

Limited Liability Company
“Coffee Address Holding”

unified registration number 40203047754



CONSOLIDATED REPORT

for the period ended 31 December 2022

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

Riga, 2023

GENERAL INFORMATION

Name of the Parent company	Coffee Address Holding
Legal status	Limited Liability Company
Unified registration number, place and date of registration	40203047754 Riga, 02.02.2017
Legal address	Jaunmoku street 34, Riga, Latvia, LV-1046
Shareholder	BaltCap Private Equity Fund II SCSp (80.47%) BaltCap Private Equity Fund II Co-Investment SCSp (19.53%)
Board members	Viktorija Meikšāne, board member from 07.03.2017
Supervisory board members	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.
Companies in the Group	COFFEE ADDRESS SIA (100%) COFFEE ADDRESS UAB (100%) COFFEE ADDRESS OU (100%) PAYMENT SYSTEMS SIA (100%)
Financial period	January 1 - December 31, 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 Klaipėda. 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

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

Overview of the Group’s status and results of operation

In 2022 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.



~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. €39m

sales in 12M 2022

c. 19m EUR

Gross Profit in 12M 2022

36%

Equity

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2022	2021
	EUR (Unaudited)	EUR (Audited)
Revenue from contracts with customers	39 017 473	32 630 460
Cost of materials	(20 253 875)	(17 374 565)
GROSS PROFIT	18 763 598	15 255 895
Personnel costs	(8 637 975)	(7 284 721)
Other operating costs	(3 425 031)	(3 151 577)
Loss from disposal of fixed assets, net	(97 333)	(98 105)
Depreciation and amortization	(4 532 953)	(5 670 332)
OPERATING PROFIT	2 070 306	(948 840)
Finance costs	(1 391 435)	(969 764)
PROFIT OR LOSS BEFORE TAX FROM CONTINUING OPERATIONS	678 871	(1 918 604)
Income tax expense	(301 052)	82 746
PROFIT OR LOSS FOR THE YEAR	377 819	(1 835 858)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods	–	–
TOTAL COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	377 819	(1 835 858)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31/12/2022 EUR (Unaudited)	31/12/2021 EUR (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		16 394 805	15 746 363
Intangible assets		25 287 750	25 163 786
Non-current financial assets		140 211	34 763
Deferred tax assets		433 042	462 137
TOTAL		42 255 808	41 407 049
CURRENT ASSETS			
Inventories		5 018 818	3 736 360
Trade receivables		2 343 890	1 769 970
Prepayments and other receivables		1 178 001	800 834
Cash		1 772 575	1 729 327
TOTAL		10 313 284	8 036 491
TOTAL ASSETS		52 569 092	49 443 541
EQUITY AND LIABILITIES			
EQUITY			
Issued capital		6 086 215	6 086 215
Share premium		11 156 085	11 156 085
Retained earnings		(3 323 060)	(1 487 206)
Loss for the year		377 819	(1 835 858)
TOTAL Equity attributable to equity holders of the parent		14 297 059	13 919 236
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	1	6 241 184	8 748 736
Issued bonds	2	8 000 000	-
Loan from shareholders		4 377 294	3 704 875
Other non-current financial liabilities	3	2 035 271	2 617 488
Deferred income non-current		1 565 548	805 536
Deferred tax liability		558 350	319 511
Provisions		40 354	22 739
TOTAL		22 818 001	16 218 885
CURRENT LIABILITIES			
Trade payables		3 129 441	3 348 850
Interest-bearing loans and borrowings	1	5 522 940	7 553 646
Other current financial liabilities	3	2 302 180	5 007 197
Deferred income current		640 815	541 220
Other current liabilities		3 858 655	2 854 507
TOTAL		15 454 032	19 305 420
TOTAL LIABILITIES		38 272 033	35 524 305
TOTAL EQUITY AND LIABILITIES		52 569 092	49 443 541

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued capital	Share premium	Retained earnings	Total
BALANCE AS AT 31 DECEMBER 2019	3 002 800	-	(670 769)	2 332 031
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)
BALANCE AS AT 31 DECEMBER 2020	5 672 903	8 781 897	(1 487 206)	(816 437)
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)
BALANCE AS AT 31 DECEMBER 2021	6 086 215	11 156 085	(3 323 063)	13 919 236
Increase in share capital	-	-	-	-
Profit for the reporting period	-	-	377 819	377 819
Total comprehensive income	-	-	377 819	377 819
BALANCE AS AT 31 December 2022	6 086 215	11 156 085	(2 945 241)	14 297 059

