

Limited Liability Company  
**“Coffee Address Holding”**

unifed registration number 40203047754



**COFFEE  
ADDRESS**

# CONSOLIDATED REPORT

**for the period ended 30 June 2023**

Prepared in accordance with  
the International Financial Reporting Standards  
as adopted by the European Union

**Riga, 2023**

# GENERAL INFORMATION

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<b>Name of the Parent company</b>	Coffee Address Holding
<b>Legal status</b>	Limited Liability Company
<b>Unified registration number, place and date of registration</b>	40203047754 Riga, 02.02.2017
<b>Legal address</b>	Jaunmoku street 34, Riga, Latvia, LV-1046
<b>Shareholder</b>	BaltCap Private Equity Fund II SCSp (80.47%) BaltCap Private Equity Fund II Co-Investment SCSp (19.53%)
<b>Board members</b>	Viktorija Meikšāne, board member from 07.03.2017
<b>Supervisory board members</b>	Baiba Anda Rubesa, chairman of the supervisory board from 29.05.2019. Sandijs Āboliņš-Ābols, member of the supervisory board from 12.05.2017. Dagnis Dreimanis, member of the supervisory board from 12.05.2017. Michael Wagner, member of the supervisory board from 07.09.2018.
<b>Companies in the Group</b>	COFFEE ADDRESS SIA (100%) COFFEE ADDRESS UAB (100%) COFFEE ADDRESS OU (100%) PAYMENT SYSTEMS SIA (100%)
<b>Financial period</b>	January 1 – June 30, 2023

# GENERAL INFORMATION

Coffee Address group is the Baltic market leader in providing self-service premium coffee and convenience food solutions, operating in three main segments - vending, retail and convenience and solutions for offices, it operates a broad network of strategic locations in over 30 urban areas and other regions in all three Baltic States.

Coffee Address Group has 300 employees covering 100% of the Baltic countries geographically with offices in Tallinn, Tartu, Vilnius, Riga, Liepāja, Daugavpils, Kaunas and Klaipeda. There are more than 13 000 coffee machines in the market, and we are proud to serve over 250,000 cups of coffee a day. The Company thrives on superior client service with the largest service team that knows each and every client by name

## Overview of the Group's status and results of operation

In 6M-2023, the Group demonstrated solid financial performance with sales reaching 21.8 mln. EUR, which is 17% increase compared to 6M-2022.



