

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

unifed registration number 40203047754



**COFFEE  
ADDRESS**

# CONSOLIDATED REPORT

**for the period ended 30 September 2022**

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

**Riga, 2022**

# 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 –September 30, 2022

# 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, Vilnius, 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 the 9 months Coffee Address has shown strong business performance once Covid-restrictions were lifted in March 2022, bringing Coffee Address back on a solid growth track and in line with its envisaged development plan. Since March 2022, monthly total revenues are clearly above pre-Covid (2019) levels and +20% compared to last year.

Even taking into account unexpectedly high inflation since March 2022 Group's EBITDA levels developed positively and are in line with the plan.

Coffee Address has also continued to roll out its consumer app and continued work on internal efficiency improvement projects.

## COFFEE ADDRESS KEY SUCCESS FACTORS:

- o Strategic network of best locations
- o Attractive solutions and concepts for customers
- o Lean and digitalized internal processes
- o "One Company" in three countries
- o Engaged and motivated employees



**~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. €29m**

sales in 9M 2022

**c. 14m EUR**

Gross Profit in 9M 2022

**35%**

Equity

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<b>9M 2022</b>	<b>2021</b>
	EUR (Unaudited)	EUR (Audited)
Revenue from contracts with customers	28 663 624	32 630 460
Cost of materials	(14 853 535)	(17 374 565)
<b>GROSS PROFIT</b>		
Personnel costs	(6 437 289)	(7 284 721)
Other operating costs	(2 405 208)	(3 151 577)
Loss from disposal of fixed assets, net	(64 895)	M(98 105)
Depreciation and amortization	(4 297 722)	(5 670 332)
<b>OPERATING PROFIT</b>	<b>604 975</b>	<b>(948 840)</b>
Finance costs	(980 592)	(969 764)
<b>LOSS BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>(375 617)</b>	<b>(1 918 604)</b>
Income tax expense	-	82 746
<b>LOSS FOR THE YEAR</b>	<b>(375 617)</b>	<b>(1 835 858)</b>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods	-	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX</b>	<b>(375 617)</b>	<b>(1 835 858)</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30/09/2022	31/12/2021
		EUR	EUR
		(unaudited)	(Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		15 407 563	15 746 363
Intangible assets		25 245 984	25 163 786
Non-current financial assets		36 397	34 763
Deferred tax assets		462 137	462 137
	<b>TOTAL</b>	<b>41 152 081</b>	<b>41 407 049</b>
<b>CURRENT ASSETS</b>			
Inventories		4 659 594	3 736 360
Trade receivables		2 084 146	1 769 970
Prepayments and other receivables		1 176 158	800 834
Cash		2 677 076	1 729 327
	<b>TOTAL</b>	<b>10 596 974</b>	<b>8 036 491</b>
<b>TOTAL ASSETS</b>		<b>51 749 055</b>	<b>49 443 541</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		(3 323 061)	(1 487 206)
Loss for the year		(375 617)	(1 835 858)
	<b>TOTAL Equity attributable to equity holders of the parent</b>	<b>13 543 622</b>	<b>13 919 236</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing loans and borrowings	1	6 997 283	8 748 736
Issued bonds	2	8 000 000	-
Loan from shareholders		4 338 887	3 704 875
Other non-current financial liabilities	3	1 953 777	2 617 488
Deferred income non-current		1 101 417	805 536
Deferred tax liability		319 511	319 511
Provisions		26 870	22 739
	<b>TOTAL</b>	<b>22 737 746</b>	<b>16 218 885</b>
<b>CURRENT LIABILITIES</b>			
Trade payables		2 742 161	3 348 850
Interest-bearing loans and borrowings	1	5 532 001	7 553 646
Other current financial liabilities	3	3 113 612	5 007 197
Deferred income current		1 106 677	541 220
Other current liabilities		2 973 235	2 854 507
	<b>TOTAL</b>	<b>15 467 687</b>	<b>19 305 420</b>
<b>TOTAL LIABILITIES</b>		<b>38 205 433</b>	<b>35 524 305</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>51 749 055</b>	<b>49 443 541</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued capital	Share premium	Retained earnings	Total
<b>BALANCE AS AT 31 DECEMBER 2019</b>	<b>3 002 800</b>	<b>-</b>	<b>(670 769)</b>	<b>2 332 031</b>
Increase in share capital	2 670 103	8 781 897	-	11 452 000
Loss for the reporting period	-	-	(816 437)	(816 437)
Total comprehensive loss	-	-	(816 437)	(816 437)
<b>BALANCE AS AT 31 DECEMBER 2020</b>	<b>5 672 903</b>	<b>8 781 897</b>	<b>(1 487 206)</b>	<b>(816 437)</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>(3 323 063)</b>	<b>13 919 236</b>
Increase in share capital	-	-	-	-
Loss for the reporting period	-	-	(375 617)	(375 617)
Total comprehensive loss	-	-	(375 617)	(375 617)
<b>BALANCE AS AT 30 SEPTEMBER 2022</b>	<b>6 086 215</b>	<b>11 156 085</b>	<b>(3 698 678)</b>	<b>13 543 622</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