CONSOLIDATED STATEMENT OF CASH FLOWS

	2022 EUR (Unaudited)	2021 EUR (Audited*)
OPERATING ACTIVITIES		
Profit / (loss) before tax	678 871	(1 918 604)
Adjustments to reconcile profit before tax to net cash flows:		
o depreciation and impairment of property, plant and equipment	4 345 737	5 400 657
o amortization and impairment of intangible assets	187 216	269 675
o net foreign exchange differences	6 103	(27 442)
o gains/loss from disposal of property, plant and equipment	97 333	(98 105)
o finance costs	1 385 332	969 764
o provisions for bad debtors	29 620	(15 982)
o movement in other provisions	17 615	(12 450)
Working capital adjustments:		
o (increase) in trade and other receivables and prepayments	(1 086 156)	(583 146)
o (increase) in inventories	(1 282 458)	(566 115)
o increase in trade payables and other liabilities	200 432	1 629 608
	4 579 645	5 047 860
NET CASH FLOWS FROM OPERATING ACTIVITIES	4 579 645	5 047 860
INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment ¹	271 971	-
Purchase of property, plant and equipment, net	(3 089 805)	(5 988 204)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(2 817 834)	(5 988 204)
FINANCING ACTIVITIES		
Receipt of shareholder investment	500 000	1 850 000
Bonds issued	8 000 000	-
Payment of finance lease liabilities	(387 215)	(460 787)
Payment of principal portion of lease liabilities	(971 718)	(668 496)
Government grant received	-	508 605
Government support: tax loan increase or (decrease)	(3 234 292)	2 537 127
Proceeds from borrowings	1 468 000	1 988 900
Repayment of borrowings	(5 874 324)	(4 436 207)
Interest paid	(1 212 912)	(956 130)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(1 712 461)	363 012
Net foreign exchange difference	(6 103)	27 442
Net increase in cash	43 248	(549 891)
Cash at the beginning of the year	1 729 327	2 279 217
CASH AT THE END OF THE YEAR	1 772 575	1 729 327

¹ 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 12M 2022 structure

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Interest-bearing loans and borrowings

	Interest rate, %	Maturity	31.12.2022	31.12.2021
Non-current interest-bearing loans and borrowings				
Obligation under finance leases	1.4% - 4% + 3m-12m Euribor	3 years	33 780	98 205
Luminor Bank loan	4.25% + 3m Euribor	31.01.2026	6 207 405	8 509 057
ALTUM Covid-19 support loan	2.90%	10.03.2023	-	141 474
Other loans	5.00%	23.12.2022	-	-
Total Non-current part of long term interest-bearing loans			6 241 184	8 748 736
Current interest-bearing loans and borrowings				
Obligations under finance leases	1.4% - 4% + 3m-12m Euribor	3 years	64 570	120 898
Luminor Bank loan	4.25% + 3m Euribor	31.01.2026	2 994 382	4 810 851
ALTUM Covid-19 support loan	2.90%	10.03.2023	79 935	424 421
Other loans	5.00%	23.12.2022	-	1 557 130
Overdraft	2.99% + 3m Euribor	30.04.2023	2 384 053	640 346
Total current part of long term interest-bearing loans			5 522 940	7 553 646
Total interest-bearing loans and borrowings			11 764 125	16 302 382

2. Bonds

	Interest rate, %	Maturity	31.12.2022	31.12.2021
Issued bonds				
Bonds (VIVA Covid-19 support fund), 3.00 million EUR	7.0% + 0.5% every year	15.03.2028	3 000 000	-
Bonds, 5.00 million EUR	9.00%		5 000 000	-
Total Issued bond			8 000 000	-

3. Other Financial liabilities

	31.12.2022	31.12.2021
Non-current other financial liabilities		
Finance liability for coffee machines sales and repurchase transaction	522 414	355 312
Finance liability for other equipment	-	46 520
Finance liabilities for right of use	1 353 972	1 155 411
Tax loans	158 885	1 060 245
Total Non-current other financial liabilities	2 035 271	2 617 488
Current other financial liabilities		
Finance liability for coffee machines sales and repurchase transaction	73 919	289 162
Finance liability for other equipment	45 563	265 505
Finance liabilities for right of use	800 492	737 392
Tax loans	1 382 205	3 715 137
Total Current other financial liabilities	2 302 180	5 007 197
Total other financial liabilities	4 337 451	7 624 685



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 31/12/2022
Debt Service Coverage Ratio	2.1
Equity Ratio	36%
Net Debt Leverage Ratio	3.0