**~300**

Employees



**13 000 +**

Coffee machines  
in the market



**250 000 +**

Cups of coffee  
per day



**5 000 +**

Satisfied  
customers



**3 Countries**

Number 1 market  
position in all  
Baltic states

**c. €21.8m**

sales in 6M 2023

**c. 9.9m EUR**

Gross Profit in 6M 2023

**36%**

Equity

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<b>6M 2023</b>	<b>2022</b>
	EUR (Unaudited)	EUR (Audited)
Revenue from contracts with customers	21 760 227	39 101 194
Cost of materials	(11 912 494)	(20 247 005)
<b>GROSS PROFIT</b>	<b>9 847 733</b>	<b>18 854 189</b>
Personnel costs	(4 575 578)	(8 637 975)
Other operating costs	(1 680 831)	(3 425 347)
Gain/Loss from disposal of fixed assets, net	10 224	(97 333)
Depreciation and amortization	(2 487 042)	(4 532 953)
<b>OPERATING PROFIT</b>	<b>1 114 506</b>	<b>2 160 582</b>
Finance costs	(946 093)	(1 430 856)
<b>PROFIT OR LOSS BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>168 413</b>	<b>729 726</b>
Income tax expense	43 091	(212 082)
<b>PROFIT OR LOSS FOR THE YEAR</b>	<b>211 504</b>	<b>517 644</b>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods	–	–
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX</b>	<b>211 504</b>	<b>517 644</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30/06/2023 EUR (Unaudited)	31/12/2022 EUR (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		16 269 792	16 406 860
Intangible assets		25 340 878	25 287 750
Non-current financial assets		147 247	140 211
Deferred tax assets		363 234	363 234
	<b>TOTAL</b>	<b>42 121 151</b>	<b>42 198 055</b>
<b>CURRENT ASSETS</b>			
Inventories		4 953 550	5 071 117
Trade receivables		2 209 325	2 385 581
Prepayments and other receivables		1 219 755	1 165 946
Cash		2 626 219	1 725 237
	<b>TOTAL</b>	<b>11 008 849</b>	<b>10 347 881</b>
<b>TOTAL ASSETS</b>		<b>53 130 000</b>	<b>52 545 936</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Issued capital		6 086 215	6 086 215
Share premium		11 156 085	11 156 085
Retained earnings		(2 805 420)	(3 323 064)
Loss for the year		211 504	517 644
<b>TOTAL Equity attributable to equity holders of the parent</b>		<b>14 648 384</b>	<b>14 436 880</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing loans and borrowings	1	12 037 511	6 241 184
Issued bonds	2	5 000 000	8 000 000
Loan from shareholders		4 471 815	4 377 294
Other non-current financial liabilities	3	2 007 681	2 035 271
Deferred income non-current		1 245 787	1 565 548
Deferred tax liability		398 482	398 482
Provisions		40 354	40 354
	<b>TOTAL</b>	<b>25 201 630</b>	<b>22 658 133</b>
<b>CURRENT LIABILITIES</b>			
Trade payables		3 900 181	3 169 701
Interest-bearing loans and borrowings	1	2 719 308	5 522 940
Other current financial liabilities	3	1 163 726	2 228 261
Deferred income current		640 814	640 815
Other current liabilities		4 855 957	3 889 206
	<b>TOTAL</b>	<b>13 279 986</b>	<b>15 450 923</b>
<b>TOTAL LIABILITIES</b>		<b>38 481 616</b>	<b>38 109 056</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>53 130 000</b>	<b>52 545 936</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued capital	Share premium	Retained earnings	Total
<b>BALANCE AS AT 31 DECEMBER 2020</b>	<b>5 672 903</b>	<b>8 781 897</b>	<b>(1 487 206)</b>	<b>12 967 594</b>
Increase in share capital	413 312	2 374 188	-	2 787 500
Loss for the reporting period	-	-	(1 835 858)	(1 835 858)
Total comprehensive loss	-	-	(1 835 858)	(1 835 858)
<b>BALANCE AS AT 31 DECEMBER 2021</b>	<b>6 086 215</b>	<b>11 156 085</b>	<b>(3 323 064)</b>	<b>13 919 236</b>
Increase in share capital	-	-	-	-
Loss for the reporting period	-	-	517 644	517 644
Total comprehensive loss	-	-	517 644	517 644
<b>BALANCE AS AT 31 December 2022</b>	<b>6 086 215</b>	<b>11 156 085</b>	<b>(2 805 420)</b>	<b>14 436 880</b>
Increase in share capital	-	-	-	-
Profit for the reporting period	-	-	211 504	211 504
Total comprehensive income	-	-	211 504	211 504
<b>BALANCE AS AT 30 June 2023</b>	<b>6 086 215</b>	<b>11 156 085</b>	<b>(2 593 916)</b>	<b>14 648 384</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>6M 2023</b>	<b>2022</b>
	EUR	EUR
	(Unaudited)	(Audited)
<b>OPERATING ACTIVITIES</b>		
<b>Profit /(loss) before tax</b>	<b>168 413</b>	<b>729 726</b>
Adjustments to reconcile profit before tax to net cash flows:		
o depreciation and impairment of property, plant and equipment	2 367 086	4 345 737
o amortization and impairment of intangible assets	119 956	187 216
o net foreign exchange differences	3 070	6 103
o loss from disposal of property, plant and equipment	(10 224)	97 333
o finance costs	943 023	1 424 753
o movement in other provisions	-	17 615
Working capital adjustments:		
o (increase) in trade and other receivables and prepayments	115 411	(1 098 226)
o (increase)/decrease in inventories	117 567	(1 334 756)
o increase in trade payables and other liabilities	1 484 999	207 406
	5 309 300	4 582 907
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>5 309 300</b>	<b>4 582 907</b>
<b>INVESTING ACTIVITIES</b>		
Proceeds from sale of property, plant and equipment <sup>1</sup>	53 742	271 971
Purchase of property, plant and equipment, net	(2 084 681)	(3 089 805)
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(2 030 939)</b>	<b>(2 817 834)</b>
<b>FINANCING ACTIVITIES</b>		
Receipt of shareholder investment	-	500 000
Bonds issued	-	8 000 000
Payment of finance lease liabilities	(557 595)	(1 358 933)
Government support: tax loan increase or (decrease)	(1 004 823)	(3 234 292)
Proceeds from borrowings	861 435	1 468 000
Repayment of borrowings	(824 824)	(5 885 502)
Interest paid	(848 502)	(1 252 333)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(2 374 309)</b>	<b>(1 763 060)</b>
<b>Net foreign exchange difference</b>	<b>(3 070)</b>	<b>(6 103)</b>
<b>Net increase in cash</b>	<b>900 982</b>	<b>(4 090)</b>
<b>Cash at the beginning of the year</b>	<b>1 725 237</b>	<b>1 729 327</b>
<b>CASH AT THE END OF THE YEAR</b>	<b>2 626 219</b>	<b>1 725 237</b>

