights Agreement").

On September 29, 2022, concurrently with the entry into the Merger Agreement, Delta, Pubco and JVA entered into Voting and Support Agreements (the "JVA Voting Agreement") with Andrew Gordon, President and Chief Executive Officer of JVA, and David Gordon, Executive Vice President and Chief Operating Officer of JVA, pursuant to which Messrs. Gordon have agreed to vote in favor of adopting the Merger Agreement and the related transactions as contemplated thereunder. JVA Voting Agreements will terminate upon the earliest to occur of (i) the mutual written consent of each of Delta, Pubco, JVA and Messrs. Gordon, (ii) the Merger Effective Time, and (iii) the date of termination of the Merger Agreement in accordance with its terms. There was a shareholder vote in April 2024 on the Merger Agreement that did not pass. An additional vote is expected to occur before the end of fiscal 2024.

Critical Accounting Estimates

There have been no changes to our critical accounting policies during the three and six months ended April 30, 2024. Critical accounting policies and the significant estimates in accordance with such policies are regularly discussed with our Audit Committee. Those policies are discussed under "Critical Accounting Policies" in "Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" as well as in our consolidated financial statements and footnotes thereto, each included in our annual report on Form 10-K filed with the SEC on February 9, 2024 for the fiscal year ended October 31, 2023.

Three Months Ended April 30, 2024 Compared to the Three Months Ended April 30, 2023

Net Sales. Net sales totaled \$18,995,913 for the three months ended April 30, 2024, an increase of \$3,675,210, or 24%, from \$15,320,703 for the three months ended April 30, 2023. The increase in net sales was due to increased sales to new private label customers.

Cost of Sales. Cost of sales for the three months ended April 30, 2024 was \$15,291,933, or 80.5% of net sales, as compared to \$12,488,522, or 81.5% of net sales, for the three months ended April 30, 2023, an increase of \$2,803,411. Cost of sales consists primarily of the cost of green coffee and packaging materials and realized and unrealized gains or losses on hedging activity. This increase was due to higher green coffee costs during the period.

Gross Profit. Gross profit for the three months ended April 30, 2024 amounted to \$3,703,980 or 19.5% of net sales, as compared to \$2,832,181 or 18.5% of net sales, for the three months ended April 30, 2023. The increase in gross profits on a percentage and dollar basis was attributable to the factors listed above.

Operating Expenses. Total operating expenses increased by \$553,995 to \$3,770,630 for the three months ended April 30, 2024 from \$3,216,635 for the three months ended April 30, 2023. Selling and administrative expenses increased by \$557,831 and officers' salaries decreased by \$3,836. The increase in selling and administrative expenses was due to higher payroll costs, professional fees, and insurance expense, partially offset by decreases in medical expenses, automobile costs, and advertising costs.

Other Income (Expense). Other expense for the three months ended April 30, 2024 was \$32,823, a decrease of \$90,563 from \$123,386 for the three months ended April 30, 2023. The decrease in other expense was attributable to a decrease in interest expense of \$45,853, and an increase in our interest income of \$34,400, partially offset by an increase in our loss from our equity investments of \$10,310 during the three months ended April 30, 2024.

Income Taxes. Our benefit for income taxes for the three months ended April 30, 2024 totaled \$77,632 compared to a benefit of \$148,000 for the three months ended April 30, 2023. The change was primarily attributable to the difference in the loss for the quarter ended April 30, 2024 versus the loss in the quarter ended April 30, 2023.

Net (Loss) Income. We had a net loss of \$21,841 or \$— per share basic and diluted, for the three months ended April 30, 2024 compared to a net loss of \$359,840, or \$0.06 per share basic and diluted for the three months ended April 30, 2023.

Six Months Ended April 30, 2024 Compared to the Six Months Ended April 30, 2023

Net Sales. Net sales totaled \$38,536,315 for the six months ended April 30, 2024, an increase of \$4,889,497, or 15%, from \$33,646,818 for the six months ended April 30, 2023. The increase in net sales was due to increased sales to new private label customers..