	<b>9M 2022</b>	<b>2021</b>
	EUR	EUR
	<b>(unaudited)</b>	<b>(Audited*)</b>
<b><u>OPERATING ACTIVITIES</u></b>		
<b>Profit /(loss) before tax</b>	<b>(375 617)</b>	<b>(1 918 604)</b>
Adjustments to reconcile profit before tax to net cash flows:		
o depreciation and impairment of property, plant and equipment	4 153 570	5 400 657
o amortization and impairment of intangible assets	144 152	269 675
o net foreign exchange differences	(5 014)	(27 442)
o gains/loss from disposal of property, plant and equipment	159 816	(98 105)
o finance costs	980 592	969 764
o provisions for bad debtors	-	(15 982)
o movement in other provisions	(4 131)	(12 450)
Working capital adjustments:		
o (increase) in trade and other receivables and prepayments	(691 135)	(583 146)
o (increase) in inventories	(923 233)	(566 115)
o increase or (decrease) in trade payables and other liabilities	(707 093)	1 629 608
	<b>2 731 907</b>	<b>5 047 860</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>2 731 907</b>	<b>5 047 860</b>
<b><u>INVESTING ACTIVITIES</u></b>		
Purchase of property, plant and equipment <sup>1</sup>	(2 565 074)	(5 988 204)
Acquisition of a subsidiaries, net of cash acquired	-	-
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(2 565 074)</b>	<b>(5 988 204)</b>
<b><u>FINANCING ACTIVITIES</u></b>		
Receipt of shareholder investment	500 000	1 850 000
bonds issued	8 000 000	-
Payment of finance lease liabilities	(277 145)	(460 787)
Payment of principal portion of lease liabilities	(602 043)	(668 496)
Government grant received	-	508 605
Government support: tax loan increase or (decrease)	(2 335 118)	2 537 127
Proceeds from borrowings	1 468 000	1 988 900
Repayment of borrowings	(5 131 213)	(4 436 207)
Interest paid	(846 579)	(956 130)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>775 902</b>	<b>363 012</b>
<b>Net foreign exchange difference</b>	<b>5 014</b>	<b>27 442</b>
<b>Net increase in cash</b>	<b>947 749</b>	<b>(549 891)</b>
<b>Cash at the beginning of the year</b>	<b>1 729 327</b>	<b>2 279 217</b>
<b>CASH AT THE END OF THE YEAR</b>	<b>2 677 076</b>	<b>1 729 327</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.

\* Classification on some cashflow positions have been changed to match 9M 2022 structure

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. Interest-bearing loans and borrowings

	Interest rate, %	Maturity	31.09.2022	31.12.2021
<b>Non-current interest-bearing loans and borrowings</b>				
Obligation under finance leases	1.4% – 4% + 3m-12m Euribor	3 years	44 990	98 205
Luminor Bank loan	4.25% + 3m Euribor	31.01.2026	6 952 293	8 509 057
ALTUM Covid-19 support loan	2.90%	10.03.2023	–	141 474
<b>Total Non-current part of long term interest-bearing loans</b>			<b>6 997 283</b>	<b>8 748 736</b>
<b>Current interest-bearing loans and borrowings</b>				
Obligations under finance leases	1.4% – 4% + 3m-12m Euribor	3 years	74 708	120 898
Luminor Bank loan	4.25% + 3m Euribor	31.01.2026	3 017 050	4 810 851
ALTUM Covid-19 support loan	2.90%	10.03.2023	119 952	424 421
Other loans	5.00%	23.12.2022	–	1 557 130
Overdraft	2.99% + 3m Euribor	30.04.2023	2 320 291	640 346
<b>Total current part of long term interest-bearing loans</b>			<b>5 532 001</b>	<b>7 553 646</b>
<b>Total interest-bearing loans and borrowings</b>			<b>12 529 284</b>	<b>16 302 382</b>

## 2. Bonds

	Interest rate, %	Maturity	31.09.2022	31.12.2021
<b>Issued bonds</b>				
Bonds (VIVA Covid-19 support fund), 3.00 million EUR	8.5% + 0.5% every year	15.03.2028	3 000 000	–
Bonds, 5.00 million EUR	9.00%	30.06.2025	5 000 000	–
<b>Total Issued bond</b>			<b>8 000 000</b>	<b>–</b>

## 3. Other Financial liabilities

	31.09.2022	31.12.2021
<b>Non-current other financial liabilities</b>		
Finance liability for coffee machines sales and repurchase transaction	546 876	355 312
Finance liability for other equipment	–	46 520
Finance liabilities for right of use	1 059 847	1 155 411
Tax loans	347 054	1 060 245
<b>Total Non-current other financial liabilities</b>	<b>1 953 777</b>	<b>2 617 488</b>
<b>Current other current financial liabilities</b>		
Finance liability for coffee machines sales and repurchase transaction	141 649	289 162
Finance liability for other equipment	134 286	265 505
Finance liabilities for right of use	744 468	737 392
Tax loans	2 093 210	3 715 137
<b>Total Current other financial liabilities</b>	<b>3 113 612</b>	<b>5 007 197</b>
<b>Total other financial liabilities</b>	<b>5 067 389</b>	<b>7 624 685</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 30/9/2022
Debt Service Coverage Ratio	2.5
Equity Ratio	35%
Net Debt Leverage Ratio	2.6