<sup>1</sup> Excluding sold coffee machines with a possibility to sell the property back in the future. This coffee machines are recognized as Group's fixed assets due to buy-back option. Excluding right of uses assets under IFRS 16.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. Interest-bearing loans and borrowings

	Interest rate, %	Maturity	30.06.2023	31.12.2022
<b>Non-current interest-bearing loans and borrowings</b>				
Obligation under finance leases	1.4% - 4% + 3m-12m Euribor	3 years	17 688	33 780
Luminor Bank loan	4.25% + 3m Euribor	-	-	-
Seb Bank loan	3.75% + 3m Euribor	29.05.2026	12 019 823	6 207 405
<b>Total Non-current part of long term interest-bearing loans</b>			<b>12 037 511</b>	<b>6 241 184</b>
<b>Current interest-bearing loans and borrowings</b>				
Obligations under finance leases	1.4% - 4% + 3m-12m Euribor	3 years	36 744	64 570
Luminor Bank loan	4.25% + 3m Euribor	-	-	-
Seb Bank loan	3.75% + 3m Euribor	29.05.2026	2 450 704	2 994 382
ALTUM Covid-19 support loan	2.90%	10.04.2023	-	79 935
Overdraft	2.99% + 3m Euribor	30.04.2023	231 860	2 384 053
<b>Total current part of long term interest-bearing loans</b>			<b>2 719 308</b>	<b>5 522 940</b>
<b>Total interest-bearing loans and borrowings</b>			<b>14 756 818</b>	<b>11 764 125</b>

## 2. Bonds

	Interest rate, %	Maturity	30.06.2023	31.12.2022
<b>Issued bonds</b>				
Bonds (VIVA Covid-19 support fund), 3.00 million EUR	7.0% + 0.5% every year	-	-	3 000 000
Bonds, 5.00 million EUR	9.00%	30.06.2025	5 000 000	5 000 000
<b>Total Issued bond</b>			<b>8 000 000</b>	<b>8 000 000</b>

## 3. Other Financial liabilities

	30.06.2023	31.12.2022
<b>Non-current other financial liabilities</b>		
Finance liability for coffee machines sales and repurchase transaction	532 704	522 414
Finance liabilities for right of use	1 474 978	1 353 972
Tax loans	-	158 885
<b>Total Non-current other financial liabilities</b>	<b>2 007 681</b>	<b>2 035 271</b>
<b>Current other financial liabilities</b>		
Finance liability for other equipment	-	45 563
Finance liabilities for right of use	627 459	800 492
Tax loans	536 268	1 382 205
<b>Total Current other financial liabilities</b>	<b>1 163 726</b>	<b>2 228 261</b>
<b>Total other financial liabilities</b>	<b>3 171 408</b>	<b>4 263 532</b>



# FINANCIAL INDICATORS

There are restrictions in the prospectus for the senior secured bonds issued (ISIN LV0000802585).

The Issuer undertakes to comply with the following financial covenants from the Issue Date and for as long as any Notes are outstanding:

## **DEBT SERVICE COVERAGE RATIO OR DSCR:**

Debt Service Coverage Ratio (DSCR) measures the ability of the Group to service its Financial Indebtedness and is calculated as:

- (a) Consolidated EBITDA divided by Consolidated Debt Service Charges over the Relevant Period; or SIA Coffee Address Holding Terms of the Notes Issue
- (b) if the Group has performed an Acquisition in the Relevant Period, the Pro-Forma EBITDA divided by Pro-Forma Debt Service Charges over the Relevant Period.

## **EQUITY RATIO:**

Ratio of Adjusted Equity to total assets, calculated according to the most recent Financial Report.

## **NET DEBT LEVERAGE RATIO:**

Net Debt, according to the most recent Financial Report, divided by (i) Consolidated EBITDA; or (ii) if the Group has performed an Acquisition over the Relevant Period, the Pro-Forma EBITDA over the Relevant Period.

Financial Indicator	Result as at 30/06/2023
Debt Service Coverage Ratio	2.0
Equity Ratio	36%
Net Debt Leverage Ratio	2.7