Cost of Sales. Cost of sales for the six months ended April 30, 2024 was \$31,352,036, or 81.4% of net sales, as compared to \$28,494,333, or 84.7% of net sales, for the six months ended April 30, 2023. Cost of sales consists primarily of the cost of green coffee and packaging materials and realized and unrealized gains or losses on hedging activity. This increase was due to higher green coffee costs during the period.

Gross Profit. Gross profit for the six months ended April 30, 2024 amounted to \$7,184,279 or 18.6% of net sales, as compared to \$5,152,485 or 15.3% of net sales, for the six months ended April 30, 2023. The increase in gross profits on a percentage basis was attributable to the factors listed above.

Operating Expenses. Total operating expenses increased by \$296,055 to \$6,634,018 for the six months ended April 30, 2024 from \$6,337,963 for the six months ended April 30, 2023. Selling and administrative expenses increased by \$306,437 and officers' salaries decreased by \$10,382. Operating expenses increased due to higher payroll costs, professional fees, and insurance expense, partially offset by decreases in medical expenses, automobile costs, and advertising costs. for the six months ended April 30, 2024 compared to the six months ended April 30, 2023.

Other Income (Expense). Other expense for the six months ended April 30, 2024 was \$156,373, an increase of \$134,658 from \$21,715 for the six months ended April 30, 2023. The increase was attributable to a decrease in other income of \$234,041 due to an insurance claim, partially offset by a decrease in our interest expense of \$58,780 and an increase in our interest income of \$31,300, during the six months ended April 30, 2023.

Income Taxes. Our expense for income taxes for the six months ended April 30, 2024 totaled \$64,705 compared to a benefit of \$315,250 for the six months ended April 30, 2023. The change was primarily attributable to the difference in the income for the six months ended April 30, 2024 versus the loss in the six months ended April 30, 2023.

Net (Loss) Income. We had net income of \$329,183 or \$0.06 per share basic and diluted, for the six months ended April 30, 2024 compared to

a net loss of \$891,943, or \$0.16 per share basic and diluted for the six months ended April 30, 2023. The increase in net income was due primarily to the reasons described above.

Liquidity, Capital Resources and Going Concern

As of April 30, 2024, we had working capital of \$18,723,150, which represented a \$122,888 increase from our working capital of \$18,600,262 as of October 31, 2023. Our working capital increased primarily due to the decrease of the outstanding balance on our line of credit to \$3,000,000 from \$9,620,000 as of April 30, 2024 and October 31, 2023, respectively, along with a decrease of \$982,781 in accounts payable and accrued expenses, and a \$572,725 increase in due from broker. This is offset by a \$306,288 decrease in cash and cash equivalents, a \$589,995 decrease in accounts receivable, a \$3,474,176 decrease in inventories, a \$76,151 decrease in prepaid expenses and other current assets, a \$102,023 increase in due to broker and a \$371,584 increase in lease liability – current portion.

On April 25, 2017 the Company and OPTCO (together with the Company, collectively referred to herein as the “Borrowers”) entered into an Amended and Restated Loan and Security Agreement (the “A&R Loan Agreement”) and Amended and Restated Loan Facility (the “A&R Loan Facility”) with Sterling National Bank (“Sterling”), which was later acquired by Webster Financial Corp. (“Webster”), which consolidated (i) the financing agreement between the Company and Sterling, dated February 17, 2009, as modified, (the “Company Financing Agreement”) and (ii) the financing agreement between Company, as guarantor, OPTCO and Sterling, dated March 10, 2015 (the “OPTCO Financing Agreement”), amongst other things.

On June 28, 2022, we reached an agreement for a new loan modification agreement and credit facility with Webster. The terms of the new agreement, among other things: (i) provided for a new maturity date of June 30, 2024, and (ii) changed the interest rate per annum to SOFR plus 1.75% (with such interest rate not to be lower than 3.50%). All other terms of the A&R Loan Agreement and A&R Loan Facility remained the same.

On March 15, 2023, the A&R Loan Agreement was also modified to, among other things: (i) provide for a requirement for subordination agreements if necessary, (ii) change the terms of transactions with affiliates from a dollar limitation to allowable in the ordinary course of business, and (iii) establish a new covenant for a fixed charge coverage ratio. As further explained in Note 5 to the unaudited financial statements, we are required to maintain certain financial covenants with respect to our line of credit agreement. We were not in compliance with these requirements as of October 31, 2023. We have since received a waiver from the lender on May 24, 2024 and are in compliance with all requirements.

The current balance outstanding as of April 30, 2024 under the A&R Loan Agreement is \$3.0 million. We are seeking to extend the term of the line of credit agreement and are currently in discussions with the lender. However, until such time as the line of credit is renewed, there is substantial doubt regarding our ability to continue as a going concern and the ability to meet our obligations as they become due within the twelve months from the date the consolidated financial statements are issued.

Each of the A&R Loan Facility and A&R Loan Agreement contains covenants, subject to certain exceptions, that place annual restrictions on the Borrowers' operations, including covenants relating to debt restrictions, capital expenditures, indebtedness, minimum deposit restrictions, tangible net worth, net profit, leverage, employee loan restrictions, dividend and repurchase restrictions (common stock and preferred stock), and restrictions on intercompany transactions. The outstanding balance on our lines of credit were \$3,000,000 and \$9,620,000 as of April 30, 2024 and October 31, 2023, respectively.

For the six months ended April 30, 2024, our operating activities provided net cash of \$3,390,694 as compared to the six months ended April 30, 2023 when operating activities used net cash of \$1,234,180. The increase in cash flow from operations was partially due to net income of \$329,183 for the six months ended April 30, 2024, compared to a net loss of \$891,943 for the six months ended April 30, 2023. Non-cash charges, including depreciation and amortization, unrealized gain on commodities, loss on equity method investments, amortization of ROU assets, and deferred income taxes, resulted in cash provided of \$46,835 for the six months ended April 30, 2024 and cash used of \$798,995 for the six months ended April 30, 2023. The aggregate of accounts receivable, inventories, prepaid expenses and other current assets, and prepaid and refundable income taxes provided \$4,194,892 and \$4,791,092 in operating cash flow for the six months ended April 30, 2024 and 2023, respectively. The aggregate of lease liability, deposits and other assets, and accounts payable and accrued expenses used \$1,089,577 and \$1,865,974 of operating cash flow for the six months ended April 30, 2024 and 2023, respectively.

For the six months ended April 30, 2024, our investing activities used net cash of \$2,925,927 as compared to the six months ended April 30, 2023 when net cash used by investing activities was \$609,131. The decrease in our use of cash in investing activities was due to our decreased purchases of machinery and equipment during the six months ended April 30, 2024.

For the six months ended April 30, 2024, our financing activities used net cash of \$6,622,909 compared to net cash used by financing activities of \$1,672,910 for the six months ended April 30, 2023. The change in cash flow from financing activities for the six months ended April 30, 2024 was due to our credit line activity.

We expect to fund our operations, including paying our liabilities, funding capital expenditures and making required payments on our indebtedness, through at least the next twelve months from the date these consolidated financial statements are issued, with cash provided by operating activities and the use of our credit facility. In addition, an increase in eligible accounts receivable and inventory would permit us to make additional borrowings under our line of credit.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not Applicable.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Management, which includes our President, Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of the end of the period covered by this report. Based upon that evaluation, our President, Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were not effective due to the existence of material weaknesses in our internal controls over financial reporting.

Material Weakness Over Financial Reporting

During the year ended October 31, 2020, our controls were inadequate to prevent and detect misstatements of stock based compensation awards, quantities of inventory at one of our subsidiaries and inaccurately accounted for certain intercompany eliminations in our consolidated statements of operations. Accordingly, management determined that this control deficiency constituted a material weakness.

During the year ended October 31, 2021, we identified inappropriate system access controls over our financial reporting system. These controls were not designed to prevent or detect unauthorized changes to source information, or implement an appropriate level of segregation of duties.

During this same period, we determined that we lacked adequate controls with respect to identifying and accounting for material contracts. This was evidenced by our failure to properly identify and account for a material lease amendment. Accordingly, management determined that the foregoing were control deficiencies that constituted material weaknesses.

Further, during the year ended October 31, 2022, we concluded that we lacked adequate controls with respect to the preparation and review of journal entries and account reconciliations during the year-end financial statement closing process. Accordingly, management has determined that this control deficiency constituted a material weakness.

Further, during the year ended October 31, 2023, we concluded that we lacked adequate controls with respect to recording year end accruals for vendor liabilities and properly calculating required loan covenants. Accordingly, management has determined that this control deficiency constituted a material weakness.

Notwithstanding such material weaknesses, we believe the financial information presented herein is materially correct and fairly presents the financial position and operating results of the three and six months ended April 30, 2023 in conformity with U.S. generally accepted accounting principles for interim financial information and in accordance with the rules and regulations of the SEC.

Remediation Plan for the Material Weaknesses

As previously disclosed in Item 9A of our Annual Report on Form 10-K for the fiscal year ended October 31, 2023, management has identified material weaknesses as of that date. A "material weakness" is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. To remediate the material weaknesses identified above, we are initiating controls and procedures in order to:

- educating control owners concerning the principles and requirements of each control, with a focus on those related to user access to our financial reporting systems impacting financial reporting;
- developing and maintaining documentation to promote knowledge transfer upon personnel and function changes;
- developing enhanced controls and reviews related to our financial reporting systems;
- performing an in-depth analysis of who should have access to perform key functions within our financial reporting system that impact financial reporting and redesigning aspects of the system to better allow the access rights to be implemented.
- cross referencing analysis to be completed on a quarterly basis; and
- implementing additional levels of internal review of financial statements and any adjustments made thereto.

The material weaknesses identified above will not be considered remediated until our remediation efforts have been fully implemented and we have concluded that these controls are operating effectively.

Management does not expect that our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control systems are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in a cost-effective control system, no evaluation of internal control over financial reporting can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been or will be detected.

Management will seek to remediate such deficiencies over the coming quarters.

Changes in Internal Control over Financial Reporting

Other than the changes intended to remediate the material weakness as discussed above and in Part II, Item 9A of our Annual Report on Form 10-K for the year ended October 31, 2023, there was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter ended April 30, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 1A. RISK FACTORS

Our operations and financial results are subject to various risks and uncertainties, including those described in Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the year ended October 31, 2023 filed with the Securities and Exchange Commission on February 9, 2024. There have been no material changes to our risk factors since the Company's Annual Report on Form 10-K for the year ended October 31, 2023.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number	Description
31.1	Principal Executive Officer and Principal Financial Officer's Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
32.1	Principal Executive Officer and Principal Financial Officer's Certification furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**
101.INS	Inline XBRL Instance Document *
101.SCH	Inline XBRL Taxonomy Extension Schema Document *
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document *
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document *
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document *
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document *
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

* Filed herewith

** Furnished herewith

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SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized.

Coffee Holding Co., Inc.

Date: June 17, 2024

By: /s/ Andrew Gordon

Name: Andrew Gordon President

Title: Chief Executive Officer and Chief Financial Officer

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CERTIFICATION

I, Andrew Gordon, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended April 30, 2024 of Coffee Holding Co., Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 17, 2024

By: /s/ Andrew Gordon

Andrew Gordon
President, Chief Executive Officer, Chief Financial Officer and
Treasurer (Principal Executive Officer, Principal Financial Officer, Chief
Accounting Officer)

**STATEMENT FURNISHED PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002, 18 U.S.C. SECTION 1350**

The undersigned, Andrew Gordon, is the President, Chief Executive Officer and Chief Financial Officer of Coffee Holding Co., Inc. (the "Company").

This statement is being furnished in connection with the filing by the Company of the Company's Quarterly Report on Form 10-Q for the period ended April 30, 2024 (the "Report").

By execution of this statement, I certify that:

- (A) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and
- (B) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods covered by the Report.

This statement is authorized to be attached as an exhibit to the Report so that this statement will accompany the Report at such time as the Report is filed with the Securities and Exchange Commission, pursuant to Section 906 of the Sarbanes- Oxley Act of 2002, 18 U.S.C. Section 1350. It is not intended that this statement be deemed to be filed for purposes of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by Section 906 has been provided to Coffee Holding Co., Inc. and will be retained by Coffee Holding Co., Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Date: June 17, 2024

By: /s/ Andrew Gordon

Andrew Gordon
President, Chief Executive Officer, Chief Financial Officer and
Treasurer (Principal Executive Officer, Principal Financial Officer, Chief
Accounting Officer)
